



**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 19, 2018 Time: 1:30 p.m.**

**Date: April 20, 2018 Time: 8:00 a.m.**

**JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA**

**April 19, 2018**

**Board Workshops**

**1:30 p.m. – 5:00 p.m. Workshop:**

- **Legislative Update - Charity Felts**
- **Marijuana in the Workplace – presentation and panel: Brett Kandt (attorney legal conflicts), Becky Bruch (HR issues), Charity Felts (workers compensation impact)**
- **WE ARE POOL/PACT: What Board Members Need to Know (Mike Rebaleati, Alan Kalt)**

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

**6:30 p.m. – 9:00 p.m. Dinner and entertainment**

## JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 20, 2018

**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: Acceptance of Investment Reports and Action on Recommendations:**
  - a. NEAM Management Investment Manager Report**
  - b. Strategic Asset Alliance Investment Advisor Report**
- 4. For Possible Action: Review and Approval of Investment Guidelines**
  - a. PACT Investment Guidelines**
  - b. POOL Investment Guidelines**
- 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 26, 2017 – April 27, 2017**
  - b. Acceptance of Minutes of Committee Meetings**
    - Joint Executive Committee Meeting of April 21, 2017**
    - Joint Executive Committee Meeting of November 8, 2017**
    - Joint Executive Committee Meeting of February 23, 2018**
    - Joint Executive Committee Meeting of March 28, 2018**
    - Audit Committee Meeting of October 26, 2017**
    - Human Resources Oversight Committee Meeting of June 9 2017**
    - Human Resources Oversight Committee Meeting of September 15, 2017**
    - Human Resources Oversight Committee Meeting of December 8, 2017**
    - Human Resources Oversight Committee Meeting of March 9, 2018**

Loss Control Committee Meeting of July 18, 2017  
Loss Control Committee Meeting of October 17, 2017  
Loss Control Committee Meeting of January 23, 2018

- c. Acceptance of Reports
  - o Strategic Plan Progress Report
  - o Executive Director's Report
- 6. For Possible Action: Board Orientation 6 For Good Measure
- 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. Willis Pooling Stewardship Report
- 9. For Possible Action: POOL/PACT Human Resources
  - a. HR Oversight Committee Report
  - b. HR Grant Service Progress Report
  - c. PRI Financial Audit Report
  - d. EAP Program Utilization Report
  - e. Peer Counseling Program – Scott Baker
- 10. For Possible Action: Purpose and Focus of Board Retreat, September 20-21, 2018 in Eureka
  - a. Enterprise Risk Management, Investments and Retention Strategy Overview
  - b. Future strategic planning including succession planning, global report development and risk management services
- 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](http://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**



Partnership at Work®



# POOL / PACT Annual Meeting

## *Investment Update*

April 20, 2018



## Economic & Capital Market Review

## Investment Strategy

- Guided by Enterprise Based Asset Allocation (EBAA)

## Fixed Income Portfolio Review

- Capital Contributions to the Captives
- Portfolio Positioning

The background features a decorative graphic consisting of two overlapping, wavy, horizontal bands. The lower band is a dark blue color, and the upper band is a vibrant green color. The bands overlap in the center, creating a white space where the text is located.

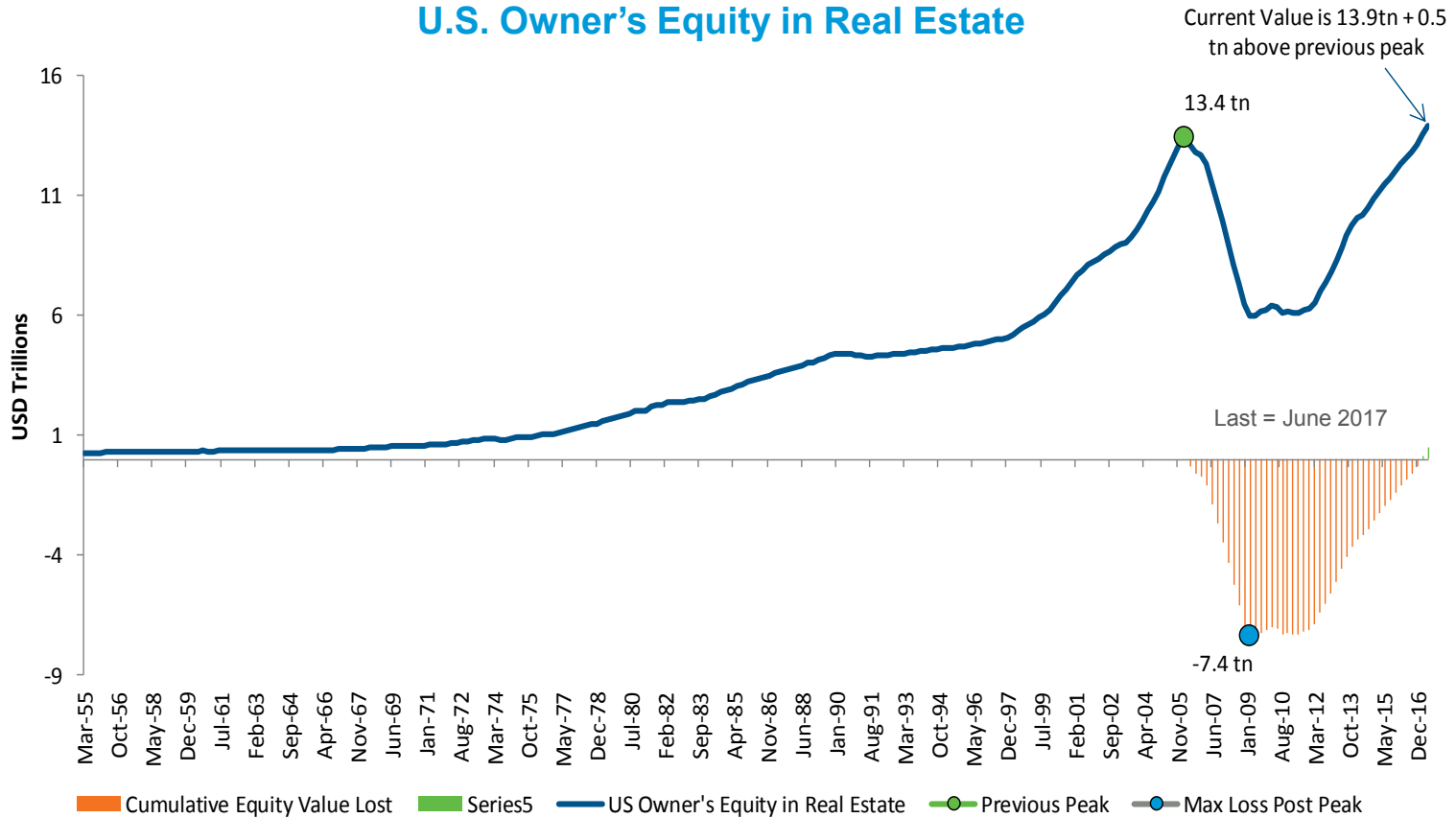
# **Economic & Capital Market Review**



# Home Equity Value Back Above Peak



## U.S. Owner's Equity in Real Estate

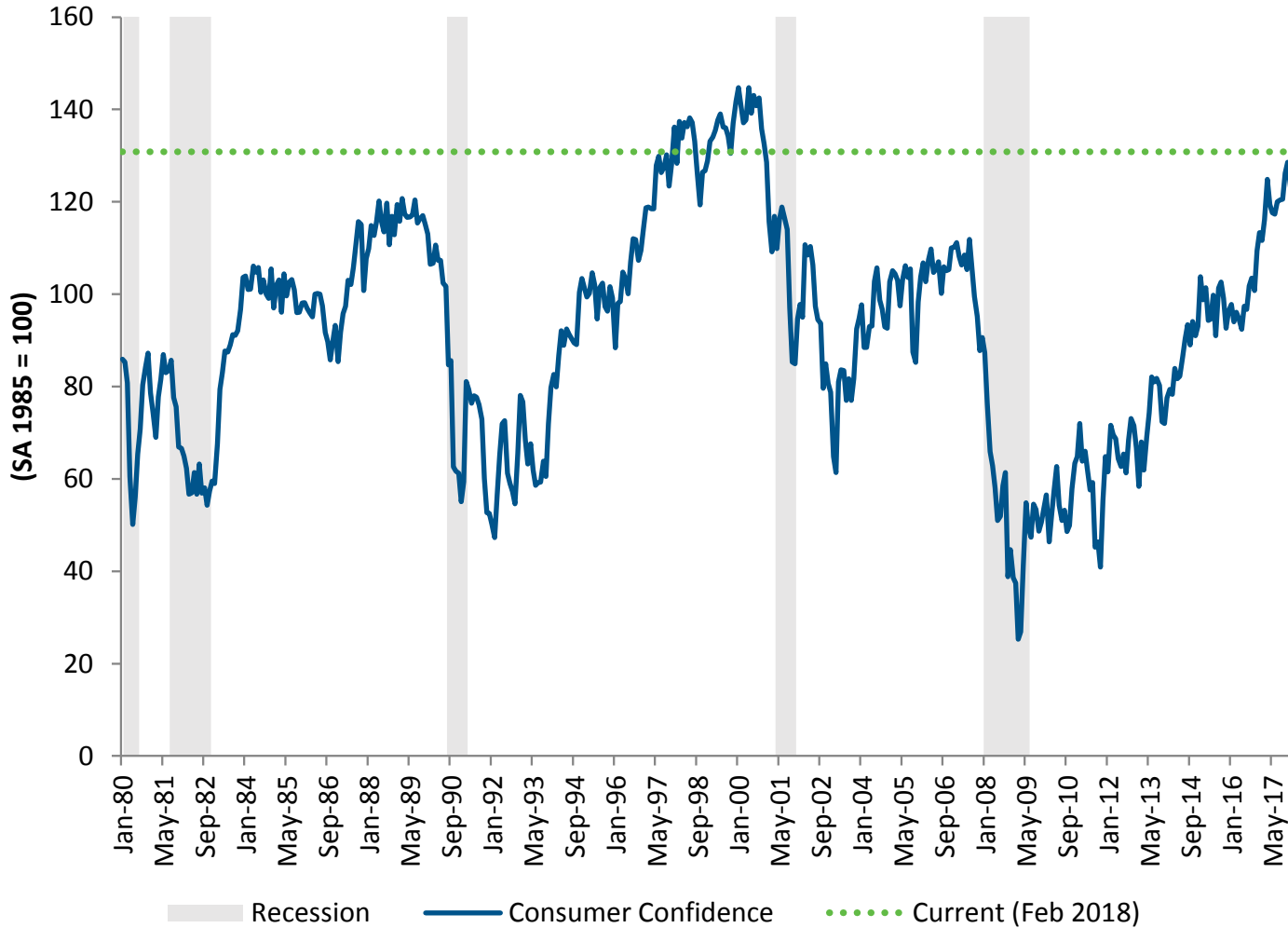


Source: FRB, Haver, NEAM





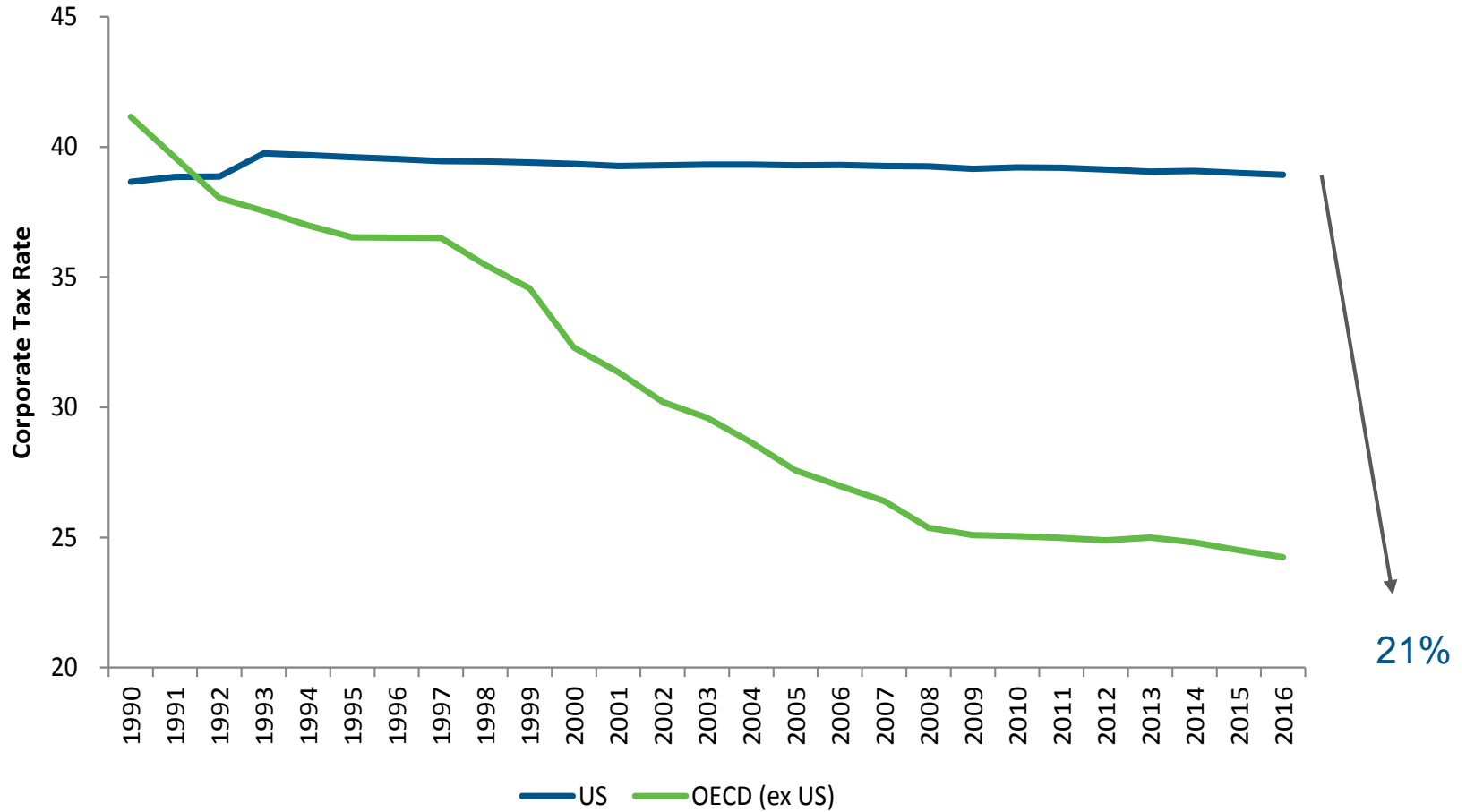
# Consumer Confidence



Source: CB, University of Michigan, NBER, Haver, NEAM



# Corporate Tax Rates (U.S. vs. Other OECD Countries)



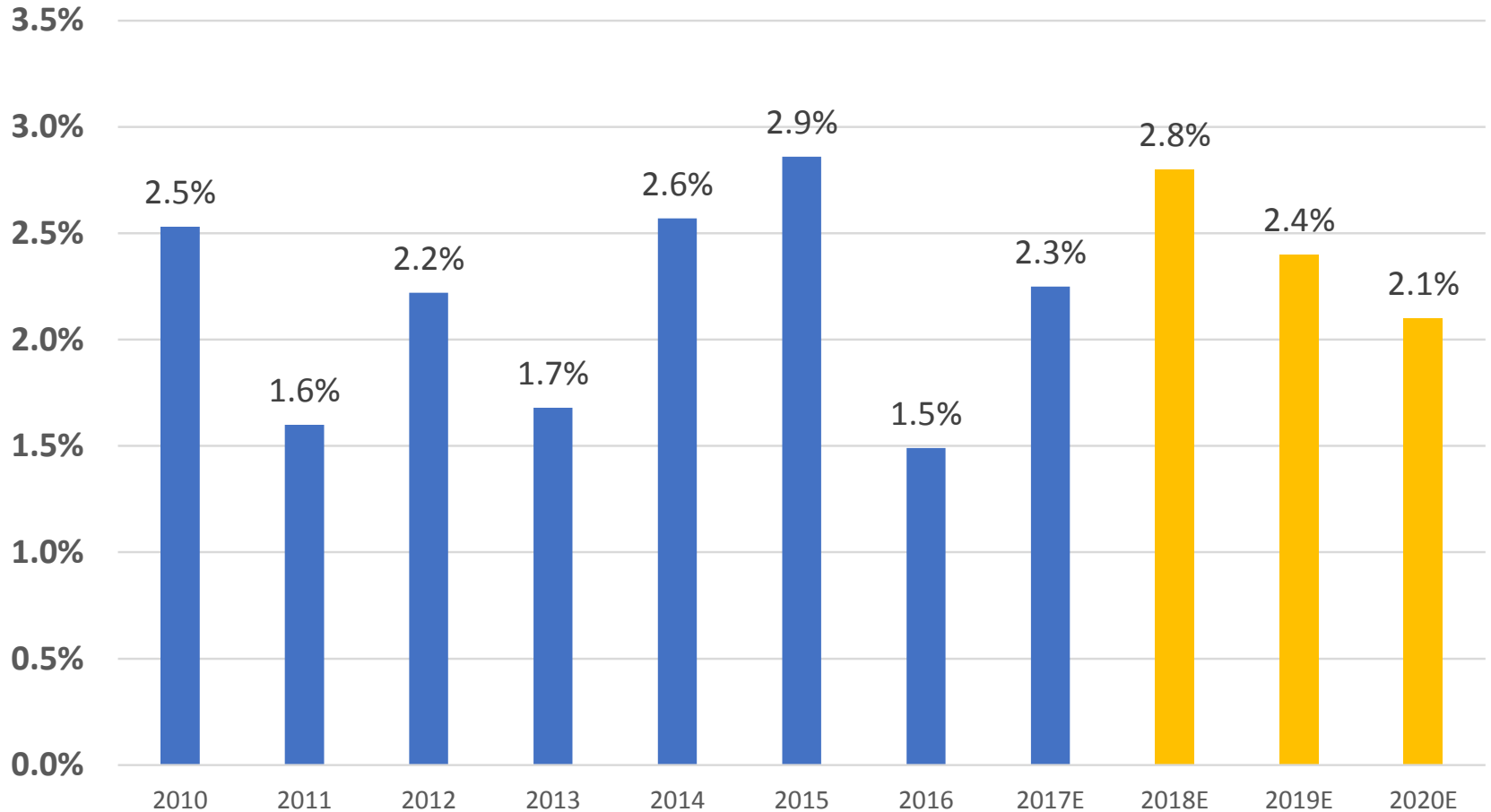
Source: OECD/ NEAM



# Tax Plan – Impact on Economic Growth



## GDP Growth



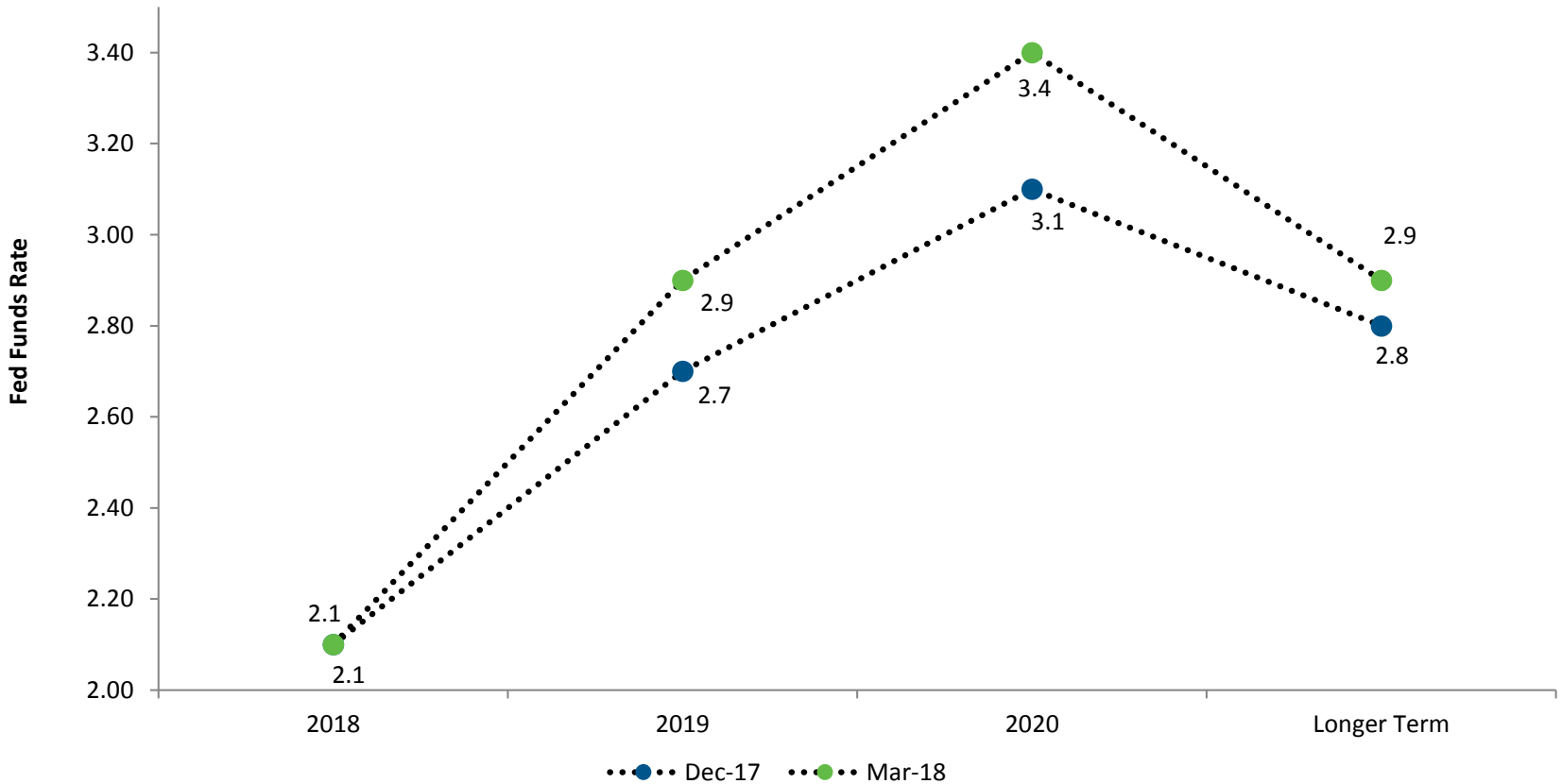
Source: Bloomberg, CSM, NEAM



# Fed Funds Dot Plots



### Median Fed Funds Rate



Source: Bloomberg, NEAM



# Fed QE Unwind – Actual vs. Planned



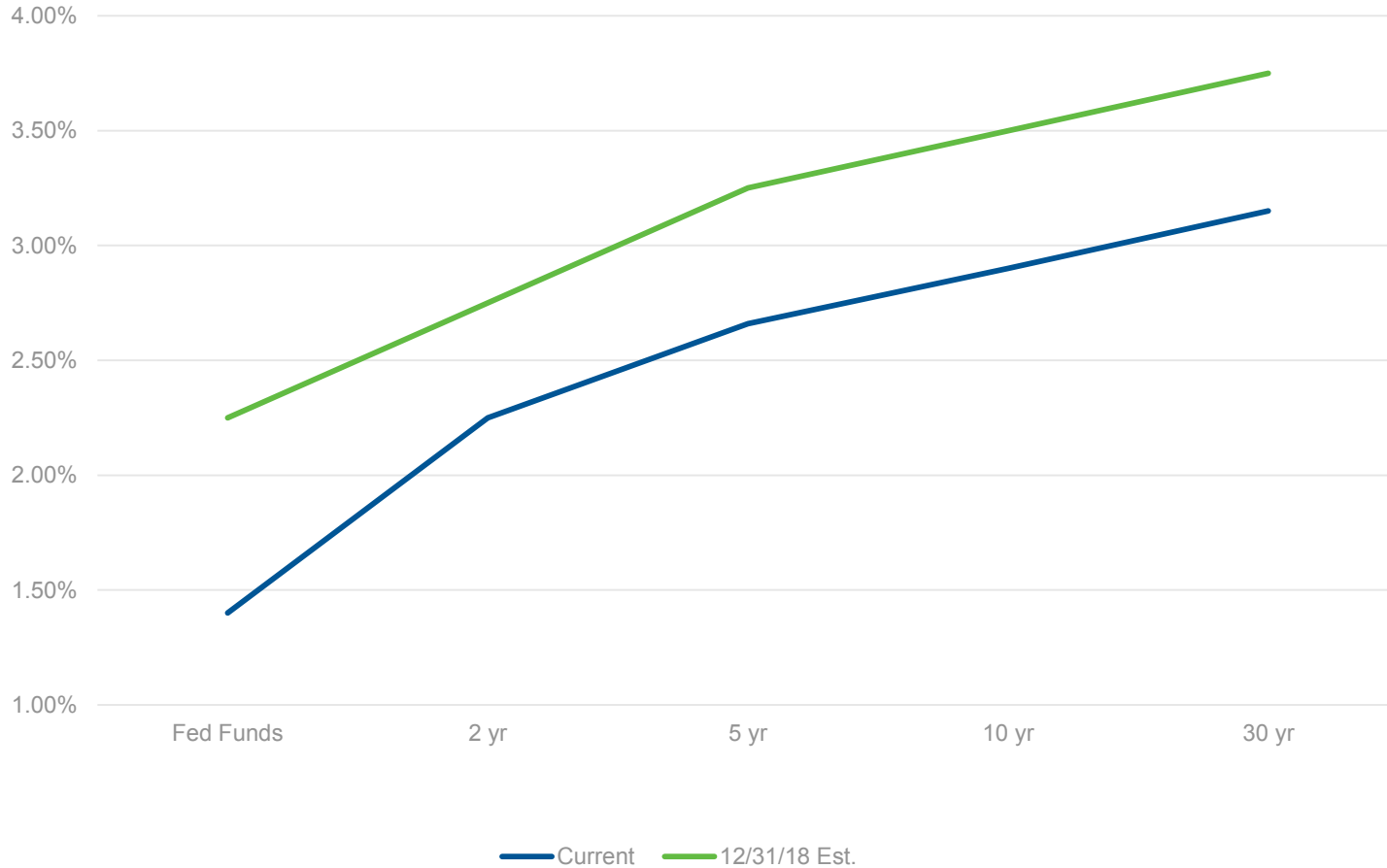
## Expected Treasury Reduction



Source: Haver, NEAM



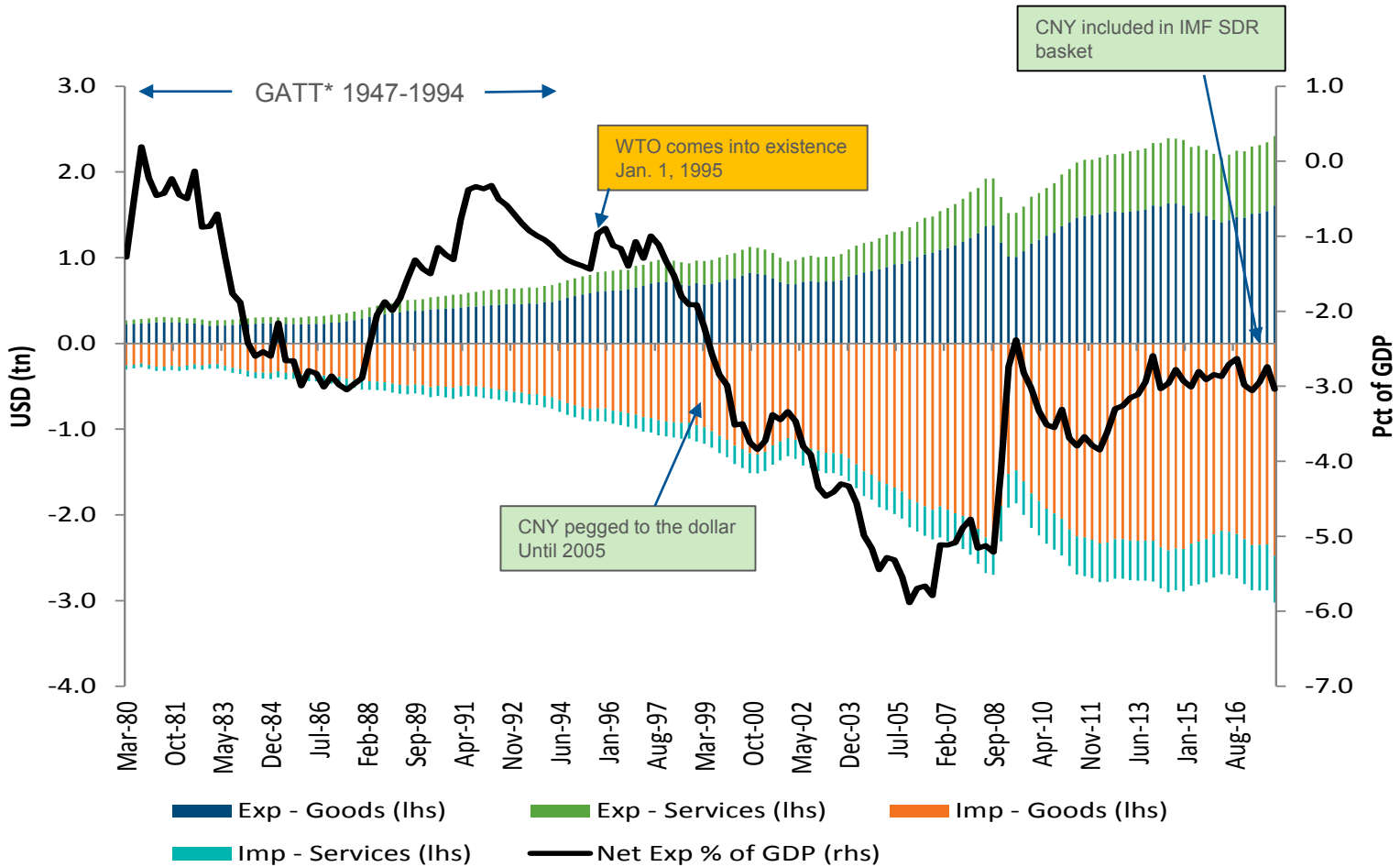
## Base Case Interest Rate Forecast



Source: Bloomberg, NEAM Current Curve is as of Feb 28, 2018



# U.S. Trade Picture



Source: BEA, Haver, NEAM

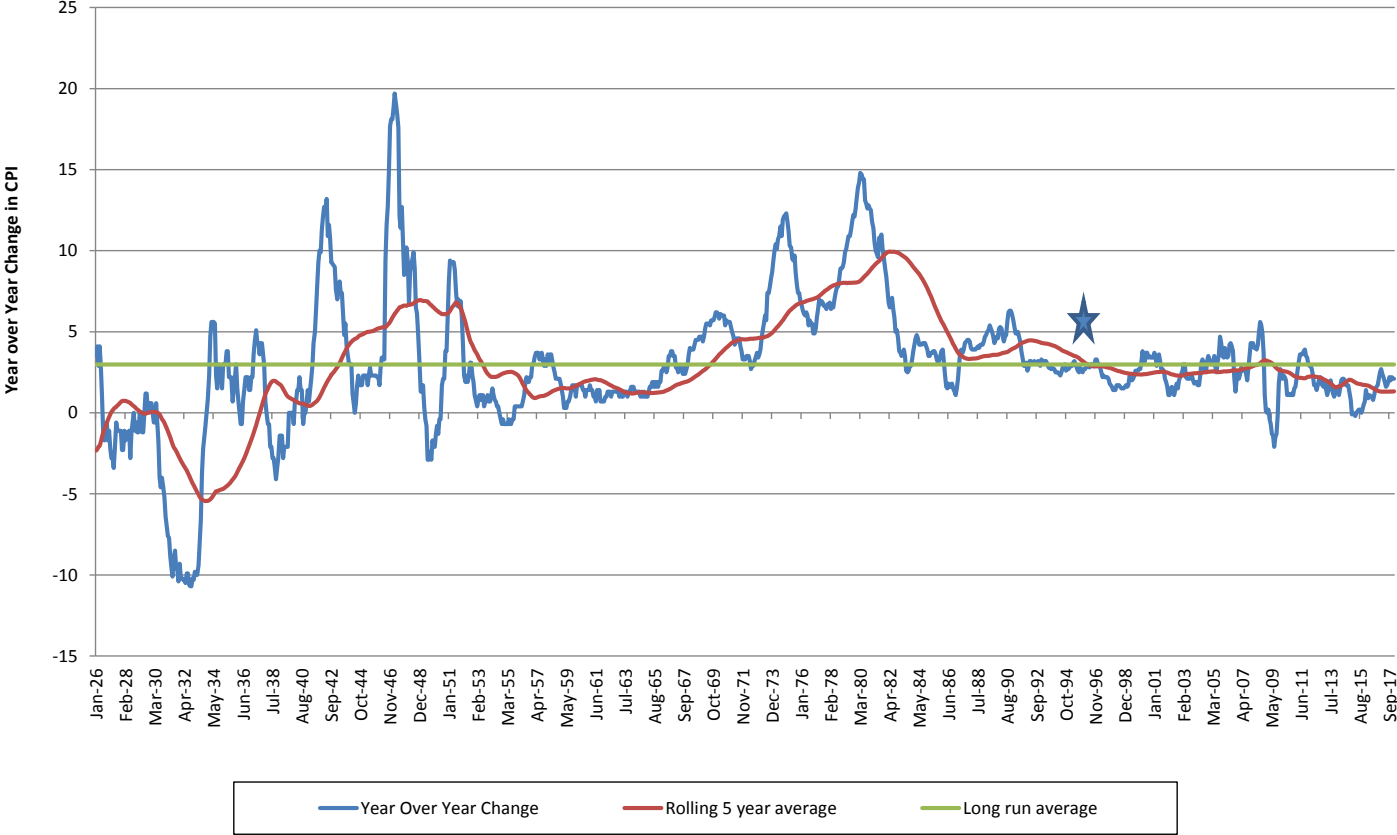
\*General Agreement on Tariffs and Trade



# Globalization Lowered Costs



### U.S. Inflation Since 1926



Source: BLS, NEAM

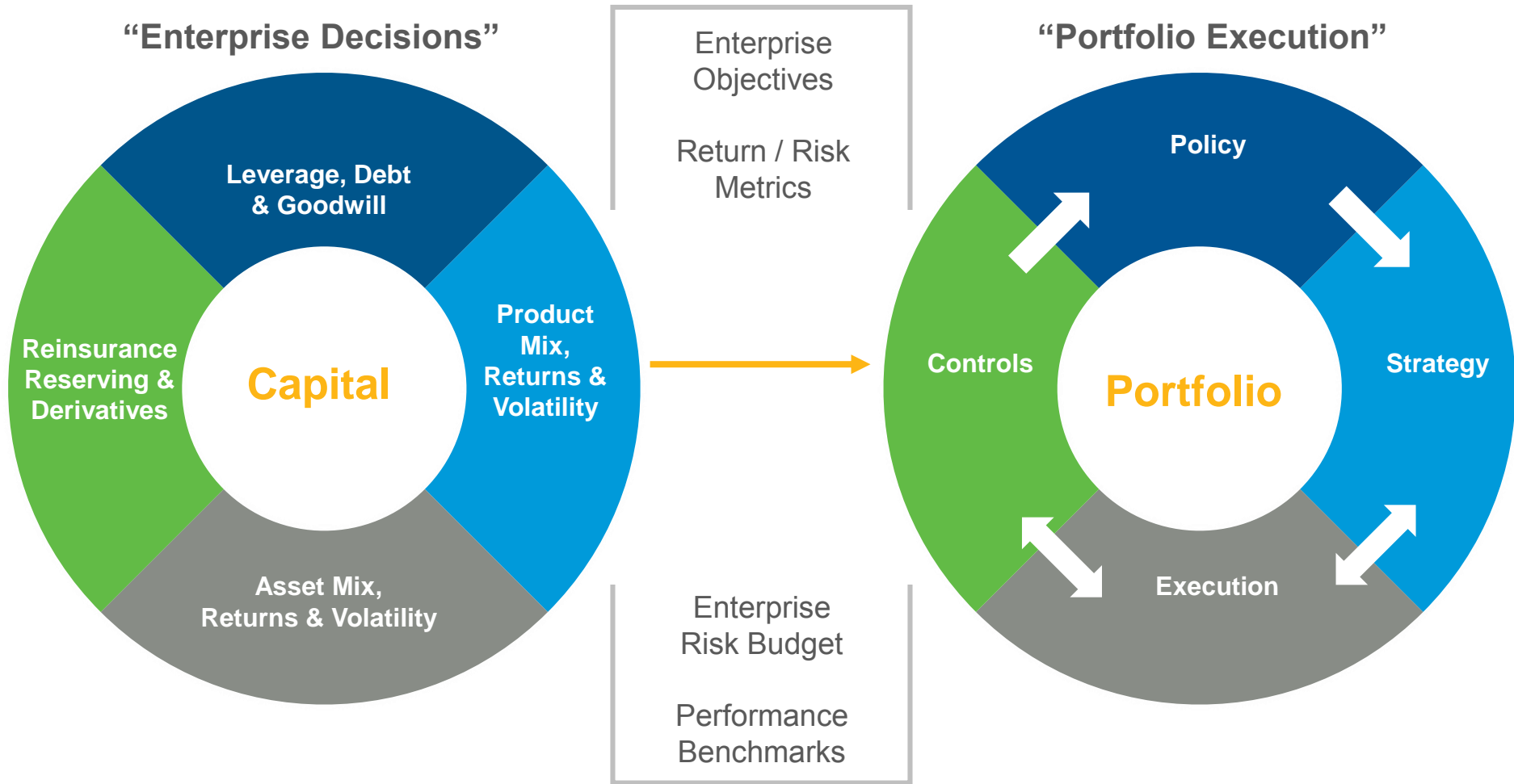




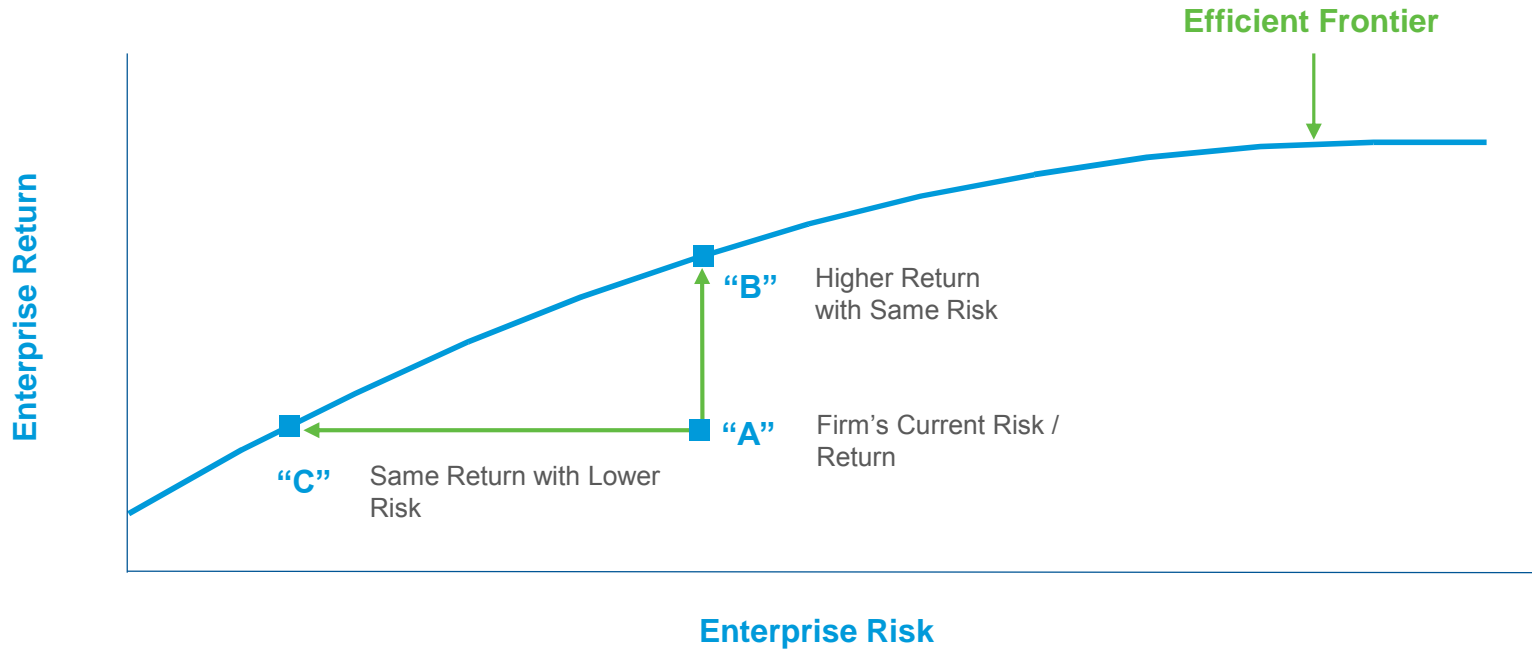
- Our base case is for modestly higher interest rates in 2018.
- Our current fixed income portfolio strategy given today's environment:
  - ✓ Manage interest rate risk (duration) through defensive positioning on the yield curve
  - ✓ Stay overweight the spread sectors
  - ✓ Heightened focus on individual security selection / Selectively pare risk positions on strength
  - ✓ Floating Rate Securities
  - ✓ Be prepared to take advantage of volatility



# Investment Strategy



➤ **An Integrated Capital Management Approach to Investment Decision Making**



## Comprehensive efficient frontier return/risk evaluation and optimization, supporting

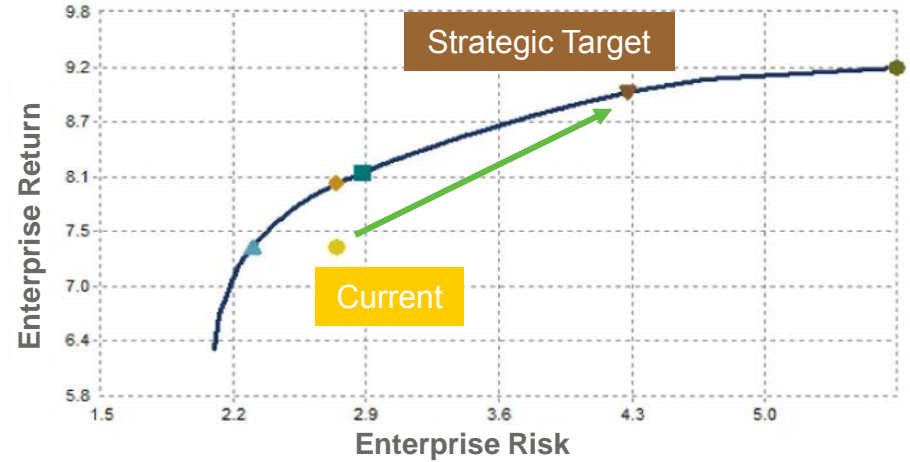
- Optimal asset risk/return execution
- Required solvency, ratings or economic capital
- Alignment with risk strategy to stakeholder expectations
- Perspectives of interdependencies between assets and liabilities



## POOL & PRM



## PACT & PCM



## Investment Strategy

- Increased book yield, investment income, and total return
- Enhanced diversification
- Tactically extended duration
- Maintained high quality and liquidity to manage cashflows
- Consistent with NV state regulations applicable to POOL and PACT
- Overall risk profile managed conservatively and in line with Board's risk tolerance



**Fixed Income Portfolio  
Review**

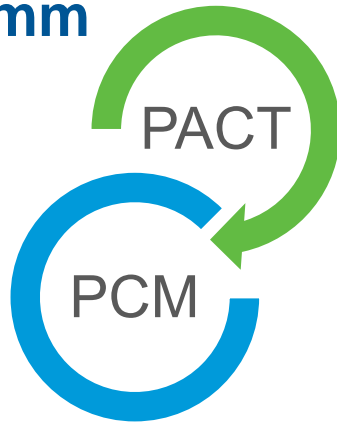


# Capital Contributions to the Captives

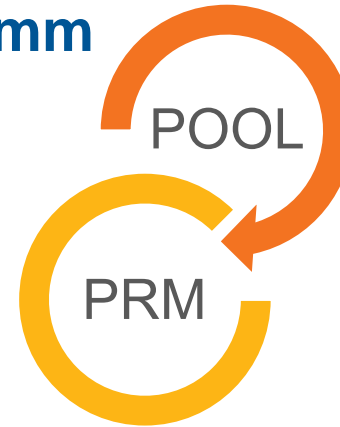


Approved by the Executive Committee in March 2017

\$25mm



\$10mm



**Goal:** To take advantage of the investment flexibility of the captives to increase the book yield and the investment income generating potential of the portfolio.

## Financial Benefits

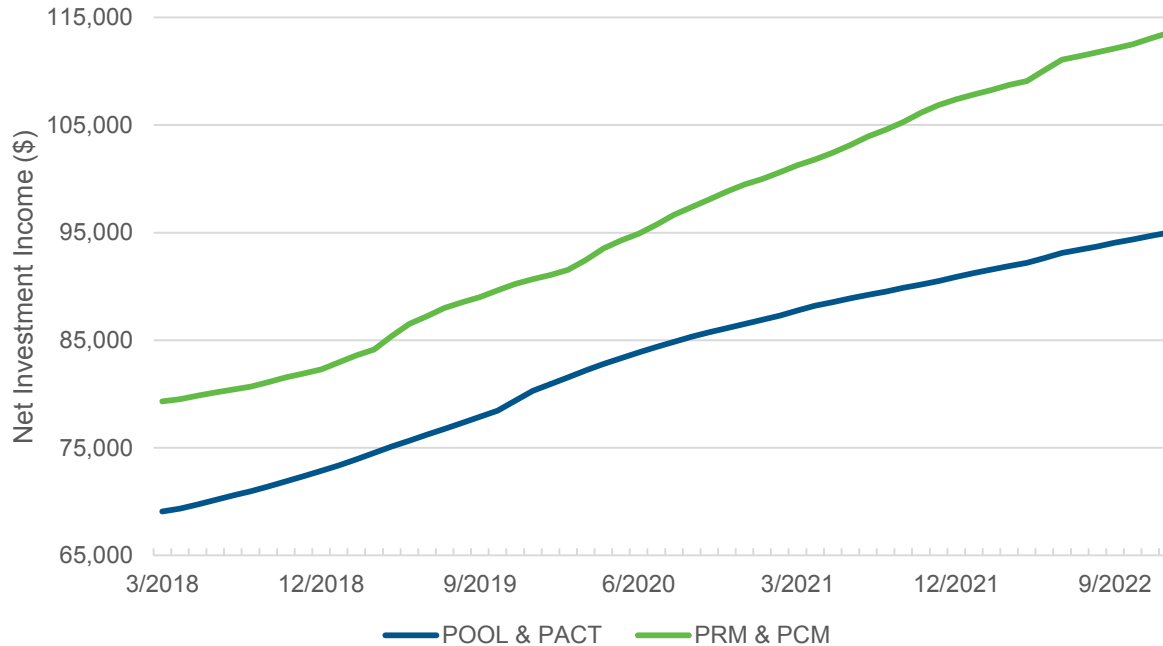
- **+\$379k/year** increase in net investment income
- **+59 bps** increase in captive book yield



# Capital Contribution – Income Analysis



### Projected Net Investment Income on a \$35mm Portfolio



- Projected investment income generated on a \$35mm portfolio over 5 years:
  - POOL & PACT – \$4.8mm
  - PRM & PCM – \$5.6mm
- **+\$750k** investment income pick up over a 5 year period or **+\$158k per year** from making capital contributions to the captives vs. remaining in the pooling companies





# POOL / PACT Portfolio



	12/31/2015	12/31/2016	12/31/2017	3/27/2018
Book Value	109.1mm	112.9mm	81.7mm	82.6mm
Market Value	109.0mm	111.6mm	80.6mm	80.2mm
Total Unrealized G/L	(0.2mm)	(1.3mm)	(1.1mm)	(2.4mm)
Avg Duration	3.38	3.95	3.52	3.73
Average Quality	AA+	AA+	AA+	AA+
Book Yield	<b>1.77%</b>	<b>2.07%</b>	<b>2.23%</b>	<b>2.29%</b>
Annualized Book Income	<b>1.9mm</b>	<b>2.3mm</b>	<b>1.8mm</b>	<b>1.9mm</b>
Cash/Short Term	3%	2%	10%	11%
↓ Treasury/Agency	56%	37%	16%	18%
Corporate	-	-	-	1%
↑ MBS/CMO	32%	50%	64%	60%
ABS/CMBS	9%	11%	10%	10%
Municipal	-	-	-	-

- Decline in portfolio value in 2017 reflects capital contributions to the captives
- Book yield increased +22 bps from YE 2016 (to 2.29%)
- Investment income of \$1.9mm/year maintained at YE 2015 levels, despite reduction in portfolio size (reduced Treasuries/Agencies in favor of higher yielding Agency MBS)
- Portfolio positioning post-captive contributions remains in line with strategic target allocation:
  - Maintained high quality & liquidity
  - Enhanced book yield
  - Managed consistent with Nevada insurance regulations



# PRM / PCM Portfolio



	12/31/2015	12/31/2016	12/31/2017	3/28/2018
Book Value	18.8mm	49.6mm	81.6mm	81.6mm
Market Value	18.7mm	48.5mm	81.0mm	79.0mm
Total Unrealized G/L	(0.1mm)	(1.1mm)	(1.0mm)	(2.6mm)
Avg Duration	3.86	4.61	5.25	5.15
Average Quality	AA	AA	AA-	AA-
Book Yield	<b>1.74%</b>	<b>2.00%</b>	<b>2.59%</b>	<b>2.62%</b>
Annualized Book Income	<b>0.3mm</b>	<b>1.0mm</b>	<b>2.1mm</b>	<b>2.1mm</b>
Cash/Short Term	1%	2%	-	1%
↓ Treasury/Agency	65%	22%	4%	4%
↑ Corporate	34%	25%	36%	36%
↑ MBS/CMO	-	16%	18%	17%
↑ ABS/CMBS	-	22%	23%	23%
↑ Municipal	-	13%	19%	19%

- 2016 to 2017 increase in portfolio value reflects capital contributions from the pooling companies
- Book yield increased +62 bps from YE 2016 (to 2.62%)
- Investment income increased +\$1.1mm/year to \$2.1mm as a result of the captives' ability to invest in a broader universe of higher yielding securities with capital contributions
- Portfolio positioning is consistent with captive strategic target allocation and risk tolerance:
  - Modest duration extension
  - Enhanced book yield and income
  - High overall credit quality



# Investment Program Review As of December 31<sup>st</sup>, 2017

April 20<sup>th</sup>, 2018

Daniel Smereck  
Managing Director



STRATEGIC ASSET ALLIANCE  
THE INSURANCE INVESTMENT SPECIALIST

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## SAA - Who We Are

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- Founded 1994
  - Independent investment consulting firm that only focuses on insurers and governmental risk pools
- Headquartered in Washington with two other offices in Maine, and Massachusetts.
- Clients span across Captives, Commercial P&C, Health, Life, Reinsurers, and Governmental Risk Pools.
  - **26 Clients - \$11.6 billion**
    - **18 Risk Pooling Clients - \$3.0 billion**



# The Role of the Investment Portfolio

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- Investment income: Is a *cornerstone* to the risk transfer business model, and maximizing investment income can mean the difference between remaining competitive or losing members to aggressive pricing.

1) How much can you expect to earn?

2) How much risk are you willing to prudently take?



# Investments Support the POOL/PACT Mission

Member Contributions (\$)



Investment Portfolio (\$)  
**INVEST & PROTECT**

} **FLOAT**



Claims Payments (\$)



# Basic Portfolio Risk

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## 1. Investment Risk

- MAY LOSE MONEY
- Volatility of Assets (Short Term)

## 2. Inflation Risk

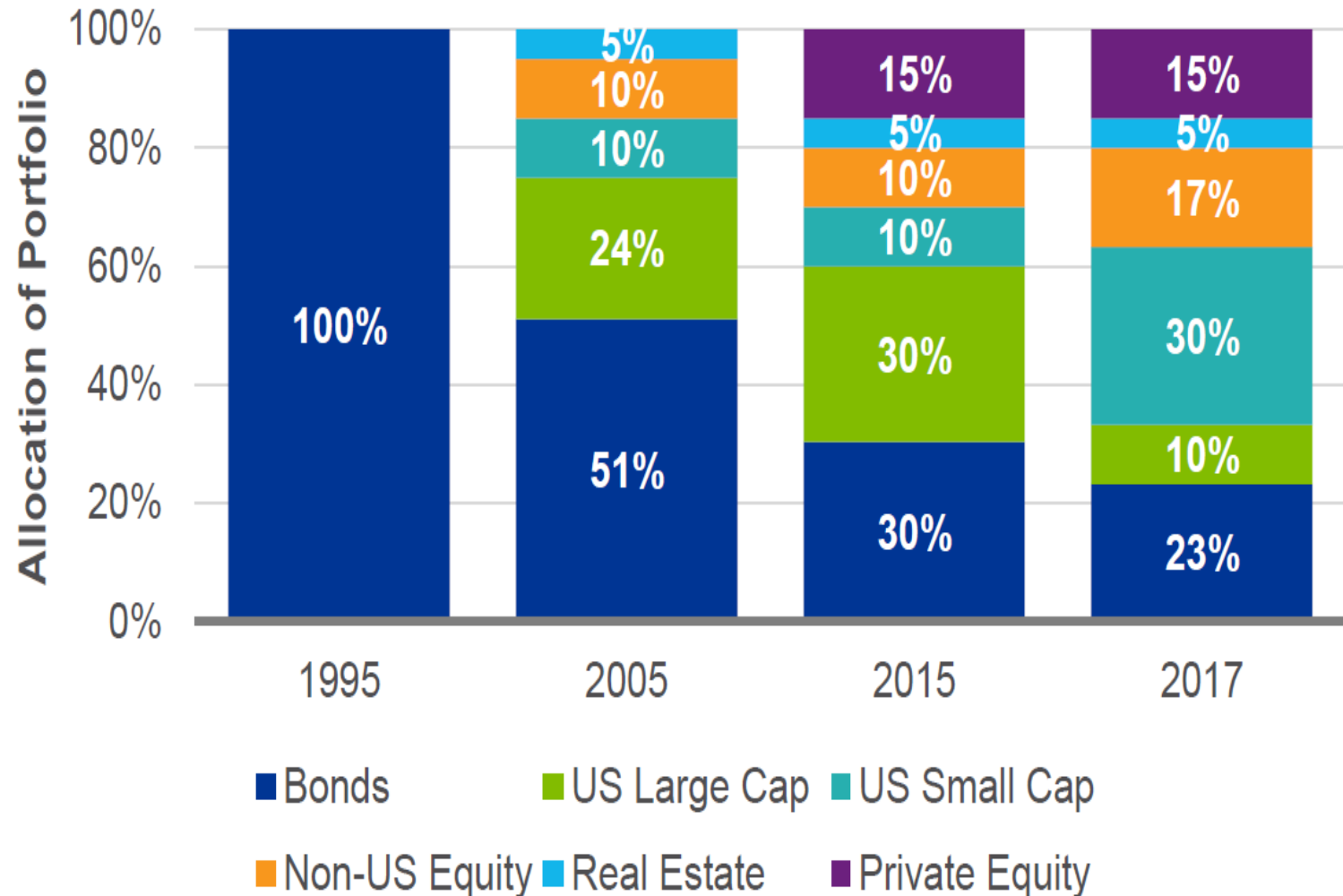
- MAY LOSE PURCHASING POWER
- Long Term Erosion of Value

**Risk is the permanent loss of capital, never a number.**

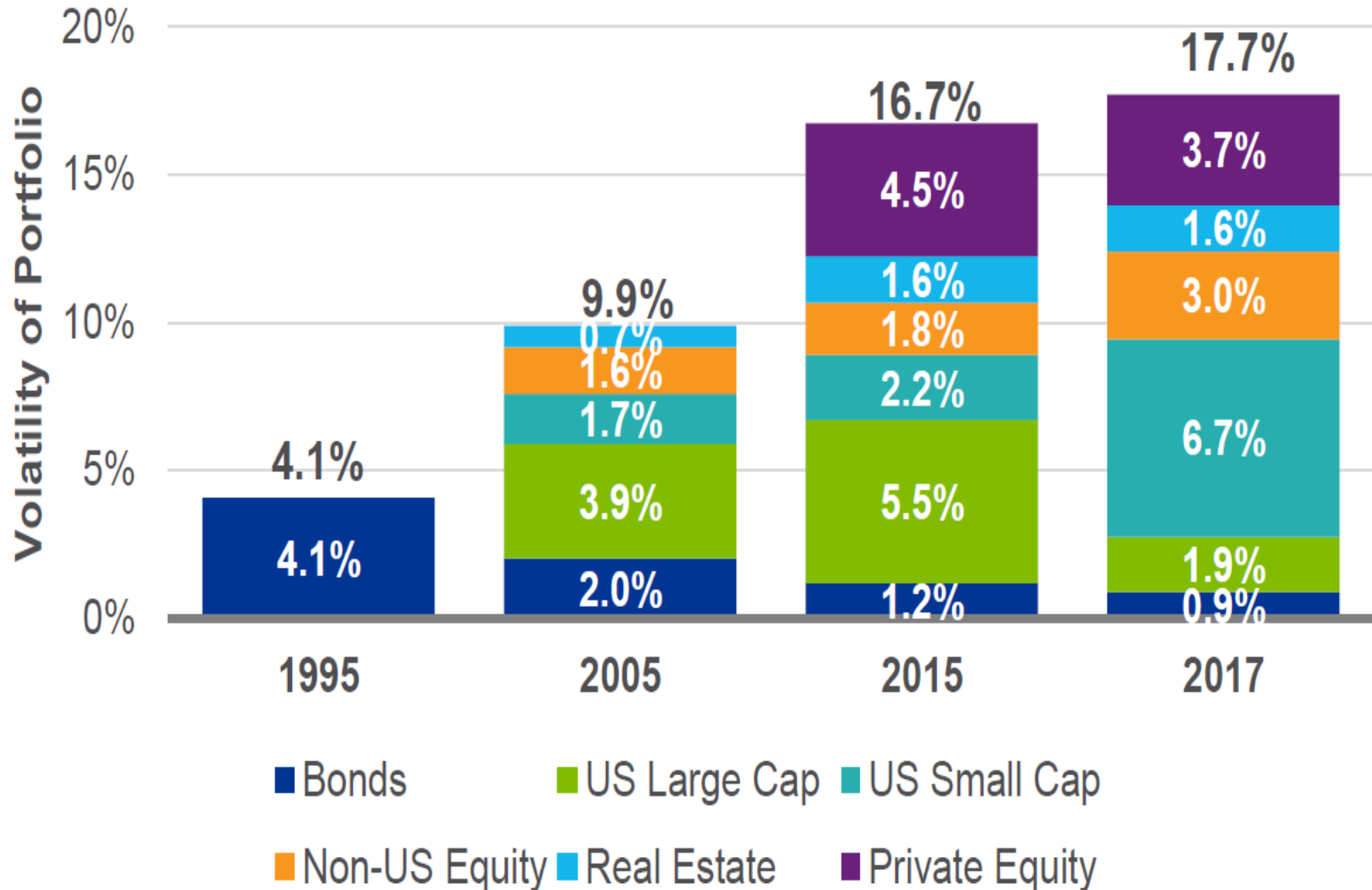




# Allocation to Achieve - 7.5% Annualized Expected Return



# Expected Volatility – 7.5% Annualized Expected Return



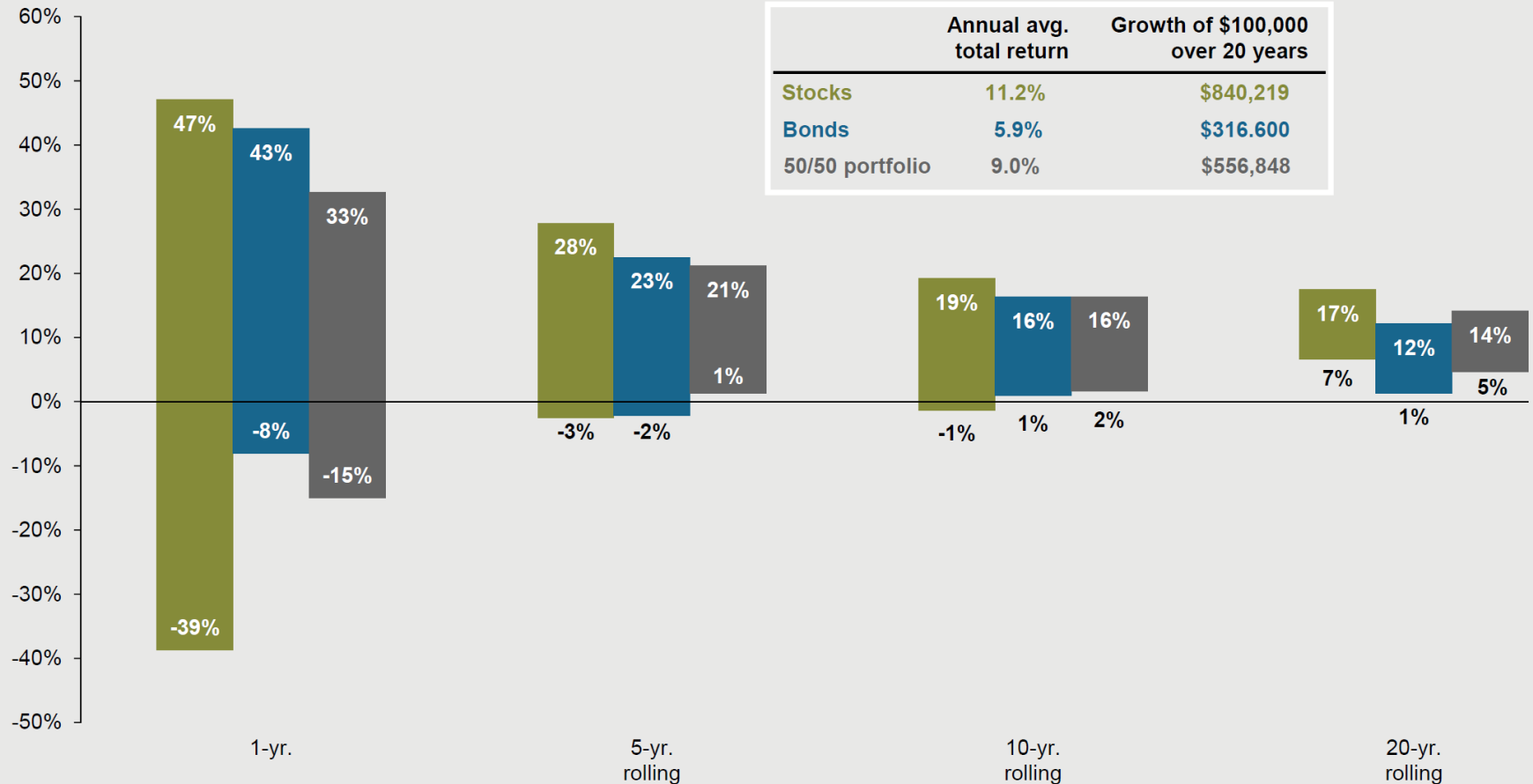
# VOLATILITY AND RISK

**ARE NOT THE SAME THING...**

# Time, diversification and the volatility of returns

## Range of stock, bond and blended total returns

Annual total returns, 1950-2017

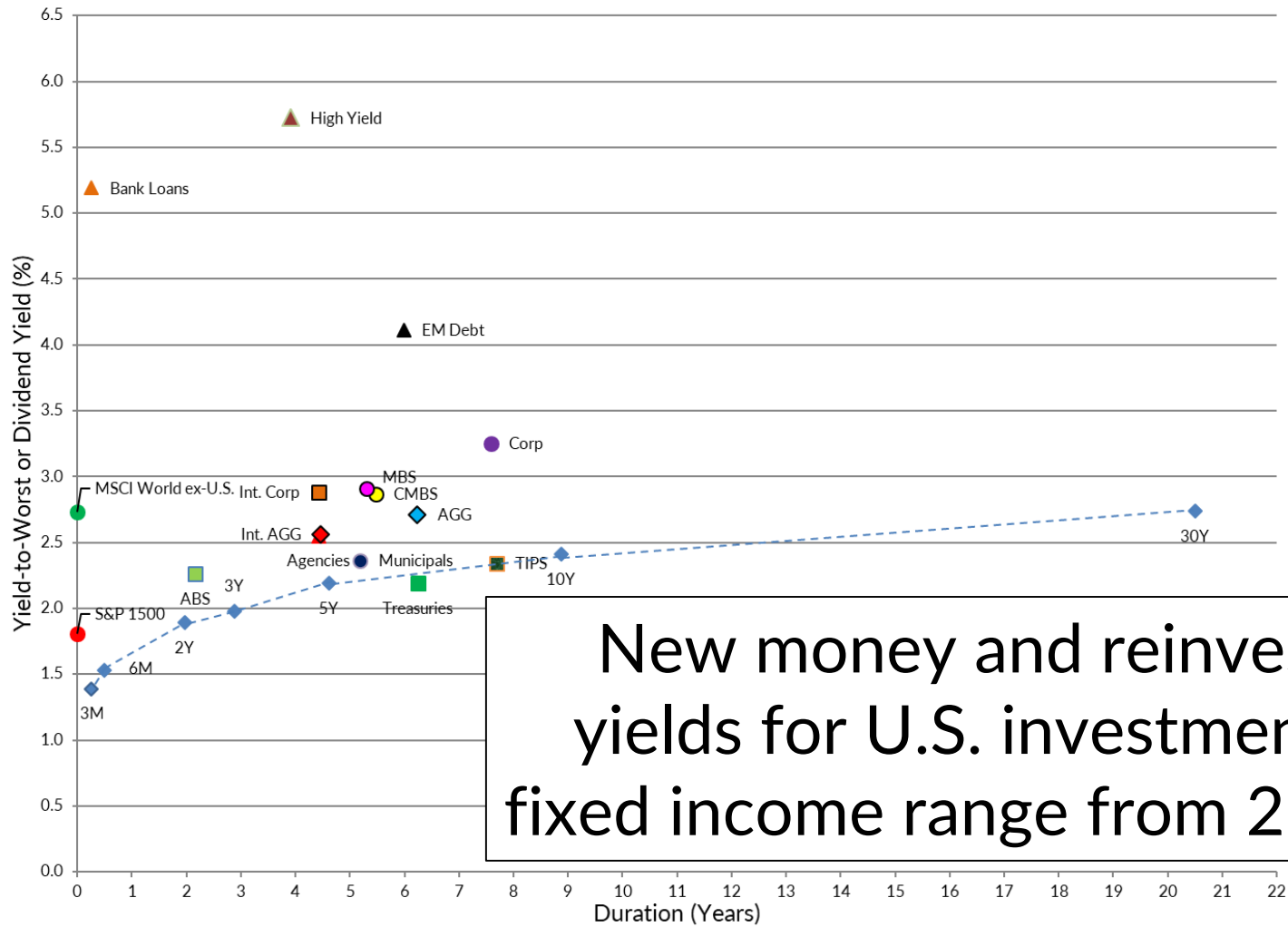


Source: Barclays, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management.

Returns shown are based on calendar year returns from 1950 to 2017. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and Barclays Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2017.



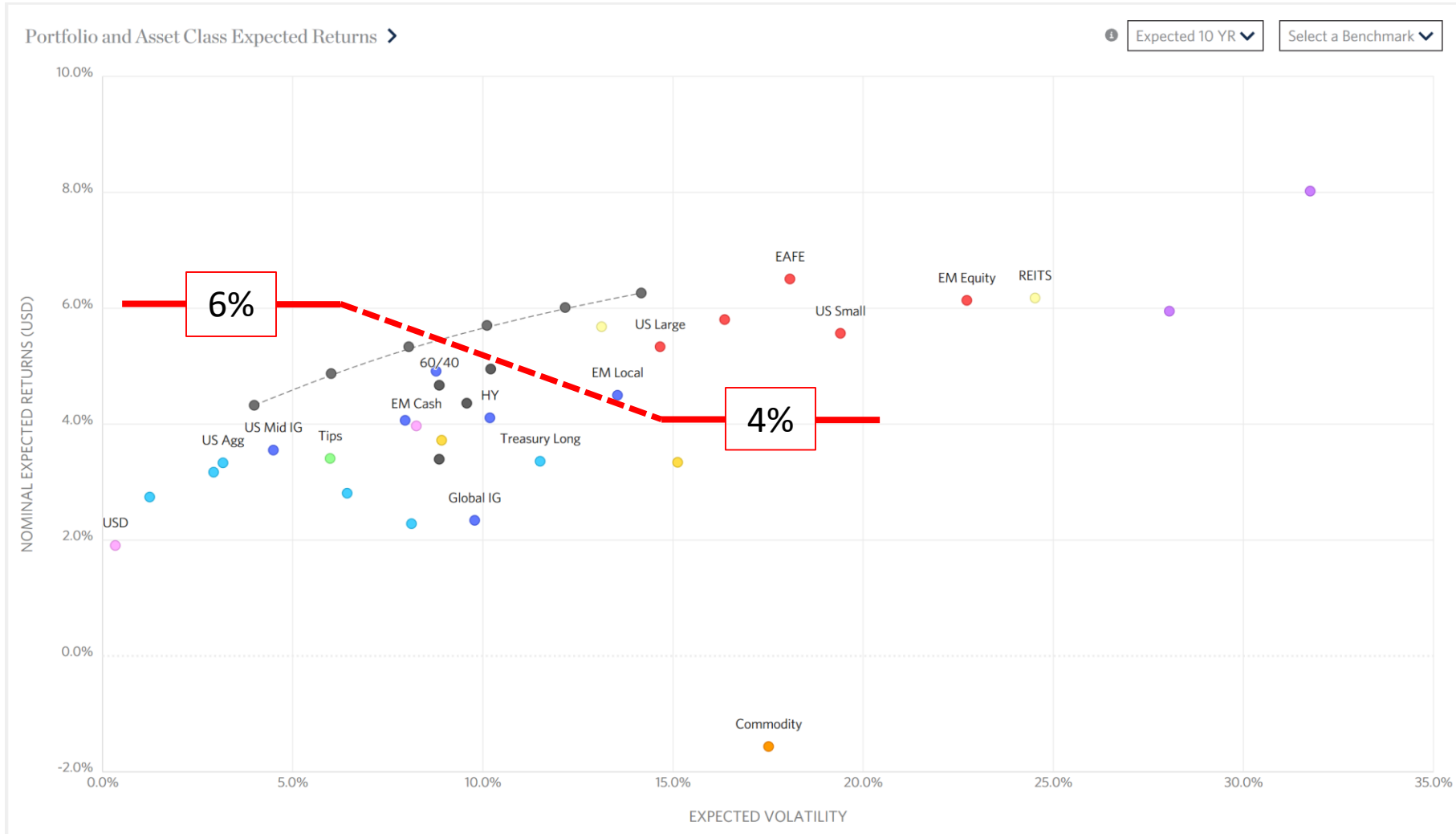
# Q4-2017 U.S. Fixed Income Sector/Duration - Yields



New money and reinvestment yields for U.S. investment grade fixed income range from 2% to 3.5%



# Tough to Make A Buck



# Forward-Looking Market Realities...

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- 1) Assets are more correlated
- 2) Increased external shocks & today's instant communication
- 3) Equity risk dominates traditional asset allocation
- 4) Bond yields remain low globally
- 5) Expected returns of stocks are lower
  - Accept “loss aversion” phenomenon (i.e. behavioral finance)
    - Studies suggest that the psychological pain investors feel from a loss is twice as strong as the joy they receive from a similar size gain; so how to find “negative correlation”



# Looking Ahead

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- Continue to
  - Update
  - Analyze
  - Question
  - Review
  - Implement...
  - ...the Enterprise Based Asset Allocation (“EBAA”) as business and capital market conditions change.





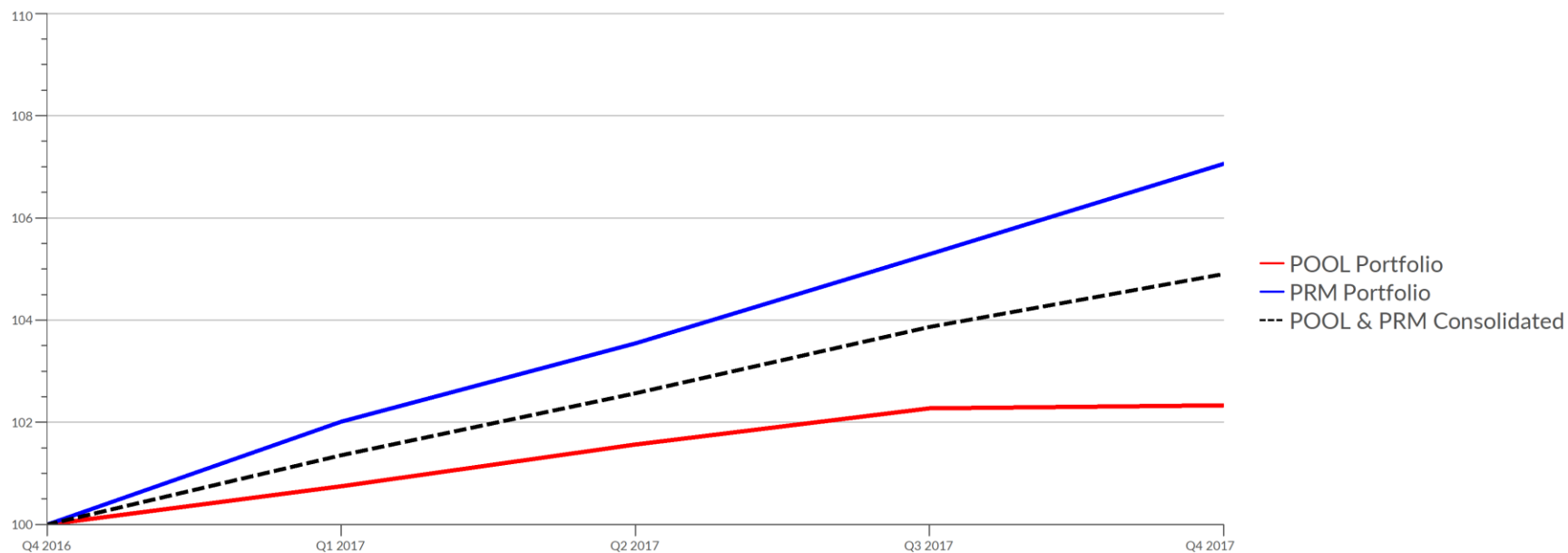


**PERFORMANCE – TRAILING YEAR 12/31/2017**



# POOL/PRM

**POOL/PRM Performance - Trailing Year**  
January 2017 - December 2017 (Single Computation)



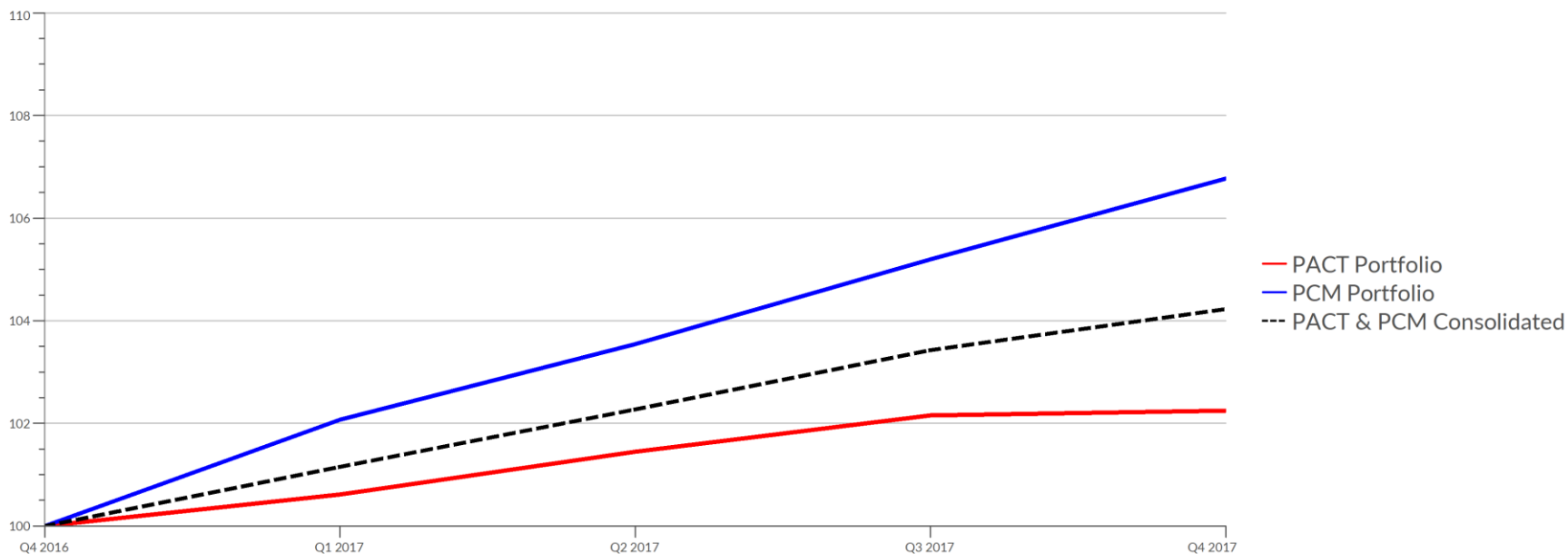
**POOL/PRM Performance - Trailing Year**  
January 2017 - December 2017 (not annualized if less than 1 year)

	1 year
POOL Portfolio	2.33%
PRM Portfolio	7.06%
POOL & PRM Consolidated	4.90%



# PACT/PCM

**PACT/PCM Performance - Trailing Year**  
January 2017 - December 2017 (Single Computation)



**PACT/PCM Performance - Trailing Year**

January 2017 - December 2017 (not annualized if less than 1 year)

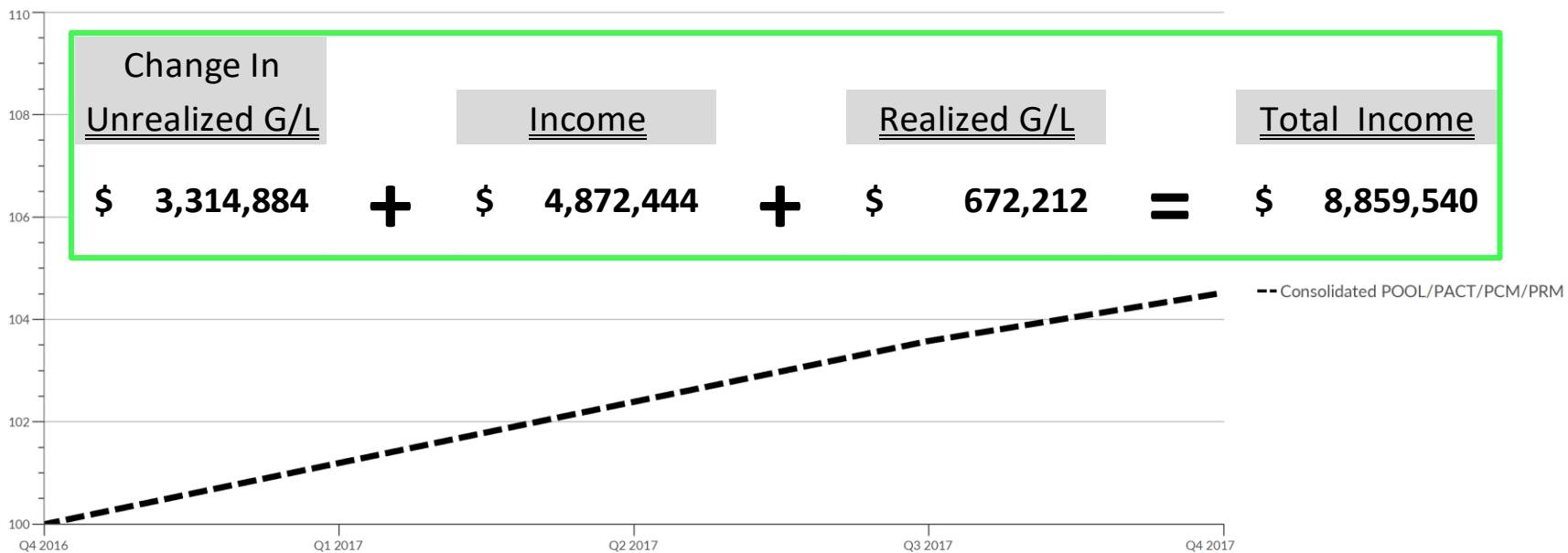
	1 year
PACT Portfolio	2.25%
PCM Portfolio	6.77%
PACT & PCM Consolidated	4.22%



# All Programs

## All Programs: Consolidated Performance - Trailing Year

January 2017 - December 2017 (Single Computation)



<u>Change In Unrealized G/L</u>		<u>Income</u>		<u>Realized G/L</u>		<u>Total Income</u>
\$ 3,314,884	+	\$ 4,872,444	+	\$ 672,212	=	\$ 8,859,540

## All Programs: Consolidated Performance - Trailing Year

January 2017 - December 2017 (not annualized if less than 1 year)

	1 year
Consolidated POOL/PACT/PCM/PRM	4.52%



# **PUBLIC AGENCY COMPENSATION TRUST**

## **INVESTMENT GUIDELINES**

### **1. Scope**

This investment policy applies to all financial assets of the PACT. These funds are accounted for in the 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; and
- 3) allocation of investments in a manner consistent with principles of prudent investment management;
- 4) liquidity to meet operating obligations.

D. The investment strategy will conform to state statutes governing investment of public funds per NRS 377.170 & 377.171.

#### 4. Investment Risk

A. It is the policy of the PACT 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. PACT will not assume significant credit risk in an attempt to enhance return. Acceptable credit ratings for securities shall be AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization (“NRSRO”) pursuant to statutory limitations. 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 Trustees 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 reports to the Board of Trustees 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 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 Trustees 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) U.S. Corporate Bonds (rated A or better; maturity not more than 5 years)
- 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. Corporate bond allocation cannot exceed 20% of the total par value of the portfolio.

- 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 Fiscal Officer. 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. The 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.
- B. **Maximum Duration.** 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 that have a weighted average life of more than ten (10) years from the date of purchase, except as permitted by law. The average duration of the portfolio will not exceed +/- 20% of the benchmark duration.
- 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 Trustees 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 Trustees 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.

## **12. 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**  
**Revised 2-23-2018**

# 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; and
- 3) allocation of investments in a manner consistent with principles of prudent investment management;
- 4) liquidity to meet operating obligations.

D. The investment strategy will conform to state statutes governing investment of public funds per NRS 377.170 & 377.171.

#### 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. Acceptable credit ratings for securities shall be AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization (“NRSRO”) pursuant to statutory limitations. 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.

2. Liquidity Risk - is the risk that an investment may not be converted into cash if a need for cash arises. POOL 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 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.

## **5. Investment Responsibility**

- 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.
  - 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:
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  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.
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- 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.
- B. **Maximum Duration.** 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 that have a weighted average life of more than ten (10) years from the date of purchase, except as permitted by law. The average duration of the portfolio will not exceed +/- 20% of the benchmark duration.
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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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## **12. Reporting**

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.

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**Revised 9/13/2006**  
**Revised 5/1/2009**  
**Revised 5/1/2015**  
**Revised 2-23-2018**



**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

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**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 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**

**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**

The workshop was conducted by Rebecca Ryan, a futurist, who led the members through a series of exercises designed to learn to use the thinking skills of a futurist when imagining the future of the pools. Groups worked together to brainstorm scenarios about various identified trends to see what the threats and opportunities might be in the future. Once these exercises were completed, the members then developed an aspirational scenario for a future 20 years out. Together these efforts led to members understanding about the kind of thinking necessary to create the future “why” for the pools to exist.

**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**

**April 27, 2017**

### **1. Introductions and Roll**

A sign-in sheet was circulated and a quorum was determined to be present. Chair Kalt then called the meeting to order.

### **2. Public Comment**

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

#### **Recess for Meetings of the Captives:**

Chair Kalt recessed the meeting so the captives could hold their annual meetings.

**ANNUAL MEETING OF PUBLIC COMPENSATION MUTUAL (PCM)**

**ANNUAL MEETING OF PUBLIC RISK MUTUAL (PRM)**

Chair Kalt called the joint board meetings back in session upon the conclusion of the captive's meetings.

### **3. For Possible Action: Report of Joint Executive Committees' Approval to Transfer Capital from POOL and PACT to PRM and PCM**

Mike Rebaleati reviewed the report about the Joint Executive Committees' decision to transfer \$10,000,000 from POOL to PRM and \$25,000,000 from PACT to PCM to enable both captives to take additional shares of the respective pools' risk retentions and limits. This will enable the captives to achieve better investment returns than the underlying pools which reducing the retention risks of the pools as a long-term strategy to keep costs down and to enhance the ability to rely on the combined resources owned by the pools rather than on other outside organizations.

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

- ### **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**

a. and b. Chris Lech, Kelly Sullivan and John Skully, representatives from New England Asset Management (NEAM), reviewed current capital market and economic conditions. They then presented a review of the enterprise risk management analysis project they undertook to assist the pools and captives with designing an optimal investment program that considered the risk profile of the pools and captives. NEAM focuses on the fixed income investment market. They noted that as a result they could increase overall investment income by about \$1,500,000 with only a moderate increase in the risk strategies. These risk strategies still were quite conservative compared to other insurance-type organizations that had higher risk profiles by double or more. The increase investment flexibility of the captives along with the newly transferred capital investments will continue to generate higher income for the captives even with higher risk retention strategies.

c. Dan Smereck of Strategic Asset Alliance (SAA), investment advisor, reviewed the strategies that brought NEAM's enterprise risk management analysis as a tool for future planning. He noted the current market uncertainties and the effect on long-term investment planning. He reviewed the equity market strategies that the captives were using in addition to NEAM's work and how this combination resulted in overall strong gains for the pools and captives.

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

**5. For Possible Action: Review and Approval of Investment Guidelines**  
**a. PACT Investment Guidelines**  
**b. POOL Investment Guidelines**

Wayne Carlson noted that no changes in the investment guidelines for the pools was proposed.

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

**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**

Chair Minor removed the Executive Director's Report from the Consent Agenda for separate discussion.

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

Wayne Carlson added commentary to the Executive Director's report about the status of litigation against NPAIP by Virgin Valley Water District noting that the case was ongoing and was in discovery phase. He commented that the plaintiffs were using a scorched earth approach challenging the actions of the board over the last 30 years as invalid. He expressed confidence in the NPAIP position in the case.

Wayne then commented that Doug Smith officially has retired, but could not make this meeting. He also said that Jeanne Greene was planning to retire at the end of July this year and Stacy Norbeck would be taking her place.

He then reviewed the status of pending legislation indicating that certain bills did not pass the legislative deadlines while several others were passed in the first house and transmitted to the other house. Steve Balkenbush commented on one tort liability bill on which he had testified, noting that it would have increased liability, but had died. Bob Balkenbush added comments about some workers' compensation bills that remained active expressing concerns about the implications that would arise if they were passed.

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

**7. For Possible Action: Loss Control Committee**

**a. Loss Control Committee Report**

**b. Risk Management Grants and Other Risk Management Program Reports**

a and b. Marshall Smith provided a report of the services activities of the Loss Control Committee, chaired by Cash Minor. He noted the various risk prevention and training services being offered and directed members to the website for updates. New e-learning courses were launched as well. He noted the risk management grants process would be thoroughly reviewed in July 2017 by the committee, noting the amount of grant dollars came to over \$380,000 this year for a variety of grants. Various training from swimming pool safety, school safety and law enforcement risk management were presented.

On motion and second to accept the Loss Control Committee report, the motion carried.

**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**

a. Donna Squires provided the stewardship report noting that some changes occurred with in ASC. She introduced Vicki Hampton and Pam Finch from corporate. In the Reno office, ASC hired a new claim assistant, Barbie Smith and in Las Vegas, Greg Gilliam, senior claims adjuster. She noted that recent flood losses had affected several members. She noted some large POOL losses that had been resolved during the last year. She also reviewed the workers compensation loss activity. Wayne Carlson commented that an independent audit was conducted on the PACT claims this year and that the results were very positive, noting that the auditor's standard is targeted at reserve differences should be under 10% either direction and ASC's reserves were under by 8% although much of that was due to one claim that deteriorated and the timing of the reserve changes versus when the audit

occurred. He commented that since results had been consistently positive for several years, the audits were being done on a three-year cycle. She responded to questions.

On motion and second to accept the stewardship report from ASC, the motion carried.

b. Wayne Carlson noted that the Executive Committee has reviewed the proposed renewal contract terms and recommended it to the board.

On motion and second to approve the ASC contract extension, the motion carried.

c. Mary Wray presented the Willis Re Pooling stewardship report which was handed out. She reviewed the overall exposure information for the pool members that were considered by reinsurance underwriters. Market conditions presently were stable for all lines of business. She introduced the Willis team that supported the pools in underwriting, marketing and loss control services. She emphasized that for the pooling industry as a whole, pricing remains stable over the long term, not volatile as is the case with private insurers.

Rick Hudson provided an overview of the loss control and prevention services provided by Willis Re Pooling staff based in Reno including describing the most requested services from members. He noted three primary focus areas in support of the pools' value-added services, members requests and health and wellness.

On motion and second to accept the stewardship report from Willis Re Pooling, the motion carried.

**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**

a. and b. Jeanne Greene and Stacy Norbeck provided a review of the HR Oversight committee activities and progress under the grant. She introduced Curtis Calder, Committee Chair, from the City of Elko and noted the committee members. Stacy commented about their analysis of the comparative cost of services delivered by the HR team versus what it could cost in the private sector showing that the training and HR assessments alone came to over \$3.6 million in value over time. This does not count the consultation, policy development, newsletters and other support provided to the members. They then presented awards for achievement because of the HR Assessments of several members.

c. Wayne Carlson reviewed the financial audit results noting that they have performed well under the grant revenue over the last two years. He noted that one source of income for additional services to one member would be ending on July 1, 2017. He also commented that during the year, Marshall Smith had worked with both HR and Risk Management on a split cost basis, but that Marshall had been reassigned to Risk Management fully and HR has replaced him with a new consultant coming on board in May 2017.

d. Jeanne Greene reviewed the scope of the Resources for Living Employee Assistance Program available to all members at no additional cost. She commented about the utilization history, noting that it was significantly underutilized although HR has made consistent efforts to make members aware of the scope of services available both online and in person. She highlighted the manager's referral service available to assist managers in responding to difficult workplace situations.

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

**10. Board Orientation: POOL Then and Now**

Wayne Carlson reviewed some of the history of the POOL over the last 30 years emphasizing the accomplishments of the board over time to make the POOL stronger in order to provide a substantial array of coverages and services that help contain costs.

**11. Public Comment**

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

**12. For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

**The Agenda was posted at the following locations and on the State's Website [notice.nv.gov](http://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**





**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

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

**Date: Friday, April 21, 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**

Members present: Cash Minor, Josh Foli, Lisa Jones, Bev Conley, Gerry Eick, Roger Mancebo, Steve West, Paul Johnson

Members Absent: Pat Whitten, Chris Mulkerns, Missie Rowe, Alan Kalt, Ann Wiswell

Others Present: Wayne Carlson, Mike Rebaleati, Marshall Smith, Mary Wray, Stephen Romero, 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 March 22, 2017**

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

**4. For Possible Action: Approval of SpecialtyHealth MCO Contract Extension to June 30, 2018 with Addendum Extension to Add 24/7/365 Nurse Call Triage Services**

Wayne Carlson reviewed the proposal concepts and responded to questions. One question concerned the use of local providers that may or may not be in the SpecialtyHealth network and the billing practices that will apply. Wayne agreed to discuss with the company.

On motion and second to approve the extension to include the Nurse Call Triage Services, the motion carried.

**NOTE: The Meeting will Recess to Allow Public Risk Mutual and Public Compensation Mutual to Conduct Meetings to Approve Their Renewal Proposals**

**5. For Possible Action: Review of NPAIP and PACT Program Renewal Status and Options**  
**a. Review of Reinsurance Coverage and Retention for NPAIP and PACT**  
**b. Renewal Reinsurance Strategies**

PACT: Wayne Carlson, Mary Wray and Stephen Romero reviewed the spreadsheet of the renewal quotations and options. Mike Rebaleati noted that PCM had offered to reduce PACT's retention from \$500,000 to \$300,000 with the additional \$700,000 retention to be borne by PCM. The overall pricing would be a neutral pricing with the risk shifting.

On motion and second to approve the renewal proposals for recommendation to the PACT Board with the retention reduced for PACT to \$300,000 and PCM bearing \$700,000 at a neutral pricing after the risk shifting, the motion carried.

NPAIP: Wayne Carlson, Mary Wray and Stephen Romero reviewed the spreadsheet of the renewal quotations and options. Mike Rebaleati noted that PRM offered renewal terms with the addition of a 25% quota share with UE. The goal was for a net neutral effect of the overall pricing with the quota share. Mary Wray responded to questions about the United Educators reinsurance agreement indicating that progress on terms had been made and were being finalized. She discussed the option for a quota share with PRM taking 25% of the layer indicating that UE did not want to go to a higher quota share percentage.

Mary noted that the terrorism coverage was a two-year policy with a reduced premium in the second year. She also noted that the pollution legal liability program was offered at no change in price.

Stephen Romero reviewed the student accident medical policy mentioning the optional quotation he had received from another insurer. He referred to a comparison he prepared of terms, pricing and options. Committee members expressed concerns with the use of a network for this program. Wayne noted that he had checked their network and found several counties had no listed network providers for general practice physicians. No action was taken to consider the optional quote.

On motion and second to approve the renewal proposals for recommendation to the POOL Board subject to the pricing offset for the PRM acceptance of the quota share to result in neutral pricing effects between UE and PRM, the motion carried.

**6. For Possible Action: Approval of Prospective NPAIP Members**  
**a. Regional Transportation Commission of Washoe County**  
**b. Carson Montessori School**  
**c. Topaz Ranch Estates GID**

**a. Regional Transportation Commission of Washoe County.** Wayne Carlson highlighted the underwriting review noting that all bus operations had been contracted out for several years to MV Transportation company for liability and physical damage. The remaining operations are office, maintenance and engineering for roads in Washoe County. He indicated there had been no losses above the \$100,000 liability retention for five years. There were two losses below \$100,000. In discussions, Gerry Eick commented that the most significant risk would be in the engineering work since they have very large projects and he wanted to be assured that we collected sufficient funds for the potential losses even though they had not had any large losses.

On motion and second to approve, the motion carried.

**b. Carson Montessori School.** Wayne Carlson noted that he had been advised recently by the agent that he was going to submit an application, but none had been received. Wayne had advised the agent that the board had not accepted charter schools to date. Paul Johnson noted that as a general concern about charter schools, they are not subject to the same elected officials, tax and financial oversight as regular public schools and that was of concern. Wayne noted that this particular school was chartered several years ago by the Carson City School District where significant review occurred before they could be authorized. Now charters were reviewed and regulated by the State Charter School Authority. Gerry Eick expressed concerns that some charters were managed by private, profit motivated companies and not as public entities. Wayne noted that these largely were in Clark and Washoe counties, but the schools themselves were considered public schools. Josh Foli expressed concerns about the business model of charters generally being so different from regular public schools that the risk would not be acceptable for NPAIP. In response to Gerry's question about the charter schools task force, Wayne noted that he and Mike Rebaleati had visited with the charter school authority staff to gather information and learn about their interest and needs. He indicated that no further developments had occurred beyond those discussions.

On motion and second to not approve Carson Montessori School and to place the charter schools discussion on a future agenda for a final decision about their eligibility, the motion carried.

**c. Topaz Ranch Estates GID.** Gerry Eick disclosed that he consults with the GID's auditors without remuneration and believed he did not have a conflict that would restrain his ability to vote on this prospective member. Wayne Carlson commented that as a result of recommendations from Mike Rowe, attorney for the GID and for several GIDs and towns in Douglas County, the board agreed to hear a presentation about NPAIP and PACT. He had presented an overview of the programs and services. He then turned to the application noting that it was from 2014 and being updated for this year. He noted that one board member had been on another Member's special district board for eleven years and recommended the pools. Wayne noted that no losses were on their previous application. He said they are completing a \$5,000,000 pipeline improvement program. He noted that their policy runs until the Fall of this year.

On motion and second to approve, the motion carried.

## **7. For Possible Action: Approval of Prospective PACT Members**

### **a. Lovelock Meadows Water District**

### **b. Topaz Ranch Estates GID**

**a. Lovelock Meadows Water District.** Wayne Carlson reviewed the application information noting the positive claims experience with no losses in the last five years. He noted that they presently are a Member of NPAIP. Roger Mancebo commented that they are a well-managed district serving Lovelock. Wayne noted that PACT had quoted them several years ago, but the pricing was not favorable then. We have a new agent who wants to try again.

On motion and second to approve, the motion carried.

**b. Topaz Ranch Estates GID.** Wayne reiterated his comments noting their favorable experience modification factor.

On motion and second to approve, the motion carried.

**8. For Possible Action: Waiver of PACT Assessments for Volunteers Assisting with Flood Response**

Wayne Carlson commented that as a result of a question about the classification of flood volunteers, he and Mike Rebaleati had discussed requesting a waiver of any charges for volunteers as a way of PACT contributing to the flood mitigation efforts. Mike added that Members throughout the state were affected so this would be a positive effort even though the assessments were not significant for the risks. He said the Members should still maintain volunteer rosters for claims purposes. Wayne invited Geof Stark of Churchill County to describe the extensive, ongoing flood mitigation measures in Churchill County as illustrative of the efforts.

On motion and second to approve the waiver of assessments for these volunteers, the motion carried.

**9. Public Comment**

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

**10. For Possible Action: Adjournment**

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

**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  
Facsimile (775) 883-7398

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

**Date: Wednesday, November 8, 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: 15042**

**1. Roll**

Members Present: Alan Kalt, Cash Minor, Josh Foli, Lisa Jones, Paul Johnson, Chris Mulkerns, Cindy Hixenbaugh, Mike Giles, Beverly Conley, Ann Cyr. Gerry Eick

Members Absent: Steve West, Dan Corona

**2. Public Comment**

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

**3. For Possible Action: a. Approval of Minutes of Meeting of April 21, 2017**

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

**4. For Possible Action: Acceptance of 2017 Financial Audit of**

**a. NPAIP**

Michael Bertrand, CPA reviewed his audit of NPAIP. He commented on key financial elements, the scope of his audit, his finding and recommendations. It was noted that the Audit Committee had reviewed and accepted the audit.

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

**b. PACT**

Michael Bertrand, CPA reviewed his audit of PACT. He commented on key financial elements, the scope of his audit, his finding and recommendations. It was noted that the Audit Committee had reviewed and accepted the audit.

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

## **5. For Possible Action: Acceptance of Reports:**

### **a. Operations Manager Report**

Mike Rebaleati highlighted his written report. He was elected to the GEM board (one of our reinsurers) this year. Marshal, Wayne and Mike will be attending the CRL training conference in Phoenix next week. Mike participated on a panel for the Montana Municipal Insurance Authority, a cities pool, to assist them with their decision regarding forming a captive. Mike and Stephen Romero went to the United Educators conference. He said they have several e-learning courses that we are in the process of licensing to place on our LMS system. He also is initiating a Sexual Assault Awareness campaign for April 2018. I will be coordinating this campaign with the Nevada Association of School Boards, the Nevada Department of Education, PRI, United Educators and other organizations. Through our educational grant program, over 24 Nevada educators attended Jeff Kaye's International School Safety Conference held in Carlsbad, CA in October.

### **b. NEAM and SAA Investment Update**

NEAM representatives Kelly Sullivan and Patrick Scully and SAA representative Dan Smereck review the pools and captives investment performance and strategies. They noted that the funds authorized for transfer from the pools to the captives had been completed and were in the process of being reinvested under the captive's investment policy guidelines.

### **c. Willis Pooling**

Mary Wray of Willis Pooling provided an overview of projects in process including beginning an enterprise risk management process to implement their Envision product for the captives. She also noted that the renewal application has been simplified and the timetable accelerated to facilitate earlier delivery of proposals. Mary noted the loss control activities her team had delivered to members of the pools.

Then she commented about the state of the reinsurance market. The recent hurricanes, earthquakes and wildfires impacted the worldwide insurance markets likely leading to rate increases and capacity reductions for property insurers. She noted that our long-term relationship with Lloyds would help moderate any rate or capacity impacts. We will have better indications for the market as a whole after the January renewals. Mary also noted the loss control activities her team had delivered to members of the pools.

### **d. Human Resources**

Stacy Norbeck reviewed the progress under the strategic plan and the utilization of HR services. They have updated many training programs because of numerous legislative changes this last session. The HR Oversight committee will be meeting in December.

### **e. ASC – Claim status**

Donna Squires commented on the staff changes in her office. One workers compensation senior adjuster went part-time, but other staff were promoted to take over that workload. A new claims assistant was hired and an additional senior workers compensation adjuster will be hired as part of a succession plan. On the property and liability side, a new senior adjuster was hired to replace the one that recently was hired, but then took a job offer back in the state he originally came from. She reviewed the large losses particularly for property this year due to the storms in January and February. She reviewed an exhibit showing a master history of the claims results over the last 20 plus years. Mike Livermore added additional insight into the adjuster workloads redistributions with the personal changes. He then discussed the large workers compensation claims noting the most significant large losses were public safety heart claims.

#### **e. Executive Director's Report**

Alan Kalt began with comments about his retirement from Churchill County resulting in his resignation from the PACT board and as Chair of the board. He enjoyed his time as a member representative to the pools and expressed that he had learned a lot. Committee members commented and thanked Alan for his service.

Wayne Carlson reviewed other changes on the executive committees with retirements. He noted that the governing documents allowed the Chair to appoint replacements to serve until the next annual meeting. Given Alan's retirement, PACT Vice Chair Paul Johnson will ascend to Chair upon the effective date of Alan's resignation December 22, 2017. The Chair can then appoint replacements and the executive committee can elect a new Vice Chair.

Wayne then reviewed the budgetary impacts of the changes in membership and the potential insurance market increases. He noted that he, Mike Rebaleati and Alan Kalt would be going to London for the property renewal negotiations. The reasons Alan was going on this trip is that he will come on board as staff of PARMS in January 2018 as CFO which will strengthen our financial management capacity. Committee members congratulated Alan on this career change.

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

Chair Minor recessed the meeting for lunch.

Following a lunch break, Chair Minor reconvened the meeting.

### **6. For Possible Action: Risk Management and Loss Control**

#### **a. Risk Manager Report**

Marshall Smith gave his report highlighting the Loss Control Excellence Program review and revisions, changes to the risk management grant program and upgrades and additions to the e-learning program. He touted the loss control representatives' efforts working to improve members safety.

**b. Approval of Loss Control committee's recommendation of setting the new grant cycle of \$500,000 from PACT and \$500,000 from POOL plus the amended grant criteria.**

Marshall then noted that the Loss Control Committee recommended setting a grant amount for risk management grants of \$500,000 each pool.

On motion and second to approve the risk management grant amounts as recommended and to approve the policy changes (item 6c below), the motion carried.

**c. Adopt revisions to the respective POOL and PACT Risk Management Grants policies**

**d. Update from Michael Van Houten on the POOL/PACT LMS programs.**

Mike Van Houten provided a report on the status e-learning course additions he has been implementing including over 200 law enforcement courses. He also noted the enhancements to the Torch LMS from the Pro to the Enterprise version. He was implementing the changes with several members. In addition, he reviewed the enhancements to the MSDSONline program and which members would benefit from the new program. He was working with those members to convert them to the new program. Mike Rebaleati commented about the addition of Target Solutions as a provider of e-learning for fire and EMT training which would help this sector of our membership. He said that while they have their own LMS, the pools would create a portal that shows the pools own e-learning courses along with Target Solutions co-branded training.

**e. IIA (Tony Rucci) update report.**

Tony Rucci reviewed the passive network assessments process he has been conducting for several of the members. He noted that the reports were designed to assist members with understanding vulnerabilities and ways to secure their computer systems against potential hacking. Mike Rebaleati added comments about the effectiveness and the budget for continuing to work on these assessments.

**7. For Possible Action: Approval of POOL Form Amendments/Endorsements for Fiscal Year 2017-2018**

Wayne Carlson reviewed the proposed extension 13 to the property coverage section which would provide Security Threat Expense including ransom ware coverage. Mike Rebaleati commented that he had suggested this amendment so that members were protected in the event of a ransomware problem and would get immediate assistance from our cyber security experts to minimize the loss potential.

Wayne then highlighted one change to the liability section of the form to add PCI fines and penalties.



On motion and second to approve both changes effective July 1, 2017, the motion carried.

**8. For Possible Action: Future direction of Learning Management System and support of other Risk Management System tools.**

**a. Possible support of adding member access to Target Solutions to enhance LMS programs. This includes a possible cooperation from PCM.**

This item was discussed under item 6.d. above and with the possibility of PCM funding this program, no action was taken.

**9. For Possible Action: Consideration of Joining Consortium for Possible Federal Grant Funding of Advanced Mobile Technology Safety Program**

Wayne Carlson and Mike Rebaleati noted that Jerry Spears of the Montana counties pool was seeking our participation in a consortium of pools and insurers to seek a federal grant to research use of aftermarket mobile collision avoidance technology particularly for police and buses. It was noted that the initial commitment would be for the grant writer, then a share of the research project which could be about \$2,500,000 for the consortium to fund on a 50% match basis allocated to the consortium members. Jerry contacted pools in Idaho, Ohio, Georgia and Nevada along with major insurers and brokers for potential participation. There will be a conference call soon to discuss further.

Under discussion, members questioned the need for this technology given developments with new vehicles having similar technology.

On motion and second not to join the consortium at this time considering the pools own grant capabilities to consider funding retrofit devices for this, without prejudice, the motion carried.

**10. For Possible Action: Succession Plan for NPAIP and PACT**

**a. General briefing**

Mike Rebaleati led discussion about the need for succession planning not only for staff, but also for the board members. He indicated that in the long term, forming a nonprofit to replace PARMS made sense. He said that there was no indication that Wayne Carlson would be retiring soon, but it was best to have a retreat to prepare for the future when that occurs as well as for the board to consider its own succession as well.

**b. Selecting a date in the fall of 2018 for a Board succession planning retreat.**

Committees expressed sentiment to hold the retreat in Eureka possibly in September 2018 and asked staff to seek possible firm dates.

**11. For Discussion: Annual Meeting will be held on April 19-20, 2018 at the Atlantis Hotel**

Wayne Carlson commented that the annual meeting was being moved up a week due to a hotel conflict with a volleyball tournament.

**12. Public Comment**

Mike Rebaleati mentioned the Safer Schools Together program he was working on with the Department of Education.

**13. For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

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 Street  
Carson City, NV 89701**

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

**Date: Friday, February 23, 2018**

**Time: 10:00 A.M.**

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

**Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420**

**1. Roll**

PACT Executive Committee Members Present: Mike Giles, Josh Foli, Chris Mulkerns, Cindy Hixenbaugh, Elizabeth Frances, Paul Johnson

PACT Executive Committee Members Absent: None

NPAIP Executive Committee Members Present: Cash Minor, Josh Foli, Lisa Jones, Bev Conley, Ann Cyr, Gerry Eick

NPAIP Executive Committee Members Absent: Dan Corona

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

**2. Public Comment**

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

**3. For Possible Action: Proposed Resolution of Dispute Regarding Assessments paid by Douglas County to PACT for Workers Compensation Coverage for Years 2005-06 through 2015-16.**

**The Executive Committees of NPAIP and PACT may interrupt the open meeting and exclude the public for the purpose of having an attorney/client discussion of potential and existing litigation pursuant to NRS 241.015(2)(b)(2).**

Chair Johnson opened this agenda item for PACT committee members only. Steve Balkenbush, counsel to PACT, reviewed the background and rationale for the recommendation to resolve the dispute by payment to Douglas County of \$1,850,000 within 60 days following acceptance by Douglas County. Zach Wadle, counsel for Douglas County, indicated that the county would act on this item at a meeting in March 2018. Steve responded to questions about the proposed resolution and how it developed.

On motion and second to approve the settlement, subject to Douglas County's acceptance, and payment within sixty days following Douglas County's acceptance, the motion carried.

4. **For Possible Action: Consent Agenda**

a. **Approval of Minutes of Meetings:**

1. **Joint Meeting of November 8, 2017**
2. **POOL Executive Committee December 15, 2017**

- b. **Approval of PARMS Lease extension from July 1, 2018 to July 1, 2019 to coordinate dates with PARMS Service Contract dates**
- c. **Approval of a one-year extension option from May 1, 2018 to May 1, 2019 allowable under the existing Information International Associates (Tony Rucci) contract.**

- a. On motion and second to approve the minutes, the motion carried.
- b. On motion and second to approve the extension, the motion carried.
- c. On motion and second to approve the extension, the motion carried.

5. **For Possible Action: Investment Strategies**

- a. **Review/Revise Investment Guidelines for NPAIP and PACT**
- b. **NEAM and SAA Investment Update**

Chair Johnson invited Dan Smereck of SAA and Kelly Sullivan of NEAM to present these items.

- a. Dan Smereck reviewed the proposed changes to the investment guidelines for NPAIP and PACT. On motion and second to accept the proposed changes, the motion carried.
- b. Kelly Sullivan reviewed the summary report of NPAIP, PACT and of the captives, PRM and PCM. She showed the capital transfers from the respective pools to the captives and the additional investment gains as a result from the expanded investment strategies available under the captives laws. She noted the amounts of each capital transfer and the effect on the pools and the captives.

6. **For Possible Action: Board Retreat September 20-21, 2018 for NPAIP and PACT**

- a. **Retreat Focus and Planning**
- b. **Retreat Facilitator Veronica Frenkel**

Wayne Carlson commented about the background and experience of the facilitator. He said that due to a family emergency she could not submit her proposal prior to this meeting. He described the proposed focus and scope of the retreat topics including succession planning for board and staff, and future thinking as an anticipatory organization strategy. Committee members commented on these topics and expanded them to include public reports of financial condition and funding of various services with allocation between pools and captives. Wayne requested approval of the retreat and direction regarding the facilitator agreement.

On motion and second to approve the retreat and the facilitator, subject to final agreement with the facilitator and approval by the Executive Committees and the next meeting, the motion carried.

7. **For Possible Action: Review of 2017 Financial Audit of**

- a. **Public Risk Mutual**
- b. **Public Compensation Mutual**

Alan Kalt, CFO, provided a review of the draft financial audits of both captives, highlighting the treatment of the additions to capital from the pools and the investment results. He noted

several key financial ratios and commented that the final audit will contain a management discussion and analysis of these key factors. No action was taken as this was a review only.

**8. For Possible Action: Acceptance of Reports:**

- a. Executive Director**
- b. Chief Operations Officer**
- c. Chief Financial Officer**
- d. Risk Manager**
- e. Human Resources Manager**
- f. ASC – Claims Manager**

a. Wayne Carlson updated his written report to indicate that he had received a call from the agent for North Lake Tahoe Fire Protection District indicating that the district was considering sending a notice of intent to withdraw. They were upset about a particular claim and wanted to see what options were in the market. He advised the agent that their notice must be received by March 1, 2018. No other notices were likely for NPAIP or PACT.

b. Mike Rebaleati, COO presented an oral report about the current activities including the members' network assessments progress, internal operations changes that will be proposed under the budget review. He noted he attended the GEM board meeting and reported that they just held a retreat and .....about their purpose. For CRL, he serves on their investment committee and reported that they are doing well. Mike commented on the passive network assessments and progress with members.

c. Alan Kalt, CFO, presented his oral report noting that as the newest staff member, he was completing the AGRIP Advisory Standards Application for NPAIP and PACT. He commented that it was a great learning tool for him in getting to know the internal operations. He discussed creation of a popular report dashboard for financial reporting on the pools and captives. As a result, he is working on proposing some new board policies. He commented that he has been attending agent meetings educating them about the pools and services.

d. Marshall Smith, Risk Manager, highlighted the activities of the loss control committee, grants programs, grant process update, changes in loss control committee members, upcoming active shooter training and police/prosecutor conference on abuse. He reviewed the upgrade to the Torch e-learning program for risk management training and human resources training. He noted the MSDS upgrade available to larger members and the increased utilization. Staff reinstated the quarterly large claims review to track trends to help guide risk management programs.

e. Stacy Norbeck, PRI General Manager, reviewed the HR strategic plan progress and their extensive level of delivery of policy updates, training program revisions and the increasing volume of participation in the training programs. The instructor ratings were very strong. The consultants will be developing the service plans for each member beginning in May.

f. Donna Squires, ASC Claims Manager, discussed the staffing changes for both the NPAIP and PACT adjusters. She said the Dan Hamlin, liability senior adjuster, was retiring at the end of February. They are in the process of hiring a senior workers compensation adjuster with the goal of having Mike Livermore provide mentoring as Mike's future replacement (timeline not determined). In addition, Karen Barbee, senior workers compensation adjuster, is now working part-time. Other staff have been promoted into open positions and a new claims assistant has been hired.

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

9. **For Possible Action: Approval of POOL Form Amendments/Endorsements for Fiscal Year 2018-2019**

Wayne Carlson commented that no proposed form changes were being made this year. Staff and ASC have reviewed potential clarifications of the replacement cost provisions for public safety vehicles and obtaining appraisals, but nothing is ready for this upcoming year. He noted that the attachment showing the vehicles subject to replacement cost without the cost new listed since that confused members regarding how settlements were to be valued. The cost new is used for rating purposes so we will have that information on file. No action taken.

10. **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**

a. Mary Wray of Willis Re Pooling reviewed the structure graphs and cost indications for both NPAIP and PACT, noting the areas of expected increases due to property catastrophe losses and decreases resulting from improved liability and workers compensation experience. These figures will be update for the annual board meeting.

Stephen Romero reviewed the joint purchase programs will have rate reductions or no change. There will be optional increased limits proposed for the student accident program in light of the substantial rate reduction due to positive loss experience.

Wayne Carlson commented about the Lloyds meetings and the extensive underwriter meetings already scheduled for April.

b. and c. Mike Rebaleati commented that the captives will hold the line on any changes to their retentions as will the pools.

11. **For Possible Action: Review of Services and Approval of**

**a. PACT Budget for 2018-2019**

**b. NPAIP Budget for 2018-2019**

**c. Report of adopted PRI Budget for 2018-2019 grant period**

a. Wayne Carlson highlighted the significant changes to the budget including review of items that would reduce net position as a result of amortization of contributions to the captive, grants and wellness program costs. He commented on the effect on certain key financial ratios as a result of the changes. In response to questions regarding the effect of the action taken under item 3 of this agenda, he commented that it would reduce net position and key financial ratios, but not below acceptable levels. Discussion ensued regarding whether the captive would share in the settlement costs and it was understood that it was not a captive issue.

Mike Rebaleati mentioned that he was proposing bringing the E-learning programming in-house rather than by contract and if that was agreed, there would need to be adjustments in the PARMS contract.

On motion and second to approve the budget subject to potential allocation of some of the IT costs from the existing contractor to PARMS, the motion carried.

b. Wayne Carlson highlighted the significant changes to the budget including review of items that would reduce net position as a result of amortization of contributions to the captive and from grants. He commented on the effect on certain key financial ratios as a result of the changes. As with the discussion under the PACT budget, cost transfers of the IT function would affect the budget.

On motion and second to approve the budget subject to potential allocation of some of the IT costs from the existing contractor to PARMS, the motion carried.

c. Wayne Carlson noted that the PRI budget had been approved by the PRI board, so this was an information item only. He noted that the grant revenues were established in the grant itself. He expected investment income changes would offset some of the net negative budget amount. No action taken.

**12. For Possible Action: Approval of Prospective Members of NPAIP and/or PACT**

- a. Carson Montessori Charter School**
- b. Nevada Association of Conservation Districts**
- c. Mineral County Housing Authority**
- d. Walker Basin Conservancy**

a. Wayne Carlson reviewed the information provided about this charter school for membership in NPAIP. Discussion ensued regarding charter schools generally and whether they met criteria for eligibility for membership. Wayne noted that they are public schools albeit small. Comments about the entrepreneurial nature of some charter schools and the unelected board governance created concerns about governance. There also was concern about setting a precedent by approving this charter school as an exception. Further evaluation of an underwriting policy regarding charter schools was suggested.

On motion and second to deny this charter school, the motion carried.

b. Wayne Carlson indicated that he had been working with the agent to obtain applications for consideration of adding the association as a master member with the individual conservation districts as related entities. He noted that many of these districts had no staff. Some district thought they were covered by the State, but most were not for liability or workers compensation. He will bring this back for future consideration.

c. Wayne Carlson reviewed this housing authority which is similar to other housing authority members of NPAIP. They are designed for low income seniors and disabled persons.

On motion and second to approve for NPAIP membership, the motion carried.

d. Wayne Carlson reviewed this conservancy district noting that while it was a nonprofit organization, its purpose was to manage lands in the public interest. He indicated that they would be growing significantly due to a recent ranch acquisition they will manage.

On motion and second to approve for NPAIP and PACT, the motion carried.



**13. For Possible Action: Review and Revise Drafts of April 19-20,2018 Annual Meeting Agendas Including:**

- a. Executive Committee and Officers Up for Election at the Annual Meeting, Candidates and Conduct of the Elections**
- b. Draft Joint Board Agenda, NPAIP Board Agenda, PACT Board Agenda**
- c. Proposed Amendments to POOL and PACT Interlocal Cooperation Agreements and Bylaws**

a. Wayne Carlson reviewed the list of current executive committees' membership up for election for two-year terms. Each of the incumbents expressed willingness to continue to serve.

b. Wayne Carlson noted the workshop topics planned and the potential entertainment for the first day of the annual meeting. He asked for direction on type of entertainment and received feedback but was asked to use judgment as to which option would work out. It was suggested to take the board overview topic from the April 20<sup>th</sup> agenda and change it to a brief synopsis and add an expanded discussion on April 19<sup>th</sup> focused on new board members. No action taken.

c. Wayne noted that the proposed changes had not yet been reviewed by legal counsel, but would be on the annual meeting agendas. No action taken.

**14. Public Comment**

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

**15. For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

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

**N.P.A.I.P.  
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Carson City, NV 89701**

**Carson City Courthouse  
885 E. Musser Street  
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**Eureka County Courthouse  
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**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  
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 28, 2018**

**Time: 10:00 A.M.**

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

**Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420**

**1. Roll**

Members Present: Gerry Eick, Cash Minor, Josh Foli, Bev Conley, Paul Johnson, Mike Giles,  
Chris Mulkerns, Lisa Jones, Ann Cyr

Members Absent: Dan Corona

Others Present: Wayne Carlson, Mike Rebaleati, Alan Kalt, Marshall Smith, Mary Wray,  
Stephen Romero

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

**2. Public Comment**

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

**3. For Possible Action: Consent Agenda**

**a. Approval of Minutes of Meetings: Joint Meeting of February 23, 2018**

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

**4. For Possible Action: NEAM and SAA Investment Update**

This item was deferred. Staff will be having a conference call update and interested members may listen in after this meeting adjourns.

**5. For Possible Action: Review of Policies for Recommendation to Respective POOL/PACT Boards for Adoption**

**a. Claims Administration Policy**

**b. Service Provider Bill of Rights Policy**

Alan Kalt reviewed the proposed policy changes to both policies and responded to questions. He noted that these changes were part of his review during completion of an application for AGRiP Advisory Standards recognition.

On motion and second to recommend the changes to the respective POOL and PACT boards, the motion carried.

**6. For Possible Action: Approval of Amendment #1 to PARMS Agreement with POOL/PACT**

Alan Kalt commented that the proposed amendment reflected the addition of the CFO and a new position adding an IT person to focus on the e-Learning platform and additional internal technology management. Mike Rebaleati added that there would be a partial offset because the e-Learning support presently is provided by an independent contractor who spends 85% of his time on supporting our programs thus there would be a reduction in the independent contractor fees. In addition, as a staff member responsiveness to members will increase as well as internal access. They responded to questions.

On motion and second to approve the amendment #1 subject to adding language to reflect that the support is “for Member services...,” the motion carried.

**7. 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**

Mary Wray and Stephen Romero of WillisRe Pooling reviewed the updated spreadsheet showing renewal options and gave a status report of their market negotiations. They commented on the renewal pricing for POOL, PACT and the supplement environmental liability and student accident policies. Wayne Carlson noted that CRL would be offering a quote for an additional \$1,000,000 data security liability limit. POOL prices generally are favorable overall, although the property reinsurance pricing is not yet firm until after the Lloyds meetings. PACT pricing from CRL is increasing. Wayne commented that he had received the preliminary proposed renewal pricing from PRM and PCM (which will be on the captives meeting agendas for approval today).

On motion and second to recommend to the boards at the annual meeting 1) environmental liability renewal proposal at current limits and 2) student accident proposal at current limits and at the option 3 \$25,000 limit, the motion carried.

**8. For Possible Action: Approval of Prospective Members of NPAIP and/or PACT**

**a. Nevada Association of Conservation Districts**

**b. Truckee Meadows Water Authority**

**c. City of Las Vegas**

a. Wayne noted that a couple of applications had not yet been received so no action was taken.

b. Wayne reviewed the key elements of the TMWA applications for POOL and PACT. He provided background on their operations and exposures. He noted that they do have several dams they manage, some in California. In response to questions about the California liability risks, he commented that the Nevada tort cap likely would not apply since cross border litigation goes to the Federal Court system which applies the applicable statutory liability from either state in its discretion. Services are provided by Nevada based employees. Wayne noted that their loss experience has been favorable both on the POOL and PACT side.

On motion and second the accept TMWA for POOL and PACT Membership, the motion carried.

c. Wayne reviewed the City of Las Vegas POOL information indicating that there was additional information and discussion to be had with the broker on some key issues. Presently, they have varying retentions/deductibles ranging up to \$750,000. In light of this, he would like to propose a single deductible of \$100,000 for example but has not had those conversations yet. He reviewed the loss runs which were for the excess layers only (confirmed with the broker that the first dollar loss runs will follow). Their property values total about \$3.2 billion and they have about 1,000 vehicles and 3200 employees. In response to questions, he commented that the property schedule could be a positive for the Lloyds market discussions due to the overall quality of the buildings. Law Enforcement liability involves marshal services and fire services, but also, they manage several properties that are leased out. There are several sub-entities as well. Regarding PACT, Wayne suggested we not entertain that risk in light of their very high retentions that exceed the retentions of PACT, PCM and CRL and PACT is not in the excess insurance business. He has not submitted the applications to the markets pending the outcome of the Executive Committee review due to the size and urban nature of the city.

On motion and second to table this item pending further staff information gathering for POOL only and not to offer any PACT coverage, the motion carried.

9. **For Possible Action: Approval to Extend Sublimit for Professional Liability Coverage for**  
**a. Psychologist, Physician and Social Workers at China Spring Youth Camp**  
**b. First Responder Medical Supplies Approving Authority**

a. Wayne commented on the proposed endorsement to extend malpractice coverage in excess of the contract providers coverage similar to how POOL has extended excess coverage to jail doctors. China Spring Youth Camp is being modified to a mental health focus under a State of Nevada agreement. They have contracted with a medical doctor and a psychologist for professional services. With the jail doctors, come found that their malpractice insurers would not extend coverage in fear of the constitutional claims from the inmates. These contract physicians may find this to be the case with their contracts with China Spring.

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

b. Wayne reviewed the recent development that requires first responder medical supplies to be approved by a medical doctor. He noted that extending the coverage for this risk is similar to the current extension to ambulance medical directors for their administrative duties. This change would be an amendment to the POOL Form.

On motion and second to approve the form change, the motion carried.

10. **Public Comment**

Chair Minor opened public comment. Gerry Eick commented that he had found a footnote to the city of Las Vegas audit that described the claims expenditures from their self-insurance fund and would provide it to staff. No other public comment was received.

11. **For Possible Action: Adjournment**

On motion and second to adjourn, Chair Minor adjourned the meeting.

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**DRAFT**



**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

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**Minutes of Meeting of the  
Audit Committee of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation  
Trust Date: October 26, 2017  
Time: 8:00 A.M.  
Place: 201 S. Roop St., Suite 102  
Carson City, NV 89701 and  
Conference Call: 1-800-593-9034; Passcode: 15042**

**1. Roll**

Members Present: Josh Foli, Gerry Eick

Members Absent: Cash Minor

Others Present: Michael Bertrand, Deb Connally, Wayne Carlson, Mike Rebaleati

**2. Public comment**

Josh Foli opened for public comment and hearing none, closed the comment period.

**3. Action Item: Approval of Minutes of Meeting of November 28, 2016**

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**

Michael Bertrand reviewed his audit findings, noting the changes in the balance sheet included a transfer of \$15.1 million to PACT's captive, Public Compensation Mutual. Total revenues dropped by \$1.1 million and net position dropped by \$3.1 million with drop in revenue, net investment income due to net losses, amortization, and increases in risk management grants. Loss reserves were fairly level compared to prior year. He responded to questions. Gerry Eick noted that with quantitative easing would both explain this year's investment income drop and the potential for subsequent years.

His recommendations included: 1) he recommended continuing to simplify the PACT supporting spreadsheets and protecting the cells from input errors, 2) tighten the documentation of invoices to claims payments and notes, 3) deposit allocation schedule reconciliation needs further attention.

Mike Rebaleati responded to a question about the cell protection and advised that he expected this to be completed within the next few months. Gerry Eick said a good system design would prevent errors.

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**

Michael Bertrand reviewed his report and recommendations. He noted that there was a transfer of capital in the amount of \$5.7 million from POOL to its captive, Public Risk Mutual. There was little change in the reserves. Revenue remained flat, but expenses increased by \$2 million plus net investment income declined by \$1.5 million. Net position dropped by \$3.1 million as a result. He responded to questions noting that the same market value changes in the investment income. Josh Foli noted that the committee should keep a close watch on future developments in the investment income conditions. Michael was awaiting one outstanding confirmation on maintenance deductibles from Douglas County before wrapping up. Wayne noted that Douglas County expected to respond to Michael later today. There was an internal communication issue within Douglas County that affected them responded.

His recommendations: 1) same as PACT plus 2) equipment schedule depreciation needs to be reconciled to the books in the future due to the transfer of additional assets into POOL, 3) member deductible error for one member needs to be updated, and 4) over-accrual of rental income by one month so review each month should reconcile the transactions during the year.

Mike Rebaleati commented that the recommendations would be corrected this year.

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**

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

9. **Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned.



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Fallon, NV 89406

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**POOL/PACT Human Resources (HR)**  
201 S. Roop Street, Suite 103  
Carson City, NV 89701-4790  
Telephone: (775) 887-2240  
Toll Free: (866) 773-0433  
Facsimile: (775) 887-2581

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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 9, 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; Danelle Shamrell; Scott Baker.  
Members participating by phone: Cindy Hixenbaugh; Geof Stark; Robert Quick; Tim Logan; Dee Carey; Dave Mendiola. Members not participating: Pat Whitten; Jose Delfin. PRI Staff: Jeanne Greene; Stacy Norbeck; Erica Amatore.

**2. Item: Public comment:**

Curtis Calder announced Jeanne Greene's retirement which makes this her last Oversight Committee Meeting.

**3. For Possible Action: Approval of Minutes of Meeting March 10, 2017**

Dee Carey made a motion to approve the Minutes of March 10, 2017 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 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** — 11 revisions of trainings are complete.

**Regional Trainings** — *Advanced Essential Management Skills* planned for Pahrump has been moved to next fiscal year awaiting new dates from Nye County Sheriff's Office. Five *Essential*

*Management Skills* courses were completed. Two *Advanced Essential Management Skills* courses were completed in Carson City. *Human Resources Representative* and *Advanced Human Resources Representative* were presented in Carson City. *Workplace Mediation* was presented in Carson City and Elko.

**Workshops Utilizing Outside Resources** — *PERS Audit training* was presented in Carson City and Boulder City. Elko is currently pending, possibly for July.

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

**Updated Briefings** — 19 of 25 briefings have been completed. The balance will be done by June 30<sup>th</sup>.

**Statewide Webinars** — Three out of four webinars have been completed and the last one is scheduled for 6/27/17 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** — 139 trainings were completed with about 2,700 participants. There were 14 *FRISK* courses with 196 participants and five briefings with 105 participants.

**Phase I HR Compliance Assessment Program** — nine out of 12 have been completed this year.

Storey County Schools – requested to move to next FY

Western Nevada Development District – did not commit this year

West Wendover Recreation District - cancelled

**Phase II HR Compliant Assessment Program** — Lyon County, the City of Fernley, Sun Valley GID, and the City of Yerington are still in process.

Winnemucca – on-site assessment done on 1/18/17; in process

Humboldt County – scheduled for 6/28/17

City of Elko – moved to FY 17/18

## **b. Report on Employment Related Claims**

Jeanne stated there were 14 claims filed so far this year.

## **c. Eureka County Service Status Report**

Jeanne explained that the Commission has adopted policies. Jeanne and Neal had four different employee meetings throughout the county explaining the changes in the policies.

Danelle Shamrell asked Jeanne if someone would be taking her role in directing HR services for Eureka. Jeanne stated the Comptroller's office is taking over the responsibility.

#### **5. For Possible Action: Follow up Report on EAP**

Stacy explained that we conducted a phone survey with 14 members and asked for feedback on member engagement with the EAP. We consulted with Kim Johnson, our account consultant with the EAP, to discuss the results.

Stacy stated we have made progress and there are new options:

Televideo option: The ability to have a teleconference with a counselor. This has always been an option, but was not consistently offered. Members will now always be offered the option along with face-to-face sessions.

Single-case agreement: In effect now; members in rural areas can do single-case agreements with providers who are not otherwise in the network.

Placement assistance: Beginning 6/21/17, members will have the option to obtain the contact information for a therapist and call the provider themselves or have the EAP directly contact the therapist for the member.

Telephonic Counseling: Beginning 6/21/17, members will also have the option to utilize Aetna counselors via telephone for the three free sessions.

Designated Management Resource Consultant: an individual in charge of all the POOL/PACT EAP claims; Kim Johnson is in the process of getting this approved. This will greatly improve communication and assure requests are handled in a timely and consistent manner as appropriate.

Dee Carey asked if members would be briefed on the new services offered. Jeanne stated that there will be two new briefings offered for EAP; one for employees and one for managers and supervisors. These briefings will be available and distributed by 7/15/17.

Curtis made a motion to approve the changes presented. Danelle seconded the motion. Motion was carried.

#### **6. For Possible Action: Member Usage Report**

Jeanne stated the Member Usage Report is a little different because the student-related claims are removed; claims are lower than last year.

Curtis stated he is satisfied with the changes as it depicts a more accurate report.

Curtis made a motion to approve the new formatting of the Member Usage Report. Dee Carey seconded the motion. Motion carried.

## 7. For Possible Action: General Manager Report

Jeanne stated the new business partner assignments have been emailed out to the OSC members. Jeff Coulam has been taking classes in training development and is taking over the training manager assignment from Stacy. Eric Milavsky is our newest POOL/PACT HR Business Partner.

Stacy stated that our POOL/PACT HR Seminar is scheduled for September 28 and 29. There are currently 37 members registered. Another reminder will be sent out to register on 7/14/17.

## 8. For Possible Action: Legislation

Stacy stated we have been tracking 173 bills, 70 of which have been signed by the Governor. None have become law without a signature. 14 are currently residing in the Governor's office. Six have been vetoed, three of which are collective bargaining bills. 13 were not approved as of 6/5/17. 14 amendments are no longer applicable to HR and local government. 56 failed to meet the deadline.

Jeanne presented Assembly bills of interest.

**AB32** – Requires any employee of any governmental agency who engages in the business of pest control to be certified by the Department of Agriculture and requires the licensure of any employee of such agency, with exceptions.

**AB85** – Revises language of existing law to make CPR instruction mandatory in middle schools, junior highs, high schools, and private schools instead of “if funding is available.”

**AB99** – Requires facilities in which a juvenile court commits a child to treat each child in accordance with the child's gender identity or expression as well as provide training to employees on working with lesbian, gay, bisexual, transgender and questioning children. Further aligns state law with the standards set forth in the Prison Rape Elimination Act.

**AB113** – Requires employers to provide reasonable break time and a clean, private place for an employee who is a nursing mother to express milk.

**AB151** – Requires Peace Officer's Standards Training (POST) Commission to provide regulations for a voluntary program of training for law enforcement dispatchers, certify instructors for approved courses, and issue certificates for completed training.

**AB234** – Requires common motor carriers of passengers with disabilities to equip each vehicle used for transport with a first aid kit and train each driver of a transport vehicle in the use and administration of first aid and CPR. Applicable only when charging compensation for the transportation.

Dee asked if this specifically applies only if they are charging a fare. Jeanne stated yes.

**AB292** – Revises provisions relating to bullying and cyber-bullying in public schools.

**AB301** – States any communication made between parties during a peer support counseling session are confidential. Applicable to law enforcement and public safety.

Scott stated he was part of the push for the protection of a peer support group, which is now available.

**AB384** – Requires the criminal history of an applicant for employment by a county, incorporated city, or unincorporated town be considered only after a conditional offer of employment has been provided. The provisions do not apply to peace officers, firefighters, or any position which has physical access to the NCJIS or NCIC system. These requirements do not apply to members who are not a county, city, or town.

Danelle asked if criminal convictions would have to be removed from applications. Jeanne stated yes.

Danelle asked if you can ask conviction history if it is police or fire related. Jeanne stated yes. Danelle also asked if she could put a disclaimer on their applications to signify only filling out the conviction section if it applies to the specific job being applied for.

Curtis asked about cities and counties who operate airports and the Federal requirement to have a criminal background check. Jeanne stated there are exceptions for Federal and State requirements, as well as, police and fire.

Dee Carey asked about GIDs. Jeanne stated it does not apply to GIDs.

**AB451** – Requires a member of the board of trustees of a school district to complete certain training for professional development.

Tim Logan asked if POOL/PACT will provide training on this law. Jeanne stated that Wayne does training on ethics and open meeting law, however, it is not specifically mentioned who will do the training in the bill. She thought Dottie at the School Board Association would take an active role in providing the training.

Stacy presented the Senate bills of interest.

**SB20** – Removes the requirements of newly licensed teachers having to pass examinations for Nevada Law, US Constitution, and Nevada Constitution; they must receive training instead.

**SB84** – Reorganizes and reenacts the provisions of NRS 218A.440 into an orderly and logical arrangement; expands definition of public employee to include persons who enter into a contract with a public agency and are paid compensation with public money and serve in certain positions which would ordinarily be held or filled with public officers or employees; clarifies the Ethics Commission has no jurisdiction regarding alleged harassment/discrimination complaints.

**SB176** – Requires certain peace officers to wear a portable event recording device while on duty; requires any video recorded to be retained for not less than 15 days; removes the population limit for the board of county commissioners of a county to impose a surcharge for the enhancement of the telephone system for reporting an emergency and authorizes the surcharge to be used for the purpose of purchasing and maintaining portable event recording devices and vehicular event recording devices; and increases the maximum amount of the surcharge to \$1 from 25 cents.

**SB188** – Revises the EMRB's unfair labor practice provisions to include sexual orientation, and gender identity or expression so employees may now file in two places: NERC and EMRB.

**SB230** – Reduces the maximum amount of the aggregate disposable earnings which are subject to garnishment to 18% (from 25%) for person's whose gross weekly wage is \$770 or less (persons whose gross weekly wage exceeds \$770 remain at 25%).

**SB253** – Establishes the Nevada Pregnant Worker’s Fairness Act which establishes rights for pregnant employees and applicants, requires employers to provide reasonable accommodations for pregnancy, child birth, or related conditions within established guidelines; makes it an unlawful employment practice to take adverse action against an employee/applicant who requests or uses a reasonable accommodation for pregnancy, childbirth, or related conditions, absent undue hardship, prohibits discrimination, and authorizes NERC to investigate complaints.

**SB273** – Revises provisions relating to the dismissal of a probationary employee of a school district stating employees must be given notice with reason of termination, they have rights to expedited hearing, and arbitrator may only rule if legal rights were violated or dismissal was arbitrary or capricious.

**SB399 and AB415** – Authorizes state and local governmental entities to accept a tribal identification card issued by a tribal government as proof of identity with respect to any activity or transaction in which a local government accepts an identification card issued by the Department of Motor Vehicles to identify a person.

**SB493** – Excludes school district administrators above the rank of principal from being a member of any bargaining unit. (Existing law excludes any administrator who makes in excess of \$120,000 from being a member.)

**SJR2** – Ratifies the Equal Rights Amendment to the Constitution of the United States which provides for equality of rights under the law regardless of sex.

**SB361** – Amends NRS 613 to require employers to provide reasonable accommodation to employees who are victims of domestic violence or whose family or household member is a victim of an act which constitutes domestic violence (this bill also requires leave for domestic violence under NRS 608; local government is not currently included.)

**SB106** – (not passed) Requires the minimum wage for an employee in the private sector to be increased by 75 cents each year for 5 years or until the minimum wage is \$12 for more.

**SJR6** – Proposes to amend the Nevada Constitution to increase minimum wage to \$9.00 and increase by 75 cents per year beginning 1/1/22 until the minimum wage reaches \$12.00; prohibits CBAs from waiving minimum wage; authorizes class action and provides triple damages the amount the employee would have received.

Jeanne stated there will be more detailed summaries of the bills that will go out to all members by 6/26/17 at the latest.

## **9. For Possible Action: HR Assessment Grant Application Approval**

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

- 1) Storey County: Completed Phase II Assessment. Requesting \$750 for FLSA training for Fire Departments. Geof Stark made a motion to approve as presented. Dee Carey seconded. Motion was carried.
- 2) Nye County: Completed Phase I Assessment. Requesting \$500 for expenses to attend POOL/PACT HR trainings and a multiple-computer monitor stand. Geof made a motion to approve the application as presented. Dee seconded. Motion was carried.

**10. For Possible Action: HR Scholarship Application Approval**

Curtis stated there was one application.

- 1) Lyon County School District: Angela Madera. Requesting \$1694 for a virtual class and registration fees to obtain her PHR certificate. Dave Mendiola made a motion to approve the application as presented. Robert seconded the motion. Motion was carried.

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

Next meeting is scheduled for September 15, 2017, at 10:30 a.m., in Carson City.

**12. Item: Public Comment**

Jeanne stated the Oversight Committee has been very supportive and encouraging with POOL/PACT HR and all the programs and ideas that have been presented. She appreciated all the time and effort everyone gave.

**13. For Possible Action: Adjournment**

Curtis called the meeting adjourned at 11:41 a.m.



**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: September 15, 2017                      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: Pat Whitten. Members participating by phone: Chairman Curtis Calder; Cindy Hixenbaugh; Geof Stark; Robert Quick; Tim Logan; Dee Carey; Dave Mendiola; Danelle Shamrell; Jose Delfin. Members not participating: Scott Baker. PRI Staff: Stacy Norbeck; Erica Amatore; Mike Rebaleati.

**2. Item: Public comment:**

No public comment.

**3. For Possible Action: Approval of Minutes of Meeting June 6, 2017**

Tim Logan made a motion to approve the Minutes of June 6, 2017 as presented. Dee Carey seconded the motion. Motion was carried.

**4. For Possible Action: Report on Current Activities**

**a. 16/17 Strategic Plan Final**

Stacy reviewed the 16/17 Strategic Plan as follows:

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

**Revisions** — 11 revisions of trainings are complete.

**Regional Trainings** — 14 offered and 13 completed. *Advanced Essential Management Skills* planned for Pahrump has been moved to next fiscal year awaiting new dates from Nye County Sheriff's Office.

**Workshops Utilizing Outside Resources** — *PERS Audit training* was presented in Carson City and Boulder City. Elko is currently pending, possibly Spring of 2018.



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

**Updated Briefings** — 19 of 25 briefings have been completed. There are three still in process and three rolled over due to Legislation changes.

**Statewide Webinars** — Four have been completed.

**Post Member Pay Plan/Scale on website** — 50% complete due to members still negotiating their contracts or have not responded to our request.

**Sample Personnel Policy Annual Update** — All sample personnel policies were sent out on June 29, 2017.

**Alerts** — 11 alerts were issued.

**Trainings** — 159 trainings were completed with about 3,000 participants. There were 15 *FRISK* courses with 179 participants and six briefings with 117 participants.

**Phase I HR Compliance Assessment Program** — Two completed in FY 16/17 from previous years. Nine out of 12 onsite assessments were conducted this year of which:

Storey County Schools – requested to move to next FY

Western Nevada Development District – cancelled

West Wendover Recreation District – cancelled

**Phase II HR Compliant Assessment Program** — Eight completed in FY 16/17 from previous years. Lyon County, City of Fernley, and City of Yerington are still in process. One of three onsite assessments were conducted in FY 16/17:

Winnemucca – on-site assessment done on 1/18/17; in process

Humboldt County – moved to next FY

City of Elko – cancelled

**b. 17/18 Strategic Plan to date**

Stacy reviewed the 17/18 Strategic Plan.

**New Trainings** — All 4 sessions of the *Essential Management Skills* certificate program are being rewritten. Sessions 1 and 2 are complete and currently being edited and proofed with support staff. Session 3 is currently being written.

**Revisions** — 24 trainings to revise, 22 are due to legislation. Ten are currently complete, eight are in process, and the remaining six are scheduled to be revised.

**Regional Trainings** — 10 scheduled and one complete (*Essential Management Skills* is complete for Carson City).

**Workshops Utilizing Outside Resources** — *Negotiations* was taught in four locations: Carson City, Elko, Ely, and Boulder City. *Boundaries* has been taught twice in Carson City and is scheduled for Winnemucca and Panaca in November, but may cancel due to low enrollment. *PERS Audit* is tentatively scheduled for Elko in the Spring.

**New Briefings** — Two of three are complete.

**Updated Briefings** — 35 are scheduled to be completed, 14 are due to legislative changes. Four are complete, 11 are in process, and 20 are remaining to be updated.

**Statewide Webinars** — Four scheduled, one complete.

**Sample Personnel Policy Annual Update** — Will be completed by the end of the fiscal year.

**Alerts** — Two alerts have been issued, one on I-9 changes and the other on mandatory reporting for schools.

**Trainings** — 57 trainings have been completed with about 2,400 participants. There have been five *FRISK* courses taught and five more are scheduled within the next two months.

**Phase I HR Compliance Assessment Program** — 30 to follow up on from previous years. 11 are tentatively scheduled for this year, one of which is in process:

Pahrump Library District – on-site assessment done on 9/6/17; in process

**Phase II HR Compliant Assessment Program** — Four to follow up on from previous years. Five are tentative, three of which are in process:

Nye County – on-site assessment done on 8/16/17; in process

Town of Pahrump – on-site assessment done on 8/16/17; in process

Humboldt County – on-site assessment on 9/12/17; in process

### **c. Report on Employment Related Claims**

Stacy stated we ended with 21 HR claims for FY 16/17, 15 of which are still open. This is still lower than previous years.

For the current FY we have three HR claims, two of which are still open.

## **5. For Possible Action: General Manager Report**

Stacy stated the legislative summary was sent out to members on June 23, 2017.

Eureka County adopted POOL/PACT HR's policies on July 1, 2017 and the annual updates will be approved in September or October by the Commissioners.

We have four new upgrades implemented with the EAP services for members. The tele-video option, single-case agreements, placement assistance, and telephonic counseling are all in place to be utilized with the EAP. The designated management resources consultant is no longer available, but there is a designated case manager for referrals, which is Michael Marks. The utilization rate for the EAP so far this year is 3.2%, which is higher than last year at 2.8%.

Three new members – Walker Basin and Central Nevada Historical Society are POOL only and Topaz Ranch Estates General Improvement District is both POOL and PACT.

HR Seminar – September 28 and 29, 2017. There are currently 73 people registered. Reminder email will go out to confirm meals. We are attempting to go paperless this year and a website has been created for participants to access all necessary handouts, evaluations, and the agenda. The website is [www.poolpact.com/hrseminar](http://www.poolpact.com/hrseminar).

**6. For Possible Action: HR Assessment Grant Application Approval**

Curtis stated there was one application.

- 1) Sun Valley GID: Completed Phase II Assessment. Requesting \$750 for a fire proof filing cabinet to store HR documents and files in a locked closet totaling \$849.99. Pat Whitten made a motion to approve as presented. Jose Delfin seconded. Motion was carried.

**7. For Possible Action: HR Scholarship Application Approval**

Curtis stated there were two applications.

- 1) Lyon County: Amanda Ortiz. Requesting a scholarship to obtain her aPHR certificate.
- 2) Lyon County School District: Billiejo Hogan. Requesting to obtain her PHR certificate.

Dee Carey made a motion to approve both scholarship applications as presented. Cindy Hixenbaugh seconded. Motion was carried.

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

Next meeting is scheduled for December 8, 2017, at 10:30 a.m., in Carson City.

**9. Item: Public Comment**

No public comment.

**10. For Possible Action: Adjournment**

Curtis called the meeting adjourned at 10:55 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 8, 2017                      Time: 10:30 a.m.**  
**Place: 201 S. Roop Street**  
**Upstairs Training Room – POOL/PACT Offices**  
**Carson City, NV 89701**

**1. Oversight Committee Roll Call**

Members participating in person: Chairman Curtis Calder; Pat Whitten. Members participating by phone: Abel Del Real-Nava; Cindy Hixenbaugh; Robert Quick; Tim Logan; Dee Carey. Members not participating: Scott Baker; Danelle Shamrell; Geof Stark; Jose Delfin. PRI Staff: Stacy Norbeck; Erica Amatore. Risk Management Staff: Mike Rebaleati; Wayne Carlson; Marshall Smith.

**2. Item: Public comment:**

No public comment.

**3. For Possible Action: Approval of Minutes of Meeting September 15, 2017**

Cindy Hixenbaugh made a motion to approve the Minutes of September 15, 2017, as presented. Robert Quick seconded the motion. Motion was carried.

**4. For Possible Action: Report on Current Activities**

**a. 17/18 Strategic Plan to date**

Stacy reviewed the 17/18 Strategic Plan as follows:

**New Trainings** — All four Essential Management courses are completed or in process.

**Revisions** — 21 of 24 revisions of trainings are completed or in process.

**Regional Trainings** — Five of six regional trainings are completed for the fall, one was cancelled due to low enrollment, and five are scheduled for the spring.

**Workshops Utilizing Outside Resources** — *Negotiations* was taught four times by Charlie Cockerill and Jordan Walsh. *Boundaries* was taught twice by Ann Alexander and Becky Bruch.

**New Briefings** — Four new HR Briefings are completed or in process; one more to complete.

**Updated Briefings** — 15 of 33 HR Briefings are completed or in process. The remaining 18 will be completed by June 29, 2018.

**Statewide Webinars** — One of four has been completed; next one scheduled for 12/13/17.

**Post Member Pay Plan/Scale on website** — 50% complete.

**Sample Personnel Policy Annual Update** — Will be complete by June 29, 2018.

**Alerts** — Two alerts have been issued.

**Trainings** — 113 trainings were conducted with over 3,500 participants. 4.5 course content evaluation average; and 4.8 instructor evaluation average. There were 21 *FRISK* courses taught.

**Phase I HR Compliance Assessment Program** — 10 tentative; two in process; 30 left to complete from previous years.

**Phase II HR Compliance Assessment Program** — Three out of five are in process; four left to complete from previous years.

#### **b. Report on Employment-Related Claims**

Stacy stated we have nine claims so far; same as December 2016.

Abel Del Real-Nava asked if there is anything we can do to prevent claims from happening.

Curtis Calder asked if there were any trends with the claims.

Stacy stated the claims were mostly EEO-related; there could be more sexual harassment claims coming forward with all the media exposure. She suggested members make the harassment course mandatory.

#### **5. For Possible Action: HR Seminar Evaluation**

Stacy stated there were about 70 participants who attended the HR Seminar in September. The overall rating on the evaluations was a 4.67 out of 5 stars. Top three presentations were Gerry Preciado's *Leading Your Team into the Roaring 2020s*, Ann Alexander's *Transgender Issues in Education and Employment*, and the *Jeopardy/Stump the Attorney* session.

The next HR Seminar is scheduled for September 13 and 14, 2018, at the Atlantis.

Curtis stated he could only attend the second day of the 2017 seminar and he enjoyed the presentations.

Stacy stated she will be stepping back from the seminar and Jeff Coulam and Christine Vido will be taking over the duties of planning the seminar.

Dee Carey stated she had to miss the seminar, but wanted to know if there were handouts available.

Stacy stated there was a website this year and all the handouts are available. The website is [www.poolpact.com/hrseminar](http://www.poolpact.com/hrseminar).

Robert Quick mentioned having the handouts electronically was very convenient.

#### **6. For Possible Action: General Manager Report**

Stacy stated she met with members in White Pine County, Ely, Grover C. Dils, Caliente, Lincoln County School District, Lincoln County, Eureka County, and Eureka County School District with Neal Freitas. Last May she met with Pahrump Library, Nye County School District, Beatty Water, Amargosa Valley Library District, Esmeralda County, Esmeralda County School District, and Nye County. She is planning on making her way towards the I-80 corridor in the next few months.

#### **7. For Possible Action: Approval of 18/19 Strategic Plan**

Stacy reviewed the 18/19 Strategic Plan.

**New Instructor-led courses** – *Customer Service and Performance Management*.

**Revisions** — *Bullying in the Workplace and Advanced Essential Management Skills*.

**Regional Trainings** — *EMS; AEMS; HR Rep; Advanced HR Rep; The Good, The Bad, and The Ugly; and So You Think You Want to be a Supervisor* will be scheduled throughout the fiscal year.

**Workshops Utilizing Outside Resources** — Stacy stated we are considering holding sessions on medical and recreational marijuana and possibly combining it with the new Nevada Pregnant Workers' Fairness Act; we are also considering holding sessions on Investigations.

Robert asked if any statutory differences for police and fire personnel with marijuana use could be addressed.

Curtis asked if there is a need to update the harassment class with all the current sexual harassment claims becoming apparent.

Stacy stated that we update the harassment and other classes with legislative changes as needed.

**New Briefings** — *Buddy to Boss, Domestic Violence, and Nevada Pregnant Workers' Fairness Act*.

**Statewide Webinars** — *Social Media Etiquette, Change Mastery, Communication Skills, and Brain Health*.

**Sample Personnel Policy Annual Update** – Stacy stated the normal updates will be available by June of 2018; however, she would like to propose an idea to the Oversight Committee regarding the current personnel policies and completely rewriting them. The policies have been around for years, the large is more than 100 pages long, and the format in which they were created makes it difficult to make changes or updates. Stacy stated we could have a new sample personnel

policy ready for adoption by June 2019. Stacy asked if it would be easier to do it as a whole or make the changes in pieces over time. Stacy asked if a survey would be beneficial to ask the members their thoughts on new, revised personnel policies.

Pat Whitten stated that his agency probably could not process this change all at once. He suggested a three-year plan to revise the personnel policies.

Robert suggested going to an electronic format for personnel policies. He stated it would be easier for members to make changes and update their policies. He asked if this has ever been considered.

Stacy stated this has not been considered before.

Robert stated that he currently uses a program that allows him to update policies electronically and his employees can acknowledge when they have received the update. He stated this is effective for his organization and, if this option was available, his organization would be more inclined to switch back to using POOL/PACT's sample personnel policies.

Stacy stated that our eLearning platform is a program called *Torch Enterprise* and it allows for stored documents. Stacy stated that Marshall Smith and Mike Rebaleati would know more about this and asked them to comment.

Marshall stated Mike Van Houten is currently working on transferring information from the previous *Torch* system to the new *Torch Enterprise* system which will have more functionality.

Stacy asked if Robert was referring to the electronic policies being web-based or in Microsoft Word like they are now.

Robert mentioned Word would work for now, but in the future, web-based policy output would be more beneficial.

Curtis stated his organization has a lot of time invested in their policies because they have customized the policies to fit the needs of their entity. He stated they have already dealt with the formatting issues and had their attorneys look them over. He stated they would probably not be an organization that would be quick to want to make this change.

Stacy stated this would be a time-consuming project on our end to make the changes to these policies, so if the committee doesn't feel it is a good use of our time, then we wouldn't pursue it.

Robert stated we should talk about this more and have a clearer vision of what the process would look like so members could decide if it would be beneficial or not.

Abel Del Real-Nava agreed with Robert on waiting. He stated he is all for electronic policies.

Robert stated he would be available at any time to discuss the program his entity currently uses and see if it would be an option to consider.

Wayne Carlson stated one strategy they have used with law enforcement is focusing on the top 10-12 critical tasks and those would be revised first and the rest could be divided up over a three-year time span.

Stacy stated that we go through all our policies yearly; however, if there are policies that are more critical, those would get updated immediately. Stacy also stated there have been a lot of hands in these policies over the years and overall rewrite of the policies would make them clearer and more concise.

Curtis stated we should maintain what we are using now and, as a long-term project, consider creating electronic policies. The members could then have the option to use the old format or the new version which would be web-accessible.

Stacy agreed with Curtis, but mentioned it would be a lot of work to maintain the policies in two different formats.

Dee Carey stated that she would love to see an online version of policies, however, she wants to know if you can still print them off and have a paper version.

Robert stated yes, you can still print and have a paper copy of the policies.

Stacy stated we have research to do and will review our options.

Curtis stated he moves to have PRI research the options and the cost of a conversion program.

Stacy stated PRI would do this research and bring the information back to the next Oversight Committee Meeting in March.

**FRISK** — The City of Yerington is identified so far for FRISK and others will be identified during service plans.

**Phase I HR Compliance Assessment Program** — Stacy stated Phase I assessments will be identified during service plans.

**Phase II HR Compliance Assessment Program** — Three have been identified: Churchill County, East Fork Swimming Pool, and Lander County Sheriff's Office.

**New Services** — Stacy mentioned we are considering conducting quarterly webinars for our members that may include HR Briefings. Stacy also mentioned we would like to offer liability training to board members so they would understand their role in dealing with employee-type issues, as well as getting POOL/PACT HR in front of the board members so they can understand



the services provided to their management. The board members are the final decision makers on insurance policies and may not fully understand what POOL/PACT HR provides. Stacy stated she will bring board member training back to the March Oversight Meeting with more thoughts on how it would look.

Robert made a motion to approve the 18/19 Strategic Plan as presented. Dee seconded the motion. Motion was carried.

## **8. For Possible Action: Report on EAP**

### **a. EAP Contract**

After the March meeting, a four-question survey was conducted with select members regarding their experience with our EAP. The questions included employee access, management referrals, critical incidence response, and any other comments the member wanted to note. The responses were taken to Kim Johnson, our EAP account representative. Kim was able to offer tele video counseling, single-case agreements, placement assistance, and telephonic counseling with an Aetna counselor.

For this meeting, Christine Vido conducted a follow-up survey with the same four questions and we received responses from 11 of the 14 members. There was some good feedback and some negative feedback. Stacy mentioned with the recent Las Vegas shooting, unfortunately Curtis Calder and Danelle Shamrell both had negative experiences with the critical response part of the EAP. Curtis, Danelle, Stacy, and three representatives from the EAP had a conference call following these experiences and concluded that a checklist would be created by EAP to assist employers in the future to set up critical incident response.

Stacy mentioned she discussed this issue with Wayne and he did some research on the effectiveness of EAP programs.

Wayne stated he reviewed some articles and found the usage rate of EAPs is around 8% where our usage rate is around 3%. He found some tactics listed to increase utilization as follows: customize the delivery based on employee preferences, deploy a professional health assistant or coach within the employer, consider financial incentive for recruit support from senior leaders, increase EAP awareness with proven tactics, position managers as advocates, etc. Wayne asked if our EAP is fundamentally effective and why or why not. He also asked if we even need the EAP. He stated it costs about \$150,000 per year and it extends to about 12,000 members.

Pat stated the cost of the EAP is a small investment for his entity of about 150 employees. He is in favor of keeping the EAP.

Curtis stated his thoughts on the EAP and found we are just buying a list of providers; the same list your insurance will provide. He has been let down by the EAP services twice now with regards to critical incidence. He stated this is embarrassing to the county and to the insurance pool and Elko County is looking to self-fund this component now rather than depending on the EAP. After the discussion with the EAP, Curtis found it clear that the EAP wasn't going to send

anyone to help with the Las Vegas shooting in Elko, even if he offered to pay them. He stated he got the “run-around” and they didn’t seem to want to help. If Curtis is going to have to pay for these types of services, he wants to pay for someone closer to their community who is more eager to help and is more qualified. Curtis asked if \$150,000 is worth it for the entire insurance pool. Curtis stated the EAP is beneficial for day-to-day, mundane issues, but not worthy for the critical incident needs.

Stacy added the current usage of the EAP is at 3.3% which is up from 2.8% last year. According to the usage report Kim generated for us, most of the face-to-face counseling sessions are relatively local; the top three counties were Lyon, Churchill, and Douglas; Elko also had 10% of the usage.

Pat asked if we got rid of the EAP, how would management referrals be impacted; for example, on a last chance agreement. Management referrals are extremely helpful.

Stacy noted that she has thought about this herself. She doesn’t know the answer at this time.

Mike stated that he would like to see the EAP program stay and see the services improve even if we must switch carriers. He stated the EAP needs to be restructured so it can better benefit our members. He stated we need to research our options and find an EAP program that will work because it is important for our members to have the benefit when they need it.

Curtis stated if the EAP services are not improved, he would never recommend the EAP again to an employee as he cannot trust their assistance due to his last two negative experiences.

Mike stated that he understands what Curtis is saying and he completely agrees. He stated the triage part of a critical incident is the most important and we need to improve this part of the EAP so that members can get the best referral necessary to their individual incident.

Curtis agreed and stated that not only does the triage need improvement, the EAP needs to send the appropriate people out to the employees instead of requiring the employees to travel for the assistance; hence, understanding that Nevada is a rural state and very spread out.

Tim stated he would hate to see the EAP go as they do offer it to all their employees; however, they have never had to use it in a critical incident situation.

Curtis concluded that he is in support of an EAP program, however, the current one may not be the right provider. We have a contract with this EAP until 2020 so he doesn’t feel we need to change right away, but would like to see the POOL look further into the critical incident component and find better service implemented to Nevada.

Mike stated that he is going to research different options available through the State of Nevada and the universities.

Stacy asked if we find a different solution for the critical incident component, could we negotiate the contract with Resources to Living and receive a reduced rate if we don't use the services through them.

Curtis stated if we have another solution by the next time the Oversight Committee meets in March, we could try to negotiate with the EAP and advise them we are using a different company for the critical incident portion and discuss a possible discount.

Pat made a motion to move this EAP discussion to the next Oversight Committee Meeting in March. Curtis seconded the motion. Motion carried.

**9. For Possible Action: HR Assessment Grant Application Approval**

Curtis stated there was one application.

- 1) Nye County School District: Completed Phase I Assessment. Requesting \$499.90 for classification folders to be used for new employee personnel files. Tim Logan made a motion to approve as presented. Dee seconded. Motion was carried.

**10. For Possible Action: HR Scholarship Application Approval**

Curtis stated there were two applications.

- 1) Nevada Rural Housing Authority: Stacey Sept. Requesting \$1,395.00 to obtain her SHRM-CP certificate.
- 2) Grover C Dils Medical Center: Heidi Whimple. Requesting \$740.00 to obtain her aPHR certificate.

Pat made a motion to approve both scholarship applications as presented. Cindy seconded. Motion was carried.

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

Next meeting is scheduled for March 9, 2018, 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 12:27 p.m.



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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 9, 2018      Time: 10:30 a.m.  
Place: 201 S. Roop Street  
Upstairs Training Room – POOL/PACT Offices  
Carson City, NV 89701**

**1. Oversight Committee Roll Call**

Members participating in person: Chairman Curtis Calder. Members participating by phone: Abel Del Real-Nava; Cindy Hixenbaugh; Robert Quick; Tim Logan; Dee Carey; Geof Stark; Pat Whitten; Scott Baker. Members not participating: Danelle Shamrell; Jose Delfin. PRI Staff: Stacy Norbeck; Eric Milavsky; Neal Freitas; John Bates; Erica Amatore. Risk Management Staff: Wayne Carlson; Alan Kalt.

**2. Item: Public comment:**

No public comment.

**3. For Possible Action: Approval of Minutes of Meeting December 8, 2017**

Abel Del Real-Nava made a motion to approve the Minutes of December 8, 2017, as presented. Robert Quick seconded the motion. Motion was carried.

**4. For Possible Action: Report on Current Activities**

**a. 17/18 Strategic Plan to date**

Stacy reviewed the 17/18 Strategic Plan as follows:

**New Trainings** — All four Essential Management courses are completed. Workplace Violence is currently being developed as an eLearning course.

**Revisions** — 19 of 23 training revisions are completed.

**Regional Trainings** — Eight of 15 regional trainings are complete.

**Workshops Utilizing Outside Resources** — *Negotiations* was taught four times by Charlie Cockerill and Jordan Walsh. *Boundaries* was taught twice by Ann Alexander and Becky Bruch.

*PERS Audit* training is pending for Elko, however Stacy stated she had not received any response from PERS.

**New Briefings** — Six of seven new HR Briefings are completed.

**Updated Briefings** — 21 of 33 HR Briefings are updated or in process. The remaining 12 will be completed by June 29, 2018.

**Statewide Webinars** — Two of four have been completed; next one scheduled for 3/14/18.

**Post Member Pay Plan/Scale on website** — 70% complete.

**Sample Personnel Policy Annual Update** — Will be complete by June 29, 2018.

**Alerts** — Six alerts have been issued.

**Trainings** — 152 trainings were conducted with over 4,000 participants. 4.5 course content evaluation average; and 4.8 instructor evaluation average. 17 out of 21 *FRISK* courses have been delivered.

**HR Briefings** — nine sessions with 231 participants.

**Phase I HR Compliance Assessment Program** — 10 tentative, five of which are in process; 27 left to complete from previous years.

**Phase II HR Compliance Assessment Program** — Three out of five are in process; three left to complete from previous years.

#### **b. Report on Employment-Related Claims**

Stacy stated there are 12 claims; 11 of which are open. Eight of the 12 claims are EEO related; one is for special needs students; one is for drug and alcohol testing; and two are for disciplinary actions.

#### **c. Member Usage Report**

Stacy 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. Stacy mentioned there was a column added to show which members have policies in place; 92 have policies and 57% of which are using POOL/PACT HR sample policies; 33 do not have policies.

### **5. For Possible Action: General Manager Report**

Stacy stated service plans will begin in May. Training value worksheets will be provided to each member again. Two new members are joining in July: Mineral County Housing Authority and Walker Basin Conservancy. Wayne is also working with Nevada Association of Conservation Districts to join. The HR Seminar is scheduled for September 13 and 14 at the

Atlantis in Reno; registration for the seminar will open next month. SHRM has asked POOL/PACT HR to present a breakout session at their state conference on November 2, 2018.

## **6. For Possible Action: Online Policy Software**

Eric Milavsky stated he has been researching different options for a personnel policy management system to be online for members to access. He stated there are three tiers to consider; first tier being POOL/PACT HR who creates model policies and makes annual revisions; second tier is the senior leadership within each organization who receives the model policies and tailors them to fit their organization's needs; third tier is disseminating all policies to employees and volunteers at each organization and having them sign and review. Eric reviewed his thoughts about whether or not there was a private vendor who could assist in bringing the policies entirely online. Eric interviewed five different vendors and narrowed it down to two that he felt had the most robust platforms; Compliance Bridge and Navex Global. The downside to both vendors was the costs; both of which have a \$5,000 installation fee and an annual fee of around \$20,000 to \$30,000. Eric mentioned an alternative to using one of the mentioned vendors is to utilize the online learning management system, Torch, which already exists for the members. Mike Van Houten, Torch Administrator, mentioned to Eric that online policy management could be done using the Torch platform and would have no additional cost to the members. Eric concluded that the best option would probably be using Torch. There will be formatting changes to policies to make it easier for members to make changes and updates, as well as, changes to content to make the policies more precise and shorter in length.

Stacy added Torch has the capability to create online policies; Mike will create acknowledgement forms for the employees at each organization.

There was discussion about Torch and its capabilities between Stacy, Wayne, and Curtis.

Robert Quick mentioned the platform that his entity uses for policies and agreed with Stacy that using Word makes the formatting much easier.

Curtis asked Stacy if any action needed to be taken by the committee for this item. Stacy noted she wanted approval from the committee to use POOL/PACT HR resources/time to format and condense the policies. This process wouldn't be done all at once; more like a 3-year plan.

Curtis stated a 3-year plan sounds ideal and asked for a motion to approve.

Robert Quick made a motion to approve the use of resources needed from POOL/PACT HR staff to format and condense personnel policies in a 3-year plan, as presented. Pat Whitten seconded the motion. Motion was carried.

## **7. For Possible Action: Board Member Training**

Eric stated POOL/PACT HR offers a wide variety of trainings to our members, however, he noticed the trainings weren't directed towards the governing bodies of the members. Eric proposed a training which would help the governing bodies, who may not have employment law backgrounds, understand the concepts that their entities deal with in HR, as well as, strengthening the dialogue between the governing bodies and their entity. This training would also help the governing bodies understand their role under the various employment laws and assuring compliance is followed. Eric stated this training would most likely be offered semi-

annually and regionally. This training was approved with UNR Extended Studies and there would be CPO credits available for completion of this course. The content of the training may include due process, discipline, discrimination and retaliation, and employees with disabilities.

Wayne Carlson stated in his experience of offering government body trainings, he addresses two main topics: open meeting laws and “stay out of HR” if you are a governing board member. Wayne stated this type of training would be a great tool for board members so they can understand why it is important to know their role.

There was discussion between Wayne, Eric, Curtis, and Stacy about how and why this training would be beneficial.

Curtis stated the training should be limited to a four-hour training versus a full day to ensure board members would be interested in showing up.

There was further discussion between Curtis, Stacy, Wayne, Eric, Cindy, and Robert about the potential benefits of presenting this training to governing board members.

## **8. For Possible Action: Employee Assistance Program (EAP)**

### **a. Utilization report**

Stacy stated the EAP provided a utilization report from 2017. The report showed an increase in usage from 2.8% the previous year up to 3.4% in 2017. The usage rate has increased; therefore, the price has also increased for the EAP services. There were 204 face-to-face counseling referrals, 34 legal referrals, and 146 general consultations. The impact of services shows 63.6% of cases are resolved using the EAP services.

Curtis asked if the Las Vegas shooting was calculated in the 2017 report. Stacy stated it was included and there were two critical incident claims filed in the fourth quarter of 2017 due to the shooting.

### **b. Critical incidence response alternatives**

Stacy stated John Bates and Neal Freitas researched other outside resources for critical incidence response options.

John Bates stated it was difficult to find an alternative to the EAP for critical incidence response, especially in rural Nevada. John spoke with an EAP program called ComPsych; this program works with Washoe County, Clark County, and the Cities of Reno and Sparks.

John discussed the different programs that ComPsych sets up nationwide for critical incident issues.

John stated health insurance plans, such as Prominence Health, may include an EAP program. There may be other members that have EAP program access as well through their own insurance plans and could access those resources.

John and Neal tried to find a network that could assist rural Nevada in critical incidents. Unfortunately, John stated a network to serve rural Nevada was hard to find, but there may be other options that can be researched through ComPsych or another outside program.

Neal discussed the possibility of using Torch as a resource for the EAP program to send out webinars and other correspondence that may be relevant to the needs of a critical incident.

Stacy presented a draft memo about critical incident response through the EAP and other alternatives. Curtis explained his concerns about not getting qualified people for critical incidents sent to Elko when and if something occurs; in the past he was sent people who were not qualified in the field of critical incidents.

There was further discussion with John, Stacy, Curtis, and Wayne about the different alternatives we could research and the services they may provide for our members.

### **c. Peer counseling**

Chief Scott Baker stated that he and Stacy attended a regional meeting in Reno about peer support resources. Scott provided a handout with resources in our area for peer support. Scott made it clear that peer support groups do not replace EAP programs, but enhance the support people can receive. He proposed the idea of having peer support training available for all members; he is passionate about people having the support they need.

Stacy stated all entities could benefit from peer support training and we could consider setting up our members with the group she and Scott met with so they can have access when needed for a critical incident. Stacy mentioned that POOL/PACT HR could possibly sponsor the trainings and/or offer the training regionally and/or at POOL/PACT offices.

Wayne asked what the cost of this training would be. Scott stated there would be a fee through International Critical Incident Stress Foundation (ICISF), but the resources through a radio station called K-Love are sponsored through the station itself and there is no charge. Scott stated on the ICISF website, the costs are noted for the different programs.

Curtis stated that he will get with Scott and Stacy to come up with a plan and discuss this further at the next OSC meeting in June.

Stacy mentioned she will ask Kim, our EAP representative, to come to the next OSC meeting in June to discuss the critical incident portion of the EAP program.

## **9. For Possible Action: HR Assessment Grant Application Approval**

Curtis stated there were two grant applications.

- 1) Carson Valley Swim Center: Completed Phase I Assessment. Requesting \$500.00 for a laptop to be used for HR professional administrative duties and HR functions.



- 2) City of Fernley: Completed Phase II Assessment. Requesting \$700.00 to be used for membership fees for employees, trainings, and an online HR library. Dee Carey made a motion to approve the grants as presented. Geof Stark seconded. Motion was carried.

**10. For Possible Action: HR Scholarship Application Approval**

Curtis stated there was one application.

- 1) Douglas County: Whitney Lehr, HR Coordinator. Requesting money to obtain her aPHR certificate.

Stacy noted that she received this application this morning and didn't have all the information pertaining to the amount needed for the class and supplies needed. In the past, scholarships have been given for members to obtain their certificate and it was around \$1,500 for the class, supplies, and testing fees.

Tim Logan made a motion to approve the scholarship application as presented. Dee Carey seconded. Motion was carried.

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

Next meeting is scheduled for June 1, 2018, 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 12:06 p.m.



**Nevada Public Agency Insurance Pool  
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Carson City, NV 89701-4779  
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**Minutes of Meeting of the Loss Control Committee of  
Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**

**Date: Tuesday, July 18, 2017**

**Time: 9:00 A.M.**

**Place: Whitney Peak Hotel, Mt. Rose Room  
255 N Virginia Street, Reno, Nevada 89501**

**1. Roll**

Members Present: Cash Minor, Ann Wiswell, Geof Stark, Dan Murphy  
Members Absent: Bryce Boldt, John Dollar, Bob Spellberg, Steve West, Darren Wagner  
Others Present: Mike Rebaleati, Rick Hudson, Mel Ida, Josh Wilson, Mike Livermore, Jeff Coulam, 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 Possible Action: Discussion of and presentation by Jackie Cox (Specialty Health) regarding 24/7/365 program now available. Provide direction related to effective deployment of program. Time allotted: 15 minutes.**

Jackie Cox, VaDonna Rivera, (Specialty Health) and Mike Livermore (ASC) presented and summarized the 24/7/365 Worker's Compensation Triage Service provided by PACT. Further discussion and action was considered below in Item 13.

**5. For Possible Action: Discussion of and presentations by:**

- a. Jeff Schobel of *STOPit*. *STOPit* provides individuals with a mobile app to report incidents, including attaching photo or video evidence. Time allotted: 15 minutes. <http://stopitsolutions.com/>
- b. Possible action regarding support and/or coordination of programs for incident reporting.

Mike Rebaleati summarized this program and informed the Committee that the NV Dept. of Education was in the process of implementing a similar program (Safe2Tell), this item was combined with Item 12 below, with possible action in Item 13 below.

6. **For Possible Action:** Discussion of and presentation by Phil Coons of *TargetSolutions*. *TargetSolutions* is an on-line learning management system which provides federal, state and local public safety training mandates. Discussion relating to obtaining access to fire and EMS training only. Time allotted: 15 minutes. <http://www.targetsolutions.com/> Possible action to determine Pool/Pact support for paid and volunteer fireman/EMS access to Target Solutions products.

Phil Coons presented and summarized the LMS program. He said that TargetSolutions was the largest online LMS, which can provide for all recertification requirements for fire and EMS personnel, with 400 fire course hours of training and 180 EMS hours of training. There are currently seven members who subscribe to this service. Further discussion and action was considered below in Item 13.

7. **For Possible Action:** Discussion and consideration of and status of the Loss Control Excellence Program, increasing award/participation incentives, and overview of program.

Staff provided a review and utilization summary of the LCEP. The Committee agreed that this was a worthwhile program and considered ways to improve the program including the following: updating the categories, identifying a certain period for requalifying for the program, increasing the awards for both initial completion and requalification; more effective marketing, include points for member participation in other Pool/Pact programs such as attendance in HR training, signing up for and using Pool/Pacts various on-line systems, including, MSDSonline, TORCH, Cyber Assessments, Swimming Pool Inspections, LLRMI Law Enforcement policies. A further incentive might include an acknowledgment by the member that a special account would be established in to which any award received would be assigned for funding of safety committee and related tasks. The Committee assigned staff to update the LCEP to include the above considerations and present it during the next meeting.

8. **For Possible Action:** Status and update on (1) ELearning: TORCH Enterprise Platform, more functionality lower subscription pricing.

Pool/Pacts web administrator, Mike Van Houten presented and summarized the new TORCH platform called Enterprise. Mike indicated that this upgrade was necessary in light of members increased utilization and need for additional functionality. He will be working first with those members who have a demonstrated track record in using the Pro version and update them to Enterprise, then roll out to all members.

9. **For Possible Action:** MSDSonline: New contract, lower subscription price, additional HQ platform available to all members.

Pool/Pacts web administrator, Mike Van Houten presented and summarized the new MSDSonline platform called HQ. Mike indicated that this upgrade was necessary in light of members increased utilization and need for additional functionality. He will be working first with those members who have a demonstrated track record in using the PPI version and update them to HQ, then roll out to all members.

10. **For Discussion:** Status and update on Aquatic Research Group inspection of four member swimming pools and risk management reporting on June 2017 audits;

Staff reviewed the changes which were made in the Aquatic Research Group's inspection report. These changes were made in an effort to more effectively inform the swimming pool operator of area which need to be addressed. Similarly, a new procedure has been implemented by which Pool/Pact Risk Management

would send a letter with the report and alert the member to those areas which must be addressed and also identify the ways that Pool/Pact can assist the member with addressing the concerns outlined in the report.

**11. For Discussion:** Sarah Adler of Nevada Department of Education SB 212 “Safe to Tell” program Coordinator. Time allotted: 15 minutes.

Sarah Adler (Safe2Tell Co-Coordinator Nevada Department of Education) and Officer Kenji Okuma (NDI) presented and summarized this program. This program includes cell phone app, web-site, and phone number accessibility. Ms. Adler requested the following from Pool/Pact: assistance with program development, interface with Pool/Pact members and community leaders, assistance with marketing of materials, and future financial support when the four year grant expires.

**12. For Possible Action:** Discuss, approve, or deny Risk Management Programs:

Mike Rebaleati provided a detailed review of Risk Management funds expended all grants awarded in FY 2016 – 2017.

With reference to the continuing review of the Risk Management Program, the Committee will:

- a) conduct further analysis regarding the need and application of the TargetSolutions LMS;
- b) consider potential future support of the Safe 2 Tell program including sponsoring the purchase of informational magnets;
- c) continue review of the StopIt program’s applicability to non-school member entities;
- d) provide priority to those grants which are generated as a result of input from Pool/Pact vendor partners, such as LLRMI, Aquatic Research Group, Ila, and School Safety Operations.
- e) move forward with 24/7/365 pilot program with Churchill and Elko counties.

Upon Motion and Second, the Committee approved the following:

- a) Funding the Pool/Pact Risk Management Grant Program through contributions of \$500,000.00 each from Pool and Pact;
- b) Suspend the Risk Management Grant Program to facilitate further analysis and development of a structured grant system for members until after the October 2017 Loss Control Committee meeting. This suspension does not include Risk Management Educational Grants.
- c) To release title to the three Pool/Pact skid cars to interested members.

**13. For Discussion:** Discussion of whether the Loss Control Committee concurs with the possible creation of an IT/Cyber Working Group to develop policies and procedures for members.

Mike Rebaleati reviewed the status of the Cyber Security Program, training and assessment and informed the Committee that six members have proceeded through the program. That staff will develop a Cyber/IT Working group comprised of members which have completed the passive network assessment. Also, that a cyber incident response protocol has been established with local legal team.

**14. For Possible Action:** Review, status, and possible update of 2017-2019 Strategic Plan.

A review and assessment of the current Strategic Plan was conducted and updated accordingly based upon the discussion and considerations of this meeting.

**15. Public Comment**

**16. 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](http://notice.nv.gov):**

**NPAIP/PACT  
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 Admin Complex  
155 North Taylor Street  
Fallon, NV 89406**

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**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 89701-4779, or by calling (775) 885-7475 at least three working days prior to the meeting**



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

**Date: Tuesday, October 17, 2017**

**Time: 9:00 A.M.**

**Place: POOL/PACT Office, 201 S. Roop, Carson City NV**

**1. Roll**

Members Present: Cash Minor, Ann Cyr, Geof Stark, Dan Murphy, Bryce Boldt, Darren Wagner,  
John Doller, Bob Spellberg, Ron Brugada  
Others Present: Mike Rebaleati, Rick Hudson, Mel Ida, Josh Wilson, Donna Squires, Sarah Adler,  
Jeff Strobel, Zaria Hanses, Stacy Norbeck, Marshall Smith

**2. Public Comment**

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

**3. For Possible Action: Approval of Agenda**

Upon motion and second to approve the Agenda, the motion carried.

**4. For Possible Action: Approval of Minutes of Committee Meeting of July 18, 2017.**

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

**5. For Discussion: Update of Legal Liability Risk Management Institute integration on TORCH Enterprise LMS. Update on Pool/Pact Risk Management training and seminars.**

Marshall Smith presented update on (a) progress with integrating new training courses received from LLRMI into the ELearning/TORCH LMS; (b) upcoming Pool/Pact trainings: *School District Training: Harassment and Bullying Legislative Changes* with Ann Alexander and *Investigating and Prosecuting Crimes Against Children – From a Cop and Prosecutor’s Perspective* with Ron Supp (Elko County Sheriff’s Office and Jeremy Reichenberg (Lyon County District Attorney’s Office).

**6. For Possible Action: Presentations by:**

- a. Jeff Schobel of STOPit. STOPit provides municipalities with a multiple platform ability to report incidents, including attaching photo or video evidence. Time allotted: 15 minutes. <http://stopitsolutions.com/> (See Attachment)

Jeff Strobel provided a linked on-line presentation and summary of the program to the Committee. Application would exclude school districts. Questions regarding application and confidentiality were addressed by Jeff Strobel.

- b. Sarah Adler of Nevada Department of Education – update on “Safe to Tell” program. Time allotted: 15 minutes.

Sarah Adler provided a presentation regarding the status of the Safe-To-Tell program and outlined the two cohorts for the state. This program is pursuant to AB275 and SB212. There is consideration of changing the name to Safe to Share/Say. She also reviewed a similar Utah program known as SAFEUT. She indicated that their current funding levels are adequate based upon a four year grant from the Department of Justice.

7. **For Possible Action:** Discuss, approve, or deny contract with TargetSolutions.

Marshall Smith explained the current status regarding the developing association with TargetSolutions. The final terms and conditions of the contract are being negotiated. There was discussion as to whether the courses could be limited to Fire and EMS as originally contemplated. That consideration and review is continuing. Funding for this program and related LMS expenditures will be presented at the upcoming Executive Committee meeting.

Motion to approve contract with TargetSolutions to be integrated into the broader strategic plans being developed by the Loss Control Committee for board approval, the motion carried.

8. **For Possible Action:** Recognition of retiring members: Bob Spellberg and Steve West.

Letters of appreciation were presented to Bob Spellberg and Steve West by Chairman Minor. Upon motion and second to approve the Agenda, the motion carried.

9. **For Possible Action:** Discuss, approve, or deny appointment of new Loss Control Committee Member Ronald Brugada (Southern Nevada Health District). Review of Appointment letters from Cash Minor and Alan Kalt

Upon motion to appoint Ron Brugada as a member to the Loss Control Committee, the appointment was approved.

10. **For Possible Action:** Discuss, approve, or deny updated Loss Control Excellence Program features, requirements, and procedures.

Mike Rebaleati and Marshall Smith explained the status of the updated LCEP assessments and program features, with a recommendation that successful completion of the program would include an on-site audit by POOL/PACT risk management staff. Discussion regarding increasing the award to a possible maximum of \$15,000 for completion of all sections. Wayne Carlson suggested that those members with high experience modification rates be targeted for participation in the program. Ann Cyr suggested that if non PACT members apply, that POOL/PACT risk management staff obtain claims history from the worker’s compensation carrier which provides coverage. A request was made to the Committee members to review and comment on the ten updated LCEP sections by November 15, 2017. After which POOL/PACT risk management staff will finalize the program and present to the Committee for final review.

A motion to table the item, pending receipt of comments by Committee members and finalizing the new LCEP program.

**11. For Possible Action:** Discuss, approve, or deny Risk Management Programs:

- a. Updated Pool/Pact Risk management grant program policies;
  - i. Four primary grant sections:
    1. Preferential grant funding for those projects, items, or expenditures where there is evidence of (1) prior claims or complaints, (2) close calls, or (3) claims trend;
    2. Preferential grant funding for those project, items, or expenditures where:
      - a. A Pool/Pact vendor recommends a project, item, or expenditure;
      - b. The Pool/Pact Loss Control Committee recommends a project, item, or expenditure;
      - c. Pool/Pact Risk Management staff recommends a project, item, or expenditure.
    3. Preferential grant funding for those projects, items, or expenditures where there is evidence that significant risk reduction or loss control would benefit more than five member employees or public at large, and/or such project, item, or expenditure would be applicable and beneficial to all Pool/Pact members.
    4. All other grant applications to be reviewed and analyzed on an individual basis, based upon the evidence presented to support risk management, loss control, or safety aspects of the application.

Mike Rebaleati explained the reasons for the four categories. Ann Cyr suggested that Section (2)(b) be changed from “vendor” to “consultant.”

- b. Risk Management/Grant funding for 2017-2018. Pursuant to the direction of the LCC on 7/22/17, a recommendation will be made to the POOL/PACT Executive Committee that \$500,000 will be designated from both POOL and PACT in lieu of the 2% of net assets previous funding levels.

Geof Stark inquired regarding the historical risk management grant spending levels. Mike Rebaleati stated that expenditures for the grant program have not come close to the budgeted amount.

- c. Existing Pool and PACT board policy that adopted the 2% so the committee can only be recommend the chance to the Exec Comm. Reword to reflect as a recommendation

This item was removed from the Agenda as it is redundant.

- d. Approvals for risk management grants of more than \$10,000.00 shall take place during the first and third quarter Loss Control Committee meetings.
- e. All risk management grants shall require 25% member investment. This requirement would not include educational grants.

Ann Cyr asked whether there was a reimbursement component to all grants. Marshall Smith indicated that the policy will continue that the entity must pay all expenditures up front, then submit proof of payment for reimbursement. Mike Rebaleati indicated that risk management staff



works effectively to provide payment quickly. Ann Cyr said that if a POOL/PACT consultant makes a grant request suggestion, it should not require up-front funding.

- f. Existing grant restrictions and prohibitions would remain in place.
- g. Funding for all risk management programs to be deducted from Risk Management Grant Funding allocation.

There was a discussion that costs associated with TargetSolutions and ELearning would not be allocated from Risk Management Grant funding.

- h. Funding for support of the Safe-to-Tell program.

This item was tabled pending further request from the Safe-to-Tell program representatives.

- i. Designate the “StopIt” program as a preferential grant expenditure.

Mike Rebaleati indicated that this program would have no school district application and if an entity was interested in trying the program, it should be grant eligible. There were discussions regarding whether an entity would have the proper staffing to implement the program.

- j. Funding of \$10k funding for Cyber Working Group.

Mike Rebaleati explained that this would be a group comprised of members which have obtained the Passive Network Assessment and provide information, cooperation, and assistance to other members. He requested that the group be funded and he would then begin developing the group and report back to the Committee. Ann Cyr suggested that it would be appropriate for the Committee to allocate funding for this project.

A motion to accept the risk management recommendations as discussed and agreed upon in item 11 was seconded and approved.

**12. Public Comment**

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

**13. For Possible Action: Adjournment**

**The Agenda was posted at the following locations and at [notice.nv.gov](http://notice.nv.gov):**

**NPAIP/PACT  
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 Admin Complex  
155 North Taylor Street  
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**DRAFT 2/20/18 zh**

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

**Date: Tuesday, January 23, 2018**

**Time: 9:00 A.M.**

**Place: POOL/PACT Office, 201 S. Roop, Carson City NV**

**1. Roll:**

Members Present: Geof Stark, Cash Minor, Ann Cyr, Dan Murphy, Bryce Boldt, Darren Wagner, John Dollar, Ron Brugada

Others Present: Wayne Carlson, Mike Rebaleati, Alan Kalt, Donna Squires, Mike Livermore, Zaria Hanses, Stacy Norbeck, Sheriff Al McNeil, Marshall Smith

**2. Public Comment:**

Acting Chair, Geof Stark opened public comment. Marshall Smith shared a comment from a school district member regarding information relating to hygiene signs for elementary schools. Dan Murphy said that he was aware of a program which includes hygiene in schools and would provide information to staff. No further public comment was requested.

**3. For Possible Action: Approval of Minutes of Committee Meeting of October 17, 2017.**

A Motion was made and seconded to approve the minutes. After discussion, the Motion carried.

**4. For Discussion: Update by Staff on continuing risk management projects:**

- A. TargetSolutions
- B. 24/7/365
- C. LCEP; particularly whether LCEP award funding should be split between NPAIP and PACT depending on member status
- D. RM Grant Application Process and Procedure

Marshall Smith provided a summary of the status of each of these programs.

**5. For Possible Action: Consideration for approval of whether workstation ergonomic equipment falls within RM grant funding criteria: (See Attachment #2)**

Marshall Smith presented the fact that POOL/PACT had received several grant applications seeking funding for workstation ergonomic equipment and posed the question to the Committee whether such should be a funding topic for the risk grant management program. It was pointed out that current risk management programs exist including, but not limited to an ELearning Course, Loss Control

workstation program documents, and that POOL/PACT loss control experts can conduct on-site workstation ergonomic assessments for members.

A motion was made and seconded to exclude workstation ergonomic equipment from the risk management grant program. After discussion, the Motion carried.

6. **For Possible Action:** Consideration for approval of Risk Management Grant Application submitted by City of Carlin, Carlin Senior Center for installation of automatic door openers. (See Attachment #3)

A Motion was made and seconded to approve the grant as submitted. After discussion, the Motion carried.

7. **For Possible Action:** Consideration for approval of Risk Management Grant Application submitted by Lyon County Sheriff's Office for leadership training. (See Attachment #4)

Sheriff McNeil presented the reasons supporting the training. A Motion made and seconded to approve the grant as submitted. After discussion, the Motion carried.

8. **For Possible Action:** Consideration for approval of Risk Management Grant Application submitted by Churchill County School District for video camera system in Churchill County School busses. (See Attachment #5)

A Motion was made and seconded to table the item to allow staff to obtain further information from CCSD relating to the need specifics and possible applicability to other member districts. After discussion, the Motion carried.

9. **For Possible Action:** Consideration for approval of Risk Management Grant Application submitted by Mineral County Sheriff's Office for two padded detention cells. (See Attachment #6)

A Motion made and seconded to approve the grant as submitted. After discussion, the Motion carried.

10. **For Possible Action:** Consideration for approval of Risk Management Grant funding for Application submitted by Pershing County School District for district intercom communication system. (See Attachment #7)

A correction to the final overall price was noted (\$144,485.85) along with member contribution amount (\$36,121.46). A Motion was made and seconded to approve the grant. After discussion, the Motion carried.

11. **For Possible Action:** Adjournment

A Motion was made and seconded to adjourn the meeting. After discussion, the Motion carried.

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
<b>Goal: Enhance Communications with Members and Access to Information</b>			
<b>Communications Plan</b>			
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; "Spark" newsletter for Torch administrators as needed by LD
online communications; meeting and conference materials; media relations and public relations materials;	Website enhancements; Pooling Perspectives newsletter Board packets, RM Conference materials, banners, giveaways Industry association communications, member orientation tools targeted communication pieces; LCEP, Property Risk Control, E-Learning brochures	FY 2015-18 FY 2015-18 FY 2015-18	as needed by LD as needed by LD
marketing and sales tools;		FY 2015-18	as needed by LD Adobe Connect licensed for unlimited online meetings w/ up to 100 persons in meeting ongoing; periodicals
committee and board communique; annual reports;	Web Meetings, enhanced meeting tools (Connect) Access online and in print	FY 2015-18 FY 2015-18	
<b>Enhance &amp; Market POOL/PACT E-Learning Program</b>			
	Course development	FY 2015-18	As defined by LC Committee Torch LMS upgraded to Torch Enterprise 2017 Site visits, webinars, reference materials
	LMS Development	FY 2015-18	
	Member Utilization	FY 2015-18	
<b>Goal: Plan, promote and implement risk management initiatives to reduce liability and protect public assets.</b>			
<b>Evaluate loss trends</b>	Quarterly review of large losses; monthly review of loss development		ongoing
<b>Monitor Swimming Pool exposures and continually train operators</b>	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; 2017 purchased FLIR camera for loss control to use for their inspections
<b>Monitor electrical hazards in aging buildings</b>	Conduct thermal imaging surveys of select buildings based on COPE data	FY 2015-18	Bullying legislation, EOP's, Security issues 2017; Active Shooter 2018 completed 2013; updates planned
<b>Plan, promote and implement risk management initiatives to address exposures unique to school districts</b>	Host workshops on relevant topics	FY 2015-18	FY 2016-18 ongoing; periodicals
<b>Plan, promote and implement risk management initiatives to address exposures unique to law enforcement agencies</b>	Webinar series on student affairs policies Circulate UE publications	FY 2015-18 FY 2015-18	Elko FY 2015; LLRMI contract renewed 2016, 2017, 2018 Full update FY 2015; updates 2017; e-learning modules deployed 2018
	Constitutional Law Update, Supervising the Toxic Officer	annually	ongoing quarterly program 2018
	Implement standardized policies; available on website Deliver Emergency Management Dispatch Training Added short training videos to Torch e-learning	annually quarterly as available	available online for 2015; 10 members 2016; 9 members 2017 10 members 2016; 8 members 2017; 1 member 2018 available online for 2015; 10 members 2016; 9 members 2017; 1 member 2018
<b>Deliver Elected Officials Liability Training Workshops</b>	Open Meeting Law	FY 2015-18	
	Positive Governance	FY 2015-18	
	Ethics	FY 2015-18	
<b>Risk Management Contract Review</b>	Review member contracts for risk transfer, assumption of liability and insurance requirements	FY 2015-18	ongoing
<b>Risk Research Projects</b>	Conduct ad hoc research and publish relevant findings to membership in newsletters and rm bulletins	FY 2015-18	ongoing done 2015-16; 2016-2017; 2017-2018
<b>Wellness programs</b>	Promote Cardiac Wellness to Law Enforcement and Fire agencies	annually	

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
<b>OSHA and ADA Compliance</b>	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, Contract renegotiated and enhanced 2017	setup several members with enterprise accounts 2017-2018
	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; upgraded training devices	as requested of Willis
<b>E-Learning Curriculum Development</b>	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	
	Torch Online training development	FY 2017-20	19 new courses FY2015; 5 more FY 2016-18;upgraded to Enterprise version 2017 and increased participation	Enterprise being rolled out and trained 2017-2018
<b>Emergency Planning</b>	Further coordination with DoE on School EOP's	FY 2017-20	Coordination efforts with DOE - Jeff Kaye HVA reports completed for all districts; training conducted for 14 members; added LLRMI courses 2017	
	Non Structural Earthquake Mitigation	FY 2017-20	Belfor training being coordinated FY 2017-18	
<b>Claims Analysis/Benchmarking</b>	Committee evaluates major POOL/PACT trends	FY 2017-20	reviewed 2/2015; quarterly in 2017	ongoing
	EMC/First Responder back injury rates and the impact of the Stryker Grant Program.	FY 2017-20	reviewed 2/2015;deployed HILT 2017; additional Stryker grants 2017	ongoing
<b>Auto/Driver Safety training</b>	Property losses/aging infrastructure impact	FY 2017-20	reviewed 2/2015	
	Online Defensive Driving course (includes backing accidents)	FY 2017-20	ELEARNING source	Elearning/Torch
<b>Wellness/Body Mechanics</b>	Skidcar instructor training and courses for members	FY 2017-20	Ongoing program. Assets located in Boulder City, Elko & Nye County. No additions planned FY 2015-18	as requested by Willis
	Ergonomics, Back Injury Prevention; Wellness education & aware	FY 2017-20	as requested by Willis	as requested by Willis
	Blood borne Pathogens, CPR training	FY 2017-20	as requested by Willis;elearning course for BBP	as requested by Willis
<b>Cyber Risk</b>	Cyber Security Training		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 liability trends	FY 2017-18 FY 2017-20	presented on @ board workshops 3/2015; PNAs 2017	
Objectives:	Strategies	Target Date	Progress/Status Report	2017-2020
<b>Annual Risk Management Symposium</b>	Symposium on 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.
<b>Loss Control Excellence Program</b>	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
<b>Risk Management Grant Program</b>	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	Contracted for ELearning courses for Fire/EMS, Heart/Lung information, OSHA training.
	Monitor and revise grant program as necessary	FY 2017-20	9/2016 (updated grant applications, forms, and procedures); revised grants standards 2017	Evaluating annual grant deadlines FY 2015-18, rolling training grants; Grant parameters, time frames adopted 2017 to 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.**

<b>Objectives:</b>	<b>Action Plans</b>	<b>Target Date</b>	<b>Progress/Status Report</b>
<b>Develop and Revise Training Courses</b>	Develop two new instructor-led training courses.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Update and revise three instructor-led training courses.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Provide regional workshops utilizing outside resources.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Offer six regional training courses throughout the State.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Offer four mandatory on-line training courses for new employees.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
<b>Enhance and Market Online Training</b>	Market and promote e-learning and webinars.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
<b>Communications and Access to Information</b>	Develop three new briefings.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Update ten briefings.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Maintain a library of 200 job descriptions	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Issue alerts as needed.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
<b>Continue to Improve Use of Technology</b>	Conduct three to six webinars on timely issues as necessary.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Update and maintain HR documents on website	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
<b>Conduct HR Practices Assessments</b>	Offer HR compliance assessment 1 program to a minimum of ten members.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Offer HR compliance assessment 2 program to a minimum of 3 members.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
<b>Develop and Deliver Member Service Plans</b>	Develop member service plans to include trainings, briefings, and policy development.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
<b>Maintain Sample HR Policies</b>	Annually review, update, and create new sample policies for small organizations, large organizations, schools and CDL holders.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
<b>Coaching and Problem Solving</b>	Assist members with HR-related issues by providing advice and consultation.	Annually	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
	Conduct biennial survey of services	FY16/17	FY2016/17, Completed; 2017-2018 refer to HR Manager's report
<b>New Services</b>			

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
<b>POOL</b>			
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 Audit conducted week of March 12, 2018. Results to be reported at 2018 POOL/PACT Board meeting
Reduce claims severity	Use effective litigation management; # cases resolved < authority, < \$50,000 and < SIR	annually	<p># of litigated claims closed in 2017 calendar year=82. Total paid in legal expense \$2,136,046.12. Average legal paid is \$26,049.34 per claim. Total indemnity paid \$3,012,196.01. Average indemnity paid is \$36,734.10 per claim. All but one claim resolved for less than the SIR. 57 cases closed with no indemnity payment. 8 cases closed with indemnity payment &lt; \$25,000 authority. 6 cases closed with indemnity payment between \$25,001 and \$50,000. 9 cases closed with indemnity payment between \$50,001 and \$150,000.00. Largest settlement paid was \$1,800,000 (Highland Hills case settled). If you remove this outlier, the total paid in legal expense is 1,713,232.75 (average \$21,151.02 per claim) and the total indemnity paid \$1,212,196.01 (average \$14,965.39 per claim)</p> <p>Will be included in 2018 POOL/PACT Board Meeting packet</p> <p>ASC staff regularly attends webinars sponsored by various vendors and reinsurers throughout the year. All staff attends annual fraud training through G4S. In September 2017 Donna and Randy attended the POOL/PACT Risk Management Symposium. In March 2017 Donna and Jasmine attended an employment law update seminar done by Erickson, Thorpe &amp; Swainston. Donna and Barbie attended the POOL Litigation Strategy Workshop in March 2018.</p> <p>The Large Loss Report and Stewardship reports are presented annually at the POOL PACT Board Meetings and incorporate trends analysis.</p>
	Large loss report (cases with total incurred xs \$300k)	annually	
Develop claims adjuster capabilities	Attend two HR and one Law Enforcement training course; attend litigation workshop	annually	ASC staff regularly attends webinars sponsored by various vendors and reinsurers throughout the year. All staff attends annual fraud training through G4S. In September 2017 Donna and Randy attended the POOL/PACT Risk Management Symposium. In March 2017 Donna and Jasmine attended an employment law update seminar done by Erickson, Thorpe & Swainston. Donna and Barbie attended the POOL Litigation Strategy Workshop in March 2018.
Enhance members understanding of loss trends and risks	Conduct lessons learned workshop and publications from case histories ; Trends Reports	annually	The Large Loss Report and Stewardship reports are presented annually at the POOL PACT Board Meetings and incorporate trends analysis.
Enhance defense and members' counsel capacity to prevent and contain litigation	Assist Members with internal claims management and prevention; Conduct litigation strategy educational workshop	annually	Litigation Strategy Workshop held March 23, 2018
Train members on claims management practices	Train members on internal claims reporting, adjusters role, members role	ongoing	Donna, Jasmine and Barbie met with Douglas County on January 18, 2018
<b>PACT</b>			
Excellence in claims management	PACT claims audit every three years after 2014	2017	Audit performed March 2017; results to annual board meeting April 2017; reserves were within acceptable range of +/- 10% of audit recommendation. Next audit 2020.
Reduce claims severity	Police/fire members cardiac wellness program expand to more members	ongoing	CWP member participation expansion is handled by Specialty Health.
Assist members' understanding of loss causes and trends	Produce annual claims trend analysis reports and review with members during quarterly visits	ongoing	Met with PACT members this past year: Nye County (quarterly phone conferences); Elko County; City of Elko; City of Ely; White Pine County; White Pine County School District; Lincoln County; Lincoln County School District; Grover C. Dils Medical Center; City of Caliente; Lander County; Esmeralda County; Esmeralda County School District; Town of Tonopah.
Utilize Subsequent Injury Fund	Identify potential SIF cases and file timely	ongoing	ASC screens all new claims for potential SIF recovery. 9 open claims have been granted SIF recovery. \$81,382.61 were recovered in FY 2017. Total SIF recovery is now \$2,707,207.90. There are 16 claims currently under workup for potential SIF recovery or pending a written decision from the SIF Board for potential appeal. 1 claim is still in litigation on the SIF Board's denial of recovery at NV Supreme Court.
Utilize SpecialtyHealth MCO	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	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.
Train members on claims management practices	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, documentation, and claim reviews.	ongoing	Met with PACT members this past year: Nye County (quarterly phone conferences); Elko County; City of Elko; City of Ely; White Pine County; White Pine County School District; Lincoln County; Lincoln County School District; Grover C. Dils Medical Center; City of Caliente; Lander County; Esmeralda County; Esmeralda County School District; Town of Tonopah.
	Conduct quarterly visits with members for training purposes on rotating basis.	annually	Met with PACT members this past year: Nye County (quarterly phone conferences); Elko County; City of Elko; City of Ely; White Pine County; White Pine County School District; Lincoln County; Lincoln County School District; Grover C. Dils Medical Center; City of Caliente; Lander County; Esmeralda County; Esmeralda County School District; Town of Tonopah.

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
<b>Goal: Grow Members net assets; Increase Financial Strength of Pools</b>			
<b>Grow net assets of each pool and captive</b>	POOL & PACT: Target at least 15% average net assets growth per year over rolling 4 year cycles;	annually	Refer to Asset Change Tracking Tab Refer to Asset Change Tracking Tab;
<b>Maintain net assets to highest SIR ratio of at least 12:1 for each pool</b>	POOL: continue to grow above target to enable increased retention - SIR \$500,000 = \$6,000,000	annually	Note 3/22/2017 authorization for additional capital transfer to PRM of \$10,000,000 Refer to Assset Change Tracking Tab; Note
	PACT: continue to grow above target to cushion for increased retention - SIR \$500,000 = \$6,000,000	annually	3/22/2017 authorization for additional transfereer of capital to PCM of \$25,000,000
<b>Enhance boards' understanding of financial results</b>	Produce M D & A reports showing critical benchmarks and financial performance ratios; review with Boards	annually	done 2015;2016;2016,2017,2018
	Provide actuarial summary each board meeting	annually	done 2015;2016;2016,2017,2018
	Prepare annual report with financial audit	annually	done 2015;2016;2016,2017,2018
	Include fiscal impact notes in budget documents showing overall effect of changes	annually	done 4/2015;4/2016;4/2017;4/2018
	Review budgets with Executive Committees; include discussion of actuarial confidence level selection and allocation methodology	annually	done 3/2015; 3/2016; 3/2017; 2/2018
<b>Goal: Grow Leadership Capacity of Pools</b>			
<b>Enhance board leadership</b>	Executive Committees attend AGRIP trustees training	annually	3/2015; 3/2016; 3/2017; 3/2018
<b>Board &amp; Member Development</b>	Conduct new board member orientation	annually	5/1/2015; 4/2016; 4/2017; 4/2018
	Conduct board development training at annual meeting	annually	5/1/2015; 4/2016; 4/2017; 4/2018
	Conduct member orientations about POOL/PACT programs and services	annually	5/1/2015; 4/2016; 4/2017; 4/2018
<b>Strenghten Services Delivery</b>	Monitor strategic plan progress on goals and review objectives	annually	5/1/2015; 4/2016; 4/2017; 4/2018
	Monitor service provider performance	annually	5/1/2015; 4/2016; 4/2017; 4/2018
	Require annual stewardship reports from service providers	annually	5/1/2015; 4/2016; 4/2017; 4/2018
<b>Monitor Legislation and Regulation</b>	Utilize lobbyist effectively during legislative sessions	bi-annually	done 2015 session; 2017 session
	Participate in regulatory process for Division of Insurance and Division of Industrial Insurance Regulation	annually	2015; 2016; 2017, 2018



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
2017	\$ 31,740,678	\$ 46,788,584	\$ 78,529,262	-7.4%	\$ (6,252,867)	63.48	93.58
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
<b>Net Asset Change between 2014-2017</b>	<b>\$ (1,177,238)</b>	<b>\$ 1,184,906</b>	<b>\$ 7,668</b>	<b>934.2%</b>	<b>% Change since 2001</b>	<b>Excess of Target 15% Annually</b>	
<b>Net Asset Change between 2001-2017</b>	<b>\$ 26,643,328</b>	<b>\$ 44,292,715</b>	<b>\$ 70,936,043</b>	<b>55.0%</b>	<b>Average Annual</b>	<b>40.0%</b>	
	-3.6%	2.6%	0.0%				

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
2017	\$ 31,740,678	-9%	\$ (3,121,709)	2017	\$ 46,788,584	-6%	\$ (3,131,158)
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		
<b>Net Asset Change between 2014-2017</b>	<b>\$ 3,676,718</b>	<b>-3.6%</b>	<b>% Change since 2014</b>	<b>Net Asset Change between 2014-2017</b>	<b>\$ 1,184,906</b>	<b>2.6%</b>	<b>% Change since 2014</b>
<b>Net Asset Change between 2001-2017</b>	<b>\$ 26,643,328</b>	<b>30.7%</b>	<b>Average Annual Excess of Target 15% Annually</b>	<b>Net Asset Change between 2001-2017</b>	<b>\$ 44,292,715</b>	<b>104.4%</b>	<b>Average Annual Excess of Target 89.4% 15% Annually</b>

## **Executive Director's Report to Board April 2018**

### **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 payroll is estimated at a 3% increase this renewal. PACT revenues will decline over the prior year's audited results due to several factors:

- 1) Loss of two large members effective July 1, 2017
- 2) Decrease in the post-employment heart lung rate by \$1.00 per \$100 of payroll
- 3) Actuarial indications for the loss fund will reflect about a 6% increase due to new regulations that increase PPD calculations for first time in 20 years offset in part by a reduction in claims reserves from prior years experience
- 4) Downward market pressures on investment income
- 5) PACT SIR reduced from \$500,000 to \$300,000 following transfer of funds to PCM which increased PCM's retention from \$500,000 to \$700,000
- 6) PCM reinsurance costs rose due to its increased risk retention, but the renewal indications are flat

For POOL, property reinsurance rates will increase, potentially as much as 12%; liability rates likely will be relatively flat overall. Overall, the budget assumes about a 3% increase in the gross assessments from exposure changes. POOL revenues will increase over the prior year's audited results due to several factors:

- 1) Loss of one member effective July 1, 2017
- 2) Actuarial indications for the liability loss fund likely will be flat, but the property loss fund likely will increase by 25% because of flood losses to several members in early 2017.
- 3) Downward market pressures on investment income
- 4) PRM rates also will rise due to property losses primarily

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.

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.

### **Transfer of Capital to Captives**

As reported during the annual meeting in 2017, the Executive Committees approved transfers of \$10,000,000 from NPAIP to Public Risk Mutual subject to being phased in to avoid incurring net losses from sales of investments. In addition, they approved transfer of \$25,000,000 from PACT to Public Compensation Mutual subject to being phased in to avoid incurring net losses from sales of investments. Our investment representatives will present an update on those transfers and the consequent investment results. They also will review the Enterprise Risk Management process that led up to that decision and the results for both pools and their captives.

## **Renewal Strategies:**

### **POOL:**

The property coverage program is placed through Willis Re in various syndicates at Lloyds of London. Renewal negotiations with Lloyds in London will occur during the week of April 9-13, 2018. Wayne Carlson, Mike Rebaleati and Alan Kalt of PARMS and Mary Wray and Stephen Romero of WillisRe Pooling will be meeting with the various syndicates. Our broker indicates that we will experience difficult negotiations due to current market conditions but will receive favorable treatment based upon our experience over time and long-term relationships. We will negotiate to retain our current \$500,000 retention (of which PRM bears \$300,000) and the \$150 million of earthquake and flood aggregates.

Public Risk Mutual also will provide the 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.

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 rate decrease. Wayne Carlson chairs its underwriting committee; Mike Rebaleati is on the CRL investment committee and audit committee.

United Educators writes a liability limit 75% quota share of \$2,500,000 excess of the POOL's \$500,000 retention with PRM bearing 25% quota share. Rates are expected to remain flat.

Government Entities Mutual (GEM), a member owned captive insurance, 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. Mike Rebaleati now is a member of the GEM board.

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 flat.

Our equipment breakdown reinsurer is Travelers Boiler Re which provides up to \$100,000,000 with various sublimits. Their limits and pricing have been stable for several years now, but the renewal pricing will be reduced.

### **NOTICES OF INTENT TO WITHDRAW:**

We received no notices of intent to withdraw.

### **PACT:**

Public Compensation Mutual (PCM) bears \$700,000 excess of PACT's \$300,000 retention plus a quota share of 25% of the next \$2,000,000 excess of \$1,000,000. CRL bears 75%. PCM's rates will decrease, but CRL's rates are expected to increase.

Safety National 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. Their renewal pricing appears flat.

NOTICES OF INTENT TO WITHDRAW:

We received no notices of intent to withdraw.

**PACT Regulatory Issues**

The 2017 Legislative Session brought some unanticipated changes to the public safety presumptive benefits provisions in a couple of key areas:

- SB 267 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. Of note is that there no longer is a 5 day waiting period for disablement for presumptive benefit claims, thus raising potential issues regarding whether this law still is within the scope of workers compensation. Case law in the future may interpret this provision.
- AB458 changed required regulatory revisions to the actuarial annuity tables used to calculate lump sum payments for awards for permanent partial disability. Depending upon the age of the claimant, benefits may be increased up to 30%. This will adversely increase PACT claims costs in the future.

As of June 30, 2017, we accumulated restricted net assets of \$22,684,485 slightly above the minimum target range recommended by our actuary. The executive committee approved reducing the post-employment rate for FY2017-2018 by \$1.00 to \$3.85. I am recommending that we reduce the rate by another \$1.00 to \$2.85 for the upcoming fiscal year. We'll collect about \$1,200,000 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:**

The contract with Tony Rucci (Information International Associates, Inc.) was approved for extension by the Executive Committee. They continue to perform the passive network assessment risk evaluations which have been well-received by members. Mike Rebaleati leads this effort. PRM agreed to extend funding for this 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, but none are proposed for this year. Further research is being done for possible changes next year.

Executive Committee recommends an extension of liability coverage for medical supplies approval authority required by law. In addition, they recommend an extension of malpractice coverage in excess of the providers' own coverage to mental health professionals at China Spring Youth Camp.

**NPAIP/PACT Service Provider Agreements Renewing in FY 2018-19 Approved at the Joint Executive Committee Meeting on February 23, 2018:**

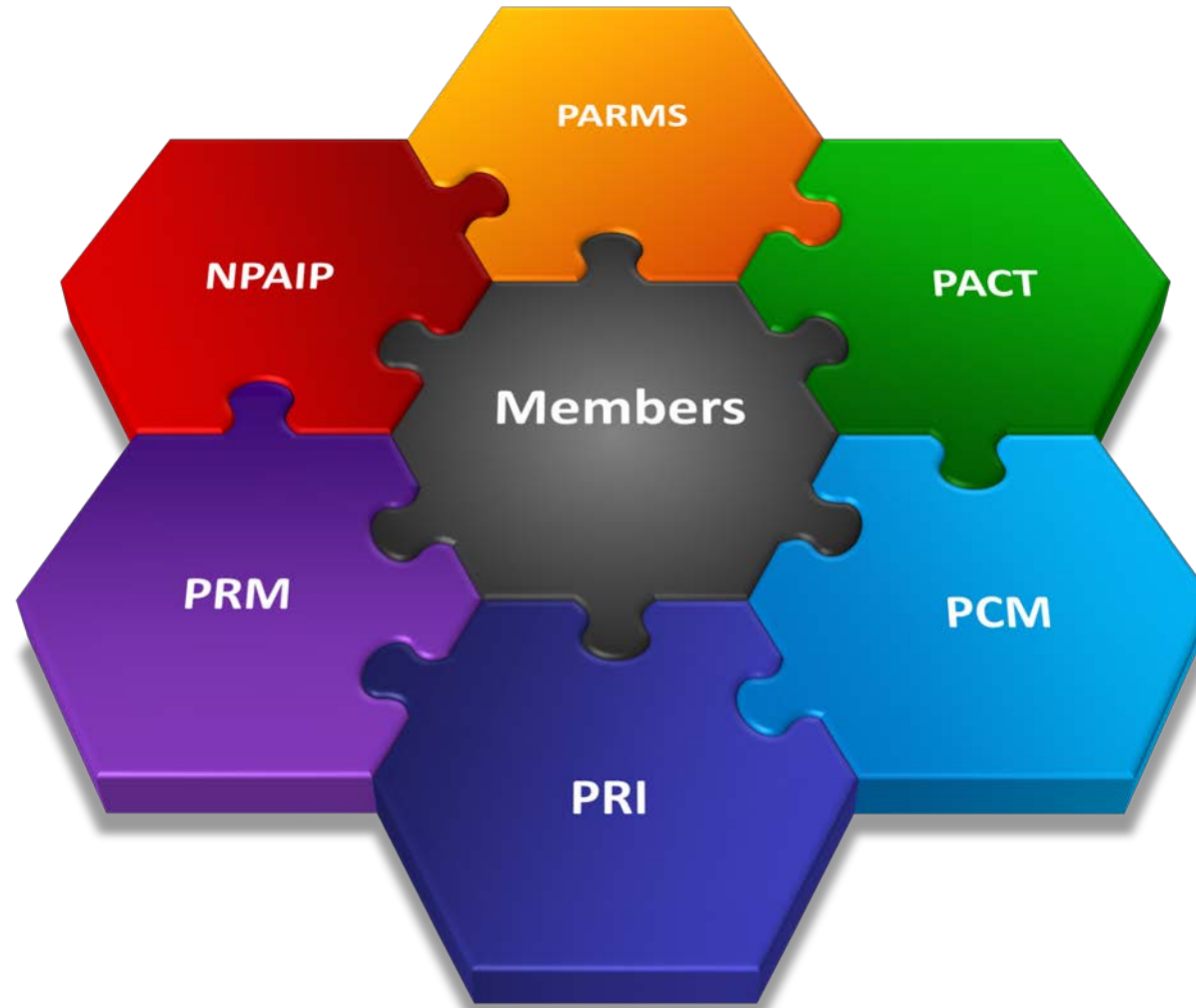
**Information International Associates, Inc. (Tony Rucci):** These services have been ongoing and were extended to June 30, 2019 with funding to be provided by PRM.

**PARMS** lease expires on June 30, 2018. A one-year extension was approved by the Executive Committee to coordinate with the PARMS services contract renewal date.

**PARMS** management services contract fee effective May 1, 2018 increased by \$50,000 for each pool and captive in order to fund the addition to staff of an IT position and the CFO/internal audit position.

# We are POOL / PACT Organizational Structure

- Executive Program Management



- Property & Casualty Pool

- Worker's Compensation Pool

- Property & Casualty Captive

- Workers Compensation Captive

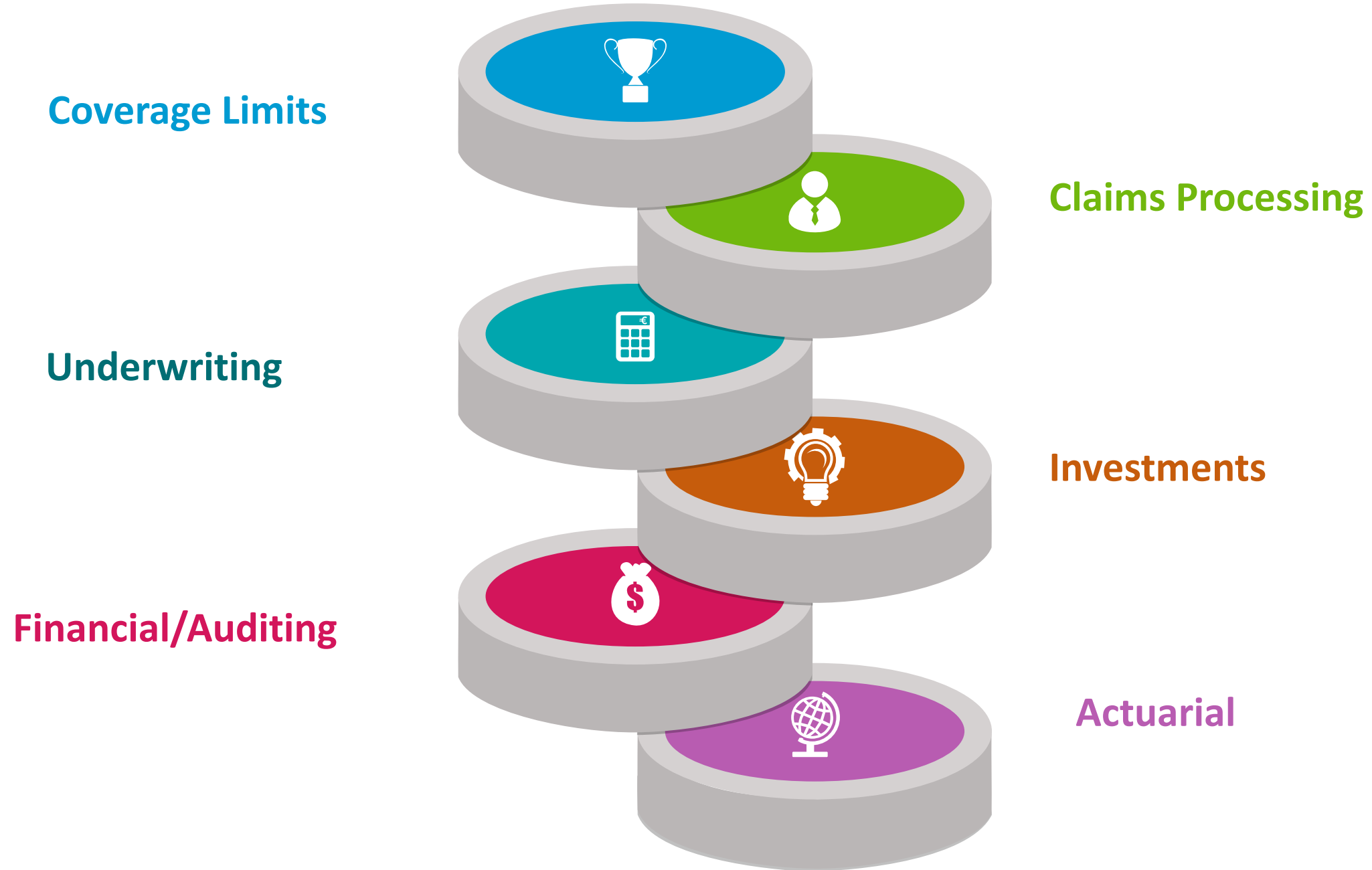
- Human Resources



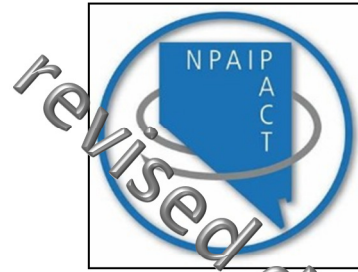
# Risk Management Services – Got Your 6



# POOL PACT Coverage/Financial Protection Program







## School Safety Workshop

"I sent my daughter to school yesterday. She was supposed to be safe."

[Fred Guttenberg, father of 14 year old Jamie, Marjorie Stoneman Douglas High School, February 15, 2018]

## Friday and Saturday, April 20-21, 2018

## Jointly Sponsored by POOL/PACT and NASB

April 20—The Plaza Event Center, 211 East 9<sup>th</sup> Street (behind The Plaza Hotel), Carson City, NV

April 21—Brewery Arts Center, 449 West King, Carson City, NV—Grand Ballroom, second floor

*As a reminder, please silence cell phones and other personal digital communication devices while the Program is in progress.*

*For attending the School Safety Workshop, each attendee will earn 4.5 units toward the Certified Public Official Program as confirmed by UNR Extended Studies as well as 8.25 hours in compliance with AB451/NRS 386 as shown below.*

### FRIDAY, APRIL 20—THE PLAZA EVENT CENTER

345pm

*Afternoon Beverages and Materials Available for Attendees*

400pm

*Welcoming Remarks and Overview*

Stacie Wilke-McCulloch, NASB President [Carson City]

Mike Rebaleati, Chief Operations Officer—POOL/PACT

430pm-600pm

with short stretch break when appropriate

*School Construction and School Safety*

Jason Dondero and Others

CORE Construction

[.75 CPO unit Leadership & Governance or Community Development;

AB451 (1)(1)(f) 1.25 hours NRS 386]

Photo and professional bio to be added

600pm

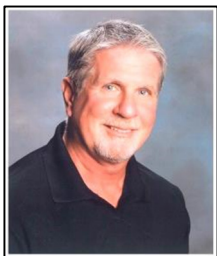
*Dinner and Networking*

700pm-830pm

## **Factors in Reshaping a Safer School Environment**

### **Jeff Kaye, President—School Safety Operations**

**[.75 CPO unit Leadership & Governance or Community Development; AB451 (1)(1)(f) 1.5 hours NRS 386]**



**Jeff Kaye** opened School Safety Operations, Inc., in 2011 in response to the identified need for school districts to become compliant with statutes, guidelines, and recommended best practices in school safety and emergency management in order to address today's threat levels from man-made and natural hazards. Jeff served twenty-five years in law enforcement and eight years in educational safety prior to opening the company, so he knew the only way to keep schools safe was through proper planning and training in emergency response procedures.

The School Safety Operations, Inc., consulting team has been providing emergency response planning, training, and facility Hazard and Vulnerability Assessments to school districts throughout the United States and Canada since beginning operation in 2011. The team has since branched out into the private and tourist industries for emergency management and safety training under their D4 Training Program to address Active Assailant response and immediate tactical first-aid care. All consultants used by School Safety Operations, Inc., have a minimum of twenty years of experience in law enforcement or fire services, combined in addition to their experience in school emergency management. This unique blend of experience gives them a realistic understanding of how to practically approach emergency response and safety training in schools. This is especially important in training to address today's threat of an Active Assailant incident at a school.

Jeff Kaye is a founding member of the International School Safety Institute, which has been providing training to school administrators and law enforcement professionals in all areas related to safe school culture and climate since 2013. His reference book, *SCHOOL EMERGENCY MANAGEMENT, A Practical Approach to Implementation* is considered a must-read for anyone involved in school safety or emergency response.

## **SATURDAY, APRIL 21—BREWERY ARTS CENTER, Grand Ballroom**

830am-930am

### **Integrating Social Workers into School Safety Plans**



#### **Salvador Arias, Prevention Specialist—Kern County School District, California**

**[.50 CPO unit Leadership & Governance or Community Development; AB451 (1)(1)(f) 1.0 hour NRS 386]**

**Salvador Arias** is a **Prevention Specialist** with the Kern County Superintendent of Schools. He has been working with at-risk youth in a school setting for the past ten years. Salvador was instrumental in the development of a very promising Gang Prevention model using School Social Workers. Salvador now manages several programs including the Safe Schools Program for the Kern County Superintendent of Schools.

Salvador grew up in gang infested neighborhoods in Los Angeles, California, before moving to Bakersfield, California. Upon graduating from high school, Salvador joined the United States Marine Corps and was honorably discharged after serving eight years. He then worked for the Kern County Probation Department and returned back to school. He graduated with his bachelor's degree in Psychology in 2007 and Master's degree in Social Work in 2010.

Salvador continues to pursue higher education and in the summer 2015, he received his Pupil Personnel Services Credential through San Jose State University and is currently working on his Administrator Services Credential. Salvador has been married to his lovely wife Monica for over 22 years and has four children, including two in college.

930am-1030am

***A View of School Board Policy and Safety Planning When Things Go Wrong in the Community***

**Mike F. Wilson, Director of Emergency Management, Clark County School District**

**[.50 CPO unit Leadership & Governance; AB451 (1)(1)(f) 1.0 hour NRS 386]**

**Photo and professional bio to be added**

1030am

**Morning Break**

1045am-Noon

***School Safety and School Board Liability***

**Ann M. Alexander, Esq., Erickson, Thorpe & Swainston, Ltd.**

**[.75 CPO unit Leadership & Governance or Community Development; AB451 (1)(1)(h) 1.25 hours NRS 386]**



**Ann M. Alexander** is an attorney with the firm of Erickson, Thorpe & Swainston, Ltd., in Reno, Nevada. She earned her Ph.D. in elementary education in 1987 and her law degree in 1999, and she is licensed to practice law in Nevada and California. Ann has spent more than 30 years working in education in Nevada as a state-level administrator and as an attorney. Since beginning private law practice in 2000 she has worked directly with Nevada school districts to develop policies and procedures, conduct staff training, and provide advisement and litigation services in a variety of student-specific and employment cases.

Noon-100pm

***Catered Lunch from L.A. Bakery***

100pm-230pm

***Violent Digital Threat Assessment: Effective Policies and Protocols in the Face of Electronic Threats***

**Theresa Campbell, President—Safer Schools Together**

**[1.0 unit CPO Public Information and Media Relations or Leadership & Governance; AB451 (1)(1)(f) 2.25 hours NRS 386]**



**Theresa Campbell** is the President of Safer Schools Together, an organization focused on promoting a climate and culture of safety in schools and Executive Director, International Centre for Threat Assessment (ICTA). Theresa established Safer Schools Together (SST) in 2008, to provide opportunities for extensive professional development in the areas of safe and caring schools and violence prevention. In addition to hosting training symposiums, SST has authored the Safe & Caring School Tool to measure the climate and culture of a school, as well as to ensure best practices are followed and the Ministry of Education mandates regarding school/student safety are met.

Theresa was identified 20 years ago by educational and law enforcement professionals as an innovative visionary and passionate leader in the area of program development and ensuring safe and caring schools. She developed the first web-based anonymous reporting tool to encourage students to get personally involved in ensuring the safety and

security of their schools. In 2008, she was awarded the prestigious 2008 Frederic Milton Thrasher Award for superior service in gang prevention.

Theresa is also the executive producer of five award-winning gang prevention documentaries and a certified trainer and consultant with the Canadian Centre for Threat Assessment & Trauma Response and serves as a representative on municipal, provincial and federal committees. She has been recognized for her work by all three levels of Canadian government.

**230pm-245pm**

***Afternoon Break***

**Continuation of *Violent Digital Threat Assessment: Effective Policies and Protocols in the Face of Electronic Threats***

**245pm-315pm**

**315pm-345pm**

***Reflecting on the Workshop and Next Steps***

Stacie Wilke-McCulloch, NASB President [Carson City]  
Mike Rebaleati, Chief Operations Officer—POOL/PACT  
[.25 CPO unit Miscellaneous/Elective]

**345pm-400pm**

**Final comments**

**Submit evaluation forms and out the door**

**\*For attending the School Safety Workshop, each attendee will earn 4.5 units toward the Certified Public Official Program confirmed by UNR Extended Studies as well as 8.25 hours in compliance with AB451/NRS 386 as shown above.**

**Special Thanks to These Corporate Sponsors--**



# **Certified Public Official Program**

*Created by Extended Studies at the University of Nevada, Reno, in partnership with the Nevada League of Cities and Municipalities, Nevada Association of Counties and Nevada Association of School Boards, the Certified Public Official (CPO) Program is an in-depth series that provides diverse resources for educational and professional development responsive to the changing needs of elected and appointed officials in public office throughout Nevada.*

*The CPO program is designed for:*

- *Elected and appointed city, state and county officials*
- *Transportation, fire, police and planning commissioners*
- *Improvement district and public utility district trustees*
- *School board members and school district superintendents*

*To earn the CPO designation, program participants must complete the following modules offered through Extended Studies at the University of Nevada, Reno, and meet additional program requirements.*

## **Required Modules**

- **Module 1:** Realities of Public Life: Roles and Relationships of Public Office (1 hour)
- **Module 2:** Budgets: Revenue Sources, Projections and Forecasts (2.5 hours)
- **Module 3:** Ethics in Nevada (1.5 hours)
- **Module 4:** Nevada’s Open Meeting Law (2 hours)
- **Module 5:** Citizen Participation and Public Information (1.5 hours)
- **Module 6:** Interviewing and Media Relations (1.5 hours)
- **Module 7:** Employment Law: Keeping Your Agency Out of Court (4 hours)

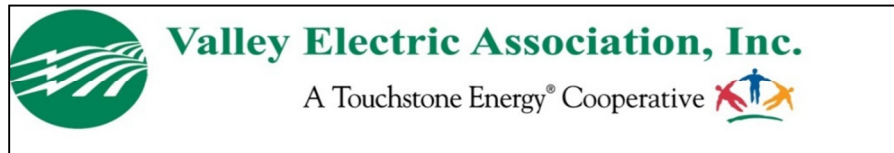
*For board members, superintendents, and others working toward completion of the CPO Program, the above seven modules are mandatory as well as fifty-two additional hours of training with minimum units required in these areas:*

<b>Public Finance</b>	6 CPO units
<b>Leadership &amp; Governance</b>	6 CPO units
<b>Public Information and Media Relations</b>	2 CPO units
<b>Community Development and Infrastructure</b>	4 CPO units
<b>Employee Relations</b>	4 CPO units
<b>Electives</b>	4 CPO units

*For attending this Orientation, Part III, each attendee will earn units toward the Certified Public Official Program as well as credit for completion of mandatory Modules 5, 6, and 7 [described above] required by the Program as shown above.*

*To verify units earned at future professional development workshops, please call Shera Alberti-Annunzio at UNR Extended Studies: 775/784-4046.*

Special Thanks to These Corporate Sponsors--



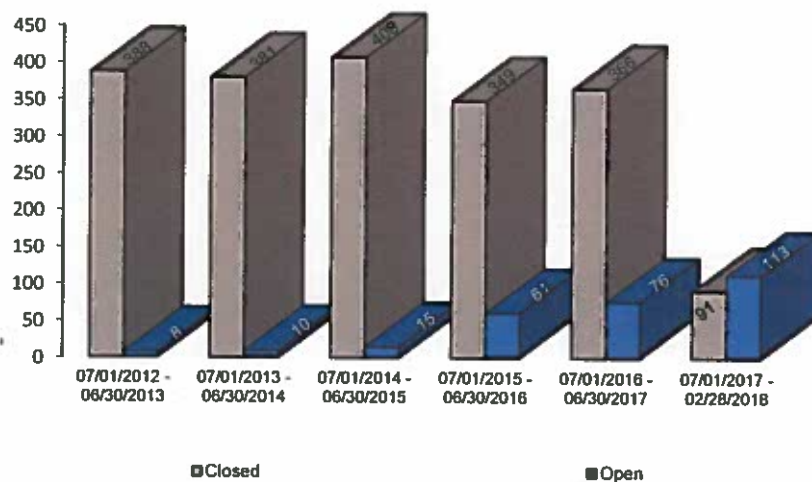


## **Liability Report**



## Total Claims by Policy Year excluding Incidents 07/01/2012 - 02/28/2018

Policy Year	Total Claims	
	Closed	Open
07/01/2012 - 06/30/2013	388	8
07/01/2013 - 06/30/2014	381	10
07/01/2014 - 06/30/2015	408	15
07/01/2015 - 06/30/2016	349	61
07/01/2016 - 06/30/2017	366	76
07/01/2017 - 02/28/2018	91	113

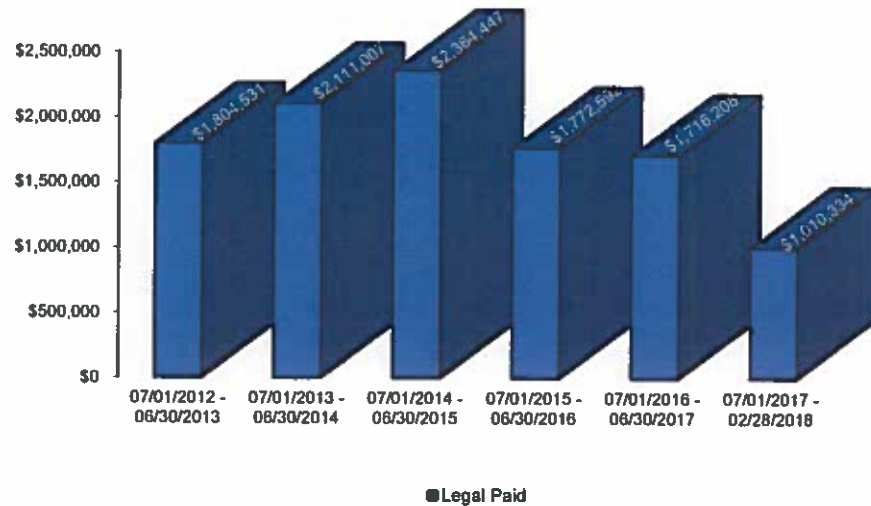






## Legal Expenses Paid to Date by Policy Year for All Claims 07/01/2012 - 02/28/2018

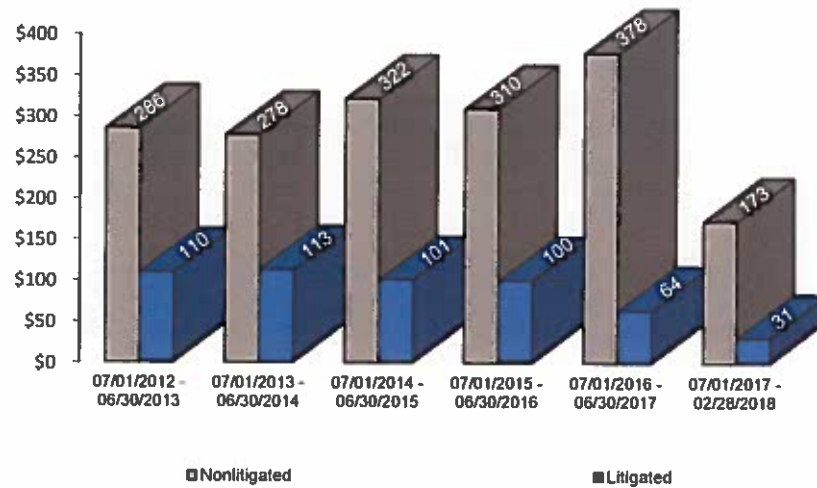
Policy Year	Legal Expenses Paid to Date
07/01/2012 - 06/30/2013	\$1,804,531
07/01/2013 - 06/30/2014	\$2,111,007
07/01/2014 - 06/30/2015	\$2,364,447
07/01/2015 - 06/30/2016	\$1,772,592
07/01/2016 - 06/30/2017	\$1,716,208
07/01/2017 - 02/28/2018	\$1,010,334
<b>Grand Total</b>	<b>\$10,779,119</b>





## Litigated Claims by Policy Year for claims reported 07/01/2012 - 02/28/2018

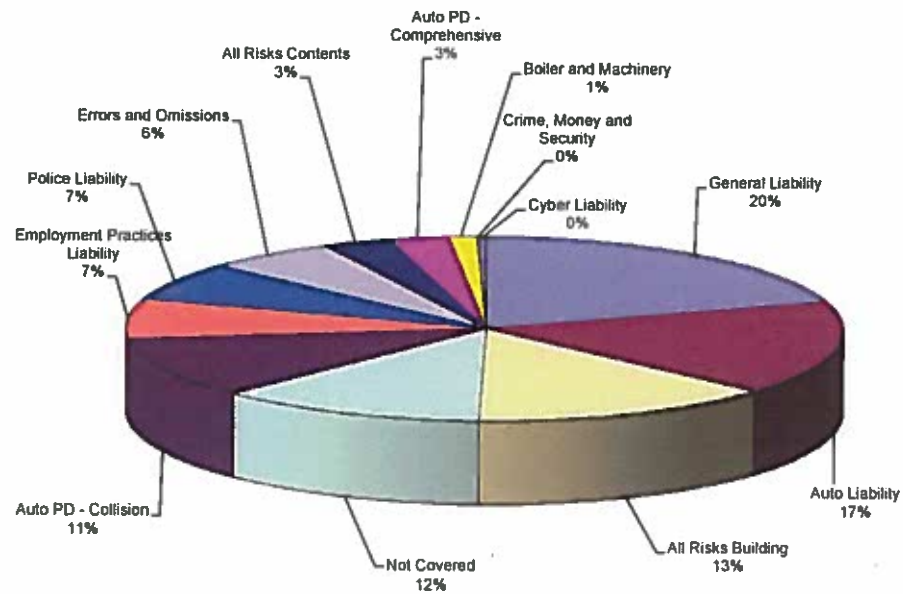
Policy Year	Litigated Claims	
	Nonlitigated	Litigated
07/01/2012 - 06/30/2013	286	110
07/01/2013 - 06/30/2014	278	113
07/01/2014 - 06/30/2015	322	101
07/01/2015 - 06/30/2016	310	100
07/01/2016 - 06/30/2017	378	64
07/01/2017 - 02/28/2018	173	31





## Frequency of Claims by Coverage 07/01/2012 - 02/28/2018

Coverage	# of Claims
General Liability	453
Auto Liability	378
All Risks Building	309
Not Covered	272
Auto PD - Collision	242
Employment Practices Liability	157
Police Liability	153
Errors and Omissions	133
All Risks Contents	70
Auto PD - Comprehensive	61
Boiler and Machinery	28
Crime, Money and Security	8
Cyber Liability	2

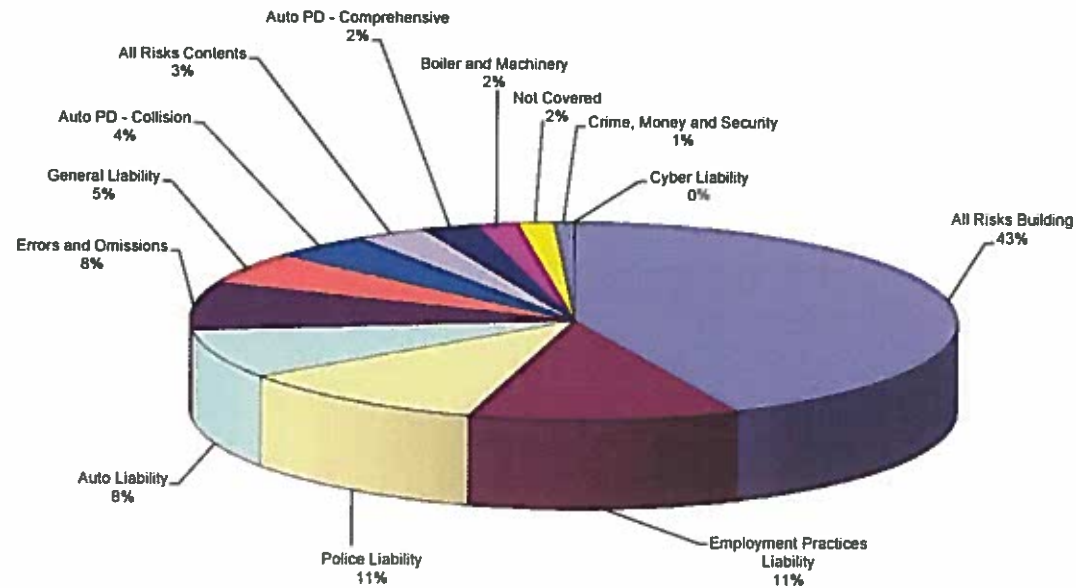




## Severity of Claims by Coverage

07/01/2012 - 02/28/2018

Coverage	Total Incurred
All Risks Building	\$ 12,508,739
Employment Practices Liability	\$ 3,305,909
Police Liability	\$ 3,116,282
Auto Liability	\$ 2,348,559
Errors and Omissions	\$ 2,270,242
General Liability	\$ 1,524,492
Auto PD - Collision	\$ 1,223,067
All Risks Contents	\$ 892,344
Auto PD - Comprehensive	\$ 673,961
Boiler and Machinery	\$ 501,348
Not Covered	\$ 443,235
Crime, Money and Security	\$ 247,994
Cyber Liability	\$ 9,283





## Summary by Location

### 07/01/2012 - 02/28/2018

Location	# of Claims	# Open Claims	Total Incurred
Alamo Sewer And Water Gid	1		\$34,040
Amargosa Library District	1		\$2,143
Beatty Water & Sanitation District	8		\$52,499
Boulder City (City Of)	135	11	\$872,294
Caliente (City Of)	14		\$210,673
Canyon Gid	1	1	\$795,000
Carlin (City Of)	13	1	\$72,328
Carson City	1		\$0
Carson City School District	68	8	\$775,000
Churchill County	22	3	\$109,050
Churchill County Mosquito & Weed Abateme	4		\$1,022
Churchill County School District	26	2	\$414,232
Douglas County	185	22	\$1,429,460
Douglas County Mosquito Abatement District	1		\$8,046
Douglas County School District	111	6	\$526,108
Douglas County Sewer Improvement District #1	1	1	\$500
East Fork Swimming Pool District	1		\$5,395
Elko (City Of)	112	8	\$611,502
Elko Central Dispatch	1		\$3,718
Elko Co. Agricultural Assoc., Dba Elko Co. Fair Board	3	1	\$111,600
Elko Convention & Visitors Authority	2		\$1,498
Elko County	76	8	\$490,843
Elko County School District	108	9	\$1,421,474
Ely (City Of)	37	3	\$141,067
Esmeralda County	30	5	\$497,030
Esmeralda County School District	5	1	\$51,620
Eureka County	41		\$242,994
Eureka County School District	3		\$212,327
Fernley (City Of)	34	6	\$245,138
Fernley Swimming Pool District	2	1	\$8,725



## Summary by Location

### 07/01/2012 - 02/28/2018

Location	# of Claims	# Open Claims	Total Incurred
Gardnerville (Town Of)	8		\$9,982
Gardnerville Ranchos Gid	2		\$6,696
Genoa (Town Of)	2		\$4,455
Humboldt County	55	6	\$1,496,236
Humboldt County School District	46	6	\$683,348
Incline Village Gid	65	3	\$604,866
Indian Hills Gid	3		\$28,700
Kingsbury Gid	8	5	\$88,038
Lander County	38	6	\$952,651
Lander County School District	14	1	\$536,624
Lincoln County	26	2	\$196,614
Lincoln County School District	20	4	\$826,428
Lovelock (City Of)	6	2	\$37,010
Lovelock Meadows Water District	2		\$4,292
Lyon County	85	17	\$1,309,273
Lyon County School District	65	10	\$309,056
Mesquite (City Of)	46	1	\$752,296
Minden (Town Of)	18	1	\$432,313
Minden Gardnerville Sanitation District	5	1	\$813,821
Mineral County	42	7	\$835,587
Mineral County School District	29	3	\$1,049,219
Moapa Valley Water District	4		\$24,714
Mt Charleston Fire Protection District	1		\$73,348
Nevada Association Of Counties	1		\$0
Nevada Commission For The Reconstruction	5		\$7,785
Nevada Public Agency Insurance Pool	2		\$27,003
Nevada Rural Housing Authority	9		\$121,024
Nevada-Tahoe Conservation District	5	1	\$5,700
North Lake Tahoe Fpd	10	2	\$172,212
Nye County	175	51	\$2,974,897



## Summary by Location

07/01/2012 - 02/28/2018

Location	# of Claims	# Open Claims	Total Incurred
Nye County School District	55	5	\$590,604
Pahrump (Town Of)	15	2	\$260,382
Pahrump Library District	1		\$1,885
Palomino Valley General Improvement Dist	1		\$0
Pershing County	31	5	\$216,803
Pershing County School District	6		\$82,064
Round Mountain (Town Of)	1		\$2,442
Rtc Washoe County	3	3	\$403,500
Sierra Fpd	4		\$6,568
Silver Springs Stagecoach Hospital District	1		\$3,330
Skyland Gid	4		\$6,685
Southern Nevada Health District	5	4	\$49,501
Stagecoach Gid	2		\$23,396
Storey County	46	10	\$1,607,598
Storey County School District	13	2	\$104,897
Sun Valley Gid	12		\$51,851
Tahoe Douglas District	7		\$62,684
Tahoe Reno Industrial Gid	3	3	\$262,000
Tahoe-Douglas Fpd	2		\$415
Tonopah (Town Of)	6	1	\$2,120
Truckee Meadows Fpd	23	6	\$289,189
Truckee Meadows Regional Planning Agency	1		\$0
U.S. Board Of Water Commissioners	2		\$3,299
Virgin Valley Water District	6	1	\$96,759
Wells (City Of)	8		\$20,515
West Wendover (City Of)	34	2	\$119,920
West Wendover Recreation District	11		\$194,823
Western Nevada Regional Youth Center	5	1	\$50,545
White Pine Co. Tourism & Rec.Board	1		\$1,403
White Pine County	62	7	\$290,662



## Summary by Location 07/01/2012 - 02/28/2018

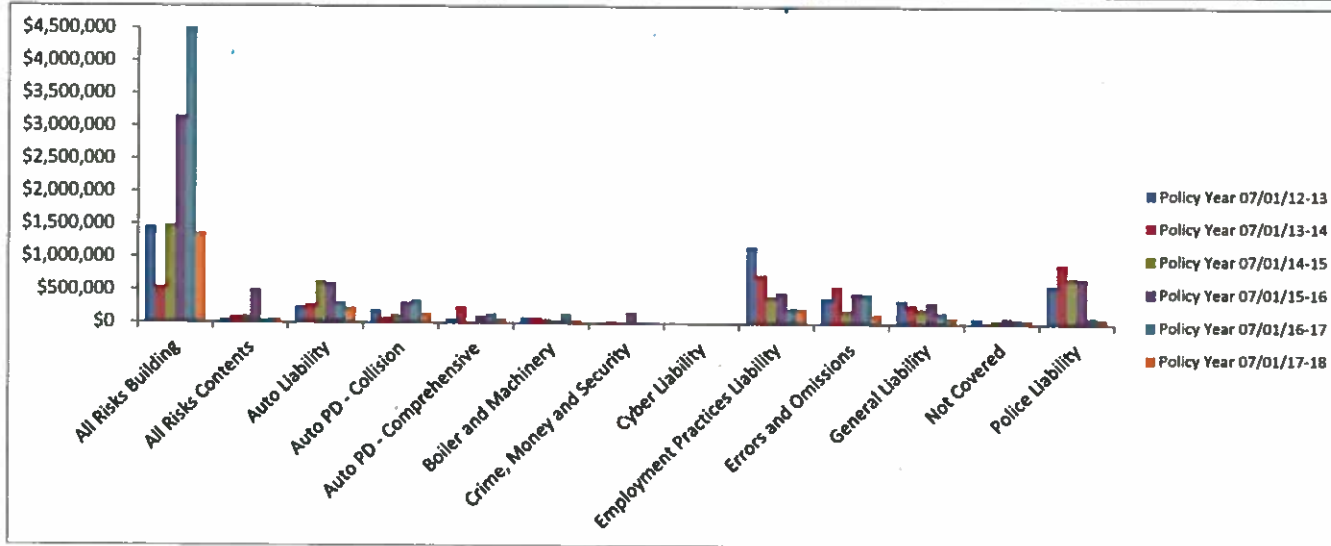
Location	# of Claims	# Open Claims	Total Incurred
White Pine County Fire Protection	1		\$0
White Pine County School District	23	2	\$358,040
Winnemucca (City Of)	19	1	\$97,356
Yerington (City Of)	8	2	\$72,709
<b>TOTAL</b>	<b>2266</b>	<b>283</b>	<b>\$29,065,454</b>





## Total Incurred by Coverage by Policy Year

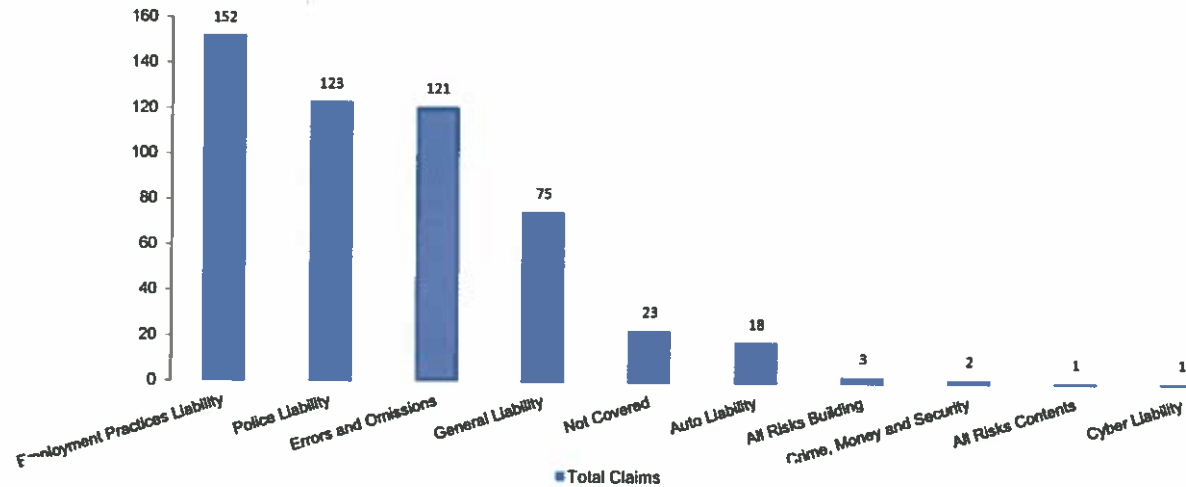
Coverage	Policy Year 07/01/12-13	Policy Year 07/01/13-14	Policy Year 07/01/14-15	Policy Year 07/01/15-16	Policy Year 07/01/16-17	Policy Year 07/01/17-18
All Risks Building	\$1,462,155	\$551,750	\$1,483,250	\$3,146,777	\$4,503,608	\$1,361,200
All Risks Contents	\$54,353	\$99,936	\$112,154	\$507,878	\$50,571	\$67,452
Auto Liability	\$246,108	\$287,112	\$646,424	\$609,092	\$321,861	\$237,963
Auto PD - Collision	\$196,707	\$83,502	\$126,774	\$314,466	\$348,697	\$152,921
Auto PD - Comprehensive	\$58,531	\$250,270	\$27,867	\$111,244	\$148,907	\$77,142
Boiler and Machinery	\$91,458	\$95,621	\$68,034	\$39,891	\$150,408	\$55,937
Crime, Money and Security	\$0	\$40,234	\$6,127	\$170,000	\$31,633	\$0
Cyber Liability	\$0	\$0	\$9,283	\$0	\$0	\$0
Employment Practices Liability	\$1,175,710	\$748,258	\$425,382	\$477,449	\$240,731	\$238,380
Errors and Omissions	\$400,725	\$576,778	\$209,891	\$473,533	\$461,316	\$148,000
General Liability	\$363,039	\$297,906	\$241,046	\$332,628	\$181,669	\$108,203
Not Covered	\$95,031	\$28,432	\$66,915	\$102,661	\$80,183	\$70,013
Police Liability	\$588,782	\$920,155	\$710,186	\$698,678	\$108,978	\$89,502





## Litigated Claims by Coverage for Policy Years 07/01/2012 - 02/28/2018

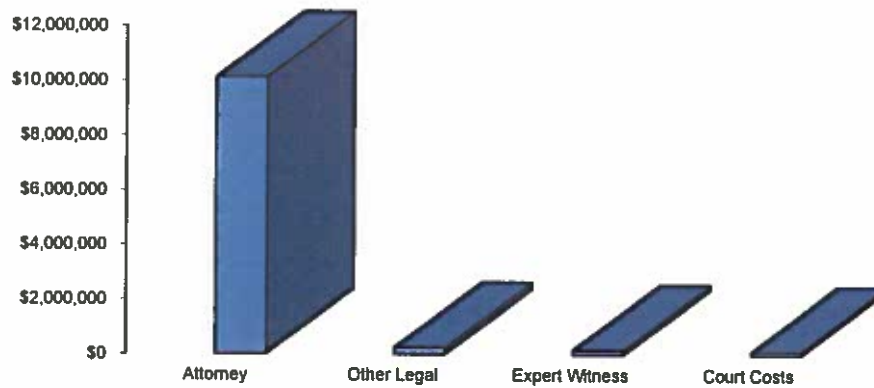
Litigated Claims by Coverage	
Coverage	Total Claims
Employment Practices Liability	152
Police Liability	123
Errors and Omissions	121
General Liability	75
Not Covered	23
Auto Liability	18
All Risks Building	3
Crime, Money and Security	2
All Risks Contents	1
Cyber Liability	1





## Legal Expenses Paid by Type for 07/01/2012 - 02/28/2018

Legal Expense Type	Legal Expenses paid by Type	
	Amount	
Attorney		\$10,182,917
Other Legal		\$264,050
Expert Witness		\$191,550
Court Costs		\$140,604
<b>Grand Total</b>		<b>\$10,779,120</b>



■ Amount ■

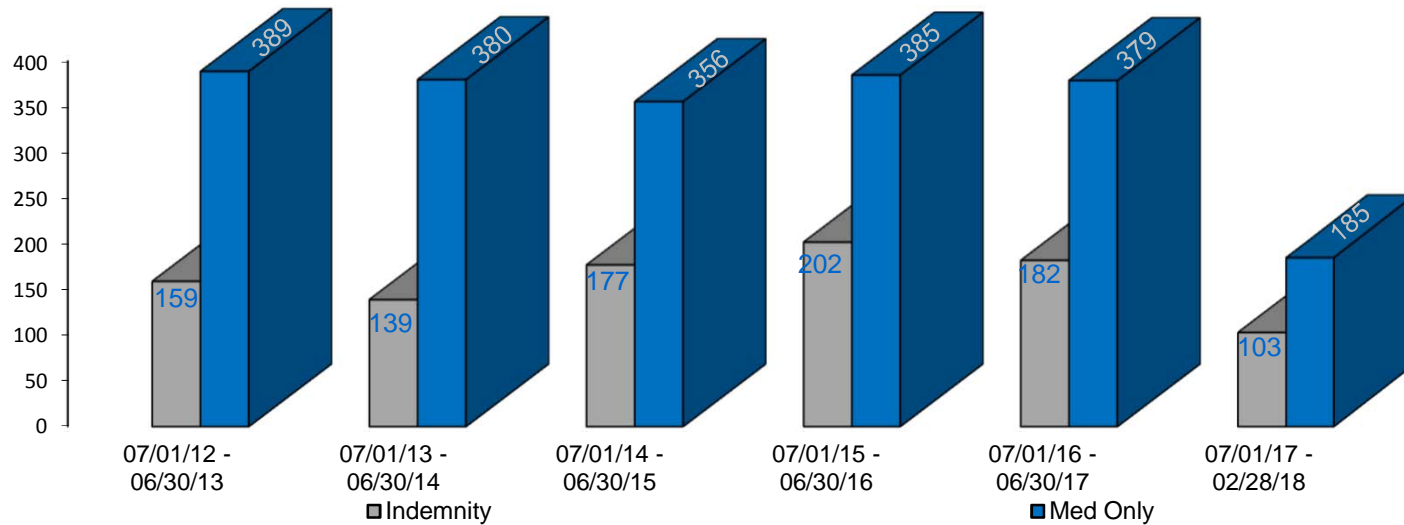


## **Worker's Compensation Report**



# Claim Frequency excluding Incidents 07/01/2012 - 02/28/2018

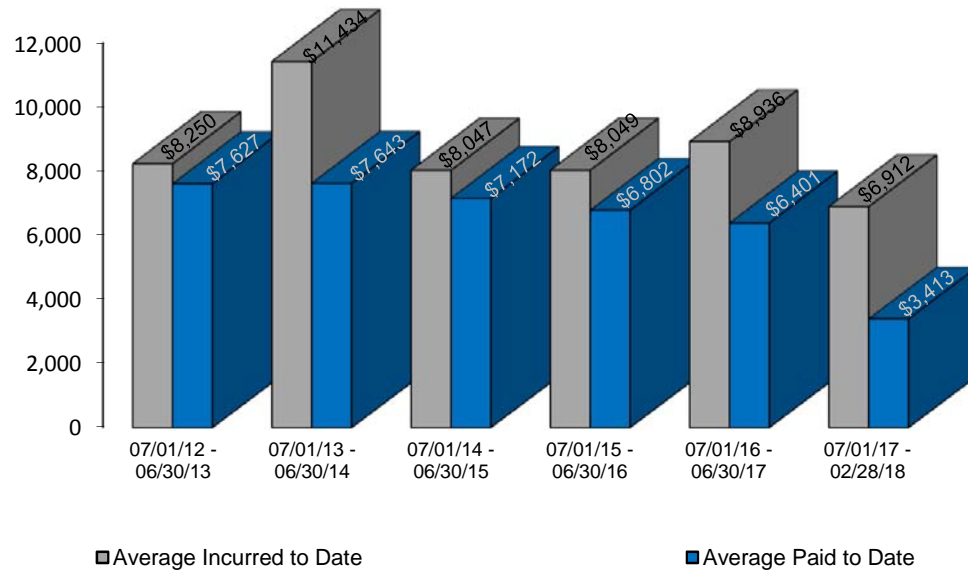
Policy Year	Indemnity		Medical Only		Total Claims
	Open	Closed	Open	Closed	
07/01/12 - 06/30/13	8	151		389	548
07/01/13 - 06/30/14	13	126		380	519
07/01/14 - 06/30/15	11	166		356	533
07/01/15 - 06/30/16	23	179		385	587
07/01/16 - 06/30/17	61	121	16	363	561
07/01/17 - 02/28/18	75	28	115	70	288
					<b>3,036</b>





## Average Incurred & Paid by Policy Year 07/01/2012 - 02/28/2018

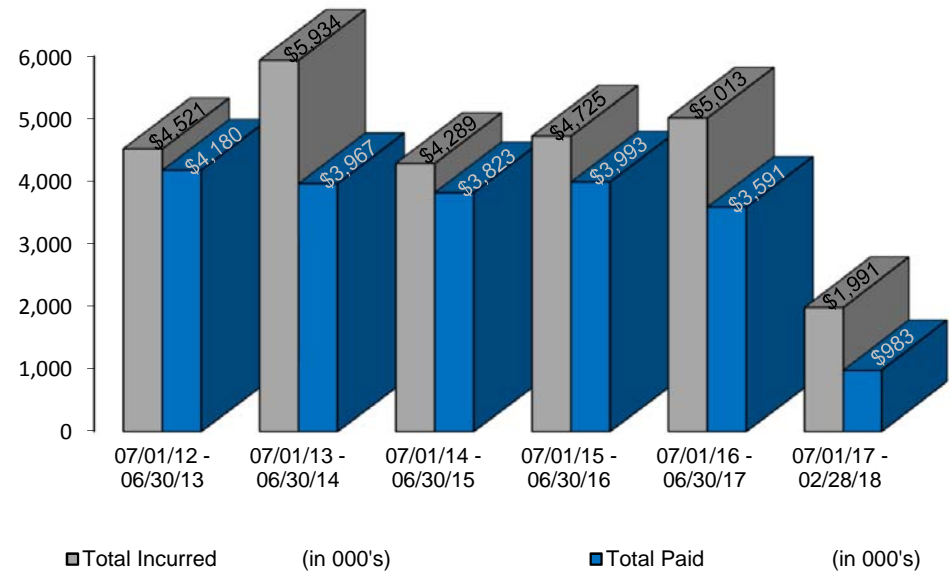
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/12 - 06/30/13	\$8,250	\$7,627
07/01/13 - 06/30/14	\$11,434	\$7,643
07/01/14 - 06/30/15	\$8,047	\$7,172
07/01/15 - 06/30/16	\$8,049	\$6,802
07/01/16 - 06/30/17	\$8,936	\$6,401
07/01/17 - 02/28/18	\$6,912	\$3,413





## Incurred vs Paid by Policy Year 07/01/2012 - 02/28/2018

Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/12 - 06/30/13	\$4,521	\$4,180
07/01/13 - 06/30/14	\$5,934	\$3,967
07/01/14 - 06/30/15	\$4,289	\$3,823
07/01/15 - 06/30/16	\$4,725	\$3,993
07/01/16 - 06/30/17	\$5,013	\$3,591
07/01/17 - 02/28/18	\$1,991	\$983





# Lag Time Average by Location 07/01/2012 - 02/28/2018

Location	Avg. Days
Winnemucca (City Of)	44
Carlin (City Of)	44
Eureka County School District	29
White Pine County Tourism & Recreation Board	25
Lander County	23
Eureka County	22
South Lyon Medical Center	22
Mesquite (City Of),Personnel Director	21
East Fork Swimming Pool District	21
Churchill County Communications	20
Lincoln County	20
Grover C. Dils Medical Center	19
Nevada Rural Housing Authority	19
Tahoe-Douglas Fpd	18
Pershing County Water Conservation Distr	18
Pahrump (Town Of)	17
North Lyon County Fire Protection District	17
Mason Valley Fpd	17
Wells (City Of)	17
Lincoln County School District	16
Douglas County	16
Incline Village General Improvement Dist	16
West Wendover (City Of)	15
Nye County	14
Humboldt General Hospital	14
Elko (City Of)	14
East Fork Fire & Paramedic District	13
White Pine County School District	13
Pershing County	13





# Lag Time Average by Location 07/01/2012 - 02/28/2018

Location	Avg. Days
Humboldt County	13
Lyon County	13
White Pine County Fp District	13
Central Lyon County Fpd	12
Mineral County School District	12
Fallon (City Of)	12
Esmeralda County	12
Pershing County School District	12
Esmeralda County School District	11
Battle Mountain General Hospital	11
Boulder City (City Of)	11
Elko County	11
Mineral County	11
Beatty Water & Sanitation District	11
Ely (City Of)	11
Douglas Co Sever Improvement District #1	11
Storey County	10
Caliente (City Of)	10
Churchill County	10
Genoa (Town Of)	10
Pershing General Hospital	10
White Pine County	9
Douglas County Mosquito Abatement Distri	9
North Lake Tahoe Fpd	9
Lander County School District	9
Minden (Town Of)	8
Truckee Meadows Fpd	7
Mount Grant General Hospital	7
Tonopah (Town Of)	7



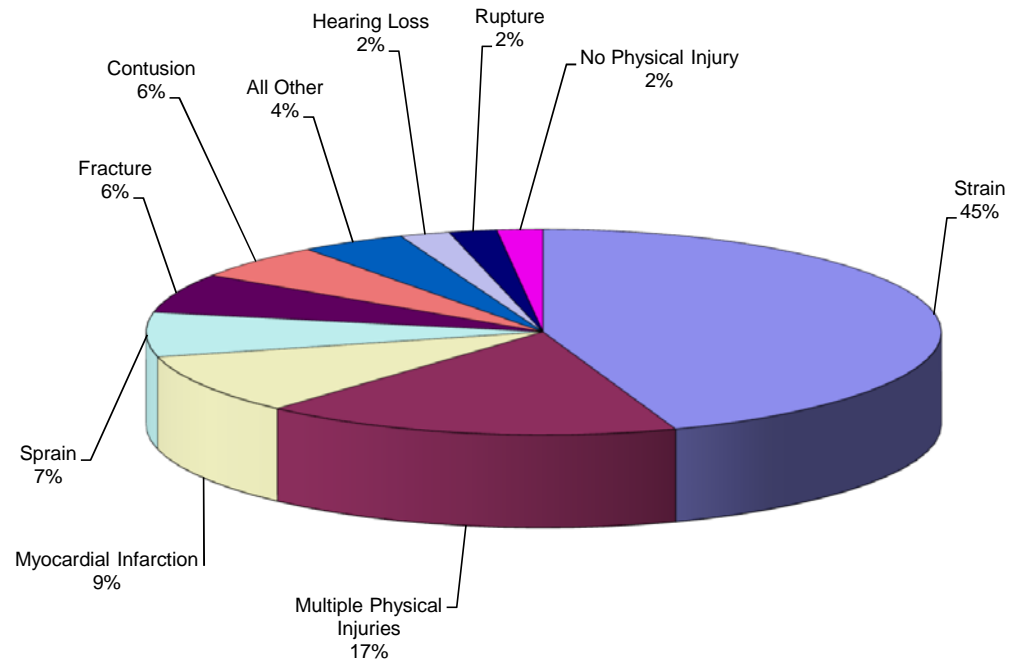
# Lag Time Average by Location 07/01/2012 - 02/28/2018

Location	Avg. Days
White Pine Historical Railroad Foundatio	6
Round Mountain (Town Of)	6
Indian Hills Gid	6
Virgin Valley Water District	6
Churchill County Mosquito & Weed Abatement Distric	6
Fernley (City Of)	6
Yerington (City Of)	5
Southern Nevada Health District	5
Rtc Washoe County	5
Lovelock (City Of)	5
Boulder City Hospital	4
Gardnerville (Town Of)	3
Smith Valley Fpd	3
Canyon Gid	2
Minden Garnerville Sanitation District	2
Fernley Swimming Pool District	1
Nevada-Tahoe Conservation District	1



## Top Ten Nature of Injury 07/01/2012 - 02/28/2018

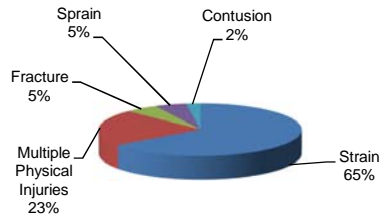
Nature of Injury	# of Claims	Total Incurred
Strain	865	\$ 10,669,190
Multiple Physical Injuries	280	\$ 4,079,453
Myocardial Infarction	9	\$ 2,257,744
Sprain	269	\$ 1,669,552
Fracture	93	\$ 1,491,639
Contusion	344	\$ 1,335,668
All Other	175	\$ 1,023,597
Hearing Loss	20	\$ 487,024
Rupture	9	\$ 466,346
No Physical Injury	34	\$ 447,050



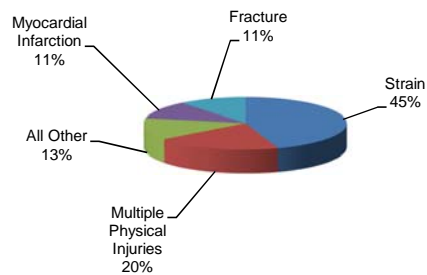


# Nature of Injury Trends for 07/01/2012 - 02/28/2018

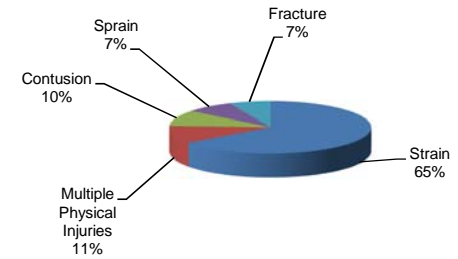
2012 Top 5 Nature



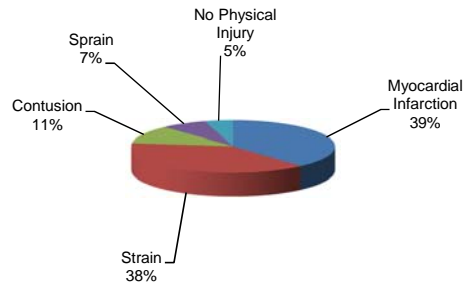
2014 Top 5 Nature



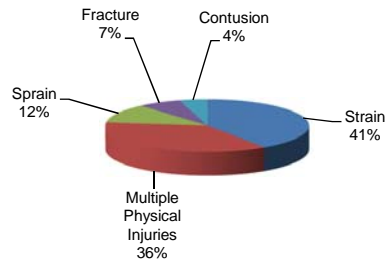
2016 Top 5 Nature



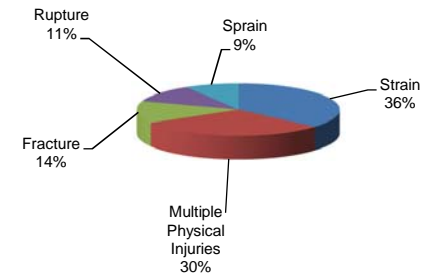
2013 Top 5 Nature



2015 Top 5 Nature



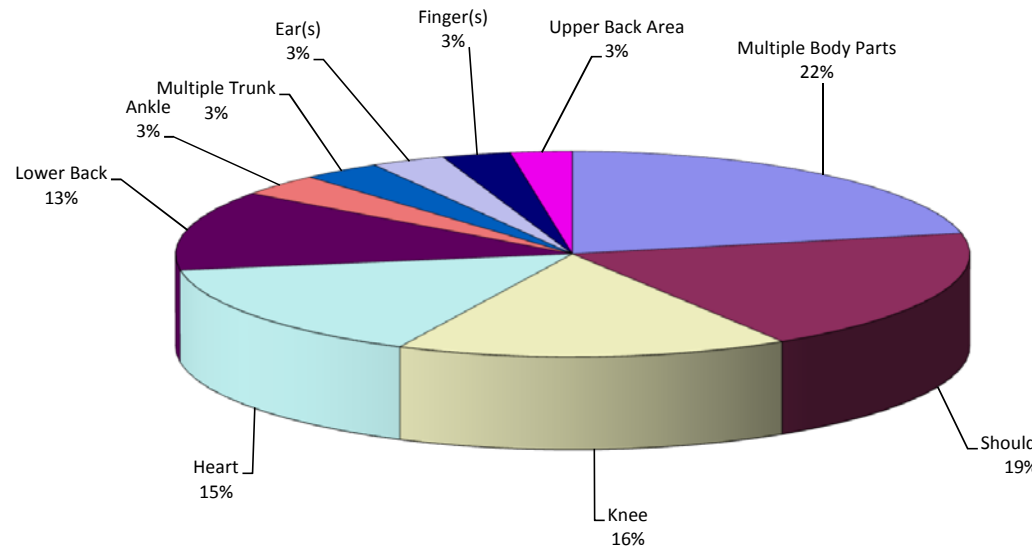
2017 Top 5 Nature





# Top Ten Part of Body 07/01/2012 - 02/28/2018

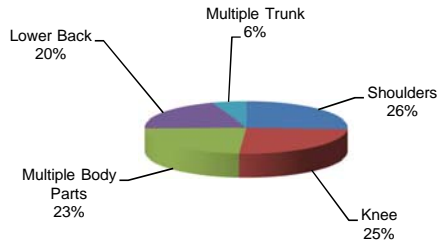
Part of Body	# of Claims	Total Incurred
Multiple Body Parts	332	\$ 4,587,844
Shoulders	198	\$ 4,077,010
Knee	291	\$ 3,363,756
Heart	46	\$ 3,230,238
Lower Back	255	\$ 2,639,730
Ankle	109	\$ 722,972
Multiple Trunk	24	\$ 676,647
Ear(s)	33	\$ 637,117
Finger(s)	229	\$ 586,792
Upper Back Area	41	\$ 529,936



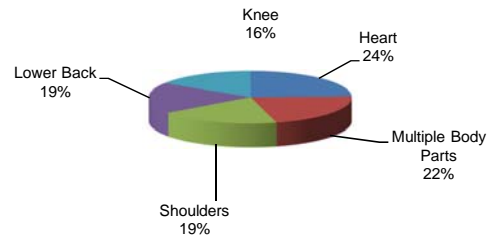


# Body Part Trends for 07/01/2012 - 02/28/2018

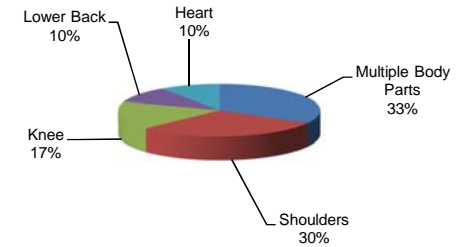
2012 Top 5 Body Part



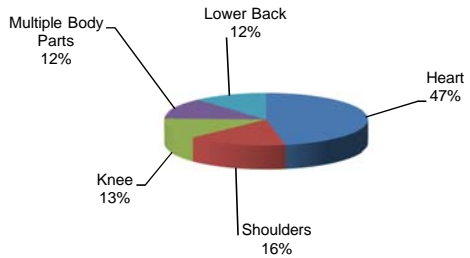
2014 Top 5 Body Part



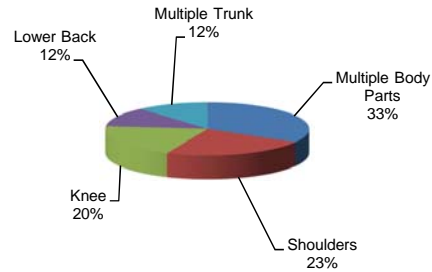
2016 Top 5 Body Part



2013 Top 5 Body Part



2015 Top 5 Body Part



2017 Top 5 Body Part

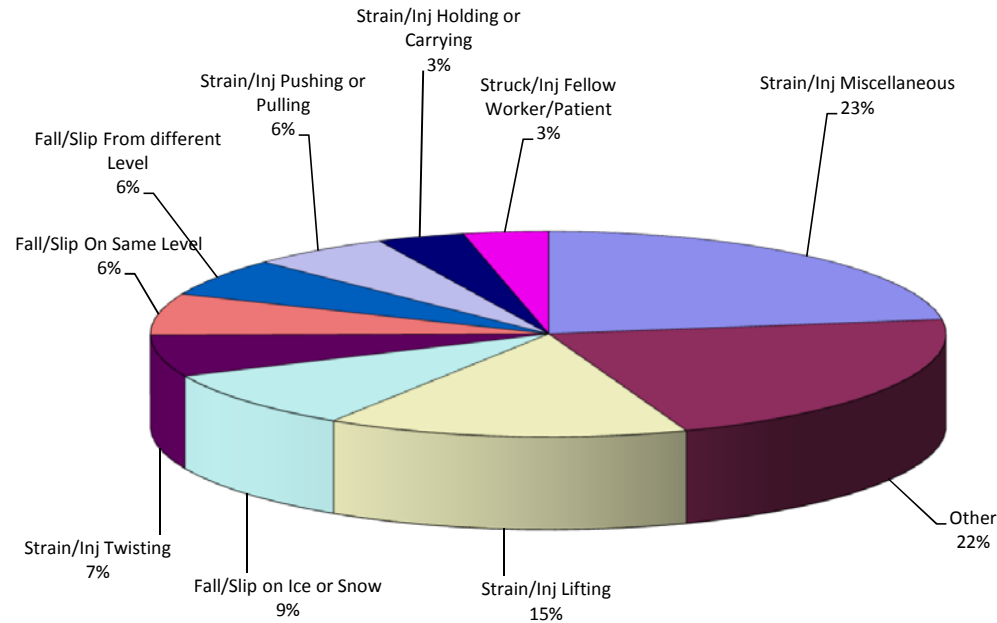




# Top Ten Cause of Injury

07/01/2012 - 02/28/2018

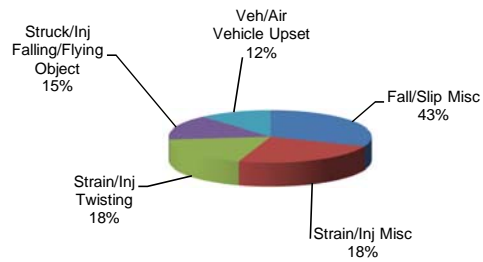
Cause of Injury	# of Claims	Total Incurred
Strain/Inj Miscellaneous	393	\$ 4,335,166
Other	196	\$ 4,125,264
Strain/Inj Lifting	245	\$ 2,793,725
Fall/Slip on Ice or Snow	108	\$ 1,755,935
Strain/Inj Twisting	131	\$ 1,249,770
Fall/Slip On Same Level	160	\$ 1,242,011
Fall/Slip From different Level	59	\$ 1,139,557
Strain/Inj Pushing or Pulling	69	\$ 1,080,904
Strain/Inj Holding or Carrying	49	\$ 675,436
Struck/Inj Fellow Worker/Patient	47	\$ 659,063



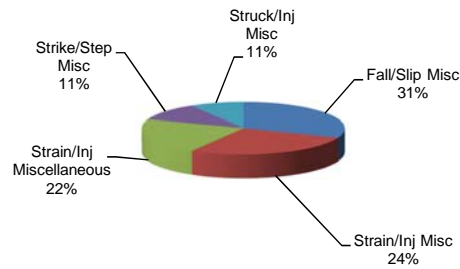


## Cause of Injury Trends for 07/01/2012 - 02/28/2018

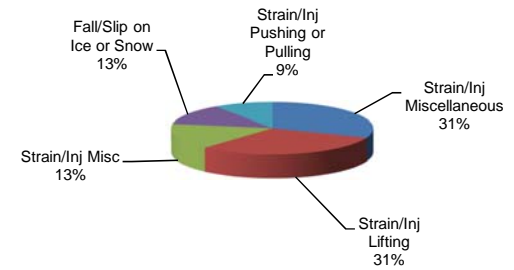
2012 Top 5 Cause of Injury



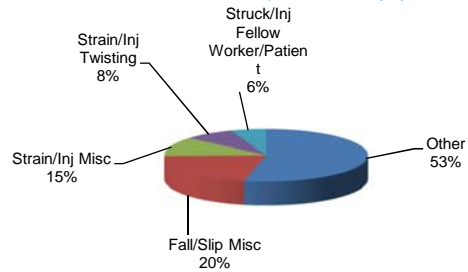
2014 Top 5 Cause of Injury



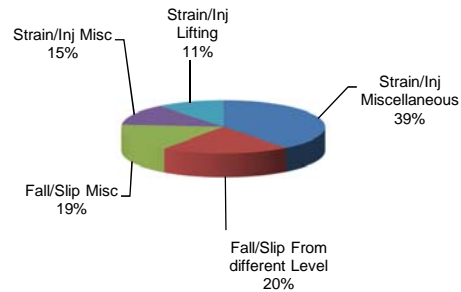
2016 Top 5 Cause of Injury



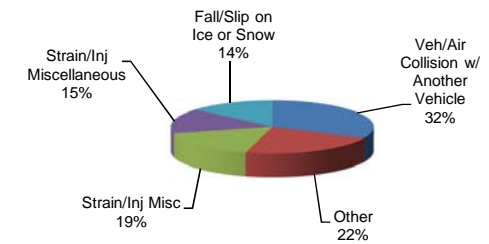
2013 Top 5 Cause of Injury



2015 Top 5 Cause of Injury



2017 Top 5 Cause of Injury







# Historical Data Excluding Incidents 07/01/2012 - 02/28/2018

## Nbr of Claims

	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 - 06/30/17	07/01/17 - 02/28/18
Indemnity	159	139	177	202	182	103
Med Only	389	380	356	385	379	185
<b>Total</b>	<b>548</b>	<b>519</b>	<b>533</b>	<b>587</b>	<b>561</b>	<b>288</b>

## Total Incurred

	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 - 06/30/17	07/01/17 - 02/28/18
Indemnity	\$4,278,083	\$5,594,940	\$4,069,524	\$4,444,324	\$4,569,812	\$1,733,988
Med Only	\$242,799	\$339,471	\$219,679	\$280,296	\$443,206	\$256,698
<b>Total</b>	<b>\$4,520,882</b>	<b>\$5,934,411</b>	<b>\$4,289,203</b>	<b>\$4,724,620</b>	<b>\$5,013,018</b>	<b>\$1,990,686</b>

## Total Paid

	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 - 06/30/17	07/01/17 - 02/28/18
Indemnity	\$3,936,995	\$3,627,176	\$3,603,241	\$3,712,693	\$3,199,872	\$840,516
Med Only	\$242,799	\$339,471	\$219,679	\$280,296	\$391,280	\$142,326
<b>Total</b>	<b>\$4,179,794</b>	<b>\$3,966,647</b>	<b>\$3,822,920</b>	<b>\$3,992,989</b>	<b>\$3,591,152</b>	<b>\$982,842</b>

## Average Incurred

	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 - 06/30/17	07/01/17 - 02/28/18
Indemnity	\$26,906	\$40,251	\$22,992	\$22,002	\$25,109	\$16,835
Med Only	\$624	\$893	\$617	\$728	\$1,169	\$1,388
<b>Average Incurred</b>	<b>\$8,250</b>	<b>\$11,434</b>	<b>\$8,047</b>	<b>\$8,049</b>	<b>\$8,936</b>	<b>\$6,912</b>

## Open Claims

	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 - 06/30/17	07/01/17 - 02/28/18
Indemnity	8	13	11	23	61	75
Med Only	0	0	0	0	16	115
<b>Total</b>	<b>8</b>	<b>13</b>	<b>11</b>	<b>23</b>	<b>77</b>	<b>190</b>



## Summary by Location

07/01/2012 - 02/28/2018

Location	# of Claims	# Open Claims	Total Incurred
Nye County	310	57	\$3,390,799
Douglas County	231	13	\$2,181,741
Central Lyon County Fpd	39	5	\$2,156,168
Truckee Meadows Fpd	116	17	\$1,828,632
East Fork Fire & Paramedic District	90	12	\$1,219,367
North Lake Tahoe Fpd	153	11	\$1,032,725
Storey County	61	7	\$1,004,849
Lyon County	147	12	\$1,001,623
Incline Village General Improvement Dist	111	21	\$897,597
Boulder City (City Of)	86	5	\$859,742
Mineral County	77	3	\$854,798
Elko County	126	18	\$789,273
Elko (City Of)	110	15	\$709,704
White Pine County	74	3	\$659,016
Tahoe-Douglas Fpd	67	8	\$658,782
Ely (City Of)	25	5	\$642,096
Humboldt General Hospital	92	9	\$578,361
Pahrump (Town Of)	59	7	\$555,932
Eureka County	33	0	\$498,862
Lander County	55	4	\$447,771
Humboldt County	60	7	\$398,783
Churchill County	63	7	\$338,467
West Wendover (City Of)	26	3	\$299,927
Winnemucca (City Of)	39	2	\$298,469
Pershing County	30	2	\$252,403
Mesquite (City Of),Personnel Director	42	0	\$240,201
Mount Grant General Hospital	61	6	\$187,119
Esmeralda County	15	3	\$166,840
Esmeralda County School District	6	1	\$159,744
Pershing County Water Conservation Distr	8	0	\$159,433
Yerington (City Of)	26	2	\$138,425



## Summary by Location

07/01/2012 - 02/28/2018

Location	# of Claims	# Open Claims	Total Incurred
Lander County School District	16	3	\$120,329
Pershing General Hospital	48	7	\$119,987
White Pine County School District	42	4	\$119,177
Battle Mountain General Hospital	51	6	\$118,866
Lincoln County School District	21	3	\$110,455
Mineral County School District	31	4	\$103,780
South Lyon Medical Center	14	1	\$103,197
Carlin (City Of)	23	1	\$101,915
Boulder City Hospital	13	0	\$87,022
Fallon (City Of)	33	0	\$74,066
Grover C. Dils Medical Center	30	10	\$72,957
Lincoln County	20	1	\$66,153
Southern Nevada Health District	29	5	\$60,610
Gardnerville (Town Of)	5	1	\$59,820
White Pine Historical Railroad Foundatio	11	1	\$56,844
Eureka County School District	9	0	\$53,460
North Lyon County Fire Protection District	13	0	\$51,596
Pershing County School District	23	1	\$37,987
East Fork Swimming Pool District	29	1	\$37,382
Mason Valley Fpd	12	0	\$37,082
Virgin Valley Water District	3	0	\$36,938
Wells (City Of)	9	1	\$34,103
Churchill County Communications	12	1	\$29,263
Lovelock (City Of)	15	2	\$25,770
Tonopah (Town Of)	7	1	\$20,567
Fernley (City Of)	26	2	\$19,149
White Pine County Fp District	10	0	\$17,949
Nevada Rural Housing Authority	4	1	\$17,371
Minden (Town Of)	13	0	\$16,828
Caliente (City Of)	8	0	\$16,785
White Pine County Tourism & Recreation Board	1	0	\$11,988



## Summary by Location

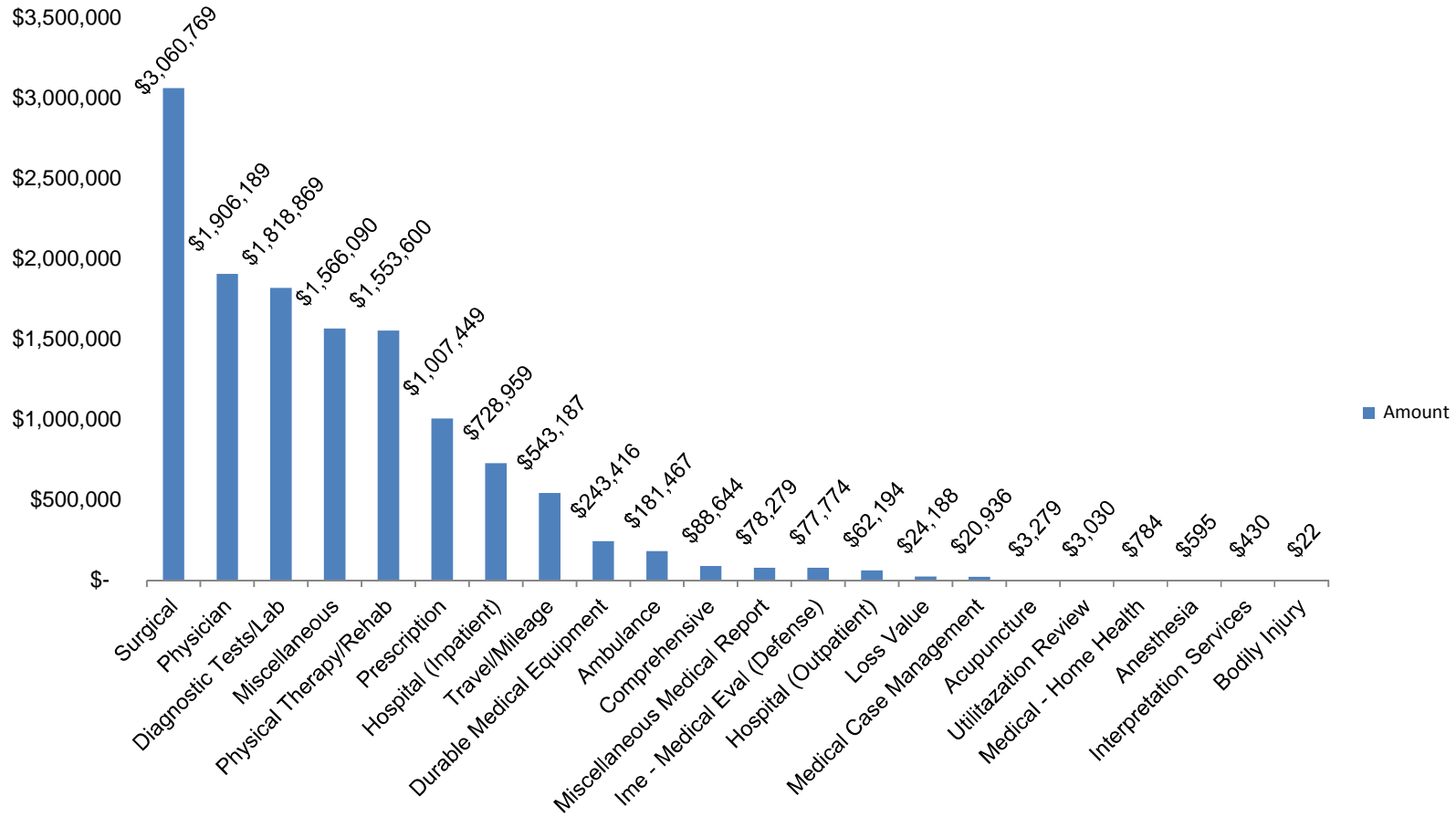
07/01/2012 - 02/28/2018

Location	# of Claims	# Open Claims	Total Incurred
Beatty Water & Sanitation District	2	0	\$10,765
Churchill County Mosquito & Weed Abatement Distric	1	0	\$2,886
Genoa (Town Of)	1	0	\$2,814
Canyon Gid	2	0	\$2,378
Smith Valley Fpd	1	0	\$1,501
Fernley Swimming Pool District	2	0	\$1,422
Rtc Washoe County	1	0	\$1,021
Indian Hills Gid	1	0	\$617
Douglas County Mosquito Abatement Distri	1	0	\$610
Douglas Co Sever Improvement District #1	2	0	\$608
Minden Garnerville Sanitation District	1	0	\$519
Nevada-Tahoe Conservation District	1	0	\$484
Round Mountain (Town Of)	1	0	\$150
<b>Total</b>	<b>3036</b>	<b>322</b>	<b>\$26,472,820</b>



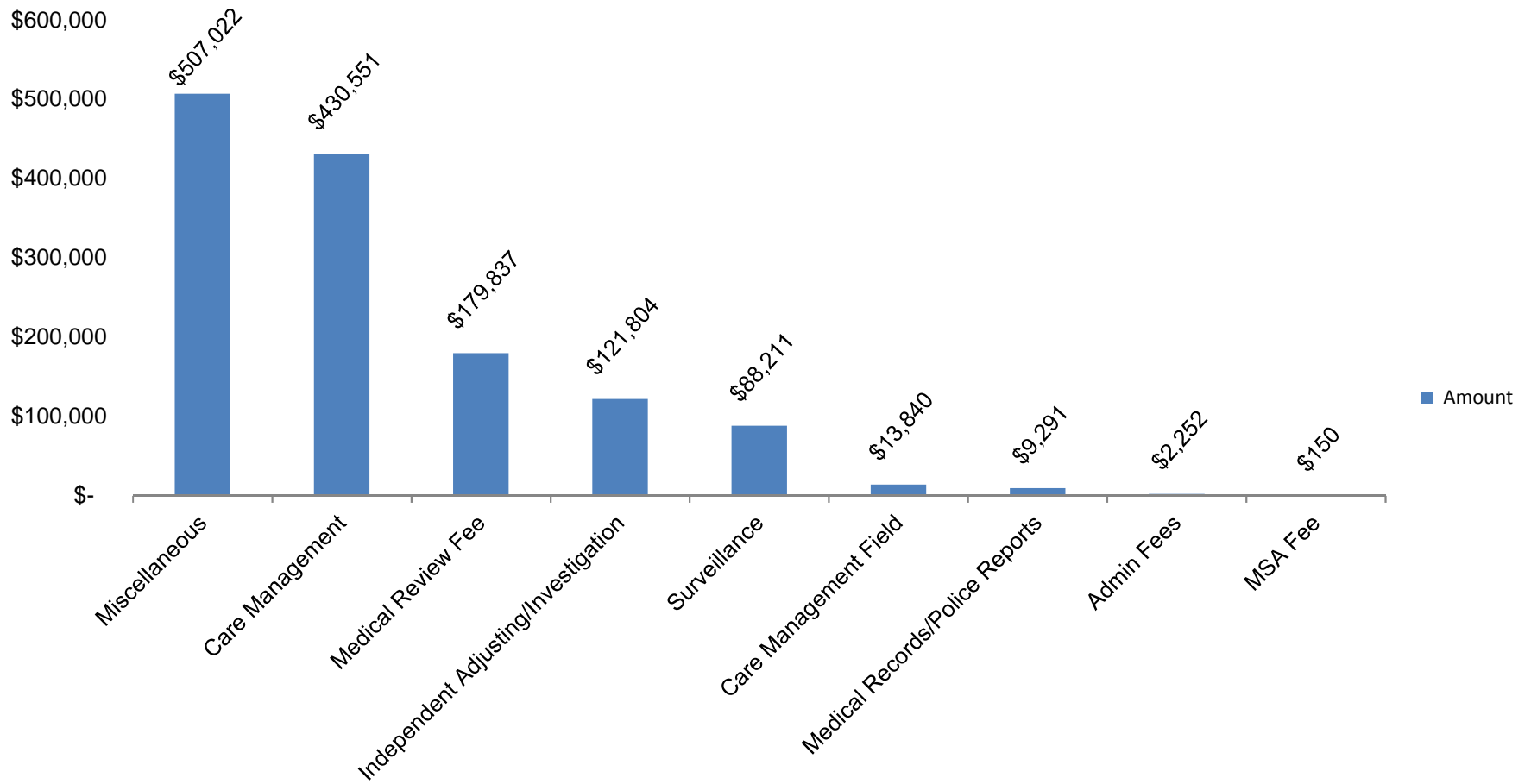
# Medical Payments by Type

## 07/1/2012 - 02/28/2018



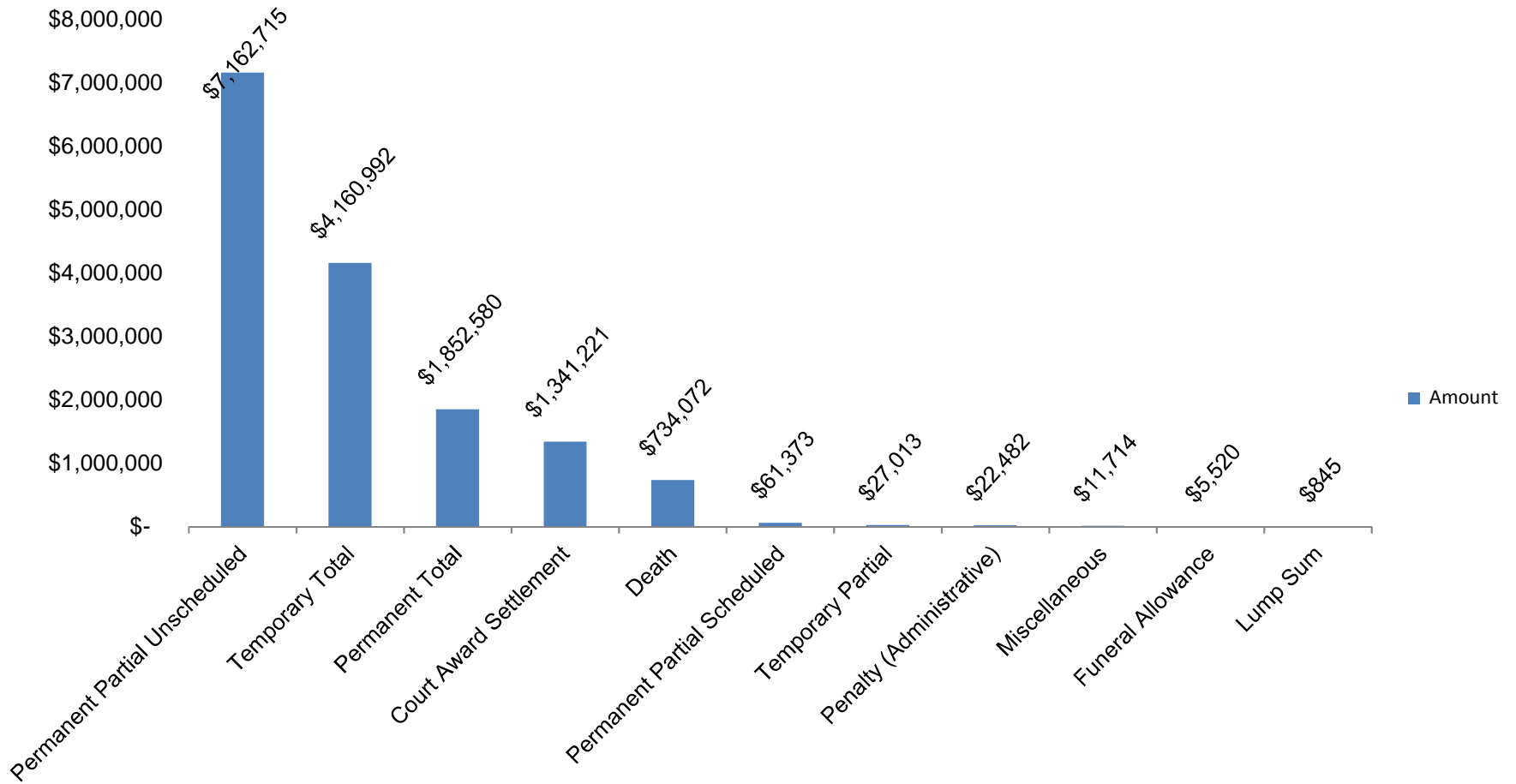


## Expense Payments by Type 07/01/2012 - 02/28/2018



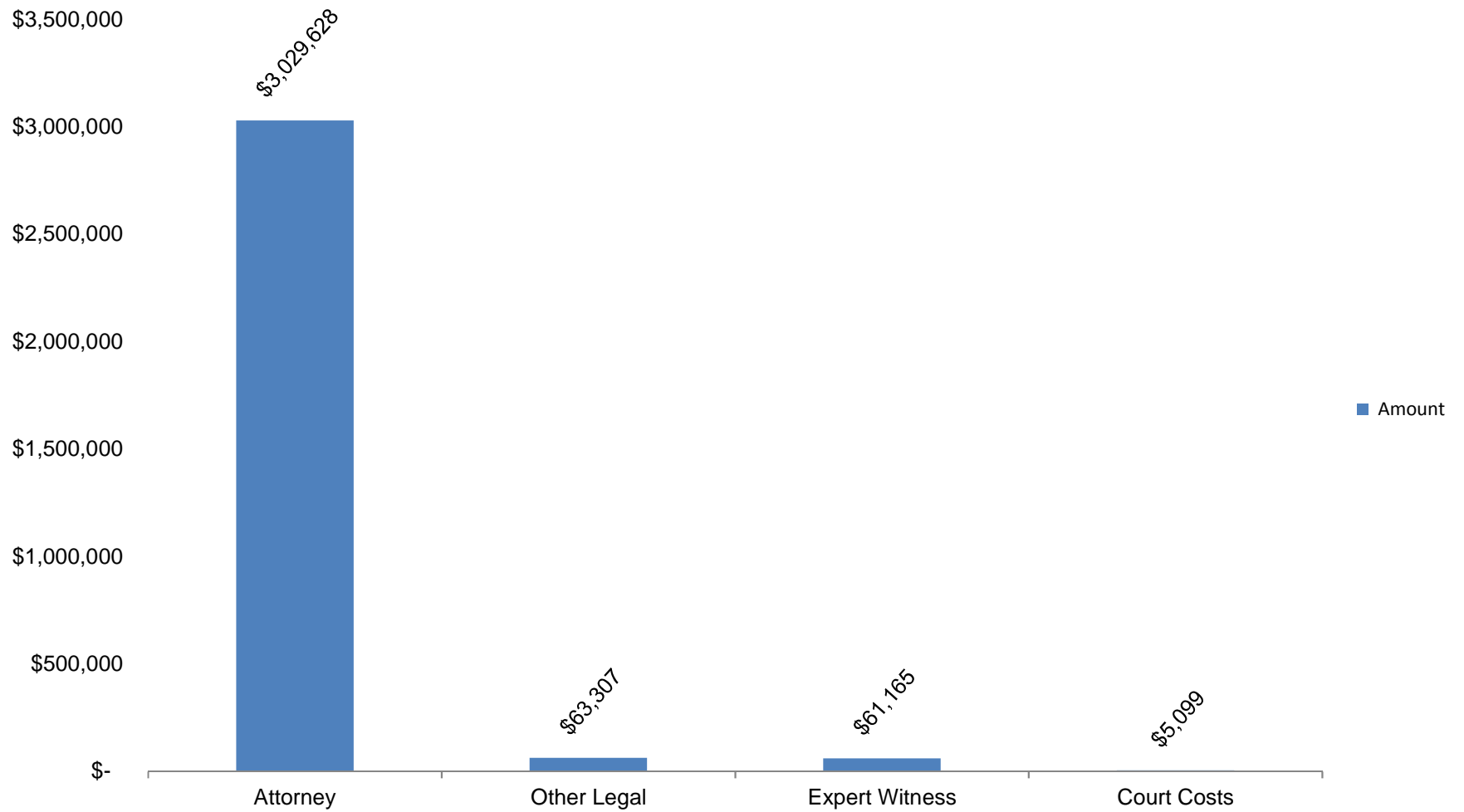


# Indemnity Payments by Type 07/01/2012 - 02/28/2018





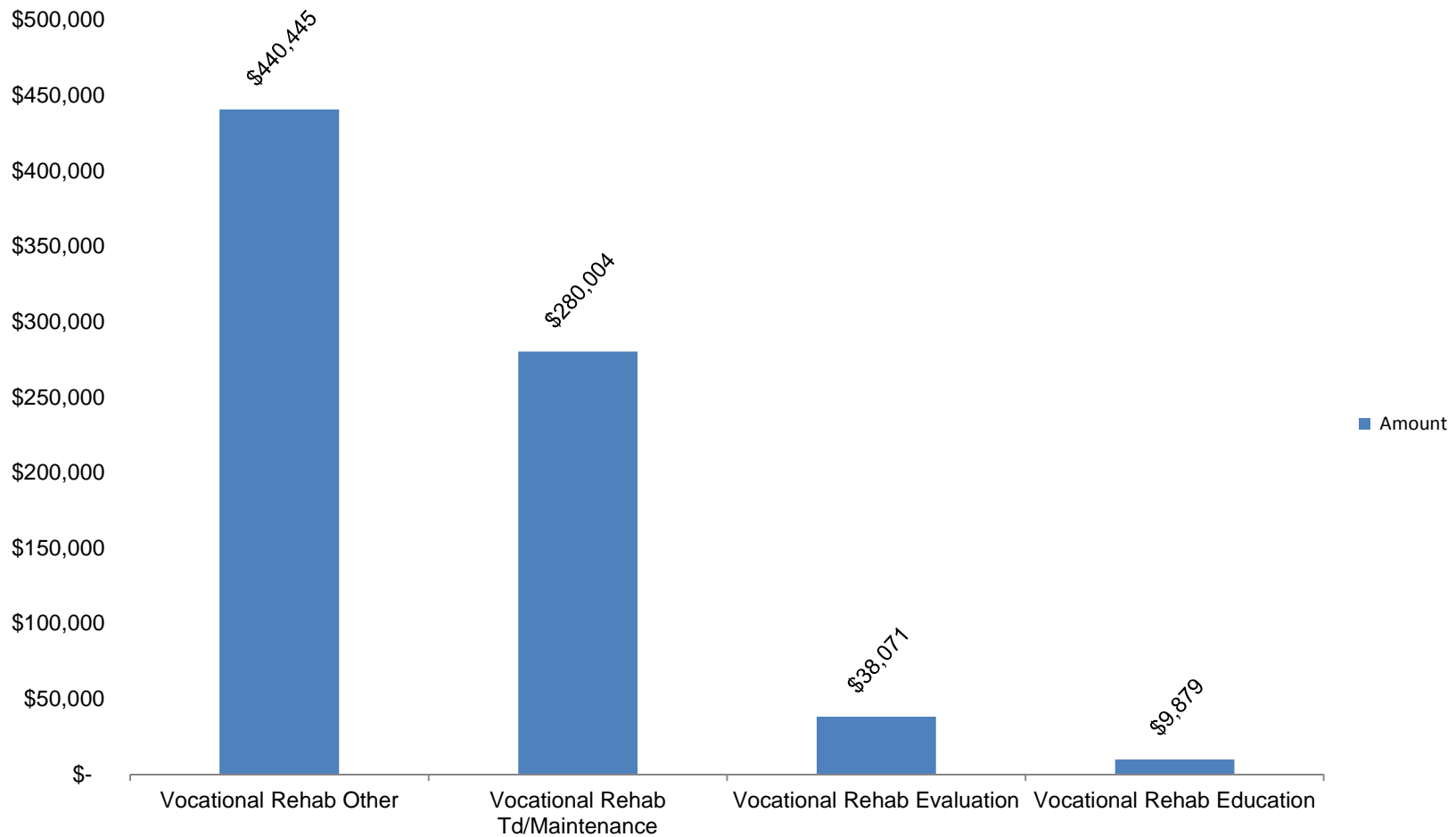
## Legal Payments by Type 07/01/2012 - 02/28/2018







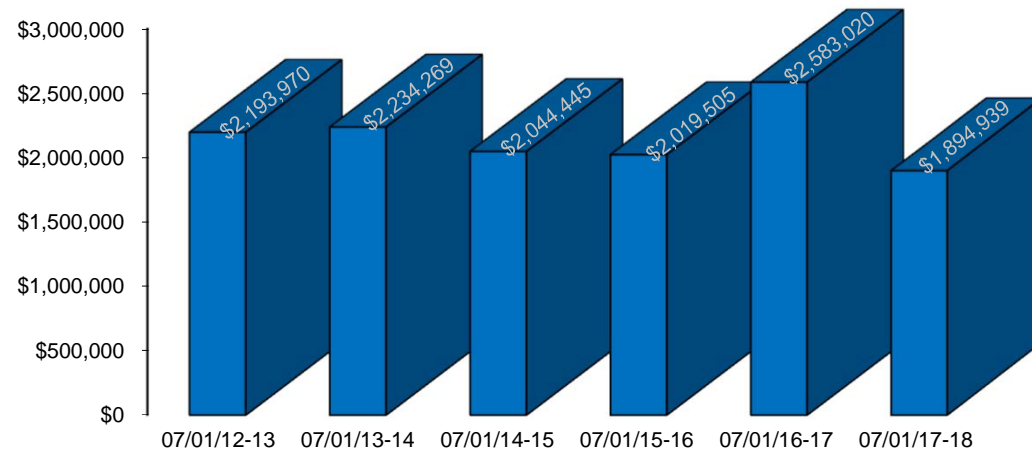
## Voc Rehab Payments by Type 07/01/2012 - 02/28/2018





# Medical Payment Trends 07/01/2012 - 02/28/2018

Policy Year	Medical Payments
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	\$2,583,020
07/01/17-18	\$1,894,939
<b>Total</b>	<b>\$12,970,148</b>

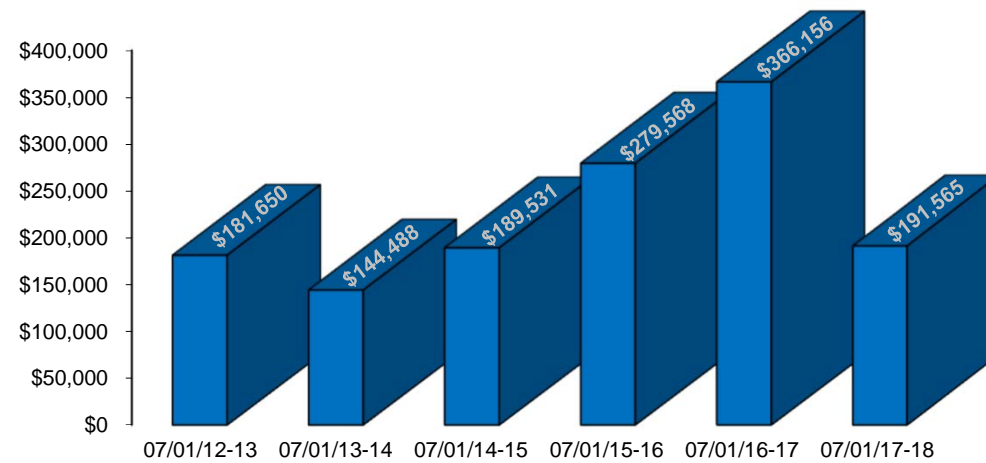


■ Medical Payments



## Expense Payment Trends 07/01/2012 - 02/28/2018

Policy Year	Expense Payments
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	\$366,156
07/01/17-18	\$191,565
<b>Total</b>	<b>\$1,352,958</b>

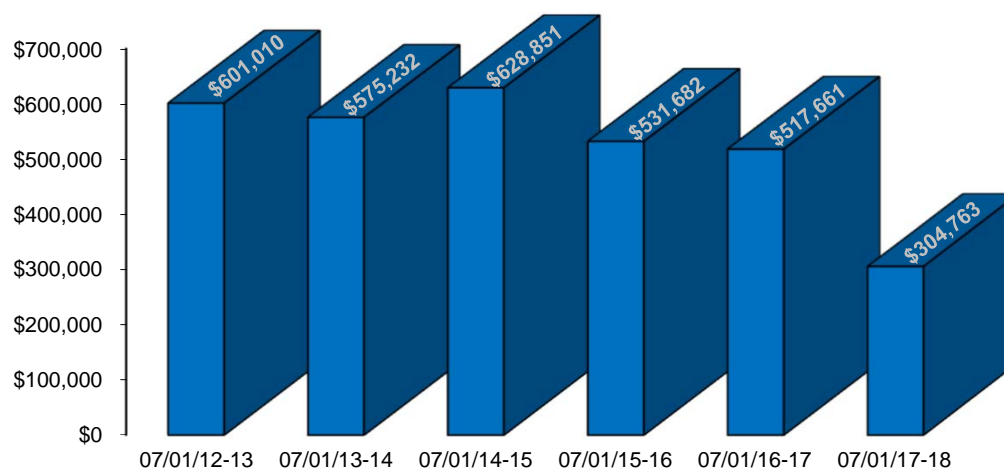


■ Expense Payments



## Legal Payment Trends 07/01/2012 - 02/28/2018

Policy Year	Legal Payments
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	\$517,661
07/01/17-18	\$304,763
<b>Total</b>	<b>\$3,159,199</b>

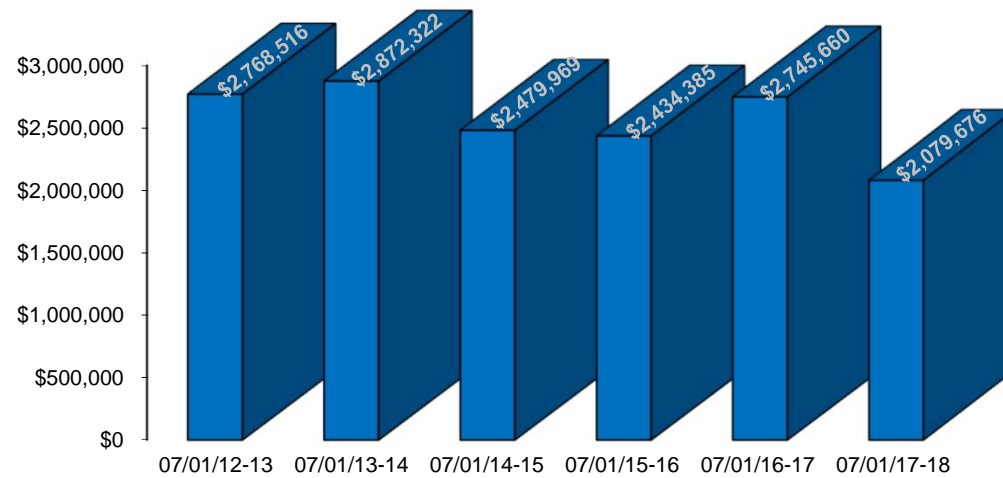


■ Legal Payments



# Indemnity Payment Trends 07/01/2012 - 02/28/2018

Policy Year	Indemnity Payments
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	\$2,745,660
07/01/17-18	\$2,079,676
<b>Total</b>	<b>\$15,380,528</b>

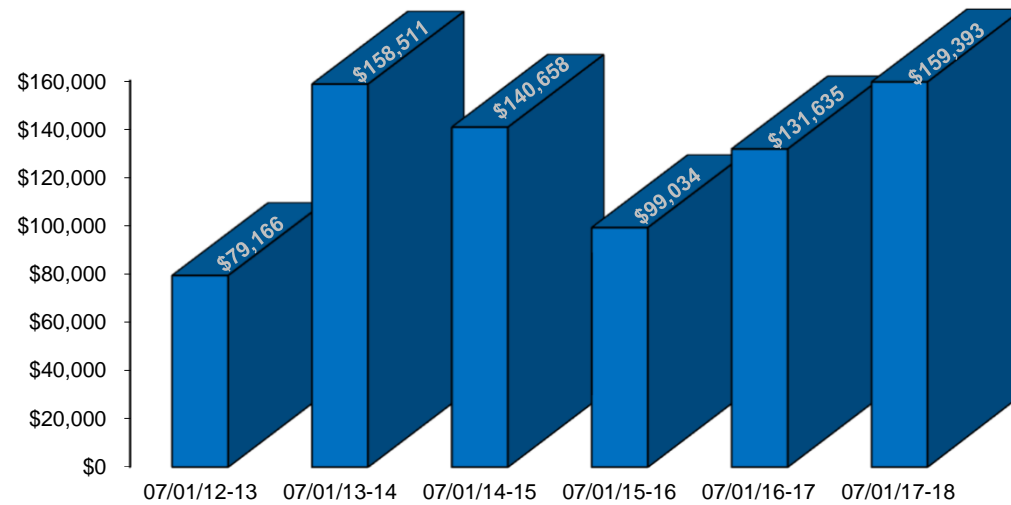


■ Indemnity Payments



## Voc Rehab Payment Trends 07/01/2012 - 02/28/2018

Policy Year	Voc Rehab Payments
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	\$131,635
07/01/17-18	\$159,393
<b>Total</b>	<b>\$768,398</b>



■ Voc Rehab Payments



# POOLPACT HR 2017/2018 ACCOMPLISHMENTS

## TRAINING DEVELOPMENT:

- Essential Management Skills in the Public Sector Certificate Program was completely redesigned and redeveloped (4 full-day sessions)
- 23 classes have been, or are being, updated/revised
- Workplace Violence elearning class has been redesigned and is in development
- 7 new HR Briefings developed; 33 being updated

## TRAINING CONDUCTED:

- Instructor-led Training Sessions: 187 with 4,926 participants to date, including:
  - Regional Trainings
    - EMS (4-day class): 4 times to date (2 additional sessions scheduled)
    - AEMS (2-day class): 2 times to date (2 additional sessions scheduled)
    - HRR (5-day class): 1 time
    - AHRR (2-day class): 1 time
    - Workplace Mediation (1.5-day class): 1 time
  - FRISK: presented to 17 entities to date with 245 participants (4 more entities tentative)
  - EAP Webinars: 3 to date (1 more scheduled)
  - Regional Training Workshops Utilizing Outside Resources:
    - Negotiations/FLSA Training by Charlie Cockerill and Jordon Walsh: 4 times
    - Boundary Training by Ann Alexander and Becky Bruch: 2 times
- HR Briefings: 7 with 231 participants to date

**ALERTS:** 6 issued to date

## HR ASSESSMENTS:

- PHASE I: 6 in process, 4 tentative
- PHASE II: 4 in process, 1 tentative

**ANNUAL HR SEMINAR:** held on September 28 -29, 2017 at the Atlantis Casino Resort Spa, Reno: 69 participants



# POOL/PACT HR MEMBER USAGE BY ENTITY TYPE REPORT

Entity Type	Total # entities	Total # employees	Policies last updated (average year)	% with policies	% using PRI policies	HR Assessment I Completed or In Process	HR Assessment II Completed or In Process	FRISK (% adopted)	Instructor-Led Harassment/Misconduct (# attended)	Instructor-Led Drug/Alcohol (# attended)	Essential Management Skills Certificate Program (# graduates)	HR Representative Certificate Program (# graduates)
<b>Cities</b>	11	630	2014	100%	100%	91%	36%	55%	323	142	155	29
<b>Towns</b>	6	128	2013	100%	50%	33%	33%	17%	66	66	18	6
<b>Counties</b>	14	2,766	2013	100%	71%	86%	29%	57%	913	610	539	62
<b>School Districts</b>	15	5,779	2014	100%	13%	67%	7%	87%	556	242	185	35
<b>Hospitals</b>	6	1,054	2013	100%	50%	67%	17%	0%	118	124	91	10
<b>Fire Districts</b>	11	293	2010	55%	50%	36%	9%	9%	103	74	40	10
<b>General Improvement Districts</b>	18	326	2012	44%	75%	33%	28%	0%	43	55	69	12
<b>Water &amp; Sewer Districts</b>	15	86	2011	47%	33%	33%	7%	0%	31	9	17	11
<b>All Others</b>	30	428	2011	67%	55%	23%	7%	10%	200	94	67	15
<b>TOTALS</b>	<b>126</b>	<b>11,490</b>		<b>74%</b>	<b>55%</b>	<b>47%</b>	<b>17%</b>	<b>25%</b>	<b>2,353</b>	<b>1,416</b>	<b>1,181</b>	<b>190</b>



**POOLING RESOURCES INC (a non-profit corporation)**  
**FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**BERTRAND & ASSOCIATES, LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Members American Institute of Certified Public Accountants

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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, 2017 and 2016, and the related statements of activities and changes in net assets, statement of functional expenses, and statement of 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, 2017 and 2016, 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, 2017

**POOLING RESOURCES INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Current assets:		
Cash and cash equivalents	\$ 481,062	\$ 198,204
Investments	812,338	1,216,029
Accrued interest income	2,572	2,503
Grant receivable	97,000	-
Contract receivable	5,000	2,500
Total current assets	<u>1,397,972</u>	<u>1,419,236</u>
Other assets:		
Prepaid expenses	15,389	20,245
Other assets	-	1,534
Total other assets	<u>15,389</u>	<u>21,779</u>
<b>Total assets</b>	<b><u>1,413,361</u></b>	<b><u>1,441,015</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	17,485	9,911
Accrued payroll	20,583	26,003
Compensated absences	38,203	31,111
Total current liabilities	<u>76,271</u>	<u>67,025</u>
Net assets: temporarily restricted	<u>1,337,090</u>	<u>1,373,990</u>
Total net assets	1,337,090	1,373,990
<b>Total liabilities &amp; net assets</b>	<b><u>\$ 1,413,361</u></b>	<b><u>\$ 1,441,015</u></b>

**POOLING RESOURCES INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the years ended June 30, 2017 and 2016**

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<b>REVENUES</b>	<b>2017</b>	<b>2016</b>
Grant income	\$ 1,164,000	\$ 1,130,000
Contract revenues	30,335	35,625
Total revenues	<u>1,194,335</u>	<u>1,165,625</u>
 <b>EXPENDITURES</b>		
Program activities:		
Salaries and payroll taxes	725,005	683,014
Retirement	98,757	81,239
Health insurance costs	83,242	74,592
Member education services	31,797	66,429
Professional development	9,342	5,386
Travel	50,432	51,723
Total program activities	<u>998,575</u>	<u>962,383</u>
General activities:		
Casualty insurance	9,573	9,369
Dues and subscriptions	6,713	6,052
Legal and professional	7,970	17,528
Management Services	46,350	45,000
Office supplies	10,842	8,793
Rent	91,092	91,092
Telephone	22,807	17,953
Other operating expenses	27,773	22,504
Total supporting activities	<u>223,120</u>	<u>218,291</u>
Total expenses	<u>1,221,695</u>	<u>1,180,674</u>
 <b>Increase in operating net assets - temporarily restricted</b>	 (27,360)	 (15,049)
 Increase in non-operating net investment income	 (9,540)	 465
 <b>Change in net assets - temporarily restricted</b>	 <u><b>(36,900)</b></u>	 <u><b>(14,584)</b></u>
 Net assets at beginning of year	 <u>1,373,990</u>	 <u>1,388,574</u>
<b>Net assets at end of year - temporarily restricted</b>	<u><b>\$ 1,337,090</b></u>	<u><b>\$ 1,373,990</b></u>

See notes to financial statements

**POOLING RESOURCES INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the years ended June 30, 2017 and 2016**

	2017			2016		
	Program	General	Total	Program	General	Total
Salaries & related expenses	\$ 548,480	\$ 176,525	\$ 725,005	\$ 683,014	\$ -	\$ 683,014
Pension plan contributions	79,006	19,751	98,757	81,239	-	81,239
Health insurance	66,594	16,648	83,242	74,592	-	74,592
Member education services	31,797	-	31,797	66,429	-	66,429
Professional development	9,342	-	9,342	5,386	-	5,386
Travel	50,432	-	50,432	51,723	-	51,723
Casualty insurance	-	9,573	9,573	-	9,369	9,369
Dues & subscriptions	-	6,713	6,713	-	6,052	6,052
Legal & professional	2,220	5,750	7,970	-	17,528	17,528
Management services	-	46,350	46,350	-	45,000	45,000
Office supplies	-	10,842	10,842	-	8,793	8,793
Rent	-	91,092	91,092	-	91,092	91,092
Telephone	-	22,807	22,807	-	17,953	17,953
Other operating expense	-	27,773	27,773	-	22,504	22,504
<b>Total expenses</b>	<b>\$ 787,871</b>	<b>\$ 433,824</b>	<b>\$ 1,221,695</b>	<b>\$ 962,383</b>	<b>\$ 218,291</b>	<b>\$ 1,180,674</b>

See notes to financial statements

**POOLING RESOURCES INC.**  
**STATEMENT OF CASH FLOWS**  
**For the years ended June 30, 2017 and 2016**

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	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (36,900)	\$ (14,584)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) in accrued investment income	(69)	(245)
Decrease (increase) in grants receivable	(97,000)	91,087
(Increase) in contract receivable	(2,500)	-
(Increase) decrease in other assets	1,534	(1,535)
(Increase) decrease in prepaid expenses	4,856	(10,141)
Increase (decrease) in accounts payable	7,574	(5,193)
(Decrease) increase in accrued payroll	(5,420)	26,003
Increase in compensated absences	7,092	1,110
Net cash flows from operating activities	<u>(120,833)</u>	<u>86,502</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in investments	403,691	36,155
Net cash used in investing	<u>403,691</u>	<u>36,155</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>282,858</b>	<b>122,657</b>
Beginning cash at June 30	198,204	75,547
<b>Cash and cash flow equivalents at year end, June 30</b>	<b><u>\$ 481,062</u></b>	<b><u>\$ 198,204</u></b>

See notes to financial statements

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**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, 2015 and continues through to June 30, 2020.

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, 2017 and 2016**

**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 amounts of deposits at financial institutions at June 30, 2017 and 2016 were \$481,062 and \$198,204 are reasonable estimates of fair value and represent Level 1 inputs. 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 balance of cash and cash equivalents held at financial institutions at June 30, 2017 and 2016 was \$512,029 and \$221,428 respectively.

	<u>2017</u>	<u>2016</u>
Amounts insured through FDIC	\$ 141,376	\$ 157,851
Cash equivalents insured through SIPC	370,653	63,577
Total deposits at financial institutions	<u>\$ 512,029</u>	<u>\$ 221,428</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. 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, 2017</u>	<u>June 30, 2016</u>
	Temporarily Restricted	Temporarily Restricted
Interest income	\$ 11,947	\$ 12,813
Realized gains (losses)	2,502	385
Unrealized gains (losses)	(10,985)	203
Investment expenses	(13,004)	(12,936)
Total investment return	<u>\$ (9,540)</u>	<u>\$ 465</u>

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**NOTE 3 – INVESTMENTS (continued)**

Classification of assets and fair value classifications for years ended June 30, 2017 and 2016 are as follows:

	Assets at fair value June 30, 2017			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 115,361	\$ 364,383	\$ -	\$ 479,744
Mortgage backed security	-	69,969	-	69,969
Residential mortgage backed	-	167,924	-	167,924
Commercial mortgage backed	-	94,701	-	94,701
Total investments	\$ 115,361	\$ 696,977	\$ -	\$ 812,338

	Assets at fair value June 30, 2016			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 619,752	\$ -	\$ -	\$ 619,752
Mortgage backed security	-	451,293	-	451,293
Residential mortgage backed	-	13,934	-	13,934
Commercial mortgage backed	-	131,050	-	131,050
Total investments	\$ 619,752	\$ 596,277	\$ -	\$ 1,216,029

**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 \$38,203 and \$31,111 for years ended June 30, 2017 and 2016.

**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 2017 and 2016. PRI's contribution to the SEP plans totaled \$98,757 and \$81,239 for years ended June 30, 2017 and 2016.

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**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 covers the period July 1, 2015 through June 30, 2020.

The grant amounts for years ended 2017 and 2016 were \$1,164,000 and \$1,130,000 respectively. Receivables on the contract at June 30, 2017 were \$97,000. 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 \$91,092 in 2017 and 2016 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, 2017 and 2016 of \$46,350 and \$45,000 respectively, 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.

**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, 2017. Management has evaluated subsequent events through November 21, 2017 which is the date the financial statements were available to be issued.



# Resources for Living®

## Utilization Report

**Nevada Public Agency Insurance Pool and Public Age**

***October 1, 2017 - December 31, 2017***

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# Utilization Dashboard

	Q1	Q2	Q3	Q4	Average	Prior Year Average
<b>Total Covered Employees</b>	12,415	12,415	12,415	12,415	12,415	12,415

Utilization	Q1	Q2	Q3	Q4	YTD	Current/ Prior Year
Telephonic Counseling Referrals	0	0	0	3	3	0.0%/0.0%
Face to Face Counseling Referrals	49	58	46	51	204	1.6%/1.5%
Worklife Referrals	1	0	2	0	3	0.0%/0.0%
Legal Referrals	7	8	9	10	34	0.3%/0.2%
Financial Referrals	2	2	1	3	8	0.1%/0.0%
Critical Incident Consultation Cases	1	1	0	2	4	0.0%/0.0%
Management Consultation Cases	4	4	5	7	20	0.2%/0.1%
General Consultations and Referrals	25	32	52	37	146	1.2%/0.9%
<b>Overall Utilization Rate</b>	2.9%	3.4%	3.7%	3.6%	3.4%	3.4%/2.8%

Additional Summary Data	Q1	Q2	Q3	Q4	YTD	Prior Year
% Clinical Cases Resolved Within Program	53.8%	52.6%	48.1%	63.3%	54.9%	56.1%
% Usage by Employees / % Usage by Dependents	91.5% / 8.5%	79.7% / 20.3%	80.7% / 19.3%	85.5% / 14.5%	84.2% / 15.8%	83.0% / 17.0%
# Formal & DOT/SAP Referrals	2	3	1	5	11	12
# Critical Incident On-Site Services	2	1	0	3	6	3
# Hours	6.00	3.00	0.00	21.50	30.50	12.25
# Participants	18	15	0	31	64	19
# Training / Webinar Sessions	0	1	0	3	4	5
# Hours	0.00	1.00	0.00	3.00	4.00	5.00
# Participants	0	6	0	34	40	129
# Public Webinar Participants	0	0	0	0	0	0
# Website Sessions / Logins	379 / 177	418 / 163	560 / 242	530 / 231	1887 / 813	1436 / 545

*Comments:  
Current/Prior Year Utilization Rates Are Calculated Using Year-To-Date Utilization Data*

# Division Reporting

Division	Total Utilization	Overall Utilization Rate
Hospitals	6	3.9%
Municipalities	61	4.5%
School Districts	40	2.7%
Other Entities	8	9.8%

# Members Who Used Services

## Members Who Used Services

### Report Period %

### YTD %

Dependent	14.5%	15.8%
Employee	85.5%	84.2%
Female	66.7%	63.6%
Male	33.3%	36.4%

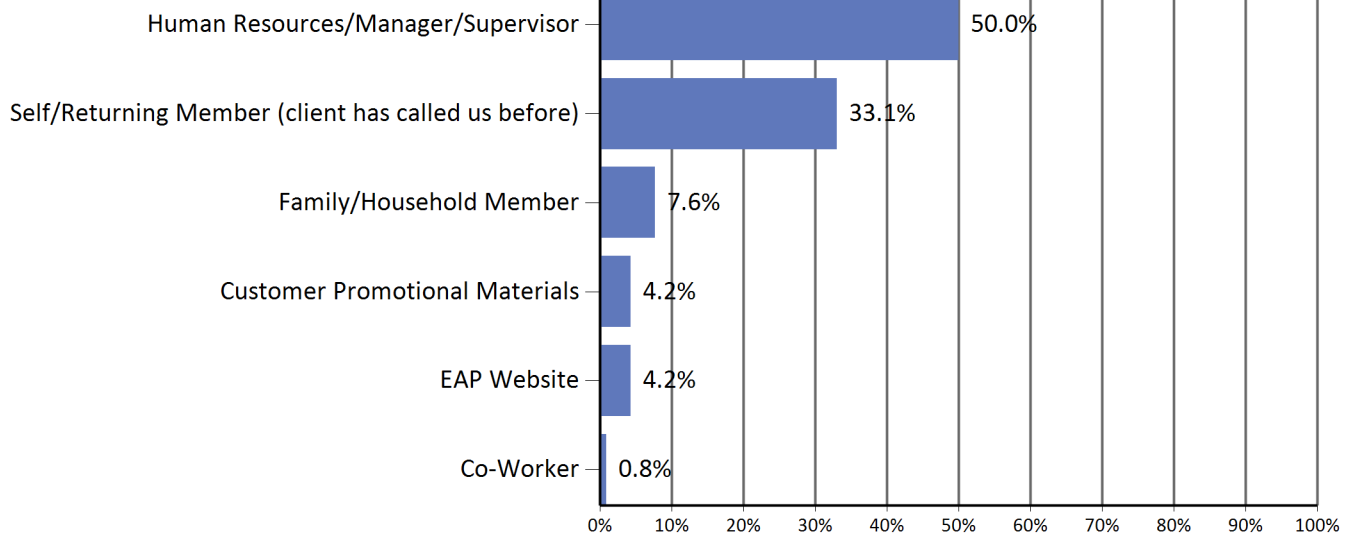
## Age Bands

### Report Period %

### YTD %

Under 18	8.7%	10.6%
18-29	13.0%	11.9%
30-39	20.3%	22.9%
40-49	26.1%	24.6%
50-59	21.7%	22.5%
60+	10.1%	7.6%

## Referral Sources %



## Top State Utilization

92.8%

NV

5.8%

CA

# When Members Called

## Top Presenting Issues

	Q1	Q2	Q3	Q4	YTD
1	Anxiety (14%)	Spouse/Significant Other (17%)	Spouse/Significant Other (30%)	Family (16%)	Spouse/Significant Other (19%)
2	Depressed Mood (13%)	Legal (12%)	Grief/Loss (12%)	Spouse/Significant Other (16%)	Legal (12%)
3	Family (13%)	Anger (11%)	Legal (11%)	Legal (14%)	Family (12%)
4	Legal (12%)	Depressed Mood (11%)	Family (9%)	Depressed Mood (13%)	Depressed Mood (11%)
5	Grief/Loss (10%)	Anxiety (10%)	Alcohol/Drug (member and family member) (8%)	Alcohol/Drug (member and family member) (10%)	Anxiety (9%)
All Others	All Others (38%)	All Others (39%)	All Others (30%)	All Others (31%)	All Others (37%)



# Program Integration: Member Connections

## Referrals to Other Benefits

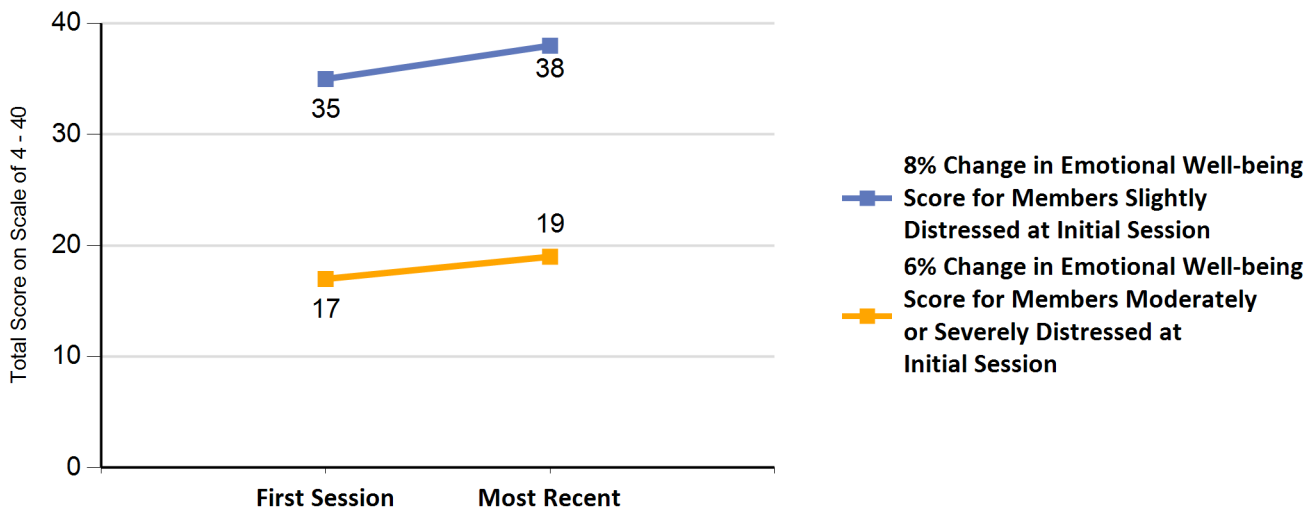
	# of Referrals	% of Total	YTD
Community Resource	1	50.0%	7
Medical Benefit	1	50.0%	1
Behavioral Health Benefit	0	0.0%	2
Total	2	100.0%	10

# Impact Of Services

	% Resolved within program	% Referred to Behavioral Health Benefit Plan
All Clinical Closed Cases	63.3%	36.7%

# Impact Of Services

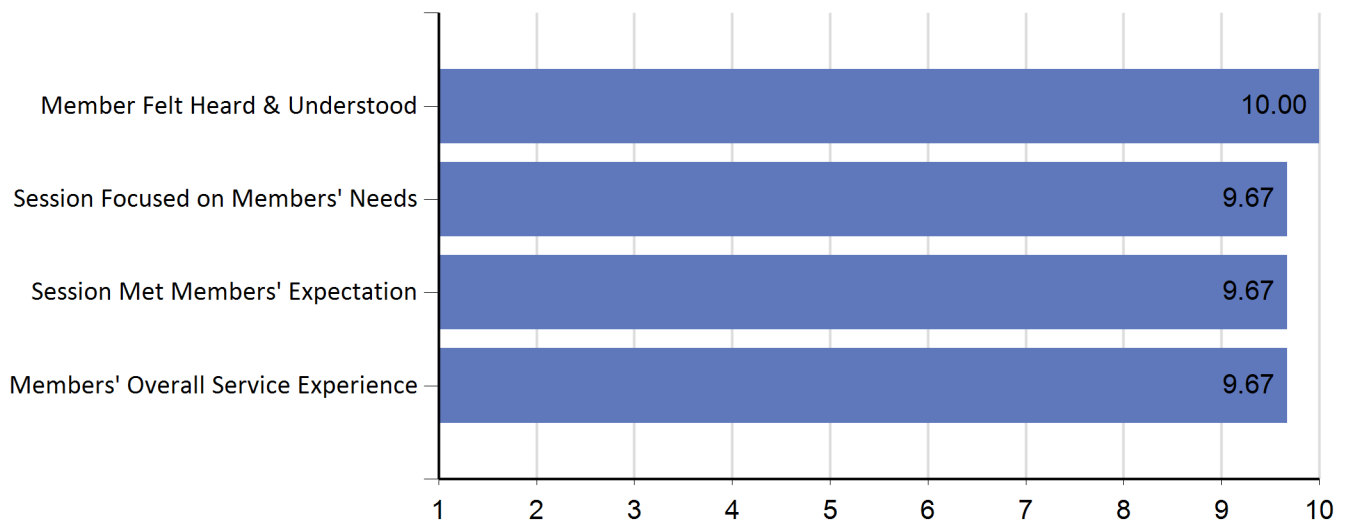
## Improvement in Emotional Well-being



\*Graph displays the self-reported average total Emotional Well-being scores for members at first session and the most recent session as measured by the SIGNAL System

\*\*Percent change in functioning calculated by dividing the total points of change by 36 (total possible points on this scale).

## Building the Counseling Relationship



Ratings on a scale of 1 to 10; 10 represents a high degree of satisfaction/alignment; 1 represents low satisfaction or alignment.

# Organizational Services

## Organizational Services

	Q1	Q2	Q3	Q4	YTD
<b>Training</b>	0	1	0	3	4
<b>Management Consultations</b>	4	4	5	7	20
<b>Formal Referrals</b>	1	3	1	5	10
<b>DOT/SAP Referrals</b>	1	0	0	0	1
<b>Critical Incident Consultations</b>	1	1	0	2	4
<b>Onsite CISD's</b>	2	1	0	3	6
<b>Total</b>	9	10	6	20	45

## Top Management Consultation Topics

	Q1	Q2	Q3	Q4	YTD
<b>1</b>	Anger Management	Anger Management	Anger Management	Fitness for Duty	Anger Management
<b>2</b>	Grief / Trauma	Emotional / Psychological Stability	Emotional / Psychological Stability	Performance Issues	Emotional / Psychological Stability
<b>3</b>	SAP / DOT	Performance Issues		Suicidal	Fitness for Duty
<b>4</b>	Suicidal			Alcohol / Drug	Performance Issues
<b>5</b>				Code of Conduct	Suicidal

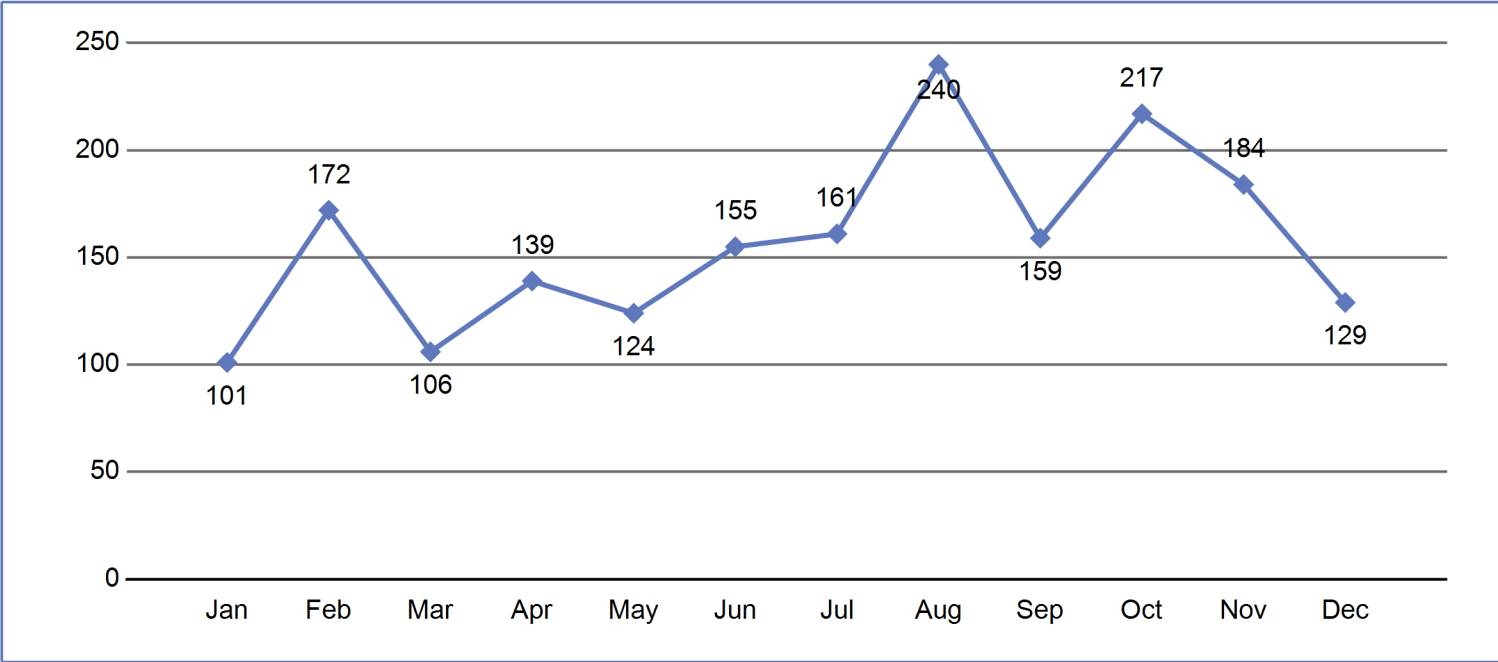
# Worklife Services Summary

Worklife Category	#	%	YTD	%
Intake Sessions	0	0.0%	3	27.3%
Consulting Sessions	0	0.0%	0	0.0%
Follow-Up Session	0	0.0%	0	0.0%
Provider Consultation	0	0.0%	8	72.7%
Worklife Materials	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>0</b>	<b>0.0%</b>	<b>11</b>	<b>100.0%</b>

# Web Content Access

Topic Analysis	#
Family	71
Health	97
Life	162
Workplace	43
Benefits	113
What's New	44
<b>TOTAL</b>	<b>530</b>
<b>Web Log In</b>	<b>231</b>

**Total Website Pages Visited**



# Critical Incident On-Site Services Overview

Date	Reason	Account/ Division	Location	Participants	Hours
1/2/2017	Death (onsite)	Municipalities	Pahrump, NV	5	2.00
2/17/2017	Other	Municipalities	Elko, NV	13	4.00
6/8/2017	Suicide	Municipalities	Yerington, NV	15	3.00
10/5/2017	Other	Other Entities	Tonopah, NV	12	10.00
10/6/2017	Other	Other Entities	Tonopah, NV	14	7.50
10/6/2017	Other	School Districts	Puhrump, NV	5	4.00
TOTAL				64	30.50

# Training Overview

Date	Name of Seminar	Account/ Division	Location	Participants	Hours
6/27/2017	Approaches to Decision Making	Other Entities	WEBINAR,NV	6	1.00
10/17/2017	Managing Our Emotions Under Pressure	Other Entities	Carson City,NV	23	1.00
10/20/2017	Managing Our Emotions Under Pressure	Other Entities	Webinar Recording,NV	2	1.00
12/13/2017	Unplug to Recharge	Other Entities	Webinar,NV	9	1.00
TOTAL				40	4.00





## PEER SUPPORT ACTS AS FIRST AID FOLLOWING AN EMOTIONALLY CHARGED CRITICAL INCIDENT

Trained Peer Support personnel offer practical assistance and information to help impacted staff address their immediate needs and concerns.

**They provide support, resources and follow up**

### **CISM/CISD – Critical Incident Stress Management/Defusing or Debriefing**

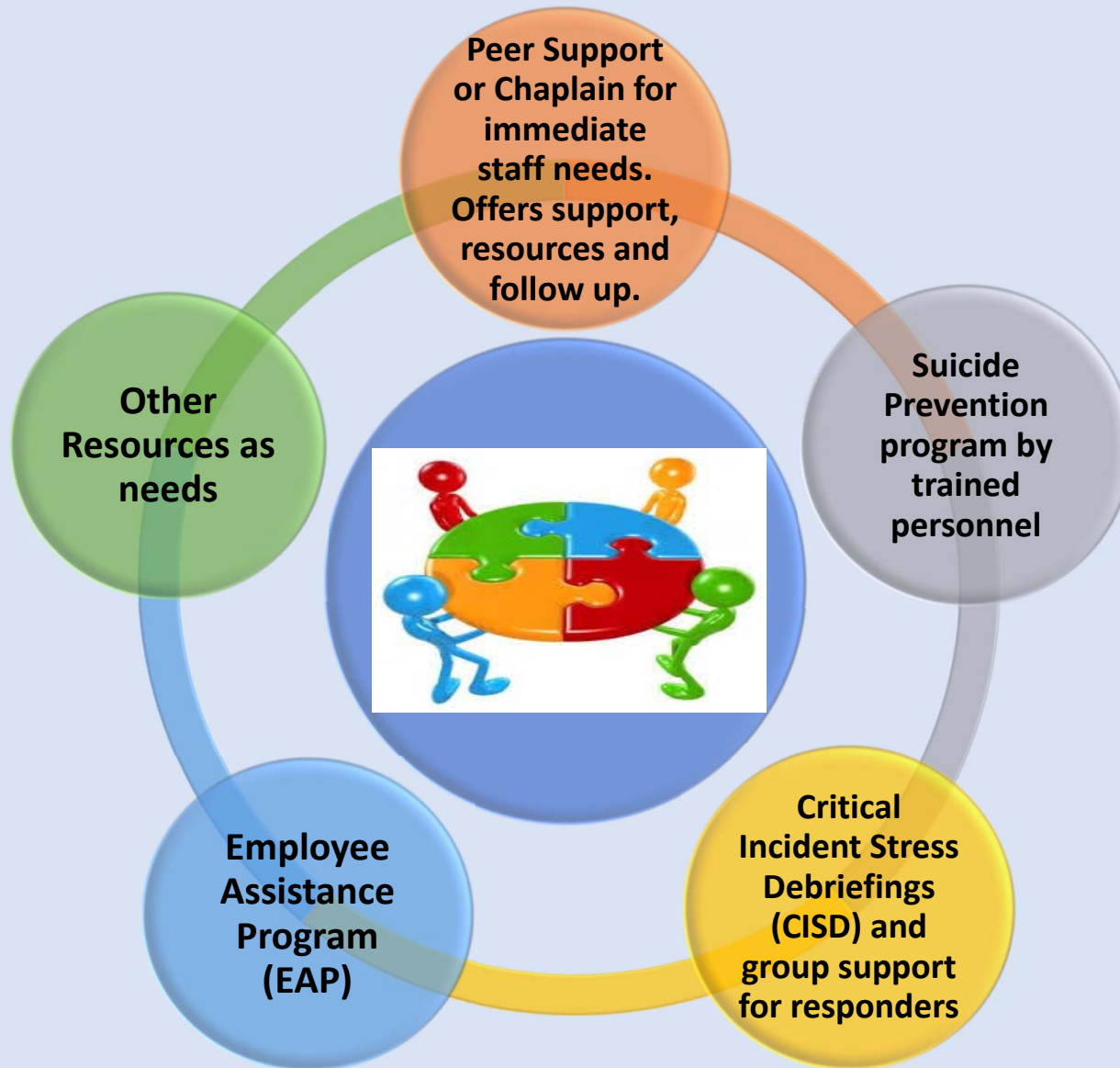
Trained peer personnel along with mental health conducting short term or initial interventions for emergency first responders in a group setting.



**Peer Support** is not a replacement for EAP, CISM, Chaplains or Mental Health professionals

Not everyone needs professional psychological therapy, but everyone benefits from Peer or Chaplain Support







## **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 20, 2018**

### **AGENDA**

1. Roll
2. **Action Item:** Approval of
  - a. Minutes of PCM Annual Meeting April 27, 2017
  - b. Ratification of Board Action Taken Since the 2017 Annual Meeting
3. Report - Minutes of Meetings
  - Meeting of the Board of Directors of April 21, 2017
  - Meeting of the Board of Directors of April 27, 2017
  - Meeting of the Board of Directors of November 8, 2017
  - Meeting of the Board of Directors of February 23, 2018
  - Meeting of the Board of Directors of March 28, 2018
4. **Presentation:** Audited Financial Reports for Calendar Year 2017 and report by Alan Kalt, Chief Financial Officer.
5. **Action Item:** Possible action on budget adjustments for Calendar Year 2018
6. **Action Item:** Discussion and possible action on Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2018-2019
7. **Action Item:** Elections/Ratification of Board Members and Officers
8. **Action Item:** Adjournment



## **PUBLIC COMPENSATION MUTUAL**

201 South Roop Street, Suite 102  
Carson City NV 89701  
Phone: (775) 885-7475  
Fax (775) 883-7398

### **Minutes of Annual Members Meeting of Public Compensation Mutual**

**Place: Atlantis Casino Resort Hotel  
3800 S. Virginia St.  
Reno, Nevada 89502**

**Time: 8:00 a.m.**

**Date: April 27, 2017**

#### **1. Roll**

Present: Paul Johnson, Alan Kalt, Josh Foli, Cash Minor, Gerry Eick, President Michael Rebaleati, and Vice President Wayne Carlson.  
A quorum being present, Chair Paul Johnson called the meeting to order.

#### **2. Action Item: Approval of**

- a. Minutes of Member Meeting March 22, 2017**
- b. Ratification of Board Action Taken Since the 2016 Annual Meeting**

On motion and second to approve the minutes and to ratify board action since the 2016 annual meeting, the motion carried.

#### **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**

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

#### **4. Investments Report**

Chair Johnson noted that this report was received during the joint meeting of POOL and PACT.



## PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102  
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### **5. Report - Audited Financial Reports for 2016 (Calendar Year)**

Auditor Nikki Neilon reviewed the financial audit which already had been approved by the PCM board at its previous meeting. She noted that the report was a clean opinion and highlighted the key financial results. Michael Rebaleati commented that this was a calendar year audit, not a fiscal year audit as it would be for PACT.

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

### **6. Discussion of Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2017-2018**

Mike Rebaleati commented that after the infusion of an additional \$25,000,000 in capital, PCM could support the reduction of the PACT retention from \$500,000 down to \$300,000 by taking a limit of \$700,000 excess of \$300,000 from PCM. The PCM board approve this proposal at its April 21, 2017 meeting.

### **7. Action Item: Elections/Ratification of Board Members and Officers**

On motion and second to reelect Cash Minor and Josh Foli for a new term from 2017 to 2020 and to ratify Mike Rebaleati as President and Wayne Carlson as Vice President, the motion carried.

### **8. Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned.



## PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102  
Carson City NV 89701  
Phone: (775) 885-7475  
Fax (775) 883-7398

### **Minutes of the Board of Directors of the Public Compensation Mutual (PCM)**

**Date: April 21, 2017**

**Place: POOL PACT building**

**201 S. Roop St. , 102**

**Carson City, NV 89701**

**Time: 9:00 a.m.**

### **AGENDA**

#### **1. Roll**

Present: Chairman Paul Johnson, Member Alan Kalt, Member Josh Foli, Member Cash Minor, Member Gerry Eick, President Michael Rebaleati and Vice President Wayne Carlson.

A quorum being present, Chairman Johnson called the meeting to order.

#### **2. Action Item: Approval of**

##### **a. Minutes of Board Meeting March 22, 2017**

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

#### **3. Action Item: Approval of Reinsurance Program Provided to Nevada Public Agency Compensation Trust for its Fiscal Year 2017-2018**

Chairman Johnson opened discussion on this item. Based on the March 22 decision of the Public Agency Compensation Trust board to transfer \$25,000,000 from PACT to PCM, a motion was made to increase the PCM retention to \$700,000 with a neutral pricing after the risk shifting from PACT. PACT retention will be reduced to \$300,000 for Fiscal Year 2018.

On motion and second, the motion carried to increase the PCM retention to \$700,000 for Fiscal Year 2018.

#### **8. Action Item: Adjournment**



## **PUBLIC COMPENSATION MUTUAL**

201 South Roop Street, Suite 102  
Carson City NV 89701  
Phone: (775) 885-7475  
Fax (775) 883-7398

### **Minutes of Annual Members Meeting of Public Compensation Mutual**

**Place: Atlantis Casino Resort Hotel  
3800 S. Virginia St.  
Reno, Nevada 89502**

**Time: 8:00 a.m.**

**Date: April 27, 2017**

#### **1. Roll**

Present: Paul Johnson, Alan Kalt, Josh Foli, Cash Minor, Gerry Eick, President Michael Rebaleati, and Vice President Wayne Carlson.  
A quorum being present, Chair Paul Johnson called the meeting to order.

#### **2. Action Item: Approval of**

- a. Minutes of Member Meeting March 22, 2017**
- b. Ratification of Board Action Taken Since the 2016 Annual Meeting**

On motion and second to approve the minutes and to ratify board action since the 2016 annual meeting, the motion carried.

#### **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**

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

#### **4. Investments Report**

Chair Johnson noted that this report was received during the joint meeting of POOL and PACT.



## PUBLIC COMPENSATION MUTUAL

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Phone: (775) 885-7475  
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### 5. Report - Audited Financial Reports for 2016 (Calendar Year)

Auditor Nikki Neilon reviewed the financial audit which already had been approved by the PCM board at its previous meeting. She noted that the report was a clean opinion and highlighted the key financial results. Michael Rebaleati commented that this was a calendar year audit, not a fiscal year audit as it would be for PACT.

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

### 6. Discussion of Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2017-2018

Mike Rebaleati commented that after the infusion of an additional \$25,000,000 in capital, PCM could support the reduction of the PACT retention from \$500,000 down to \$300,000 by taking a limit of \$700,000 excess of \$300,000 from PCM. The PCM board approve this proposal at its April 21, 2017 meeting.

### 7. Action Item: Elections/Ratification of Board Members and Officers

On motion and second to reelect Cash Minor and Josh Foli for a new term from 2017 to 2020 and to ratify Mike Rebaleati as President and Wayne Carlson as Vice President, the motion carried.

### 8. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.





## PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102  
Carson City NV 89701  
Phone: (775) 885-7475  
Fax (775) 883-7398

**Minutes of  
Public Compensation Mutual (PCM)  
Place: POOL PACT building  
201 S. Roop St. , 102  
Carson City, NV 89701  
Date: November 8, 2017**

### AGENDA

#### 1. Roll

Present: Paul Johnson, Alan Kalt, Josh Foli, Cash Minor, and Gerry Eick.  
With a quorum being present, Chair Paul Johnson called the meeting to order.

#### 2. Action Item: Approval of

##### a. Minutes of Board Meeting April 27, 2017

On motion and second to approve the minutes of April 27, 2017, the motion carried.

#### 3. Discussion Item: Discussion on the status of transfer of funds from PACT to PCM, investment returns, and claim status.

Michael Rebaleati informed the board that the \$25,000,000 grant from Public Agency Compensation Trust to PCM will be completed by December 31, 2017. Kelly Sullivan from New England Asset Management and Dan Smereck from Strategic Asset Alliance both gave details on the overall transfer of funds and how PCM should be benefitting from higher investment returns than what the Public Agency Compensation Trust earns.

#### 4. Action Item: Approval of support of Risk Management focus on firemen and EMS personnel through Target Solutions.

Discussion was held on the online training platform and services that Target Solutions provide. Michael Rebaleati explained to the board the



## PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102  
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emphasis on a contract with Target Solutions is for Emergency Medical Services and Fire Services. On motion and second to begin a contract (not to exceed \$60,000) with Target Solutions for these online training sessions for EMS and Fire personnel, the motion carried.

### 5. **Action Item: Adjournment**

On motion and second to adjourn the meeting, the motion carried.



## PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102  
Carson City NV 89701  
Phone: (775) 885-7475  
Fax (775) 883-7398

### Minutes for

**Public Compensation Mutual**

**Place: Pool/Pact Building**

**201 S. Roop St., #102**

**Carson City, NV 89701**

**Time: 10 am or immediately following Joint Executive Committee Meeting**

**Date: February 23, 2018**

**Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420**

#### 1. Roll

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

#### 2. Action Item: Approval of a. Minutes of November 8, 2017 meeting

On a motion and second the Board approved the minutes.

#### 3. Investments Report

Investment report was received during the Joint Meeting of the POOL/PACT Executive Committee.

#### 4. Report – Update on PCM annual audit for 2017 (Calendar Year)

PCM annual audit for calendar year 2017 was given by Alan Kalt, Chief Financial Officer during the Joint Meeting of the POOL/PACT Executive Committee.

#### 5. Action Item: Proposed Budget for Calendar Year 2018 and 2019.

Mike Rebaleati, Chief Operations Officer, reviewed the budget packet of information. He noted actuary is still working on the rates for PACT. Furthermore, there was a limited discussion on Risk Service Share line item in future budget. This will be a discussion point at the upcoming retreat in Eureka.



## PUBLIC COMPENSATION MUTUAL

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Budget will be adopted prior to the April 20, 2018 Annual Meeting. A motion to table until completion of the actuarial reports was approved.

**6. Action Item: Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2018-2019**

The Actuary is working to finalize the rates and numbers for the NPAIP renewal. On a motion and second the Board tabled this item until the actuarial reports are completed.

**7. Action Item: Adjournment**

On motion and second to adjourn the meeting, the motion carried.



## PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102  
Carson City NV 89701  
Phone: (775) 885-7475  
Fax (775) 883-7398

**Minutes for  
Public Compensation Mutual  
Place: Pool/Pact Building  
201 S. Roop St., #102  
Carson City, NV 89701**

**Time: 10 am or immediately following Joint Executive Committee Meeting  
Date: March 28, 2018  
Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420**

### AGENDA

**1. Roll**

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

**2. Action Item: Approval of  
a. Minutes of February 23, 2018 meeting**

On a motion and second the Board approved the minutes

**3. Investments Report**

The Investment Report was received in connection with the monthly investment review which occurred immediately after the Captive Meeting. Kelly Sullivan from NEAM provided the detail investment overview.

**4. Action Item: Approval of Proposed Amendment to PARMS Agreement**

On a motion and second the Board approve the PARMS PCM Agreement #1 increasing the annual fee by \$50,000 for service to expand the scope of services to include additional staffing for members services, internal audit, and information technology support.

**5. Action Item: Reinsurance Program Provided to Public Agency  
Compensation Trust for its Fiscal Year 2018-2019**

Bickmore is performing actuary studies to determine the needed funding rate for the requested reinsurance program. No action taken until Annual Meeting with updated information.



## PUBLIC COMPENSATION MUTUAL

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### 6. **Action Item: Approval of PCM budget for 2018 (Calendar Year)**

Mike Rebaleati, Chief Operations Officer, reviewed the budget information. It was requested to have "Member services" shown separately from "Administrative expenses" in the budget. On a motion and second the budget was approved.

### 7. **Action Item: Adjournment**

DRAFT

**PUBLIC COMPENSATION MUTUAL**

**DECEMBER 31, 2017 AND 2016**

**PUBLIC COMPENSATION MUTUAL  
DECEMBER 31, 2017 AND 2016**

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## PRESIDENT'S LETTER

Public Compensation Mutual (PCM) had a pivotal year in its growth and maturity. Here are few of the primary highlights:

- ❖ PCM is a pure captive of the Public Agency Compensation Trust (PACT). PACT made an additional \$25,000,000 capital contribution to PCM in 2017. From the inception of PCM, this brings the total PACT surplus contribution to \$53,700,939.
- ❖ PCM continued to provide \$700,000 excess of PACT's \$300,000 retention and 25% quota share of \$2,000,000 excess of the first \$1,000,000 for worker's compensation coverage. In the aggregate for all ceding entity losses, \$1,500,000 part of \$3,000,000 annually, to attach (a) once any other annual aggregate excess/reinsurance coverage obtained by the ceding entity has been exhausted or, (b) at an annual retention of \$10,000,000 in the aggregate, whichever is greater.
- ❖ With the assistance of New England Asset management (Fixed Income Manager) and Strategic Asset Alliance (Investment Advisor), investments grew to \$73,263,348 in 2017 from \$42,560,824 in 2016. PCM's business plan strategy of sufficient surplus contribution for PCM to help provide additional coverage for our members, coupled with the business plan of utilizing a conservative investment strategy is successfully maturing as planned.
- ❖ PCM's investment income rose from \$821,284 in 2016 to \$1,826,118 in 2017. PCM's investment portfolio includes U.S. government obligations, U.S. state and local bonds, U.S. corporate bonds, Fixed income mutual funds, bond mutual funds and equity mutual funds.
- ❖ PCM's reserves for loss and loss adjustment expenses increased from \$2,959,000 to \$3,082,000 during the year. The actual losses and loss adjustment expenses decreased by \$386,999 from \$510,000 in 2016 to \$123,000 in 2017. The reduction was primarily due to the non-reoccurrence of adverse development of prior year losses related to liability losses related to liability business which had been experience in 2016. PCM incurred losses related to 2017, as determined by the independent actuary, were \$726,000 offset by a reduction in prior years losses of (\$603,000) as indicated in note 6 of the financial report.
- ❖ PCM's total surplus as of December 31, 2017 is \$69,772,827 compared to \$39,693,664 in 2016.

One of PCM's main goals is to continue increase investment earnings while providing our members added value to workers compensation coverage. This has been instrumental when PCM is seeking reinsurance and excess quotes from its insurance partners.

Building financial strength and security has been a long-held value statements of PACT and PCM. As you read the financial report, it is clear with the Board's direction and leadership we continuing to work towards achieving those goals.

For the future, I am grateful and appreciative of the hiring of Alan Kalt in January 2018 as the Chief Finance Officer for PCM, PCM, PRI, NPAIP and PACT. Alan will serve as the internal auditor of these organizations and his twenty plus years as serving as the Chairman of PACT brings a timely increase of professionalism. I personally want to thank the board of trustees for NPAIP and the PCM Captive board of trustees for their commitment to the dynamic development of the coverages and risk management products that we have been able to support.

Best,



Michael Rebaleati  
PCM President

**PUBLIC COMPENSATION MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017 AND 2016**

Public Compensation Mutual's (PCM) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in the Company's financial position (its ability to address next and subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the President's letter, financial statements and notes to gain a more complete understanding of the information presented.

**Company Overview**

Public Compensation Mutual ("the Company"), a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statutes 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 the State of Nevada Division of Insurance, prior to that date, the Company was an association captive. As currently, the Company issues a single reinsurance policy to PACT each year and the underlying PACT program in turn issues a single certificate of participation to the members with a copy of the PACT Coverage Form to each member.

**Financial Highlights**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

**Critical Accounting Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

PCM has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims- IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. PACT uses the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

**Investments**

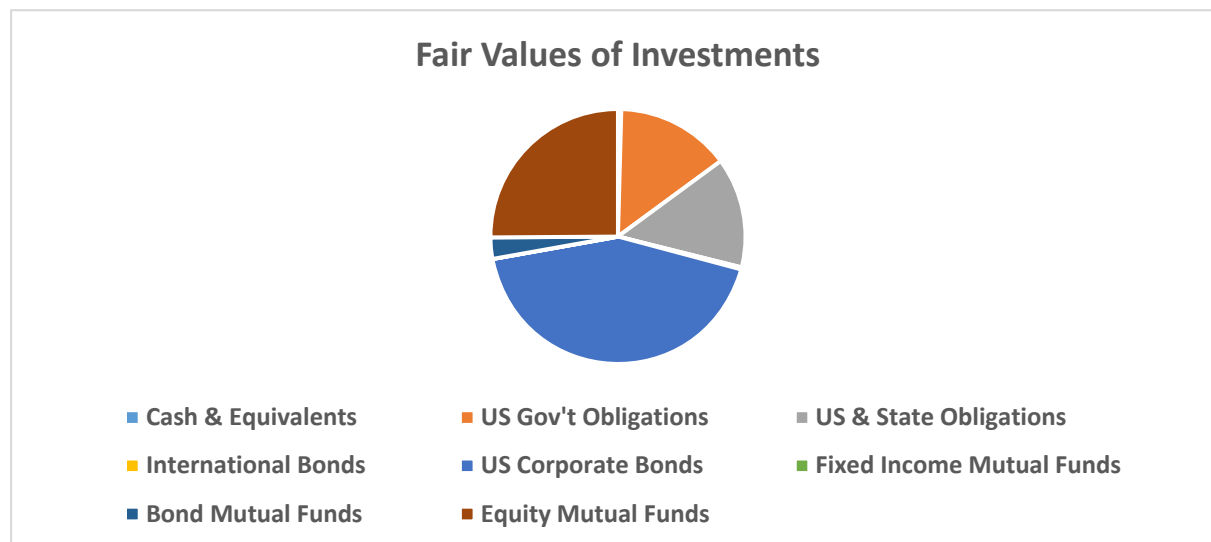
One significant estimate inherent in the valuation of investments is the evaluation of fair value and other than temporary impairment (OTTI). Fair value requires management judgement on the appropriate classes of assets and liabilities for which disclosures about fair value measurement should be provided. Fair value for investments is primarily a quantitative assessment. For debt and equity securities, class is determined on the basis, nature and risk of the investments. A full disclosure of PCM's fair value methodology can be found in Note 3 Fair Value of Financial Instruments in the Notes to the Audited Financial Statements.

The determination of OTTI is a quantitative and qualitative process, which is subject to judgment in the determination of whether declines in the fair value of investments are other than temporary. The cost basis of fixed

maturity investments is adjusted for impairments in value, deemed to be other than temporary, with the associated realized loss reported in net income. Factors considered in evaluating whether a decline in value is other than temporary include: 1) the magnitude of the decline in value; 2) current economic conditions and the financial condition and near-term prospects of the issuer; 3) the amount of time that the fair value has been less than cost; and 4) the estimated period over which the security is expected to recover and whether PCM's cash or working capital requirements and contractual or regulatory requirements may indicate a need to sell the security before its forecasted recovery.

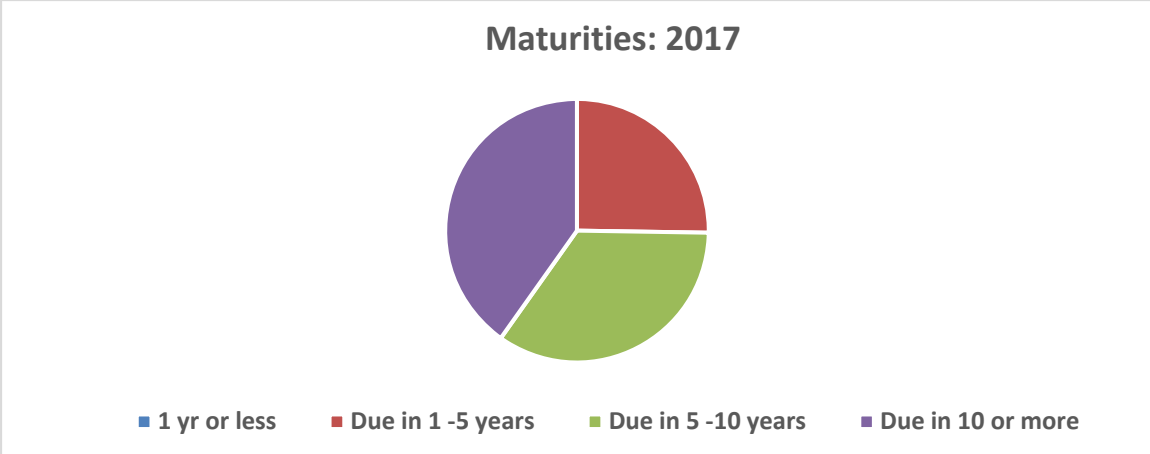
Cash and investments of \$73,565,907 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$4,078,965. Total liabilities include accounts payable, reserves for loss and loss adjustment expenses and unearned assessments. This is a conservative measure of cash and investments available to pay current obligations. PCM's cash ratio is 18.0, meaning that the it has 18 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 12.0.

Investment balances as of December 31, 2107 were \$73,263,348 compared to the prior year amount of \$42,560,824. This represents an increase of \$30,702,524 or 72.1%. The increase is due primarily to the \$25,000,000 surplus contribution received from PACT during the year. As noted in Note 3, Level 1 quoted price in active market for identical assets were valued at \$20,763,748, the Level 2 significant other observable inputs at \$52,802,159 and no Level 3 assets. The following is an overview of the fair value investments:



As noted in Note 5- Investments, the contractual maturities of available-for-sale debt securities at December 31<sup>st</sup> and 2016 are as follows:

	Estimated Fair Values	
	<u>2017</u>	<u>2016</u>
1 year or less	\$ -	\$ -
Due in 1 – 5 years	13,328,183	7,778,003
Due in 5 -10 years	18,259,041	9,026,409
Due in 10 years or more	<u>21,214,935</u>	<u>10,791,958</u>
Total Investment in debt securities	<u>\$52,802,159</u>	<u>\$27,596,370</u>



**Investment Income Receivable**

The investment income receivable at December 31, 2107 is \$285,885 compared to \$128,194 in 2016. This is a change of \$157,691 or 123.0%. This is due primarily to the increase in investment balances at year end and the timing of the payment of accrued interest on the investments.

**Loss Reserves**

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect PCM’s reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PCM retains an outside independent actuary to provide a loss reserve opinion and establish a range for PCM’s loss reserves. PCM’s policy is to book reserves at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income. See Note 6-Reserve for Loss and Loss Adjustment Expense note in the financial statements.

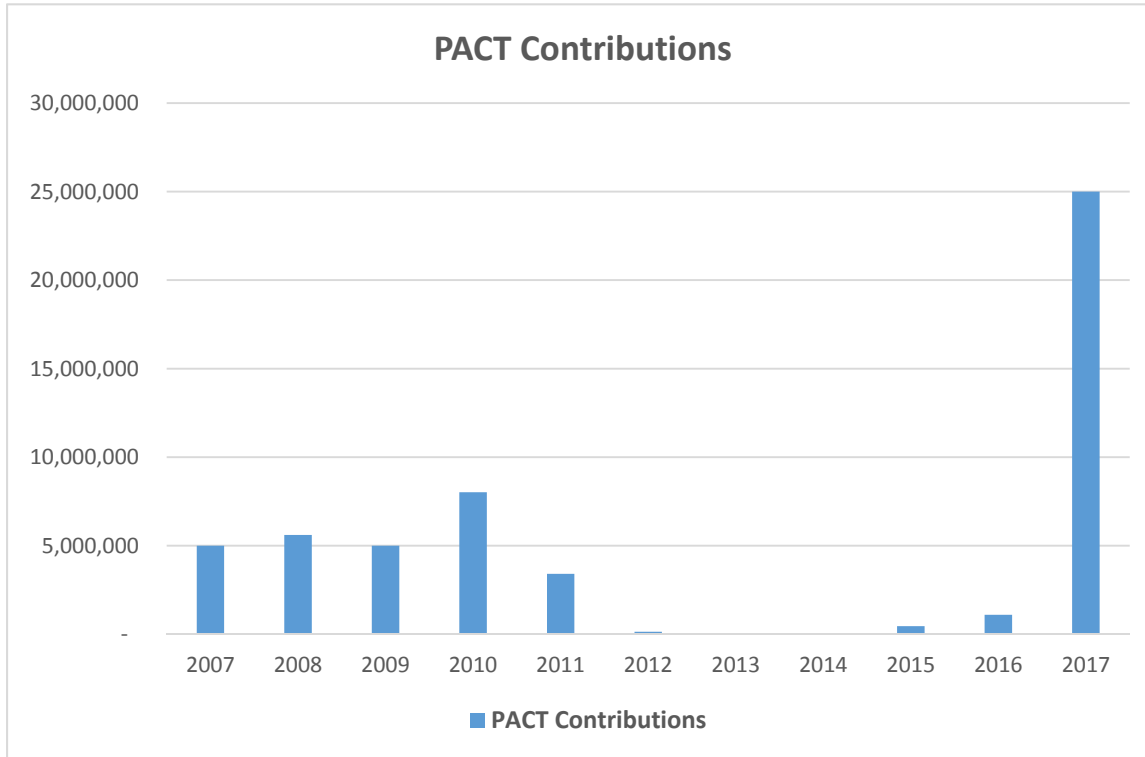
Reserves for loss and loss adjustment expenses increased from \$2,959,000 to \$3,082,000 at December 31, 2017 an increase of \$123,000 or 4.2% during the year.

**Unearned Premiums**

PCM writes only 12-month insurance policies effective July 1<sup>st</sup> the year written, so all of the \$965,708 unearned premiums carried in 2017 will be fully earned in 2018.

## Surplus Contributions

Surplus contributions during 2017 were \$25,000,000 as approved by the Board at their meeting held on March 22, 2017 meeting. This compares to the surplus contribution of \$1,093,260 approved on March 21, 2016. This brings the total surplus contribution into PCM at \$53,700,939. See note 6 for more details. The following chart indicates PACT's surplus contributions to PCM:



## Surplus

PCM's total surplus at December 31, 2017 was \$69,772,827 an increase of \$30,079,163 from the December 31, 2016 balance of \$39,693,664. The increase results from net income of \$3,223,953 combined with accumulated other comprehensive income of \$1,855,210 and surplus contributions of \$25,000,000 during the year. At December 31, 2016, PCM had paid-in capital of \$28,700,939 and accumulated retained earnings and other comprehensive income of \$10,992,725.

The following is the comparative Balance Sheet of Public Compensation Mutual as of December 31, 2017 and 2016.

**Public Compensation Mutual  
Balance Sheets**

	2017	2016	\$ Difference	% Difference
<b>Assets</b>				
Cash and cash equivalents	\$ 302,559	\$ 607,553	\$ (304,994)	-50.2%
Investments	73,263,348	42,560,824	30,702,524	72.1%
Investment income receivable	285,885	128,194	157,691	123.0%
<b>Total Assets</b>	<b>73,851,792</b>	<b>43,296,571</b>	<b>30,555,221</b>	<b>70.6%</b>
<b>Liabilities</b>				
Accounts payable	\$ 31,257	\$ 20,874	\$ 10,383	49.7%
Reserve for loss and loss adjustment expenses	3,082,000	2,959,000	123,000	4.2%
Unearned premiums	965,708	623,033	342,675	55.0%
<b>Total Liabilities</b>	<b>4,078,965</b>	<b>3,602,907</b>	<b>476,058</b>	<b>13.2%</b>
<b>Surplus</b>	<b>68,327,042</b>	<b>40,103,089</b>	<b>28,223,953</b>	<b>70.4%</b>
Accumulated other comprehensive income (loss)	1,445,785	(409,425)	1,855,210	-453.1%
<b>Total Surplus</b>	<b>69,772,827</b>	<b>39,693,664</b>	<b>30,079,163</b>	<b>75.8%</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 73,851,792</b>	<b>\$ 43,296,571</b>	<b>\$ 30,555,221</b>	<b>70.6%</b>

**Net Income from Operations**

PCM reported net income from operations for the year ended December 2017 of \$3,223,953 an increase of \$1,753,678 from the prior year end income of \$1,470,275. The increase is primarily driven by an increase in investment income of \$1,826,118 and underwriting gains (premiums less expenses) of \$1,397,835.

**Net Earned Premiums**

Net earned premiums of \$1,588,740 increased by \$362,208 or 29.5% from \$1,226,532 at December 31, 2016. This increase in 2017 due to higher coverage limits going to \$700,000 excess of \$300,000 in Fiscal Year 7-1-2017 to 6-30-2018 compared to \$500,000 excess of \$500,000 in Fiscal Year 7-1-2016 to 6-30-2017.

**Investment Income Including Realized Gains**

Investment income of \$1,826,118, including realized gains and losses on investments of \$381,914, at December 31, 2107 was \$1,004,834 or 122.3% more than the same period during 2016. The increase was primarily due to the higher investment balance, higher investment book yields and realized gains from the sale of securities during the year. See note 5 Investments for great details.

**Loss and Loss Adjustment Expenses**

Losses and loss adjustment expenses decreased by \$387,000 from \$510,000 in 2016 to \$123,000 in 2017. The reduction was primarily due to the non-reoccurrence of the adverse development of prior year losses related to liability business which had been experienced in 2016. PCM incurred losses related to 2017, as determined by the actuary, were \$726,000 offset by a reduction in prior years losses of (\$603,000). See note 6 Reserve for loss and loss adjustment expenses for more details.

**Administrative Fees**

Administrative fees were \$67,905 and \$67,541 respectively, for the years ended December 31, 2107 and 2016. The increase was attributed primarily to an insignificant increase in the contract amounts.

### Other Comprehensive Income

Other comprehensive income, which consist of unrealized gains (losses) on available for sale securities arising during the period less reclassification adjustment for gains (losses) recognized in net income. In 2017 the unrealized gains on available for sale securities during the period was \$2,237,124 compared to \$526,768 in 2016. The reclassification adjustment for gains(losses) recognized in net income were (\$381,914) in 2017 compared to (\$40,431) in 2016. This results in total Other Comprehensive income of \$1,855,210 in 2017 and \$486,337 in 2016.

The following is the Statement of Income and Comprehensive Income for the years ended December 31, 2017 and 2016.

### Public Compensation Mutual Statement of Income and Comprehensive Income

	2017	2016	\$ Difference	% Difference
<b>Income</b>				
Premiums	\$ 1,588,740	\$ 1,226,532	\$ 362,208	29.5%
Investment income	1,826,118	821,284	1,004,834	122.3%
<b>Total income</b>	<b>3,414,858</b>	<b>2,047,816</b>	<b>1,367,042</b>	<b>66.8%</b>
<b>Expenses</b>				
Administrative expenses	\$ 67,905	\$ 67,541	\$ 364	0.5%
Loss and loss adjustment expenses	123,000	510,000	(387,000)	-75.9%
<b>Total Expenses</b>	<b>190,905</b>	<b>577,541</b>	<b>(386,636)</b>	<b>-66.9%</b>
<b>Net Income Before Income Taxes</b>	<b>3,223,953</b>	<b>1,470,275</b>	<b>1,753,678</b>	<b>119.3%</b>
<b>Provision for Income Taxes</b>	<b>-</b>			
<b>Net Income</b>	<b>\$ 3,223,953</b>	<b>\$ 1,470,275</b>	<b>\$ 1,753,678</b>	<b>119.3%</b>
<b>Other Comprehensive Income</b>				
Unrealized gains (losses) on available for sale securities arising during the period	\$ 2,237,124	\$ 445,906	\$ 1,791,218	401.7%
Less: Reclassification adjustment for (gains) losses recognized in net income	(381,914)	40,431	(422,345)	-1044.6%
<b>Other Comprehensive Income</b>	<b>1,855,210</b>	<b>486,337</b>	<b>1,368,873</b>	<b>281.5%</b>
<b>Comprehensive Income</b>	<b>\$ 5,079,163</b>	<b>\$ 1,956,612</b>	<b>\$ 3,122,551</b>	<b>159.6%</b>

### Request for Information

This financial report is designed to provide a general overview of the financial activities and conditions of Public Compensation Mutual. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Public Compensation Mutual, 201 South Roop Street, Suite 102, Carson City, Nevada 89701 or email at [akalt@poolpact.com](mailto:akalt@poolpact.com).

*Casey Neilson, 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, 2017 and 2016 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, 2017 and 2016, 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.

***Other Matters – Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the expanded disclosures regarding short duration contracts contained in Note 5 to the financial statements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial 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.

***Report on Other Legal and Regulatory Requirements***

In accordance with the Nevada Administrative Code, we have also issued our report dated March 19, 2018, 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.

A handwritten signature in black ink that reads "Casey Nalor". The signature is written in a cursive, flowing style.

Carson City, Nevada  
March 19, 2018

**PUBLIC COMPENSATION MUTUAL  
BALANCE SHEETS  
DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 302,559	\$ 607,553
Investments	73,263,348	42,560,824
Investment income receivable	285,885	128,194
Total Assets	\$ 73,851,792	\$ 43,296,571
<b>LIABILITIES AND SURPLUS</b>		
Accounts payable	\$ 31,257	\$ 20,874
Reserve for loss and loss adjustment expenses	3,082,000	2,959,000
Unearned premiums	965,708	623,033
Total Liabilities	4,078,965	3,602,907
Surplus	68,327,042	40,103,089
Accumulated other comprehensive income (loss)	1,445,785	(409,425)
Total Surplus	69,772,827	39,693,664
Total Liabilities and Surplus	\$ 73,851,792	\$ 43,296,571

See accompanying notes

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>INCOME</b>		
Premiums	\$ 1,588,740	\$ 1,226,532
Investment income	1,826,118	821,284
Total Income	3,414,858	2,047,816
<b>EXPENSES</b>		
Administrative fees	67,905	67,541
Loss and loss adjustment expenses	123,000	510,000
Total Expenses	190,905	577,541
Net Income Before Income Taxes	3,223,953	1,470,275
Provision for income taxes	-	-
Net Income	\$ 3,223,953	\$ 1,470,275
<b>OTHER COMPREHENSIVE INCOME</b>		
Unrealized gains (losses) on available for sale securities arising during the period	\$ 2,237,124	\$ 526,768
Less: Reclassification adjustment for gains (losses) recognized in net income	(381,914)	(40,431)
Other Comprehensive Income	1,855,210	486,337
Comprehensive Income	\$ 5,079,163	\$ 1,956,612

See accompanying notes

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF CHANGES IN SURPLUS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2015	\$ 37,539,554	\$ (895,762)	\$ 36,643,792
Net income	1,470,275	-	1,470,275
Surplus contributions	1,093,260	-	1,093,260
Unrealized holding gains (losses) arising during the period	-	526,768	526,768
Less: Reclassification adjustment for gains realized in net income	<u>-</u>	<u>(40,431)</u>	<u>(40,431)</u>
Balance, December 31, 2016	<u>\$ 40,103,089</u>	<u>\$ (409,425)</u>	<u>\$ 39,693,664</u>
Net income	3,223,953	-	3,223,953
Surplus contributions	25,000,000	-	25,000,000
Unrealized holding gains (losses) arising during the period	-	2,237,124	2,237,124
Less: Reclassification adjustment for gains realized in net income	<u>-</u>	<u>(381,914)</u>	<u>(381,914)</u>
Balance, December 31, 2017	<u><u>\$ 68,327,042</u></u>	<u><u>\$ 1,445,785</u></u>	<u><u>\$ 69,772,827</u></u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING</b>		
<b>ACTIVITIES:</b>		
Net income	\$ 3,223,953	\$ 1,470,275
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gains) losses on sale of securities	(381,914)	(40,431)
Amortization of premium or discount	141,737	57,044
Changes in assets and liabilities:		
Increase (decrease) in:		
Investment income receivable	(157,691)	(127,967)
(Increase) decrease in:		
Reserve for loss and loss adjustment expenses	123,000	510,000
Accounts payable	10,383	13,440
Unearned premiums	342,675	19,533
Net Cash Provided (Used) by Operating Activities	<u>3,302,143</u>	<u>1,901,894</u>
<b>CASH FLOWS FROM INVESTING</b>		
<b>ACTIVITIES:</b>		
Purchase of securities	(34,723,158)	(29,168,826)
Sale of securities	<u>6,116,021</u>	<u>25,304,471</u>
Net Cash Provided (Used) by Investing Activities	<u>(28,607,137)</u>	<u>(3,864,355)</u>
<b>CASH FLOWS FROM FINANCING</b>		
<b>ACTIVITIES:</b>		
Surplus contributions	<u>25,000,000</u>	<u>1,093,260</u>
Net Cash Provided (Used) by Financing Activities	<u>25,000,000</u>	<u>1,093,260</u>
Increase (Decrease) in Cash and Cash Equivalents	(304,994)	(869,201)
<b>CASH AND CASH EQUIVALENTS, Beginning of Period</b>	<u>607,553</u>	<u>1,476,754</u>
<b>CASH AND CASH EQUIVALENTS, End of Period</b>	<u>\$ 302,559</u>	<u>\$ 607,553</u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**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.

**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.

**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 securities is determined by quoted market prices and observable information for similar items in active or inactive markets.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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.

**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.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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.

**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.

**NOTE 2 – NEW ACCOUNTING STANDARDS:**

**Recently Adopted Accounting Standards:**

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Number 2015-09, *Disclosures About Short-Duration Contracts* (Topic 944). This standard expands the disclosures that an insurance entity must provide about its short-duration insurance contracts. While ten years of information are required to be presented, all years presented in the claims development tables that precede the most recent reporting period should be considered supplementary information.



**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 2 – NEW ACCOUNTING STANDARDS (continued):**

**Recently Issued Accounting Standards – Not Yet Adopted:**

In January 2016, the FASB issued ASU Number 2016-01, *Financial Instruments - Overall* (Subtopic 825-10). This update replaces the guidance to classify equity securities with readily determinable fair values into different categories (trading or available-for sale) and requires equity securities to be measured at fair value with changes in fair value recognized in net income. Additionally, this update eliminates the method and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost. It requires financial instruments to be measured at fair value using the exit price notion. This update becomes effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. This update will result in a reclassification adjustment, net of tax, to retained earnings from accumulated other comprehensive income, which will be determined based on the fair value of securities at the effective date of adoption.

**NOTE 3 – 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.

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2017 and 2016:

Description	December 31, 2017	Fair Value measurement at reporting date using		
		Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 302,559	\$ 302,559	\$ -	\$ -
U.S. government obligations	10,665,551	-	10,665,551	-
U.S states and local authorities	10,277,940	-	10,277,940	-
International bonds	198,188	-	198,188	-
U.S. corporate bonds	31,660,480	-	31,660,480	-
Fixed income mutual funds	1,659	1,659	-	-
Bond mutual funds	1,998,358	1,998,358	-	-
Equity mutual funds	18,461,172	18,461,172	-	-
<b>Total</b>	<b>\$ 73,565,907</b>	<b>\$ 20,763,748</b>	<b>\$ 52,802,159</b>	<b>\$ -</b>

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):**

Description	December 31, 2016	Fair Value measurement at reporting date using		
		Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 607,553	\$ 607,553	\$ -	\$ -
U.S. government obligations	7,377,748	-	7,377,748	-
U.S states and local authorities	5,122,610	-	5,122,610	-
International bonds	197,464	-	197,464	-
U.S. corporate bonds	14,898,548	-	14,898,548	-
Fixed income mutual funds	705,462	705,462	-	-
Bond mutual funds	1,503,215	1,503,215	-	-
Equity mutual funds	12,755,777	12,755,777	-	-
Total	<u>\$ 43,168,377</u>	<u>\$ 15,572,007</u>	<u>\$ 27,596,370</u>	<u>\$ -</u>

There were no transfers between fair value levels during the year ended December 31, 2017 and 2016.

**NOTE 4 – 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, 2017 and 2016, 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.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 5 – INVESTMENTS:**

Available-for-sale securities at December 31, 2017 and 2016 consist of various investments as indicated below:

	December 31, 2017			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 10,841,430	\$ 10,665,551	\$ 959	\$ (176,838)
U.S. states and local authorities	10,422,951	10,277,940	32,255	(177,266)
International bonds	199,906	198,188	-	(1,718)
U.S. corporate bonds	31,940,062	31,660,480	130,941	(410,523)
Total debt securities	<u>53,404,349</u>	<u>52,802,159</u>	<u>164,155</u>	<u>(766,345)</u>
Fixed income mutual funds	1,670	1,659	-	(11)
Bond mutual funds	2,013,694	1,998,358	-	(15,336)
Equity mutual funds	16,397,850	18,461,172	2,063,322	-
Total equity securities	<u>18,413,214</u>	<u>20,461,189</u>	<u>2,063,322</u>	<u>(15,347)</u>
Total available-for-sale securities	<u>\$ 71,817,563</u>	<u>\$ 73,263,348</u>	<u>\$ 2,227,477</u>	<u>\$ (781,692)</u>

	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	<u>28,480,907</u>	<u>27,596,370</u>	<u>12,833</u>	<u>(897,370)</u>
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	<u>14,489,344</u>	<u>14,964,454</u>	<u>531,878</u>	<u>(56,768)</u>
Total available-for-sale securities	<u>\$ 42,970,251</u>	<u>\$ 42,560,824</u>	<u>\$ 544,711</u>	<u>\$ (954,138)</u>

For purposes of determining gross realized gains, the cost of securities sold is based on specific identification.

	2017	2016
Sales proceeds	<u>\$ 6,116,021</u>	<u>\$ 25,304,471</u>
Gross realized gains	<u>\$ 393,163</u>	<u>\$ 50,363</u>
Gross realized losses	<u>\$ (11,249)</u>	<u>\$ (9,932)</u>

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 5 - INVESTMENTS (continued):**

Information pertaining to securities with gross unrealized losses at December 31, 2017, 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	\$ -	\$ -	\$ 10,149,179	\$ 176,838	\$ 10,149,179	\$ 176,838
U.S. states and local authorities	-	-	8,208,576	191,380	8,208,576	191,380
International bonds	-	-	198,188	1,718	198,188	1,718
U.S. corporate bonds	-	-	21,869,040	396,409	21,869,040	396,409
Fixed income mutual funds	-	-	1,659	11	1,659	11
Bond mutual funds	-	-	1,998,358	15,336	1,998,358	15,336
Total available-for-sale securities	\$ -	\$ -	\$ 42,425,000	\$ 781,692	\$ 42,425,000	\$ 781,692

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, 2017 and 2016 are as follows:

	Estimated Fair Values	
	2017	2016
1 year or less	\$ -	\$ -
Due in 1 - 5 years	13,328,183	7,778,003
Due in 5 - 10 years	18,259,041	9,026,409
Due in 10 years or more	21,214,935	10,791,958
Total investment in debt securities	\$ 52,802,159	\$ 27,596,370

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.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 6 – RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES:**

The Company provides coverage for members of PACT for worker’s compensation losses under a quota-share reinsurance arrangement as illustrated in the following table:

Fiscal Year	Retention 1		Retention 2		One-time corridor deductible
	Quota share	Insurance layer	Quota share	Insurance layer	
7/1/2007-7/1/2012	25%	\$2,000,000 excess of \$500,000			\$500,000
7/1/2012-7/1/2014		\$250,000 excess of \$500,000	25%	\$2,250,000 excess of \$750,000	\$500,000
7/1/2014-7/1/2017		\$500,000 excess of \$500,000	25%	\$2,000,000 excess of \$1,000,000	-
7/1/2017-7/1/2018		\$700,000 excess of \$300,000	25%	\$2,000,000 excess of \$1,000,000	-

Additionally, effective July 1, 2014, 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.

Loss reserve estimates are inherently uncertain because the ultimate amount the Company will pay for many of the claims it has incurred as of the balance sheet date will not be known for many years. The estimate of loss reserves is intended to equal the difference between the expected ultimate losses of all claims that have occurred as of a balance sheet date and amounts already paid. The Company establishes loss reserves based on its own analysis of emerging claims and review of the results of actuarial projections. The Company's aggregate carried reserve for unpaid losses is the sum of its reserves for each accident year and represents its best estimate of outstanding loss reserves.

The amount by which estimated losses in the aggregate differ from those previously estimated for a specific time period is known as reserve “development.” Reserve development is unfavorable when losses ultimately settle for more than the amount reserved or subsequent estimates indicate a basis for reserve increases on open claims, causing the previously estimated loss reserves to be "deficient." Reserve development is favorable when estimates of ultimate losses indicate a decrease in established reserves, causing the previously estimated loss reserves to be "redundant." Development is reflected in the Company's operating results through an adjustment to incurred losses during the period in which it is recognized.

The three main components of reserves for unpaid losses are case reserves, incurred but not reported (IBNR) loss reserves and reserves for loss adjustment expenses (LAE).

When claims are reported, the Company establishes individual estimates of the ultimate cost of each claim (case reserves). These case reserves are continually monitored and revised in response to new information and for amounts paid. IBNR is an actuarial estimate of future payments on claims that have occurred but have not yet been reported. The Company also estimates and makes a provision for the extent to which the case reserves on known claims may develop. IBNR reserves apply to the entire body of claims arising from a specific time period, rather than a specific claim. Most of the Company's IBNR reserves relate to estimated future claim payments on recorded open claims.

For the year ended December 31, 2017, estimated unpaid losses have been determined to range from a recommended low of \$3,082,000 to a recommended high of \$3,611,000 based on actuarial estimates; further the actuary has projected expected losses at \$2,418,000. For the year ended December 31, 2016, estimated paid losses have been determined to range from a recommended low of \$2,959,000 to a recommended high of \$3,492,000 based on actuarial estimates; further the actuary has projected expected losses at \$2,290,000.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

Management has estimated reserves to be \$3,082,000 and \$2,959,000 at December 31, 2017 and 2016. 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>2017</u>	<u>2016</u>
Balance at January 1	\$ 2,959,000	\$ 2,449,000
Incurred related to:		
Current year	726,000	692,000
Prior years	<u>(603,000)</u>	<u>(182,000)</u>
Total incurred	<u>123,000</u>	<u>510,000</u>
Net paid	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 3,082,000</u>	<u>\$ 2,959,000</u>

As a result of changes in estimates of incurred events in the prior year, the provision for losses changed by (\$603,000) and (\$182,000), respectively, due to (lower)/higher than anticipated losses on the development of claims.

The Company's reserve estimates are based on loss experience and exposure data and have assumed future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past.

The Company compiles and aggregates its claims data by grouping the claims according to the year in which the claim occurred ("accident year") when analyzing claim payment and emergence patterns and trends over time. It has been assumed that costs associated with workers compensation claims are decreasing 0.6% annually and average claim size are increasing by 2.5% annually. For the purposes of defining claims frequency, the number of reported claims includes any claim that has case reserves and/or loss and LAE payments associated with them. The Company has assumed that the average frequency of claims has an annual trend of 3.0%.

The following tables show the Company's historical incurred and cumulative paid losses and LAE development, net of reinsurance as well as IBNR loss reserves and the number of reported claims on an aggregated basis as of December 31, 2017 for each of the previous 10 accident years:

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

<b>Incurring Losses and LAE, Net of Reinsurance</b>											<b>2017</b>	
<b>Years Ended December 31,</b>												
<b>Accident Year</b>	<b>2008 (1)</b>	<b>2009 (1)</b>	<b>2010 (1)</b>	<b>2011 (1)</b>	<b>2012 (1)</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015 (1)</b>	<b>2016 (1)</b>	<b>2017</b>	<b>IBNR</b>	<b>Cumulative number of reported claims</b>
(in millions, except claims counts)												
2008	\$ -	\$ -	\$ -	\$ -	\$ 47.8	\$ 47.8	\$ 72.0	\$ 98.5	\$ 98.3	\$ 105.9	\$ 27.90	1
2009		-	135.0	134.0	178.5	178.6	187.0	194.6	131.8	153.3	6.7	2
2010			188.0	188.0	195.6	195.7	196.9	203.5	268.2	268.2	11.8	2
2011				-	-	-	-	-	-	-	-	0
2012					-	-	-	-	-	-	-	0
2013						-	-	-	-	-	-	0
2014							131.8	356.2	180.0	396.7	27.8	1
2015								-	-	-	415.5	0
2016									-	-	550.5	0
2017										-	603.5	0
<b>Total</b>										<b>\$ 924.1</b>		

<b>Cumulative Paid Losses and LAE, Net of Reinsurance</b>										
<b>Years Ended December 31,</b>										
<b>Accident Year</b>	<b>2008 (1)</b>	<b>2009 (1)</b>	<b>2010 (1)</b>	<b>2011 (1)</b>	<b>2012 (1)</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015 (1)</b>	<b>2016 (1)</b>	<b>2017</b>
(in millions)										
2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009		-	-	-	-	-	-	-	-	-
2010			-	-	-	-	-	-	-	-
2011				-	-	-	-	-	-	-
2012					-	-	-	-	-	-
2013						-	-	-	-	-
2014							-	-	-	-
2015								-	-	-
2016									-	-
2017										-
<b>Total</b>										<b>\$ -</b>
All outstanding liabilities for unpaid losses and LAE prior to 2008, net of reinsurance										2,157.9
<b>Total outstanding liabilities for unpaid losses and LAE, net of reinsurance</b>										<b>\$ 3,082.0</b>

(1) Data presented for these calendar years is considered to be supplementary information, which is unaudited.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The following table presents the average percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2017 and is presented as required supplementary information, which is unaudited:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
4.5%	9.1%	13.6%	14.4%	12.9%	9.8%	9.8%	7.5%	4.1%	2.6%

The following table represents a reconciliation of claims development to the aggregate carrying amount of the liability for unpaid losses and LAE:

Liabilities for unpaid losses and LAE, net of reinsurance	\$ 3,082.0
Reinsurance recoverable on unpaid losses	-
Unallocated LAE	-
<b>Total liability for unpaid losses and LAE</b>	<b><u>\$ 3,082.0</u></b>

**NOTE 7 - SURPLUS CONTRIBUTION:**

The following is a summary of the surplus contributed to the Company from PACT pursuant to authorization by the Executive Committee of PACT:

Years	Surplus PACT Contribution
2007	\$ 5,000,000
2008	5,600,000
2009	5,000,000
2010	8,017,375
2011	3,406,464
2012	135,598
2013	-
2014	-
2015	448,242
2016	1,093,260
2017	25,000,000
Total	<b><u>\$ 53,700,939</u></b>

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, 2017 and 2016.



**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 8 - 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 9 - SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through March 19, 2018, which is the date the financial statements were available to be issued.

*Casey Neilon, 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 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, 2017 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.

In connection with our audit, nothing came to our attention that caused us to believe that Public Risk Mutual failed to comply with the terms, covenants, provisions, or conditions of their bylaws, articles of incorporation, or business plan, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Company's noncompliance with the above-referenced terms, insofar as they relate to accounting matters

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.



Carson City, Nevada  
March 19, 2018



**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 20, 2018**

### **AGENDA**

1. Roll
2. **Action Item:** Approval of
  - a. Minutes of PRM Annual Meeting April 27, 2017
  - b. Ratification of Board Action Taken Since the 2017 Annual Meeting
3. Report - Minutes of Meetings
  - Meeting of the Board of Directors of April 21, 2017
  - Meeting of the Board of Directors of April 27, 2017
  - Meeting of the Board of Directors of November 8, 2017
  - Meeting of the Board of Directors of February 23, 2018
  - Meeting of the Board of Directors of March 28, 2018
4. **Presentation:** Audited Financial Reports for Calendar Year 2017 and report by Alan Kalt, Chief Financial Officer.
5. **Action Item:** Possible action on budget adjustments for Calendar Year 2018.
6. **Action Item:** Discussion and possible action on Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2018-2019
7. **Action Item:** Elections/Ratification of Board Members and Officers
8. **Action Item:** Adjournment

# Public Risk Mutual



## **Minutes of Annual Members Meeting of Public Risk Mutual**

**Place: Atlantis Casino Resort Hotel  
3800 S. Virginia St.  
Reno, Nevada 89502  
Time: 8:00 a.m.  
Date: April 27, 2017**

### **1. Roll**

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

### **2. Action Item: Approval of**

**a. Minutes of PRM Meeting March 22, 2017**

**b. Ratification of Board Action Taken Since the 2016 Annual Meeting**

On motion and second to approve the minutes and to ratify board action since the 2016 annual meeting, the motion carried.

### **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**

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

### **4. Investments Report**

Chair Minor noted that this report was received during the joint meeting of POOL and PACT.

### **5. Report - Audited Financial Reports for 2016 (Calendar Year)**

Auditor Nikki Neilon reviewed the financial audit which already had been approved by the PCM board at its previous meeting. She noted that the report was a clean opinion and highlighted the key financial results. Michael Rebaleati commented that this was a calendar year audit, not a fiscal year audit as it would be for POOL.

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

**6. Discussion of Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2017-2018**

Michael Rebaleati commented that with the infusion of an additional \$10,000,000 in capital, PRM was able to propose taking a 25% quota share of the United Educators \$2,500,000 limit excess of \$500,000 with UE bearing 75%. This change puts PRM participating in all layers of the POOL coverage. The PRM board approved this proposal and maintaining all other reinsurance structures the same as Fiscal Year 2015-2016 at its April 21, 2017 meeting.

**7. Discussion and update on Data Security Project and contract with Information International Associates, Inc.**

Michael Rebaleati reviewed the current data security project being conducted by Tony Rucci. Two members had received their data security assessments as pilot entities. Michael hoped to eventually enlist all members to participate over the next couple of years to address the cyber liability risks. He commented that this project will be fully funded by PRM now that the pilot results are in. He encouraged members to contact him about getting the assessments done.

**8. Action Item: Elections/Ratification of Board Members and Officers**

On motion and second to reelect Cash Minor and Josh Foli for a new term from 2017 to 2020 and to ratify Michael Rebaleati as President and Wayne Carlson as Vice President, the motion carried.

**9. Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned.



**Minutes for  
Public Risk Mutual (PRM)  
Place: POOL/PACT Building  
201 S. Roop St., #102  
Carson City, NV 89701  
Time: 9:00 a.m.  
Date: April 21, 2017**

### **AGENDA**

#### **1. Roll**

Members present: Chairman Cash Minor, Member Paul Johnson, Member Josh Foli, Member Bev Conley, President Michael Rebaleati, and Vice President Wayne Carlson. A quorum being present, Chairman Cash Minor called the meeting to order.

#### **2. Action Item: Approval of**

##### **a. Minutes of Board Meeting March 22, 2017**

On motion and second to approve the minutes of March 22, 2017 were approved.

#### **3. Action Item: Approval of Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2017-2018**

Michael Rebaleati noted that PRM will offer renewal terms with NPAIP with the same structure as 2016 except for the addition of a 25% quota share with United Educators for the School District liability coverage.

The first PRM casualty layer (30% of \$2,500,000 xs \$500,000, non-schools), will remain the same as 2016-2017. PRM has 30% of the layer for non-schools, and 25% of the layer for schools. The second PRM casualty layer consists of 25% (quota share) of the layer \$7,000,000xs\$3,000,000 to be shared with GEM at 35% and BRIT at 40%.

On motion and second, the motion carried to support this reinsurance structure.

#### **4. Action Item: Adjournment**

On motion and second to adjourn, the motion carried.

# Public Risk Mutual



## **Minutes of Annual Members Meeting of Public Risk Mutual**

**Place: Atlantis Casino Resort Hotel  
3800 S. Virginia St.  
Reno, Nevada 89502  
Time: 8:00 a.m.  
Date: April 27, 2017**

### **1. Roll**

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

### **2. Action Item: Approval of**

**a. Minutes of PRM Meeting March 22, 2017**

**b. Ratification of Board Action Taken Since the 2016 Annual Meeting**

On motion and second to approve the minutes and to ratify board action since the 2016 annual meeting, the motion carried.

### **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**

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

### **4. Investments Report**

Chair Minor noted that this report was received during the joint meeting of POOL and PACT.

### **5. Report - Audited Financial Reports for 2016 (Calendar Year)**

Auditor Nikki Neilon reviewed the financial audit which already had been approved by the PCM board at its previous meeting. She noted that the report was a clean opinion and highlighted the key financial results. Michael Rebaleati commented that this was a calendar year audit, not a fiscal year audit as it would be for POOL.

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

**6. Discussion of Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2017-2018**

Michael Rebaleati commented that with the infusion of an additional \$10,000,000 in capital, PRM was able to propose taking a 25% quota share of the United Educators \$2,500,000 limit excess of \$500,000 with UE bearing 75%. This change puts PRM participating in all layers of the POOL coverage. The PRM board approved this proposal and maintaining all other reinsurance structures the same as Fiscal Year 2015-2016 at its April 21, 2017 meeting.

**7. Discussion and update on Data Security Project and contract with Information International Associates, Inc.**

Michael Rebaleati reviewed the current data security project being conducted by Tony Rucci. Two members had received their data security assessments as pilot entities. Michael hoped to eventually enlist all members to participate over the next couple of years to address the cyber liability risks. He commented that this project will be fully funded by PRM now that the pilot results are in. He encouraged members to contact him about getting the assessments done.

**8. Action Item: Elections/Ratification of Board Members and Officers**

On motion and second to reelect Cash Minor and Josh Foli for a new term from 2017 to 2020 and to ratify Michael Rebaleati as President and Wayne Carlson as Vice President, the motion carried.

**9. Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned.





Minutes for  
Public Risk Mutual  
Place: POOL/PACT Building  
201 S. Roop St., #102  
Carson City, NV 89701  
Time: 9:00 a.m.  
Date: November 8, 2017

1. **Roll**

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

2. **Action Item: Approval of**

**a. Minutes of Board Meeting April 21, 2017**

On motion and second to approve the minutes and to ratify board action since the 2016 annual meeting, the motion carried.

3. **Discussion Item: Discussion and update on the transfers of funds from NPAIP to PRM, the investment returns, possible coverage structures for 2018-2019, and update on the ongoing cyber threat assessments.**

An update to the Board that the final transfer of the \$10,000,000 grant from NPAIP to PRM will be completed by December 31, 2017. Kelly Sullivan from New England Asset Management and Dan Smereck from Strategic Asset Alliance both gave details on the overall transfer of funds and how PRM should be benefitting from higher investment returns than what the Public Agency Compensation Trust earns.

Michael Rebaleati informed the board that approximately 35% of the initial \$360,000 budget on the Cyber/Data assessment program has been spent.

4. **Action Item: Adjournment**

On motion and second to adjourn the meeting, the motion carried.



## **Minutes for**

**Public Risk Mutual**

**Place: POOL/PACT Building**

**201 S. Roop St., #102**

**Carson City, NV 89701**

**Time: 10:00 a.m.**

**Date: February 23, 2018**

**Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420**

### **1. Roll**

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

### **2. Action Item: Approval of**

#### **a. Minutes of Board Meeting November 8, 2017**

On a motion and second the Board approved the minutes.

### **3. Investment Report**

Investment report was received during the Joint Meeting of the POOL/PACT Executive Committee.

### **4. Update Report on PRM annual audit for 2017 (Calendar Year)**

PRM annual audit for calendar year 2017 was given by Alan Kalt, Chief Financial Officer during the Joint Meeting of the POOL/PACT Executive Committee.

### **5. Action Item: Proposed Budget for Calendar Year 2018 and 2019.**

Mike Rebaleati, Chief Operations Officer, reviewed the budget packet of information. He noted actuary is still working on the rates for POOL. Furthermore, there was a limited discussion on Risk Service Share line item in future budget. This will be a discussion point at the upcoming retreat in Eureka. Budget will be adopted prior to the April 20, 2018 Annual Meeting. A motion to table until completion of the actuarial reports was approved.

### **6. Action Item: Reinsurance Program Provided to Nevada Public Agency Insurance Pool (NPAIP) for Fiscal Year 2018-19.**

The Actuary is working to finalize the rates and numbers for the NPAIP renewal. On a motion and second the Board tabled this item until the actuarial reports are completed.

**7. Action Item: Appointment of Captive Board member to replace Alan Kalt and election of Vice Chairman.**

On a motion and second, the Board approved Gerry Eick a Captive Board Member and to serve as Vice Chair of PRM.

**8. Action Item: Ratification of a one-year extension option extension for the Information Internal Associates contract as approved by NPAIP and to coordinate the contract amount to match the calendar year audit.**

On a motion and second, the Board ratified the one-year extension for the IAA contract which will coordinate the contract amount to match the calendar year audit. Motion carried.

**9. Action Item: Adjournment**

On motion and second to adjourn the meeting, the motion carried.



**Minutes**

**Public Risk Mutual**

**Place: POOL/PACT Building**

**201 S. Roop St., #102**

**Carson City, NV 89701**

**Time: 10:00 a.m. or immediately following executive board meeting**

**Date: March 28, 2018**

**Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420**

**AGENDA**

**1. Roll**

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

**2. Action Item: Approval of**

**a. Minutes of February 23, 2018 meeting**

On a motion and second the Board approved the minutes.

**3. Investments Report**

The Investment Report was received in connection with the monthly investment review which occurred immediately after the Captive Meeting. Kelly Sullivan from NEAM provided the detail investment overview.

**4. Action Item: Approval of Proposed Amendment to PARMS Agreement**

On a motion and second the Board approve the PARMS PRM Agreement #1 increasing the annual fee by \$50,000 for service to expand the scope of services to include additional staffing for members services, internal audit, and information technology support.

**5. Action Item: Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2018-2019**

Bickmore is performing actuary studies to determine the needed funding rate for the requested reinsurance program. No action taken until Annual Meeting with updated information.

**6. Action Item: Acceptance of PRM budget for 2019 (Calendar Year)**

Mike Rebaleati, Chief Operations Officer, reviewed the budget information. It was requested to have "Member services" shown separately from "Administrative expenses" in the budget. On a motion and second the budget was approved.

**7. Action Item: Adjournment**

On motion and second to adjourn the meeting, the motion carried.

DRAFT

**PUBLIC RISK MUTUAL**  
**DECEMBER 31, 2017 AND 2016**

**PUBLIC RISK MUTUAL  
DECEMBER 31, 2017 AND 2016**

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## PRESIDENT'S LETTER

Public Risk Mutual (PRM) had a pivotal year in its growth and maturity. Here are few of the primary highlights:

- ❖ PRM is a pure captive of the Nevada Public Agency Insurance Pool (NPAIP). NPAIP made an additional \$10,000,000 capital contribution to PRM in 2017. From the inception of PRM, this brings the total NPAIP surplus contribution to \$29,477,263.
- ❖ PRM continued to provide \$300,000 excess of NPAIP's \$200,000 retention for property reinsurance.
- ❖ PRM continued its data security liability reinsurance program for all NPAIP members.
- ❖ PRM took an additional retention of 25% of the School Districts liability quota share for \$2,500,000 excess of \$500,000. United Educators provides liability coverage for the other 75%. This type of additional coverage is a continuation of PRM's business plan of being a conduit for excess coverage for our clients.
- ❖ Besides PRM's addition to its liability program, the quota-share of 30% for \$2,500,000 excess of \$500,000 for non-school district entities as well as the second retention of 25% of \$7,000,000 excess of \$3,000,000 for all members remained the same as in 2016.
- ❖ With the assistance of New England Asset management (Fixed Income Manager) and Strategic Asset Alliance (Investment Advisor), investments grew to \$42,335,839 in 2017 from \$30,297,527 in 2016. PRM's business plan strategy of sufficient surplus contribution for PRM to help provide additional coverage for our members, coupled with the business plan of utilizing a conservative investment strategy is successfully maturing as planned.
- ❖ PRM's investment income rose from \$640,095 in 2016 to \$1,137,542 in 2017. PRM's investment portfolio includes U.S. government obligations, U.S. state and local bonds, U.S. corporate bonds, Fixed income mutual funds, bond mutual funds and equity mutual funds.
- ❖ PRM is solely supporting the cyber/computer network assessment projects with the help of Information International Associates. It is my hope that these assessments will help mitigate cyber attacks and the resulting insurance costs related to cyber-attacks. This risk management initiative has been well received by our membership.

One of PRM's main goals is to continue increase investment earnings while providing our members added value to property and liability coverage. This has been instrumental when PRM is seeking reinsurance and excess quotes from its insurance partners.

Due to Northern Nevada's record setting snow pack received during the winter of 2016-2017, the loss and loss adjustment expenses did increase from \$480,149 in 2016 to \$1,861,698 due to flooding in the spring of 2017. This type of unexpected weather-related claims is a reminder of why PRM exists to help lessen any rate increases while still providing sufficient funds to cover our claims.

For the future, I am grateful and appreciative of the hiring of Alan Kalt in January 2018 as the Chief Finance Officer for PRM, PCM, PRI, NPAIP and PACT. Alan will serve as the internal auditor of these organizations and his twenty plus years as serving as the Chairman of PACT brings a timely increase of professionalism. I personally want to thank the board of trustees for NPAIP and the PRM Captive board of trustees for their commitment to the dynamic development of the coverages and risk management products that we have been able to support.

Best,



Michael Rebaleati  
PRM President



**PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2017 AND 2016**

Public Risk Mutual's discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in the Company's financial position (its ability to address next and subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the President's letter, financial statements and notes to gain a more complete understanding of the information presented.

**Company Overview**

Public Risk Mutual ("PRM"), a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statutes 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 the State of Nevada Division of Insurance. PRM's formation was approved on July 26, 2004 by the State of Nevada Division of Insurance and began operations September 1, 2004. Currently, the Company issues a single reinsurance policy to POOL each year and the underlying POOL program in turn issues a certificate of participation to the members with a copy of the POOL Coverage Form providing coverage details.

**Financial Highlights**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

**Critical Accounting Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

PRM has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for unreported claims- IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. The estimates were made with the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

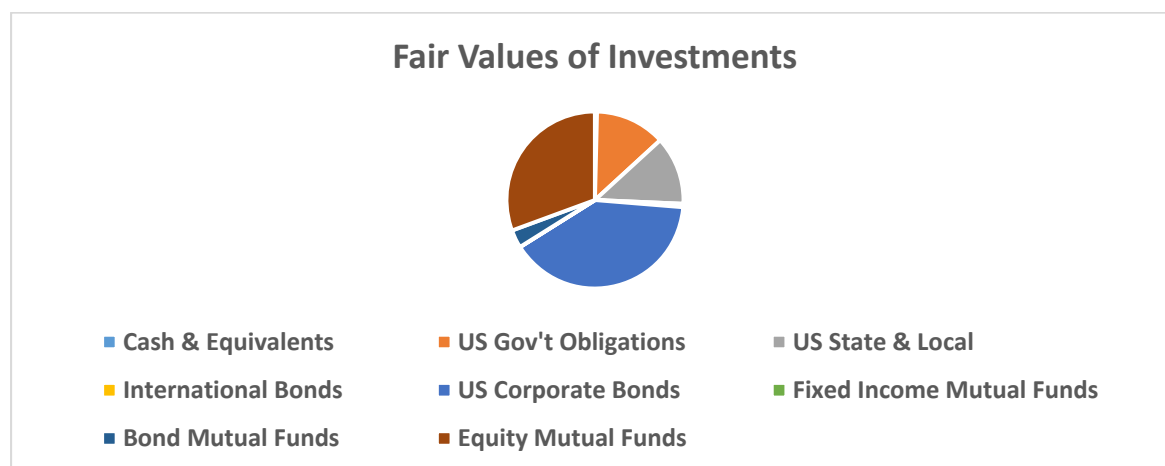
**Investments**

One significant estimate inherent in the valuation of investments is the evaluation of fair value and other than temporary impairment (OTTI). Fair value requires management judgment on the appropriate classes of assets and liabilities for which disclosures about fair value measurement should be provided. Fair value for investments primarily is a quantitative assessment. For debt and equity securities, class is determined on the basis, nature and risk of the investments. A full disclosure of PRM's fair value methodology can be found in Note 3 Fair Value of Financial Instruments in the Notes to the Audited Financial Statements.

The determination of OTTI is a quantitative and qualitative process, which is subject to judgment in the determination of whether declines in the fair value of investments are other than temporary. The cost basis of fixed maturity investments is adjusted for impairments in value, deemed to be other than temporary, with the associated realized loss reported in net income. Factors considered in evaluating whether a decline in value is other than temporary include: 1) the magnitude of the decline in value; 2) current economic conditions and the financial condition and near-term prospects of the issuer; 3) the amount of time that the fair value has been less than cost; and 4) the estimated period over which the security is expected to recover and whether PRM's cash or working capital requirements and contractual or regulatory requirements may indicate a need to sell the security before its forecasted recovery.

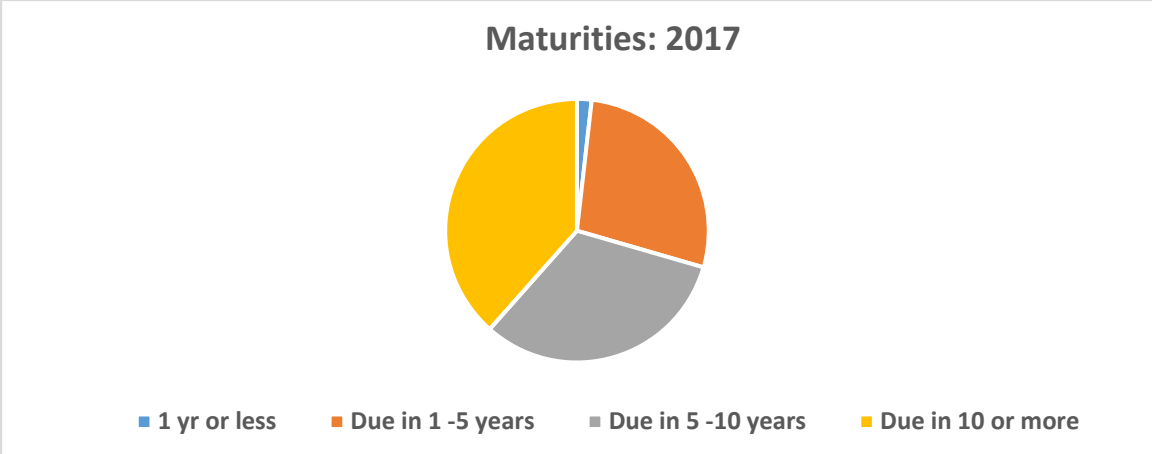
Cash and investments of \$42,483,294 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$3,148,134. Total liabilities include accounts payable, reserves for loss and loss adjustment expenses and unearned premiums. This is a conservative measure of cash and investments available to pay current obligations. PRM's cash ratio is 13.5, meaning that it has 13.5 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 12.6.

Investments as of December 31, 2017 were \$42,335,839 compared to 2016 balance of \$30,297,527. Thus, an increase of \$12,038,312 or 39.7% during the year. The increase is due primarily to the \$10,000,000 surplus contribution received from NPAIP during the year. As noted in Note 3, Level 1 quoted price in active market for identical assets were valued at \$16,321,309, the Level 2 significant other observable inputs at \$26,161,985 and no Level 3 assets. The following is an overview of the fair value investments allocation available for sale:



As noted in Note 6- Investments, the contractual maturities of available-for-sale debt securities at December 31<sup>st</sup> and 2016 are as follows:

	Estimated Fair Values	
	<u>2017</u>	<u>2016</u>
1 year or less	\$ 500,834	\$ 1,750,479
Due in 1 – 5 years	7,737,294	9,192,126
Due in 5 -10 years	8,952,749	6,202,755
Due in 10 years or more	<u>10,737,924</u>	<u>2,965,579</u>
Total Investment in debt securities	<u>\$27,928,801</u>	<u>\$20,110,939</u>



**Investment Income Receivable**

The investment income receivable at December 31, 2107 is \$166,274 compared to \$132,416 in 2016. This is a change of \$33,858 or 25.6%. This is due primarily to the increase in the investment balances at year end and the timing of the payment of accrued interest on the investments.

**Loss Reserves**

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to met future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect PRM’s reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PRM retains an outside independent actuary, to provide a loss reserve opinion and establish a range for PRM’s loss reserves. PRM’s policy is to book reserves at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income. See Note 7-Reserve for Loss and Loss Adjustment Expense note in the financial statements.

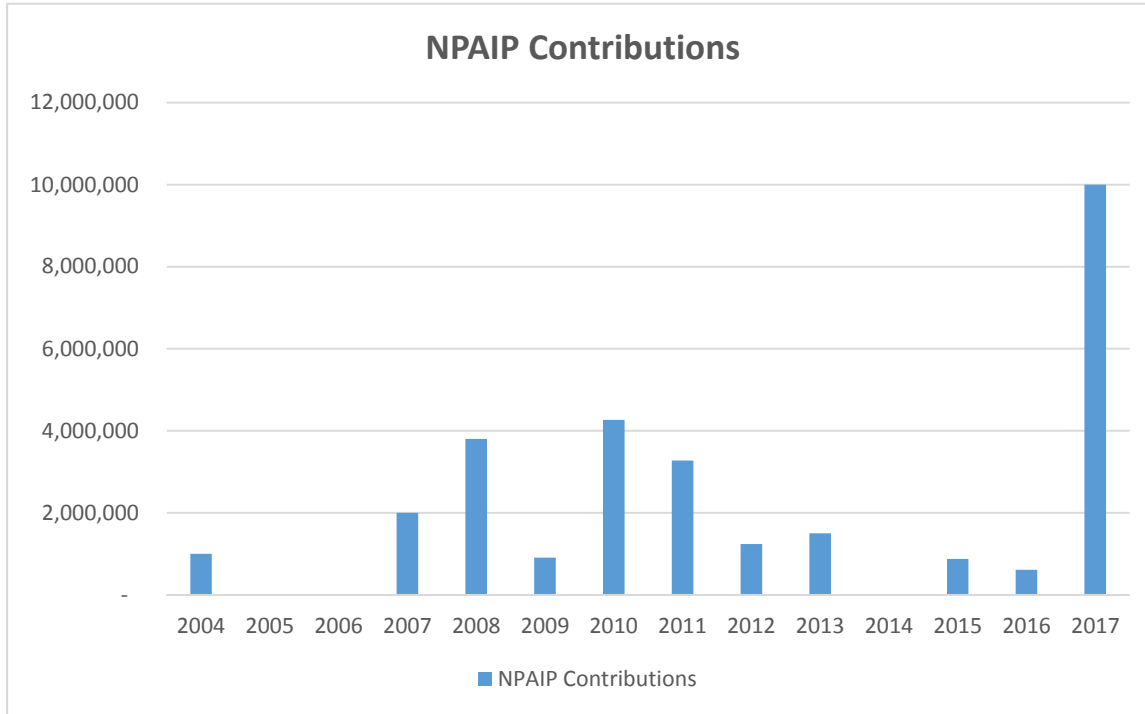
Reserves for loss and loss adjustment expenses increased from \$1,909,000 to \$2,495,000 at December 31, 2017 an increase of \$586,000 or 30.7% during the year. This increase is due to the claim development in the current year due to possible claims for flood damage in 2017.

**Unearned Premiums**

PRM writes only 12-month insurance policies effective July 1<sup>st</sup> the year written, so all of the \$581,000 unearned assessments carried in 2017 will be fully earned in 2018.

## Surplus Contributions

Surplus contributions from NPAIP during 2017 were \$10,000,000 as approved by the Board at their meeting held on March 22, 2017 meeting. This compares to the surplus contribution of \$612,600 approved on March 21, 2016. This brings the total surplus contribution into PRM at \$29,477,263. See Note 8 Surplus Contributions for more details. The following chart indicated the NPAIP surplus contributions to PRM:



## Surplus

PRM's total surplus at December 31, 2017 was \$39,501,434 an increase of \$11,265,888 from the December 31, 2106 balance of \$28,235,546. The increase is the result from the net income of \$19,392 combined with accumulated other comprehensive income (loss) of \$1,246,496 and surplus contributions of \$10,000,000 during the year. At December 31, 2106, PRM had paid-in capital (NPAIP's contributions) of \$19,477,263 and accumulated retained earnings and other comprehensive income of \$8,758,283 to account for the total surplus on \$28,235,546 in 2016.

The following is the comparative Balance Sheet of Public Risk Mutual as of December 31, 2017 and 2016.

**Public Risk Mutual  
Balance Sheets**

	2017	2016	\$ Difference	% Difference
<b>Assets</b>				
Cash and cash equivalents	\$ 147,455	\$ 236,079	\$ (88,624)	-37.5%
Investments	42,335,839	30,297,527	12,038,312	39.7%
Investment income receivable	166,274	132,416	33,858	25.6%
<b>Total Assets</b>	<b>\$ 42,649,568</b>	<b>\$ 30,666,022</b>	<b>\$ 11,983,546</b>	<b>39.1%</b>
<b>Liabilities and Surplus</b>				
Accrued expenses	\$ 72,134	\$ 16,226	\$ 55,908	344.6%
Unearned premium	581,000	505,250	75,750	15.0%
Reserve for loss and loss adjustment expenses	2,495,000	1,909,000	586,000	30.7%
<b>Total Liabilities</b>	<b>3,148,134</b>	<b>2,430,476</b>	<b>717,658</b>	<b>29.5%</b>
<b>Surplus</b>	<b>38,148,484</b>	<b>28,129,092</b>	<b>10,019,392</b>	<b>35.6%</b>
Accumulated other comprehensive income (loss)	1,352,950	106,454	1,246,496	1170.9%
<b>Total Surplus</b>	<b>39,501,434</b>	<b>28,235,546</b>	<b>11,265,888</b>	<b>39.9%</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 42,649,568</b>	<b>\$ 30,666,022</b>	<b>\$ 11,983,546</b>	<b>39.1%</b>

**Net Income from Operations**

PRM reported net income from operations for the year ended December 2017 of \$19,392 a decrease of (\$1,040,064) from the prior year end income of \$1,059,456. This decrease is primarily driven by an increase in the required loss and loss adjustment expenses of \$1,381,549 due to current and prior years loss development for claims. This is offset by investment income increases due to larger investment balances and increased book yield on the investments.

**Earned Premiums**

Earned premiums increased by \$113,500 or 11.7% to \$1,086,250 at December 31, 2017 compared to prior year amount of \$972,750. Pricing is determined with the assistance of the independent actuary.

**Investment Income Including Realized Gains**

Investment income of \$1,137,542, including realized gains on investments of (\$219,297), at December 31, 2107 was \$497,447 or 77.7% more than the same period during 2016. The increase was primarily due to the higher investment balance, higher investment book yields and realized gains from the sale of securities during the year. See Note 6 Investments for great details.

**Loss and Loss Adjustment Expenses**

Losses and loss adjustment expenses increased by \$1,381,549 from \$480,149 in 2016 to \$1,861,698 in 2017. The increase was primarily due to the adverse development of current and prior year losses related to property business which had been experienced in 2017 and 2016 due to flood events.

**Administrative Expenses**

Administrative expenses were \$342,702 and \$73,240 respectively, for the years ended December 31, 2107 and 2016.

The increase of \$269,462 was attributed primarily to an increase in the member services contract for cybersecurity assessments. There was \$261,521 in membership services expenses for the cybersecurity program during the year.

### Other Comprehensive Income

Other comprehensive income, which consist of unrealized gains (losses) on available for sale securities arising during the period less reclassification adjustment for gains (losses) recognized in net income. In 2017, the unrealized gains on available for sale securities during the period was \$1,465,793 compared to \$697,071 in 2016. The reclassification adjustment for gains recognized in net income were (\$219,297) in 2017 compared to (\$36,249) in 2016. This results in total Other Comprehensive income of \$1,246,496 in 2017 and \$660,822 in 2016. This increase in Other Comprehensive income is the result of the increase in the values of the stock market and increases in interest rates on the fixed rate portion of the investment portfolio managed by New England Asset Management.

The following is the Statement of Income and Comprehensive Income for the years ended December 31, 2017 and 2016.

### Public Risk Mutual

#### Statements of Income and Comprehensive Income

	2017	2016	\$ Difference	% Difference
<b>Income</b>				
Premiums	\$ 1,086,250	\$ 972,750	\$ 113,500	11.7%
Investment income	1,137,542	640,095	497,447	77.7%
<b>Income</b>	<b>2,223,792</b>	<b>1,612,845</b>	<b>610,947</b>	<b>37.9%</b>
<b>Expenses</b>				
Administrative expenses	76,231	73,240	2,991	4.1%
Membership service expenses	266,471	-	266,471	
Loss and loss adjustment expenses	1,861,698	480,149	1,381,549	287.7%
<b>Total Expenses</b>	<b>2,204,400</b>	<b>553,389</b>	<b>1,651,011</b>	<b>298.3%</b>
Net Income Before Income Taxes	19,392	1,059,456	(1,040,064)	-98.2%
Provision for Income Taxes	-	-	-	0.0%
<b>Net Income</b>	<b>\$ 19,392</b>	<b>\$ 1,059,456</b>	<b>\$ (1,040,064)</b>	<b>-98.2%</b>
<b>Other Comprehensive Income</b>				
Unrealized gains (losses) on available for sale securities arising during the period	\$ 1,465,793	\$ 697,071	\$ 768,722	110.3%
Less: Reclassification adjustment for (gains) losses recognized in net income	(219,297)	(36,249)	(183,048)	505.0%
<b>Other Comprehensive Income</b>	<b>1,246,496</b>	<b>660,822</b>	<b>585,674</b>	<b>88.6%</b>
<b>Comprehensive Income</b>	<b>\$ 1,265,888</b>	<b>\$ 1,720,278</b>	<b>\$ (454,390)</b>	<b>-26.4%</b>

### Request for Information

This financial report is designed to provide a general overview of the financial activities and conditions of Public Risk Mutual to all having an interest in PRM. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Public Risk Mutual, 201 South Roop Street, Suite 102, Carson City, Nevada 89701 or email at [akalt@poolpact.com](mailto:akalt@poolpact.com).

*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, 2017 and 2016 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, 2017 and 2016, 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.

***Other Matters – Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the expanded disclosures regarding short duration contracts contained in Note 7 to the financial statements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial 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.

***Report on Other Legal and Regulatory Requirements***

In accordance with the Nevada Administrative Code, we have also issued our report dated March 19, 2018, 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.

A handwritten signature in black ink that reads "Casey Nalon". The signature is written in a cursive, flowing style.

Carson City, Nevada  
March 19, 2018



**PUBLIC RISK MUTUAL  
BALANCE SHEETS  
DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 147,455	\$ 236,079
Investments	42,335,839	30,297,527
Investment income receivable	166,274	132,416
Total Assets	\$ 42,649,568	\$ 30,666,022
 <b>LIABILITIES AND SURPLUS</b>		
Accrued expenses	\$ 72,134	\$ 16,226
Unearned premium	581,000	505,250
Reserve for loss and loss adjustment expenses	2,495,000	1,909,000
Total Liabilities	3,148,134	2,430,476
Surplus	38,148,484	28,129,092
Accumulated other comprehensive income	1,352,950	106,454
Total Surplus	39,501,434	28,235,546
Total Liabilities and Surplus	\$ 42,649,568	\$ 30,666,022

See accompanying notes.

**PUBLIC RISK MUTUAL**  
**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Premiums earned	\$ 1,086,250	\$ 972,750
Net investment income	<u>1,137,542</u>	<u>640,095</u>
Total Revenues	<u>2,223,792</u>	<u>1,612,845</u>
<b>EXPENSES</b>		
Administrative expenses	76,231	73,240
Membership services expense	266,471	-
Loss and loss adjustment expenses	<u>1,861,698</u>	<u>480,149</u>
Total Expenses	<u>2,204,400</u>	<u>553,389</u>
Net Income Before Income Taxes	19,392	1,059,456
Provision for income taxes	<u>-</u>	<u>-</u>
Net Income	<u>\$ 19,392</u>	<u>\$ 1,059,456</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Unrealized gains (losses) on available for sale securities arising during the period	\$ 1,465,793	\$ 697,071
Less: Reclassification adjustment for (gains) losses recognized in net income	<u>(219,297)</u>	<u>(36,249)</u>
Other Comprehensive Income	<u>1,246,496</u>	<u>660,822</u>
Comprehensive Income	<u>\$ 1,265,888</u>	<u>\$ 1,720,278</u>

See accompanying notes.

**PUBLIC RISK MUTUAL  
STATEMENTS OF CHANGES IN SURPLUS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2015	\$ 26,457,036	\$ (554,368)	\$ 25,902,668
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>
Surplus contributions	10,000,000	-	10,000,000
Net income	19,392	-	19,392
Unrealized holding gains (losses) arising during the period	-	1,465,793	1,465,793
Less: Reclassification adjustment for (gains) losses included in net income	<u>-</u>	<u>(219,297)</u>	<u>(219,297)</u>
Balance, December 31, 2017	<u>\$ 38,148,484</u>	<u>\$ 1,352,950</u>	<u>\$ 39,501,434</u>

See accompanying notes.

**PUBLIC RISK MUTUAL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 19,392	\$ 1,059,456
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Realized (gains) losses on sales of securities	(219,297)	(36,249)
Amortization of premium or discount	118,277	169,152
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(33,858)	4,740
Increase (decrease) in:		
Accrued expenses	55,908	(209)
Claims payable	-	(50,000)
Unearned premium	75,750	37,750
Reserve for loss and loss adjustment expenses	586,000	341,648
	<u>602,172</u>	<u>1,526,288</u>
Net Cash Provided (Used) by Operating Activities		
	<u>602,172</u>	<u>1,526,288</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of securities	8,694,596	3,839,866
Purchase of investments	(19,385,392)	(6,074,447)
	<u>(10,690,796)</u>	<u>(2,234,581)</u>
Net Cash Provided (Used) by Investing Activities		
	<u>(10,690,796)</u>	<u>(2,234,581)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contribution of surplus	10,000,000	612,600
	<u>10,000,000</u>	<u>612,600</u>
Net Cash Provided (Used) by Financing Activities		
	<u>10,000,000</u>	<u>612,600</u>
Increase (Decrease) in Cash and Cash Equivalents	(88,624)	(95,693)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>236,079</u>	<u>331,772</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 147,455</u>	<u>\$ 236,079</u>

See accompanying notes.

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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.

**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.

**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 securities is determined by quoted market prices and observable information for similar items in active or inactive markets.

**PUBLIC RISK MUTUAL  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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.

**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.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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).

**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.

**NOTE 2 – NEW ACCOUNTING STANDARDS:**

**Recently Adopted Accounting Standards:**

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Number 2015-09, *Disclosures About Short-Duration Contracts* (Topic 944). This standard expands the disclosures that an insurance entity must provide about its short-duration insurance contracts. While ten years of information are required to be presented, all years presented in the claims development tables that precede the most recent reporting period should be considered supplementary information.

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**NOTE 2 – NEW ACCOUNTING STANDARDS (continued):**

**Recently Issued Accounting Standards – Not Yet Adopted:**

In January 2016, the FASB issued ASU Number 2016-01, *Financial Instruments - Overall* (Subtopic 825-10). This update replaces the guidance to classify equity securities with readily determinable fair values into different categories (trading or available-for sale) and requires equity securities to be measured at fair value with changes in fair value recognized in net income. Additionally, this update eliminates the method and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost. It requires financial instruments to be measured at fair value using the exit price notion. This update becomes effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. This update will result in a reclassification adjustment, net of tax, to retained earnings from accumulated other comprehensive income, which will be determined based on the fair value of securities at the effective date of adoption.

**NOTE 3 - 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.

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2017 and 2016:

Description	December 31, 2017	Fair Value measurement at reporting date using		
		Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 147,455	\$ 147,455	\$ -	\$ -
U.S. government obligations	5,457,021	1,766,816	3,690,205	-
U.S. states and local authorities	5,305,177	-	5,305,177	-
International bonds	260,107	-	260,107	-
U.S. corporate bonds	16,906,496	-	16,906,496	-
Fixed income mutual funds	1,130	1,130	-	-
Bond mutual funds	1,406,218	1,406,218	-	-
Equity mutual funds	12,999,690	12,999,690	-	-
Total	\$ 42,483,294	\$ 16,321,309	\$ 26,161,985	\$ -



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**NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):**

Description	December 31, 2016	Fair Value measurement at reporting date using		
		Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 236,079	\$ 236,079	\$ -	\$ -
U.S. government obligations	7,547,742	5,054,535	2,493,207	-
U.S states and local authorities	3,518,706	-	3,518,706	-
International bonds	262,036	-	262,036	-
U.S. corporate bonds	8,782,455	-	8,782,455	-
Fixed income mutual funds	480,532	480,532	-	-
Bond mutual funds	1,009,306	1,009,306	-	-
Equity mutual funds	8,696,750	8,696,750	-	-
Total	<u>\$ 30,533,606</u>	<u>\$ 15,477,202</u>	<u>\$ 15,056,404</u>	<u>\$ -</u>

There were no transfers between fair value levels during the year ended December 31, 2017 and 2016.

**NOTE 4 - 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, 2017 and 2016, 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 5 - 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.

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**NOTE 6 - INVESTMENTS:**

Available-for-sale securities at December 31, 2017 and 2016 consist of various investments as indicated below:

	December 31, 2017			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 5,516,853	\$ 5,457,021	\$ 296	\$ (60,128)
U.S. states and local authorities	5,319,313	5,305,177	35,479	(49,615)
International bonds	260,439	260,107	-	(332)
U.S. corporate bonds	16,893,318	16,906,496	112,765	(99,587)
Total debt securities	<u>27,989,923</u>	<u>27,928,801</u>	<u>148,540</u>	<u>(209,662)</u>
Fixed income mutual funds	1,138	1,130	-	(8)
Bond mutual funds	1,416,613	1,406,218	-	(10,395)
Equity mutual funds	11,575,215	12,999,690	1,424,475	-
Total equity securities	<u>12,992,966</u>	<u>14,407,038</u>	<u>1,424,475</u>	<u>(10,403)</u>
Total available-for-sale securities	<u>\$ 40,982,889</u>	<u>\$ 42,335,839</u>	<u>\$ 1,573,015</u>	<u>\$ (220,065)</u>

	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>

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 \$1,465,793 and \$697,071 for the years ended December 31, 2017 and 2016 have been included in accumulated other comprehensive income.

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**NOTE 6 – INVESTMENTS (continued):**

During 2017 and 2016, sales proceeds and gross realized gains and losses on securities classified as available-for-sale were:

	<u>2017</u>	<u>2016</u>
Sales proceeds	<u>\$ 8,694,596</u>	<u>\$ 3,839,866</u>
Gross realized gains	<u>\$ 244,663</u>	<u>\$ 38,138</u>
Gross realized losses	<u>\$ (25,366)</u>	<u>\$ (1,889)</u>

Contractual maturities of available-for-sale debt securities at December 31, 2017 and 2016 are as follows:

	<u>Estimated Fair Values</u>	
	<u>2017</u>	<u>2016</u>
1 year or less	\$ 500,834	\$ 1,750,479
Due in 1 - 5 years	7,737,294	9,192,126
Due in 5 - 10 years	8,952,749	6,202,755
Due in 10 years or more	<u>10,737,924</u>	<u>2,965,579</u>
Total investment in debt securities	<u>\$ 27,928,801</u>	<u>\$ 20,110,939</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, 2017, 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>	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government obligations	\$ -	\$ -	\$ 5,113,977	\$ 60,128	\$ 5,113,977	\$ 60,128
U.S. state and local authorities	-	-	2,728,312	49,615	2,728,312	49,615
International bonds	260,107	332	-	-	260,107	332
U.S. corporate bonds	-	-	9,398,752	99,587	9,398,752	99,587
Fixed income mutual funds	-	-	1,130	8	1,130	8
Bond mutual funds	-	-	1,406,219	10,395	1,406,219	10,395
Total available-for-sale securities	<u>\$ 260,107</u>	<u>\$ 332</u>	<u>\$ 18,648,390</u>	<u>\$ 219,733</u>	<u>\$ 18,908,497</u>	<u>\$ 220,065</u>

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.

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**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES:**

The Company provides property reinsurance to POOL on an excess of loss basis per the following table:

<u>Fiscal Year</u>	<u>Insurance layer</u>
7/1/2005-7/1/2007	\$ 50,000 excess of \$150,000
7/1/2007-7/1/2014	\$ 50,000 excess of \$200,000
7/1/2014-7/1/2018	\$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 to Nevada Public Agency Insurance Pool's liability program is as follows:

<u>Fiscal Year</u>	<u>Retention 1</u>		<u>Retention 2</u>				
	<u>Insurance layer</u>	<u>Quota share</u>	<u>Insurance layer - excluding school district</u>	<u>Quota share</u>	<u>Insurance layer - all members</u>	<u>Quota share</u>	<u>Insurance layer - school district</u>
<u>7/1/05-7/1/07</u>	\$250,000 excess of \$2,000,000						
<u>7/1/07-7/1/11</u>	\$250,000 excess of \$2,000,000	20%	\$1,500,000 excess of \$500,000				
<u>7/1/11-7/1/14</u>		20%	\$2,500,000 excess of \$500,000				
<u>7/1/14-7/1/16</u>		20%	\$2,500,000 excess of \$500,000	15%	\$7,000,000 excess of \$3,000,000		
<u>7/1/16-7/1/17</u>		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		
<u>7/1/17-7/1/18</u>		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000	25%	\$2,500,000 excess of \$500,000

Loss reserve estimates are inherently uncertain because the ultimate amount the Company will pay for many of the claims it has incurred as of the balance sheet date will not be known for many years. The estimate of loss reserves is intended to equal the difference between the expected ultimate losses of all claims that have occurred as of a balance sheet date and amounts already paid. The Company establishes loss reserves based on its own analysis of emerging claims and review of the results of actuarial projections. The Company's aggregate carried reserve for unpaid losses is the sum of its reserves for each accident year and represents its best estimate of outstanding loss reserves.

The amount by which estimated losses in the aggregate differ from those previously estimated for a specific time period is known as reserve "development." Reserve development is unfavorable when losses ultimately settle for more than the amount reserved or subsequent estimates indicate a basis for reserve increases on open claims, causing the previously estimated loss reserves to be "deficient." Reserve development is favorable when estimates of ultimate losses indicate a decrease in established reserves, causing the previously estimated loss reserves to be "redundant." Development is reflected in the Company's operating results through an adjustment to incurred losses during the period in which it is recognized.

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**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The three main components of reserves for unpaid losses are case reserves, incurred but not reported (IBNR) loss reserves and reserves for loss adjustment expenses (LAE).

When claims are reported, the Company establishes individual estimates of the ultimate cost of each claim (case reserves). These case reserves are continually monitored and revised in response to new information and for amounts paid. IBNR is an actuarial estimate of future payments on claims that have occurred but have not yet been reported. The Company also estimates and makes a provision for the extent to which the case reserves on known claims may develop. IBNR reserves apply to the entire body of claims arising from a specific time period, rather than a specific claim. Most of the Company's IBNR reserves relate to estimated future claim payments on recorded open claims.

For the year ended December 31, 2017, estimated unpaid losses have been determined to range from a recommended low of \$2,495,000 to a recommended high of \$3,608,000 with a conservative estimate of \$4,704,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,604,000. 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 \$3,422,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,292,000. Management has estimated reserves to be \$2,495,000 and \$1,909,000 at December 31, 2017 and 2016. 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>2017</u>	<u>2016</u>
Balance at January 1	\$ 1,909,000	\$ 1,567,352
Incurred related to:		
Current year	957,000	657,548
Prior years	<u>904,698</u>	<u>(177,399)</u>
Total incurred	<u>1,861,698</u>	<u>480,149</u>
Net paid	<u>1,275,698</u>	<u>138,501</u>
Balance at December 31	<u>\$ 2,495,000</u>	<u>\$ 1,909,000</u>

As a result of changes in estimates of incurred events in prior years, the provision for losses changed by \$904,698 and \$(177,399) for the years ended December 31, 2017 and 2016, respectively, due to higher (lower) than anticipated losses on the development of claims.

The Company's reserve estimates are based on loss experience and exposure data and have assumed future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past.

The Company compiles and aggregates its claims data by grouping the claims according to the year in which the claim occurred ("accident year") when analyzing claim payment and emergence patterns and trends over time. It has been assumed that costs associated with liability claims and claim size are increasing by 2.0% annually. For the purposes of defining claims frequency, the number of reported claims includes any claim that has case reserves and/or loss and LAE payments associated with them. The Company has assumed that the average frequency of claims stays constant.

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**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The Company analyzed the usefulness of disaggregation of its results and determined the characteristics associated with the policies and the related unpaid loss reserves, incurred losses, and payment patterns are similar in nature. The following tables show the Company's historical incurred and cumulative paid losses and LAE development, net of reinsurance, (liability and property combined) as well as IBNR loss reserves and the number of reported claims on an aggregated basis as of December 31, 2017 for each of the previous 10 accident years:

<b>Incurred Losses and LAE, Net of Reinsurance</b>											<b>2017</b>	
<b>Years Ended December 31,</b>												
<b>Accident Year</b>	<b>2008 (1)</b>	<b>2009 (1)</b>	<b>2010 (1)</b>	<b>2011 (1)</b>	<b>2012 (1)</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015 (1)</b>	<b>2016 (1)</b>	<b>2017</b>	<b>IBNR</b>	<b>Cumulative number of reported claims</b>
(in millions, except claims counts)												
2008	\$ 674.0	\$ 674.0	\$ 1,224.0	\$ 1,223.0	\$ 1,224.0	\$ 1,223.8	\$ 1,223.8	\$ 1,223.8	\$ 1,223.8	\$ 1,223.8	\$ -	5
2009		-	-	-	-	-	-	-	-	-	-	0
2010			-	134.0	150.0	146.2	146.2	177.0	158.7	160.7	-	4
2011				100.0	150.0	140.5	140.5	140.5	140.5	140.5	0.5	3
2012					-	50.0	50.0	50.0	50.0	50.0	1.5	1
2013						50.0	50.0	50.0	50.0	50.0	2.5	1
2014							50.0	94.7	434.7	419.3	7.0	2
2015								317.2	297.6	280.7	34.7	2
2016									917.6	1,262.2	108.5	6
2017										764.6	440.8	3
<b>Total</b>										<b>\$ 4,351.8</b>		

<b>Cumulative Paid Losses and LAE, Net of Reinsurance</b>										
<b>Years Ended December 31,</b>										
<b>Accident Year</b>	<b>2008 (1)</b>	<b>2009 (1)</b>	<b>2010 (1)</b>	<b>2011 (1)</b>	<b>2012 (1)</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015 (1)</b>	<b>2016 (1)</b>	<b>2017</b>
(in millions)										
2008	\$ 100.0	\$ 167.0	\$ 186.0	\$ 1,216.0	\$ 1,224.0	\$ 1,223.8	\$ 1,223.8	\$ 1,223.8	\$ 1,223.8	\$ 1,223.8
2009		-	-	-	-	-	-	-	-	-
2010			-	50.0	69.0	96.2	96.2	105.3	155.8	159
2011				100.0	100.0	140.5	140.5	140.5	140.5	141
2012					-	-	50.0	50.0	50.0	50
2013						50.0	50.0	50.0	50.0	50
2014							-	74.7	418.2	419
2015								220.3	297.6	281
2016									592.8	835
2017										321
<b>Total</b>										<b>\$ 3,479.0</b>
All outstanding liabilities for unpaid losses and LAE prior to 2008, net of reinsurance										1,622.2
<b>Total outstanding liabilities for unpaid losses and LAE, net of reinsurance</b>										<b>\$ 2,495.0</b>

(1) Data presented for these calendar years is considered to be supplementary information, which is unaudited.

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**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The following table presents the average percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2017 and is presented as required supplementary information, which is unaudited:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
13.4%	23.0%	19.2%	14.4%	7.2%	6.3%	4.3%	3.2%	2.3%	0.9%

The following table represents a reconciliation of claims development to the aggregate carrying amount of the liability for unpaid losses and LAE:

Liabilities for unpaid losses and LAE, net of reinsurance	\$ 2,495.0
Reinsurance recoverable on unpaid losses	-
Unallocated LAE	-
<b>Total liability for unpaid losses and LAE</b>	<b><u>\$ 2,495.0</u></b>

**NOTE 8 - SURPLUS CONTRIBUTION:**

The following is a summary of the surplus contributed to the Company from POOL pursuant to authorization by the Executive Committee of POOL:

Years	Surplus POOL Contribution
2004	\$ 1,000,000
2005	-
2006	-
2007	2,000,000
2008	3,800,000
2009	908,416
2010	4,265,924
2011	3,276,619
2012	1,237,581
2013	1,500,000
2014	-
2015	876,123
2016	612,600
2017	10,000,000
<b>Total</b>	<b><u>\$ 29,477,263</u></b>

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, 2017 and 2016.

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**NOTE 9 - 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 10 - SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through March 19, 2018, which is the date the financial statements were available to be issued.



*Casey Neilson, Inc.*  
**Accountants and Advisors**

**REPORT ON INTERNAL CONTROL AND COMPLIANCE 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, 2017 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.

In connection with our audit, nothing came to our attention that caused us to believe that Public Risk Mutual failed to comply with the terms, covenants, provisions, or conditions of their bylaws, articles of incorporation, or business plan, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Company's noncompliance with the above-referenced terms, insofar as they relate to accounting matters

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 19, 2018



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

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**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 20, 2018**

**AGENDA**

**April 20, 2018**

**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 Meetings:**
    - 1) Board Meeting April 27, 2017**
  - b. Acceptance of Interim Financial Statements**
  - c. Approve Resolution to Submit Application to AGRiP for Recognition Under their Advisory Standards**
- 4. For Possible Action: Acceptance of Audit for June 30, 2017**
- 5. For Possible Action: SpecialtyHealth**
  - a. Report and Recommendations Cardiac Wellness Program**
  - b. Report on 24/7/365 Workers Compensation Injury Call Service**
  - c. Approval of Specialty Health Managed Care Organization and Cardiac Wellness Program Contract(s)**

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 2018-2019**
  
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: Approve Changes to PACT**
  - a. Interlocal Cooperation Agreement
  - b. Bylaws
  - c. Claims Administration Policy
  - d. Service Providers Bill of Rights Policy
  
11. **For Possible Action: Election of Executive Committee for Two Year Terms 2018-2020**
  - a. One Representative from Counties and/or Cities with less than 35,000 Population
  - b. One Representative of School Districts
  - c. One Representative of Hospitals
  
12. **For Possible Action: Election of Chair and Vice Chair**
13. **Public Comment**
  
14. **For Possible Action: Adjournment**

This Agenda was posted at the following locations and on the State Website [notice.nv.gov](http://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  
 Complex  
 10 S. Main Street  
 Eureka, NV 89316

Churchill County Administrative  
 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.



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**Minutes of 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**

**1. Introductions and Roll**

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

**2. Public Comment**

Chair Kalt 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**

- **Approval of Minutes of Board Meetings:  
Board Meeting April 29, 2016**
- **Acceptance of Interim Financial Statements**

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

**4. For Possible Action: Acceptance of Audit for June 30, 2016**

Chair Kalt reviewed the audit report noting the financial results. Gerry Eick, Chair of the Audit Committee, commented that as a result of the transfer of assets from PACT to PCM, it may be useful to use the popular reporting method to present a combined pool and captive report so members have a better appreciation of how the two organizations work together financially.

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

**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**

a. and b. Chair Kalt invited Jackie Cox and Ethan Opdahl of SpecialtyHealth to provide their report. Ethan highlighted the features of the cardiac wellness program and how it works to reduce the risk factors for public safety employees which helps reduce PACT claims. Jackie explained a new service: 24/7/365 Workers Compensation Injury Call Service and how it will help reduce unnecessary medical treatment by having a nurse talk to employees about their injuries and explain what the most appropriate treatment source should be. They have a network of workers' compensation medical providers throughout the state and focus on sending the employees to local resources where possible. She also talked about a couple of other programs they have been developing to help reduce back injuries and insulin resistance, which often are connected due to the inflammatory response of both. These programs presently are not contract with PACT, but she wanted to advise us about the developments.

On motion and second to accept the report and to approve the addition of the 24/7/365 Workers Compensation Injury Call Service to their contract renewal, the motion carried.

**6. For Possible Action: Acceptance of Reports**

**a. Large Loss Report**

**b. Actuarial Update**

a. Donna Squires reviewed the large losses noting the costliest cases with heart disease cases frequently being high dollar cases.

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

b. Chair Kalt asked Mike Rebaleati whether there was an update report, but Mike indicated there was not.

**7. For Possible Action: Acceptance of PACT Retention Options and Renewal Reinsurance Proposals and Options**

Courtney Giesseman of Willis Re Pooling presented a review of the markets approach for reinsurance proposals and options. She noted that the PACT Executive Committee had recommended that because of the additional capital transferred to PCM, PACT's present \$500,000 retention would be reduced to \$300,000 and PCM would increase its retention from \$500,000 excess of PACT to \$700,000 excess of PACT. PCM also would continue to provide a quota share of 25% of the layer between \$1,000,000 and \$3,000,000 with CRL bearing 75% as at present. Safety National would continue to provide excess of \$3,000,000. In addition, PCM and Safety National would continue to provide a 50%/50% share of the \$3,000,000 aggregate excess coverage.

On motion and second to approve the renewal as proposed, the motion carried.

**8. For Possible Action: Acceptance of Budget for 2016-2017**

Wayne Carlson commented about key budget elements and responded to questions.

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

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**

Chair Kalt noted that he services on the Committee on Local Government Finance and that Pershing General Hospital was continuing to make good progress on its financial status with the Department of Taxation and that Nye County was receiving additional assistance from the Department of Taxation, although they were not under fiscal watch.

On motion and second to acknowledge the review of each of these items, the motion carried.

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**

Chair Kalt reviewed the candidates for these various positions, noting that Roger Mancebo was retiring and that Mike Giles of the City of Lovelock was a candidate to replace him under item a. He noted that the incumbents Josh Foli and Cash Minor were candidates for reelection under item b and that Chris Mulkerns was a candidate for reelection under item c. Regarding item d Wayne Carlson commented that Missie Rowe, the incumbent, withdrew her candidacy due to lack of time to continue. He said that Cindy Hixenbaugh of Pershing General Hospital had volunteered to be a candidate to replace Missie Rowe. Chair Kalt called for any further nominations and hearing none, closed the nominations.

On motion and second to elect Mike Giles, Josh Foli, Cash Minor, Chris Mulkerns for two year terms from 2017 to 2019 and Cindy Hixenbaugh to replace Missie Rowe for the remaining year of her term ending 2018, the motion carried.

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

Chair Kalt expressed interest in continuing to serve as Chair and Paul Johnson expressed interest in continuing as Vice Chair. Chair Kalt asked whether there were any other nominations and hearing none, closed the nominations.

On motion and second to reelected Alan Kalt as Chair and Paul Johnson as Vice Chair, the motion carried.

## **12. Public Comment**

Chair Kalt opened the public comment period.

Dave Mason, Trustee from Battle Mountain General Hospital, spoke about how he had recently been appointed to serve as their voting representative, but had not been provided sufficient information in advance of the meeting in order to be prepared. He indicated that other new voting members may have been as overwhelmed as he was during this meeting and hoped that he could receive an additional orientation about the programs. He expressed appreciation for what he learned during the meeting.

Hearing no further public comment, Chair Kalt closed the comment period.

## **13. For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

**The 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**

**PUBLIC AGENCY COMPENSATION TRUST**  
**Statement of Assets, Liabilities and Equity**  
**February 28, 2018**

	<b>Operating Fund (Unrestricted)</b>	<b>Trust Fund (Restricted)</b>	<b>TOTAL FUNDS</b>
<b>ASSETS</b>			
Cash and Equivalents	822,775.71	820,256.31	1,643,032.02
Pledged Account Cash Equivalents		745,150.65	745,150.65
Investments	12,705,020.66	38,929,714.48	51,634,735.14
Investments - State of Nevada		3,765,539.87	3,765,539.87
Investments Interest Receivable	46,646.13	149,697.13	196,343.26
Member Assessments Receivable	73,652.89		73,652.89
Agent Compensation Receivable	5,000.00		5,000.00
Interfund Account	37,633.57	(37,633.57)	-
Interfund Account - Heart/Lung Fund	-	-	-
Rec. Invest. Brokers	20.83		20.83
Public Compensation Mutual Investment	8,450,000.00	45,250,939.00	53,700,939.00
PCM Amortization	(2,156,663.00)	(22,887,392.00)	(25,044,055.00)
Specific Recoverable		153,681.52	153,681.52
Prepaid Expenses	138,742.79	887,004.66	1,025,747.45
	<b>20,122,829.58</b>	<b>67,776,958.05</b>	<b>87,899,787.63</b>
<b>TOTAL ASSETS</b>	<b>20,122,829.58</b>	<b>67,776,958.05</b>	<b>87,899,787.63</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable			-
Payable For Risk Management Grants	81,696.37		81,696.37
Agent Compensation Payable			-
Specific Recoverable		153,681.52	153,681.52
Loss Reserves		107,990,415.81	107,990,415.81
Loss Reserves - Heart/Lung		23,735,556.70	23,735,556.70
Claims Payments		(85,206,462.37)	(85,206,462.37)
Claims Payments - Heart/Lung		(421,825.71)	(421,825.71)
Fund Balances:			
Fund Balance	20,041,133.21	21,525,592.10	41,566,725.31
	<b>20,122,829.58</b>	<b>67,776,958.05</b>	<b>87,899,787.63</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>20,122,829.58</b>	<b>67,776,958.05</b>	<b>87,899,787.63</b>

Unaudited Report for Management and Insurance Division Use Only



**PUBLIC AGENCY COMPENSATION TRUST**  
**Income Statement**  
**For the Eight Months Ending February 28, 2018**

	<u>Operating Fund (Unrestricted)</u>	<u>Trust Fund (Restricted)</u>	<u>TOTAL FUNDS</u>
<b>REVENUES</b>			
Assessments	1,430,800.49	4,292,401.51	5,723,202.00
Heart Lung Fund		686,715.00	686,715.00
Agent Compensation	113,490.00		113,490.00
Investment Interest Income	243,549.58	769,706.95	1,013,256.53
Bank Interest Income		1,343.48	1,343.48
Investment Realized Gains/(Losses)	4,663.05	25,550.78	30,213.83
Investment Unrealized Gains/(Losses)	(274,975.27)	(857,161.95)	(1,132,137.22)
Premium/Discount Investments	(34,480.69)	(135,973.97)	(170,454.66)
 Total Revenues	 <u>1,483,047.16</u>	 <u>4,782,581.80</u>	 <u>6,265,628.96</u>
<b>LOSS RESERVES EXPENSES</b>			
Claims and Adjustment Expenses	-	3,606,649.52	3,606,649.52
Heart Lung Loss Reserves Expenses	-	686,715.00	686,715.00
 Total Loss Reserves Expenses	 <u>-</u>	 <u>4,293,364.52</u>	 <u>4,293,364.52</u>
<b>PROGRAM EXPENSES</b>			
Excess Insurance Premiums	-	361,376.00	361,376.00
Reinsurance Premium (PCM)	-	1,287,608.00	1,287,608.00
Claims TPA Fees (ASC)	-	510,245.72	510,245.72
Underwriting Fees (Willis Pooling)	-	20,000.00	20,000.00
Nevada Insolvency Fund	-	19,000.00	19,000.00
Security Bond/Regulatory Assessments	-	150,100.77	150,100.77
Specialty Health MCO Contract	-	24,000.00	24,000.00
Amortization Expense	-	2,397,280.00	2,397,280.00
 Total Loss Fund and Program Costs	 <u>-</u>	 <u>4,769,610.49</u>	 <u>4,769,610.49</u>
<b>ADMINISTRATION EXPENSES</b>			
Management Services	294,489.93	-	294,489.93
Technology Services	-		-
Sponsorship Fees	5,525.00	-	5,525.00
Travel	24,152.78	-	24,152.78
Casualty Insurance	27,240.00	-	27,240.00
Due and Seminar Fees	9,391.06	-	9,391.06
Audit Expense	27,381.60	-	27,381.60
Printing & Copying Expense	3,659.64	-	3,659.64
Postage	612.31	-	612.31
Office Supplies	1,289.24	-	1,289.24
Telephone Expense	125.96	-	125.96
Legal Expense	4,098.95	-	4,098.95
Miscellaneous Expenses	-	-	-
Board & Committee Meetings	7,531.39	-	7,531.39
Actuary Expense	16,050.00	-	16,050.00
Member Education and Services	86,371.25	-	86,371.25
Bank Service Charges	21.59	-	21.59
PRI Contract Services	244,795.81	-	244,795.81
Agent Compensation	113,489.75	-	113,489.75
Insurance Division Fees	437,062.83	-	437,062.83

# PUBLIC AGENCY COMPENSATION TRUST

## Income Statement

For the Eight Months Ending February 28, 2018

Loss Control Expense	270,664.00	-	270,664.00
SMEP Awards	-	-	-
Specialty Health - Cardiac Wellness	243,032.37	-	243,032.37
Risk Management Grants	77,071.24	-	77,071.24
Amortization Expense	474,996.00	-	474,996.00
Investment Expenses	55,460.58	-	55,460.58
<b>Total Administrative Expenses</b>	<u>2,424,513.28</u>	-	<u>2,424,513.28</u>
<b>REVENUES OVER EXPENSES</b>	<u><b>(941,466.12)</b></u>	<u><b>(4,280,393.21)</b></u>	<u><b>(5,221,859.33)</b></u>

Unaudited Report for Management and Insurance Division Use Only

**PUBLIC AGENCY COMPENSATION TRUST**

**Budget Comparison to Actuals**

**As of February 28, 2018**

<b>Account Description</b>	<b>Budget Amount</b>	<b>YTD</b>	<b>Remaining Budget</b>	<b>This Month Last Year</b>	<b>Change Between Years</b>
<b>INCOME:</b>					
Assessments	14,346,881	5,723,202	8,623,679	6,887,006	(1,163,804)
Heart/Lung Assessments	1,784,475	686,715	1,097,760	1,141,959	(455,244)
<b>TOTAL INCOME</b>	<b>16,131,356</b>	<b>6,409,917</b>	<b>9,721,439</b>	<b>8,028,965</b>	<b>(1,619,048)</b>
<b>LOSS FUND AND PROGRAM EXPENSES:</b>					
Claims and Adjustment Expenses	6,579,000	3,606,650	2,972,350	2,580,736	1,025,913
Heart/Lung Reserves Expense	1,784,475	686,715	1,097,760	1,030,207	(343,492)
Excess Insurance/Reinsurance Premiums	1,878,442	1,648,984	229,458	1,184,116	464,868
Claims TPA Fees (ASC)	766,175	510,246	255,929	461,290	48,956
Specialty Health MCO Contract	50,000	24,000	26,000	28,000	(4,000)
Underwriting Fees (Willis Pooling)	30,000	20,000	10,000	20,000	-
Loss Control Expense (Willis Pooling)	406,000	270,664	135,336	270,664	-
Member Education & Services Incl. EAP	188,375	86,371	102,004	85,788	584
SMEP Awards	5,000	-	5,000	-	-
<b>Total Program Expenses</b>	<b>11,687,467</b>	<b>6,853,629</b>	<b>4,833,838</b>	<b>5,660,800</b>	<b>1,192,829</b>
<b>ADMINISTRATION EXPENSES:</b>					
Management Services	504,840	294,490	210,350	285,913	8,577
Technology Services	25,865	-	25,865	-	-
Sponsorship Fees	6,000	5,525	475	1,500	4,025
Travel	35,000	24,153	10,847	21,122	3,030
Casualty Insurance	33,000	27,240	5,760	21,800	5,440
Due and Seminar Fees	20,000	9,391	10,609	9,146	245
Audit Expense	54,000	27,382	26,618	22,272	5,109
Printing & Copying Expense	3,000	3,660	(660)	811	2,848
Postage	1,500	612	888	1,048	(435)
Office Supplies	2,000	1,289	711	909	381
Telephone Expense	7,000	126	6,874	5,973	(5,847)
Legal Expense	15,000	4,099	10,901	6,365	(2,266)
Miscellaneous Expenses	-	-	-	-	-
Board & Committee Meetings	14,000	7,531	6,469	356	7,175
Actuary Expense	35,990	16,050	19,940	17,540	(1,490)
Bank Service Charges	10,000	22	9,978	8,647	(8,626)
PRI Contract Services	419,650	244,796	174,854	237,650	7,146
Agent Compensation	-	(0)	0	(38,546)	38,545
Insurance Division Fees	350,000	437,063	(87,063)	331,062	106,001
Regulatory Assessments	300,000	150,101	149,899	215,996	(65,895)
Nevada Insolvency Fund	20,000	19,000	1,000	19,500	(500)
PCM Amortization Expense	2,878,425	2,872,276	6,149	1,913,384	958,892
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>4,735,270</b>	<b>4,144,805</b>	<b>440,566</b>	<b>3,082,449</b>	<b>1,062,355</b>
<b>TOTAL LOSS FUND, PROGRAM &amp; ADMINISTRATION EXPENSES</b>	<b>16,422,737</b>	<b>10,998,434</b>	<b>5,274,404</b>	<b>8,743,250</b>	<b>2,255,184</b>
<b>NET INCOME</b>	<b>(291,381)</b>	<b>(4,588,517)</b>	<b>4,447,035</b>	<b>(714,285)</b>	<b>(3,874,232)</b>

**NON-ALLOCABLE INCOME AND EXPENSES**

<b>Account Description</b>	<b>Budget Amount</b>	<b>YTD</b>	<b>Remaining Budget</b>	<b>This Month Last Year</b>	<b>Change Between Years</b>
<b>INVESTMENT INCOME:</b>					
Investment Revenues	1,000,000	(259,122)	1,259,122	(1,085,863)	826,741
Bank Interest Income	1,000	1,343	(343)	1,056	288
Investment Expense	-	(55,461)	55,461	(70,728)	15,267
<b>TOTAL NET INVESTMENT INCOME</b>	<b>1,001,000</b>	<b>-313,239</b>	<b>1,314,239</b>	<b>(1,155,535)</b>	<b>842,296</b>
<b>OTHER EXPENSES:</b>					
Risk Management Grants	998,395	77,071	921,324	182,922	(105,851)
Specialty Health - Cardiac Wellness	350,000	243,032	106,968	193,065	49,967
<b>TOTAL OTHER EXPENSES</b>	<b>1,348,395</b>	<b>320,104</b>	<b>1,028,291</b>	<b>375,987</b>	<b>(55,884)</b>

Net Income	(4,901,756)	(1,869,820)
Other Expenses	(320,104)	(375,987)
<b>Income Statement Net Income</b>	<b>(5,221,859)</b>	<b>(2,245,807)</b>

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Feb 28, 2018

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		39,870.25
1102-C-E	Cash - Claims Expense -Wells	381,176.53	
1102-G-A	Cash - Admin. - Wells Fargo	597,767.82	
1150-C-E	Public Compensation Mutual-Inv	45,250,939.00	
1150-G-A	Public Compensation Mutual-Inv	8,450,000.00	
1151-C-E	PCM Amortization		22,887,392.00
1151-G-A	PCM Amortization		2,156,663.00
1200-C-E	Interfund Account - Claims		37,633.57
1200-G-A	Interfund Account - General Admin.	37,633.57	
1207-C-E	PACT/State of NV Pledged Acct.	3,765,539.87	
1210-C-E	Pledged Account Cash Equiv.	745,150.65	
1211-C-E	GR-NEAM Cash Equiv. - Claims	478,950.03	
1211-G-A	GR-NEAM Cash Equiv. - Admin.	225,007.89	
1212-C-E	Investments - GR-NEAM Claims	38,929,714.48	
1212-G-A	Investments - GR-NEAM Admin.	12,705,020.66	
1214-C-E	Investment Income Rec.-Claims	140,440.71	
1214-G-A	Investment Income Rec.-Admin.	46,646.13	
1216-C-E	Pledged Account Interest Rec.	9,256.42	
1301-G-A	Admin. Accounts Receivable	73,652.89	
1307-GA	Agent Compensation Receivable	5,000.00	
1310-C-E	Specific Recoverable	153,681.52	
1318-G-A	Rec. Invest. Brokers-Admin.	20.83	
1400-C-E	Pre-Paid Excess Insurance	167,140.00	
1401-C-E	Pre-Paid ASC Admin Fees	66,056.66	
1402-C-E	Prepaid Willis Pooling Fees	10,000.00	
1403-C-E	Prepaid Reinsurance Premium	643,808.00	
1463-G-A	Pre-Paid Casualty Insurance	3,406.79	
1485-G-A	Prepaid Loss Control Fees	135,336.00	
2005-G-A	Payable For Risk Mgmt Grants		81,696.37
2110-C-E	Loss Reserves		107,990,415.81
2111-C-H	Heart Lung Loss Reserves		23,735,556.70
2200-C-C	Claims Payments	85,206,462.37	
2201-C-H	Claims Payments - Heart/Lung	421,825.71	
2310-C-E	Specific Recoverable		153,681.52
3501-C-C	Retained Earnings - Claims		25,805,985.31
3501-G-A	Retained Earnings - General		20,982,599.33
4001-C-E	Assessments-Claims- Expense		4,292,401.51
4001-C-H	Heart Lung Fund		686,715.00
4001-G-A	Assessments - General Admin		1,430,800.49
4006-G-A	Agent Compensation		113,490.00
5110-C-E	Loss Reserves Expense	3,606,649.52	
5111-C-H	Heart /Lung Loss Reserves Exp	686,715.00	
5450-G-A	Management Services	294,489.93	
5456-G-A	Sponsorship Fees	5,525.00	
5462-G-A	Travel	24,152.78	
5463-G-A	Casualty Insurance	27,240.00	
5464-G-A	Dues and Seminar Fees	9,391.06	
5465-G-A	Audit Expense	27,381.60	
5466-G-A	Printing & Copying Expense	3,659.64	
5467-G-A	Postage	612.31	
5468-G-A	Office Supplies	1,289.24	
5469-G-A	Telephone Expense	125.96	
5470-G-A	Legal Expense	4,098.95	
5472-G-A	Board and Committee Meetings	7,531.39	
5474-G-A	Actuary Expense	16,050.00	
5475-G-A	Member Education and Services	86,371.25	
5476-G-A	Bank Service Charges	21.59	
5477-G-A	PRI Grant	244,795.81	
5478-G-A	Agent Compensation	113,489.75	
5482-C-E	Insurance Division Fees	150,100.77	
5482-G-A	Insurance Division Fees	437,062.83	
5484-C-E	Nevada Insolvency Fund	19,000.00	
5485-G-A	Loss Control Expense	270,664.00	
5488-G-A	Spec. Health-Cardiac Wellness	243,032.37	
5489-G-A	Risk Management Grants	77,071.24	
6000-C-E	Excess Insurance	361,376.00	
6001-C-E	ASC Claims Admin Fees	510,245.72	
6002-C-E	Willis Pooling Fees	20,000.00	

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Feb 28, 2018

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

<b>Account ID</b>	<b>Account Description</b>	<b>Debit Amt</b>	<b>Credit Amt</b>
6003-C-E	Reinsurance Premium (PCM)	1,287,608.00	
6006-C-E	Specialty Health MCO Contract	24,000.00	
6100-C-C	Interest Income Claims Account		769,706.95
6100-G-A	Interest Income Admin. Acct.		243,549.58
6101-C-C	Claims Bank Interest Income		1,343.48
6110-C-E	Claims Realized Gains/(Losses)		25,550.78
6110-G-A	Admin. Realized Gains/(Losses)		4,663.05
6111-C-E	Clms Unrealized Gains/(Losses)	857,161.95	
6111-G-A	Admn Unrealized Gains/(Losses)	274,975.27	
6112-C-E	Claims-Premium/Discount Invest	135,973.97	
6112-G-A	Admin.-Premium/Discount Invest	34,480.69	
6151-C-E	Amortization Expense	2,397,280.00	
6151-G-A	Amortization Expense	474,996.00	
7200-G-A	Investment Expense - Admin	55,460.58	
	<b>Total:</b>	<b>211,439,714.70</b>	<b>211,439,714.70</b>



**Advisory Standards Recognition Application  
(SELF-EVALUATION FORM)**

Name of Pool

City, State

Public Agency Compensation Trust

Carson City, Nevada

**The purpose of the AGRiP Advisory Standards Recognition Application is to determine if your pool's policies, practices, organizational documents, contracts, and agreements meet AGRiP's Standards for Recognition.**

**Before beginning the application process, note:**

- Standards identify suggested best practices in key pool operational areas.
- Standards do not address all pool operations.
- Standards are advisory, only. The Standards (individually or collectively) may not be appropriate operational suggestions for all pools. No two pools operate in the same way or under the same regulatory, membership, or market Standards.
- Best practices for pool operations can change and evolve over time. The Standards will also evolve over time, but because of the speed of change may not always be exactly reflective of current-state best practices. Pools are encouraged to view the Standards as a baseline of operations, only.
- The Recognition process is a limited peer review of self-audited policies and procedures. Recognition is not an audit of pool operations.
- The Recognition process intentionally distinguishes Standards that should be documented in pool policy from those which may be met procedurally.
- Recognition focuses more on a pool's processes than outcomes. Recognition is not an accreditation of pool operations. It is not a guarantee of financial solvency or other pooling success measures.
- Review of Recognition applications is made by AGRiP's Membership Practices Committee (MPC) with the good faith belief a pool has in place policies and procedures asserted on its application. The pool board-approved attestation that accompanies completed applications is important verification for this purpose.
- Determination of whether a Standard is met is made on a yes or no basis. A pool may be provided Recognition if they operate outside the defined Standard, if it provides sufficient explanation as to why doing so is appropriate under the circumstances.
- Recognition may be granted with noted caveats, which are communicated in the approval letter to the pool.

**DEFINITIONS**

For the purposes of the Advisory Standards for Recognition, we understand the following to mean:

*Board Policy.* A written set of basic principles approved by the pool governing board to direct action in pursuit of long-term goals.

*Procedures.* Written, specific processes aligned with Board Policy and executed to operate the pool.

*Practices.* An unwritten process that executes Board Policy.

Color coding within the application indicates:

Answer requires a board policy
Answer may be explained via board policy, statute, procedure or practice
Answer may be an affirmation
Answer requires a date
Other
Leave space blank

**INSTRUCTIONS**

1. Fully complete application, citing all relevant:
  - Federal or state rules or laws
  - Pool organizational documents such as articles of incorporation or bylaws
  - Board policies, resolutions and minutes
  - Pool procedures or practices
  - Contracts or agreements
  - Other documents and/or reasoning your pool does not comply with the Standard
2. Have the pool Board approve the Recognition application in an official action
3. Have the fully complete and approved application signed by the chairperson of the pool’s executive committee or Board of Directors.
4. Submit application.
  - Via email in Word format to Michelle Carter at [mcarter@agrip.org](mailto:mcarter@agrip.org).
  - Included PDF version if that is the only version signed by the executive committee or Board chairperson.
  - A paper copy may be mailed to the AGRiP offices but is not necessary.
5. Mail \$750 application fee to AGRiP, Attn: Billing, 9 Cornell Rd Latham, NY 12110

## **APPROVAL PROCESS**

Upon the submission of a completed application, the approval process is as follows:

1. AGRiP's Membership Practices Committee (MPC) reviews the application.
2. Questions from the MPC may be submitted back to the applicant for clarification. Depending on the nature of questions and responses, there could be more than one round of questions between the MPC and applicant.
3. Once all follow-up responses are received and the review is complete, the results will be discussed by the Membership Practices Committee for recommendation to the AGRiP Executive Director for final approval.
4. The Executive Director will give final approval of Recognition, and your pool will be notified.
5. Your pool will receive its Recognition plaque at an upcoming AGRiP conference of your choice.

Although the approval process can sometimes be fulfilled within four to six weeks, it may take up to 16 weeks to complete, depending on the nature questions and responses.

*To be accepted an application must be:*

- Fully complete
- Submitted with a certified copy of a Board resolution, excerpt from minutes, or other documentation evidencing the Board's approval of the contents of the application;
- Signed by the chairperson of the executive committee or the Board of Directors; and,
- Accompanied by the \$750 application fee mailed.



## POOL OVERVIEW

**Provide a brief overview and description of the pool** in the space below. In your response please include: year pool was formed; lines of coverage and year each line of coverage was first implemented; relationship to any other organizations, such as a sponsoring organization; and any other information that tells the pool's story.

### Brief Overview

Public Agency Compensation Trust (PACT) was formed in April 1996 by local governments to provide workers compensation coverage and risk management services to member counties, cities, school districts, towns, hospitals and special districts to join. PACT is an independent risk pool although both the association of counties and the league of cities are members and endorsed the program from the beginning. PACT'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 is administered by Public Agency Risk Management Services, Inc. which provides Executive Director (Wayne Carlson) and Risk Management services to the pool. The pool utilizes outsourced claims and loss control services as well. PACT also grants funds to a nonprofit organization to provide full human resources consulting and training services to all members as part of the pool services. |

Coverage	Check below if your pool has coverage	Year first implemented
Workers' Compensation	[ <input checked="" type="checkbox"/> ]	April 1 <sup>st</sup> , 1996
Property	[ <input type="checkbox"/> ]	
Liability	[ <input type="checkbox"/> ]	
Health	[ <input type="checkbox"/> ]	
Other (Please describe)	[ <input type="checkbox"/> ]	

AGRiP Recognition is an extensive self-audit that requires pools to review their foundational documents and key operational policies at least once every three years. Review of pool policies should also be completed in the intervening years to ensure policies and practices on record are compliant with all regulations, reflective of actual operations, and preserved in writing for the protection of the pool's membership.

**Provide a brief description** of the pool's methods and practices for reviewing foundational documents and key operational policies on a regular schedule and implementing any changes identified:

## I. GOVERNMENT REGULATIONS & GOVERNING DOCUMENTS

The AGRiP Advisory Standards covering Government Regulations and Governing Documents address the legal requirements placed on pool formation and operation. Please provide your answers in the tables below.

Standards addressed:

- I-A Pool maintains signed formation documents (Interlocal agreements, articles of incorporation, et. al.)
- I-B Pool records reflect any subsequent revisions to these documents were properly filed with appropriate local, state, and national authorities.
- I-C The pool maintains documents reflecting its federal and state tax status, and if applicable, timely files applicable tax returns.
- I-D The pool files timely reports in whatever form required by the state of domicile and maintains copies of the reports.
- I-E The pool complies with all regulatory requirements and its records reflect compliance.
- I-F The pool maintains signed originals of the pooling agreement with every member.
- I-G Affirm that Governing Document provisions include: membership eligibility; obligations of members; membership termination; selection procedures and qualifications for pool's governing body; powers and duties of the governing body and committees; indemnification for liability of members of the governing body, officers, committee members and pool staff; use and ownership of assets of the pool and how the

pool may distribute surplus to its members; assessments – if authorized by the pool; actuarial reviews; financial audits; and, dissolution of the pool.

I-H Practices of the pool comply with governing documents (explain how-).

<b>Standard I-A</b>	<b>Name document</b>	<b>Date Adopted</b>	<b>Date of Most Recent Review</b>	<b>If N/A or not done at the pool explain why.</b>
Pool maintains signed formation documents (Interlocal agreements, articles of incorporation, et.al.)	Public Agency Compensation Trust Interlocal Cooperation Agreement	April 1, 1996	April 29, 2016	

<b>Standard I-B</b>	<b>Name document</b>	<b>Date of most recent revision</b>	<b>Where was the revision filed, and why?</b>	<b>If N/A or not done at the pool explain why.</b>
Pool records reflect any subsequent revisions to these documents were properly filed with appropriate local, state, and national authorities	Interlocal Cooperation Agreement	April 29, 2016	Attorney General per statutory requirements in the event of a regulatory agency has jurisdiction over any provisions. Changes were made to add clarity that PACT is not an “insurer” and coverage form is not governed by NRS 57 Insurance. Eliminates member’s ability to request specific panel counsel.	

<b>Standard I-C</b>	<b>IRS Private letter tax exemption ruling (Cite date of letter and IRS code for exclusion or exemption, such as section 115, 501c, etc.)</b>	<b>State statutory exemption (Cite statute)</b>	<b>If required, are tax returns filed timely? What is the date of the most recent tax return filed?</b>	<b>If N/A or not done at the pool explain why.</b>
The pool maintains documents reflecting its federal and state tax status, and if applicable, timely files applicable tax returns	1989 letter to NPAIP, our sister pool, used as authority by reference due to similarity of organizations. General Counsel and independent auditor/CPA approved this since both organizations were formed under the same statutes.	NRS 277.110	Not required Excluded by IRS regulation 115, exclusion	

<b>Standard I-D</b>	<b>List Required Report(s)</b>	<b>Date of most recent filing</b>	<b>If N/A or not done at the pool explain why.</b>
The pool files timely reports in whatever form required by the state of domicile and maintains copies of the reports	Annual Claims Expenditure Report	10-13-2017	
	Administrator’s Statement of Money Handled	7-31-2017	
	DIR Claims Activity Report	10-13-2017	
	PACT Rate Filing	6-29- 2017	
	DIR Summary of Claims	8-3-2017	

<b>Standard I-E</b>	<b>List Regulatory Requirement(s)</b>	<b>How does your pool comply? (Cite pool records that reflect compliance.)</b>	<b>If N/A or not done at the pool explain why.</b>
Pool complies with all regulatory requirements and its records reflect compliance	File required reports timely	See list in Standard I-D above	<input type="checkbox"/>
	File Changes to Interlocal Cooperation Agreement with Attorney General	April 29, 2016 minutes adopted changes to agreement	<input type="checkbox"/>
	Periodic Examinations	DIR Report Issued on 10-10-2016	<input type="checkbox"/>
	Annual Independent Auditors Report Filing	10-30-2017	<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>

<b>Standard I-F</b>	<b>Affirm signed originals are maintained by the pool.</b>		
The pool maintains signed originals of the pooling agreement with every member.	<b>'x' for YES:</b>	<b>'x' for NO:</b>	<b>Explain 'No' response and/or why this does not apply to your pool:</b>
	X		

<b>Standard I-G</b>	<b>Affirm governing document provisions include the below.</b>		
	<b>'x' for YES:</b>	<b>'x' for NO:</b>	<b>Explain 'No' response and/or why this does not apply to your pool:</b>
• Membership eligibility	X		
• Obligations of Members	X		
• Membership Termination	X		
• Selection procedures and qualifications for pool's governing body	X		
• Powers and duties of the governing body and committees	X		
• Indemnification for liability of members of the governing body, officers, committee members and pool staff	X		
• Use and ownership of assets of the pool and how the pool may distribute surplus to members	X		
• Assessments, if authorized by the pool	X		
• Actuarial reviews	X		

• Financial audits	X			
• Dissolution of pool	X			

Standard I-H	<u>Explain how the practices of the pool are in compliance with pool governing documents:</u>
The practices of the pool are in compliance with its governing documents.	PACT is governed by the Board of Directors through the Interlocal Cooperation agreement and Bylaws that require the Board to hold at least one regular meeting each year in addition to meetings of the following committees: Executive, Loss Control, Human Resources Oversight and Audit, all of which are comprised of member participants. Regular reviews of ongoing operations occur by these committees and all minutes and reports are provided annually to the Board of Directors. The Interlocal Cooperation Agreement and Bylaws are reviewed and updated periodically. The last updates for the Interlocal Cooperation Agreement and Bylaws were done on April 29, 2016 .

**II. STAFFING** (Last update: 2017)

The AGRiP Advisory Standards covering Staffing recognize pooling practices to employ staff directly, and/or to use contracted service relationships to staff core pooling operations and activities. Contracted staffing resources may include staff from a sponsoring entity or association. These Standards are applicable regardless of the pool’s staffing or outsourced structure, in any combination.

Standards addressed:

- II-A If the pool employs any of its own staff:
  - The pool's authority to directly employ staff is expressly granted and documented accordingly.
  - Authority to set terms of employment, compensation (including bonuses) and employee benefits (including leave) is documented.
  - The scope of authority delegated to staff is clearly defined.
  - Written policies are in place addressing and/or defining:
    - Staff performance and management reviews;
    - FTE, expected work hours, and expense reimbursements;
    - The acceptance of gifts, perks or other benefits from outside entities; and,
    - Conflicts of interest for key staff members.
    - Antidiscrimination.
  - Employment and personnel policies are:
    - Reviewed regularly based on a documented process;
    - Communicated to staff at least annually; and,
    - Communicated to the Board at least annually.
  
- II-B If the pool uses contracted staff:
  - Outsourced staffing relationships are documented in written contracts that are compliant with the contract provisions outlined in [Standard III-A of Service Provider Contracts](#).
  - The pool Board has assured itself that the employment requirements in Standard II-A are met by the service provider.
  
- II-C Whether the role is staffed in-house or by contract, the pool obtains competent legal advice regarding its own governance and operational issues.
  - Coverage counsel, general legal counsel, and defense counsel are segregated functions; or the pool Board has documented its approval to place more than one function with the same legal advisor.
  - The pool requires counsel in any role not directly employed by the pool to have professional liability insurance.
  - Outsourced legal advice roles are documented in written contracts that are compliant with the contract provisions outlined in [Standard III-A of Service Provider Contracts](#).

<b>STANDARD II-A</b>	<b>Cite policy or section of policy fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
If the pool employs any of its own staff:		
<ul style="list-style-type: none"> <li>The pool's authority to directly employ staff is expressly granted and documented accordingly.</li> </ul>		
<ul style="list-style-type: none"> <li>Authority to set terms of employment is documented.</li> </ul>		
<ul style="list-style-type: none"> <li>Authority to set compensation (including bonuses) is documented.</li> </ul>		
<ul style="list-style-type: none"> <li>Authority to set employee benefits (including leave) is documented.</li> </ul>		
<b>STANDARD II-A, cont.</b>	<b><u>Explain</u> how Standard is met:</b>	<b>If N/A or not done at the pool explain why:</b>
<ul style="list-style-type: none"> <li>The scope of authority delegated to staff is clearly defined.</li> </ul>		

<b>STANDARD II-A, cont.</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>		<b>If N/A or not done at the pool explain why:</b>
Written policies are in place addressing and/or defining:			
• Staff performance and management reviews.			
• FTE.			
• Expected work hours.			
• Expense reimbursements.			
• The acceptance of gifts, perks or other benefits from outside entities.			
• Conflicts of interest for key staff members.			
• Antidiscrimination.			
<b>STANDARD II-A, cont.</b>	<b>Affirm Standard is met.</b>		
Employment and personnel policies are:	<b>'x' for YES:</b>	<b>'x' for NO:</b>	<b>Explain 'No' response and/or why this does not apply to your pool:</b>
• Reviewed regularly based on a documented process.			
• Communicated to staff at least annually.			
• Communicated to the Board at least annually.			
<b>STANDARD II-B</b>	<b>Affirm Standard is met.</b>		
If the pool uses contracted staff:	<b>'x' for YES:</b>	<b>'x' for NO:</b>	<b>Explain 'No' response and/or why this does not apply to your pool:</b>
• Outsourced staffing relationships are documented in written contracts that are compliant with the contract provisions outlined in <a href="#">Standard III-A of Service Provider Contracts</a> .	X		
• The pool Board has assured itself that the employment requirements in Standard II-A are met by the service provider.	X		
<b>STANDARD II-C</b>	<b>Explain how Standard is met:</b>		<b>If N/A or not done at the pool explain why:</b>
Whether the role is staffed in-house or by contract, the pool obtains competent legal advice regarding its own governance and operational issues.			
• Coverage counsel, general legal counsel, and defense counsel are segregated functions; or the pool Board has documented its approval to place more than one function with the same legal advisor.	Separated Counsel Functions between General, Coverage, and Defense Counsel. Separate Coverage Counsel is selected based upon recommendations from General Counsel as to potentially qualified counsel. An interview by administrator and claims services provider is conducted to determine capability of defense counsel. Creation of approved coverage and defense counsel list are maintained annually. Services are retained on an ongoing basis using an hourly rate. Service scope includes interpretation of coverage specific to individual claims as necessary and revisions to the coverage form document as necessary.		
• The pool requires counsel in any role not directly employed by the pool to have professional liability insurance.	Approval of coverage and defense counsel list includes due diligence on firms/individuals including experience, professional reputation, and efficiency. Steps are being added to selection procedures to keep a current copy of professional liability insurance on file with claims manager.		
• Outsourced legal advice roles are documented in written contracts that are compliant with the contract provisions outlined in Standard III-A of Service Provider Contracts.	Outsourced legal counsel including defense counsel receives and signs Reporting and Billing Requirement agreement. Document addresses provisions within service provider contracts.		

### III. SERVICE PROVIDER CONTRACTS (Last update: 2017)

Rationale: The AGRiP Advisory Standards covering Service Provider Contracts recognize the wide array of professional and service relationships used by pools to meet operational needs. Service Contracts may include staffing resources, systems, professional advice, or other operational relationships.

- III-A The pool has a written policy that all contracts for services between the pool and a service provider include the following contract provisions:
- Agreement term;
  - Scope of services provided;
  - Form and timing of periodic reporting by the service provider to the pool;
  - Performance measures and corresponding reporting methods;
  - Compensation details;
  - Ownership and confidentiality of pool information;
  - Business continuity obligations of the service provider;
  - Data security obligations of the service provider;
  - Records retention Standards and accountabilities;
  - Compliance with applicable state and federal regulations;
  - Indemnification of the parties and insurance requirements;
  - Assignability of the contracted relationship;
  - Cancellation and termination of the agreement;
  - Breach definition and remedies;
  - Legal venue to resolve disputes; and,
  - Choice of law.
- III-B The pool has a written policy defining the dollar amount for service contracts above which it utilizes a transparent, competitive selection process for the procurement of services; or has documented reasons why a competitive selection process is not being used for a service above the documented dollar amount.
- III-C The pool has a written policy defining the review protocols and authority levels for entering into contracts on behalf of the pool. The pool Board has established a dollar amount above which it reviews and approves service contracts. Authority to enter into contracts on behalf of the pool is clearly defined.
- III-D The pool has a defined practice for legal review of all service contracts entered into on behalf of the pool. Such process may include variable parameters for legal review based upon type of service and/or dollar amount of contracts.
- III-E The pool Board receives annual documentation of service contracts the pool is engaged in, including contract compensation parameters and especially noting any contract terms with any service provider that involve the pool paying and/or receiving commission-based fees, percentage of savings, or similar compensation structures.
- III-F If the pool uses agents/brokers to place member business, the Board receives full disclosure about compensation to such agents/brokers on a regular basis.
- III-G Under no circumstances, whether or not there is a written contract for services, does the pool require or expect service providers to provide gifts, perks, or other benefits to its governing board or staff as a condition of doing business with the pool.



STANDARDS III-A-C	Cite policy or section of policy fulfilling Standard, or how Standard is met:	If N/A or not done at the pool explain why:
<b>III-A.</b> The pool has a written policy that all contracts for services between the pool and a service provider include the following contract provisions		
<ul style="list-style-type: none"> <li>• Agreement term</li> </ul>	General Counsel prepares and reviews all service contracts.	<b>Reviewed 3 largest service provider contracts noting all the provisions of III-A were included in the contract. Staff is drafting a board policy on Service Provider Contracts to be adopted at the April 20, 2018 Board Meeting.</b>
<ul style="list-style-type: none"> <li>• Scope of services provided</li> </ul>	Service contracts reviewed for specific scope of services.	
<ul style="list-style-type: none"> <li>• Form and timing of periodic reporting by the service provider to the pool</li> </ul>	Service contracts have documented reporting requirements. Varies by type of service contracts.	
<ul style="list-style-type: none"> <li>• Performance measures and corresponding reporting methods</li> </ul>	Service contracts provides for performance standards are reporting deadlines.	
<ul style="list-style-type: none"> <li>• Compensation details</li> </ul>	Service contracts details the compensation amounts/basis within the contract provisions.	
<ul style="list-style-type: none"> <li>• Ownership and confidentiality of pool information</li> </ul>	When appropriate, service contracts details ownership of work and confidentiality of information.	
<ul style="list-style-type: none"> <li>• Business continuity obligations of the service provider</li> </ul>	Service provider to must demonstrate business continuity obligations within the contract.	
<ul style="list-style-type: none"> <li>• Records retention Standards and accountabilities</li> </ul>	Contract provisions must adhere to Records Management Policy approved by the Board.	
<ul style="list-style-type: none"> <li>• Compliance with applicable state and federal regulations</li> </ul>	Service contracts must conform to applicable Nevada and federal laws and regulations.	
<ul style="list-style-type: none"> <li>• Indemnification of the parties and insurance requirements</li> </ul>	Standard contract language contains indemnification language approved by General Counsel	
<ul style="list-style-type: none"> <li>• Assignability of the contracted relationship</li> </ul>	Contract do not allow assignability of contracted relationships unless approved in writing by both parties.	
<ul style="list-style-type: none"> <li>• Cancellation and termination of the agreement</li> </ul>	Service contracts provide for cancellation and termination provisions within the agreement.	
<ul style="list-style-type: none"> <li>• Breach definition and remedies</li> </ul>	Standard contract language includes provision for breach of	

	duties and remedies for each party.	
<ul style="list-style-type: none"> <li>• Legal venue to resolve disputes</li> </ul>	PACT uses the District Court in Carson City as the legal venue.	
<ul style="list-style-type: none"> <li>• Choice of law</li> </ul>	PACT contracts use the laws of the state of Nevada.	
<b>III-B.</b> The pool has a defined dollar amount for service contracts above which it utilizes a transparent, competitive selection process for the procurement of services; or has documented reasons why a competitive selection process is not being used for a service above the documented dollar amount.	PACT follows the Local Government Purchasing Act contained within chapter 322 of the Nevada Revised Statutes.	
<b>III-C.</b> The pool has defined review protocols and authority levels for entering into contracts on behalf of the pool.	Contracts are reviewed by staff and general counsel.	
<b>III-C.</b> The pool Board has established a dollar amount above which it reviews and approves service contracts.	NRS 322.039 addresses bids between \$25K-\$50K, go to bid over \$50K with exceptions noted in NRS 332.115	
<b>III-C.</b> Authority to enter into contracts on behalf of the pool is clearly defined.	<b>Board must approve contracts with service providers.</b>	
<b>STANDARD III-D</b>	<b><u>Explain how Standard is met:</u></b>	<b>If N/A or not done at the pool explain why:</b>
The pool has a defined process for legal review of all service contracts entered into on behalf of the pool. Such process may include variable parameters for legal review based upon type of service and/or dollar amount of contracts.	General Counsel reviews all contracts before going to the Board for approval.	

STANDARDS III-E-G	Affirm Standard is met.		
	'x' for YES:	'x' for NO:	If N/A or not done at the pool explain why:
III-E. The pool Board receives annual documentation of service contracts the pool is engaged in, including contract compensation parameters and especially noting any contract terms with any service provider that involve the pool paying and/or receiving commission-based fees, percentage of savings, or similar compensation structures.	X		
III-F. If the pool uses agents/brokers to place member business, the Board receives full disclosure about compensation to such agents/brokers on a regular basis.	X		
III-G. Under no circumstances, whether or not there is a written contract for services, does the pool require or expect service providers to provide gifts, perks, or other benefits to its governing board or staff as a condition of doing business with the pool.	X		

**IV. MEMBER SERVICES (Last update: 2017)**

The AGRiP Advisory Standards covering Member Services recognize the added value many members expect from the pool. The programs that your pool provides and how you communicate with your members is covered in these Standards.

Standards addressed:

- IV-A The pool communicates policy decisions, actions of the governing body and other activities to members via annual reports; regular newsletters; and, other media.
- III -B The pool keeps minutes of all meetings of the governing body and substantive committees, and all minutes are distributed or otherwise made available to members.
- IV-C The pool conducts educational programs for members including safety; risk management; and other such appropriate topics, and provides incentives to encourage member participation in such activities.
- IV-D The pool provides risk control or loss prevention services, and supports risk management and loss prevention practices among members.
- IV-E The pool conducts regular loss prevention and risk control surveys and/or inspections.
- IV-F If property coverage is provided, the pool maintains accurate records of member property values.

STANDARD IV-A	Date of last annual report:	Frequency of newsletters, and date of last:	Other media utilized and frequency:
The pool communicates policy decisions, actions of the governing body and other activities to members via annual reports; regular newsletters; and, other media.	October 12, 2017	Quarterly	Website calendar at POOLPACT.com, special mailings or e-mails

STANDARD IV--B	Date last educational program was conducted:	How did you encourage member participation:
The pool conducts educational programs for members on the topics listed below and provides incentives to encourage member participation in such activities.		
<ul style="list-style-type: none"> <li>• Safety/Risk management</li> </ul>	February 15, 2018	The educational programs are promoted via web, mail, fax and email. Risk Management Grants are offered for attendance at training programs if

		requested. PACT also partners with state associations to deliver targeted training workshops to particular interest groups such as the Nevada Sheriff's and Chief's Assn, the Nevada Rural Water Assn, and Governmental Finance Officers, Nevada Association of Counties, Nevada League of Cities and Nevada School Board Association. The pool's e-learning program includes human resource topics, health & safety topics and law enforcement topics.
<ul style="list-style-type: none"> <li>Other such appropriate topics</li> </ul>	February 21-22, 2018 Human Resource Representative Training	POOL PACT Human Resources consulting team publishes a catalogue of training classes which is reviewed with each member yearly when establishing the member's service plan. Training Calendar is on the website for members to access and reserve seats for the various classes. Classes are held regionally, at member locations and connection with various conferences and annual meetings.
<b>STANDARD IV--C</b>	<b>How else do you support risk management and loss prevention practices among members:</b>	
The pool provides and supports risk management and loss prevention practices among members.	The Interlocal Cooperation Agreement Articles 18 and 19 require PACT to offer loss control services and members to have an active safety program. The Loss Control Excellence Program engages the member in loss prevention services offered by Willis such as site surveys and safety meeting facilitation. Other loss prevention services and resources available through PACT include the Pooling Perspectives Newsletter, MSDS Online, comprehensive human resource training and consulting, fire extinguisher training, respirator fit testing, defensive driving courses and a variety of safety videos available through the pool's video library. A comprehensive E-Learning program that includes a variety of risk management topics including human resource management, wellness and health/safety subject matter.	

<b>STANDARD IV--D</b>	<b>Date of last prevention and risk control survey and/or inspection:</b>
The pool conducts regular loss prevention and risk control surveys and/or inspections.	Willis Pooling, one of our service providers, conducts site surveys on a targeted scheduled basis. We have over 100 members. Members are targeted for site visits based upon loss frequency/severity in addition to nature of exposure. Members are encouraged through publications, meetings and the website to participate in the Loss Control Excellence Program. Our loss control team responds to specific requests. Training is scheduled on locations on a preplanned basis to cover the entire membership and during those training sessions members are advised of services available and the team responds to requests. We also have an HR consulting team that prepares annual service plans and conducts trainings and consultations to members based upon that plan and requests. Training calendars are included on our website. On January 25, 2018 conducted a class on Implementing a Safe and Respectful Learning Environment: Practical Training for School District Administrator was held

<b>STANDARD IV--E</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
If property coverage is provided, the pool maintains accurate records of member property values.	PACT coverage is for worker's compensation therefore no appraisals are applicable.	

**V. COVERAGES**

This AGRiP Advisory Standard relates to policy coverage for the pool’s coverage document, specific excess insurance, aggregate or stop-loss insurance, reinsurance and other catastrophic coverage obtained externally by the pool.

Standards addressed:

- V-A The pool regularly reviews insurance market trends, competition, coverage and pricing. Describe the frequency of such reviews.
- V -B The pool has written, objective underwriting and/or rating criteria that relate to the exposures covered and the losses experienced by pool members.
- V -C The pool provides appropriate coverage documents to its members. Explain what is provided.
- V -D The pool communicates changes in coverage to its members. Describe how.
- V -E The pool has a resolution process for claims and coverage disputes with its members.
- V -F The pool provides certificates or other evidence of coverages to all members and others.

<b>STANDARD V-A</b>	<b><u>Explain how Standard is met:</u></b>	<b>Frequency pool does this:</b>	<b>Date pool last did this:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool regularly reviews insurance market trends, competition, coverage and pricing. Describe the frequency of such reviews.	Administrative staff subscribes to and reviews major trade publications continuously. Broker provides annual market trends reports at least annually. PACT pays dues to PRIMA for all members so they can stay informed. PACT maintains membership in AGRIP and attends trainings and reports trends learned.	Quarterly	February 23, 2018	

<b>STANDARD V-B</b>	<b><u>Cite policy – or section of policy – fulfilling Standard:</u></b>	<b>If N/A or not done at the pool explain why:</b>
The pool has written, objective underwriting and/or rating criteria that relate to the exposures covered and the losses experienced by pool members.	PACT adopted a policy statement on Underwriting which is also included in the Board Members Reference Manual. Section A of the policy statement addresses new members and Section B addresses existing members. Application required for renewals and new accounts. Willis Pooling does pre-underwriting for excess insurers. Executive Committee reviews all prospective members and current member status. Certain underwriting items are required for all members (e.g., safety program). Exposure bases data collected annually and utilized in actuarially calculated rates and developed rating plan including adjustments for loss experience. Annually board reviews financial condition, members loss experience, claims experience report and review for removal of members with excessive loss experience or members determined by the Board to be operating in a hazardous condition. This annual review is completed in April of every year at annual meeting.	



<b>STANDARD V-C</b>	<b><u>Explain</u> how Standard is met:</b>	<b>How often are documents provided to members:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool provides appropriate coverage documents to its members. Explain what is provided.	In accordance with the Board's policy statement on Administration, copies of PACT Coverage Form are provided to each member along with individual Certificates of Participation	Annually in July	

<b>STANDARD V-D</b>	<b><u>Explain</u> how Standard is met:</b>	<b>How are changes communicated:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool communicates changes in coverage to its members. Describe how.	Coverage changes are approved by the Board and summarized in a memorandum which accompanies the new coverage form and is given with the new Certificate of Participation. Changes in statutory coverage is given during the Legislative Update after Session.	Staff review changes at Annual Meeting. Changes in coverage require vote of membership or at a minimum the Executive Committee per Section 4.01 of Bylaws. If endorsement is issued, all members receive endorsement to the master policy. Coverage overview is provided at members renewal meeting update.	

<b>STANDARD V-E</b>	<b><u>Cite policy</u> – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool has a resolution process for claims and coverage disputes with its members.	Claims Administration Policy details claims processing to protect interest of PACT, its Members and employees.	Nevada Revised Statutes (NRS) and Administrative Code (NAC) outlines the formal claims dispute resolution process that must be followed.

<b>STANDARD V-F</b>	<b><u>Explain</u> how Standard is met:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool provides certificates or other evidence of coverages to all members and others.	As noted in the Board's policy statement on Administration, copies of the PACT Coverage Form are provided to each member along with individual Certificates of Participation on an annual basis in July.	

## VI. FUNDING

The AGRiP Advisory Standards covering Funding address your policies and practices in the different aspects of reserve adequacy and loss funding.

Standards addressed:

VI-A The pool has a policy requiring an Actuarial study to determine reserve adequacy is conducted and a report is issued annually, signed by a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries, independent of the pool. A biennial peer review of reserve adequacy by an actuary independent of the pool is permissible under this Advisory Standard for pools employing an in-house actuary who issues a report annually and is a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries.

- VI-B The pool allocates funding for losses, loss development, incurred but not reported losses, allocated loss adjustment expenses, unallocated loss adjustment expenses and adverse experience at a level set by the governing body based on advice of a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries.
- VI-C The pool has a strategy to deal with funding catastrophic losses to prevent financial impairment. Pool Board policy contains a strategy for maintaining net assets to facilitate response to unanticipated events such as a change in market conditions that force increased retentions, potential failure to pay by excess or reinsurers, loss of excess or reinsurers, catastrophic events within retention or unusual claims not foreseen and not excluded.
- VI-D If the pool purchases excess and/or reinsurance or uses other forms of risk transfer or risk sharing, it maintains files of all related current and former binders, correspondence, policies, endorsements and certificates and makes copies of such policies available to all members who so request.
- VI-E If the pool purchases excess and/or reinsurance, the pool makes periodic evaluations of the quality, stability and financial solvency of all insurance providers.
- VI-F The pool insures or self-insures its administrative and operational risks, including errors and omissions, general and auto liability, workers' compensation, property, employee fidelity and fiduciary liability.
- VI-G If the pool purchases insurance to cover its operational risk exposures, it maintains both current and historical files of policies.

STANDARD VI-A	Cite policy – or section of policy – fulfilling Standard:	Name of Actuary:	Independent or In-House:	List Actuarial Credentials:	Date of most recent reserve study:	If N/A or not done at the pool explain why:
<p>The pool has a policy requiring an Actuarial study to determine reserve adequacy is conducted and a report is issued annually, signed by a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries, independent of the pool. A biennial peer review of reserve adequacy by an actuary independent of the pool is permissible under this Advisory Standard for pools employing an in-house actuary who issues a report annually and is a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries.</p>	<p>Covered by policy statement on Loss Fund Contributions. An engagement letter is utilized for each actuarial study. Annual reserves report is prepared for the annual financial audits; Report is reviewed with Executive Committee annually. Executive Director provides actuary's summary and conclusion to board each year</p>	<p>Derek Burkhalter and Beck Richard of Bickmore</p>	<p>Independent: Sacramento, CA office</p>	<p>ACAS, MAAA</p>	<p>September 7, 2017</p>	<p></p>



<b>STANDARDS VI-B-C</b>	<b><u>Cite policy</u> – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
<b>VI-B.</b> The pool allocates funding at a level set by the governing body based on advice of a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries for:		
<ul style="list-style-type: none"> <li>Losses</li> </ul>	Board Approved Policy Statement on Loss Fund Contributions	
<ul style="list-style-type: none"> <li>Loss development</li> </ul>	Board Approved Policy Statement on Loss Fund Contributions	
<ul style="list-style-type: none"> <li>Incurred but not reported losses</li> </ul>	Board Approved Policy Statement on Loss Fund Contributions	
<ul style="list-style-type: none"> <li>Allocated loss adjustment expenses</li> </ul>	Board Approved Policy Statement on Loss Fund Contributions	
<ul style="list-style-type: none"> <li>Unallocated loss adjustment expenses</li> </ul>	Board Approved Policy Statement on Loss Fund Contributions	
<ul style="list-style-type: none"> <li>Adverse experience</li> </ul>	Board Approved Policy Statement on Loss Fund Contributions	
<b>VI-C.</b> The pool has a strategy to deal with funding catastrophic losses to prevent financial impairment.	Board Approved Policy Statement on Capital Strategy	
<b>VI-C.</b> The pool has a Board policy that contains a strategy for maintaining net assets to facilitate response to unanticipated events such as a change in market conditions that force increased retentions, potential failure to pay by excess or reinsurers, loss of excess or reinsurers, catastrophic events within retention or unusual claims not foreseen and not excluded.	Board Approved Policy Statement: Net Assets Policy; Loss Fund Contributions Policy; A financial “stress” test was conducted in 2010. Stress test related work was completed in connection with the Enterprise Risk Modeling used in our investment program in 2017.	
<b>STANDARDS VI-D-G</b>	<b><u>Explain</u> how Standard is met:</b>	<b>If N/A or not done at the pool explain why:</b>
<b>VI-D.</b> If the pool purchases excess and/or reinsurance or uses other forms of risk transfer or risk sharing, it maintains files of all related current and former binders, correspondence, policies, endorsements and certificates and makes copies of such policies available to all members who so request.	PACT fully reinsures for losses in excess of specific retentions and maintains copies of all related current and former binders, correspondence, policies, endorsement and certificates. Members receive copies of the PACT coverage form automatically each year and may request to review any reinsurance agreements. In addition, a master renewal negotiation file is maintained to document changes. All reinsurance policies are thoroughly evaluated using a standard NAIC checklist to confirm required elements of each contract	

<p><b>VI-E.</b> If the pool purchases excess and/or reinsurance, the pool makes periodic evaluations of the quality, stability and financial solvency of all insurance providers.</p>	<p>Willis Pooling provides rating services information and also maintain minimum security requirements of carriers as a matter of corporate policy. Placements that do not meet Willis Pooling minimum requirements must be approved by PACT. Executive Director reviews ratings reports and monitors published information about carriers. PACT also utilizes unrated captive insurers including its own captive and three others formed by various governmental pools. For these, administrative staff is assigned as a voting representative or is a member the board in order to monitor the financial condition on an ongoing basis.</p>	
<p><b>VI-F.</b> The pool insures or self-insures its administrative and operational risks, including:</p>		
<ul style="list-style-type: none"> <li>• Errors and Omissions</li> </ul>	<p>Trustees E&amp;O policy is maintained for the Board with a private insurer.</p>	
<ul style="list-style-type: none"> <li>• General and Auto Liability</li> </ul>	<p>PACT is insured as a member of NPAIP.</p>	
<ul style="list-style-type: none"> <li>• Workers' Compensation</li> </ul>	<p>Administrator provides its own coverage.</p>	
<ul style="list-style-type: none"> <li>• Property</li> </ul>		<p>N/A</p>
<ul style="list-style-type: none"> <li>• Employee Fidelity</li> </ul>	<p>PACT is insured as a member of NPAIP.</p>	
<ul style="list-style-type: none"> <li>• Fiduciary Liability</li> </ul>	<p>Administrator provides its own fiduciary bond</p>	
<p><b>VI-G.</b> If the pool purchases insurance to cover its operational risk exposures, it maintains both current and historical files of policies.</p>	<p>Trustees E&amp;O policies are maintained for Board in the Administrative files.</p>	

## VII. FINANCIAL MANAGEMENT (Last update: 2017)

The AGRiP Advisory Standards covering Financial Management recognize the vital role that management of financial resources play in the vibrancy of a pool.

Standards addressed:

- VII-A The governing body of the pool adopts an annual budget in sufficient detail so as to facilitate meaningful monitoring of expenditures by the board or designated committee. The governing board or its designated committee reviews budget to actual expenditures detail reports regularly to assure expenditures are appropriate.
- VII-B The pool has a written policy that addresses preparation of pool financial statements in accordance with generally accepted accounting principles as applied to pools or as required by state law.
- VII-C The pool's accounting policy addresses adherence to accounting Standards promulgated by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, and/or any applicable state regulatory body.
- VII-D The pool board meeting minutes document the nature of financial reviews conducted by the board and any action taken.
- VII-E The board (or its independent audit committee) appoints the audit firm that directly reports its findings to the board or audit committee.
- VII-F An annual audit of the pool's financial records is conducted by a qualified independent certified public accountant or state audit agency that issues a signed opinion regarding the financial statements.
- VII-G The audit includes an independent auditor's report on internal controls that provides a report on the status of previous year's recommended actions which is distributed to the board.
- VII-H The pool responds to any reportable conditions in the audit report on internal controls within a reasonable period of time.
- VII-I Financial reports of the pool are distributed to or otherwise made available to the board, audit committee and pool members at least annually.
- VII-J The pool has adopted an asset inventory and control policy that includes periodic inventory of assets, recording of assets in the pool's financial records, and a process to report asset changes to the responsible party.
- VII-K INVESTMENT POLICIES
  - VII-K-1 The pool has written policies that outline overall investment goals relative to pool operations.
  - VII-K-2 The pool has written policies that provide for annual review of the pool's investment goals and policies by the governing body.
  - VII-K-3 The pool has written policies that address explicit delegation of authority regarding investment decisions to appropriate employees or outside investment managers.
  - VII-K-4 The pool has written investment policies that provide for appropriate controls, including those that address separation of duties, safekeeping and custodial procedures.
  - VII-K-5 The pool has written policies that provide for a process to monitor its investment activities.
  - VII-K-6 The pool has written policies that provide for periodic reviews of investment results and comparisons with set goals and external indices.
  - VII-K-7 The pool has written policies that provide for distribution of reports of investment activities to the pool's governing body at least quarterly.
  - VII-K-8 The pool has written policies that address allocation of assets and portfolio diversification consistent with state and federal regulations, pool investment goals, and prudent investment practices.
    - If the pool's investment choices are limited/mandated via statute or regulation, please cite the regulation and explain its parameters.
    - If the pool can invest in risk assets other than fixed income, it has written policies that address allocation of risk assets to surplus as a measure of solvency.
    - If the pool can use fixed income assets, it has written policies that address their use, their sensitivity to changes in interest rates, the matching of the timing of maturity of those assets with the pool's liabilities, and the potential need for unanticipated liquidation of those assets.

STANDARD VII A-J	Cite policy – or section of policy – fulfilling Standard:	If N/A or not done at the pool explain why:
<p><b>VII-A.</b> The governing body of the pool adopts an annual budget in sufficient detail so as to facilitate meaningful monitoring of expenditures by the board or designated committee. The governing board or its designated committee reviews budget to actual expenditures detail reports regularly to assure expenditures are appropriate.</p>	<p>The governing body is required to adopt an annual budget and this is stipulated in the Interlocal Cooperation Agreement Articles 15-17, as well as the Board’s policy statement on Administration. Interim financial statements are sent to the Executive Committee monthly. The Executive Committee meets annually to review the draft detailed budget including review of budget to actual expenditures for all significant line items such as travel, entertainment, etc. The annual draft budget was adopted by the Executive Committee on March 22, 2017 and the governing body adopted the final budget at the annual board meeting on April 27, 2017</p>	<p>  </p>
<p><b>VII-B.</b> The pool has a written policy that addresses preparation of pool financial statements in accordance with generally accepted accounting principles as applied to pools or as required by state law.</p>	<p>Stated in policy statement on Finance and Investments (Strategies) and in Audit Committee Charter (Duties 3). Audit reports reflect compliance. PACT complies with GASB 10, 31 and 34 Furthermore noted in Note 1 Summary of Significant Accounting Policies in our annual financial reports.</p>	<p>  </p>
<p><b>VII-C.</b> The pool's accounting policy addresses adherence to accounting Standards promulgated by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, and/or any applicable state regulatory body.</p>	<p>Stated in policy statement on Finance and Investments (Strategies) and in Audit Committee Charter (Duties 3). Audit reports reflect compliance. PACT complies with GASB 10, 31 and 34 Furthermore noted in Note 1 Summary of Significant Accounting Policies in our annual financial reports.</p>	<p>  </p>
<p><b>VII-D.</b> The pool board meeting minutes document the nature of financial reviews conducted by the board and any action taken.</p>	<p>The minutes of the Board and of the Executive Committee document the nature of financial reviews. The minutes of November 8, 2017 are the most recent example of such financial review as they approved the fiscal year end June 30, 2017 financial audit.</p>	<p>  </p>
<p><b>VII-E.</b> The board (or its independent audit committee) appoints the audit firm that</p>	<p>The Audit Committee Charter grants it the power to review auditor findings, auditor’s</p>	<p>  </p>

<p>directly reports its findings to the board or audit committee.</p>	<p>performance and to recommend changes in the audit firm. The Board or the Executive Committee has the power to effect appointment of the audit firm. Most recent Audit Committee meeting was held on October 26, 2017.</p>	
<p><b>VII-F.</b> An annual audit of the pool's financial records is conducted by a qualified independent certified public accountant or state audit agency that issues a signed opinion regarding the financial statements. Please include the date the last audit was accepted by the board.</p>	<p>Annual audits required by Interlocal Cooperation Agreement Article 15, Section 4 and Bylaws page 15, Section 7.05. Reference in the Board approved policy Finance and Investment Policy. The independent accountant must be a qualified CPA. PACT is subject to audit by the Division of Insurance Examination. The most recent audit accepted by Audit Committee on October 26, 2017 and Executive Committee on November 8, 2017.</p>	
<p><b>VII-G.</b> The audit includes an independent auditor's report on internal controls that provides a report on the status of previous year's recommended actions which is distributed to the board.</p>	<p>Each year Executive Director, Staff, Audit Committee and CPA meet to discuss scope of audit and focus of internal controls analysis and management letter. PACT's Audit Committee receives auditor's reports and management letter and makes comments directly to auditor and Board. Addressed in Audit Committee charter. Recommendations contained in the Management Letter are shared with Audit Committee and the board.</p>	
<p><b>VII-H.</b> The pool responds to any reportable conditions in the audit report on internal controls within a reasonable period of time.</p>	<p>Audit committee reviews the auditor recommendations and directs management for implementation as necessary. Compliance with previous year's recommendations are reviewed by the auditor with the Audit Committee at the subsequent audit presentation along with any new recommendations Audits and related findings/recommendations are also approved and followed up by the Executive Committee.</p>	
<p><b>VII-I.</b> Financial reports of the pool are distributed to or otherwise made available to the board, audit committee and pool members at least annually.</p>	<p>Annual audit presented to Board at annual meeting for acceptance each year. The audit is emailed to all members (PACT member liaison) and their agents. Audits are available on website for members to download.</p>	

	Executive Director receives monthly financial reports. Interim financial reports are shared with the Executive Committee and/or Board at their meetings.	
<b>VII-J.</b> The pool has adopted an asset inventory and control policy that includes:		
<ul style="list-style-type: none"> <li>• Periodic inventory of assets.</li> </ul>	PACT Policy Manual address periodic inventory of assets.	
<ul style="list-style-type: none"> <li>• Recording of assets in the pool's financial records.</li> </ul>	PACT does not have any capital assets recorded on its financial statements.	
<ul style="list-style-type: none"> <li>• A process to report asset changes to the responsible party.</li> </ul>	Policy manual addresses changes in capital assets.	
<b>VII-K 1-8: INVESTMENT POLICIES</b>	<b><u>Cite policy</u> – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
<b>VII-K-1.</b> The pool has written policies that outline overall investment goals relative to pool operations.	[The Investment Guidelines require annual reporting as well as review of the investment policies themselves by the Executive Committee. The most recent review of the investment policy was conducted by the Executive Committee on February 23,2018 and by the Board to be approved on April 20, 2018.]	[ ]
<b>VII-K-2.</b> The pool has written policies that provide for annual review of the pool's investment goals and policies by the governing body.	[Approved Board Investment Guidelines Section 13. Investment Policy Adoption requires the policy will be reviewed on an annual basis by the Executive Committee and any modifications made thereto must be approved by the Board.]	[ ]
<b>VII-K-3.</b> The pool has written policies that address explicit delegation of authority regarding investment decisions to appropriate employees or outside investment managers.	[Approved Board Investment Guidelines Section 5 Investment Responsibility addresses authority of investment decisions.]	[ ]
<b>VII-K-4.</b> The pool has written investment policies that provide for appropriate controls, including those that address separation of duties, safekeeping and custodial procedures.	[Approved Board Investment Guidelines Section 9 Safekeeping and Custody and Section 10 Collateralization]	[ ]
<b>VII-K-5.</b> The pool has written policies that provide for a process to monitor its investment activities.	[Approved Board Investment Guidelines Section 5 C. Investment Responsibility addresses monitoring and Section 12 Reporting of investment activities and returns.]	[ ]
<b>VII-K-6.</b> The pool has written policies that provide for periodic reviews of investment results and comparisons with set goals and external indices.	[Approved Board Investment Guidelines Section 11 Selection and Performance Review of Investment Managers.]	[ ]

<p><b>VII-K-7.</b> The pool has written policies that provide for distribution of reports of investment activities to the pool's governing body at least quarterly.</p>	<p>Approved Board Investment Guidelines Section 5 C. Investment Responsibility addresses monitoring and Section 12 Reporting of investment activities and returns.</p>	
<p><b>VII-K-8.</b> The pool has written policies that address allocation of assets and portfolio diversification consistent with state and federal regulations, pool investment goals, and prudent investment practices.</p>	<p>Approved Board Investment Guidelines Section 8 Investment Guidelines and Limitations</p>	
<ul style="list-style-type: none"> <li>If the pool's investment choices are limited/mandated via statute or regulation, please cite the regulation and explain its parameters.</li> </ul>	<p>Nevada Revised Statutes Chapter 355 addresses Public Investments NRS 355.170 addresses authorized investments: bonds and debentures of US, Treasury bills/notes, negotiable certificates of deposits, which do not extend maturities beyond 10 years,</p>	
<ul style="list-style-type: none"> <li>If the pool can invest in risk assets other than fixed income, it has written policies that address allocation of risk assets to surplus as a measure of solvency.</li> </ul>	<p>PACT is unable to invest in risk assets.</p>	
<ul style="list-style-type: none"> <li>If the pool can use fixed income assets, it was written policies that address their use, their sensitivity to changes in interest rates, the matching of the timing of maturity of those assets with the pool's liabilities, and the potential need for unanticipated liquidation of those assets.</li> </ul>	<p>Approved Board Investment Guidelines Section 6 C Authorized Investments addresses fixed income investments. Section 4. Investment Risks addresses Credit, Liquidity, Maturity and Market Risk. Board approved policy on Net Assets provides for accumulation and maintenance of Net Assets for financial stability and LT viability of PACT.</p>	

**VIII. BUSINESS CONTINUITY (Last update: 2017)**

The AGRiP Advisory Standards covering Business Continuity recognize the need for adequate written policies and procedures to sustain ongoing operations of the pooling organization amid a variety of threats or other business interruptions, whether the pool conducts operations in-house or contracts for services.

- VIII-A The pool has assessed business continuity risks and has adopted a written, all hazards business continuity plan that outlines procedures and resources needed to maintain core pool business operations and assist in recovery of full operations upon significant interruption of any sort, and which identifies alternate sources for necessary business supplies, resources and locations during a business interruption.
- VIII-B The business continuity plan addresses recovery of and access to critical data during a significant business interruption. Parameters are included for securing data that may be private and/or confidential during significant interruption to normal business operations.
- VIII-C The business continuity plan clearly defines when it will be invoked or implemented, the team responsible for implementation, how notification will be made to pool staff, service providers, and members, and who is responsible for external communications.
- VIII-D The pool maintains and updates contact information for vendors, members, pool board directors and staff that may need to be contacted during a major interruption to business. This contact information is accessible in electronic and paper form, maintained offsite, and accessible to multiple pool staff.
- VIII-E The pool has documented how its business continuity plan will be reviewed, maintained, and tested over time, and communicates relevant aspects of its business continuity plan to all staff at least annually.
- VIII-F The pool has adopted an emergency response plan defining procedures and actions taken immediately following a crisis event to direct people and resources away from danger, evacuate facilities, and work with first responders to ensure safety.
- VIII-G The pool regularly holds emergency drills and/or training sessions to ensure staff are aware of emergency response procedures.

<b>STANDARDS VIII-A-G</b>	<b><u>Explain</u> how Standard is met:</b>	<b>If N/A or not done at the pool explain why:</b>
<b>VIII-A.</b> The pool has assessed business continuity risks and has adopted a written, all hazards business continuity plan outlining procedures and resources needed to maintain core pool business operations and assist in recovery of full operations upon significant interruption of any sort. Such plan identifies:	A contingency and disaster recovery plan was adopted. This plan outlines procedures and resources to maintain core pool business.	
<ul style="list-style-type: none"> <li>• Alternate necessary business supplies.</li> </ul>	As noted in the plan, alternate necessary business supplies will be acquired through private sources.	
<ul style="list-style-type: none"> <li>• Other alternate necessary business resources.</li> </ul>	As noted in the plan, other business resources can be obtained through the various business partners of PACT.	
<ul style="list-style-type: none"> <li>• Alternate business location (s).</li> </ul>	As noted in the plan, several alternate business locations including virtual access have been identified.	



<b>VIII-B. The business continuity plan addresses:</b>	Leave space blank	
<ul style="list-style-type: none"> <li>Recovery of critical data during a significant business interruption.</li> </ul>	As noted in the plan, critical data can be recovered in the event of a significant business interruption. A cloud based secure backup solution is maintained for the recovery of critical files. All business emails and CRM data can be recovered virtually from Microsoft 365 products	
<ul style="list-style-type: none"> <li>Access to critical data during a significant business interruption.</li> </ul>	As noted in the plan, access for critical data during a significant business interruption can be obtained virtually via Microsoft Office 365 products and/or a cloud base backup appliance.	
<ul style="list-style-type: none"> <li>Parameters for securing data that may be private and/or confidential during significant interruption to normal business operations.</li> </ul>	As noted in the plan, the parameters for the security of this information is the same as if a person was at the physical location. A VPN is used to access the information as well as the required malware software.	
<b>VIII-C. The business continuity plan clearly defines:</b>	Leave space blank	
<ul style="list-style-type: none"> <li>When it will be invoked or implemented.</li> </ul>	Adopted plan document addresses timing and implementation timelines. Page 2 of the policy addresses criteria for invoking the Plan.	
<ul style="list-style-type: none"> <li>The team responsible for implementation.</li> </ul>	The team responsible for implementation is the Executive Director, Chief Operations Officer and Chief Financial Officer.	
<ul style="list-style-type: none"> <li>How notification will be made to staff.</li> </ul>	Notifications will be conducted by phone, email and texting. If necessary physical contact will be conducted.	
<ul style="list-style-type: none"> <li>How notification will be made to service providers.</li> </ul>	Notification made to service providers will be made by phone, email and texting.	
<ul style="list-style-type: none"> <li>How notification will be made to members.</li> </ul>	Communications will be made via phone, email and texting.	
<ul style="list-style-type: none"> <li>Who is responsible for external communications.</li> </ul>	The executive director, chief operations officer, and Chief Financial Officer are responsible for external communications.	
<b>VIII-D. The pool maintains and updates contact information for persons that may need to be contacted during a major interruption to business, including:</b>	Leave space blank	

• Vendors	Yes. This information is on cloud based software.	
• Members	Yes. This information is on the Microsoft 365 cloud based software.	
• Pool board directors	Yes. This information is on the Microsoft 365 cloud based software.	
• Staff	Yes. This information is on the Microsoft 365 cloud based software.	
Such contact information is:		
• Accessible in electronic form.	Yes	
• Accessible in paper form.	Yes	
• Maintained offsite.	Yes	
• Accessible to multiple pool staff.	Yes	
<b>VIII-E.</b> The pool has documented how its business continuity plan will be reviewed, maintained, and tested over time.	Yes	
• The pool communicates relevant aspects of its business continuity plan to all staff at least annually.	The pool takes steps to communicate the relevant aspects of its business continuity plan.	
<b>VIII-F.</b> The pool has adopted an emergency response plan defining procedures and actions taken immediately following a crisis event. The plan includes:	Fire emergency exit and response plans are in place. Terrorism and other outside threat plans are being updated and implemented.	
• Directing people and resources away from danger.	People and resources are directed from danger but additionally people are directed to take safe harbor in certain situations.	
• Evacuating facilities.	Evacuating plans are up in the facility.	
• Working with first responders to ensure safety.	Working with first responders is a priority in the emergency response plan.	
<b>VIII-G.</b> The pool regularly holds emergency drills and/or training sessions to ensure staff are aware of emergency response procedures.	Emergency drills are held annually and staff is made aware of these procedures.	

**IX. DATA SECURITY (Added / Last update: 2017)**

The AGRiP Advisory Standards covering Data Security recognize the need for adequate written policies and procedures to protect data collected or maintained by the pool, whether the pool conducts operations in-house or contracts for services

IX-A            The pool has a procedure to track inventory of all hardware, devices, and software authorized to access its computer network.

IX -B           The pool actively manages the security configuration of hardware authorized to access its network to prevent exploitation of vulnerable services and settings.

- IX -C If the pool allows access to its network for pool purposes by any personally-owned devices from any source, such as staff-owned or service provider mobile phones, laptops, or tablets, it has a written policy regarding acceptable use of devices, allowed devices, support for devices, and security protocols for pool data.
- IX -D The pool has data security and protection procedures in place to prevent data compromise and the unintentional release of sensitive information, including hardware and infrastructure protection and protection from user-based risks.
- IX -E The pool actively protects and backs up electronic files, including provisions for housing back-up data separately from the pool’s main storage site and testing back-up storage on a periodic basis.
- IX-F The pool has defined the use, assignment, revocation, and configuration of administrative privileges for computers, networks, and applications.
- IX -G The pool regularly informs all users with access to its system about smart cyber use activities.
- IX -H The pool regularly conducts data vulnerability assessments and remediates issues when necessary.
- IX -I All hardware, software, data use and data storage systems are compliant where necessary with relevant federal and state laws.

STANDARDS IX-A-B	<u>Explain</u> how Standard is met:	If N/A or not done at the pool explain why:
<b>IX-A.</b> The pool has a procedure to:		
<ul style="list-style-type: none"> <li>• Track inventory of all hardware authorized to access its computer network.</li> </ul>	The pool has a third party computer network company that maintains an inventory. Staff verifies and counter checks this inventory monthly.	
<ul style="list-style-type: none"> <li>• Track inventory of all devices authorized to access its computer network.</li> </ul>	The third party computer network company also assists in the access of other devices. Additionally there is a Darktrace Threat Visualizer appliance that monitors all network activity and detects any new device that uses the network.	
<ul style="list-style-type: none"> <li>• Track inventory of all software authorized to access its computer network.</li> </ul>	The pool using the third computer network company to update and maintain all business software. Staff also verifies and monitors the software access.	
<b>IX-B.</b> The pool actively manages the security configuration of hardware authorized to access its network to prevent exploitation of vulnerable services and settings.	The third party professional computer network company installs updates to the hardware and software to help ensure proper security. Additionally, the Darktrace Threat Visualizer does detect vulnerabilities.	
<b>STANDARD IX-C</b>	<b><u>Cite policy</u> – or section of policy – fulfilling Standard, or how Standard is met:</b>	<b>If N/A or not done at the pool explain why:</b>
<b>IX-C.</b> If the pool allows access to its network for pool purposes by any personally-owned devices from any	Network access for personal devices are not allowed on the primary	

source, such as staff-owned or service provider mobile phones, laptops, or tablets, it has a written policy regarding:	business network. A “public” wifi access is available. This “public” wifi availability is firewalled from the primary business network.	
<ul style="list-style-type: none"> <li>• Acceptable use of devices.</li> </ul>	The Information Technology Policy addresses this within pages 1-3.	
<ul style="list-style-type: none"> <li>• Allowed devices.</li> </ul>	The Information Technology Policy addresses this within pages 1-3.	
<ul style="list-style-type: none"> <li>• Support for devices.</li> </ul>	The Information Technology Policy addresses this within pages 1-3.	
<ul style="list-style-type: none"> <li>• Security protocols for pool data.</li> </ul>	The Information Technology Policy addresses this within pages 1-3.	

STANDARDS IX-D-I	<u>Explain</u> how Standard is met:	If N/A or not done at the pool explain why:
<p><b>IX-D.</b> The pool has data security and protection procedures in place to prevent data compromise and the unintentional release of sensitive information, including:</p>	<p>Security measures are taken to secure and protect all sensitive information. This is accomplished by a strict control of who has access to this data. Staff and the third party computer network company helps monitor the procedures and access.</p>	
<ul style="list-style-type: none"> <li>• Hardware and infrastructure protection.</li> </ul>	<p>All network servers are in a separate secure data room. This room has a special fire protection system designed for computer network rooms.</p>	
<ul style="list-style-type: none"> <li>• Protection from user-based risks.</li> </ul>	<p>A policy is in place, the Network Threat appliance, constant password changes, and regular monitoring aids in the protection from user based risks.</p>	
<p><b>IX-E.</b> The pool actively protects and backs up electronic files, including:</p>		
<ul style="list-style-type: none"> <li>• Provisions for housing back-up data separately from the pool's main storage site.</li> </ul>	<p>The pool has a secure cloud backup and a robust back up appliance.</p>	
<ul style="list-style-type: none"> <li>• Provisions for testing back-up storage on a periodic basis.</li> </ul>	<p>Testing for backup storage is done a weekly basis.</p>	
<p><b>IX-F.</b> The pool has defined the use, assignment, revocation, and configuration of administrative privileges for:</p>		
<ul style="list-style-type: none"> <li>• Computers</li> </ul>	<p>The pool has a defined usage, assigning, and configuring procedure all the types of access required by each work. This applies to computers, networks, and applications.</p>	
<ul style="list-style-type: none"> <li>• Networks</li> </ul>	<p>The pool has a defined usage, assigning, and configuring procedure all the types of access required by each work. This applies to computers, networks, and applications.</p>	
<ul style="list-style-type: none"> <li>• Applications</li> </ul>	<p>The pool has a defined usage, assigning, and configuring procedure all the types of access required by each work. This applies to computers, networks, and applications.</p>	
<p><b>IX-G.</b> The pool regularly informs all users with access to its system about smart cyber use activities.</p>	<p>This is done on a regular basis. In fact this organization sponsors cyber risk assessments and other classes/seminars on this subject.</p>	
<p><b>IX-H.</b> The pool regularly conducts data vulnerability assessments and remediates issues when necessary.</p>	<p>Yes.</p>	

IX-I. All hardware, software, data use and data storage systems are compliant where necessary with relevant federal and state laws.	Yes.	
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**X. CLAIMS MANAGEMENT**

The AGRiP Advisory Standards covering Claims Management recognize the need for adequate written policies and procedures in administering claims against members.

Standards addressed:

- X-A The pool has written procedures that include settlement authority structure, internal review/audit procedures, and loss reserving.
- X-B The pool maintains a comprehensive claims management information system and/or accounting system that tracks claims, develops loss data, and is distributed to members on a regular basis.
- X-C The pool maintains a litigation management program that includes, but is not limited to, establishment of a list of qualified attorneys when applicable, establishment of reporting procedures, and ongoing monitoring and case management, including evaluation of legal expenses.
- X-D THE CLAIMS AUDIT:
  - X-D-1 In addition to the tests conducted during the course of a financial audit a claims audit is conducted at least once every three years regardless of whether claims are handled by in-house staff or by an outside service provider.
  - X-D-2 The claims audit includes determination that claims were handled in a timely and efficient manner.
  - X-D-3 The claims audit includes determination that the claims administrator adequately communicated.
  - X-D-4 The claims audit includes determination that case reserving practices were reasonable.
  - X-D-5 The claims audit includes determination that loss experience reports accurately reflect case reserves and payments.
  - X-D-6 The claims audit is conducted by a qualified firm or individual engaged by the pool that is independent of the pool and its claims service providers.
  - X-D-7 The claims auditor issues a report on the condition of the pool's claims handling and reserving practices noting significant exceptions and/or deficiencies.
  - X-D-8 The pool adequately addresses all exceptions or deficiencies noted in the claims audit within a reasonable period of time.

STANDARD X-A	<u>Cite policy – or section of policy – fulfilling Standard:</u>	<u>If N/A or not done at the pool explain why:</u>
The pool has written procedures that include:	Interlocal Cooperation Agreement Article 20; Contract TPA - ASC contract page 1-3; Claims reporting procedures effective 4/29/2016. Policy statement on Claims Administration revised 4/29/2016. Activities include independent claims audit every three years.	
<ul style="list-style-type: none"> <li>• Settlement authority structure</li> </ul>	ASC contract provision on pages 1-3 on agreement effective July 1, 2017-2022.	
<ul style="list-style-type: none"> <li>• Internal review/audit procedures</li> </ul>	Board approved Claims Administration Policy requires independent claims audit at least once every three years. Policy updated and revised on 4/29/2016. Service providers conduct regular reviews and are subject to periodic audits by regulators.	
<ul style="list-style-type: none"> <li>• Loss reserving</li> </ul>	ASC contract provision on pages 1-3 on agreement effective July 1, 2017-2022.	
STANDARDS X-B-C	<u>Explain how Standard is met:</u>	<u>If N/A or not done at the pool explain why:</u>

<b>X-B.</b> The pool maintains a comprehensive claims management information system and/or accounting system that:	Contract TPA maintains own claims management systems system (ASC contract page 1-3	
• Tracks claims	Yes	
• Develops loss data	Yes	
• Is distributed to members on a regular basis	PACT distributes quarterly to members; PACT has access to TPA system to review any claims data and to develop reports as needed	
<b>X-C.</b> The pool maintains a litigation management program that includes, but is not limited to:	Board approved Claims Administration Policy updated 4-29-2016.	
• Establishment of a list of qualified defense attorneys when applicable	Board approved Claims Administration Policy updated 4-29-2016. Board shall establish a list of qualified defense counsel and coverage attorneys	
• Establishment of reporting procedures	Board approved Claims Administration Policy updated 4-29-2016. Provides reporting procedures and requirements. TPA (ASC) contract pages 1-3 PACT's Workers Compensation and Employer's Liability Coverage Agreement page 4.	
• Ongoing monitoring and case management, including evaluation of legal expenses	Board approved Claims Administration Policy updated 4-29-2016. Provides reporting procedures and requirements. TPA (ASC) contract pages 1-3	
<b>STANDARDS X-D 1-8: The Claims Audit</b>	<b><u>Cite policy – or section of policy – fulfilling Standard:</u></b>	<b>If N/A or not done at the pool explain why:</b>
<b>X-D-1.</b> In addition to the tests conducted during the course of a financial audit a claims audit is conducted at least once every three years regardless of whether claims are handled by in-house staff or by an outside service provider. Please include the date of the last claims audit.	Per PACT's Claims Administration Policy, audits have been completed every three years since 1994. The most recent independent claims audit of PACT claims handling practices was conducted in March, 2017. Independent audits also occur from one or more reinsurers each year. Report date for last claims audit was April 21, 2017.	
<b><u>Explain how Standard is met:</u></b>		<b>If N/A or not done at the pool explain why:</b>
<b>X-D-2.</b> The claims audit includes determination that claims were handled in a timely and efficient manner.	Independent auditor scope of work includes timeliness and efficiency review. Auditors report is required to include the results of such review.	
<b>X-D-3.</b> The claims audit includes determination that the claims administrator adequately communicated	Independent auditor scope of work reviews case handling procedures including communications. Final reports indicates in part...	

	continues to administer claims in a timely and efficient manner, continues to openly communicate with PACT members and other interested parties, and continues to keep excess insurers apprised of pertinent developments, as are appropriate. Page 3 of audit report.	
<b>X-D-4.</b> The claims audit includes determination that case reserving practices were reasonable.	In the 2017 audit, a detailed report showed a comparison of the auditor's reserves to the adjuster's reserves for each audited claim	
<b>X-D-5.</b> The claims audit includes determination that loss experience reports accurately reflect case reserves and payments.	Independent audit scope of work includes review of case reserves and payments compared with loss experience reports. Page 9-10 in report.	
<b>X-D-6.</b> The claims audit is conducted by a qualified firm or individual engaged by the pool that is independent of the pool and its claims service providers.	The 2017 Claims review audit was conducted by Claims Innovative Solutions. The report is signed by Phillip D. Kentfield, Managing Principal.	
<b>X-D-7.</b> The claims auditor issues a report on the condition of the pool's claims handling and reserving practices noting significant exceptions and/or deficiencies.	Auditor scope of work requires providing an Executive Summary and detailed report with exhibits that includes discussion of claims handling and reserves practices. The report includes discussion of findings and recommendations. Final report 17 pages. Results referred to board. Board reviews recommendations and requests TPA to comply. PACT Administration oversees TPA compliance.	
<b>X-D-8.</b> The pool adequately addresses all exceptions or deficiencies noted in the claims audit within a reasonable period of time.	Minor reserve differences and case handling concerns were promptly resolved by administrator after meeting with Executive Director and auditor. Ongoing quality management reports are made to the Executive Director who regulatory confers with TPA on any audit findings and necessary changes.	

## XI. PROFESSIONAL DEVELOPMENT

The AGRiP Advisory Standards for Professional Development recognize the value of continuing education.

Standards addressed:

- XI-A Members of the governing body of the pool participate in relevant professional conferences and seminars presented by organizations other than the pool.
- XI-B Pool staff participates in relevant professional development programs.



- XI-C The pool chief executive officer regularly attends relevant state and national professional conferences and seminars.
- XI-D Pool staff members obtain educational degrees, relevant professional designations and other certifications.
- XI-E Pool staff members participate in relevant professional organizations.
- XI-F The pool provides adequate funding to support professional development.

STANDARDS XI-A-F	<u>Explain</u> how Standard is met:	If N/A or not done at the pool explain why:
<p><b>XI-A.</b> Members of the governing body of the pool participate in relevant professional conferences and seminars presented by organizations other than the pool.</p>	<p>Executive Committee of Board is invited to attend AGRIP Pool Trustees seminar each year at PACT's expense. Most attend. PACT funds PRIMA membership dues for all members. Several Executive Committee members attended the AGRIP Pool Trustees seminar in March 2017 Four members are attending March 2018 seminar. Board approved Policy on Education and Training. Board approved policy on Membership Development. Updated 4/2016</p>	
<p><b>XI-B.</b> Pool staff participates in relevant professional development programs.</p>	<p>PARMS sends key staff to AGRIP, PRIMA, PARMA and other conferences and encourages additional professional training courses. All service providers send their staff to training and encourage professional education. Conferences recently attended include 9/2017 CAJPA, 3/2017 AGRIP, 5/2017 PRIMA and SAA Investment Seminar 3/2017. Full training calendar approved for 2018.</p>	
<p><b>XI-C.</b> The pool chief executive officer regularly attends relevant state and national professional conferences and seminars.</p>	<p>Covered in policy statement on Administration – Executive Director to attend at least two professional conferences annually. Conferences recently attended include 9/2017 CAJPA, 3/2017 AGRIP Conference; AGRIP Leadership Institute 8/2017. PACT budget includes at least two professional conferences and other seminars each year.</p>	
<p><b>XI-D.</b> Pool staff members obtain educational degrees, relevant professional designations and other certifications.</p>	<p>Staff members hold MBA, MS, MA BS and JD degrees; professional designations include CPCU, CIC, ARM and CPA.</p>	
<p><b>XI-E.</b> Pool staff members participate in relevant professional organizations.</p>	<p>Staff attends AGRIP, PRIMA, PARMA or other conferences and are members of ASAE, CPCU, ASSE and AICPA. Other</p>	

	<p>professional organizations include the Sheriff's and Chief's Association, Nevada Association of Counties, Nevada League of Cities, Nevada Association of School Boards, Governmental Finance Officers and Nevada Rural Water Association</p>	
<p><b>XI-F.</b> The pool provides adequate funding to support professional development.</p>	<p>The PACT policy on Administration (4/2016) requires and budget includes funding to support these areas of professional development.</p>	

**XII. GOVERNANCE (Last update: 2017)**

The AGRiP Advisory Standards for Organizational Planning recognize the value of long-range or strategic planning.

Standards addressed:

- XII-A The pool governing board assures that its members receive a regular orientation program and manual for new and returning board members that includes review of the organizational governance structure, operations, legal and fiduciary responsibilities, budget and accounting system, actuarial funding, financial and investment policies.
- XII-B The pool develops and maintains a long-range or strategic plan that contains a mission statement and clearly defined goals and objectives.
- XII-C The pool regularly reviews and revises its long-range or strategic plan.
- XII-D The pool regularly develops a short-term or operational work plan based on its long-range or strategic plan.
- XII-E The pool's governing body and staff regularly review the work plan to ensure that activities are completed and goals and objectives are met.
- XII-F The pool keeps approved minutes of all meetings of the governing body and substantive committees, and the governing body has made a determination about minutes being distributed or otherwise made available to members. Minutes and their distribution are compliant with all applicable state and local laws.
- XII-G The governing body has a policy in regard to how they are to receive reports on/or from executive staff, key functional areas and service providers.
- XII-H The pool has adopted a records management and retention policy. The policy outlines the treatment of both electronic and hard copy files, including:
  - Permanent record management for both hard copy and electronic files, including a documented process to prevent modification and deletion of permanent electronic files;
  - Records destruction;
  - Records archiving;
  - Separation of confidential records from public records; and,
  - A documented process for responding to public records requests.

STANDARDS XII-A-F	<u>Explain how Standard is met and provide date last done:</u>	If N/A or not done at the pool explain why:
<p><b>XII-A.</b> The pool governing board assures that its members receive a regular orientation program and manual for new and returning board members that includes:</p>	<p>In accordance with its Policy Statement on Administration (Strategies), the Governing Board Members are provided a Board Reference Manual that includes Interlocal Cooperation Agreement, Bylaws, Committee Charters and Board Policies. A periodic orientation is provided to new Board members. Governing documents, financial statements and minutes of prior meetings are posted on the Website for reference.</p>	<p>  </p>
<ul style="list-style-type: none"> <li>• Review of the organizational governance structure.</li> </ul>	<p>Board approved Policy Statement on Administration (Strategies) 4/2016</p>	<p>  </p>
<ul style="list-style-type: none"> <li>• Operations.</li> </ul>	<p>Board approved Policy Statement on Administration (Strategies) 4/2016</p>	<p>  </p>
<ul style="list-style-type: none"> <li>• Legal and fiduciary responsibilities.</li> </ul>	<p>Board approved Policy Statement on Administration (Strategies) 4/2016</p>	<p>  </p>

<ul style="list-style-type: none"> <li>Budget and accounting system.</li> </ul>	Board approved Policy Statement on Administration (Strategies) 4/2016	
<ul style="list-style-type: none"> <li>Actuarial funding.</li> </ul>	Board approved Policy Statement on Administration (Strategies) 4/2016	
<ul style="list-style-type: none"> <li>Financial and investment policies.</li> </ul>	Board approved Policy Statement on Administration (Strategies) and Finance and Investments updated 4/2016	
<b>XII-B.</b> The pool develops and maintains a long-range or strategic plan that contains a mission statement and clearly defined goals and objectives.	Interlocal Cooperation Agreement Article 2 and Bylaws Article 1 provide for purpose of PACT. Retreats in 1996, 1999, 2005, 2008, 2011, 2014 and 2016 established and refined mission and goals that were adopted by the board and published to all members.	
<b>XII-C.</b> The pool regularly reviews and revises its long-range or strategic plan.	Following board retreats, committees are assigned to follow through on plans as is staff. Current plan status reports are provided to annual board meetings. Board retreat held 11/2014. Next retreat scheduled for 9/2018.	
<b>XII-D.</b> The pool regularly develops a short-term or operational work plan based on its long-range or strategic plan.	Board chartered Standing Committees on Loss Control and Human Resource Oversight meet regularly and develop action plans with staff support. Each committee has a board adopted charter that defines its purpose and function.	
<b>XII-E.</b> The pool's governing body and staff regularly review the work plan to ensure that activities are completed and goals and objectives are met.	Status reports are provided at each board meeting from each committee including all minutes and reports by committee chairs.	
<b>XII-F.</b> The pool keeps approved minutes of all meetings of the governing body and substantive committees, and the governing body has made a determination about minutes being distributed or otherwise made available to members. Minutes and their distribution are compliant with all applicable state and local laws.	Minutes are taken for all meetings and approved at subsequent meeting. Copies of minutes are provided in agenda packet for approval as well as maintained on the website.	
<b>STANDARDS XII-G-H</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
<b>XII-G.</b> The governing body has a policy in regard to how it is to receive reports on/or from executive staff, key functional areas and service providers.	Executive Director reports at each Executive Committee and Annual Board meeting. Human Resources manager reports to HR Oversight Committee and to Annual Board	

	meeting. Loss Control Committee staff leader reports to Loss Control Committee and to Annual Board meeting. Staff responsible for overseeing investment program reports at each Executive Committee and Annual Board meeting along with investment advisor. Claims Manager of TPA reports to Executive Committee periodically	
<b>XII-H.</b> The pool has adopted a records management and retention policy. The policy outlines the treatment of both electronic and hard copy files, including:	Board approved Records Management Policy. Last updated 4/2016.	
<ul style="list-style-type: none"> <li>Permanent record management for both hard copy and electronic files, including a documented process to prevent modification and deletion of permanent electronic files.</li> </ul>	Board approved Records Management Policy Section 9-16. Last updated 4/2016.	
<ul style="list-style-type: none"> <li>Records destruction.</li> </ul>	Records Management Policy Section 15-16 and Nevada Administrative Code 239.165	
<ul style="list-style-type: none"> <li>Records archiving</li> </ul>	Records Management Policy Section 9-10 updated 4/2016	
<ul style="list-style-type: none"> <li>Separation of confidential records from public records.</li> </ul>	Board approved Records Management Policy. Last updated 4/2016.	
<ul style="list-style-type: none"> <li>A documented process for responding to public records requests.</li> </ul>	Board approved Records Management Policy. Last updated 4/2016.	

**XIII. ETHICS**

The AGRiP Advisory Standards covering Ethics policies recognize that members of public entity pools are public organizations, such as schools and transit districts, and that public entity pools are governed by boards made up of public officials. Thus, adherence to a defined policy, such as the AGRiP model policies, encourages public trust and proper decision-making within the pool. A model Code of Conduct adopted by the AGRiP Board of Directors is available to download on the AGRiP web site.

Standards addressed:

XIII-A The pool has a Code of Conduct applicable to the pool governing body, staff (whether directly employed by the pool or under contract) and service providers that is generally consistent with the AGRiP Model Code of Conduct.

<b>STANDARD XIII-A</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>		<b>Date Adopted:</b>	<b>If N/A or not done at the pool explain why.</b>
The pool has a Code of Conduct applicable to the pool governing body, staff (whether directly employed by the pool or under contract) and service providers that is generally consistent	<i>Governing Body</i>	Board approved Policy Statement on Code of Conduct and Conflict of Interest which is consistent with the AGRiP Model.	Updated and approved 4/29/2016	

with the AGRiP Model Code of Conduct.		Executive Committee members annually sign disclosure documents.		
	<i>Staff</i>	Board approved Policy Statement on Code of Conduct and Conflict of Interest. Staff members annually sign disclosure documents.	Updated and approved 4/29/2016	
	<i>Service Providers</i>	Board approved Policy Statement on Code of Conduct and Conflict of Interest. Included in contract language.	4/29/2016	

***Optional Feedback***

**To help us improve the Recognition application process, please provide any comments on the application and/or process itself:**

**Disclaimer**

Standard Recognition sponsored by AGRiP encourages and promotes compliance with recognized Advisory Standards. Recognition, if provided, acknowledges the recipient pool's self-evaluation demonstrates general compliance with the recommended operational practices and documentation, only.

Advisory Standards and Recognition are intended to be a benchmark to measure and guide, but do not attest to the solvency nor define the capacity, content or quality of organizational and operational characteristics of public entity risk and employee benefit pools. AGRiP has not and does not intend to undertake an audit or independent verification review to confirm the truth or accuracy of the Recipient's assertions.

**Application Verification**

**1. The Chair of the Board or executive committee verifying this application must check the boxes below to signify their understanding that the AGRiP Advisory Standards and Recognition process:**

- Identify suggested best practices in key pool operational areas.
- Do not address all pool operations.
- Are advisory, only.
- Represent a baseline of operations, only.
- Entail a limited peer review of self-audited policies and *not* an audit of pool operations.
- Intentionally distinguish Standards that should be documented in pool policy from those which may be met procedurally.
- Focus more on a pool's processes than outcomes.
- Are not an accreditation of pool operations, nor a guarantee of financial solvency or other pooling success measures.
- Are reviewed in good faith by AGRiP's Membership Practices Committee (MPC) with the belief a pool has in place policies and procedures asserted on its application.
- Determined for compliance on a yes or no basis. A pool may be provided Recognition if they operate outside the defined Standard, if it provides sufficient explanation as to why doing so is appropriate under the circumstances.
- Granted with noted caveats where circumstances warrant.

Recipients of the Advisory Standards Recognition agree not to use the Recognition in any way that implies or suggests that through the Recognition AGRiP guarantees that the pool is appropriately managed or financially solvent.

**Signature**

*I certify that this evaluation was reviewed and approved by the executive committee or the board of directors/trustees, fully understanding the intent of both the Advisory Standards themselves and the Recognition process overall.*

Chair of the Board or Executive Committee Signature:

Printed Name:

Title:

Date:

*Reminder, to be accepted an application must be:*

- Fully complete
- Submitted with a certified copy of a Board resolution, excerpt from minutes, or other documentation evidencing the Board's approval of the contents of the application;
- Signed by the chairperson of the executive committee or the Board of Directors; and,
- Accompanied by the \$750 application fee mailed.



## **Resolution**

### **To Approve AGRiP Advisory Standards Application**

**WHEREAS**, Public Agency Compensation Trust (PACT) has decided to apply for recognition under the Association of Governmental Risk Pools (AGRiP) advisory standards; and

**WHEREAS**, the application for recognition was completed by PACT staff and must be reviewed and approved by the governing body;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of PACT approves the AGRiP Advisory Standards application for submission to AGRiP.

This is the \_\_\_\_\_ day of April 2018.

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Chair

**PUBLIC AGENCY COMPENSATION TRUST**  
**FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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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, 2017 and 2016 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, 2017 and 2016 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*

October 12, 2017  
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, 2016 and June 30, 2017 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.

**CONDENSED STATEMENTS OF NET POSITON**

	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 63,352,076	\$ 74,319,021
Receivables	4,275,281	5,433,880
Other assets	30,647	33,970
<b>Total current assets</b>	<u>67,658,004</u>	<u>79,786,871</u>
Pledged investments	4,538,815	4,586,046
Contributed surplus PCM, net	21,629,160	9,741,754
<b>Total noncurrent assets</b>	<u>26,167,975</u>	<u>14,327,800</u>
<b>Total assets</b>	<u><b>93,825,979</b></u>	<u><b>94,114,671</b></u>
Payables	603,910	227,039
Current portion of reserve for claims losses	6,371,948	6,151,608
<b>Total current liabilities</b>	<u>6,975,858</u>	<u>6,378,647</u>
Reserve for Worker's Compensation claims losses	17,377,052	17,245,392
Reserve for Heart & Lung claims losses	22,684,485	20,570,890
<b>Total noncurrent liabilities</b>	<u>40,061,537</u>	<u>37,816,282</u>
<b>Total liabilities</b>	<u><b>47,037,395</b></u>	<u><b>44,194,929</b></u>
Net position -unrestricted	42,249,769	45,333,696
Net position -restricted for pledged securities	4,538,815	4,586,046
<b>Total net position</b>	<u><b>\$ 46,788,584</b></u>	<u><b>\$ 49,919,742</b></u>

**CONDENSED STATEMENTS OF REVENUES AND EXPENSES**

	<u>2017</u>	<u>2016</u>
Assessments revenues	\$ 15,149,782	\$ 16,337,985
Loss fund provision and program expenses	11,180,562	10,994,883
Administration expenses	6,525,562	5,384,480
<b>Total expenses</b>	<u>17,706,124</u>	<u>16,379,363</u>
<b>(Decrease) increase in operating net position</b>	<u><b>(2,556,342)</b></u>	<u><b>(41,378)</b></u>
Non-operating net investment income	(574,816)	2,170,922
<b>(Decrease) increase in net position</b>	<u><b>\$ (3,131,158)</b></u>	<u><b>\$ 2,129,544</b></u>

Changes in Net Position:

Net decrease: (\$3,131,158) or 6.3%.

This decrease in part came from increased amortization costs in the amount of \$442,715 because of a transfer of net position from PACT to Public Compensation Mutual, its nonprofit captive mutual insurance company, to enable it to take on more risk retention at a lower cost to PACT.

The primary factor that contributed to this change was an increase in post-employment heart/lung claims reserves by \$2,113,595. These reserves offset 100% of the assessments by board policy due to the uncertainty of the claims potential. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years.

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:

Net decrease: (\$1,188,203) or 7.3%.

The decrease resulted from decreased rates for both general rates and the post-employment heart/lung rates.

Total expenses:

Net increase: \$1,326,781 or 7.4 %.

This increase in part came from increased amortization costs in the amount of \$442,715 because of a transfer of net position from PACT to Public Compensation Mutual, its nonprofit captive mutual insurance company, to enable it to take on more risk retention. Another key factor was an increase in risk management grants of \$539,770 which enable members to reduce potential claims.

Operating net position:

Net change: (\$2,745,738)

Total claims reserves increased by \$2,245,255 of which 94% was due to the heart-lung reserves which result from assuming that 100% of that revenue will be spent at some future point. This results in lowering net position.

Non-operating net investment income:

Net change: (\$2,245,738)

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. 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:**

Net change in total assets: (\$288,692)

\$15,100,000 of current assets was transferred as contributed surplus to Public Compensation Mutual (PCM), PACT's non-profit captive mutual insurance company, to enhance its ability to take larger reinsurance shares thereby reducing PACT's retention.

**Revenues, Expenses and Changes in Assets:**

Gross revenues (assessments plus non-operating net investment income) decreased by 7.3% partially because of a rate decreases and significant decrease in investment income over the prior year.

**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 Cardiac Wellness Program should help reduce potential heart claims.
- 5) A legislative change in the 2017 session may increase disability claims costs for heart and lung claims because a bill eliminated the disablement time frame for public safety for such claims. Another element may impact the employer's process for reviewing physical examinations potentially impeding the cardiac wellness program efforts.

Workers compensation self-funded programs experience significant volatility particularly when the retention levels per loss are high. 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.

The table below shows some key financial ratios tracked by management and the board to benchmark PACT's financial condition and risk retention strategies:

Financial Ratios	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
<b>Total Revenue</b>	\$ 14,320,208	\$ 15,701,455	\$ 16,486,613	\$ 16,337,985	\$ 15,149,782
<b>Revenue over (under) Expenses</b>	\$ (1,839,493)	\$ 896,485	\$ 2,306,508	\$ 2,129,544	\$ (3,131,158)
<b>Operating Net Position</b>	\$ (1,569,226)	\$ 177,273	\$ 1,235,291	\$ (41,378)	\$ (2,556,342)
<b>Non-operating Net Investment Income</b>	\$ (270,267)	\$ 719,212	\$ 1,071,217	\$ 2,170,922	\$ (574,816)
<b>Total Assets</b>	\$ 80,347,217	\$ 83,611,339	\$ 88,670,007	\$ 94,114,671	\$ 93,825,979
<b>Total Liabilities</b>	\$ 35,640,024	\$ 38,007,661	\$ 40,759,841	\$ 44,194,929	\$ 47,037,395
<b>Net Position</b>	\$ 44,707,193	\$ 45,603,678	\$ 47,910,186	\$ 49,919,742	\$ 46,788,584
<b>Net Position to SIR (Board Target 20:1); Benchmark &gt;5:1</b>	89.41	91.21	95.82	99.84	93.58
<b>SIR to Net Position (Benchmark: captives &lt;.10; group captives &lt;.25)</b>	0.01	0.01	0.01	0.01	0.01
<b>% Assets attributable to Net Position</b>	55.6%	54.5%	54.0%	53.0%	49.9%
<b>Total assets/total liabilities</b>	2.25	2.20	2.18	2.13	1.99
<b>Revenues to Net Position (Benchmark: &lt;2.5:1 and &gt;0)</b>	0.32	0.34	0.34	0.33	0.32
<b>Loss Reserves to Net Position (discounted): Benchmark &lt;3:1 and &gt;0</b>	0.44	0.45	0.46	0.47	0.50
<b>Total liabilities to liquid assets: Benchmark &lt;100%</b>	64%	63%	60%	59%	74%
<b>Change in members' Net Position: &gt;-10%</b>	-4.0%	2.0%	5.1%	4.2%	-6.3%
<b>Return on Net Position: Net Operating Income/Net Position</b>	-3.5%	0.4%	2.6%	-0.1%	-5.5%
<b>Return on Net Position: Total Income/Net Position</b>	-4.1%	2.0%	4.8%	4.3%	-6.7%

### 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.

## **Economic Factors:**

For fiscal year ending June 30, 2017, economic conditions showed signs of 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. 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 5<sup>th</sup> Edition of the AMA guide to rating impairments, which increased costs overall. The 2009 Legislature fixed the 5<sup>th</sup> Edition into statute rather than having the most current edition be implemented by regulation. The 6<sup>th</sup> 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, 2017 totaled \$2,113,595 compared to June 30, 2016 \$2,682,092 based upon a continuing 10% increase in the rates with a relatively flat change in payroll basis because 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. In 2015, a modest legislative 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. A couple of bills in the 2017 Legislative Session have the potential to increase disability costs due to a waiver of the five-day disablement provision for public safety.

**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, 2017 and 2016**

<b>ASSETS</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,663,598	\$ 2,176,248
Investments	60,688,478	72,142,773
Investment income receivable	264,696	362,590
Member assessments receivable	3,848,709	4,464,347
Specific recoverable	97,495	57,378
Commissions receivable	64,381	63,962
Receivable from State of Nevada	-	485,603
Prepaid expenses	30,647	33,970
<b>Total current assets</b>	<b><u>67,658,004</u></b>	<b><u>79,786,871</u></b>
<b>Noncurrent assets:</b>		
Pledged investments	4,538,815	4,586,046
Contributed surplus PCM, net	21,629,160	9,741,754
<b>Total noncurrent assets</b>	<b><u>26,167,975</u></b>	<b><u>14,327,800</u></b>
<b>TOTAL ASSETS</b>	<b><u>93,825,979</u></b>	<b><u>94,114,671</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	153,261	107,029
Commissions payable	59,990	62,632
Specific recoverable	97,495	57,378
Risk Management Grants payable	293,164	-
Current portion of reserve for claims losses	6,371,948	6,151,608
<b>Total current liabilities</b>	<b><u>6,975,858</u></b>	<b><u>6,378,647</u></b>
<b>Noncurrent liabilities:</b>		
Reserve for Worker's Compensation claims losses	17,377,052	17,245,392
Reserve for Heart & Lung claims losses	22,684,485	20,570,890
<b>Total noncurrent liabilities</b>	<b><u>40,061,537</u></b>	<b><u>37,816,282</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>47,037,395</u></b>	<b><u>44,194,929</u></b>
<b>NET POSITION - unrestricted</b>		
Net position -unrestricted	42,249,769	45,333,696
Net position -restricted for pledged securities	4,538,815	4,586,046
<b>TOTAL NET POSITION</b>	<b><u>\$ 46,788,584</u></b>	<b><u>\$ 49,919,742</u></b>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years ended June 30, 2017 and 2016**

<b>REVENUES</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Assessments for workers compensation	\$ 13,036,187	\$ 13,655,893
Assessments for heart and lung	<u>2,113,595</u>	<u>2,682,092</u>
Total Revenues	<u>15,149,782</u>	<u>16,337,985</u>
 <b>LOSS FUND AND PROGRAM EXPENSES</b>		
Claims and adjustment expenses	6,257,686	5,843,507
Heart and Lung loss expenses	2,305,819	2,784,477
Excess insurance premium	524,612	414,360
Re-insurance premium	1,246,065	1,207,000
Underwriting and claims processing	<u>846,380</u>	<u>745,539</u>
Total loss fund and program expenses	11,180,562	10,994,883
 <b>ADMINISTRATION EXPENSES</b>		
Management fees	490,136	475,860
Professional services	110,534	95,181
Administrative and overhead	597,859	470,045
Member education and services	578,476	729,656
Risk management grants	657,230	117,460
Insurance Division fees	453,233	303,645
Insolvency fund and related expenses	19,500	16,754
Loss control expenses	406,000	406,000
Amortization expense	<u>3,212,594</u>	<u>2,769,879</u>
Total administration expenses	6,525,562	5,384,480
<b>Decrease in operating net position</b>	<b><u>(2,556,342)</u></b>	<b><u>(41,378)</u></b>
Non-operating net investment income	<u>(574,816)</u>	<u>2,170,922</u>
<b>(Decrease) Increase in net position</b>	<b><u>(3,131,158)</u></b>	<b><u>2,129,544</u></b>
Net position, beginning of year	49,919,742	47,790,198
<b>Net position, end of year</b>	<b><u>\$ 46,788,584</u></b>	<b><u>\$ 49,919,742</u></b>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST  
STATEMENTS OF CASH FLOWS  
For Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Assessments and other revenues	\$ 15,765,420	\$ 16,298,909
Payment for claims	(6,097,910)	(5,141,858)
Payment to vendors	(5,104,765)	(5,556,486)
Net cash provided from operating activities	<u>4,562,745</u>	<u>5,600,565</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributed surplus to Public Compensation Mutual	<u>(15,100,000)</u>	<u>(1,093,260)</u>
Net cash used for capital and related financing activities	(15,100,000)	(1,093,260)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and net realized investment income	2,042,351	1,637,405
Sale of investments	28,312,168	18,926,950
Purchases of investments	(19,329,914)	(24,522,318)
Net cash provided (used) for investing activities	<u>11,024,605</u>	<u>(3,957,963)</u>
Increase in cash and cash equivalents	487,350	549,342
Cash and cash equivalents, beginning of fiscal year	2,176,248	1,626,906
<b>Cash and cash equivalents, year ended June 30</b>	<u><u>2,663,598</u></u>	<u><u>2,176,248</u></u>
<b>RECONCILIATION FOR OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating net loss	(2,556,342)	(41,378)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>		
Decrease (increase) Member assessments receivable	615,638	(39,076)
(Increase) decrease Specific recoverable	(40,117)	70,246
Decrease in Prepaid expenses	3,323	12,388
(Increase) in Agent compensation receivable	(419)	-
Decrease (increase) receivable from State of Nevada	485,603	(485,603)
Increase (decrease) increase Accounts payable	46,232	(101,771)
(Decrease) Agent compensation payable	(2,642)	-
Increase (decrease) Specific recoverable	40,116	(70,246)
Increase in Risk Management Grants payable	293,164	-
Increase Amortization of contributed surplus	3,212,594	2,769,879
Increase Loss reserves	2,465,595	3,486,126
<b>Net cash provided by operating activities</b>	<u><u>\$ 4,562,745</u></u>	<u><u>\$ 5,600,565</u></u>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**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, 2017 and 2016**

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**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 2017 and 2016, 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.

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, 2017 and 2016**

**NOTE 2 – CASH & EQUIVALENTS**

The carrying amount of PACT's deposits with financial institutions at June 30, 2017 and 2016 are \$2,663,598 and \$2,176,248 respectively. The financial institution balances were \$2,999,137 and \$2,338,200 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, 2017</u>	<u>June 30, 2016</u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	577,291	328,538
Cash equivalents at brokerage firm	<u>2,171,846</u>	<u>1,759,662</u>
Total deposits at financial institutions	<u>\$ 2,999,137</u>	<u>\$ 2,338,200</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, 2017 is as follows:

	<u>Fair Value</u>	<b>Investment Maturities in Years</b>			
		<u>1 year of less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 11,437,288	\$ 783,373	\$ 4,137,385	\$ 6,516,530	\$ -
U.S. Government & Agencies	5,041,056	2,875,052	2,166,004	-	-
U.S. Mortgage-backed securities	42,390,836	33,105	1,802,023	7,864,689	32,691,019
U.S. Government backed securities	5,913,088	601,955	3,546,611	1,050,315	714,207
Less pledged investments	<u>(4,093,790)</u>	<u>-</u>	<u>(617,836)</u>	<u>-</u>	<u>(3,475,954)</u>
Total investments	<u>\$ 60,688,478</u>	<u>\$ 4,293,485</u>	<u>\$ 11,034,187</u>	<u>\$ 15,431,534</u>	<u>\$ 29,929,272</u>

A summary of investments as of June 30, 2016 is as follows:

	<u>Fair Value</u>	<b>Investment Maturities in Years</b>			
		<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>

Investment income receivable was \$264,696 on June 30, 2017 and \$362,590 on June 30, 2016.

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, 2017 and 2016**

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**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:

1. U.S. Treasuries and U.S. Government guaranteed securities of \$10,819,452 and \$19,041,689 for years ended June 30, 2017 and 2016 respectively are valued using quoted market prices (Level 1 inputs).
2. U.S. Government Agencies and U.S. back securities of \$49,869,056 and \$53,101,084 for years ended June 30, 2017 and 2016 respectively are valued using a matrix pricing model (Level 2 inputs).

**NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE**

Member assessments receivable were \$3,848,709 and \$4,464,347 for the years ended June 30, 2017 and 2016. 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 \$9,716,003 for years ended June 30, 2016 and 2017. 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, 2017 and 2016**

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**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, 2017 and 2016 were \$490,136 and \$475,860 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:

2018	\$ 504,840
2019	519,985
Total minimum future payments	<u>\$ 1,024,825</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 2017 and 2016 were \$69,781 and \$69,804. 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. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

**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, 2017 and 2016 were \$4,538,815 and \$4,586,046. 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, 2017 and 2016 were \$3,800,000 and \$3,900,000 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, 2017</u>	<u>June 30, 2016</u>
Cash equivalents	\$ 427,100	\$ 125,490
Investments	4,093,790	4,394,452
Investment income receivable	17,925	66,104
Total	<u>\$ 4,538,815</u>	<u>\$ 4,586,046</u>

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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**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 2017 and 2016 is \$22,684,485 and \$20,570,890 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 43,967,890</u>	<u>\$ 40,481,764</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	9,065,505	9,228,477
Increase (decrease) in provision for insured events of prior fiscal years	<u>(502,000)</u>	<u>(600,493)</u>
Total incurred losses and loss adjustment	8,563,505	8,627,984
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,914,077)	(1,586,366)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(4,183,833)</u>	<u>(3,555,492)</u>
Total Payments	(6,097,910)	(5,141,858)
<b>Unpaid claims and claims adjustment expenses at end of fiscal year</b>	<u><b>\$ 46,433,485</b></u>	<u><b>\$ 43,967,890</b></u>

**PUBLIC AGENCY COMPENSATION TRUST  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017 and 2016**

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**NOTE 11 – UNPAID LOSS LIABILITIES (continued)**

The current portion of the long term loss reserve for 2017 and 2016 is \$6,371,948 and \$6,151,608 with the long term portion for 2017 and 2017 being \$40,061,537 and \$37,816,282. Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year decreased from \$8,627,984 for 2016 to \$8,563,505 for 2017. The decrease in the provision for insured events of prior fiscal years for 2016 and 2017 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 position. In other words, a decrease in reserves results in an increase in net position, while an increase in reserves reduces net position.

**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 Cash Minor, Alan Kalt and Curtis Calder. The cost of this grant was \$407,400 and \$565,000 for June 30, 2017 and 2016 respectively. The grant was renewed for five years beginning July 1, 2015 and amended July 1, 2017 with future costs being as follows:

Minimum future payments:

2018	\$ 419,650
2019	428,050
2020	<u>436,800</u>
Total payments	<u>\$ 1,284,500</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, 2017 was \$43,800,939 with accumulated amortization of \$22,171,779 for a net amount of \$21,629,160. Capitalization at June 30, 2016 was \$28,700,939 with accumulated amortization of \$18,959,185 for a net amount of \$9,741,754.

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 2017, 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, 2017 and 2016**

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**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.

In April 2017, the Executive Committee of Public Agency Compensation Trust (PACT) approved the transfer of twenty-five million (\$25,000,000) surplus funds to its pure captive Public Compensation Mutual (PCM). This action was ratified by the full Board of Trustees of PACT on April 27, 2017 during the annual meeting. As of July 1, 2017, \$15,100,000 has been transferred from PACT to PCM. The transfer of the remaining \$9,900,000 is scheduled to be completed by December 31, 2017.

Since the creation of the captive PCM, all transfers from PACT to PCM have been amortized. Therefore, the initial \$15,100,000 asset transfer has been accounted for in the amortization schedule that continually accounts for the PACT capital contributions to PCM. The remaining \$9,900,000 that will be contributed to PCM in fiscal year 2018 is a board commitment and will be entered in the ongoing amortization schedule in fiscal year 2018. PACT's investment advisor, Strategic Asset Alliance, and PACT's money manager, New England Asset Management, have developed an orderly transfer plan based on the appropriate selling and purchasing points for the designated assets. This helps accomplish the goals of providing PACT with profits of the sales and PCM with the purchase of more suitable investment assets. This enables PACT and PCM to maintain the appropriate Net Position for their respective risk retention amounts.

**NOTE 14 –SUBSEQUENT EVENTS**

Management has evaluated the activities and transactions subsequent to June 30, 2017 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2017. Management has evaluated subsequent events through October 12, 2017 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, 2017 and 2016:

	<u>2017</u>			<u>2016</u>		
	<u>Workers Compensation</u>	<u>Heart &amp; Lung</u>	<u>Total</u>	<u>Workers Compensation</u>	<u>Heart &amp; Lung</u>	<u>Total</u>
Unpaid losses and loss adjustment expenses at beginning of the year	\$23,397,000	\$20,570,890	\$43,967,890	\$22,614,000	\$17,867,764	\$40,481,764
Incurred losses and loss adjustment expenses:						
Provision for insured events of current year	6,759,686	2,305,819	9,065,505	6,444,000	2,784,477	\$9,228,477
Increase (decrease) in provision for insured events of prior fiscal year	(502,000)	-	(502,000)	(600,493)	-	(600,493)
Total incurred losses and loss adjustments	6,257,686	2,305,819	8,563,505	5,843,507	2,784,477	8,627,984
Payments:						
Claims and claim adjustment expense attributable to insured events of current year	(1,789,000)	(125,077)	(1,914,077)	(1,586,366)	(81,351)	(1,667,717)
Claims and claims adjustment expense Attributable to insured events of a prior period	(4,116,686)	(67,147)	(4,183,833)	(3,474,141)	-	(3,474,141)
Total payments	(5,905,686)	(192,224)	(6,097,910)	(5,060,507)	(81,351)	(5,141,858)
<b>Unpaid claims and claims adjustments expenses at end of fiscal year</b>	<b>\$23,749,000</b>	<b>\$22,684,485</b>	<b>\$46,433,485</b>	<b>\$23,397,000</b>	<b>\$20,570,890</b>	<b>\$43,967,890</b>

**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>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>	<u>2017</u>
Earned	\$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	\$14,573,896
Ceded	(711,236)	(999,595)	(1,019,746)	(760,706)	(821,229)	1,196,334	1,178,052	1,626,286	1,621,360	1,770,677
Net earned	18,502,966	\$17,382,622	\$15,836,753	13,427,182	15,408,648	15,246,275	17,598,718	19,184,116	20,130,267	16,344,573
Unallocated Expenses	3,467,687	3,888,708	4,372,365	5,196,331	6,075,535	6,580,620	6,580,620	6,114,625	6,130,390	7,370,873
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	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	8,905,595
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	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	8,905,595
Paid (cumulative) as of:										
End of policy year	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	1,788,670
One Year Later	3,334,645	3,630,752	3,121,442	3,604,503	3,460,736	3,221,497	2,848,563	2,901,684	3,378,486	
Two Years Later	4,312,797	4,050,129	4,039,612	4,245,842	4,582,100	3,754,301	3,434,826	3,545,887		
Three Years Later	4,768,994	4,496,682	4,357,378	5,004,699	5,268,006	4,110,874	3,859,081			
Four Years Later	5,095,774	4,714,495	4,448,046	5,153,264	5,447,815	4,169,758				
Five Years Later	5,496,210	4,975,855	4,558,563	5,490,173	5,654,308					
Six Years Later	5,639,154	4,989,534	4,654,519	5,746,369						
Seven Years Later	5,823,757	5,049,426	4,572,533							
Eight Years Later	5,894,645	5,123,852								
Nine Years Later	6,015,834									
Re-estimated ceded claims & Expenses	-	-	-	-	-	-	-	-	-	-
Re-estimated Claims & Expense										
End of policy year	6,211,000	6,699,338	7,604,904	7,226,000	8,403,083	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595
One Year Later	7,066,000	7,100,338	7,767,000	8,156,000	8,599,083	8,064,886	8,461,944	8,035,685	8,841,127	
Two Years Later	7,695,000	6,892,000	8,507,000	8,204,000	8,594,083	7,436,886	8,171,944	7,921,685		
Three Years Later	7,612,000	7,010,000	7,930,000	8,678,000	8,590,083	7,436,886	7,991,944			
Four Years Later	8,127,000	6,902,000	7,831,904	8,367,000	8,416,083	7,138,886				
Five Years Later	7,863,000	6,800,338	7,903,000	8,626,000	8,594,083					
Six Years Later	7,861,000	6,789,000	7,928,904	8,678,000						
Seven Years Later	7,784,000	6,790,338	7,831,904							
Eight Years Later	7,720,000	6,800,338								
Nine Years Later	7,861,000									
Increase(Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year:	<b>\$1,650,000</b>	<b>\$101,000</b>	<b>\$227,000</b>	<b>\$1,452,000</b>	<b>\$191,000</b>	<b>(\$1,365,000)</b>	<b>(\$570,000)</b>	<b>(\$403,000)</b>	<b>32,000</b>	<b>-</b>

This information is required by the Governmental Accounting Standards Board 23



**SpecialtyHealth, Inc.**  
**Wellness Prevention Program**  
**AGREEMENT**

This Agreement (hereinafter referred to as "Agreement") is made and executed on the \_\_\_\_\_ day of \_\_\_\_\_, 2018 by and between the PUBLIC AGENCY COMPENSATION TRUST (hereinafter referred to as "PACT"), an employer trust, and SpecialtyHealth's Wellness and Prevention Program, Inc. (hereinafter referred to as "SpecialtyHealth").

R E C I T A L S

WHEREAS; SpecialtyHealth's Wellness and Prevention Program Provides a comprehensive cardio- metabolic risk assessment identifying individuals who are at increased risks for cardio-metabolic diseases. The program also provides each individual participant with a letter of explanation of identified health risks.

WHEREAS; PACT desires the services of SpecialtyHealth for the purpose of providing a health risk assessment, defined as a health questionnaire (HQ) and evaluation of laboratory findings, and wellness and prevention program for Public Safety Officers who are eligible under PACT and are covered for occupational disease benefits pursuant to NRS 617.455-.457;

WHEREAS; in order to increase participation and have an effective impact on improving cardio-metabolic risks, the PACT provides a risk assessment and wellness program for eligible Public Safety Officers focusing on individuals at increased cardio-metabolic risks.

NOW, THEREFORE; both parties agree to the following terms and conditions:

T E R M S

1. Review of Public Safety Annual Physicals. SpecialtyHealth will review the quality of the Public Safety Officers annual physical examinations. When indicated provide feedback to administering providers to improve the quality of the annual physical in accordance with statutory and regulatory requirements addressed in NRS 617.455-.457.
2. Notification to PACT on Non-compliance. SpecialtyHealth will notify PACT of those providers who have not met the statutory and regulatory compliance requirements for Public Safety annual physicals.

## PACT SpecialtyHealth Wellness Program Agreement

3. Tracking Annual Physicals. SpecialtyHealth will provide each PACT member a quarterly report of the annual physicals received and the annual physical due date for each Officer.
4. Review of Annual Physical. Based on review of the individual officer's annual physicals received, SpecialtyHealth will provide each Public Safety officer with a complete written risk assessment outlining any cardio-metabolic risks with a written plan to assist the officers in correcting identified health risks.
5. High-Risk Individuals. Individuals, who are identified as high risk or extremely high risk for cardio-metabolic disease, will be contacted by a member of SpecialtyHealth's medical team along with a confidential letter from our medical staff informing the individual of their risk factors and the resources available to correct identified health risks. This information will be documented in the individuals' health record maintained at SpecialtyHealth noting their status as participant or non-participant.
6. Compliance. If an individual is actively participating in the Wellness program during the two years prior to a cardiac event, PACT considers such participation as being compliant with any order to correct even if identified risks are not fully corrected.
7. Actively Participating in the Wellness Program. Actively participating is defined in Attachment B.
8. Member Agency Training. Member agencies that have a high proportion of high risk officers identified will be contacted by SpecialtyHealth's Wellness and Prevention team who will provide training on the Wellness and Prevention Programs and resources offered through the PACT.
9. Data Collection. SpecialtyHealth will provide analysis and monitoring of annual physical examinations and identified risk factors. This confidential health information will be maintained on each participant and non-participant in the Wellness and Prevention Program data system. The annual physicals, documentation and other health information will be analyzed in accordance with "evidenced-based" medical parameters identifying those with health risk factors.
10. Medical Director Oversight. SpecialtyHealth will provide oversight of the Wellness and Prevention Program by a licensed physician qualified in the analysis and treatment of cardio-metabolic disorders.
11. Members' Obligations. In order for SpecialtyHealth to perform the terms of this agreement, each PACT member must provide complete copies of the most recent physical examinations, and submit a current roster of all officers subject to annual heart/lung physical examinations. PACT will assist SpecialtyHealth in obtaining the Members annual heart/lung physicals.

## PACT SpecialtyHealth Wellness Program Agreement

### 12. Term and Termination:

This Agreement commences the date of execution of the Agreement for a period of three (3) years, ending \_\_\_\_\_ thereafter, the Agreement shall expire unless both parties agree in writing to renew or extend the terms of the Agreement. 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.

#### Notices will be sent to:

Jacqueline C. Cox, BSN, MPA  
President/CEO  
SpecialtyHealth, Inc.  
330 East Liberty Street, Suite 200  
Reno, NV 89501

### 13. Billing:

#### A. Employer will bear the following costs:

- 1) Annual physical examination;
- 2) Additional tests ordered by physical examination provider acting in consultation with MCO.

#### B. PACT will bear the following costs:

- 1) Cardio-metabolic risk profiles based upon the individual annual physical examination;
- 2) Reviews and documentation of physical examinations;
- 3) Consultation with physical examination providers on additional tests;
- 4) Member in-services and training;
- 5) Physician training on conducting legally compliant physical examinations;
- 6) Additional laboratory testing (advanced testing) as indicated by cardio-metabolic risk analysis of the annual physical examination.

14. Indemnification. SpecialtyHealth agrees to indemnify and hold PACT harmless from any and all liability, costs, claims and expenses, including reasonable attorneys' fees and related costs and expense, which PACT may incur or sustain by reason of any negligent act or negligent failure to act or intentional wrongful act or intentional wrongful failure to act by SpecialtyHealth, its officers, employees and agents, in or relating to the performance of this Agreement.

15. PACT agrees to indemnify and hold SpecialtyHealth harmless from any and all liability, costs, claims, expenses, including reasonable attorneys' fees and related costs and expenses, which SpecialtyHealth may incur or sustain by reason of any negligent

## PACT SpecialtyHealth Wellness Program Agreement

act or negligent failure to act or intentional wrongful act or intentional wrongful failure to act by PACT, its officers, employees and agents, in or relating to the performance of this Agreement, subject to the terms of NRS Chapter 41.

16. The indemnification obligations of this paragraph shall survive the termination of this Agreement, except that neither party shall have any liability with respect to claims for which it has not received notice within three (3) years of the termination of the Agreement.

17. Relationship of the Parties. The only relationship between PACT and SpecialtyHealth is the contractual relationship established by this Agreement. Nothing contained in this Agreement shall be construed to create the relationship of partners, joint venture, or principal and agent between PACT and SpecialtyHealth.

18. Parties in Interest. All of the terms and provisions of this Agreement shall bind and inure to the benefit of the parties to this Agreement and their respective successors and assigns.

19. Insurance. SpecialtyHealth shall provide proof of general liability and errors and omissions insurance annually in an amount of at least \$1,000,000.

20. Assignment. Neither party to this Agreement shall assign any of its rights or duties under said Agreement without the prior written consent of the other party.

21. Licenses/Qualifications. Each party to this Agreement shall be responsible for maintaining any and all business licenses and qualifications as are necessary to perform its obligations under this Agreement.

22. Duplication Originals. This Agreement shall be executed in duplicate and each such duplicate shall constitute the original.

23. Entire Agreement, Amendments. This Agreement and the attached Attachment A constitute the entire understanding and agreement between PACT and SpecialtyHealth with regard to the subject matter hereof, and may be amended only by the mutual written agreement of both parties.

24. Severability. To the extent that any provisions of this Agreement shall be determined to be invalid or unenforceable by any court of competent jurisdiction or other appropriate authority, it shall be considered deleted here from, and the remainder of this Agreement shall continue to remain in full force and effect as if said invalid and unenforceable provision had not been included in this Agreement.

PACT SpecialtyHealth Wellness Program Agreement

25. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.

26. Conflicts of Interest. SpecialtyHealth shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.

27. Headings and Captions. Section headings in this Agreement are for the convenience of reference only, and shall not constitute a part of this Agreement for any other purpose, and shall not limit or broaden the scope of the particular section to which they refer.

28. Non-Waiver of Default. The failure or delay of either party to take action with respect to any failure of the other party to observe or perform any of the terms or provisions of this Agreement, or with respect to any default hereunder by such other party, shall not be construed as a waiver or operate as a waiver of any rights or remedies of either party or operate to deprive either party of its right to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies.

29. Attorney Fees. Should either party bring suit to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney fees and court costs.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on their behalf by the undersigned duly authorized persons.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2018

**SpecialtyHealth, Inc.**

**Public Agency Compensation Trust**

By: \_\_\_\_\_  
Jacqueline C. Cox  
President/CEO

By: \_\_\_\_\_

The following attachments shall become a part of this contract:

- Attachment A      Fees
- Attachment B      Active Participation in Wellness Program

PACT / SpecialtyHealth Wellness Program Agreement

ATTACHMENT A

FEEES

<b>Annual Physical Examination</b>	\$175 / physical
A written risk assessment and plan	
Follow up call to discuss findings	
Invitation to join Wellness Program	
Advanced lab work, written risk assessment and plan	
<b>Health Questionnaire (HQ)</b>	\$25 / HQ
On-line health history and program participation link	
Updated annually	
<b>Clinical Evaluation / consult Initial</b>	\$150
<b>Follow clinical examination</b>	\$130
<b>Training Classes</b> (fitness, nutrition, stress & sleep management) (All materials provided; based on 30-minute increments)	\$250 / hour
<b>Nutrition Assessment / consultation</b> (All materials provided)	\$125 / hour
<b>Fitness Assessment / consultation</b> (All materials provided)	\$125 / hour
<b>Dual Nutrition &amp; Fitness</b> Combined fitness & nutrition together, all materials provided	\$150 / ½ hour
<b>Healthy Living Series</b> On-line classes, monitoring apps; Includes: nutrition, fitness, sleep, stress management, smoking cessation, managing addictive behaviors	\$100 / class
Coronary calcium score	Mkt. price + 10%
<b>Assessment tools</b>	
Full Body Sensing	\$25 / test
Calipers (body fat assessment)	\$25 / test
VO2 sub-max	\$50 / test

PACT / SpecialtyHealth Wellness Program Agreement

Attachment A continued

**Laboratory testing (initial and follow up)**

NMR (LDL-P & LP-IR)	\$115
LP(a)	\$ 32
Vitamin D	\$ 56
CMP with fasting blood sugar	\$ 12
CBC	\$ 12
Urine	\$ 12
Collection / draw	\$ 30
Glyc. a*	\$ 40
TSH	\$ 16
A1c	\$ 15
Expanded LP-IR	TBA
On-site blood draws available for groups	TBA

Glyc. a and eLP-IR are new inflammatory markers as of 2018.

Advanced metabolic tests must be completed by LabCorp. Look alike testing will not provide the same results and could misinterpreted. All testing is overseen by our Wellness medical team with immediate notification to the participant of “panic” levels.

Training includes coordination of classes, materials with the agency and its members. Training means on-site, go-to-meeting, or telephonic with all materials provided.

Expenses related to travel will be billed at actual cost incurred.

Revised 3-1-2018

Initials \_\_\_\_\_

## Attachment B

### ACTIVE PARTICIPATION IN WELLNESS PROGRAM

If an individual is actively participating in the SpecialtyHealth Wellness Program during the two years prior to a cardiac event, PACT considers such participation as being compliant with any order to correct even if identified risks are not fully corrected....

**Actively participating** in the SpecialtyHealth Wellness Program is defined as follows. The Participant:

1. Completes a Health Questionnaire (HQ) annually;
2. Provides SpecialtyHealth with a current annual heart-lung physical;
3. Authorizes SpecialtyHealth to coordinate the recommended Plan of care with the Participant's primary medical provider: and
4. Participates in the wellness program to correct any identified health risks as provided by SpecialtyHealth in the risk assessment and plan of care.

SpecialtyHealth will provide a comprehensive risk assessment and case management plan for each individual **Participant**, which includes:

1. Review annual physical and health questionnaire (HQ) to determine if additional testing is indicated
2. Order additional testing as indicated to assess health risks
3. Provide **Participant** with a comprehensive written risk assessment and plan to correct identified risk
4. Meet with the individual (via telephone, internet, go-to-meeting or in person) to review the comprehensive risk assessment and review the plan to correct identified risks
5. The plan to correct identified risk shall include ongoing testing and health coaching from member(s) of the SpecialtyHealth Wellness team, all of which will be documented in the **Participant's Wellness Record**.
6. SpecialtyHealth will provide on-going documentation in the **Participant's Wellness Record** of efforts by Participant to **participate actively** in initial and updated risk assessment and plan of care.
7. Initial base line risks analysis will include and 8 panel blood tests, if not already provided:
  - HQ
  - Biometrics (Ht. Wt. B/P)
  - Smoking/ use of tobacco
  - Complete blood panel
  - Complete metabolic panel



PACT SpecialtyHealth Wellness Program Agreement

- Thyroid stimulating hormone
  - Vitamin D
  - Hemoglobin A1c
  - Advanced NMR testing (when indicated)
  - LP-a advanced test (when indicated)
8. Each **Participant** shall be classified in the following four categories; low risk, moderate risk, high risk or extremely high risk.
  9. Follow up testing and health coaching shall be based on the individual's risk category.
  10. Risk classification and treatment recommendations are based on "evidence based" medical standards to include: Framingham Risk Score, Adult Treatment Protocols (ATP), Metabolic Syndrome Protocols, LabCorp Advanced Test: LDL-P, LP-IR, LP(a), Insulin Resistance Scoring, JNC7 and the National Institute of Health recommendations for the evaluation and treatment of cardio-metabolic conditions.
  11. All encounters with a Participant will be documented in the Participant's Wellness record

Initialed:

MCO - Jacqueline C. Cox, President/CEO

\_\_\_\_\_

Date: \_\_\_\_\_

and

Public Agency Compensation Trust  
(PACT)

\_\_\_\_\_

Date: \_\_\_\_\_

SpecialtyHealth MCO, Inc  
SpecialtyHealth Managed Care Network

**HEALTH SERVICE AGREEMENT**

This Health Care Service Agreement (hereafter referred to as "Agreement") is made and executed at Reno, Washoe County, Nevada, to be effective this \_\_\_\_day of \_\_\_\_\_, 2018, by and between PUBLIC AGENCY COMPENSATION TRUST, an employer trust, hereafter referred to as "PACT" and SpecialtyHealth MCO, a Nevada Corporation, hereafter referred to as "MCO".

**RECITALS**

WHEREAS; SpecialtyHealth MCO is a licensed managed care organization in the State of Nevada.

WHEREAS; PACT desires the services of the MCO, a licensed Managed Care Organization for the purpose of providing occupational health services to Self-Insured Industrial employees; and

WHEREAS; PACT desires to enter into an exclusive relationship with a licensed Managed Care Organization for the purpose of providing occupational health services for its employees; and

WHEREAS; MCO has contracted with licensed, credentialed providers to provide the occupational health care services which includes: designated primary care clinics that specialize in the treatment of injured workers, a return to work program and medical directors who provide oversight and case review for the diagnosis and treatment of injured workers; and

WHEREAS; MCO will provide PACT with case management through designated medical directors and utilization review in coordination with the Third-Party Administrator contracted to administer claims on behalf of the PACT.

WHEREAS; MCO will provide PACT with a Worker's Compensation MCO program in compliance with NRS and NAC Chapters 616 and 617.

**TERMS**

THEREFORE; both parties agree to the following terms and conditions:

1. MCO PROVIDER PANEL; MCO agrees to provide licensed, credentialed providers and facilities for the purpose of providing health care services to the injured employees of PACT.
2. Designated PRIMARY CARE CLINIC; MCO agrees to coordinate the initial care through MCO contracted primary care clinics specializing in the treatment of injured workers.
3. PROVIDER ON-CALL; MCO agrees to make provisions for twenty-four (24) hour coverage, seven (7) days a week, including holidays through its provider panel.
4. MEDICAL DIRECTOR; MCO agrees to provide a designated medical director for the oversight and review of treatment of the injured employees contracted through the PACT.
5. THIRD PARTY ADMINISTRATOR, "TPA"; PACT agrees to provide a licensed third party insurance administrator to provide claims administration in compliance with the Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC). The TPA is responsible for the following:
  - a. Notifying the MCO of the claims for which medical advisement, case management, utilization review, claim oversight, case review, or other administrative services are desired and for providing the MCO with the focus for the service requested and the medical/claim documents necessary to the service.
  - b. Upon request from the MCO, in a timely fashion, providing the MCO with copies of notices, determinations, authorizations and denials rendered by the TPA related to specific treatment and/or payment of treatment or related to claims for which administrative services were requested.
6. UTILIZATION REVIEW AND CASE MANAGEMENT; MCO agrees to work in coordination with PACTS' designated TPA to provide ongoing utilization review, case management and claims management on behalf of PACT through the designated SpecialtyHealth MCO Medical Director.
7. MCO expressly acknowledges that claims acceptance and denial is the sole responsibility and determination of the PACT. The final determination as to the compensability of any workers' compensation claim rests with the PACT or the PACT'S designated TPA, subject only to the statutory appeals process and any final judicial determination.

8. PACT's injured workers shall report to a SpecialtyHealth contract panel of providers for initial and follow up care. This referral may be initiated through the 24-7-365 injury call service. Initial injuries seen in the emergency room or urgent care must receive follow up care at an MCO contracted provider and / or facility.
9. MCO agrees that any fee billed to PACT or their designated TPA for such health care services furnished will be reimbursed at a rate not to exceed any fee schedule or established rates approved by the State of Nevada, Department of Industrial Relations.
10. MCO contracted providers agree to submit bills for health care services with appropriate medical documentation and reporting to PACT and its designated TPA.
11. PACT or its designated TPA agrees to pay accepted claims and services within sixty (60) days from receipt of bill.
12. PACT agrees to refer its injured employees to SpecialtyHealth's designated primary clinic(s) and/or the MCO providers contracted with SpecialtyHealth MCO. PACT and MCO agree that, subject to the discretion of the TPA to designate the cases for which MCO administrative services are desired, no referrals may be made by the PACT or PACT'S TPA or MCO without prior review and written recommendations by the SpecialtyHealth Medical Director.
13. MCO shall provide a 24/7/365 dedicated workers' compensation injury call service to all PACT contracted members. Members shall be triaged according to the severity of their injury and referred to self-care or a contracted MCO provider or facility. MCO shall notify PACT's designated TPA of the disposition of the injuries triaged by 24/7/365 injury triage call service.
14. MCO AND PACT agrees to comply with all applicable statutory requirements as required by applicable Nevada Laws.
15. DRUG AND ALCOHOL TESTING; MCO agrees to perform or arrange for drug and alcohol testing in compliance with the PACT'S individual employers' policies and upon written request by the individual employer.
16. The attached schedule of providers and facilities will provide occupational Health services through SpecialtyHealth MCO. Compensation to MCO's SpecialtyHealth designated primary clinics and MCO providers shall be paid directly to the provider and facility in compliance with the established Nevada Department of Industrial Relations Fee Schedule and applicable MCO discounts as set forth in Attachments A and B.

## GENERAL CONDITIONS

17. Both parties agree that any disputes between the MCO Medical Directors and the TPA relating to medical issues of treatment and testing shall first be resolved by the PACT. If no resolution can be reached the dispute shall be subject to the decisions by the hearing and appeal procedure or the dispute resolution rule as set forth in NRS Chapters 616 and 617 and NAC Chapters 616 and 617.
18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.
19. Nothing contained in this agreement shall be construed as establishing an employer-employee relationship, partnership, or joint venture between the MCO and the PACT.
20. This Agreement constitutes the entire and integrated agreement between the parties. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. Any and all modifications or amendments to the Agreement must be in writing and signed by the parties.

As a point of clarification, this contract constitutes the sole primary contract for workers' compensation injuries and supersedes any other contracts that the MCO or PACT may have with another third party.

21. "MCO" and any subcontractors employed by MCO agree to abide by the terms of the attachments to this Agreement. It shall be the responsibility of the MCO to ensure such compliance by any and all subcontractors.
22. Headings. The paragraph or section headings set forth in this Agreement is for the purposes of convenience only, and shall have no bearing whatsoever on the actual content or interpretation of this Agreement.
23. Severability. The invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of any other term(s) or provision(s); provided, however, that in the event that a provision of this Agreement is rendered invalid or unenforceable as provided herein and removal of such provision has the effect of materially altering (I) the obligations of either party in such manner as, in the sole judgment of the affected party, will cause the affected party to act in violation of its corporate Articles or Bylaws as in effect as of the Effective Date, or (ii) the obligations of either party in such manner as, in

the reasonable judgment of the affected party, will cause serious financial hardship to such party, the party so affected shall have the right to terminate this Agreement upon thirty (30) days prior written notice to the other party.

24. Confidentiality. The parties hereto desire and have agreed that the information contained herein is confidential and shall be kept confidential by both parties unless the disclosing party receives prior authorization in writing from the other party to disclose information. Such authorization requested shall include the purpose of the disclosure, the information to be disclosed and any other information deemed necessary by the other party.
25. Insurance. SpecialtyHealth shall provide proof of general liability and errors and omissions insurance annually in an amount of at least \$1,000,000.

#### INDEMNIFICATION

26. PACT agrees to indemnify, defend and hold harmless MCO with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of PACT and/or its employees unless the complained of actions of MCO were taken at the specific direction of MCO, subject to the terms of NRS Chapter 41.
27. MCO agrees to indemnify, defend and hold harmless PACT with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of MCO and or its employees unless the complained of actions of MCO were taken at the specific direction of PACT.

#### TERM AND TERMINATION

28. This agreement commences the date of execution of the agreement for a period of five (5) years. Thereafter, the agreement shall expire unless both parties agree in writing to renew or extend the terms of the agreement. It is expressly provided that either party may terminate this agreement without cause at any time by providing 60 days written notice of intent to terminate. Notices must be by U.S. certified return receipt mail.

Notice will be sent to:

Jacqueline C. Cox, BSN, MPA President/CEO SpecialtyHealth, Inc.  
330 East Liberty, Suite 200  
Reno, Nevada 89501

Wayne Carlson  
Executive Director  
Public Agency Compensation Trust  
South Roop St. Suite 102  
Carson City, Nevada 89701

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on their behalf by the undersigned duly authorized persons.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2018.

MCO - Jacqueline C. Cox, President/CEO  
SpecialtyHealth, Inc.

\_\_\_\_\_

Date: \_\_\_\_\_

and

Public Agency Compensation Trust  
(PACT)

\_\_\_\_\_

Date: \_\_\_\_\_

The following attachments shall become a part of this contract:

Attachment A - MCO fee schedule

Attachment B - MCO administrative services

**Attachment A**  
SpecialtyHealth MCO, Inc.  
SpecialtyHealth Managed Care Network  
Network Pricing (subject to change)

Medical/Surgical

(Locations other than SpecialtyHealth Clinics) Contracted rates- vary\*\*\*

SpecialtyHealth Clinic(s) services D.I.R. rate

Laboratory/Radiology (other than OCCM) /  
Surgical Anesthesia

Contracted rates –vary\*\*\*

Radiology - One Call Care Medical (OCCM)  
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

DME

D.I.R. rate

Drug and Alcohol Testing Current D.A.T. rates \*\*\*



Pharmacy Services

Optum

Retail Brand Names	AWP – 10%
Generic	AWP – 20%
Administration / Fill Fee	D.I.R. Rate

Prescriptions are billed with discount applied

Field Nurse Case Management

\$110 / hour  
(15-minute increments)

24/7/365 Program

\$7,700 one-time set up fee  
(billed to PACT)  
\$125.00 / call

**\*\*\* Contact SpecialtyHealth for specific provider rate. Rates varies from 0-20%**

**IT IS THE EMPLOYER’S RESPONSIBILITY TO INSURE THE BILL REPRICING  
VENDOR OBTAINS A COPY OF THE ORIGINAL HEALTH SERVICE AGREEMENT  
(EXHIBIT B) FOR PROPER BILL PROCESSING.**

**WHEN RATES WITH THE CONTRACTED PROVIDERS ARE RE-NEGOTIATED, YOU  
AND YOUR TPA WILL BE NOTIFIED OF THE CHANGES**

It is agreed that all systems proprietary to SpecialtyHealth may not be reproduced,  
copied or implemented without the expressed written permission of the Board of  
Directors of SpecialtyHealth Inc.

Initialed:

MCO - Jacqueline C. Cox, President/CEO

\_\_\_\_\_

Date: \_\_\_\_\_

and

Public Agency Compensation Trust  
(PACT)

\_\_\_\_\_

Date: \_\_\_\_\_

**Attachment B**  
**MCO Administrative Services and Compensation**

Please note all systems provided by SpecialtyHealth as a result of this program are proprietary to SpecialtyHealth and may not be duplicated without prior written approval.

The programs included in this Health Service Agreement include:

1. Account Case Manager: SpecialtyHealth's designated Account Case Manager will review and provide case management on all cases assigned in accordance with parameters established as well as any others assigned by the PACT or its third- party administrator (TPA). Claim/case management is defined as those cases that require MCO medical management and oversight through claim closure or until otherwise directed by the PACT I TPA
2. Medical Advisor(s): SpecialtyHealth MCO Medical Advisor(s) will be available as medical advisor(s)/resources to the TPA, reviewing cases and assisting the TPA with medical recommendations and/or claim direction. A Medical Advisor opinion is generally a one-time focused medical review without patient examination that has a specific focus/question. The TPA may indicate if a medical note is required for the record.
3. Medical Director: A SpecialtyHealth MCO Medical Director(s) will be assigned to provide program oversight.
4. Medical Investigation: The MCO Medical Advisor(s) will provide the TPA with advice on whether a medical review or second opinion/IME may be required. This review or second opinion/IME may be rendered by a SpecialtyHealth Medical Advisor or be recommended to be done by another panel provider or SpecialtyHealth Super Specialist. Second opinions/IMEs will be billed separately as an individual claim cost. These cases may ultimately result in ongoing case management with case management fee paid or may remain a one-time review as directed by the TPA.
5. Super Specialist Review: A Super Specialist review is a review where expert medical opinion(s) is required regarding a specific complex claim and is billed separately as an individual claim cost. SpecialtyHealth maintains a panel of nationally recognized providers who are credentialed and contracted in accordance with URAC standards.

6. Managed Care Network of Providers: The MCO network includes contracted physicians, facilities, ancillary services, pharmacy network, etc. SpecialtyHealth will work with the PACT and/or its TPA to add or remove providers and facilities from the SpecialtyHealth MCO provider panel as directed by the PACT and/or its TPA thus resulting in a customized network for the PACT.
7. Monthly case reviews of complex cases and administrative systems: Monthly case reviews include: All cases designated by the PACT/TPA and/or MCO Account Manager and Medical Advisor(s).

**FEES:**

The above outlined services will be compensated at \$5000.00 (five thousand dollars) per month to be paid at the first of each month, in advance, for the first year. Each subsequent year, the monthly fee will increase by 1.5%.

In addition, for each case managed by SpecialtyHealth as set forth in the case management parameters, a flat fee of \$875.00 (eight hundred and seventy-five dollars) will be paid at the first of each month following assignment/case management for the first year. Each subsequent year, the monthly fee will increase by 1.5%. All cases managed will be followed through claim closure, unless otherwise directed by the PACT/TPA.

If a claim is reopened pursuant to NRS 616C.390 or NRS 616C.392, the flat case management fee will be again applied at the rate at the time of reopening.

A second opinion/IME involving an office visit with patient assessment, reporting, etc. done by the MCO (or an approved, designated non-MCO) provider will be billed separately to the individual claim. This includes any involvement (examination and/or record review) done by a Super Specialist pursuant to rates on Attachment C.) Routine clinical office visits and related charges will be billed separately to the claim file.

It is agreed that all systems proprietary to SpecialtyHealth may not be reproduced, copied or implemented without the written permission of the Board of Directors of SpecialtyHealth.

Initialed:

MCO - Jacqueline C. Cox, President/CEO \_\_\_\_\_

Date: \_\_\_\_\_

and

Public Agency Compensation Trust  
(PACT)

\_\_\_\_\_

Date: \_\_\_\_\_

Date Of Loss	Status	Location	Location	Coverage	Incurred Total	Paid Total	O/S Reserve Total	Paid Recovery	Body Part	Accident Description
1/9/2004	R	5835	NORTH LAKE TAHOE FPD	WC	\$ 1,841,562.30	\$ 208,245.15	\$ 1,633,317.15	\$ -	Heart	PREPARING FOR TRAINING STANDING IN DAY ROOM
9/27/2004	R	6545	PERSHING COUNTY	WC	\$ 365,274.04	\$ 316,105.65	\$ 49,168.39	\$ -	Lower Leg	RECD GUNSHOT WOUND FROM SUSPECT IN LINE OF DUTY
6/28/2006	R	9360	WHITE PINE COUNTY SCHOOL DISTRICT	WC	\$ 426,509.03	\$ 392,794.69	\$ 33,714.34	\$ -	Multiple Body Parts	S/F BACKWARDS OFF SINK WHILE STANDING ON SINK COUNTER CLEANING WALLS.
9/18/2008	R	7235	SIERRA FPD	WC	\$ 435,110.71	\$ 216,219.66	\$ 218,891.05	\$ -	Multiple Body Parts	EXTRACTING A COMBATIVE PT FROM VEHICLE AND GOT CAUGHT BETWEEN PT AND CAR. LANDED ON KNEE.
12/17/2015	R	6045	NYE COUNTY	WC	\$ 323,393.23	\$ 176,618.52	\$ 146,774.71	\$ -	Multiple Trunk	PHYSICAL ALTERCATION WITH SUSPECT
5/24/1998	O	1545	DOUGLAS COUNTY	WC	\$ 566,307.55	\$ 233,274.72	\$ 333,032.83	\$ 7,681.95	Multiple Body Parts	BOAT CAPSIZED-DROWNED
7/25/2000	O	9345	WHITE PINE COUNTY	WC	\$ 1,884,753.31	\$ 1,035,625.20	\$ 849,128.11	\$ 632,412.54	Multiple Body Parts	STRUCK BY LIGHTENING
11/4/2000	O	7545	STOREY COUNTY	WC	\$ 1,189,209.61	\$ 696,664.56	\$ 492,545.05	\$ 150,944.50	Heart	ATRIAL FIBRILLATION
12/29/2000	O	6045	NYE COUNTY	WC	\$ 419,036.07	\$ 390,841.95	\$ 28,194.12	\$ -	Multiple Body Parts	LOWER BACK, NECK, UPPER CHEST; MAKING "U" TURN ATTEMPTING TO MAKE TRAFFICSTOP
8/27/2003	O	1130	CARSON TAHOE REGIONAL HEALTHCARE	WC	\$ 386,856.70	\$ 376,046.70	\$ 10,810.00	\$ 20,633.90	Hand	LEFT & RIGHT HANDS/CARPAL TUNNEL SYNDROME--DOING COMPUTER WORK PROPERTY MANAGER
10/27/2003	O	6045	NYE COUNTY	WC	\$ 610,197.52	\$ 394,119.49	\$ 216,078.03	\$ -	Heart	HEART; CHEST PAIN--SEVERAL EPISODES OF ANGINA AT WORK DEPUTY SHERIFF
2/20/2004	O	4045	LYON COUNTY	WC	\$ 970,277.20	\$ 485,659.36	\$ 484,617.84	\$ -	Heart	WHILE TRANSPORTING A PRISONER
4/11/2004	O	1645	ELKO COUNTY	WC	\$ 503,045.17	\$ 352,278.28	\$ 150,766.89	\$ 243,498.41	Heart	LUNGS FILLED WITH WATER, HEART UNABLE TO PUMP IT OFF
6/8/2004	O	4845	MINERAL COUNTY	WC	\$ 1,129,619.02	\$ 371,280.54	\$ 758,338.48	\$ 193,156.00	Heart	WATCHING TV IN CLASS
3/3/2005	O	5835	NORTH LAKE TAHOE FPD	WC	\$ 1,612,933.61	\$ 528,702.95	\$ 1,084,230.66	\$ -	Heart	ROUTINE ANNUAL HEART STRESS TEST- FAILED
7/28/2006	O	9345	WHITE PINE COUNTY	WC	\$ 1,722,051.26	\$ 582,356.89	\$ 1,139,694.37	\$ -	Heart	HEART; ONGOING CHEST PAIN AND WEAKNESS
8/23/2006	O	3760	LINCOLN COUNTY SCHOOL DISTRICT	WC	\$ 391,761.62	\$ 299,256.21	\$ 92,505.41	\$ -	Lower Back (Lumbar & Lumbosacral)	LIFTING BLOCKS TO MAKE A RETAINING WALL
4/25/2007	O	7235	SIERRA FPD	WC	\$ 1,569,731.96	\$ 509,497.83	\$ 1,060,234.13	\$ -	Heart	ANNUAL PHYSICAL 4-25-07 ABNORMAL TEST
5/16/2007	O	7235	SIERRA FPD	WC	\$ 353,457.90	\$ 240,239.13	\$ 113,218.77	\$ -	Multiple Body Parts	FELL 12 FEET DOWN OFF A RETAINING WALL WHILE FIGHTING A FIRE
2/4/2008	O	4045	LYON COUNTY	WC	\$ 1,412,037.41	\$ 586,274.34	\$ 825,763.07	\$ -	Heart	OCC-DISEASE, HEART, CAREER POLICE OFFICER
11/17/2009	O	1545	DOUGLAS COUNTY	WC	\$ 706,849.56	\$ 152,022.16	\$ 554,827.40	\$ -	Multiple Body Parts	ATTEMPTING TO SUBDUE SUSPECT, FELL TO GROUND STRIKING LEFT SIDE ON GROUND.
11/18/2009	O	1000	CARSON CITY	WC	\$ 1,406,443.66	\$ 361,251.26	\$ 1,045,192.40	\$ -	Brain	EXPOSURE TO COMBUSTIVE MATERIALS AND OTHER HAZARDOUS CHEMICALS DURING NORMAL COURSE OF JOB DUTIES.
4/26/2010	O	6045	NYE COUNTY	WC	\$ 1,572,829.43	\$ 302,918.70	\$ 1,269,910.73	\$ -		
8/8/2010	O	6105	PAHRUMP (TOWN OF)	WC	\$ 459,214.72	\$ 384,735.24	\$ 74,479.48	\$ -	Multiple Body Parts	ON AUGUST 8, 2010 NOTICED ISSUES REGARDING THROAT, GI AND RESPIRATORY
8/11/2010	O	0400	BOULDER CITY (CITY OF)	WC	\$ 428,210.54	\$ 378,750.83	\$ 49,459.71	\$ -	Hip	PICKING UP 50 GALLON GARGAGE BAGS FULL OF BUSHES, ROCKS AND BRANCHES UP TO 100 LBS+. HIP STARTED HURTING
9/16/2010	O	0400	BOULDER CITY (CITY OF)	WC	\$ 1,013,553.81	\$ 498,796.81	\$ 514,757.00	\$ 170,843.15	Heart	WALKING DOWN THE FIRE STATION HALLWAY AND HAD A SEIZURE/STROKE
2/24/2011	O	1645	ELKO COUNTY	WC	\$ 440,330.86	\$ 318,338.16	\$ 121,992.70	\$ -	Multiple Body Parts	Shot during domestic violence call
4/8/2011	O	3760	LINCOLN COUNTY SCHOOL DISTRICT	WC	\$ 350,605.40	\$ 122,968.51	\$ 227,636.89	\$ -	Upper Back Area (Thoracic Area)	WHILE CLEANING A BUS AFTER A SPORTS TRIP, WENT TO THROW AWAY A BAG FULL OF GARBAGE INTO A DUMPSTER, WHILE IN THE PROCESS OF THROWING GOT A SHARP PAIN IN BACK
12/24/2011	O	4045	LYON COUNTY	WC	\$ 330,292.29	\$ 228,999.37	\$ 101,292.92	\$ -	Multiple Body Parts	WHILE CHECKING WATER LEAK, SLIPPED ON WET FLOOR
6/21/2013	O	1545	DOUGLAS COUNTY	WC	\$ 341,114.16	\$ 290,114.71	\$ 50,999.45	\$ -	Multiple Body Parts	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
1/14/2014	O	1235	CENTRAL LYON COUNTY FPD	WC	\$ 1,836,657.94	\$ 239,247.18	\$ 1,597,410.76	\$ -	Heart	AFTER PHYSICAL FITNESS, DIDN'T FEEL WELL AND COLOR WAS POOR
10/10/2016	O	1570	EAST FORK FIRE & PARAMEDIC DISTRICT	WC	\$ 332,933.20	\$ 222,861.97	\$ 110,071.23	\$ -	Multiple Body Parts	LIFTING A PATIENT
7/9/2017	O	5835	NORTH LAKE TAHOE FPD	WC	\$ 343,753.00	\$ 165,656.82	\$ 178,096.18	\$ -	Multiple Body Parts	EE WAS A PASSENGER INVOLVED IN A T-BONE ACCIDENT. IMPACT WAS ON THE PASSENGER SIDE. VEHICLE ROLLED AND EE WAS EXTRICATED BY RENO FIRE.
9/5/1998	F	1645	ELKO COUNTY	WC	\$ 428,981.82	\$ 428,981.82	\$ -	\$ 300,025.48	Heart	HEART--ON DUTY AT SCENE OF ACCIDENT; CHEST BEGAN TO TIGHTEN
10/18/2005	F	0430	BOULDER CITY HOSPITAL	WC	\$ 545,968.57	\$ 545,968.57	\$ -	\$ -	Multiple Body Parts	S/F ON SLIPPERY FLOOR
7/28/2007	F	2000	FALLON (CITY OF)	WC	\$ 405,823.93	\$ 405,823.93	\$ -	\$ -	Lower Back (Lumbar & Lumbosacral)	HIT BUMP WHILE DRIVING EQUIPMENT
9/17/2007	F	1130	CARSON TAHOE REGIONAL HEALTHCARE	WC	\$ 496,807.17	\$ 496,807.17	\$ -	\$ -	Multiple Body Parts	TWISTED KNEE LIFTING A PATIENT, STRAINED BACK
4/3/2009	F	7545	STOREY COUNTY	WC	\$ 397,773.02	\$ 397,773.02	\$ -	\$ -		

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Wednesday, March 14, 2018

Mr. Wayne Carlson  
Executive Director  
Public Agency Compensation Trust  
201 S. Roop St. Suite 102  
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured Workers' Compensation Program:  
Forecast for Program Year 2018-19

Dear Mr. Carlson:

As you requested, we have completed our review of the Public Agency Compensation Trust (PACT) self-insured workers' compensation program for all members combined. Assuming an SIR of \$300,000, we estimate the ultimate cost of claims and expenses for claims incurred during the 2018-19 program year to be \$5,490,000. This amount includes allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). Unallocated loss adjustment expenses (ULAE) are not included.

The table on the following page shows our funding recommendations for PACT for the 2018-19 fiscal year.

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The table below shows our funding recommendations for PACT for the 2018-19 fiscal year based on a \$300,000 SIR.

PACT – All Members Combined  
Self-Insured Workers' Compensation Program  
Loss and ALAE Funding Guidelines for 2018-19  
Self-Insured Retention (SIR) of \$300,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$5,943,000					
Investment Income Offset	(453,000)					
Discounted Loss and ALAE	\$5,490,000	\$6,050,000	\$6,275,000	\$6,533,000	\$6,852,000	\$7,274,000
Rate per \$100 of 2018-19 Payroll	\$2.17	\$2.39	\$2.48	\$2.58	\$2.70	\$2.87

The funding recommendations shown in the table above does not include any recognition of the existing funding margin at June 30, 2018. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

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The report that follows outlines the scope of our study, its background, and our conclusions, recommendations and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for PACT's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to PACT in preparing this report. Please feel free to call Derek Burkhalter at (916) 244-1167 or Becky Richard at (916) 244-1183 with any questions you may have concerning this report.

Sincerely,

Bickmore

**DRAFT**

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Derek Burkhalter, ACAS, MAAA  
Manager, Property & Casualty Actuarial Services, Bickmore  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries

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Becky Richard, ACAS, MAAA  
Senior Manager, Property and Casualty Actuarial Services, Bickmore  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries





	Budget Amount 2018/2019	% of Total Revenue (Budget Basis)	Comments
<b>3/22/2017 Executive Committee Recommended 70% Confidence Level to Board; Approved by Board 4/--2017</b>			
<b>Revenues</b>			
Assessments	12,628,350	91.4%	
Assessments For Heart & Lung	1,188,878	8.6%	Decreased rate by \$1.00
<b>Total Revenues</b>	<b>13,817,227</b>		
<b>Loss Fund and Program Expenses:</b>			
Claims and Adjustment Expenses	6,275,000	45.4%	
Heart and Lung Loss Expenses	1,188,878	8.6%	Decreased rate by \$1.00
Reinsurance Premium	2,156,211	15.6%	
Underwriting And Claims Processing	978,702	7.1%	
Loss Control Expenses	406,000	2.9%	
MCO Fees	60,000	0.4%	
Member Education And Services	253,000	1.8%	
<b>Total Loss Fund and Program Expenses</b>	<b>11,317,791</b>	<b>81.9%</b>	
<b>Administration Expenses</b>			
Management Fees	563,912	4.1%	
Professional Services	112,710	0.8%	
Administrative And Overhead	134,000	1.0%	
PRI Grant	428,050	3.1%	
Insurance Division Fees	120,080	0.9%	
Insolvency Fund and Related Expenses	369,651	2.7%	
<b>Total Administrative Expenses</b>	<b>1,728,403</b>	<b>12.5%</b>	
Operating Net Income	771,033	5.6%	
Investment Income	1,000	0.0%	
<b>Net Gain (Loss)</b>	<b>772,033</b>	<b>5.6%</b>	
PCM Amortization Expense	5,712,594	41.3%	
<b>Net Gain (Loss) including PCM Amortization Expense</b>	<b>(4,940,561)</b>		
<b>OTHER EXPENSES:</b>			
Risk Management Grants (Paid from Net Assets)	500,000		
Specialty Health - Cardiac Wellness paid from Net Assets	400,000		

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
	7/1/12- 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	7/1/16- 6/30/17	7/1/16- 6/30/17	2012/2013- 2016/2017	2012/2013- 2016/2017	2012/2013- 2016/2017	2014/2015- 2016/2017
CARSON CITY (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CHURCHILL COUNTY	13	\$ 55,767	14	\$ 17,462	6	\$ 53,955	11	\$ 73,191	11	\$ 34,686	55	\$ 235,062	\$ 47,012	\$ 53,944
DOUGLAS COUNTY	79	\$ 585,313	82	\$ 571,028	81	\$ 411,173	121	\$ 220,475	118	\$ 215,768	481	\$ 2,003,757	\$ 400,751	\$ 282,472
ELKO COUNTY	34	\$ 94,917	34	\$ 239,854	45	\$ 171,146	56	\$ 105,152	35	\$ 66,020	204	\$ 677,089	\$ 135,418	\$ 114,106
ESMERALDA COUNTY	4	\$ 3,422	3	\$ 1,771	4	\$ 20,835	2	\$ 7,766	3	\$ 22,125	16	\$ 55,919	\$ 11,184	\$ 16,908
EUREKA COUNTY	16	\$ 57,791	13	\$ 213,226	2	\$ 197,931	5	\$ 7,885	7	\$ 5,018	43	\$ 481,850	\$ 96,370	\$ 70,278
HUMBOLDT COUNTY	18	\$ 16,227	9	\$ 2,758	18	\$ 151,779	19	\$ 148,733	14	\$ 120,684	78	\$ 440,181	\$ 88,036	\$ 140,398
LANDER COUNTY	11	\$ 98,855	10	\$ 45,525	5	\$ 157,089	10	\$ 40,997	13	\$ 79,171	49	\$ 421,637	\$ 84,327	\$ 92,419
LINCOLN COUNTY	9	\$ 9,239	3	\$ 797	3	\$ 53,931	3	\$ 1,100	1	\$ 750	19	\$ 65,816	\$ 13,163	\$ 18,594
LYON COUNTY	37	\$ 15,608	57	\$ 181,009	31	\$ 203,302	34	\$ 301,429	27	\$ 148,109	186	\$ 849,457	\$ 169,891	\$ 217,613
MINERAL COUNTY	22	\$ 351,876	11	\$ 279,042	20	\$ 15,940	16	\$ 87,479	10	\$ 31,302	79	\$ 765,639	\$ 153,128	\$ 44,907
NYE COUNTY	66	\$ 370,557	95	\$ 478,774	110	\$ 624,834	112	\$ 582,223	145	\$ 597,532	528	\$ 2,653,920	\$ 530,784	\$ 601,530
PERSHING COUNTY	2	\$ 35,601	10	\$ 72,029	6	\$ 59,072	7	\$ 46,905	3	\$ 41,384	28	\$ 254,991	\$ 50,998	\$ 49,120
STOREY COUNTY	26	\$ 425,334	9	\$ 334,023	12	\$ 27,617	11	\$ 153,275	10	\$ 26,376	68	\$ 966,625	\$ 193,325	\$ 69,089
WHITE PINE COUNTY	17	\$ 192,231	17	\$ 73,355	15	\$ 135,655	35	\$ 140,653	22	\$ 70,876	106	\$ 612,770	\$ 122,554	\$ 115,728
<b>TOTAL</b>	<b>354</b>	<b>\$ 2,312,739</b>	<b>367</b>	<b>\$ 2,510,656</b>	<b>358</b>	<b>\$ 2,284,257</b>	<b>442</b>	<b>\$ 1,917,261</b>	<b>419</b>	<b>\$ 1,459,800</b>	<b>1,940</b>	<b>\$ 10,484,712</b>	<b>\$ 2,096,942</b>	<b>\$ 1,887,106</b>

PACT Cities

Member Name	Claims		Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims	Claims Costs	Annual Cost 5	Annual Cost
	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	7/1/16- 6/30/17	7/1/16- 6/30/17	2012/2013- 2016/2017	2012/2013- 2016/2017	2012/2013- 2016/2017	2012/2013- 2016/2017	years 2012/2013- 2016/2017	3 years 2014/2015- 2016/2017
BOULDER CITY	40	\$ 147,545	22	\$ 107,290	29	\$ 197,327	29	\$ 95,211	19	\$ 179,218	139	\$ 726,592	\$ 145,318	\$ 157,252		
CALIENTE	1	\$ 687	4	\$ 2,635	1	\$ 12,286	1	\$ 820	1	\$ 356	8	\$ 16,785	\$ 3,357	\$ 4,488		
CARLIN CITY	3	\$ 52,257	14	\$ 12,619	6	\$ 23,082	6	\$ 11,776	2	\$ 4,707	31	\$ 104,441	\$ 20,888	\$ 13,188		
CITY OF ELKO	68	\$ 175,047	40	\$ 105,789	30	\$ 6,342	38	\$ 9,179	36	\$ 266,257	212	\$ 562,615	\$ 112,523	\$ 93,926		
ELY CITY	4	\$ 242,156	5	\$ 4,059	5	\$ 28,082	11	\$ 301,804	5	\$ 37,206	30	\$ 613,307	\$ 122,661	\$ 122,364		
CITY OF FALLON (No Longer a Member)	11	\$ 54,960	11	\$ 11,153	11	\$ 7,953	0	\$ -	0	\$ -	33	\$ 74,066	\$ 14,813	\$ 2,651		
CITY OF FERNLEY	7	\$ 1,301	5	\$ 1,655	3	\$ 1,473	5	\$ 4,368	4	\$ 10,390	24	\$ 19,187	\$ 3,837	\$ 5,410		
CITY OF LOVELOCK	6	\$ 2,359	6	\$ 2,112	2	\$ 9,602	3	\$ 502	7	\$ 4,510	24	\$ 19,086	\$ 3,817	\$ 4,872		
MESQUITE CITY (No Longer a Member)	24	\$ 120,793	25	\$ 18,023	35	\$ 62,055	15	\$ 39,330	0	\$ -	99	\$ 240,201	\$ 48,040	\$ 33,795		
WELLS CITY	4	\$ 1,353	4	\$ 1,563	3	\$ 892	2	\$ 349	2	\$ 1,450	15	\$ 5,607	\$ 1,121	\$ 897		
CITY OF WEST WENDOVER	5	\$ 30,947	3	\$ 35,375	7	\$ 200,883	5	\$ 2,854	4	\$ 37,403	24	\$ 307,463	\$ 61,493	\$ 80,380		
CITY OF WINNEMUCCA	9	\$ 50,128	9	\$ 70,794	6	\$ 5,061	7	\$ 162,357	8	\$ 8,555	39	\$ 296,896	\$ 59,379	\$ 58,658		
CITY OF YERINGTON	7	\$ 22,841	0	\$ -	3	\$ 2,375	6	\$ 32,797	7	\$ 37,940	23	\$ 95,952	\$ 19,190	\$ 24,370		
<b>TOTAL</b>	<b>189</b>	<b>\$ 902,375</b>	<b>148</b>	<b>\$ 373,069</b>	<b>141</b>	<b>\$ 557,413</b>	<b>128</b>	<b>\$ 661,348</b>	<b>95</b>	<b>\$ 587,993</b>	<b>701</b>	<b>\$ 3,082,197</b>	<b>\$ 616,439</b>	<b>\$ 602,251</b>		

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
	7/1/12- 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	7/1/16- 6/30/17	7/1/16- 6/30/17	2012/2013- 2016/2017	2012/2013- 2016/2017	2012/2013- 2016/2017	2014/2015- 2016/2017
ESMERALDA COUNTY SCHOOL DISTRICT	4	\$ 159,311	1	\$ -	3	\$ 433	3	\$ -	1	\$ -	12	\$ 159,744	\$ 31,949	\$ 144
EUREKA COUNTY SCHOOL DISTRICT	3	\$ 484	1	\$ 2,767	3	\$ 8,214	1	\$ 1,328	1	\$ 31,856	9	\$ 44,649	\$ 8,930	\$ 13,799
HUMBOLDT COUNTY SCHOOL DISTRICT(No longer	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY SCHOOL DISTRICT	4	\$ 52,166	3	\$ 3,041	3	\$ 26,457	5	\$ 22,673	2	\$ 4,568	17	\$ 108,906	\$ 21,781	\$ 17,900
LINCOLN COUNTY SCHOOL DISTRICT	6	\$ 47,595	16	\$ 5,576	5	\$ 4,651	20	\$ 56,872	5	\$ -	52	\$ 114,694	\$ 22,939	\$ 20,508
MINERAL COUNTY SCHOOL DISTRICT	18	\$ 18,396	16	\$ 52,441	16	\$ 3,457	23	\$ 7,170	8	\$ 229	81	\$ 81,692	\$ 16,338	\$ 3,619
NYE COUNTY SCHOOL DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY SCHOOL DISTRICT	4	\$ 2,105	4	\$ 6,936	6	\$ 7,693	5	\$ 14,417	2	\$ 881	21	\$ 32,032	\$ 6,406	\$ 7,664
WHITE PINE COUNTY SCHOOL DISTRICT	15	\$ 23,397	17	\$ 3,371	16	\$ 21,349	6	\$ 8,985	9	\$ 58,954	63	\$ 116,056	\$ 23,211	\$ 29,762
<b>TOTAL</b>	<b>54</b>	<b>\$ 303,452</b>	<b>58</b>	<b>\$ 74,132</b>	<b>52</b>	<b>\$ 72,254</b>	<b>63</b>	<b>\$ 111,446</b>	<b>28</b>	<b>\$ 96,488</b>	<b>255</b>	<b>\$ 657,772</b>	<b>\$ 131,554</b>	<b>\$ 93,396</b>

PACT Hospitals

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL Claims	TOTAL	Average	Average
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Claims Costs	Annual Cost	Annual Cost
	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	7/1/16- 6/30/17	7/1/16- 6/30/17	2012/2013- 2016/2017	2012/2013- 2016/2017	5 years 2012/2013- 2016/2017	3 years 2014/2015- 2016/2017
BATTLE MOUNTAIN GENERAL HOSPITAL	6	\$ 2,960	9	\$ 5,377	8	\$ 8,036	9	\$ 20,110	11	\$ 15,586	43	\$ 52,069	\$ 10,414	\$ 14,577
BOULDER CITY HOSPITAL (No longer member)	13	\$ 87,022	0	\$ -	0	\$ -	0	\$ -	0	\$ -	13	\$ 87,022	\$ 21,756	\$ -
CARSON TAHOE HOSPITAL (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
GROVER C. DILS MEDICAL CENTER	6	\$ 6,842	0	\$ -	1	\$ 89	6	\$ 7,338	11	\$ 9,966	24	\$ 24,234	\$ 4,847	\$ 5,798
HUMBOLDT GENERAL HOSPITAL	18	\$ 56,956	12	\$ 37,319	19	\$ 127,452	19	\$ 202,020	19	\$ 100,077	87	\$ 523,824	\$ 104,765	\$ 143,183
MT. GRANT GENERAL HOSPITAL	12	\$ 66,334	12	\$ 39,869	15	\$ 29,459	10	\$ 17,193	7	\$ 15,413	56	\$ 168,267	\$ 33,653	\$ 20,688
PERSHING GENERAL HOSPITAL	10	\$ 15,251	8	\$ 6,932	6	\$ 11,758	5	\$ 15,724	11	\$ 64,823	40	\$ 114,488	\$ 22,898	\$ 30,768
SO. LYON MEDICAL CENTER (No longer member)	14	\$ 103,197	0	\$ -	0	\$ -	0	\$ -	0	\$ -	14	\$ 103,197	\$ 25,799	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	0	\$ -	0	\$ -	0	\$ -	12	\$ 31,784	15	\$ 23,370	27	\$ 55,154	\$ 13,788	\$ 18,385
<b>TOTAL</b>	<b>79</b>	<b>\$ 338,562</b>	<b>41</b>	<b>\$ 89,496</b>	<b>49</b>	<b>\$ 176,793</b>	<b>61</b>	<b>\$ 294,168</b>	<b>74</b>	<b>\$ 229,235</b>	<b>304</b>	<b>\$ 1,128,254</b>	<b>\$ 237,919</b>	<b>\$ 233,399</b>

PACT Special Districts and Towns

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Annual Cost 5	Annual Cost
	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	7/1/16- 6/30/17	7/1/16- 6/30/17	2012/2013- 2016/2017	2012/2013- 2016/2017	2012/2013- 2016/2017	2014/2015- 2016/2017
<b>CARSON CITY:</b>														
NEVADA ASSOCIATION OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	1	\$ 1,507	0	\$ -	0	\$ -	0	\$ -	5	\$ 9,298	6	\$ 10,805	\$ 2,161	\$ 3,099
<b>CLARK COUNTY:</b>														
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	2	\$ -	\$ -	\$ -
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	1	\$ 1,607	0	\$ -	1	\$ 1,778	1	\$ 33,553	0	\$ -	3	\$ 36,938	\$ 7,388	\$ 11,777
<b>CHURCHILL COUNTY:</b>														
CC COMMUNICATIONS	4	\$ 2,381	2	\$ 20,631	1	\$ 166	1	\$ 2,437	0	\$ -	8	\$ 25,615	\$ 5,123	\$ 868
CHURCHILL COUNTY MOSQUITO & ABATEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,886	0	\$ -	1	\$ 2,886	\$ 577	\$ 962
<b>DOUGLAS COUNTY:</b>														
DOUGLAS CO. MOSQUITO CONTROL DISTRICT	0	\$ -	1	\$ -	1	\$ 610	0	\$ -	0	\$ -	2	\$ 610	\$ 122	\$ 203
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 241	1	\$ 367	0	\$ -	2	\$ 608	\$ 122	\$ 203
EAST FOR FIRE & PARAMEDIC DISTRICT	46	\$ 120,254	36	\$ 196,736	33	\$ 67,822	21	\$ 129,236	27	\$ 484,901	163	\$ 998,949	\$ 199,790	\$ 227,320
EAST FORK SWIMMING POOL DISTRICT	1	\$ 942	5	\$ 4,495	10	\$ 12,969	6	\$ 3,450	6	\$ 21,337	28	\$ 43,194	\$ 8,639	\$ 12,585
GARDNERVILLE, TOWN OF	1	\$ -	2	\$ 1,652	2	\$ 6,125	1	\$ 219	1	\$ 40,324	7	\$ 48,320	\$ 9,664	\$ 15,556
GENOA, TOWN OF	0	\$ -	0	\$ -	1	\$ -	1	\$ 2,814	0	\$ -	2	\$ 2,814	\$ 563	\$ 938
INDIAN HILLS GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 606	1	\$ 606	\$ 121	\$ 202
LAKERIDGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MINDEN, TOWN OF	3	\$ 3,221	4	\$ 3,510	16	\$ 6,763	3	\$ 1,510	2	\$ 3,806	28	\$ 18,810	\$ 3,762	\$ 4,026
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 855	2	\$ 855	\$ 171	\$ 285
NV TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TAHOE DOUGLAS FIRE PROTECTION DISTRICT	16	\$ 84,653	6	\$ 38,005	15	\$ 135,419	18	\$ 136,031	12	\$ 62,985	67	\$ 457,093	\$ 91,419	\$ 111,478
TAHOE TRANSPORTATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>ELKO COUNTY:</b>														
ELKO CENTRAL DISPATCH	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>ESMERALDA COUNTY:</b>														
GOLDFIELD TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SILVER PEAK TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>LANDER COUNTY:</b>														
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	\$ -	\$ -	\$ -
<b>LINCOLN COUNTY:</b>														
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	\$ -	1	\$ -	0	\$ -	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	\$ -	\$ -	\$ -
<b>LYON COUNTY:</b>														
CENTRAL LYON COUNTY FIRE PROTECT	13	\$ 22,600	5	\$ 1,731,811	11	\$ 18,037	3	\$ 3,129	11	\$ 63,256	43	\$ 1,838,833	\$ 367,767	\$ 28,141
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	2	\$ 1,422	0	\$ -	0	\$ -	2	\$ 1,422	\$ 284	\$ 474
MASON VALLEY FIRE PROTECTION DISTRICT	2	\$ 3,761	2	\$ 24,999	2	\$ 6,162	5	\$ 1,211	0	\$ -	11	\$ 36,132	\$ 7,226	\$ 2,458
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NORTH LYON COUNTY FIRE PROTECTION DISTRICT	14	\$ 5,780	3	\$ -	1	\$ 242	8	\$ 34,541	0	\$ -	26	\$ 40,564	\$ 8,113	\$ 11,595
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SMITH VALLEY FIRE PROTECTION DISTRICT	0	\$ -	1	\$ 1,501	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,501	\$ 300	\$ -
<b>MINERAL COUNTY:</b>														
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	\$ -	\$ -	\$ -
<b>NYE COUNTY:</b>														
BEATTY WATER & SANITATION DISTRICT	0	\$ -	0	\$ -	1	\$ 723	0	\$ -	1	\$ 10,907	2	\$ 11,630	\$ 2,326	\$ 3,877
PAHRUMP, TOWN OF	6	\$ 24,744	10	\$ 7,227	8	\$ 154,841	19	\$ 32,405	22	\$ 76,385	65	\$ 295,603	\$ 59,121	\$ 87,877
ROUND MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 150	1	\$ 150	\$ 30	\$ 50
TONOPAH, TOWN OF	2	\$ 930	3	\$ 2,986	0	\$ -	0	\$ -	2	\$ 4,268	7	\$ 8,184	\$ 1,637	\$ 1,423
<b>PERSHING COUNTY:</b>														
PERSHING COUNTY WATER CONSERVATION DISTRICT	2	\$ 44,743	0	\$ -	3	\$ 73,407	2	\$ 36,931	1	\$ 37,445	8	\$ 192,525	\$ 38,505	\$ 49,261
<b>STOREY COUNTY:</b>														
CANYON GENERAL IMPROVEMENT DISTRICT	1	\$ 148	0	\$ -	0	\$ -	1	\$ 2,230	0	\$ -	2	\$ 2,378	\$ 476	\$ 743
<b>WASHOE COUNTY:</b>														
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	23	\$ 261,591	31	\$ 53,264	36	\$ 127,603	53	\$ 222,519	143	\$ 664,976	\$ 132,995	\$ 134,462
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	35	\$ 108,128	53	\$ 142,998	35	\$ 200,053	21	\$ 95,099	36	\$ 59,505	180	\$ 605,785	\$ 121,157	\$ 118,219
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -

PACT Special Districts and Towns

RTC OF WASHOE COUNTY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,021	1	\$ 1,021	\$ 204	\$ 340
SIERRA FIRE PROTECTION DISTRICT (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SUN VALLEY GENERAL IMPROVEMENT DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT (No Longer Membe	21	\$ 217,554	33	\$ 288,080	23	\$ 314,655	28	\$ 511,172	27	\$ 365,011	132	\$ 1,696,472	\$ 339,294	\$ 396,946
TRUCKEE MEADOWS REGIONAL PLANNING AUTHORITY	1	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WASHOE FIRE SUPPRESSION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>WHITE PINE COUNTY:</b>														
MCGILL RUTH CONSOLIDATED SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA NORTHERN RAILWAY FOUNDATION	3	\$ 10,919	2	\$ 6,718	1	\$ 66	2	\$ 15,624	2	\$ 13,945	10	\$ 47,272	\$ 9,454	\$ 9,878
WHITE PINE COUNTY FIRE PROTECTION DISTRICT	2	\$ 1,882	0	\$ -	3	\$ 5,095	7	\$ 17,003	1	\$ 1,405	13	\$ 25,385	\$ 5,077	\$ 7,834
WHITE PINE COUNTY TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	1	\$ 13,100	0	\$ -	1	\$ 13,100	\$ 2,620	\$ 4,367
<b>TOTAL</b>	<b>175</b>	<b>\$ 655,754</b>	<b>191</b>	<b>\$ 2,732,941</b>	<b>202</b>	<b>\$ 1,059,859</b>	<b>189</b>	<b>\$ 1,202,553</b>	<b>215</b>	<b>\$ 1,479,929</b>	<b>972</b>	<b>\$ 7,131,036</b>	<b>\$ 1,426,207</b>	<b>\$ 1,247,447</b>



PACT Summary of All Claims  
as of 6/30/17

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
7/1/12-6/30/13	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	7/1/16-6/30/17	7/1/16-6/30/17	2012/2013-2016/2017	2012/2013-2016/2017	2012/2013-2016/2017	2014/2015-2016/2017
851	\$ 4,512,882	805	\$ 5,780,294	802	\$ 4,150,576	883	\$ 4,186,776	831	\$ 3,853,444	4,172	\$ 22,483,972	\$ 4,496,794	\$ 4,063,599

**PUBLIC AGENCY COMPENSATION  
TRUST**

**INTERLOCAL COOPERATION  
AGREEMENT**

Adopted: November 1, 1995  
Revised: May 2, 1997  
Revised: May 1, 2000  
Revised: May 2, 2003  
Revised: May 1, 2004  
Revised: April 29, 2005  
Revised: April 28, 2006  
Revised: May 1, 2009  
Revised: April 26, 2013  
Revised: April 29, 2016  
Revised: April 20, 2018

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## **PUBLIC AGENCY COMPENSATION TRUST**

### **INTERLOCAL COOPERATION AGREEMENT**

THIS AGREEMENT, is made by and between the political subdivisions existing under the Constitution and laws of the State of Nevada and which are signatory to this agreement.

WHEREAS, Nevada Revised Statutes 277.080 to 277.180 permits political subdivisions to make the most efficient use of their powers by enabling them to cooperate with other political subdivisions on a basis of mutual advantage and thereby provide services which will be meet the needs of their citizens; and

WHEREAS, Nevada Revised Statutes 277.055 permits two or more political subdivisions of the State of Nevada to enter into a cooperative agreement for the purchase of insurance or the establishment of a self-insurance reserve or fund for coverage under a plan of workers compensation as defined in NRS 616 and 617 and employer's liability; or insurance for any combination of these kinds of insurance; and

WHEREAS, the political subdivisions executing this agreement desire to join together for the purpose of providing workers compensation coverage and jointly funding programs of pooled self-insurance, insurance and excess insurance for workers compensation pursuant to NRS 616B.350 and related provisions;

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and subject to the provisions of Nevada Revised Statutes and all other applicable rules and regulations, the parties hereto agree as follows:

#### ARTICLE I

##### DEFINITIONS

Section 1. "Agreement" shall mean this agreement entitled "Public Agency Compensation Trust" and as amended in the future.

Section 2. "Board of Trustees" or "Board" shall mean the governing body of PACT.

Section 3. "Claim" shall mean a claim made against a Member arising out of a Loss which is covered by insurance or pooling program of PACT.



Section 4. "Excess or Reinsurance Program" shall mean a program of PACT under which Members or Participating Members are protected against designated Losses .

Section 5. "Executive Committee" shall mean the Executive Committee of the Board of Trustees as described in Article 12 of this Agreement.

Section 6. "Fiscal Year" shall mean that period of twelve months as established by the Board of Trustees as the fiscal year of PACT.

Section 7. "Loss" shall mean a liability or potential liability of a Member including litigation expenses, attorneys' fees and costs covered by an insurance or pooling program of PACT.

Section 8. "Maintenance Deductible" shall mean, as to any one Loss, that portion payable by the Member directly and not PACT or its excess insurers or reinsurers.

Section 9. "Member" shall mean any Public Agency which is a member of PACT and such districts to which the Board has granted voting status. Other district or agencies whether or not the governing body of the City or County is *ex officio* the governing body as described in and subject to Article 3 of this Agreement may be a party to this Agreement but shall not be considered a Member for the purpose of voting or participation as a voting member of the Board or of any Executive or other committee in which voting Member status is required except when granted voting status pursuant to the following criteria. Voting status as a Member may be granted for any Public Agency which meets the following criteria:

1. Pays assessments of at least \$20,000 annually
2. Maintains a payroll of least \$500,000 annually

Such criteria may be changed from time to time by vote of the Board of Trustees which change shall take effect subsequent to the meeting at which the Board approved the changes.

Section 10. "PACT" shall mean the Public Agency Compensation Trust created by this agreement.

Section 11. "Participating Member", as used in reference to an insurance or pooling program of PACT, shall mean a current Member of that program.

Section 12. "Policy Year" shall mean for each insurance or pooling program of PACT that period commencing upon the effective date of the program and each twelve month period thereafter.

Section 13. "Public Agency" shall mean any county, incorporated city and town, unincorporated town, school district, rural hospital as defined in NRS 449.0177 whether non-profit or public, and any special or other district or agency per NRS 277.100, organized and existing under the Constitution and laws of the State of Nevada.

Section 14. "Self-insured Retention" shall mean that portion of a Loss experienced by a Member which is retained as a liability or potential liability of PACT.

## ARTICLE 2

### PURPOSES OF PACT

The Members in entering into this Agreement, desire to establish:

- A. A mechanism whereby each Member may join with other Members to share their risks as an association of self-insured public agencies including group purchased insurance or reinsurance programs and jointly administer said programs in an effort to deliver to each of them a reasonable, cost effective workers compensation program

The Members hereby understand and agree that PACT is not an "insurer" and the PACT Coverage Form is not an "insurance policy" under Nevada law. As such, PACT and the Coverage Form are not governed by Nevada Revised Statute Insurance Title 57 or other laws typically governing insurance companies or the interpretation of insurance contracts, except as provided in NRS 616 and NRS 617.

- B. Procedures whereby additional qualifying political subdivisions of the State of Nevada may be added to this Agreement;
- C. A mechanism whereby additional and/or alternative insurance programs may be developed for the benefit of the Members; and
- D. Administrative services as necessary to implement this Agreement including, but not be limited to, risk management consulting, Loss prevention, Loss control, centralized Loss reporting, actuarial consulting, claims adjusting and legal services.

## ARTICLE 3

## PARTIES TO AGREEMENT

Section 1. Members. Each Member, as a party to this Agreement, certifies that:

- A. It intends to and does contract with all other Members as parties to this Agreement and with any other Public Agency as may later be added as parties to this Agreement;
- B. The removal of any party from this Agreement shall not affect this Agreement nor such Member's intent to contract as described in subsection A above with the other parties to the agreement then remaining.

Section 2. Other Districts or Agencies or Political Subdivisions. A Member may contract on behalf of any District, Public Agency or Political Subdivision as follows, and shall be deemed to include:

- A. Any district in which the city or county is *ex officio* the governing board, from the date that the Member provides PACT written notice of the name and inclusion of such district, upon approval of the Board;
- B. Any other local Public Agency or Political Subdivision at its request upon approval of the Board and from the date that such entity is accepted into PACT; and
- C. Such district ~~or other~~ local Public Agency or Political Subdivision shall be considered a separate party to this Agreement but shall not affect any Member's representation on the Board and shall be part of and represented by the Member for all purposes under this Agreement.

Section 3. Membership of Nevada Association of Counties and Nevada League of Cities. The Nevada Association of Counties and the Nevada League of Cities shall become a Member of PACT upon its execution of this Agreement, subject to all obligations and rights of all other Members, except that neither shall be counted for the purposes of determining a quorum or the number votes required for any purpose, and neither shall have an official representative nor be entitled to vote on any matter pursuant to this Agreement.

Section 4. Limitation on Right to Sue. In order to become and to maintain Fund member status, a member shall not sue or maintain any litigation or lawsuit for damages against the fund or its Board and specifically agrees to waive its right to maintain any litigation or lawsuit against the Fund or its Board. However,

this Section does not prohibit any declaratory relief action seeking to interpret this Agreement or any Fund coverage agreement.

#### ARTICLE 4

##### NAME OF PACT

The name of PACT established by the Members hereunder shall be "PUBLIC AGENCY COMPENSATION TRUST."

#### ARTICLE 5

##### POWERS OF PACT

PACT shall have all of the powers common to any Public Agency and all additional powers set forth in the interlocal cooperation laws of the State of Nevada, and PACT is authorized to do all acts necessary for the exercise of said powers, including but not limited to, the following:

- A. To make and enter into contracts;
- B. To incur debts, liabilities, and obligations;
- C. To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations and governmental entities;
- D. To sue and be sued in its own name, but not by its Members;
- E. To settle any claim against PACT or its Members as hereinafter provided;
- F. To receive and use contributions and advances from Members, including contributions or advances of personnel, equipment, or property;
- G. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Nevada Laws applicable to investments by a Public Agency; and
- H. To carry out all provisions of this Agreement.

#### ARTICLE 6

##### MEMBERSHIP

Section 1. Eligibility. Membership in PACT shall be open to any political subdivision of the State of Nevada that is deemed by the Board to qualify for membership.

Section 2. Conditions. The Board may impose such conditions on membership to protect the interests of PACT and to provide for the benefits of Members as are required by this Agreement, the Bylaws of PACT, and other applicable statutes or regulations.

## ARTICLE 7

### BOARD OF TRUSTEES

Section 1. Appointment and Term of Office. Commencing with the effective date of the Agreement and annually thereafter in January, each Member shall appoint from its governing board, a voting representative and an alternate voting representative to the Board to serve for a term of one year. Such representatives must be officers or employees of the Member and shall be eligible for reappointments for successive one year terms and shall serve until his or her successor is duly appointed.

Section 2. Voting. Each Member shall be entitled to one vote by its representative to the Board or by its alternate voting representative in the absence of the representative. There shall be no voting permitted by proxies or other substitutes. All motions and actions of the Board shall be adopted by a majority of the Board Members unless otherwise provided by the Bylaws of PACT.

Section 3. Compensation of the Board. Members of the Board shall not receive any salary for the services to the Board, but the Board by resolution may allow actual and necessary expenses for attendance at Regular or Special meetings of the Board.

Section 4. Meetings. The Board shall provide for the holding of Regular and Special meetings.

Section 5. Quorum. A simple majority of the members of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a quorum is present at any meeting, a majority of those Trustees as may be present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of a majority of the Board of Trustees at a meeting at which a quorum is present shall constitute an act of the Board.

Section 7. Legal Counsel. The Board shall be advised in legal matters with respect to PACT operations by its legal counsel.

## ARTICLE 8

### MEETING OF THE BOARD OF TRUSTEES

Section 1. Regular Meetings. The Board shall hold at least one regular meeting each year, scheduling the time, date and place thereof by resolution.

Section 2. Special Meetings. Special meetings of the Board may be called by the Chair of the Board, or in his absence by the Vice Chair, or by any two members of the Board.

Section 3. Minutes. The Executive Director of PACT, described in Article 13 hereof, shall provide for the keeping of minutes of Regular and Special Meetings of the Board, and shall forward a copy of the minutes to each member of the Board.

Section 4. Open Meeting Law. All meetings of the Board shall be called, noticed, held and conducted in accordance with the provisions of the "Open Meeting Law", Nevada Revised Statutes, Chapter 241, and any other laws of the State of Nevada.

## ARTICLE 9

### POWERS OF THE BOARD OF TRUSTEES

The Board shall be the governing body of PACT to oversee, administer and determine its overall policies and shall have the following powers and authority:

- A. To manage the affairs of PACT and to do all things necessary or convenient for the furtherance of the purposes of PACT, including but not limited to: expending and receiving funds; entering into contract and other agreements; renting, leasing, purchasing and otherwise procuring or receiving property, real and personal; employing personnel either as employees or by contract; and employing professional consultants such as attorneys, auditors, accountants, risk managers and actuaries;
- B. To form an Executive committee, as provided in Article 12 hereof, and delegate to that committee such powers as it determines, provided that all such delegated powers to the Executive Committee shall be exercised under the direction of the Board;

- C. To form committees as appropriate to act in an advisory capacity and conduct the business of PACT, and the membership of such committee may consist in whole or in part of non-Board Members;
- D. To elect the officers and appoint staff of PACT as may be necessary for the administration of PACT and as described in Articles 10 and 13 hereof;
- E. To prepare and adopt the annual operating budget of PACT;
- F. To develop and adopt each program of PACT, including all provisions for insurance and reinsurance, and administrative services as necessary to carry out such programs;
- G. To provide for necessary services to PACT and its Members to include, but not be limited to, risk management consulting, Loss prevention and control, centralized Loss reporting, actuarial consulting, claims adjusting, and legal services;
- H. To provide general supervision and policy direction to its Executive Director, either directly or through the Executive Committee, and adopt policies and procedures to carry out the purposes of PACT;
- I. To receive, review and act upon periodic reports and audits of the funds of PACT as required;
- J. To elect the Executive committee by vote of its members present at the annual meeting;
- K. To amend the Bylaws of PACT by a two-thirds vote of the members present at a meeting, but no amendments shall take effect sooner than thirty days after adoption thereof; and
- L. To remove a member of the Board or of the Executive Committee by a two-thirds vote of the members present at a meeting.

## ARTICLE 10

### OFFICERS

Section 1. Chair and Vice Chair. The Board shall elect from its members a Chair and Vice Chair of the Board, each to hold office for two years effective from the beginning of the fiscal year following each election.

Section 2. Conducting Meetings. The Chair, or if absent, the Vice Chair, shall preside at and conduct all meetings of the Board and the Executive Committee.

Section 3. Powers and Duties of the Chair. The Chair, or together with such other officer or officers as the Board may designate by resolution, may execute any contracts or other instruments as authorized by the Board and shall generally perform all duties incident to the Office of Chair as may be prescribed by the Board.

Section 4. Powers and Duties of the Vice Chair. The Vice Chair shall act as Chair in the latter's absence or inability or refusal to act.

Section 5. Fiscal Officer. The Chair will appoint a Fiscal Officer with duties as described in Articles 15, 16 and 17 hereof to hold office for two years effective from the beginning of the fiscal year contemporaneously with the Chair and Vice Chair.

Section 6. The Fiscal Officer shall chair the Audit Committee.

## ARTICLE 11

### LIABILITY OF BOARD OF TRUSTEES OR OFFICERS

Section 1. Standard of Care. The members of the Board and officers of PACT should use ordinary care and reasonable diligence in the exercise of their powers and duties hereunder.

Section 2. Limitation of Liability. The members of the Board shall not be liable for any mistake of judgment or other action made, taken or omitted by any of their agents, employees or independent contractors selected by them with reasonable care nor for loss incurred through investment of, or failure to invest, PACT funds, and no trustee shall be liable for any action taken or omitted by any other trustee.

Section 3. No Bonds. No trustee shall be required to give a bond or other security to guarantee the faithful performance of duties hereunder.

Section 4. Insurance. PACT shall defend and hold harmless any trustee acting within the scope of his authority for PACT. PACT may purchase insurance providing coverage for acts or omissions taken by the Board or performed by an officer or trustee within the scope of his or her authority for PACT.

## ARTICLE 12



## EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES

Section 1. Members. PACT shall be administered by the Executive Committee of the Board of Trustees, composed of persons from among the Members of the Board of Trustees, two of which shall represent Member counties or cities with a population of 35,000 or more, if there exist two such Members, two of which shall represent Member counties or cities with a population of under 35,000, one representative of school districts, one representative of hospitals, one representative of special districts and the Chair and Vice Chair of the Board of Trustees. The Executive Director shall be *ex officio*, non-voting members of the Executive Committee.

Section 2. Business of the Executive Committee. The Executive Committee shall conduct the business of PACT between meetings of the Board, exercising such powers as are delegated by and under the direction of the Board. If, at a duly noticed Board meeting, a quorum of the Board is not present, the Executive Committee hereby is delegated the power to conduct the business of PACT on behalf of the Board pursuant to the Board meeting agenda.

Section 3. Meetings. Meetings of the Executive Committee shall be called at the request of the Chair, or in his absence, the Vice Chair, but any two members may request a meeting, and all such meetings shall be conducted in compliance with the provisions of the Nevada Open Meeting Laws.

Section 4. Quorum. A majority of the Executive Committee constitutes a quorum for the transaction of business at any meeting, but if less than a majority is present at any meeting, a majority of the members present may adjourn the meeting from time to time without further notice. *Ex officio* members shall not be counted in determining a quorum.

Section 5. Manner of Acting. The act of a majority of the members present at the meeting at which a quorum is present shall be the act of the Executive Committee, unless a greater number is required by law or by the Bylaws of PACTPACT. An alternate representative shall not be allowed to act for a member of the Executive Committee.

Section 6. Election and Term of Office

The Executive Committee shall be elected by the Members for two-year terms, which shall be staggered as follows:

- a. Two of the four representatives of cities and counties shall be elected for a two year term effective with the fiscal year beginning 2003
- b. Two of the four representatives of cities and counties shall be elected for a two-year term effective with the fiscal year beginning 2004
- c. The representative of school districts shall be elected for a two year term effective with the fiscal year beginning 2004

- d. The representative of special districts shall be elected for a two year term effective with the fiscal year beginning 2003
  - e. The representative of hospitals shall be elected for a two year term effective with the fiscal year beginning 2003
- Succeeding elections to those noted in a-e shall be for two year terms effective with the fiscal year following the election.

#### ARTICLE 13

##### STAFF

Section 1. Executive Director. The Board must employ or contract for an Executive Director to administer the business and activities of PACT, be responsible for all minutes and records of PACT meetings, notices and records of PACT, and such other duties as are assigned by the Board and the Executive Committee, subject to the general supervision and policy direction of the Board of Directors and the Executive Committee.

Section 2. Other Staff. The Board shall provide for the appointment of such other staff as may be necessary for the administration of PACT.

#### ARTICLE 14

##### DEVELOPMENT, FUNDING AND IMPLEMENTATION OF FUNDING PROGRAMS

Section 1. Program Coverage. Pooling or insurance programs of PACT may provide coverage for:

A. Workers Compensation and Employer's Liability as defined in NRS 681A.020;

Section 2. Minimum Participation. The Board shall determine for each pooling program, described in Section 1 above, a minimum participation for program implementation, which shall be communicated to each Member and shall establish the amount of any Maintenance Deductible upon agreement with the excess insurers involved.

Section 3. Program and PACT Costs. General administrative expenses of PACT shall be allocated to the Members as a whole, whether or not every Member participates in all or part of any program of PACT. The Board shall determine the method of allocation to each Member and the amount of each Member's share.

Section 4. Development Charge. Development costs of a program shall be funded by a development charge, as determined by the Board of Trustees, to be paid by each Member joining in the development of the program and thereby reserving the option to participate in the program following its adoption by the

Board. Development charges are those costs incurred by the Public Agency Compensation Trust in developing a program for subsequent review and adoption by the Board, including, but not limited to research, feasibility studies, information and liaison work among Public Agencies, preparation and review of documents, and actuarial and risk management consulting services, and may also include a share of the Pool's general expense as allocated by the Board of Trustees.

Section 5. Billing. The development charge shall be billed to all Members upon authorization of program development by the Board and be payable within thirty (30) days of the billing date.

Section 6. Deficiencies. Upon the conclusion of program development, any deficiency in development funds shall be billed to all Members which have paid the development charge on a pro-rata or other equitable basis as determined by the Board, and any surplus in such funds shall be transferred into the loss reserve for the program, or, if the program is not implemented, PACT's general account.

Section 7. Annual Contributions. All costs of a program, excluding development charges, shall be funded by annual contributions charged to the Members participating in the program for each Policy Year and also by interest earned on the funds so accumulated. Such contributions shall be determined by the Board upon the basis of a cost allocation plan and rating formula developed by PACT with the assistance of a casualty actuary, risk management consultant or other qualified person. The contributions for each Participating Member shall include its share of expected program losses, program insurance and reinsurance costs, program administrative costs for the year, and its share of PACT's general expense allocated to the program by the Board.

Section 8. Billing. Annual contributions shall be billed by PACT at the beginning of each Policy Year and shall be payable within thirty (30) days of the billing date. At the end of each Policy Year, program costs shall be audited by PACT. Any deficiency or surplus in the contributions paid by the Participating Member, as shown by such audit, may be adjusted by a corresponding increase or decrease in the contribution charge to that Member for succeeding years, unless the Member withdraws or is canceled from the program, in which case the provisions of Articles 21, 22, 23, 24 and 25 hereof shall be applicable and controlling.

Section 9. Program Implementation and Effective Date. Following development of a program and its adoption by the Board, PACT shall give each Member written notice of the program which shall include:

- A. The terms of coverage of the program;

- B. The requirements for program implementation; and
- C. The estimated first year contribution by the Member for program participation.

Section 10. Membership. Each Member or Participating Member may elect to enter the program by giving written notice of such election, in a form prescribed by PACT, accompanied by payment of the initial assessment, to the Executive Director within thirty (30) days of the date of PACT's notice of the establishment of the program.

Section 11. Late Entries. A Member not electing to enter a program upon its implementation or within 120 days thereafter pursuant to Section 10 above, or which becomes a party to the Agreement following implementation of the program, may petition the Executive Committee for late entry into the program.

#### ARTICLE 15

##### ACCOUNTS AND RECORDS

Section 1. Annual Budget. PACT shall annually adopt an operating budget to include a separate budget for each program under development or adopted and implemented by PACT.

Section 2. Funds and Accounts. The Fiscal Officer shall oversee such funds and accounts as may be required by good accounting practices and by the Board for each program and the books and records of PACT shall be open to inspection at all reasonable times by authorized representatives of Members.

Section 3. Report of the Fiscal Officer. The Fiscal Officer shall file the annual audit of PACT with the regulatory authority as required by statute.

Section 4. Annual Audit. The Board of Trustees shall engage a certified public accountant to make an annual Fiscal Year audit of all accounts and records of PACT, and a report of the audit shall be filed as a public record by PACT and each Member within one hundred eighty (180) days of the end of the Fiscal Year under examination.

#### ARTICLE 16

##### RESPONSIBILITIES FOR PACT'S FUNDS AND PROPERTY

Section 1. Custody and Disbursements. The Fiscal Officer shall oversee the custody of and disburse PACT's funds, but may delegate that disbursing

authority as may be authorized by the Board, subject to the requirements of Section 2 below.

Section 2. Maintenance and Safekeeping. The Fiscal Officer shall assure the following activities are carried out appropriately by the Executive Director who shall:

- A. Receive and acknowledge receipt for all funds of PACT and deposit them in PACT's treasury for the credit of PACT;
- B. Be responsible for the safekeeping and disbursement of all PACT funds;
- C. Pay any sums due from PACT as approved by the Board or by anybody or person to whom the Board has delegated approval authority;
- D. Verify and report in writing to the Executive Committee or the Board, as of the first day of each quarter of the Fiscal Year, the amount of money then held for PACT, the amount of receipts since the last such report, and the amount paid out since that report; and
- E. Invest monies in accordance with applicable laws and regulations governing investments by Public Agencies.

Section 3. Responsibility for Funds and Property. The Executive Director, Fiscal Officer, and such other persons as the Board may designate, shall have charge of, administer, and have access to the funds and property of PACT.

Section 4. Bonds. PACT may provide for fidelity bond or performance bonds in an amount and form specified by the Board or required by law for all of its officers and staff authorized by PACT to hold or disburse funds or have charge or access to property of PACT.

## ARTICLE 17

### TRUST ACCOUNT, CHECKS, DEPOSITS AND REVENUES

Section 1. Establishment of a Trust Account. A Trust Account shall be established, referred to hereafter at the "Trust Account", in which all Member contributions, policy dividends or premiums received by PACT, investments made by PACT and income thereon, and any other money or property which shall come into the possession or control of PACT shall be placed.

Section 2. Use of the Trust Account. The Board may use the Trust Account to pay all expenses of PACT, including, but not limited to, payment of premiums for insurance policies, compensation to employees and staff, legal counsel, auditors, consultants, contracted services and other persons as authorized by the Board.

Section 3. Expenditure from Trust. Expenditures from the Trust Account may be made for payment of Losses, litigation costs, investigation, insurance premiums and deductible amounts, costs of Loss control activities, and any other costs determined by the Board.

Section 4. Excess Funds. Any excess funds in the Trust Account may be used, as determined by the Board, to enhance programs and services, to reduce Member contributions, or to increase the cash surplus of PACT as determined by policies established by the Board.

Section 5. Expenses of Administration. Annually, the Executive Committee or the Board shall approve administrative expenses incurred for administration of the Trust Account and legal services related thereto and shall approve its budget.

Section 6. Checks. All checks, drafts or orders for payment of money, notes or any other evidence of indebtedness issued in the name of PACT shall be signed by the Executive Director, or by such other person and in the manner as the Board may designate, with two signatures required, and in such as shall be prescribed.

Section 7. Deposits. All funds of the Board shall be deposited to the credit of PACT in such banks, trust companies or other depositories as the Board may determine.

Section 8. Other Funds. PACT funds in possession or control of the Board shall be received, disbursed, controlled and accounted for under the supervision of the Fiscal Officer.

## ARTICLE 18

### RISK MANAGEMENT

Section 1. Risk Management Services The Executive Director or other individual or organization shall provide risk management and insurance consulting service to include Loss prevention, review of Loss data, promotion and evaluation of Loss prevention programs, and reports to Members. The responsibilities include:

- A. Liaison with the Member's staff assigned the risk management and safety responsibility;
- B. Assistance to Members in development and implementation or risk management policies;

- C. Identification and evaluation of risk and Loss potentials, aided by a claims service company and legal counsel;
- D. Recommendations as to affirmative steps in order to avoid or reduce risks and Losses;
- E. Development of a system of claims reporting and on the scene investigation by Member's personnel; and
- F. Development and production of risk prevention educational programs for Member's personnel.

Section 2. Treatment of Costs. Costs of the risk management services shall be a general administrative expense of PACT.

#### ARTICLE 19

##### RESPONSIBILITIES OF MEMBERS

Members shall have the following responsibilities:

- A. To appoint an officer or employee to be responsible for the risk management function within the Member's organization to serve as a liaison between the Member and PACT for all matters relating to risk management and insurance;
- B. To maintain an active safety program and act upon recommendations of PACT to reduce or eliminate unsafe practices;
- C. To pay development charges, annual contributions, insurance premiums, and contributions surcharges to PACT within thirty (30) days of the billing date thereof;
- D. To pay to PACT any additional insurance premiums or contributions due as determined and assessed by the Board within thirty (30) days after the Member's act of withdrawal, cancellation, or termination from PACT;
- E. To provide PACT at its request such other information or assistance as may be reasonably necessary for PACT to develop and implement programs under this Agreement;
- F. To cooperate with and assist PACT, and any insurer of PACT, in all matters relating to this Agreement;

- G. To comply with all Bylaws of PACT and other rules adopted by the Board; and
- H. To have such other responsibilities as provided in this Agreement or established by the Board under this Agreement.

## ARTICLE 20

### ADMINISTRATION OF CLAIMS AND LITIGATION

Section 1. PACT Responsibilities. PACT shall be responsible for the investigation, defense and settlement of claims made and suits or proceedings instituted against a Member arising out of a covered Loss.

Section 2. Information From Member. A Member shall furnish to PACT with respect to any claim for Loss or potential Loss:

- A. Prompt written notice of any claim made or suit brought against the Member;
- B. Any other information requested by PACT in order to settle or defend a claim or Loss;
- C. Cooperation in all matters in which PACT is acting on behalf of the Members or any other dispute against PACT or against a Member.

Section 3. Appointment of Claims Committee. The Chair of the Board shall appoint a five member committee as necessary, to be entitled the "Claims Committee", to oversee the claims services. The Executive Director, Risk Manager, Claims Administration Company, and PACT's Broker/Administrator shall be non-voting, ex-officio members of the Claims Committee.

Section 4. Litigation Cooperation. Members shall be kept advised of the progress of litigation. All claims or cases shall be referred immediately to PACT's Claims Administrator by the Member upon which notice is given by a claimant or a complaint served. The Claims Administrator shall review the claim or case, investigate the facts where appropriate, and assign defense counsel from PACT's approved panel of defense counsel. The assigned counsel shall cooperate with the Member's legal counsel in the defense or settlement of litigation.

Section 5. Litigation Management. Management of litigation shall include evaluation of claims, assignment of qualified attorneys to represent the Member, monitoring of the litigation, providing periodic status and evaluation reports to the



Executive Director, aid in promoting and evaluating risk management, and recommending reserves for claims in litigation.

Section 6. Litigation Costs. Litigation Management and fees from general counsel shall be treated as a general expense of PACT and fees of defense counsel shall be treated as a claims expense.

Section 7. Litigation Participation. A Member, exercising its own discretion and at its expense, shall have the right to participate with PACT in the settlement, defense, or appeal of such claim, suit or proceeding where, in the judgment of PACT, may involve liability of PACT.

Section 8. Advice From Members. Members will be given the reasonable opportunity in litigated cases or claims to advise PACT of the Member's preference with regard to settlement of the case or claim.

Section 9. Settlement Consent. A Member shall not enter into any settlement involving liability of PACT without the prior consent of PACT.

Section 10. Claims Handling. PACT shall select a duly licensed claims administration company on the basis of its ability to handle claims in a professional, efficient and economical manner, to be responsible for processing and settling claims filed against PACT.

Section 11. Claim Administration Company Responsibilities. PACT shall engage a Claims Administration Company which shall carry out the duties set forth in NRS 616.301 and:

- A. Investigate all claims against PACT or its Members for which PACT provides indemnification as directed by the Claims Committee;
- B. Make settlements in accordance with the authority delegated in the Claim's Administrator's contract;
- C. In addition to actually paying covered claims, provide periodic claim reports detailing each Member's losses, recommend proper and adequate reserves for outstanding and anticipated claims, file required reports to the State of Nevada, and provide any other related services as approved by the Board; and
- D. Consult with PACT's general counsel with respect to legal issues as necessary with approval of Executive Director.

## ARTICLE 21

## TERMS OF AGREEMENT

This Agreement shall be effective upon execution by the signatory parties and shall remain in effect until:

- A. Terminated upon election of three-fourths of the Members; or
- B. Suspended or superseded by a subsequent agreement between the Members.

## ARTICLE 22

### WITHDRAWAL

Section 1. Member Insolvency. A Member may not withdraw as a Member for a period of two (2) years after its initial entry, except in case of insolvency or change in its legal status as a Public Agency.

Section 2. Notice of Withdrawal. After two years following its initial entry, a Member may withdraw from PACT upon giving one hundred and twenty (120) days in advance of the program renewal date written notice to the Board.

Section 3. Effect of Withdrawal. The withdrawal of a Member shall not affect the continuance of PACT by the remaining Members.

Section 4. Payments Before Withdrawal. In order to withdraw, the Member shall pay any outstanding amounts due and owing to PACT.

Section 5. Release Conditions. Withdrawal does not release the withdrawing Member from liability for further payments or assessments as provided elsewhere in this Agreement.

## ARTICLE 23

### CANCELLATION OR TERMINATION OF MEMBERSHIP

The Board of Trustees may:

- A. Cancel the membership of any Member in PACT on a vote of two-thirds of the Board Members present at a meeting called for that purpose, and such Board action shall result in the cancellation of that Member's participation in all programs of PACT as of the date of the Board cancellation;
- B. Cancel any Member's participation in a program of PACT without canceling its membership in PACT or participation in other programs on a vote of two-thirds of the Board Members present at a meeting called for that purpose;
- C. Cause PACT to give one hundred and twenty (120) days advance written notice to the Member of the effective date of any cancellation under the foregoing provisions, and upon such effective date, the Member shall be considered as having voluntarily withdrawn from PACT, or from the program of PACT, as the case may be.
- D. Cancel the membership of any Member that has not paid any assessments when due upon thirty (30) days notice to the Member. Such notice for non-payment may be issued by the Executive Director without a vote of the Board of Trustees; however, the Executive Committee will be informed of the situation. The Executive Director may reinstate membership upon receipt of payment of the assessments prior to the effective date of the notice of cancellation. If payment is not received prior to the effective date of the notice of cancellation, the Member may apply for reinstatement through the Executive Director, which may be granted only by the Executive Committee."

## ARTICLE 24

### EFFECT OF WITHDRAWAL OR CANCELLATION FROM PACT

Section 1. Unearned Contributions. If a Member's participation in a program of PACT is canceled under Article 23 hereof, with or without cancellation of membership in PACT, and such cancellation is effective before the end of the Policy Year for that program, PACT shall promptly determine and return to the Member the amount of any unearned contributions payment for the Policy year.

Section 2. Entitlement to Return of Contributions. Except as provided in Section 1 above, a Member, which withdraws or has its membership canceled in PACT, or from any program of PACT, shall not be entitled to the return of any

contributions or other payments to PACT, or of any property contributed to PACT.

Section 3. Termination of PACT. In the event of termination of this Agreement and concomitantly PACT, a Member having withdrawn or have had its membership canceled prior thereto may share in the distribution of assets of PACT as determined by the Board. ARTICLE 25

#### TERMINATION AND DISTRIBUTION OF ASSETS

Section 1. PACT Activities After Termination. If this Agreement is terminated at any time, PACT shall continue to exist after such termination for the limited purpose of disposing of all outstanding claims, distributing its assets, and performing all other functions necessary to conclude its affairs and business.

Section 2. Asset Distribution. All assets of PACT utilized in each program shall be distributed among those Members which participated in that program in accordance with a distribution plan developed by the Board. The Board shall determine such distribution within six months after final distribution of all claims pending at the termination of this Agreement and PACT.

Section 3. Final Contributions. Any Member, which was a participant in a program of PACT shall be responsible for any additional amount of contributions as determined by the Board in accordance with a Loss allocation formula as necessary for final disposition of all claims arising from losses under that program during the Member's period of participation.

#### ARTICLE 26

#### CONTRACTUAL OBLIGATION AND MEMBER'S LIABILITY

Section 1. Member's Additional Obligations. In addition to the obligations and responsibilities of the Members expressly set forth in the Agreement, the Members agree to take no action or engage in any conduct inconsistent with this Agreement and the Bylaws of PACT.

Section 2. Enforcement of this Agreement. Except as limited by the provisions in Article 3, Section 4, the terms of this Agreement may be enforced in a court of law by the Board.

Section 3. Consideration. The consideration for the duties herewith imposed upon the Members to take certain actions and to refrain from certain other actions shall be based upon the mutual promises and agreements of the Members set forth herein.

Section 4. Duplicate Originals. This Agreement and the Bylaws of PACT may be executed in duplicate originals, and their execution and approval by the Members shall be evidenced by a certified copy of a resolution by the Board of Trustees, provided, however, that except to the extent of the financial contributions to PACT agreed to herein, or such additional obligations as may come about through amendments to this Agreement, or the Bylaws of PACT, no Member shall be responsible for any claims in tort or contract asserted against any other Member.

Section 5. Limitation of Members' Relationships. In the creation of PACT, the Members intend only to establish an organization for joint insurance and self-insurance programs in accordance with the terms and within the scope of this Agreement and have not intended to create as between Members any other relationships of surety, indemnification or responsibility for the debts or claims of any other Member.

Section 6. Members' Liability. The liability of each Member for the obligations of PACT shall be joint and several in accordance with the requirements as set forth in Chapters 616 and 617 of the Nevada Revised Statutes and regulations pertaining thereto.

Section 7. Responsibility for Assessments. Members who have withdrawn or have been terminated shall remain subject to the payments of any assessments for the year (s) during which such Member was a participant in the program of PACT.

## ARTICLE 27

### ASSESSMENTS

Section 1. Additional Contribution and Surcharges for Excessive Losses. If PACT experiences such a number of Losses or costs under a program during a Policy Year, so that notwithstanding insurance and reinsurance coverage for individual Losses, the joint pooled funds for the program may be exhausted, the Executive Committee may, upon consultation with a casualty actuary, impose contributions and/or surcharges on all Participating Members, which, in total amount, will assure adequate resources to PACT for the payment of all such Losses, but not to exceed two times the most recent annual contribution without approval of two-thirds of the Board of Trustees.

Section 2. Assessments When Liabilities Exceed Assets. The amount of any liability in excess of assets shall be assessed to the Members that are or were members of PACT within thirty (30) days after a deficiency is identified and shall be payable thereafter by the Members within ninety (90) days.

Section 3. Assessments for Operational Costs Deficiencies. The Board at its discretion may assess the Members for costs incurred in the operation and maintenance of PACT and for its purposes in the form, manner and amount prescribed by the Board for the Policy Year out of which the deficiency arose.

Section 4. Enforcement of Assessments. PACT is empowered to enforce the assessments hereunder and as provided elsewhere in this Agreement by appropriate legal proceedings.

#### ARTICLE 28

##### BYLAWS AND PROCEDURES MANUAL

Section 1. Bylaws. The Board shall adopt Bylaws to provide for the operation and administration of PACT.

Section 2. Procedures Manual. The Board shall cause the preparation of a Procedures Manual to govern the day-to-day operations of PACT.

#### ARTICLE 29

##### NOTICES

Section 1. Notices to Members. PACT shall address all notices, billings and other communications to a Member under this Agreement as directed by the Member of PACT.

Section 2. Notices to PACT. Members shall address notices and other communications to PACT to the Executive Director, Public Agency Compensation Trust, 201 S. Roop Street, Suite 102 , Carson City, Nevada, 89701.

#### ARTICLE 30

##### AMENDMENT

This Agreement may be amended at any time by a vote of two-thirds of the Members present at a meeting.

ARTICLE 31

PROHIBITION AGAINST ASSIGNMENT

No Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any member shall have any right, claim or title to any part, share, interest, fund, contribution, premium or asset of PACT.

ARTICLE 32

AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the Members. There are no oral understandings or agreements not set forth in writing herein.

ARTICLE 33

GOVERNING LAW AND SEVERABILITY

Section 1. Governing Law. The construction, validity, and affect of this Agreement shall be governed by the laws of the State of Nevada.

Section 2. Severability. Should any covenant, condition, term or provision in this Agreement be deemed by a court of competent jurisdiction to be invalid or unenforceable, all of the remaining covenants, conditions, terms and provisions herein shall remain in full force and effect.

ARTICLE 34

FILING WITH ATTORNEY GENERAL

~~The Executive Director of PACT shall file a notice of this Agreement with the office of the Attorney General within thirty (30) days of its effective date as required by Nevada Revised Statutes.—~~

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## **PUBLIC AGENCY COMPENSATION TRUST**

### **BYLAWS**

Adopted: April 1, 1996  
Revised: May 2, 1997  
Revised: May 1, 2000  
Revised: May 2, 2003  
Revised: April 28, 2005  
Revised: May 2, 2007  
Revised: May 1, 2009  
Revised: April 26, 2013  
Revised: May 1, 2015  
Revised: April 29, 2016  
Revised: April 20, 2018



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**BYLAWS OF THE  
PUBLIC AGENCY COMPENSATION TRUST**

ARTICLE I: PACT PHILOSOPHY AND STRUCTURE

SECTION 1.01. PHILOSOPHY.

The philosophy of PACT is to maintain long term stability in the costs and coverages provided by PACT to its Members through risk management.

SECTION 1.02. GENERAL STRUCTURE.

PACT is governed by its Board of Trustees consisting of representatives of each Member as defined in the Interlocal Cooperation Agreement

SECTION 1.03. DUTIES AND RESPONSIBILITIES.

The responsibilities of PACT to Members shall be:

- (a) To provide a source of workers compensation coverage;
- (b) To provide such risk management services and materials for education purposes as the Members determine are necessary and affordable;
- (c) To provide guidance in organization and operation of a risk management program by each Member;
- (d) To provide risk management advice when needed or necessary;
- (e) To conduct the business of PACT so as to continue to operate as PACT; and
- (f) To collect and disburse funds for the sound financial organization and operation of PACT.

SECTION 1.04. DUTIES AND RESPONSIBILITIES OF A MEMBER.

The duties and responsibilities of a Member shall be:

- (a) To comply with the Interlocal Cooperation Agreement, Bylaws, policies, procedures and objectives of PACT;
- (b) To maintain good community relations with the primary objective being reduction of risks;
- (c) To make timely submissions to PACT and its insurers of contributions to PACT's Loss Fund, administrative fees, and insurance premiums;

- (d) To publish for the Member and the files of PACT, guidelines for the operation of the Member's Risk Management Program;
- (e) To appoint a PACT Liaison and to support the purposes of that function in accordance with Article 19 of the Interlocal Cooperation Agreement;
- (f) To comply with the requirements of PACT and to submit claims to the claims servicing organization promptly;
- ~~(g) Maintenance Deductibles – Each Member's maintenance deductible is chargeable to the Member at the time of payment made on a claim by PACT. The maintenance deductible applies once to each loss. Each member shall reimburse PACT promptly and not later than 30 days after billing. Should the Member dispute the applicability of the maintenance deductible, the Member shall pay the amount due with an accompanying request for review by the Executive Committee, whose decision shall be final; and~~
- (gh) Each Member shall establish a fund or account for the purposes stated in the following description entitled "Self-Insurance Fund" which shall be administered by PACT Liaison or such other person as designated by the Member.

#### SELF-INSURANCE FUND

1. This fund has been established to: pay for losses not covered by PACT or which are within PACT Member's maintenance deductible including:
  - a. workers compensation claims,
  - b. other claims or uses deemed appropriate by the governing board.
2. This fund will maintain reserves for catastrophic or uninsured claims.
3. The administrator of the fund is PACT Liaison.
4. Claims that are deemed appropriate according to the risk management policies of the governing board will be paid from the Self-Insurance Fund.
5. Any questions regarding the Self-Insurance Fund (claims to be paid, etc.) should be directed to PACT Liaison.

#### SECTION 1.05. NEW MEMBERS.

The Executive Committee shall have sole power to accept new Members when a prospective Member demonstrates:

- (a) A desire to join PACT;

- (b) Willingness to abide by the Interlocal Cooperation Agreement, Bylaws, policies, procedures and objectives of PACT;
- (c) That its risks and loss history are acceptable to the Executive Committee; and
- (d) That it agrees to maintain an effective risk management program.

## ARTICLE II: OFFICES

### SECTION 2.01. PRINCIPAL OFFICE.

PACT's principal office shall be fixed and located in such place as the Board shall determine. The Board is granted full power and authority to change said principal office from one location to another.

### SECTION 2.02. OTHER OFFICES.

Branch or subordinate offices may be established at any time by the Board at any place or places.

## ARTICLE III: MEMBERS MEETINGS

### SECTION 3.01. PLACE OF MEETINGS.

Meetings of the entire Membership shall be held at any place designated by the Board.

### SECTION 3.02. ANNUAL MEETINGS.

The annual meeting of all Members of PACT shall be held prior to the end of each fiscal year. The Executive Committee shall be elected at the annual meeting and any other proper business may be transacted at the annual meeting.

### SECTION 3.03. SPECIAL MEETINGS.

Special meetings of the Membership shall be held as may be determined necessary by the Executive Committee or the Board.

### SECTION 3.04. NOTICE OF ANNUAL OR SPECIAL MEETINGS.

Written notice of each annual or special meeting of Members shall be given in accordance with the Nevada Open Meeting Law NRS Chapter 241. Such notice shall state the place, date and hour of the meeting, and

- (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or
- (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action.

### SECTION 3.05. CONDUCT OF MEMBER MEETINGS.

The Chair of the Board may preside as Chair at all meetings of the Members. The Chair shall conduct each such meeting in a business like and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The Chair shall have all of the powers usually vested in the Chair of a meeting of Members.

### SECTION 3.06. ANNUAL MEETING BUSINESS

The Annual Meeting agenda must include the following topics required by the Nevada Administrative Code:

- (a) Review by the Board of Trustees at least annually of the financial condition of each member and prompt notification to the members of any member determined to be operating in a hazardous financial condition;
- (b) Review by the members at least annually of the loss experience of each member of the association; and
- (c) Review for the removal of members with an excessive loss experience or members determined by the Board of Trustees to be operating in a hazardous financial condition.

## ARTICLE IV: TRUSTEES

### SECTION 4.01. POWERS.

Subject to any limitations contained in PACT's Interlocal Cooperative Agreement ("Agreement"), these Bylaws or the Law relating to action required to be approved by the Members or by a majority of all the Members, the activities and affairs of PACT shall be conducted and all powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of PACT to any person or persons, management company, or committee however composed, provided that the activities and affairs of PACT shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all officers, agents, service providers and employees of PACT, prescribe powers and duties for them as may not be inconsistent with law, the Agreement or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate;
- (b) To conduct, manage and control the affairs and activities of PACT, and to make such rules and regulations therefor not inconsistent with Law, the Agreement or these Bylaws, as they may deem appropriate;
- (c) To authorize memberships in PACT from time to time, upon such terms and for such consideration as may be lawful; and

- (d) To borrow money and incur indebtedness for the purposes of PACT, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefore.

#### SECTION 4.02. ALTERNATE VOTING REPRESENTATIVE.

The Alternate Voting Representative to the Board of Trustees shall have the full powers of the Representative when attending Board meetings in place of the Representative.

#### SECTION 4.03. RIGHTS OF INSPECTION.

Every trustee shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of PACT.

#### SECTION 4.04. VACANCIES.

- (a) Subject to the provisions of the Agreement, any trustee may resign effective upon giving written notice to the Chair of the Board, the Executive Director, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.
- (b) Vacancies on the Board may be filled by the Member at its next regular meeting.
- (c) A vacancy in the Board shall be deemed to exist in case of withdrawal of the Member from PACT, the death, resignation or removal of any Trustee, or if the authorized number of Trustees be increased, or if a Member fails, at any regular or special meeting of the Member at which any Trustee is elected, to elect its authorized Trustee.
- (d) The Board may declare vacant the office of a Trustee who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under the laws of the State of Nevada or the Agreement. In addition, the Board may remove, and declare vacant, the office of a Trustee who fails to attend any Board meetings within any one fiscal year.
- (e) Vacancies on the Executive Committee that occur between meetings of the Board may be filled by the Chair, or the remaining Executive Committee Members may appoint a replacement,-- to serve until the next Annual Meeting of the Board as described in Article III, Section 3.02 of these Bylaws.
- (f) Upon withdrawal of a Member from PACT, its board positions shall be eliminated upon the effective date of withdrawal.

#### SECTION 4.05. REMOVAL OF TRUSTEES.

Except as otherwise provided by the Law, any or all Trustees may be removed with or without cause, if approved by the Members.

#### SECTION 4.06. FEES AND COMPENSATION.

Trustees shall not receive any compensation for their services as Trustees or as Members of committees or commissions, but, by resolution of the Board, reimbursement or advancement may be made for any expenses incurred or paid by them for the benefit of PACT.

PACT shall not make any loan of money or property to, or guarantee the obligation of, any Trustee or officer, unless approved by the Nevada Insurance Commissioner.

#### SECTION 4.07. REPRESENTATIVES MUST BE AN OFFICER OR ANY EMPLOYEE OF MEMBER.

The representative or alternate representative of each Member must be an officer or employee of the Member. No other person or organization shall be permitted to serve on the Board of Trustees.

### ARTICLE V: COMMITTEES

#### SECTION 5.01. EXECUTIVE COMMITTEE:

- (a) Appointments to the Executive Committee shall be by a majority vote of the trustees then in office. A majority of all the Members of the Executive Committee may determine its rules of procedure unless the Board shall otherwise provide. The Board shall have the power to change the Members of the Executive Committee at any time, either with or without cause, and to fill vacancies; provided, however, that all appointments to the Executive Committee shall be by a majority vote of the trustees then in office.
- (b) The Board may, at any regular or special meeting, overrule any action or actions of the Executive Committee by a majority vote of all Members of the Board, provided that any such action will not affect the contractual rights of parties outside the Organization.

#### SECTION 5.02. STANDING OR SPECIAL COMMITTEES.

- (a) In the event that the Board determines that the management of PACT would be benefited by the establishment of one or more standing or special committees, in addition to the Executive Committee, the Board may from time to time establish one or more such committees.
- (b) The term "standing committee" or "special committee" shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board.
- (c) The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the trustees then in office, which specifically sets forth the powers and duties delegated to such committee and specifically identifies the committee as a "standing" or "special committee." Each such



committee shall consist of two or more trustees and shall be presided over by a trustee selected by the Board.

- (d) Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the Chair of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the Chair of the standing or special committee.

#### SECTION 5.03. LIMITATIONS UPON COMMITTEES OF THE BOARD.

No committee of the Board shall have any of the authority of the Board with respect to:

- (a) The approval of any action for which the Law or Agreement also requires approval of the Members or approval of a majority of all Members;
- (b) The filling of vacancies on the Board or on any committee which has the authority of the Board, except as provided in Section 4.04 VACANCIES (e);  
;
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; and
- (e) The appointment of other committees of the Board or the Members thereof if such committee will have the authority of the Board.

### ARTICLE VI: OFFICERS

#### SECTION 6.01. OFFICERS.

The officers of PACT shall be the Chair and the Vice Chair of the Board.

#### SECTION 6.02. ELECTION.

Members shall elect one Trustee, by a majority of the votes cast, to serve a two year term as Chair and one Trustee to serve a two year term as Vice Chair.

#### SECTION 6.03. SUBORDINATE OFFICERS.

The board may elect, and may empower the Chair to appoint, such other officers as the business of PACT may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

#### SECTION 6.04. REMOVAL AND RESIGNATION.

The Chair or any other officer may be removed at any time, either with or without cause, by the vote of two-thirds of the entire Board or, in the case of an officer who is chosen under Section 6.03, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to PACT, but without prejudice to the rights, if any, of PACT under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified herein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### SECTION 6.05. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

#### SECTION 6.06. CHAIR OF THE BOARD.

The Chair of the Board shall assume the duties and responsibilities normally associated with the position or those duties assigned by the Board.

#### SECTION 6.07. EXECUTIVE DIRECTOR.

The Executive Director shall be the chief administrative officer of PACT and, subject to the control of the Board, shall:

- (a) Supervise, direct, and control the business and affairs of PACT;
- (b) Provide adequate staff to administer PACT;
- (c) Supervise, direct, and control the collection, deposit, investment, and disbursement of all funds of PACT in accordance with the specific or general instructions of the Executive Committee or the Board;
- (d) Be a nonvoting ex-officio member of the Board, Executive Committee, and all standing committees and, whenever practical, serve as the staff advisor and recording secretary thereof;
- (e) Have the general powers and duties of management usually vested in the office of an Executive Director or general manager of a quasi-governmental organization; and
- (f) Have such other powers and duties as may be prescribed by the Board or these Bylaws.

#### SECTION 6.08. FISCAL OFFICER.

The Chair shall designate a member of the Board to serve as the Fiscal Officer of PACT.

## ARTICLE VIII: MISCELLANEOUS

### SECTION 7.01. INSPECTION OF AGREEMENT AND BYLAWS.

PACT shall keep in its principal office in the State of Nevada the original or a copy of its Agreement and of these Bylaws as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours. PACT shall upon the written request of any Member furnish a copy of the Agreement or Bylaws as amended to date.

### SECTION 7.02. ENDORSEMENT OF DOCUMENTS: CONTRACTS.

Subject to the provisions of applicable law, no note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between PACT and any other person shall be valid and binding on PACT unless the signing officers had the authority to execute the same. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind PACT by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

### SECTION 7.03. CONSTRUCTION AND DEFINITIONS.

Unless the context otherwise requires, the general provision, rules of construction and definitions contained in the provisions of Nevada Law shall govern the construction of these Bylaws.

### SECTION 7.04. MAINTENANCE OF CORPORATE RECORDS.

The accounting books, records, minutes of proceedings of the Board and its Committees shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of PACT. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed or printed form.

### SECTION 7.05. ANNUAL REPORT.

The Board shall cause an annual report to be furnished to the trustees and Members not later than one hundred twenty days after the close of PACT fiscal year. The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such accountant's report, the certificate of an authorized officer of PACT that such statements were prepared without audit from the books and records of PACT. The annual report shall contain in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of PACT as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

- (c) The revenue or receipts of PACT, both unrestricted and restricted to particular purposes, for the fiscal year; and
- (d) The expenses or disbursements of PACT, for both general and restricted purposes, during the fiscal year.
- (e) The annual financial report shall be prepared in accordance with Generally Accepted Accounting Principles

#### SECTION 7.06. FISCAL YEAR.

The fiscal year of PACT shall commence on July 1 of each year and end on June 30 of the following year.

### ARTICLE IX: AMENDMENTS

#### SECTION 8.01. BYLAWS.

- (a) New Bylaws may be adopted or current Bylaws may be amended or repealed by the vote of two-thirds of the Members.
- (b) In addition to the right of the members as provided in subparagraph (a) to adopt, amend or repeal Bylaws, and except as otherwise provided in the Law, Bylaws may be adopted, amended or repealed by the Board by a two-thirds vote of the Trustees present and voting (but not less than a majority of the entire Board) at a Board meeting unless the action would materially and adversely affect the rights of the Members as to voting.

#### SECTION 8.02. INTERLOCAL COOPERATION AGREEMENT

The Interlocal Cooperation Agreement may be amended if approved by a two-thirds vote of the trustees present and voting (but not less than a majority of the entire Board) at a Board meeting.

#### SECTION 8.03. ADOPTION.

These Bylaws were adopted by the vote of two-thirds of the Members, present in person, at the annual meeting of the Members. These Bylaws shall become effective immediately upon adoption and shall repeal and supersede all previous Bylaws of PACT.

**PUBLIC AGENCY COMPENSATION TRUST**  
**POLICY STATEMENT**

**SUBJECT:**        **CLAIMS ADMINISTRATION**

**GOAL:**            To assure that workers compensation claims are handled properly to protect the interests of PACT and its Members.

**STATEMENT:**   -   This claims administration policy shall apply to incidents and situations in which Members may have coverage afforded by PACT.

-   Elected or appointed officials, employees and volunteers, whether or not compensated, while acting for a member or on its behalf, including commissions, agencies, districts, authorities, boards (including the governing board) or similar entities which operate under a Member's supervision or control, should be careful in their actions and not expose the Member or PACT to unnecessary liability.

**STRATEGIES:**   -   PACT's claims administrator provides Claims reporting procedures. Each Member should adhere to these procedures in order to assure that both its interests and PACT's properly are protected.

-   Severe and serious incidents should be reported immediately, such as:

- a.   Death
- b.   Any severe head injury involving brain damage affecting mentality or central nervous system - such as permanent disorientation, behavior disorder, personality change, seizures, motor deficit, inability to speak (Aphasia), hemiplegia or unconsciousness (Comatose);
- c.   Impaired or loss of use of limbs (amputation of major members)
- d.   Injury affecting the capacity of sight, taste, smell or hearing
- e.   Disfigurement
- f.   Injury to the reproductive organs
- g.   Multiple fractures - involving more than one member, malunion or significant shortening of the limbs;
- h.   Nerve damage causing paralysis and loss of sensation in any body            member;
- i.   Injury causing incontinence of bowel or bladder
- j.   Extended disability (six months)
- k.   Severe burns- involving over 10% of body with third degree or 30% with second degree;
- l.   Multiple persons injured in a common occurrence
- m.   Psycho-neurotic involvement
- n.   Other incidents that may merit special notification
- o.   Massive internal injuries affecting body organ or organs;

## ACTIVITIES:

The following describes the employer's statutory obligations in the event of an injury or occupational disease:

- Provide forms for employee use and complete injury or occupational disease reporting requirements and forward the required documents in the allowable timeframe:
  - *C-1, Notice of Injury or Occupational Disease (Incident Report)*
  - *C-3, Employers Report of Industrial Injury or Occupational Disease (NRS 616C.015 & 616C.045)*
- Provide immediate first aid to an injured employee (**NRS 616C.085**)
- Complete the workers' compensation claim form (C-3) within 6 working days of receipt of the C-4 form from the medical provider and file it with insurer. (**NRS 616C.045**)

Each member should maintain its own set of records, as a loss log, to insure accuracy of PACT's loss reporting system. Sample internal reporting procedures are provided by PACT.

- PACT will coordinate the claims administration with Member's claims coordinator.
- At least once every three years, an independent claims audit will be conducted of the PACT's claims administrator and the results will be reported to the Board for action to assure deficiencies are corrected by the claims administrator.
- The PACT Board shall establish a list of qualified defense counsel and coverage attorneys.  
The qualified defense counsel and coverage attorneys will provide a certificate of insurance or a copy of their professional liability insurance on file with the claims manager.
- The claims administrator will maintain adequately documented files and communicate with Members as to the reasons for denials and settlements.

Adopted 5/96  
Revised 5/1/2000  
Revised 5/1/2009  
Revised 4/29/2016  
Revised 4/20/2018

**PUBLIC AGENCY COMPENSATION TRUST**  
**POLICY STATEMENT**

**SUBJECT:**           **Service Providers' Bill of Rights**

**GOAL:**             Service Providers basic rights while providing services to PACT include being treated consistently with dignity, respect, and professionalism.

**STATEMENT:**     Service Providers should not be expected to provide gifts, perks or other benefits to members of the PACT board or staff members (or any person or organization associated with them) as a condition of doing business with PACT.

Service Providers should expect fair and equitable treatment in the procurement process. Every competitive bidding process should be open, well defined and transparent. PACT recognizes that there is a direct cost to the Service Providers in preparing every service proposal.

Service Providers should expect to have a written service agreement with PACT, specifying all terms and conditions of their contractual relationship. *Contracts for services between PACT and a service provider include the following contract provisions:*

- *Agreement term;*
- *Scope of services provided;*
- *Form and timing of periodic reporting by the service provider to the pool;*
- *Performance measures and corresponding reporting methods;*
- *Compensation details;*
- *Ownership and confidentiality of pool information;*
- *Business continuity obligations of the service provider;*
- *Data security obligations of the service provider;*
- *Records retention Standards and accountabilities;*
- *Compliance with applicable state and federal regulations;*
- *Indemnification of the parties and insurance requirements;*
- *Assignability of the contracted relationship;*
- *Cancellation and termination of the agreement;*
- *Breach definition and remedies;*
- *Legal venue to resolve disputes; and, Choice of law.*

Service Providers should only be expected to provide services contained within the scope of their service agreement.

Service Providers should be paid in a timely manner for services rendered in accordance with the provisions of their service agreement.

## STRATEGIES:

- The PACT board has established a written Conflict of Interest policy regulating its affairs and the conduct of its members. The PACT Board is dedicated to the principle that conflicts of interest (defined as situations in which a person has a duty to more than one person or organization, but cannot do justice to the actual or potentially adverse interests of both parties) should be avoided and where present shall be fully disclosed in accordance with the PACT Board Policy Statement on Conflict of Interest. This includes situations when a member of the PACT Board or staff has personal interests (including those of his/her family) that may be contrary to his/her loyalty to the PACT. Service Providers should honor and uphold the POOL Board policy.
- *PACT follows Nevada Revised Statutes Chapter 322 Local Government Purchasing Act for Service Provider Contracts. This Chapter defines the dollar amount for service contracts above which it utilizes a transparent, competitive selection process for the procurement of services; or has documented reasons why a competitive selection process is not being used for a service above the documented dollar amount.*
- *Service Provider Contracts above \$50,000 will require the review and approval by general counsel as to form. Board or the Executive Committee will approve all significant contracts on behalf of PACT.*
- *The PACT Board shall receive annual documentation of service contracts the pool is engaged in, including contract compensation parameters and especially noting any contract terms with any service provider that involve the pool paying and/or receiving commission-based fees, percentage of savings, or similar compensation structures in connection with the annual budget approval.*
- Service Providers are expected to provide policy proposals and recommendations to the PACT Board and provide members of the PACT Board with information and advice as a basis for making decisions. Once the PACT Board has acted, Service Providers are responsible for implementing and upholding all official policies and decisions adopted by the PACT Board, without interference.
- Service Providers share a responsibility to communicate with the PACT's membership regarding PACT objectives, activities and outcomes and should seek to improve the quality and image of governmental risk-sharing pools at all times.
- The PACT Board is dedicated to the principle that all matters of procurement, personnel administration and outside contracting are administered on the basis of merit so that fairness and impartiality govern all governance and management decisions.
- The PACT Board is dedicated to the principle that matters of PACT governance and/or PACT management and administration cannot be bought or sold. No Service Provider should ever solicit a personal gift of any value from any PACT Board



member, Member, staff or third-party performing work on behalf of or in any way associated (or potentially associated) with PACT. Each Service Provider must disclose the receipt of gifts, services, sponsorships and meals.

Adopted 5-5-07  
*Revised 4/29/2016*

DRAFT

**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	2017-2019	Elko County	Chair		X		
Dan Corona	2017-2019	West Wendover		X			
Josh Foli	2017-2019	Lyon County	Vice Chair		X		
Lisa Jones	2017-2019	Eureka Co. School District				X	
Bev Conley	2016-2018	Eureka County		X			
Ann Cyr	2016-2018	Carson City School District				X	
Gerry Eick	2016-2018	Incline Village GID	Fiscal Officer				X

**Voting Special Districts/Towns:**

Bob Spellberg (retiring 11/2017)	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
Ron Brugada	Southern Nevada Health District	X
Scott Baker	Tahoe Douglas Fire Protection District	X

**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 (resigning end of 2017)	2017-2019	Churchill County					
Mike Giles	2017-2019	City of Lovelock	X				
Josh Foli	2017-2019	Lyon County		X			
Cash Minor	2017-2019	Elko County		X			
Chris Mulkerns	2017-2019	Town of Tonopah				X	
Cindy Hixenbaugh	2017-2018	Pershing General Hospital					X
Steve West (retiring 10/4/2017)	2016-2018	City of Winnemucca	X				
Paul Johnson	2016-2018	White Pine Co. School District			X		

**Potential Replacements:**

Geof Stark	2018-2020	Churchill County	X				
Elizabeth Francis	2017-2018	White Pine County					

**Voting Special Districts/Towns:**

Tod Carlini	East Fork Fire Protection District	X
Gerry Eick	Incline Village GID	X
Chris Mulkerns	Town of Tonopah	X
Ron Brugada	Southern Nevada Health District	X
Scott Baker	Tahoe Douglas Fire Protection District	X

**Voting Hospitals:**

Linda Lauritzen or Nancy Lockridge	Battle Mountain General Hospital	X
Jason K. Bleak or Missie Rowe	Grover C Dils Hospital	X
Sandi Lehman or Rose Marie Green	Humboldt General Hospital	X
Jonalee Roberts or Greg Schumann	Mt Grant General Hospital	X
Patti Bianchi or Cindy Hixenbaugh	Pershing General Hospital	X



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

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**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 20, 2018**

**AGENDA**

**April 20, 2018**

**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:**
    - Board Meeting April 27, 2017
    - POOL Executive Committee December 15, 2017
  - b. Acceptance of Interim Financial Statements**
  - c. Approve Resolution to Submit Application to AGRiP for Recognition Under their Advisory Standards**
- 4. For Possible Action: Acceptance of Audit for June 30, 2017**
- 5. For Possible Action: Acceptance of Reports**
  - a. Large Loss Report**
  - b. Actuarial Update**
- 6. For Possible Action: Acceptance of Renewal Reinsurance and Insurance Proposals and Options**

7. **For Possible Action: Acceptance of Budget for 2018-2019**
8. **For Possible Action: Action regarding these topics:**
  - a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition
  - b. Review of the loss experience of each Member of the association - Claims Experience Report Summary
  - c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition
9. **For Possible Action: Approve Changes to NPAIP**
  - a. Interlocal Cooperation Agreement
  - b. Bylaws
  - c. Claims Administration Policy
  - d. Service Providers Bill of Rights Policy
10. **For Possible Action: Approval of Changes to POOL Form**
11. **For Possible Action: Election of Executive Committee for Two Year Terms from 2018-2020**
  - a. One Representative from School Districts
  - b. One Representative from Counties and/or Cities with under 35,000 population
  - c. One Representative from Special Districts
12. **For Possible Action: Election of Chair and Vice Chair**
13. **Public Comment**
14. **For Possible Action: Adjournment**

This Agenda was posted at the following locations and on the State's Website [notice.nv.gov](http://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.



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

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**Minutes of the Meeting of  
the Board of Directors and of the Executive Committee of  
Nevada Public Agency Insurance Pool  
Place: Atlantis, Reno, Nevada  
Time: 1:00 p.m. or  
Upon adjournment of PACT Board Meeting  
Date: April 27, 2017**

**1. Introductions and Roll**

A quorum being present, 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:**
  - Board Meeting April 29, 2016
- b. Acceptance of Interim Financial Statements**

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

**4. For Possible Action: Acceptance of Audit for June 30, 2016**

Chair Minor reviewed highlights of the audit. Gerry Eick, Chair of the Audit Committee, commented that because of the transfer of assets from POOL to PRM, it may be useful to use the popular reporting method to present a combined pool and captive report so members have a better appreciation of how the two organizations work together financially.

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

**5. For Possible Action: Acceptance of Reports**

- a. Large Loss Report**
- b. Actuarial Update**
- c. Litigation Status Report: Virgin Valley Water District vs. NPAIP**

a. Donna Squires reviewed the large losses over \$300,000 noting the costliest cases were the errors and omissions cases. She commented that three fifths of the large claims were liability claims. Large property losses from the earthquake in 2008 and the floods currently going on in 2017 were significant. She responded to questions about attorney's fees noting that the POOL's strategy to defend strongly where appropriate contributed to higher costs, but also deterred frivolous claims.

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

b. Chair Minor asked Mike Rebaleati whether there was an update report, but Mike indicated there was not.

c. Wayne Carlson noted that he had reviewed this status under the Executive Director's report during the Joint Boards Meeting.

**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**

a. Wayne Carlson reviewed the proposed coverage changes and the rationale highlighting the written report. He responded to questions about the various changes. He noted particularly the removal of Attachments C & D for the POOL Form was done to remove confusion. Doing this does create potential additional risks to the POOL because older limits would no longer apply and only the current claims made limit would. He cited a couple of potential scenarios in which students have an extended period for the statute of limitations to apply and for post-conviction relief situations where the newly released inmate may have a claim under a prior period and limits or under the current period and limits. He clarified the intent under the proposed changes to the replacement cost on emergency response vehicles was done to improve understanding and to give three options to the members in the event of a total physical loss or a loss in which the vehicle could not be certified as safe to operate even if a partial physical loss. He noted that the current reinsurers are satisfied with the proposed changes.

b. On motion and second to approve the proposed changes to the POOL form, the motion carried.

**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**

a. Steve Firman, our guest from London, was introduced and presented his history as a London broker along with an overview of how the Lloyds market works. He noted the importance of the personal visits by the POOL staff and executive committee members to maintaining a long-term relationship with the Lloyds syndicates. He said this results in underwriters having greater interest in maintaining a stable program for the POOL. He gave anecdotes about his experience since 1968 in the market and with working with the POOL over the last 10 years.

b. Steven Romero presented the renewal proposal and options. He reviewed the reinsurance structure for the present year and the proposed options for the renewal. He reminded the board that the POOL had purchased two new products for the members in the current year and that they were being offered for renewal at the same price: Student Accident Medical for schools and Blanket Pollution Legal Liability for all members. The POOL did not allocate any of the costs to the Members. In addition, he noted that the Terrorism Property and Liability programs were purchased as two-year policies in the current year and that next year's pricing was reduced due to front-loading that occurred in the current year.

For CRL and GEM coverage, the renewal coverage limits will remain the same with a slight increase from CRL and a slight decrease from GEM. CRL has a quota share of 70% of \$2,500,000 excess of \$500,000 POOL retention for other than schools with PRM bearing 30% for other than schools. GEM will continue to take a 35% quota share of \$7,000,000 excess of \$3,000,000 along with Brit sharing

40% and PRM taking the remaining 25% share. For United Educators, PRM now will take a 25% quota share for the schools' limits, reducing UE's share to 75% of \$2,500,000 excess of \$500,000 POOL retention.

For the property reinsurance program, various Lloyds syndicates provide reinsurance up to \$300,000,000 per event other than earthquake and flood, and \$150,000,000 aggregate for earthquake and \$150,000,000 aggregate for flood except Flood Zone A is \$25,000,000 aggregate, all excess of the POOL \$500,000 retention. PRM bears \$300,000 of the POOL's \$500,000 retention.

It was noted by Gerry Eick that these changes reflected the POOL's strategy to utilize its own captive to extend our self-sufficiency between the POOL and PRM. Mike Rebaleati commented that PRM now is participating in all layers of coverage.

On motion and second to approve the proposed renewal, the motion carried.

**8. For Possible Action: Acceptance of Budget for 2017-2018**

Wayne Carlson reviewed key elements of the budget.

On motion and second to accept 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 opened discussion noting that Nye County is being provided assistance from the Department of Taxation, although not under fiscal watch.

On motion and second to note this review, the motion carried.

**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**

Chair Minor reviewed the candidates for election noting that incumbents Lisa Jones for item a, and incumbents Cash Minor and Josh Foli for item d. As for item b, Wayne Carlson commented that after the board packet was distributed, he received a call from Pat Whitten expressing his desire to withdraw as a candidate considering his time commitments to large projects in Storey County. This creates an opening for a replacement candidate. Chair Minor opened nominations for this position. Daniel Corona from the City of West Wendover volunteered to serve under item b. Chair Minor called for any other nominations and hearing none, closed the nominations.

On motion and second to reelect Lisa Jones for item a, the elect Daniel Corona for item b and to reelect Cash Minor and Josh Foli for item c, the motion carried.



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

Chair Minor indicated that both he and Josh Foli were willing to continue to serve as Chair and Vice Chair respectively. He opened the floor for any other nominations and hearing none, closed the nominations.

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

**12. Public Comment**

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

**13. For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

**The 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**



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  
Executive Committee of  
Nevada Public Agency Insurance Pool**

**Date: Friday, December 15, 2017**

**Time: 10:00 A.M.**

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

**Conference Call-In Phone No: 1-800-593-9034; Passcode: 15042**

**AGENDA**

**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. Public Comments are Limited to Three Minutes per Person.**
- 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. Roll**

Members present: Cash Minor, Gerry Eick, Ann Cyr, Josh Foli, Dan Corona

Members absent: Beverly Conley, Lisa Jones

Others present: Jack Angaran, Stephen Balkenbush, Wayne Carlson, Donna Squires, Marshall Smith

A quorum being present, 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: Discussion and potential direction to the legal counsel to sign on to an amicus curiae brief supporting the State of Nevada's Petition for Writ of Mandamus or Prohibition filed in State of Nevada, Division of Forestry v. District Court, Supreme Court Case No. 74271 (Little Valley Fire).**

Chair Minor opened this item for discussion. Wayne Carlson provided a summary of the issues and rationale for joining as amicus in this case. He noted that Jack Angaran, coverage counsel for NPAIP, and he had discussed this from a coverage form perspective. The POOL

Form excludes takings type cases, but does cover tort liability. This case creates confusion regarding what is covered regarding certain takings cases that allege damages that may be construed as a tort. Thus, having the court clarify what law applies is important both to the POOL and to its members. He said that the contribution costs would be less than \$5,000, a share of the total which would be reduced as more join in. Wayne noted that he had received a draft of the proposed amicus brief last night as had legal counsel. He then asked Steve Balkenbush as general counsel to the POOL, to provide his insights.

Steve Balkenbush noted that the amicus arose from the writ of mandamus in the underlying case and that the court had agreed to review the case on appeal within 30 days. Thus, there is an opportunity to file an amicus curiae to seek clarification of the takings issues so that it does not become tort law damages because of this case. He noted that about 12 public entities agreed to join as amici thus far. He recommended that the POOL join as well. In response to questions, he commented that there would be no liability to the POOL beyond the contribution to the amicus effort. He emphasized that the amicus purpose is to seek clarification of the law, not to take sides in the underlying case.

Cash Minor called for a motion. On motion and second to direct counsel to sign on to the amicus brief addressing the legal issues of the case cited regarding the State of Nevada's Petition for Writ of Mandamus or Prohibition filed in State of Nevada, Division of Forestry v. District Court, Supreme Court Case No. 74271 (Little Valley Fire), Chair Minor asked for further discussion or public comment on the motion, the motion carried.

#### **4. Public Comment**

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

#### **5. For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

**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  
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**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

Balance Sheet  
February 28, 2018

## ASSETS

## Current Assets

Cash - Claims - Wells Fargo	(\$ 9,604.22)
Cash - Admin. - Wells Fargo	570,572.86
A/R PARMS	47.00
Building Accounts Receivable	<u>3,150.00</u>

Total Current Assets 564,165.64

## Property and Equipment

Land - 2nd & Roop Streets	466,653.05
Building - 2nd & Roop Streets	1,783,715.41
Building Depreciation	(679,762.99)
Equipment	60,528.00
Equip Accumulated Depreciation	(94,856.66)
Building Equipment	51,735.91
It/Network Equipment	4,394.36
Building Equipment Acc. Depr.	(1,155.00)
Building Fixtures	1,323.00
Building Furniture	<u>4,359.75</u>

Total Property and Equipment 1,596,934.83

## Other Assets

Investment Cash Equivalents	472,486.01
Investments	23,611,743.16
Receivable From Invest. Broker	92.57
Public Risk Mutual- Investment	29,477,263.00
PRM Amortization	(14,943,288.54)
Investment Income Receivable	101,768.49
Assessments Receivable	141,372.73
Specific Recoverable	1,751,519.32
Maintenance Deductibles	242,118.64
Prepaid Reinsurance	1,805,271.40
Prepaid Commission - Current	330,081.33
Prepaid Willis Pooling	85,000.00
Prepaid ASC	61,594.24
Prepaid Loss Control Fees	83,336.00
Prepaid Schools Security Prog	35,080.00
Prepaid Other	428.00
Prepaid Casualty Insurance	<u>13,385.54</u>

Total Other Assets 43,269,251.89

Total Assets \$ 45,430,352.36

## LIABILITIES AND CAPITAL

## Current Liabilities

4/3/2018 at 4:14 PM

Unaudited - For Management Purposes Only



NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2018

	Current Month		Year to Date	
<b>Revenues</b>				
Building Supplies Reimbursement	\$ 147.67	0.01	\$ 1,262.35	0.01
Copier Paper Reimbursement	0.00	0.00	858.97	0.01
Rental Income	16,826.00	1.53	182,511.13	1.87
Equipment Lease Reimbursement	417.35	0.04	2,727.70	0.03
Bldg Equip Maint Reimbursement	3,665.62	0.33	10,784.22	0.11
Phone Charges Reimbursement	23.40	0.00	125.96	0.00
Postage Reimbursement	538.73	0.05	1,345.75	0.01
Technology Services Reimbursement	6,293.07	0.57	56,553.37	0.58
Assessments Written	0.00	0.00	14,383,723.11	147.74
Taxes Written	0.00	0.00	7,065.07	0.07
Change in Unearned Assessments	1,199,256.00	108.85	(4,797,027.11)	(49.27)
Investment Interest Income	64,163.55	5.82	492,384.90	5.06
Investment Discount/Premium	(9,222.89)	(0.84)	(77,729.97)	(0.80)
Realized Gain/(Loss) Invest.	0.00	0.00	(4,798.75)	(0.05)
Invest. Unrealized Gain/(Loss)	(180,399.96)	(16.37)	(573,367.07)	(5.89)
Other Income	0.00	0.00	49,623.44	0.51
	<u>1,101,708.54</u>	<u>100.00</u>	<u>9,736,043.07</u>	<u>100.00</u>
<b>Total Revenues</b>				
<b>Cost of Sales</b>				
Reinsurance Ceded	451,314.00	40.96	3,504,043.00	35.99
Special Insurance Programs	0.00	0.00	485,041.20	4.98
Loss Fund Expense	411,142.00	37.32	3,287,844.00	33.77
Commission Expense - Current	68,312.00	6.20	625,572.03	6.43
Willis Pooling Fees	21,250.00	1.93	170,000.00	1.75
ASC Claims Admin. Fees	61,592.00	5.59	464,315.85	4.77
Tax Expense	0.00	0.00	18,442.60	0.19
Loss Control Fees	20,833.00	1.89	166,664.00	1.71
	<u>1,034,443.00</u>	<u>93.89</u>	<u>8,721,922.68</u>	<u>89.58</u>
<b>Total Cost of Sales</b>				
<b>Gross Profit</b>	<u>67,265.54</u>	<u>6.11</u>	<u>1,014,120.39</u>	<u>10.42</u>
<b>Expenses</b>				
Management Services	0.00	0.00	294,489.93	3.02
Sponsorship Fees	1,500.00	0.14	10,074.44	0.10
Counsel Opinions	0.00	0.00	19,299.92	0.20
Travel	5,350.01	0.49	28,470.78	0.29
Casualty Insurance	2,589.00	0.23	20,712.00	0.21
Due & Seminar Fees	1,259.00	0.11	6,409.94	0.07
Audit Expense	0.00	0.00	12,000.00	0.12
Printing/Copying/Subscriptions	729.61	0.07	5,111.80	0.05
Postage	29.43	0.00	134.06	0.00
Office Supplies	297.10	0.03	4,214.72	0.04
Communications Expense	49.04	0.00	1,693.10	0.02
Legal Expense	16,456.10	1.49	16,816.10	0.17
Board & Committee Meetings	1,550.27	0.14	7,486.21	0.08
Actuary Expense	0.00	0.00	12,210.00	0.13
Member Education & Services	38,160.79	3.46	235,442.89	2.42

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2018

	Current Month		Year to Date	
Bank Charges	0.00	0.00	21.59	0.00
Consultants Appraisals	0.00	0.00	85,700.00	0.88
Loss Control Excellence Awards	0.00	0.00	3,604.70	0.04
PRI Contract Services	0.00	0.00	454,620.81	4.67
Loss Control Grants	8,887.37	0.81	40,913.63	0.42
Environmental Consultants	0.00	0.00	(857.94)	(0.01)
Technology Services	17,927.26	1.63	72,505.02	0.74
PRM Amortization Expense	222,032.00	20.15	1,586,256.00	16.29
Investment Expense	10,355.61	0.94	26,528.69	0.27
Building Maintenance & Repairs	1,974.15	0.18	28,311.17	0.29
Conference Room Expense	52.96	0.00	268.32	0.00
Custodial Services	2,155.94	0.20	15,220.10	0.16
Building Depreciation Expense	3,744.72	0.34	29,929.11	0.31
Building Equip. Depreciation	0.00	0.00	0.00	0.00
Bldg. Equipment Maintenance	89.25	0.01	11,304.67	0.12
Bldg Equipment Lease	508.08	0.05	3,409.07	0.04
Building Copier Paper	257.61	0.02	1,150.22	0.01
Building Insurance Expense	753.00	0.07	6,024.00	0.06
Building Office Supplies	296.39	0.03	1,857.89	0.02
Building Tax Expense	0.00	0.00	4,447.08	0.05
Postage for Meter	0.00	0.00	1,050.00	0.01
Building Utilities	<u>1,550.67</u>	<u>0.14</u>	<u>15,627.24</u>	<u>0.16</u>
Total Expenses	<u>338,555.36</u>	<u>30.73</u>	<u>3,062,457.26</u>	<u>31.45</u>
Net Income	<u>(\$ 271,289.82)</u>	<u>(24.62)</u>	<u>(\$ 2,048,336.87)</u>	<u>(21.04)</u>

**Nevada Public Agency Insurance Pool  
Budget Comparison to Actuals  
As of February 28, 2018**

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	Difference Between Years
<b>INCOME:</b>					
Assessments Written	14,331,295	9,586,696	4,744,599	9,223,230	363,466
Taxes Written	7,000	7,065	(65)	7,223	(158)
Other Income	5,000	49,623	(44,623)	51,898	(2,275)
<b>TOTAL INCOME</b>	<b>14,343,295</b>	<b>9,643,385</b>	<b>4,699,910</b>	<b>9,282,351</b>	<b>361,033</b>
<b>LOSS FUND EXPENSES:</b>					
Loss Fund Expense	5,000,000	3,287,844	1,712,156	3,071,576	216,268
<b>TOTAL LOSS FUND EXPENSES</b>	<b>5,000,000</b>	<b>3,287,844</b>	<b>1,712,156</b>	<b>3,071,576</b>	<b>216,268</b>
<b>PROGRAM EXPENSES:</b>					
Reinsurance Ceded	5,000,000	3,504,043	1,495,957	3,665,737	(161,694)
Speical Insurance Programs	-	485,041	(485,041)	-	485,041
Commission Expense	910,000	625,572	284,428	603,426	22,146
Willis Pooling Fees	255,000	170,000	85,000	170,000	-
Loss Control Fees	250,000	166,664	83,336	166,664	-
ASC Claims Admin. Fees	715,089	464,316	250,773	407,112	57,203
Tax Expense	8,247	18,443	(10,196)	2,166	16,276
Loss Control Excellence Awards	25,000	3,605	21,395	-	3,605
Member Education, Training & Services	510,000	235,443	274,557	366,233	(130,790)
<b>Total Program Expenses</b>	<b>7,673,336</b>	<b>5,673,126</b>	<b>2,000,210</b>	<b>5,381,338</b>	<b>291,788</b>
<b>ADMINISTRATION EXPENSES:</b>					
Management Services	504,840	294,490	210,350	285,913	8,577
Technology Services	25,865	72,505	(46,640)	48,155	24,350
Sponsorship Fees	6,500	10,074	(3,574)	1,500	8,574
Counsel Opinions	45,000	19,300	25,700	10,489	8,811
Travel	55,000	28,471	26,529	23,625	4,846
Casualty Insurance	41,000	20,712	20,288	30,841	(10,129)
Dues & Seminar Fees	22,000	6,410	15,590	6,232	178
Audit Expense	15,000	12,000	3,000	18,000	(6,000)
Printing/Copying/Subscriptions	5,000	5,112	(112)	5,842	(730)
Postage	1,000	134	866	263	(129)
Office Supplies	4,000	4,215	(215)	2,575	1,640
Communications Expense	5,000	1,693	3,307	3,267	(1,573)
Legal Expense	15,000	16,816	(1,816)	43,668	(26,852)
Miscellaneous Expense	500	-	500	-	-
Board & Committee Meetings	12,000	7,486	4,514	526	6,960
Actuary Expense	22,000	12,210	9,790	8,850	3,360
Bank Charges	-	22	(22)	5	17
Consultants Appraisals	77,700	85,700	(8,000)	87,500	(1,800)
Bad Debt Expense	-	-	-	-	-
PRI Contract Services	779,350	454,621	324,729	441,350	13,271
Equip Depreciation Expense	-	-	-	-	-
Environmental Consultants	19,000	(858)	19,858	18,730	(19,588)
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>1,655,755</b>	<b>1,051,112</b>	<b>604,643</b>	<b>1,037,331</b>	<b>13,782</b>
<b>TOTAL LOSS FUND, PROGRAM &amp; ADMINISTRATION EXPENSES</b>	<b>14,329,091</b>	<b>10,012,083</b>	<b>4,317,008</b>	<b>9,490,245</b>	<b>521,837</b>
<b>NET INCOME</b>	<b>14,204</b>	<b>(368,698)</b>	<b>382,902</b>	<b>(207,894)</b>	<b>(160,804)</b>



**Nevada Public Agency Insurance Pool  
Budget Comparison to Actuals  
As of February 28, 2018**

**NON-ALLOCABLE INCOME AND EXPENSES**

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	Difference Between Years
<b>BUILDING INCOME:</b>					
Conference Room Revenue	-		-	-	-
Rental Income	259,000	182,511	76,489	176,936	5,575
Building Supplies Reimbursement	-	1,262	(1,262)	-	1,262
Copier Paper Reimbursement	-	859	(859)	-	859
Equipment Lease Reimbursements	13,500	2,728	10,772	3,582	(854)
Bld Equip Maint Reimbursements	-	10,784	(10,784)	5,801	4,983
Phone Equipment Lease	-		-	424	(424)
Phone Charges Reimbursement		126	(126)	-	126
Postage Reimbursement	1,000	1,346	(346)	1,915	(569)
<b>TOTAL BUILDING INCOME</b>	<b>273,500</b>	<b>199,616</b>	<b>73,884</b>	<b>188,658</b>	<b>10,958</b>
<b>BUILDING EXPENSES:</b>					
Building Maintenance & Repairs	30,000	28,311	1,689	20,723	7,588
Conference Room Expense	400	268	132	258	11
Custodial Services	25,000	15,220	9,780	15,031	189
Building Depreciation Expense	44,593	29,929	14,664	29,929	-
Building Equip. Depreciation		-	-	-	-
Bldg Equipment Maintenance	2,000	11,305	(9,305)	4,529	6,775
Building Equipment Lease	7,000	3,409	3,591	3,326	84
Building Copier Paper	-	1,150	(1,150)	330	820
Building Insurance Expense	8,800	6,024	2,776	5,832	192
Building Misc Expense	-	-	-	-	-
Building Office Supplies	-	1,858	(1,858)	287	1,571
Building Tax Expense	4,500	4,447	53	4,335	112
Postage for Meter	1,000	1,050	(50)	1,214	(164)
Building Utilities	25,000	15,627	9,373	15,177	451
<b>TOTAL BUILDING EXPENSES</b>	<b>148,293</b>	<b>118,599</b>	<b>29,694</b>	<b>100,970</b>	<b>17,629</b>
<b>NET BUILDING INCOME</b>	<b>125,207</b>	<b>81,017</b>	<b>44,190</b>	<b>87,688</b>	<b>(6,671)</b>
<b>OTHER INCOME:</b>					
Technology Services Reimbursement	-	56,553	(56,553)	-	56,553
Net Investment Revenues	500,000	(163,511)	663,511	(502,609)	339,098
Investment Expense	-	(26,529)	26,529	(34,342)	7,814
<b>TOTAL OTHER INCOME</b>	<b>500,000</b>	<b>(133,486)</b>	<b>633,486</b>	<b>(536,951)</b>	<b>403,465</b>
<b>OTHER EXPENSES:</b>					
Loss Control Grants	697,248	40,914	656,334	21,075	19,839
PRM Amortization Expense	1,814,165	1,586,256	227,909	1,226,256	360,000
<b>TOTAL OTHER EXPENSES</b>	<b>2,511,413</b>	<b>1,627,170</b>	<b>884,243</b>	<b>1,247,331</b>	<b>379,839</b>
<b>NET OTHER INCOME</b>	<b>(2,011,413)</b>	<b>(1,760,656)</b>	<b>(250,757)</b>	<b>(1,784,282)</b>	<b>23,626</b>
Net Income	14,204	(368,698)		(207,894)	
Net Building Income	125,207	81,017		87,688	
Net Other Income	(2,011,413)	(1,760,656)		(1,784,282)	
Income Statement Net Income	(1,872,002)	(2,048,337)		(1,904,487)	

## NEVADA PUBLIC AGENCY INSURANCE POOL

## General Ledger Trial Balance

As of Feb 28, 2018

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		9,604.22
1105	Cash - Admin. - Wells Fargo	570,572.86	
1107	Land - 2nd & Roop Streets	466,653.05	
1108	Building - 2nd & Roop Streets	1,783,715.41	
1110	Building Depreciation		679,762.99
1205	Investment Cash Equivalents	472,486.01	
1206	Investments	23,611,743.16	
1208	Receivable From Invest. Broker	92.57	
1210	Public Risk Mutual- Investment	29,477,263.00	
1212	PRM Amortization		14,943,288.54
1214	Investment Income Receivable	101,768.49	
1301	Assessments Receivable	141,372.73	
1310	Specific Recoverable	1,751,519.32	
1313	Maintenance Deductibles	242,118.64	
1325	A/R PARMS	47.00	
1401	Prepaid Reinsurance	1,805,271.40	
1411	Prepaid Commission - Current	330,081.33	
1413	Prepaid Willis Pooling	85,000.00	
1414	Prepaid ASC	61,594.24	
1417	Prepaid Loss Control Fees	83,336.00	
1418	Prepaid Schools Security Prog	35,080.00	
1420	Other Prepaid	428.00	
1463	Prepaid Casualty Insurance	13,385.54	
1500	Equipment	60,528.00	
1510	Equip Accumulated Depreciation		94,856.66
1600-BLD	Building Equipment	51,735.91	
1605-BLD	IT/Network Equipment	4,394.36	
1610-BLD	Building Equipment Acc. Depr.		1,155.00
1620-BLD	Building Fixtures	1,323.00	
1625-BLD	Building Furniture	4,359.75	
2005	Payable For Risk Mgmt Grants		57,331.34
2110	Loss Fund		71,231,696.08
2114	Loss Reserves - LAE		71,014.11
2200	Loss Payments	78,553,899.09	
2210	Loss Payments - LAE	37,801,774.30	
2310	Specific Recoverable		29,720,086.06
2311	Aggregate Recoverable		765,730.03
2312	Deductible Reimbursement		16,072,311.62
2320	Vouchers Within Deductible		9,378,487.23
2330	Unearned Assessment Reserve		4,797,027.11
3501	Retained Earnings		31,740,679.04
4000-BLD	Building Accounts Recievable	3,150.00	
4020-BLD	Building Supplies Reimbursement		1,262.35
4027-BLD	Copier Paper Reimbursement		858.97
4050-BLD	Rental Income		182,511.13
4060-BLD	Equipment Lease Reimbursement		2,727.70
4065-BLD	Bldg Equip Maint Reimbursement		10,784.22
4076-BLD	Phone Charges Reimbursement		125.96
4080-BLD	Postage Reimbursement		1,345.75
4090-BLD	Technology Services Reimburse		56,553.37
4110	Assessments Written		14,383,723.11
4115	Taxes Written		7,065.07
4330	Change in Unearned Assessments	4,797,027.11	
4401	Reinsurance Ceded	3,504,043.00	
4403	Special Insurance Programs	485,041.20	
5110	Loss Fund Expense	3,287,844.00	
5411	Commission Expense - Current	625,572.03	
5413	Willis Pooling Fees	170,000.00	
5414	ASC Claims Admin. Fees	464,315.85	
5415	Tax Expense	18,442.60	
5417	Loss Control Fees	166,664.00	
5450	Management Services	294,489.93	
5456	Sponsorship Fees	10,074.44	
5457	Counsel Opinions	19,299.92	
5462	Travel	28,470.78	
5463	Casualty Insurance	20,712.00	
5464	Dues & Seminar Fees	6,409.94	
5465	Audit Expense	12,000.00	

NEVADA PUBLIC AGENCY INSURANCE POOL

General Ledger Trial Balance

As of Feb 28, 2018

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

<b>Account ID</b>	<b>Account Description</b>	<b>Debit Amt</b>	<b>Credit Amt</b>
5466	Printing/Copying/Subscriptions	5,111.80	
5467	Postage	134.06	
5468	Office Supplies	4,214.72	
5469	Communications Expense	1,693.10	
5470	Legal Expense	16,816.10	
5472	Board & Committee Meetings	7,486.21	
5474	Actuary Expense	12,210.00	
5475	Member Education & Services	235,442.89	
5476	Bank Charges	21.59	
5477	Loss Control Excellence Awards	3,604.70	
5478	Consultants Appraisals	85,700.00	
5482	PRI Contract Services	454,620.81	
5484	Loss Control Grants	40,913.63	
5485	Environmental Consultants		857.94
5486	Technology Services	72,505.02	
6100	Investment Interest Income		492,384.90
6102	Investment Discount/Premium	77,729.97	
6110	Realized Gain/(Loss) Invest.	4,798.75	
6111	Invest. Unrealized Gain/(Loss)	573,367.07	
6112	PRM Amortization Expense	1,586,256.00	
6160	Other Income		49,623.44
6200	Investment Expense	26,528.69	
7100-BLD	Building Maintenance & Repairs	28,311.17	
7200-BLD	Conference Room Expense	268.32	
7275-BLD	Custodial Services	15,220.10	
7300-BLD	Building Depreciation Expense	29,929.11	
7400-BLD	Bldg Equipment Maintenance	11,304.67	
7450-BLD	Building Equipment Lease	3,409.07	
7475-BLD	Building Copier Paper	1,150.22	
7500-BLD	Building Insurance Expense	6,024.00	
7725-BLD	Building Office Supplies	1,857.89	
7750-BLD	Building Tax Expense	4,447.08	
7800-BLD	Postage for Meter	1,050.00	
7900-BLD	Building Utilities	15,627.24	
	<b>Total:</b>	<b>194,752,853.94</b>	<b>194,752,853.94</b>

## **Resolution**

### **To Approve AGRiP Advisory Standards Application**

**WHEREAS**, the Nevada Public Agency Insurance Pool (NPAIP) has decided to apply for recognition under the Association of Governmental Risk Pools (AGRiP) advisory standards; and

**WHEREAS**, the application for recognition was completed by NPAIP staff and must be reviewed and approved by the governing body;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of NPAIP approves the AGRiP Advisory Standards application for submission to AGRiP.

This is the \_\_\_\_\_ day of April, 2018.

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Chair



**Advisory Standards Recognition Application  
(SELF-EVALUATION FORM)**

Name of Pool

City, State

Nevada Public Agency Insurance Pool (NPAIP) |

| Carson City, Nevada|

**The purpose of the AGRiP Advisory Standards Recognition Application is to determine if your pool's policies, practices, organizational documents, contracts, and agreements meet AGRiP's Standards for Recognition.**

**Before beginning the application process, note:**

- Standards identify suggested best practices in key pool operational areas.
- Standards do not address all pool operations.
- Standards are advisory, only. The Standards (individually or collectively) may not be appropriate operational suggestions for all pools. No two pools operate in the same way or under the same regulatory, membership, or market Standards.
- Best practices for pool operations can change and evolve over time. The Standards will also evolve over time, but because of the speed of change may not always be exactly reflective of current-state best practices. Pools are encouraged to view the Standards as a baseline of operations, only.
- The Recognition process is a limited peer review of self-audited policies and procedures. Recognition is not an audit of pool operations.
- The Recognition process intentionally distinguishes Standards that should be documented in pool policy from those which may be met procedurally.
- Recognition focuses more on a pool's processes than outcomes. Recognition is not an accreditation of pool operations. It is not a guarantee of financial solvency or other pooling success measures.
- Review of Recognition applications is made by AGRiP's Membership Practices Committee (MPC) with the good faith belief a pool has in place policies and procedures asserted on its application. The pool board-approved attestation that accompanies completed applications is important verification for this purpose.
- Determination of whether a Standard is met is made on a yes or no basis. A pool may be provided Recognition if they operate outside the defined Standard, if it provides sufficient explanation as to why doing so is appropriate under the circumstances.
- Recognition may be granted with noted caveats, which are communicated in the approval letter to the pool.

**DEFINITIONS**

For the purposes of the Advisory Standards for Recognition, we understand the following to mean:

*Board Policy.* A written set of basic principles approved by the pool governing board to direct action in pursuit of long-term goals.

*Procedures.* Written, specific processes aligned with Board Policy and executed to operate the pool.

*Practices.* An unwritten process that executes Board Policy.

Color coding within the application indicates:

Answer requires a board policy
Answer may be explained via board policy, statute, procedure or practice
Answer may be an affirmation
Answer requires a date
Other
Leave space blank

**INSTRUCTIONS**

1. Fully complete application, citing all relevant:
  - Federal or state rules or laws
  - Pool organizational documents such as articles of incorporation or bylaws
  - Board policies, resolutions and minutes
  - Pool procedures or practices
  - Contracts or agreements
  - Other documents and/or reasoning your pool does not comply with the Standard
2. Have the pool Board approve the Recognition application in an official action
3. Have the fully complete and approved application signed by the chairperson of the pool’s executive committee or Board of Directors.
4. Submit application.
  - Via email in Word format to Michelle Carter at [mcarter@agrip.org](mailto:mcarter@agrip.org).
  - Included PDF version if that is the only version signed by the executive committee or Board chairperson.
  - A paper copy may be mailed to the AGRiP offices but is not necessary.
5. Mail \$750 application fee to AGRiP, Attn: Billing, 9 Cornell Rd Latham, NY 12110

## **APPROVAL PROCESS**

Upon the submission of a completed application, the approval process is as follows:

1. AGRiP's Membership Practices Committee (MPC) reviews the application.
2. Questions from the MPC may be submitted back to the applicant for clarification. Depending on the nature of questions and responses, there could be more than one round of questions between the MPC and applicant.
3. Once all follow-up responses are received and the review is complete, the results will be discussed by the Membership Practices Committee for recommendation to the AGRiP Executive Director for final approval.
4. The Executive Director will give final approval of Recognition, and your pool will be notified.
5. Your pool will receive its Recognition plaque at an upcoming AGRiP conference of your choice.

Although the approval process can sometimes be fulfilled within four to six weeks, it may take up to 16 weeks to complete, depending on the nature questions and responses.

*To be accepted an application must be:*

- Fully complete
- Submitted with a certified copy of a Board resolution, excerpt from minutes, or other documentation evidencing the Board's approval of the contents of the application;
- Signed by the chairperson of the executive committee or the Board of Directors; and,
- Accompanied by the \$750 application fee mailed.

**POOL OVERVIEW**

**Provide a brief overview and description of the pool** in the space below. In your response please include: year pool was formed; lines of coverage and year each line of coverage was first implemented; relationship to any other organizations, such as a sponsoring organization; and any other information that tells the pool’s story.

**Brief Overview**

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Coverage	Check below if your pool has coverage	Year first implemented
Workers’ Compensation	[ <input type="checkbox"/> ]	
Property	[ <input checked="" type="checkbox"/> ]	1987
Liability	[ <input checked="" type="checkbox"/> ]	1987
Health	[ <input type="checkbox"/> ]	
Other: Cyber Liability	[ <input checked="" type="checkbox"/> ]	2013

AGRiP Recognition is an extensive self-audit that requires pools to review their foundational documents and key operational policies at least once every three years. Review of pool policies should also be completed in the intervening years to ensure policies and practices on record are compliant with all regulations, reflective of actual operations, and preserved in writing for the protection of the pool’s membership.

**Provide a brief description** of the pool’s methods and practices for reviewing foundational documents and key operational policies on a regular schedule and implementing any changes identified:

**I. GOVERNMENT REGULATIONS & GOVERNING DOCUMENTS**

The AGRiP Advisory Standards covering Government Regulations and Governing Documents address the legal requirements placed on pool formation and operation. Please provide your answers in the tables below.

Standards addressed:

- I-A Pool maintains signed formation documents (Interlocal agreements, articles of incorporation, et. al.)
- I-B Pool records reflect any subsequent revisions to these documents were properly filed with appropriate local, state, and national authorities.
- I-C The pool maintains documents reflecting its federal and state tax status, and if applicable, timely files applicable tax returns.
- I-D The pool files timely reports in whatever form required by the state of domicile and maintains copies of the reports.
- I-E The pool complies with all regulatory requirements and its records reflect compliance.
- I-F The pool maintains signed originals of the pooling agreement with every member.
- I-G Affirm that Governing Document provisions include: membership eligibility; obligations of members; membership termination; selection procedures and qualifications for pool’s governing body; powers and duties of the governing body and committees; indemnification for liability of members of the governing body, officers, committee members and pool staff; use and ownership of assets of the pool and how the pool may distribute surplus to its members; assessments – if authorized by the pool; actuarial reviews; financial audits; and, dissolution of the pool.
- I-H Practices of the pool comply with governing documents (explain how-).



<b>Standard I-A</b>	<b>Name document</b>	<b>Date Adopted</b>	<b>Date of Most Recent Review</b>	<b>If N/A or not done at the pool explain why.</b>
Pool maintains signed formation documents (Interlocal agreements, articles of incorporation, et.al.)	Nevada Public Agency Insurance Pool Interlocal Cooperation Agreement	5-1-1987	April 29,2016	

<b>Standard I-B</b>	<b>Name document</b>	<b>Date of most recent revision</b>	<b>Where was the revision filed, and why?</b>	<b>If N/A or not done at the pool explain why.</b>
Pool records reflect any subsequent revisions to these documents were properly filed with appropriate local, state, and national authorities	NPAIP Interlocal Cooperation Agreement	April 29, 2016	Attorney General per statutory requirements in the event a regulatory agency has jurisdiction over any of the provisions of the agreement	

<b>Standard I-C</b>	<b>IRS Private letter tax exemption ruling (Cite date of letter and IRS code for exclusion or exemption, such as section 115, 501c, etc.)</b>	<b>State statutory exemption (Cite statute)</b>	<b>If required, are tax returns filed timely? What is the date of the most recent tax return filed?</b>	<b>If N/A or not done at the pool explain why.</b>
The pool maintains documents reflecting its federal and state tax status, and if applicable, timely files applicable tax returns	1989, IRS Section 115 exemption	Nevada Revised Statutes Chapter 277.110		Governmental exemption requires no tax filings.

<b>Standard I-D</b>	<b>List Required Report(s)</b>	<b>Date of most recent filing</b>	<b>If N/A or not done at the pool explain why.</b>
The pool files timely reports in whatever form required by the state of domicile and maintains copies of the reports			No state regulatory requirements since the formation of Pools in 1987.

<b>Standard I-E</b>	<b>List Regulatory Requirement(s)</b>	<b>How does your pool comply? (Cite pool records that reflect compliance.)</b>	<b>If N/A or not done at the pool explain why.</b>
Pool complies with all regulatory requirements and its records reflect compliance	<input type="checkbox"/>	<input type="checkbox"/>	No state regulatory requirements since the formation of Pools in 1987.
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	

<b>Standard I-F</b>	<b><u>Affirm</u> signed originals are maintained by the pool.</b>		
The pool maintains signed originals of the pooling agreement with every member.	<b>'x' for YES:</b>	<b>'x' for NO:</b>	<b>Explain 'No' response and/or why this does not apply to your pool:</b>
	X		

<b>Standard I-G</b>	<b><u>Affirm</u> governing document provisions include the below.</b>		
	<b>'x' for YES:</b>	<b>'x' for NO:</b>	<b>Explain 'No' response and/or why this does not apply to your pool:</b>
• Membership eligibility	X		
• Obligations of Members	X		
• Membership Termination	X		
• Selection procedures and qualifications for pool's governing body	X		
• Powers and duties of the governing body and committees	X		
• Indemnification for liability of members of the governing body, officers, committee members and pool staff	X		
• Use and ownership of assets of the pool and how the pool may distribute surplus to members	X		
• Assessments, if authorized by the pool	X		
• Actuarial reviews	X		
• Financial audits	X		
• Dissolution of pool	X		

<b>Standard I-H</b>	<b><u>Explain</u> how the practices of the pool are in compliance with pool governing documents:</b>
The practices of the pool are in compliance with its governing documents.	NPAIP is governed by the Board of Directors through the Interlocal Cooperation agreement and Bylaws that require the Board to hold at least one regular meeting each year in addition to meetings of the following committees: Executive, Loss Control,

	Human Resources Oversight and Audit, all of which are comprised of member participants. Regular reviews of ongoing operations occur by these committees and all minutes and reports are provided annually to the Board of Directors. In 2016 a review and update all board policies was conducted resulting in revisions being adopted on April 29, 2016 for all policies. Bylaw changes were proposed and approved April 29, 2016.
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**II. STAFFING (Last update: 2017)**

The AGRiP Advisory Standards covering Staffing recognize pooling practices to employ staff directly, and/or to use contracted service relationships to staff core pooling operations and activities. Contracted staffing resources may include staff from a sponsoring entity or association. These Standards are applicable regardless of the pool’s staffing or outsourced structure, in any combination.

Standards addressed:

- II-A If the pool employs any of its own staff:
  - The pool's authority to directly employ staff is expressly granted and documented accordingly.
  - Authority to set terms of employment, compensation (including bonuses) and employee benefits (including leave) is documented.
  - The scope of authority delegated to staff is clearly defined.
  - Written policies are in place addressing and/or defining:
    - Staff performance and management reviews;
    - FTE, expected work hours, and expense reimbursements;
    - The acceptance of gifts, perks or other benefits from outside entities; and,
    - Conflicts of interest for key staff members.
    - Antidiscrimination.
  - Employment and personnel policies are:
    - Reviewed regularly based on a documented process;
    - Communicated to staff at least annually; and,
    - Communicated to the Board at least annually.
  
- II-B If the pool uses contracted staff:
  - Outsourced staffing relationships are documented in written contracts that are compliant with the contract provisions outlined in [Standard III-A of Service Provider Contracts](#).
  - The pool Board has assured itself that the employment requirements in Standard II-A are met by the service provider.
  
- II-C Whether the role is staffed in-house or by contract, the pool obtains competent legal advice regarding its own governance and operational issues.
  - Coverage counsel, general legal counsel, and defense counsel are segregated functions; or the pool Board has documented its approval to place more than one function with the same legal advisor.
  - The pool requires counsel in any role not directly employed by the pool to have professional liability insurance.
  - Outsourced legal advice roles are documented in written contracts that are compliant with the contract provisions outlined in Standard III-A of Service Provider Contracts.

STANDARD II-A	Cite policy or section of policy fulfilling Standard:	If N/A or not done at the pool explain why:
If the pool employs any of its own staff:		
• The pool's authority to directly employ staff is expressly granted and documented accordingly.		
• Authority to set terms of employment is documented.		
• Authority to set compensation (including bonuses) is documented.		
• Authority to set employee benefits (including leave) is documented.		

STANDARD II-A, cont.	<u>Explain</u> how Standard is met:	If N/A or not done at the pool explain why:
<ul style="list-style-type: none"> <li>The scope of authority delegated to staff is clearly defined.</li> </ul>		

<b>STANDARD II-A, cont.</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>		<b>If N/A or not done at the pool explain why:</b>
Written policies are in place addressing and/or defining:			
• Staff performance and management reviews.			
• FTE.			
• Expected work hours.			
• Expense reimbursements.			
• The acceptance of gifts, perks or other benefits from outside entities.			
• Conflicts of interest for key staff members.			
• Antidiscrimination.			
<b>STANDARD II-A, cont.</b>	<b>Affirm Standard is met.</b>		
Employment and personnel policies are:	<b>'x' for YES:</b>	<b>'x' for NO:</b>	<b>Explain 'No' response and/or why this does not apply to your pool:</b>
• Reviewed regularly based on a documented process.			
• Communicated to staff at least annually.			
• Communicated to the Board at least annually.			
<b>STANDARD II-B</b>	<b>Affirm Standard is met.</b>		
If the pool uses contracted staff:	<b>'x' for YES:</b>	<b>'x' for NO:</b>	<b>Explain 'No' response and/or why this does not apply to your pool:</b>
• Outsourced staffing relationships are documented in written contracts that are compliant with the contract provisions outlined in <a href="#">Standard III-A of Service Provider Contracts</a> .	X		
• The pool Board has assured itself that the employment requirements in Standard II-A are met by the service provider.	X		
<b>STANDARD II-C</b>	<b>Explain how Standard is met:</b>		<b>If N/A or not done at the pool explain why:</b>
Whether the role is staffed in-house or by contract, the pool obtains competent legal advice regarding its own governance and operational issues.			
• Coverage counsel, general legal counsel, and defense counsel are segregated functions; or the pool Board has documented its approval to place more than one function with the same legal advisor.	Separated Counsel Functions between General, Coverage, and Defense Counsel. Separate Coverage Counsel is selected based upon recommendations from General Counsel as to potentially qualified counsel. An interview by administrator and claims services provider is conducted to determine capability of defense counsel. Creation of approved coverage and defense counsel list are maintained annually. Services are retained on an ongoing basis using an hourly rate. Service scope includes interpretation of coverage specific to individual claims as necessary and revisions to the coverage form document as necessary		
• The pool requires counsel in any role not directly employed by the pool to have professional liability insurance.	Approval of coverage and defense counsel list includes due diligence on firms/individuals including experience, professional reputation, and efficiency. Steps are being added to selection procedures to keep a current copy of professional liability insurance on file with claims manager.		
• Outsourced legal advice roles are documented in written contracts that are compliant with the contract provisions outlined in Standard III-A of Service Provider Contracts.	Outsourced legal counsel including defense counsel receives and signs Reporting and Billing Requirement agreement. Document addresses provisions within service provider contracts.		

### III. SERVICE PROVIDER CONTRACTS (Last update: 2017)

Rationale: The AGRiP Advisory Standards covering Service Provider Contracts recognize the wide array of professional and service relationships used by pools to meet operational needs. Service Contracts may include staffing resources, systems, professional advice, or other operational relationships.

- III-A The pool has a written policy that all contracts for services between the pool and a service provider include the following contract provisions:
- Agreement term;
  - Scope of services provided;
  - Form and timing of periodic reporting by the service provider to the pool;
  - Performance measures and corresponding reporting methods;
  - Compensation details;
  - Ownership and confidentiality of pool information;
  - Business continuity obligations of the service provider;
  - Data security obligations of the service provider;
  - Records retention Standards and accountabilities;
  - Compliance with applicable state and federal regulations;
  - Indemnification of the parties and insurance requirements;
  - Assignability of the contracted relationship;
  - Cancellation and termination of the agreement;
  - Breach definition and remedies;
  - Legal venue to resolve disputes; and,
  - Choice of law.
- III-B The pool has a written policy defining the dollar amount for service contracts above which it utilizes a transparent, competitive selection process for the procurement of services; or has documented reasons why a competitive selection process is not being used for a service above the documented dollar amount.
- III-C The pool has a written policy defining the review protocols and authority levels for entering into contracts on behalf of the pool. The pool Board has established a dollar amount above which it reviews and approves service contracts. Authority to enter into contracts on behalf of the pool is clearly defined.
- III-D The pool has a defined practice for legal review of all service contracts entered into on behalf of the pool. Such process may include variable parameters for legal review based upon type of service and/or dollar amount of contracts.
- III-E The pool Board receives annual documentation of service contracts the pool is engaged in, including contract compensation parameters and especially noting any contract terms with any service provider that involve the pool paying and/or receiving commission-based fees, percentage of savings, or similar compensation structures.
- III-F If the pool uses agents/brokers to place member business, the Board receives full disclosure about compensation to such agents/brokers on a regular basis.
- III-G Under no circumstances, whether or not there is a written contract for services, does the pool require or expect service providers to provide gifts, perks, or other benefits to its governing board or staff as a condition of doing business with the pool.

STANDARDS III-A-C	Cite policy or section of policy fulfilling Standard, or how Standard is met:	If N/A or not done at the pool explain why:
<b>III-A.</b> The pool has a written policy that all contracts for services between the pool and a service provider include the following contract provisions		
<ul style="list-style-type: none"> <li>• Agreement term</li> </ul>	General Counsel prepares and reviews all service contracts.	<b>Reviewed 3 largest service provider contracts noting all the provisions of III-A were included in the contract. Staff is drafting a board policy on Service Provider Contracts to be adopted at the April 20, 2018 Board Meeting.</b>
<ul style="list-style-type: none"> <li>• Scope of services provided</li> </ul>	Service contracts reviewed for specific scope of services.	
<ul style="list-style-type: none"> <li>• Form and timing of periodic reporting by the service provider to the pool</li> </ul>	Service contracts have documented reporting requirements. Varies by type of service contracts.	
<ul style="list-style-type: none"> <li>• Performance measures and corresponding reporting methods</li> </ul>	Service contracts provides for performance standards are reporting deadlines.	
<ul style="list-style-type: none"> <li>• Compensation details</li> </ul>	Service contracts details the compensation amounts/basis within the contract provisions	
<ul style="list-style-type: none"> <li>• Ownership and confidentiality of pool information</li> </ul>	When appropriate, service contracts details ownership of work and confidentiality of information.	
<ul style="list-style-type: none"> <li>• Business continuity obligations of the service provider</li> </ul>	Service provider to must demonstrate business continuity obligations within the contract.	
<ul style="list-style-type: none"> <li>• Records retention Standards and accountabilities</li> </ul>	Contract provisions must adhere to Records Management Policy approved by the Board.	
<ul style="list-style-type: none"> <li>• Compliance with applicable state and federal regulations</li> </ul>	Service contracts must conform to applicable Nevada and federal laws and regulations.	
<ul style="list-style-type: none"> <li>• Indemnification of the parties and insurance requirements</li> </ul>	Standard contract language contains indemnification language approved by General Counsel	
<ul style="list-style-type: none"> <li>• Assignability of the contracted relationship</li> </ul>	Contract do not allow assignability of contracted relationships unless approved in writing by both parties.	
<ul style="list-style-type: none"> <li>• Cancellation and termination of the agreement</li> </ul>	Service contracts provide for cancellation and termination provisions within the agreement.	
<ul style="list-style-type: none"> <li>• Breach definition and remedies</li> </ul>	Standard contract language includes provision for breach of	

	duties and remedies for each party.	
<ul style="list-style-type: none"> <li>• Legal venue to resolve disputes</li> </ul>	NPAIP uses the District Court in Carson City as the legal venue.	
<ul style="list-style-type: none"> <li>• Choice of law</li> </ul>	NPAIP contracts use the laws of the state of Nevada.	
<b>III-B.</b> The pool has a defined dollar amount for service contracts above which it utilizes a transparent, competitive selection process for the procurement of services; or has documented reasons why a competitive selection process is not being used for a service above the documented dollar amount.	NPAIP follows the Local Government Purchasing Act contained within chapter 322 of the Nevada Revised Statutes.	
<b>III-C.</b> The pool has defined review protocols and authority levels for entering into contracts on behalf of the pool.	Contracts are reviewed by staff and general counsel.	
<b>III-C.</b> The pool Board has established a dollar amount above which it reviews and approves service contracts.	NRS 322.039 addresses bids between \$25K-\$50K, go to bid over \$50K with exceptions noted in NRS 332.115	
<b>III-C.</b> Authority to enter into contracts on behalf of the pool is clearly defined.	Board must approve contracts with service providers.	
<b>STANDARD III-D</b>	<b><u>Explain how Standard is met:</u></b>	<b>If N/A or not done at the pool explain why:</b>
The pool has a defined process for legal review of all service contracts entered into on behalf of the pool. Such process may include variable parameters for legal review based upon type of service and/or dollar amount of contracts.	General Counsel reviews all contracts before going to the Board for approval.	



STANDARDS III-E-G	Affirm Standard is met.		
	'x' for YES:	'x' for NO:	If N/A or not done at the pool explain why:
III-E. The pool Board receives annual documentation of service contracts the pool is engaged in, including contract compensation parameters and especially noting any contract terms with any service provider that involve the pool paying and/or receiving commission-based fees, percentage of savings, or similar compensation structures.	X		
III-F. If the pool uses agents/brokers to place member business, the Board receives full disclosure about compensation to such agents/brokers on a regular basis.	X		
III-G. Under no circumstances, whether or not there is a written contract for services, does the pool require or expect service providers to provide gifts, perks, or other benefits to its governing board or staff as a condition of doing business with the pool.	X		

#### IV. MEMBER SERVICES (Last update: 2017)

The AGRiP Advisory Standards covering Member Services recognize the added value many members expect from the pool. The programs that your pool provides and how you communicate with your members is covered in these Standards.

Standards addressed:

- IV-A The pool communicates policy decisions, actions of the governing body and other activities to members via annual reports; regular newsletters; and, other media.
- III -B The pool keeps minutes of all meetings of the governing body and substantive committees, and all minutes are distributed or otherwise made available to members.
- IV-C The pool conducts educational programs for members including safety; risk management; and other such appropriate topics, and provides incentives to encourage member participation in such activities.
- IV-D The pool provides risk control or loss prevention services, and supports risk management and loss prevention practices among members.
- IV-E The pool conducts regular loss prevention and risk control surveys and/or inspections.
- IV-F If property coverage is provided, the pool maintains accurate records of member property values.

STANDARD IV-A	Date of last annual report:	Frequency of newsletters, and date of last:	Other media utilized and frequency:
The pool communicates policy decisions, actions of the governing body and other activities to members via annual reports; regular newsletters; and, other media.	October 31, 2017	Quarterly	POOLPACT.COM website, constant contact e-mail blasts, special mailings, and training calendar on website.

STANDARD IV--B	Date last educational program was conducted:	How did you encourage member participation:
The pool conducts educational programs for members on the topics listed below and provides incentives to encourage member participation in such activities.		
<ul style="list-style-type: none"> <li>• Safety/Risk management</li> </ul>	February 15, 2018	The educational programs are promoted via web, mail, fax and email. Risk Management Grants are offered for attendance at training programs if

		requested. NPAIP also partners with state associations to deliver targeted training workshops to particular interest groups such as the Nevada Sheriff's and Chief's Assn, the Nevada Rural Water Assn, and Governmental Finance Officers, Nevada Association of Counties, Nevada League of Cities and Nevada School Board Association. The pool's e-learning program includes human resource topics, health & safety topics and law enforcement topics.
<ul style="list-style-type: none"> <li>Other such appropriate topics</li> </ul>	February 21-22, 2018 Human Resource Personnel Training	POOL PACT Human Resources consulting team publishes a catalogue of training classes which is reviewed with each member yearly when establishing the member's service plan. Training Calendar is on the website for members to access and reserve seats for the various classes. Classes are held regionally, at member locations and connection with various conferences and annual meetings.

<b>STANDARD IV--C</b>	<b>How else do you support risk management and loss prevention practices among members:</b>
The pool provides and supports risk management and loss prevention practices among members.	The Interlocal Cooperation Agreement Articles 18 and 19 require NPAIP to offer loss control services and members to have an active safety program. The Loss Control Excellence Program engages the member in loss prevention services offered by Willis such as site surveys and safety meeting facilitation. Other loss prevention services and resources available through NPAIP include the Pooling Perspectives Newsletter, MSDS Online, comprehensive human resource training and consulting, fire extinguisher training, respirator fit testing, defensive driving courses and a variety of safety videos available through the pool's video library. A comprehensive E-Learning program that includes a variety of risk management topics including human resource management, wellness and health/safety subject matter.

<b>STANDARD IV--D</b>	<b>Date of last prevention and risk control survey and/or inspection:</b>
The pool conducts regular loss prevention and risk control surveys and/or inspections.	Willis Pooling, one of our service providers, conducts site surveys on a targeted scheduled basis. We have over 100 members. Members are targeted for site visits based upon loss frequency/severity in addition to nature of exposure. Members are encouraged through publications, meetings and the website to participate in the Loss Control Excellence Program. Our loss control team responds to specific requests. Training is scheduled on locations on a preplanned basis to cover the entire membership and during those training sessions members are advised of services available and the team responds to requests. We also have an HR consulting team that prepares annual service plans and conducts trainings and consultations to members based upon that plan and requests. Training calendars are included on our website On January 25, 2018 conducted a class on Implementing a Safe and Respectful Learning Environment: Practical Training for School District Administrator was held.

<b>STANDARD IV--E</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
If property coverage is provided, the pool maintains accurate records of member property values.	NPAIP maintains a contract with AssetWorks to provide property appraisals to ensure adequate	

	<p>insurance to value. All properties are inspected onsite on a regional rotating schedule at least every three years, and desk top appraisals are completed each year for all others. These appraisals are online for review and update by the NPAIP, Willis and AssetWorks.</p>	
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**V. COVERAGES**

This AGRiP Advisory Standard relates to policy coverage for the pool’s coverage document, specific excess insurance, aggregate or stop-loss insurance, reinsurance and other catastrophic coverage obtained externally by the pool.

Standards addressed:

- V-A The pool regularly reviews insurance market trends, competition, coverage and pricing. Describe the frequency of such reviews.
- V-B The pool has written, objective underwriting and/or rating criteria that relate to the exposures covered and the losses experienced by pool members.
- V-C The pool provides appropriate coverage documents to its members. Explain what is provided.
- V-D The pool communicates changes in coverage to its members. Describe how.
- V-E The pool has a resolution process for claims and coverage disputes with its members.
- V-F The pool provides certificates or other evidence of coverages to all members and others.

<b>STANDARD V-A</b>	<b>Explain how Standard is met:</b>	<b>Frequency pool does this:</b>	<b>Date pool last did this:</b>	<b>If N/A or not done at the pool explain why:</b>
<p>The pool regularly reviews insurance market trends, competition, coverage and pricing. Describe the frequency of such reviews.</p>	<p>Administrative staff subscribes to and reviews major trade publications continuously. Broker provides annual market trends reports at least annually. NPAIP pays dues to PRIMA for all members so they can stay informed. NPAIP maintains membership in AGRIP and attends trainings and reports trends learned</p>	<p>Quarterly</p>	<p>February 23, 2018</p>	

<b>STANDARD V-B</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
<p>The pool has written, objective underwriting and/or rating criteria that relate to the exposures covered and the losses experienced by pool members.</p>	<p>NPAIP adopted a policy statement on Underwriting which is also included in the Board Members Reference Manual. Section A of the policy statement addresses new members and Section B addresses existing members. Application required for renewals and new accounts. Willis Pooling does pre-underwriting for excess insurers. Executive Committee reviews all prospective members and current member status. Certain underwriting items are required for</p>	

	<p>all members (e.g., safety program). Exposure bases data collected annually and utilized in actuarially calculated rates and developed rating plan including adjustments for loss experience. Annually board reviews financial condition, members loss experience, claims experience report and review for removal of members with excessive loss experience or members determined by the Board to be operating in a hazardous condition. This annual review is completed in April of every year at annual meeting.</p>	
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<b>STANDARD V-C</b>	<b><u>Explain</u> how Standard is met:</b>	<b>How often are documents provided to members:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool provides appropriate coverage documents to its members. Explain what is provided.	In accordance with the Board's policy statement on Administration, copies of NPAIP Coverage Form are provided to each member along with individual Certificates of Participation	Annually	

<b>STANDARD V-D</b>	<b><u>Explain</u> how Standard is met:</b>	<b>How are changes communicated:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool communicates changes in coverage to its members. Describe how.	Coverage changes are approved by the Board and summarized in a memorandum which accompanies the new coverage form and is given with the new Certificate of Participation. Changes in statutory coverage is given during the Legislative Update after Session	Staff review changes at Annual Meeting. Changes in coverage require vote of membership or at a minimum the Executive Committee per Section 4.01 of Bylaws. If endorsement is issued, all members receive endorsement to the master policy. Coverage overview is provided at members renewal meeting update.	

<b>STANDARD V-E</b>	<b><u>Cite policy</u> – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool has a resolution process for claims and coverage disputes with its members.	Claims dispute resolution process is included in the Claims Committee Charter. The Policy Statement on Coverage Determination and Appeal specific provisions permitting a member to appeal a decision of the claims administrator within 60 days following a written determination to deny coverage. The appeal goes to the Claims Committee which receives additional relevant evidence, conducts a hearing and renders a binding decision. The Policy statement was reviewed and amended effective 4-29-2016. A notice of appeal is provided to members with each coverage determination	

<b>STANDARD V-F</b>	<b><u>Explain</u> how Standard is met:</b>	<b>If N/A or not done at the pool explain why:</b>
The pool provides certificates or other evidence of coverages to all members and others.	As noted in the Board's policy statement on Administration, copies of the NPAIP Coverage Form are provided to each member along with individual Certificates of Participation on an annual basis.	

<b>VI. FUNDING</b>
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The AGRiP Advisory Standards covering Funding address your policies and practices in the different aspects of reserve adequacy and loss funding.

Standards addressed:

- VI-A The pool has a policy requiring an Actuarial study to determine reserve adequacy is conducted and a report is issued annually, signed by a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries, independent of the pool. A biennial peer review of reserve adequacy by an actuary independent of the pool is permissible under this Advisory Standard for pools employing an in-house actuary who issues a report annually and is a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries.
- VI-B The pool allocates funding for losses, loss development, incurred but not reported losses, allocated loss adjustment expenses, unallocated loss adjustment expenses and adverse experience at a level set by the governing body based on advice of a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries.
- VI-C The pool has a strategy to deal with funding catastrophic losses to prevent financial impairment. Pool Board policy contains a strategy for maintaining net assets to facilitate response to unanticipated events such as a change in market conditions that force increased retentions, potential failure to pay by excess or reinsurers, loss of excess or reinsurers, catastrophic events within retention or unusual claims not foreseen and not excluded.
- VI-D If the pool purchases excess and/or reinsurance or uses other forms of risk transfer or risk sharing, it maintains files of all related current and former binders, correspondence, policies, endorsements and certificates and makes copies of such policies available to all members who so request.
- VI-E If the pool purchases excess and/or reinsurance, the pool makes periodic evaluations of the quality, stability and financial solvency of all insurance providers.
- VI-F The pool insures or self-insures its administrative and operational risks, including errors and omissions, general and auto liability, workers' compensation, property, employee fidelity and fiduciary liability.
- VI-G If the pool purchases insurance to cover its operational risk exposures, it maintains both current and historical files of policies.

STANDARD VI-A	<u>Cite policy – or section of policy – fulfilling Standard:</u>	Name of Actuary:	Independent or In-House:	List Actuarial Credentials:	Date of most recent reserve study:	If N/A or not done at the pool explain why:
The pool has a policy requiring an Actuarial study to determine reserve adequacy is conducted and a report is issued annually, signed by a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries, independent of the pool. A biennial peer review of reserve adequacy by an actuary independent of the pool is permissible under this Advisory Standard for pools employing an in-house actuary who issues a report annually and is a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries.	Covered by policy statement on Loss Fund Contributions. An engagement letter is utilized for each actuarial study. Annual reserves report is prepared for the annual financial audits; Report is reviewed with Executive Committee annually.	Derek Burkhalter and Beck Richard of Bickmore	Independent: Sacramento, CA office of Bickmore	ACAS, MAAA	September 22, 2017	

	Executive Director provides actuary's summary and conclusion to board each year					
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<b>STANDARDS VI-B-C</b>		
<b>VI-B.</b> The pool allocates funding at a level set by the governing body based on advice of a Fellow of the Casualty Actuarial Society or a member of the American Academy of Actuaries for:	<b>Cite policy – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
• Losses	Board Approved Policy Statement on Loss Fund Contributions	
• Loss development	Board Approved Policy Statement on Loss Fund Contributions	
• Incurred but not reported losses	Board Approved Policy Statement on Loss Fund Contributions	
• Allocated loss adjustment expenses	Board Approved Policy Statement on Loss Fund Contributions	
• Unallocated loss adjustment expenses	Board Approved Policy Statement on Loss Fund Contributions	
• Adverse experience	Board Approved Policy Statement on Loss Fund Contributions	
<b>VI-C.</b> The pool has a strategy to deal with funding catastrophic losses to prevent financial impairment.	Board Approved Policy Statement on Capital Strategy	
<b>VI-C.</b> The pool has a Board policy that contains a strategy for maintaining net assets to facilitate response to unanticipated events such as a change in market conditions that force increased retentions, potential failure to pay by excess or reinsurers, loss of excess or reinsurers, catastrophic events within retention or unusual claims not foreseen and not excluded.	Board Approved Policy Statement: Net Assets Policy; Loss Fund Contributions Policy; A financial “stress” test was conducted in 2010. Stress test related work was completed in connection with the Enterprise Risk Modeling used in our investment program in 2017.	
<b>STANDARDS VI-D-G</b>	<b>Explain how Standard is met:</b>	<b>If N/A or not done at the pool explain why:</b>

<p><b>VI-D.</b> If the pool purchases excess and/or reinsurance or uses other forms of risk transfer or risk sharing, it maintains files of all related current and former binders, correspondence, policies, endorsements and certificates and makes copies of such policies available to all members who so request.</p>	<p>NPAIP fully reinsures for losses in excess of specific retentions and maintains copies of all related current and former binders, correspondence, policies, endorsement and certificates. Members receive copies of the NPAIP coverage form automatically each year and may request to review any reinsurance agreements in addition. In addition, a master renewal negotiation file is maintained to document changes. All reinsurance treaties are thoroughly evaluated using a standard NAIC checklist to confirm required elements of each contract.</p>	
<p><b>VI-E.</b> If the pool purchases excess and/or reinsurance, the pool makes periodic evaluations of the quality, stability and financial solvency of all insurance providers.</p>	<p>Willis Pooling provides rating services information and also maintain minimum security requirements of carriers as a matter of corporate policy. Placements that do not meet Willis Pooling minimum requirements must be approved by NPAIP. Executive Director reviews ratings reports and monitors published information about carriers. NPAIP also utilizes unrated captive insurers including its own captive and three others formed by various governmental pools. For these, administrative staff is assigned as a voting representative or is a member the board in order to monitor the financial condition on an ongoing basis.</p>	
<p><b>VI-F.</b> The pool insures or self-insures its administrative and operational risks, including:</p>		
<ul style="list-style-type: none"> <li>• Errors and Omissions</li> </ul>	<p>Trustees E&amp;O policy is maintained for the Board with a private insurer.</p>	
<ul style="list-style-type: none"> <li>• General and Auto Liability</li> </ul>	<p>NPAIP is insured as a member of NPAIP.</p>	
<ul style="list-style-type: none"> <li>• Workers' Compensation</li> </ul>	<p>Administrator provides own coverage.</p>	
<ul style="list-style-type: none"> <li>• Property</li> </ul>	<p>NPAIP is insured as a member of NPAIP.</p>	
<ul style="list-style-type: none"> <li>• Employee Fidelity</li> </ul>	<p>NPAIP is insured as a member of NPAIP.</p>	
<ul style="list-style-type: none"> <li>• Fiduciary Liability</li> </ul>	<p>Administrator maintains a fiduciary bond</p>	
<p><b>VI-G.</b> If the pool purchases insurance to cover its operational risk exposures, it maintains both current and historical files of policies.</p>	<p>Trustees E&amp;O policies are maintained for Board in the Administrative files.</p>	



## VII. FINANCIAL MANAGEMENT (Last update: 2017)

The AGRiP Advisory Standards covering Financial Management recognize the vital role that management of financial resources play in the vibrancy of a pool.

Standards addressed:

- VII-A The governing body of the pool adopts an annual budget in sufficient detail to facilitate meaningful monitoring of expenditures by the board or designated committee. The governing board or its designated committee reviews budget to actual expenditures detail reports regularly to assure expenditures are appropriate.
- VII-B The pool has a written policy that addresses preparation of pool financial statements in accordance with generally accepted accounting principles as applied to pools or as required by state law.
- VII-C The pool's accounting policy addresses adherence to accounting Standards promulgated by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, and/or any applicable state regulatory body.
- VII-D The pool board meeting minutes document the nature of financial reviews conducted by the board and any action taken.
- VII-E The board (or its independent audit committee) appoints the audit firm that directly reports its findings to the board or audit committee.
- VII-F An annual audit of the pool's financial records is conducted by a qualified independent certified public accountant or state audit agency that issues a signed opinion regarding the financial statements.
- VII-G The audit includes an independent auditor's report on internal controls that provides a report on the status of previous year's recommended actions which is distributed to the board.
- VII-H The pool responds to any reportable conditions in the audit report on internal controls within a reasonable period of time.
- VII-I Financial reports of the pool are distributed to or otherwise made available to the board, audit committee and pool members at least annually.
- VII-J The pool has adopted an asset inventory and control policy that includes periodic inventory of assets, recording of assets in the pool's financial records, and a process to report asset changes to the responsible party.
- VII-K INVESTMENT POLICIES
  - VII-K-1 The pool has written policies that outline overall investment goals relative to pool operations.
  - VII-K-2 The pool has written policies that provide for annual review of the pool's investment goals and policies by the governing body.
  - VII-K-3 The pool has written policies that address explicit delegation of authority regarding investment decisions to appropriate employees or outside investment managers.
  - VII-K-4 The pool has written investment policies that provide for appropriate controls, including those that address separation of duties, safekeeping and custodial procedures.
  - VII-K-5 The pool has written policies that provide for a process to monitor its investment activities.
  - VII-K-6 The pool has written policies that provide for periodic reviews of investment results and comparisons with set goals and external indices.
  - VII-K-7 The pool has written policies that provide for distribution of reports of investment activities to the pool's governing body at least quarterly.
  - VII-K-8 The pool has written policies that address allocation of assets and portfolio diversification consistent with state and federal regulations, pool investment goals, and prudent investment practices.
    - If the pool's investment choices are limited/mandated via statute or regulation, please cite the regulation and explain its parameters.
    - If the pool can invest in risk assets other than fixed income, it has written policies that address allocation of risk assets to surplus as a measure of solvency.
    - If the pool can use fixed income assets, it has written policies that address their use, their sensitivity to changes in interest rates, the matching of the timing of maturity of those assets with the pool's liabilities, and the potential need for unanticipated liquidation of those assets.

STANDARD VII A-J	Cite policy – or section of policy – fulfilling Standard:	If N/A or not done at the pool explain why:
<p><b>VII-A.</b> The governing body of the pool adopts an annual budget in sufficient detail so as to facilitate meaningful monitoring of expenditures by the board or designated committee. The governing board or its designated committee reviews budget to actual expenditures detail reports regularly to assure expenditures are appropriate.</p>	<p>The governing body is required to adopt an annual budget, and this is stipulated in the Interlocal Cooperation Agreement Articles 15-17, as well as the Board’s policy statement on Administration. Interim financial statements are sent to the Executive Committee monthly. The Executive Committee meets annually to review the draft detailed budget including review of budget to actual expenditures for all significant line items such as travel, entertainment, etc. The annual draft budget was adopted by the Executive Committee on March 22, 2017 and the governing body adopted the final budget at the annual board meeting on April 29, 2017</p>	<p>  </p>
<p><b>VII-B.</b> The pool has a written policy that addresses preparation of pool financial statements in accordance with generally accepted accounting principles as applied to pools or as required by state law.</p>	<p>Stated in policy statement on Finance and Investments (Strategies) and in Audit Committee Charter (Duties 3). Audit reports reflect compliance. NPAIP complies with GASB 10, 31 and 34 Furthermore noted in Note 1 Summary of Significant Accounting Policies in our annual financial reports.</p>	<p>  </p>
<p><b>VII-C.</b> The pool's accounting policy addresses adherence to accounting Standards promulgated by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, and/or any applicable state regulatory body.</p>	<p>Stated in policy statement on Finance and Investments (Strategies) and in Audit Committee Charter (Duties 3). Audit reports reflect compliance. NPAIP complies with GASB 10, 31 and 34 Furthermore noted in Note 1 Summary of Significant Accounting Policies in our annual financial reports.</p>	<p>  </p>
<p><b>VII-D.</b> The pool board meeting minutes document the nature of financial reviews conducted by the board and any action taken.</p>	<p>The minutes of the Board and of the Executive Committee document the nature of financial reviews. The minutes of November 8, 2017 are the most recent example of such financial review as they approved the fiscal year end June 30, 2017 financial audit.</p>	<p>  </p>
<p><b>VII-E.</b> The board (or its independent audit committee) appoints the audit firm that</p>	<p>The Audit Committee Charter grants it the power to review auditor findings, auditor’s</p>	<p>  </p>

<p>directly reports its findings to the board or audit committee.</p>	<p>performance and to recommend changes in the audit firm. The Board or the Executive Committee has the power to effect appointment of the audit firm. Most recent Audit Committee meeting was held on October 26, 2017.</p>	
<p><b>VII-F.</b> An annual audit of the pool's financial records is conducted by a qualified independent certified public accountant or state audit agency that issues a signed opinion regarding the financial statements. Please include the date the last audit was accepted by the board.</p>	<p>Annual audits required by Interlocal Cooperation Agreement Article 15, Section 4 and Bylaws page 15, Section 7.05. Reference in the Board approved policy Finance and Investment Policy. The independent accountant must be a qualified CPA. The most recent audit accepted by Audit Committee on October 26, 2017 and Executive Committee on November 8, 2017.</p>	
<p><b>VII-G.</b> The audit includes an independent auditor's report on internal controls that provides a report on the status of previous year's recommended actions which is distributed to the board.</p>	<p>Each year Executive Director, Staff, Audit Committee and CPA meet to discuss scope of audit and focus of internal controls analysis and management letter. NPAIP's Audit Committee receives auditor's reports and management letter and makes comments directly to auditor and Board. Addressed in Audit Committee charter. Recommendations contained in the Management Letter are shared with Audit Committee and the board</p>	
<p><b>VII-H.</b> The pool responds to any reportable conditions in the audit report on internal controls within a reasonable period of time.</p>	<p>Audit committee reviews the auditor recommendations and directs management for implementation as necessary. Compliance with previous year's recommendations are reviewed by the auditor with the Audit Committee at the subsequent audit presentation along with any new recommendations Audits and related findings/recommendations are also approved and followed up by the Executive Committee.</p>	
<p><b>VII-I.</b> Financial reports of the pool are distributed to or otherwise made available to the board, audit committee and pool members at least annually.</p>	<p>Annual audit presented to Board at annual meeting for acceptance each year. The audit is emailed to all members (NPAIP member liaison) and their agents. Audits are available on website for members to download. Executive Director receives monthly financial reports.</p>	

	Interim financial reports are shared with the Executive Committee and/or Board at their meetings.	
<b>VII-J.</b> The pool has adopted an asset inventory and control policy that includes:		
<ul style="list-style-type: none"> <li>• Periodic inventory of assets.</li> </ul>	NPAIP Policy Manual address periodic inventory of assets.	
<ul style="list-style-type: none"> <li>• Recording of assets in the pool’s financial records.</li> </ul>	NPAIP’s capital assets on the financial statements include the building, furnishings and computers.	
<ul style="list-style-type: none"> <li>• A process to report asset changes to the responsible party.</li> </ul>	Policy manual addresses changes in capital assets.	
<b>VII-K 1-8: INVESTMENT POLICIES</b>	<b><u>Cite policy – or section of policy – fulfilling Standard:</u></b>	<b>If N/A or not done at the pool explain why:</b>
<b>VII-K-1.</b> The pool has written policies that outline overall investment goals relative to pool operations.	The Investment Guidelines require annual reporting as well as review of the investment policies themselves by the Executive Committee. The most recent review of the investment policy was conducted by the Executive Committee on February 23, 2018 and by the Board to be approved on April 20, 2018.	
<b>VII-K-2.</b> The pool has written policies that provide for annual review of the pool’s investment goals and policies by the governing body.	Approved Board Investment Guidelines Section 13. Investment Policy Adoption requires the policy will be reviewed on an annual basis by the Executive Committee and any modifications made thereto must be approved by the Board.	
<b>VII-K-3.</b> The pool has written policies that address explicit delegation of authority regarding investment decisions to appropriate employees or outside investment managers.	Approved Board Investment Guidelines Section 5 Investment Responsibility addresses authority of investment decisions.	
<b>VII-K-4.</b> The pool has written investment policies that provide for appropriate controls, including those that address separation of duties, safekeeping and custodial procedures.	Approved Board Investment Guidelines Section 9 Safekeeping and Custody and Section 10 Collateralization	
<b>VII-K-5.</b> The pool has written policies that provide for a process to monitor its investment activities.	Approved Board Investment Guidelines Section 5 C. Investment Responsibility addresses monitoring and Section 12 Reporting of investment activities and returns.	
<b>VII-K-6.</b> The pool has written policies that provide for periodic reviews of investment results and comparisons with set goals and external indices.	Approved Board Investment Guidelines Section 11 Selection and Performance Review of Investment Managers	

<p><b>VII-K-7.</b> The pool has written policies that provide for distribution of reports of investment activities to the pool's governing body at least quarterly.</p>	<p>Approved Board Investment Guidelines Section 5 C. Investment Responsibility addresses monitoring and Section 12 Reporting of investment activities and returns.</p>	
<p><b>VII-K-8.</b> The pool has written policies that address allocation of assets and portfolio diversification consistent with state and federal regulations, pool investment goals, and prudent investment practices.</p>	<p>Approved Board Investment Guidelines Section 8 Investment Guidelines and Limitations</p>	
<ul style="list-style-type: none"> <li>• If the pool's investment choices are limited/mandated via statute or regulation, please cite the regulation and explain its parameters.</li> </ul>	<p>Nevada Revised Statutes Chapter 355 addresses Public Investments NRS 355.170 addresses authorized investments: bonds and debentures of US, Treasury bills/notes, negotiable certificates of deposits, which do not extend maturities beyond 10 years,</p>	
<ul style="list-style-type: none"> <li>• If the pool can invest in risk assets other than fixed income, it has written policies that address allocation of risk assets to surplus as a measure of solvency.</li> </ul>	<p>NPAIP is unable to invest in risk assets.</p>	
<ul style="list-style-type: none"> <li>• If the pool can use fixed income assets, it was written policies that address their use, their sensitivity to changes in interest rates, the matching of the timing of maturity of those assets with the pool's liabilities, and the potential need for unanticipated liquidation of those assets.</li> </ul>	<p>Approved Board Investment Guidelines Section 6 C Authorized Investments addresses fixed income investments. Section 4. Investment Risks addresses Credit, Liquidity, Maturity and Market Risk. Board approved policy on Net Assets provides for accumulation and maintenance of Net Assets for financial stability and LT viability of NPAIP.</p>	

**VIII. BUSINESS CONTINUITY (Last update: 2017)**

The AGRiP Advisory Standards covering Business Continuity recognize the need for adequate written policies and procedures to sustain ongoing operations of the pooling organization amid a variety of threats or other business interruptions, whether the pool conducts operations in-house or contracts for services.

- VIII-A            The pool has assessed business continuity risks and has adopted a written, all hazards business continuity plan that outlines procedures and resources needed to maintain core pool business operations and assist in recovery of full operations upon significant interruption of any sort, and which identifies alternate sources for necessary business supplies, resources and locations during a business interruption.
  
- VIII-B            The business continuity plan addresses recovery of and access to critical data during a significant business interruption. Parameters are included for securing data that may be private and/or confidential during significant interruption to normal business operations.
  
- VIII-C            The business continuity plan clearly defines when it will be invoked or implemented, the team responsible for implementation, how notification will be made to pool staff, service providers, and members, and who is responsible for external communications.
  
- VIII-D            The pool maintains and updates contact information for vendors, members, pool board directors and staff that may need to be contacted during a major interruption to business. This contact information is accessible in electronic and paper form, maintained offsite, and accessible to multiple pool staff.
  
- VIII-E            The pool has documented how its business continuity plan will be reviewed, maintained, and tested over time, and communicates relevant aspects of its business continuity plan to all staff at least annually.
  
- VIII-F            The pool has adopted an emergency response plan defining procedures and actions taken immediately following a crisis event to direct people and resources away from danger, evacuate facilities, and work with first responders to ensure safety.
  
- VIII-G            The pool regularly holds emergency drills and/or training sessions to ensure staff are aware of emergency response procedures.

STANDARDS VIII-A-G	<u>Explain</u> how Standard is met:	If N/A or not done at the pool explain why:
<b>VIII-A.</b> The pool has assessed business continuity risks and has adopted a written, all hazards business continuity plan outlining procedures and resources needed to maintain core pool business operations and assist in recovery of full operations upon significant interruption of any sort. Such plan identifies:	A contingency and disaster recovery plan was adopted. This plan outlines procedures and resources to maintain core pool business.	
<ul style="list-style-type: none"> <li>• Alternate necessary business supplies.</li> </ul>	As noted in the adopted plan, alternate necessary business supplies will be acquired through private sources.	
<ul style="list-style-type: none"> <li>• Other alternate necessary business resources.</li> </ul>	As noted in the adopted plan, other business resources can be obtained through the various business partners of NPAIP.	
<ul style="list-style-type: none"> <li>• Alternate business location (s).</li> </ul>	As noted in the plan, several alternate business locations including virtual access have been identified.	

<b>VIII-B. The business continuity plan addresses:</b>	Leave space blank	
<ul style="list-style-type: none"> <li>Recovery of critical data during a significant business interruption.</li> </ul>	Critical data can be recovered in the event of a significant business interruption. A cloud based secure backup solution is maintained for the recovery of critical files. All business emails and CRM data can be recovered virtually from Microsoft 365 products	
<ul style="list-style-type: none"> <li>Access to critical data during a significant business interruption.</li> </ul>	Access for critical data during a significant business interruption can be obtained virtually via Microsoft Office 365 products and/or a cloud based backup appliance.	
<ul style="list-style-type: none"> <li>Parameters for securing data that may be private and/or confidential during significant interruption to normal business operations.</li> </ul>	The parameters for the security of this information is the same as if a person was at the physical location. A VPN is used to access the information as well as the required malware software.	
<b>VIII-C. The business continuity plan clearly defines:</b>	Leave space blank	
<ul style="list-style-type: none"> <li>When it will be invoked or implemented.</li> </ul>	Page 2 of the plan outlines the timeline and criteria for invoking the Plan.	
<ul style="list-style-type: none"> <li>The team responsible for implementation.</li> </ul>	The team responsible for implementation is the executive director, Chief Operations Officer and Chief Fiscal Officer.	
<ul style="list-style-type: none"> <li>How notification will be made to staff.</li> </ul>	Notifications will be conducted by phone, email and texting. If necessary physical contact will be conducted.	
<ul style="list-style-type: none"> <li>How notification will be made to service providers.</li> </ul>	Notification made to service providers will be made by phone, email and texting.	
<ul style="list-style-type: none"> <li>How notification will be made to members.</li> </ul>	Communications will be made via phone, email and texting.	
<ul style="list-style-type: none"> <li>Who is responsible for external communications.</li> </ul>	The executive director, chief operations officer, and Chief Fiscal Officer are responsible for external communications.	
<b>VIII-D. The pool maintains and updates contact information for persons that may need to be contacted during a major interruption to business, including:</b>	Leave space blank	
<ul style="list-style-type: none"> <li>Vendors</li> </ul>	Yes. This information is on cloud based software.	
<ul style="list-style-type: none"> <li>Members</li> </ul>	Yes. This information is on the Microsoft 365 cloud based software.	

• Pool board directors	Yes. This information is on the Microsoft 365 cloud based software.	
• Staff	Yes. This information is on the Microsoft 365 cloud based software.	
Such contact information is:		
• Accessible in electronic form.	Yes	
• Accessible in paper form.	Yes	
• Maintained offsite.	Yes	
• Accessible to multiple pool staff.	Yes	
<b>VIII-E.</b> The pool has documented how its business continuity plan will be reviewed, maintained, and tested over time.	Yes	
• The pool communicates relevant aspects of its business continuity plan to all staff at least annually.	The pool takes steps to communicate the relevant aspects of its business continuity plan.	
<b>VIII-F.</b> The pool has adopted an emergency response plan defining procedures and actions taken immediately following a crisis event. The plan includes:	Fire emergency exit and response plans are in place. Terrorism and other outside threat plans are being updated and implemented.	
• Directing people and resources away from danger.	People and resources are directed from danger but additionally people are directed to take safe harbor in certain situations.	
• Evacuating facilities.	Evacuating plans are up in the facility.	
• Working with first responders to ensure safety.	Working with first responders is a priority in the emergency response plan.	
<b>VIII-G.</b> The pool regularly holds emergency drills and/or training sessions to ensure staff are aware of emergency response procedures.	Emergency drills are held annually and staff is made aware of these procedures.	

### IX. DATA SECURITY (Added / Last update: 2017)

The AGRiP Advisory Standards covering Data Security recognize the need for adequate written policies and procedures to protect data collected or maintained by the pool, whether the pool conducts operations in-house or contracts for services

- IX-A            The pool has a procedure to track inventory of all hardware, devices, and software authorized to access its computer network.
  
- IX -B           The pool actively manages the security configuration of hardware authorized to access its network to prevent exploitation of vulnerable services and settings.
  
- IX -C           If the pool allows access to its network for pool purposes by any personally-owned devices from any source, such as staff-owned or service provider mobile phones, laptops, or tablets, it has a written policy regarding acceptable use of devices, allowed devices, support for devices, and security protocols for pool data.



- IX -D The pool has data security and protection procedures in place to prevent data compromise and the unintentional release of sensitive information, including hardware and infrastructure protection and protection from user-based risks.
- IX -E The pool actively protects and backs up electronic files, including provisions for housing back-up data separately from the pool’s main storage site and testing back-up storage on a periodic basis.
- IX-F The pool has defined the use, assignment, revocation, and configuration of administrative privileges for computers, networks, and applications.
- IX -G The pool regularly informs all users with access to its system about smart cyber use activities.
- IX -H The pool regularly conducts data vulnerability assessments and remediates issues when necessary.
- IX -I All hardware, software, data use and data storage systems are compliant where necessary with relevant federal and state laws.

STANDARDS IX-A-B	<u>Explain</u> how Standard is met:	If N/A or not done at the pool explain why:
<b>IX-A.</b> The pool has a procedure to:		
<ul style="list-style-type: none"> <li>• Track inventory of all hardware authorized to access its computer network.</li> </ul>	The pool has a third-party computer network company that maintains an inventory. Staff verifies and counter checks this inventory monthly.	
<ul style="list-style-type: none"> <li>• Track inventory of all devices authorized to access its computer network.</li> </ul>	The third-party computer network company also assists in the access of other devices. Additionally, there is a Darktrace Threat Visualizer appliance that monitors all network activity and detects any new device that uses the network.	
<ul style="list-style-type: none"> <li>• Track inventory of all software authorized to access its computer network.</li> </ul>	The pool using the third computer network company to update and maintain all business software. Staff also verifies and monitors the software access.	
<b>IX-B.</b> The pool actively manages the security configuration of hardware authorized to access its network to prevent exploitation of vulnerable services and settings.	The third party professional computer network company installs updates to the hardware and software to help ensure proper security. Additionally, the Darktrace Threat Visualizer does detect vulnerabilities.	
<b>STANDARD IX-C</b>	<u>Cite policy</u> – or section of policy – fulfilling Standard, or how Standard is met:	If N/A or not done at the pool explain why:
<b>IX-C.</b> If the pool allows access to its network for pool purposes by any personally-owned devices from any source, such as staff-owned or service provider mobile phones, laptops, or tablets, it has a written policy regarding:	Network access for personal devices are not allowed on the primary business network. A “public” Wi-Fi access is available. This “public” WIFI availability is firewalled from the primary business network.	

<ul style="list-style-type: none"> <li>• Acceptable use of devices.</li> </ul>	The Information Technology Policy addresses this within pages 1-3.	
<ul style="list-style-type: none"> <li>• Allowed devices.</li> </ul>	The Information Technology Policy addresses this within pages 1-3.	
<ul style="list-style-type: none"> <li>• Support for devices.</li> </ul>	The Information Technology Policy addresses this within pages 1-3.	
<ul style="list-style-type: none"> <li>• Security protocols for pool data.</li> </ul>	The Information Technology Policy addresses this within pages 1-3.	

STANDARDS IX-D-I	<u>Explain</u> how Standard is met:	If N/A or not done at the pool explain why:
<b>IX-D.</b> The pool has data security and protection procedures in place to prevent data compromise and the unintentional release of sensitive information, including:	Security measures are taken to secure and protect all sensitive information. This is accomplished by a strict control of who has access to this data. Staff and the third-party computer network company helps monitor the procedures and access.	
<ul style="list-style-type: none"> <li>• Hardware and infrastructure protection.</li> </ul>	All network servers are in a separate secure data room. This room has a special fire protection system designed for computer network rooms.	
<ul style="list-style-type: none"> <li>• Protection from user-based risks.</li> </ul>	A policy is in place, the Network Threat appliance, constant password changes, and regular monitoring aids in the protection from user-based risks	
<b>IX-E.</b> The pool actively protects and backs up electronic files, including:		
<ul style="list-style-type: none"> <li>• Provisions for housing back-up data separately from the pool's main storage site.</li> </ul>	The pool has a secure cloud backup and a robust back up appliance.	
<ul style="list-style-type: none"> <li>• Provisions for testing back-up storage on a periodic basis.</li> </ul>	Testing for backup storage is done a weekly basis.	
<b>IX-F.</b> The pool has defined the use, assignment, revocation, and configuration of administrative privileges for:		
<ul style="list-style-type: none"> <li>• Computers</li> </ul>	The pool has a defined usage, assigning, and configuring procedure all the types of access required by each work. This applies to computers, networks, and applications.	
<ul style="list-style-type: none"> <li>• Networks</li> </ul>	The pool has a defined usage, assigning, and configuring procedure all the types of access required by each work. This applies to computers, networks, and applications	
<ul style="list-style-type: none"> <li>• Applications</li> </ul>	The pool has a defined usage, assigning, and configuring procedure all the types of access required by each work. This applies to computers, networks, and applications	
<b>IX-G.</b> The pool regularly informs all users with access to its system about smart cyber use activities.	This is done on a regular basis. In fact, this organization sponsors cyber risk assessments and other classes/seminars on this subject.	
<b>IX-H.</b> The pool regularly conducts data vulnerability assessments and remediates issues when necessary.	Yes.	

IX-I. All hardware, software, data use and data storage systems are compliant where necessary with relevant federal and state laws.	Yes.	
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**X. CLAIMS MANAGEMENT**

The AGRiP Advisory Standards covering Claims Management recognize the need for adequate written policies and procedures in administering claims against members.

Standards addressed:

- X-A The pool has written procedures that include settlement authority structure, internal review/audit procedures, and loss reserving.
- X-B The pool maintains a comprehensive claims management information system and/or accounting system that tracks claims, develops loss data, and is distributed to members on a regular basis.
- X-C The pool maintains a litigation management program that includes, but is not limited to, establishment of a list of qualified attorneys when applicable, establishment of reporting procedures, and ongoing monitoring and case management, including evaluation of legal expenses.
- X-D THE CLAIMS AUDIT:
  - X-D-1 In addition to the tests conducted during the course of a financial audit a claims audit is conducted at least once every three years regardless of whether claims are handled by in-house staff or by an outside service provider.
  - X-D-2 The claims audit includes determination that claims were handled in a timely and efficient manner.
  - X-D-3 The claims audit includes determination that the claims administrator adequately communicated.
  - X-D-4 The claims audit includes determination that case reserving practices were reasonable.
  - X-D-5 The claims audit includes determination that loss experience reports accurately reflect case reserves and payments.
  - X-D-6 The claims audit is conducted by a qualified firm or individual engaged by the pool that is independent of the pool and its claims service providers.
  - X-D-7 The claims auditor issues a report on the condition of the pool's claims handling and reserving practices noting significant exceptions and/or deficiencies.
  - X-D-8 The pool adequately addresses all exceptions or deficiencies noted in the claims audit within a reasonable period of time.

<b>STANDARD X-A</b>	<b><u>Cite policy – or section of policy – fulfilling Standard:</u></b>	<b><u>If N/A or not done at the pool explain why:</u></b>
The pool has written procedures that include:	Interlocal Cooperation Agreement Article 20; Contract TPA - ASC contract page 1-3; Claims reporting procedures effective 4/29/2016. Policy statement on Claims Administration revised 4/29/2016. Activities include independent claims audit every three years.	
<ul style="list-style-type: none"> <li>• Settlement authority structure</li> </ul>	ASC contract provision on pages 1-3 on agreement effective July 1, 2017-2022.	
<ul style="list-style-type: none"> <li>• Internal review/audit procedures</li> </ul>	Board approved Claims Administration Policy requires independent claims audit at least once every three years. Policy updated and revised on 4/29/2016 Service providers conduct regular internal reviews and is subject to periodic audits by reinsurers	
<ul style="list-style-type: none"> <li>• Loss reserving</li> </ul>	ASC contract provision on pages 1-3 on agreement effective July 1, 2017-2022.	
<b>STANDARDS X-B-C</b>	<b><u>Explain how Standard is met:</u></b>	<b><u>If N/A or not done at the pool explain why:</u></b>

<b>X-B.</b> The pool maintains a comprehensive claims management information system and/or accounting system that:	Contract TPA maintains own claims management systems system (ASC contract page 1-3	
• Tracks claims	Yes	
• Develops loss data	Yes	
• Is distributed to members on a regular basis	NPAIP distributes quarterly to members; NPAIP has access to TPA system to review any claims data and to develop reports as needed	
<b>X-C.</b> The pool maintains a litigation management program that includes, but is not limited to:	Board approved Claims Administration Policy updated 4-29-2016.	
• Establishment of a list of qualified defense attorneys when applicable	Board approved Claims Administration Policy updated 4-29-2016. Board shall establish a list of qualified defense counsel and coverage attorneys	
• Establishment of reporting procedures	Board approved Claims Administration Policy updated 4-29-2016. Provides reporting procedures and requirements. TPA (ASC) contract pages 1-3	
• Ongoing monitoring and case management, including evaluation of legal expenses	Board approved Claims Administration Policy updated 4-29-2016. Provides reporting procedures and requirements. TPA (ASC) contract pages 1-3	
<b>STANDARDS X-D 1-8: The Claims Audit</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
<b>X-D-1.</b> In addition to the tests conducted during the course of a financial audit a claims audit is conducted at least once every three years regardless of whether claims are handled by in-house staff or by an outside service provider. Please include the date of the last claims audit.	Per NPAIP’s Claims Administration Policy, audits have been completed every three years since 1994. The most recent independent claims audit of NPAIP claims handling practices was conducted in March 2015, The next review is scheduled for March 2018. Independent audits also occur from one or more reinsurers each year. Report date for last claims audit was March 20, 2015.	
<b>Explain how Standard is met:</b>		<b>If N/A or not done at the pool explain why:</b>
<b>X-D-2.</b> The claims audit includes determination that claims were handled in a timely and efficient manner.	Independent auditor scope of work includes timeliness and efficiency review. Auditors report is required to include the results of such review	
<b>X-D-3.</b> The claims audit includes determination that the claims administrator adequately communicated	Independent auditor scope of work reviews case handling procedures including communications. Final reports indicate in part... continues to administer claims in a	

	timely and efficient manner, continues to openly communicate with NPAIP members and other interested parties, and continues to keep excess insurers apprised of pertinent developments, as are appropriate. Page 3 of audit report.	
<b>X-D-4.</b> The claims audit includes determination that case reserving practices were reasonable.	In the 2015 audit, a detailed report showed a comparison of the auditor's reserves to the adjuster's reserves for each audited claim	
<b>X-D-5.</b> The claims audit includes determination that loss experience reports accurately reflect case reserves and payments.	Independent audit scope of work includes review of case reserves and payments compared with loss experience reports. Page 6-7 in report.	
<b>X-D-6.</b> The claims audit is conducted by a qualified firm or individual engaged by the pool that is independent of the pool and its claims service providers.	The 2015 Claims review audit was conducted by Claims Innovative Solutions. The report is signed by Phillip D. Kentfield, Managing Principal.	
<b>X-D-7.</b> The claims auditor issues a report on the condition of the pool's claims handling and reserving practices noting significant exceptions and/or deficiencies.	Auditor scope of work requires providing an Executive Summary and detailed report with exhibits that includes discussion of claims handling and reserves practices. The report includes discussion of findings and recommendations. Final report 11 pages plus appendices. Results referred to board. Board reviews recommendations and requests TPA to comply. NPAIP Administration oversees TPA compliance.	
<b>X-D-8.</b> The pool adequately addresses all exceptions or deficiencies noted in the claims audit within a reasonable period of time.	Minor reserve differences and case handling concerns were promptly resolved by administrator after meeting with Executive Director and auditor. Ongoing quality management reports are made to the Executive Director who regulatory confers with TPA on any audit findings and necessary changes	

## XI. PROFESSIONAL DEVELOPMENT

The AGRiP Advisory Standards for Professional Development recognize the value of continuing education.

Standards addressed:

- XI-A Members of the governing body of the pool participate in relevant professional conferences and seminars presented by organizations other than the pool.
- XI-B Pool staff participates in relevant professional development programs.

- XI-C The pool chief executive officer regularly attends relevant state and national professional conferences and seminars.
- XI-D Pool staff members obtain educational degrees, relevant professional designations and other certifications.
- XI-E Pool staff members participate in relevant professional organizations.
- XI-F The pool provides adequate funding to support professional development.

STANDARDS XI-A-F	<u>Explain</u> how Standard is met:	If N/A or not done at the pool explain why:
<p><b>XI-A.</b> Members of the governing body of the pool participate in relevant professional conferences and seminars presented by organizations other than the pool.</p>	<p>Executive Committee of Board is invited to attend AGRIP Pool Trustees seminar each year at NPAIP's expense. Most attend. NPAIP funds PRIMA membership dues for all members. Several Executive Committee members attended the AGRIP Pool Trustees seminar in March 2017 Four members are attending March 2018 seminar. Board approved Policy on Education and Training. Board approved policy on Membership Development. Updated 4/2016</p>	
<p><b>XI-B.</b> Pool staff participates in relevant professional development programs.</p>	<p>PARMS sends key staff to AGRIP, PRIMA, PARMA and other conferences and encourages additional professional training courses. All service providers send their staff to training and encourage professional education. Conferences recently attended include 9/2017 CAJPA, 3/2017 AGRIP, PRIMA 5/2017 and SAA Investment Seminar 3/2017. Full training calendar approved for 2018.</p>	
<p><b>XI-C.</b> The pool chief executive officer regularly attends relevant state and national professional conferences and seminars.</p>	<p>Covered in policy statement on Administration – Executive Director to attend at least two professional conferences annually. Conferences recently attended include 9/2017 CAJPA, 3/2017 AGRIP Conference; AGRIP Leadership Institute 8/2017. NPAIP budget includes at least two professional conferences and other seminars each year.</p>	
<p><b>XI-D.</b> Pool staff members obtain educational degrees, relevant professional designations and other certifications.</p>	<p>Staff members hold MBA, MS, MA BS and JD degrees; professional designations include CPCU, CIC, ARM and CPA.</p>	
<p><b>XI-E.</b> Pool staff members participate in relevant professional organizations.</p>	<p>Staff attends AGRIP, PRIMA, PARMA or other conferences and are members of ASAE, CPCU, ASSE and AICPA. Other</p>	

	<p>professional organizations include the Sheriff's and Chief's Association, Nevada Association of Counties, Nevada League of Cities, Nevada Association of School Boards, Governmental Finance Officers and Nevada Rural Water Association</p>	
<p><b>XI-F.</b> The pool provides adequate funding to support professional development.</p>	<p>The NPAIP policy on Administration (4/2016) requires and budget includes funding to support these areas of professional development.</p>	



**XII. GOVERNANCE (Last update: 2017)**

The AGRiP Advisory Standards for Organizational Planning recognize the value of long-range or strategic planning.

Standards addressed:

- XII-A The pool governing board assures that its members receive a regular orientation program and manual for new and returning board members that includes review of the organizational governance structure, operations, legal and fiduciary responsibilities, budget and accounting system, actuarial funding, financial and investment policies.
- XII-B The pool develops and maintains a long-range or strategic plan that contains a mission statement and clearly defined goals and objectives.
- XII-C The pool regularly reviews and revises its long-range or strategic plan.
- XII-D The pool regularly develops a short-term or operational work plan based on its long-range or strategic plan.
- XII-E The pool's governing body and staff regularly review the work plan to ensure that activities are completed and goals and objectives are met.
- XII-F The pool keeps approved minutes of all meetings of the governing body and substantive committees, and the governing body has made a determination about minutes being distributed or otherwise made available to members. Minutes and their distribution are compliant with all applicable state and local laws.
- XII-G The governing body has a policy in regard to how they are to receive reports on/or from executive staff, key functional areas and service providers.
- XII-H The pool has adopted a records management and retention policy. The policy outlines the treatment of both electronic and hard copy files, including:
  - Permanent record management for both hard copy and electronic files, including a documented process to prevent modification and deletion of permanent electronic files;
  - Records destruction;
  - Records archiving;
  - Separation of confidential records from public records; and,
  - A documented process for responding to public records requests.

STANDARDS XII-A-F	<u>Explain how Standard is met and provide date last done:</u>	If N/A or not done at the pool explain why:
<p><b>XII-A.</b> The pool governing board assures that its members receive a regular orientation program and manual for new and returning board members that includes:</p>	<p>In accordance with its Policy Statement on Administration (Strategies), the Governing Board Members are provided a Board Reference Manual that includes Interlocal Cooperation Agreement, Bylaws, Committee Charters and Board Policies. A periodic orientation is provided to new Board members. Governing documents, financial statements and minutes of prior meetings are posted on the Website for reference.</p>	<p>  </p>
<ul style="list-style-type: none"> <li>• Review of the organizational governance structure.</li> </ul>	<p>Board approved Policy Statement on Administration (Strategies) 4/2016</p>	<p>  </p>
<ul style="list-style-type: none"> <li>• Operations.</li> </ul>	<p>Board approved Policy Statement on Administration (Strategies) 4/2016</p>	<p>  </p>
<ul style="list-style-type: none"> <li>• Legal and fiduciary responsibilities.</li> </ul>	<p>Board approved Policy Statement on Administration (Strategies) 4/2016</p>	<p>  </p>

<ul style="list-style-type: none"> <li>Budget and accounting system.</li> </ul>	Board approved Policy Statement on Administration (Strategies) 4/2016	
<ul style="list-style-type: none"> <li>Actuarial funding.</li> </ul>	Board approved Policy Statement on Administration (Strategies) 4/2016	
<ul style="list-style-type: none"> <li>Financial and investment policies.</li> </ul>	Board approved Policy Statement on Administration (Strategies) and Finance and Investments updated 4/2016	
<b>XII-B.</b> The pool develops and maintains a long-range or strategic plan that contains a mission statement and clearly defined goals and objectives.	Interlocal Cooperation Agreement Article 2 and Bylaws Article 1 provide for purpose of NPAIP. Retreats in 1996, 1999, 2005, 2008, 2011, 2014 and 2016 established and refined mission and goals that were adopted by the board and published to all members. Next retreat scheduled for September 2018.	
<b>XII-C.</b> The pool regularly reviews and revises its long-range or strategic plan.	Following board retreats, committees are assigned to follow through on plans as is staff. Current plan status reports are provided to annual board meetings. Board retreat held 11/2014. Next retreat scheduled for 9/2018.	
<b>XII-D.</b> The pool regularly develops a short-term or operational work plan based on its long-range or strategic plan.	Board chartered Standing Committees on Loss Control and Human Resource Oversight meet regularly and develop action plans with staff support. Each committee has a board adopted charter that defines its purpose and function.	
<b>XII-E.</b> The pool's governing body and staff regularly review the work plan to ensure that activities are completed and goals and objectives are met.	Status reports are provided at each board meeting from each committee including all minutes and reports by committee chairs	
<b>XII-F.</b> The pool keeps approved minutes of all meetings of the governing body and substantive committees, and the governing body has made a determination about minutes being distributed or otherwise made available to members. Minutes and their distribution are compliant with all applicable state and local laws.	Minutes are taken for all meetings and approved at subsequent meeting. Copies of minutes are provided in agenda packet for approval as well as maintained on the website.	
<b>STANDARDS XII-G-H</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>	<b>If N/A or not done at the pool explain why:</b>
<b>XII-G.</b> The governing body has a policy in regard to how it is to receive reports on/or from executive staff, key functional areas and service providers.	Executive Director reports at each Executive Committee and Annual Board meeting. Human Resources manager reports to HR Oversight	

	Committee and to Annual Board meeting. Loss Control Committee staff leader reports to Loss Control Committee and to Annual Board meeting. Staff responsible for overseeing investment program reports at each Executive Committee and Annual Board meeting along with investment advisor. Claims Manager of TPA reports to Executive Committee periodically	
<b>XII-H.</b> The pool has adopted a records management and retention policy. The policy outlines the treatment of both electronic and hard copy files, including:	Board approved Records Management Policy. Last updated 4/2016.	
<ul style="list-style-type: none"> <li>Permanent record management for both hard copy and electronic files, including a documented process to prevent modification and deletion of permanent electronic files.</li> </ul>	Board approved Records Management Policy Section 9-16. Last updated 4/2016.	
<ul style="list-style-type: none"> <li>Records destruction.</li> </ul>	Records Management Policy Section 15-16 and Nevada Administrative Code 239.165	
<ul style="list-style-type: none"> <li>Records archiving</li> </ul>	Records Management Policy Section 9-10 updated 4/2016	
<ul style="list-style-type: none"> <li>Separation of confidential records from public records.</li> </ul>	Board approved Records Management Policy. Last updated 4/2016.	
<ul style="list-style-type: none"> <li>A documented process for responding to public records requests.</li> </ul>	Board approved Records Management Policy. Last updated 4/2016.	

**XIII. ETHICS**

The AGRiP Advisory Standards covering Ethics policies recognize that members of public entity pools are public organizations, such as schools and transit districts, and that public entity pools are governed by boards made up of public officials. Thus, adherence to a defined policy, such as the AGRiP model policies, encourages public trust and proper decision-making within the pool. A model Code of Conduct adopted by the AGRiP Board of Directors is available to download on the AGRiP web site.

Standards addressed:

XIII-A The pool has a Code of Conduct applicable to the pool governing body, staff (whether directly employed by the pool or under contract) and service providers that is generally consistent with the AGRiP Model Code of Conduct.

<b>STANDARD XIII-A</b>	<b>Cite policy – or section of policy – fulfilling Standard:</b>		<b>Date Adopted:</b>	<b>If N/A or not done at the pool explain why.</b>
The pool has a Code of Conduct applicable to the pool governing body, staff (whether directly employed by the pool or under contract) and service providers that is generally consistent	<i>Governing Body</i>	Board approved Policy Statement on Code of Conduct and Conflict of Interest which is consistent with the	Updated and approved 4-29-2016	

with the AGRiP Model Code of Conduct.		AGRiP Model. Executive Committee members annually sign disclosure documents.		
	<i>Staff</i>	Board approved Policy Statement on Code of Conduct and Conflict of Interest. Staff members annually sign disclosure documents	Updated 4-29-2016	
	<i>Service Providers</i>	Board approved Policy Statement on Code of Conduct and Conflict of Interest. Included in contract language.	Updated 4 29 2016	

***Optional Feedback***

**To help us improve the Recognition application process, please provide any comments on the application and/or process itself:**

**Disclaimer**

Standard Recognition sponsored by AGRiP encourages and promotes compliance with recognized Advisory Standards. Recognition, if provided, acknowledges the recipient pool's self-evaluation demonstrates general compliance with the recommended operational practices and documentation, only.

Advisory Standards and Recognition are intended to be a benchmark to measure and guide, but do not attest to the solvency nor define the capacity, content or quality of organizational and operational characteristics of public entity risk and employee benefit pools. AGRiP has not and does not intend to undertake an audit or independent verification review to confirm the truth or accuracy of the Recipient's assertions.

**Application Verification**

**1. The Chair of the Board or executive committee verifying this application must check the boxes below to signify their understanding that the AGRiP Advisory Standards and Recognition process:**

- Identify suggested best practices in key pool operational areas.
- Do not address all pool operations.
- Are advisory, only.
- Represent a baseline of operations, only.
- Entail a limited peer review of self-audited policies and *not* an audit of pool operations.
- Intentionally distinguish Standards that should be documented in pool policy from those which may be met procedurally.
- Focus more on a pool’s processes than outcomes.
- Are not an accreditation of pool operations, nor a guarantee of financial solvency or other pooling success measures.
- Are reviewed in good faith by AGRiP’s Membership Practices Committee (MPC) with the belief a pool has in place policies and procedures asserted on its application.
- Determined for compliance on a yes or no basis. A pool may be provided Recognition if they operate outside the defined Standard, if it provides sufficient explanation as to why doing so is appropriate under the circumstances.
- Granted with noted caveats where circumstances warrant.

Recipients of the Advisory Standards Recognition agree not to use the Recognition in any way that implies or suggests that through the Recognition AGRiP guarantees that the pool is appropriately managed or financially solvent.

**Signature**

*I certify that this evaluation was reviewed and approved by the executive committee or the board of directors/trustees, fully understanding the intent of both the Advisory Standards themselves and the Recognition process overall.*

Chair of the Board or Executive Committee Signature:

Printed Name:

Title:

Date:

*Reminder, to be accepted an application must be:*

- Fully complete
- Submitted with a certified copy of a Board resolution, excerpt from minutes, or other documentation evidencing the Board's approval of the contents of the application;
- Signed by the chairperson of the executive committee or the Board of Directors; and,
- Accompanied by the \$750 application fee mailed.

**NEVADA PUBLIC AGENCY INSURANCE POOL**

**FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

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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, 2017 and 2016 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, 2017 and 2016 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 23 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, which 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  
October 31, 2017

## 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, 2017 and June 30, 2016 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes 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.

Management decided to add the following Condensed Statement of Net Position to the annual MD&A. This provides a convenient financial picture of the financial status of the Nevada Public Agency Insurance Pool. Even though the net position of NPAIP declined from \$34,862,387 in FY 2016 to \$31,740,678 in FY 2017, the combined financial picture of the NPAIP and its pure captive PRM has proportionally risen. This shift of assets to PRM will result increase financial flexibility in reinsurance structure and investment returns.

### CONDENSED STATEMENTS OF NET POSITON

	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 26,989,994	\$ 33,712,964
Receivables	2,957,686	2,069,360
Other assets	83,691	21,673
Capital assets, net	1,622,469	1,645,098
Contributed surplus PRM, net	10,420,230	8,067,123
<b>Total assets</b>	<b><u>42,074,070</u></b>	<b><u>45,516,218</u></b>
Accounts payable	165,724	87,831
Other liabilities and deferred revenues	162,668	-
Reserve for claims and claims related expense	10,005,000	10,566,000
<b>Total liabilities</b>	<b><u>10,333,392</u></b>	<b><u>10,653,831</u></b>
Net positon -unrestricted	30,118,209	33,217,289
Net positon -restricted for pledged securities	1,622,469	1,645,098
<b>Total net positon</b>	<b><u>\$ 31,740,678</u></b>	<b><u>\$ 34,862,387</u></b>

### CONDENSED STATEMENTS OF REVENUES AND EXPENSES

	<u>2017</u>	<u>2016</u>
Assessments revenues	\$ 14,159,528	\$ 14,377,529
Loss fund provision and program expenses	12,255,080	10,751,445
Administration expenses	4,729,146	4,136,166
Total expenses	16,984,226	14,887,611
<b>(Decrease) in operating net position</b>	<b><u>(2,824,698)</u></b>	<b><u>(510,082)</u></b>
Non-operating net investment income	(297,011)	1,209,345
<b>(Decrease) increase in net position</b>	<b><u>\$ (3,121,709)</u></b>	<b><u>\$ 699,263</u></b>

Changes in Net Position:

Fiscal year ended June 30, 2017: \$31,740,678

Fiscal year ended June 30, 2016: \$34,163,124

Net change: (\$2,422,446) or -7.0%.

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, \$1,622,469 of the total assets for fiscal year end June 30, 2017 consists of capital assets (after depreciation).

Total revenues:

Fiscal year ended June 30, 2017: \$14,159,528

Fiscal year ended June 30, 2016: \$14,377,529

Net change: (\$218,000) or -1.5%

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 of \$46,383 from Travelers BoilerRe of accumulated credits for infrared inspections constituted 67% of the \$68,324. A dividend payment from United Educators of \$5,516 also contributed to the Other Income total for June 30, 2017.

Total expenses:

Fiscal year ended June 30, 2017: \$16,984,226

Fiscal year ended June 30, 2016: \$14,887,611

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 pure captive mutual insurance company, Public Risk Mutual. Initially, in 2004, NPAIP invested \$1,000,000, an amount to be amortized over 10 years. The NPAIP Board determined that an additional \$10,000,000 capitalization to PRM from NPAIP will occur over a two-fiscal year period (Fiscal Year 2017 and Fiscal Year 2018). At June 30, 2017, NPAIP's contribution to Public Risk Mutual increased to \$23,777,263. Amortization expense as of June 30, 2017 was \$1,946,893 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, 2017: (\$2,824,698)

Fiscal year ended June 30, 2016: (\$ 510,082)

Net change: (\$3,334,780)

Increases in claims costs comprised \$919,377 of the increase in program expense. The balance of the overall operating expense change came from increased administration expenses of \$592,980 largely from member education, risk management grants, services and amortization expenses.

### Net investment income:

Fiscal year ended June 30, 2017: (\$ 297,011)

Fiscal year ended June 30, 2016: \$1,209,345

Net change: (\$1,506,356)

Again, the net decrease reflects the large contribution to surplus of Public Risk Mutual. 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 \$26,229,345 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 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	POOL	POOL
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
<b>Total Revenue</b>	\$ 14,832,482	\$ 14,610,828	\$ 14,364,004	\$ 14,377,529	\$ 14,159,528
<b>Total Income (excludes special reserve adjustments 96 &amp; 98)</b>	\$ 1,416,264	\$ 1,752,247	\$ 1,225,208	\$ 699,263	\$ (3,121,709)
<b>Net Operating Income</b>	\$ 1,540,389	\$ 1,266,150	\$ 537,007	\$ (510,082)	\$ (2,824,698)
<b>Net Investment Income</b>	\$ (124,125)	\$ 486,097	\$ 688,201	\$ 1,209,345	\$ ( 297,011)
<b>Total Assets</b>	\$ 42,911,169	\$ 43,758,612	\$ 44,345,129	\$ 45,516,218	\$ 42,074,070
<b>Total Liabilities</b>	\$ 11,725,500	\$ 10,820,696	\$ 10,182,005	\$ 10,653,831	\$ 10,333,392
<b>Net Position</b>	\$ 31,185,669	\$ 32,937,916	\$ 34,163,123	\$ 34,862,387	\$ 31,740,678
<b>Net Position to SIR (Board target: 12:1)</b>	62.4	65.9	68.3	69.7	63.4
<b>SIR to Net Position (Benchmark: captives &lt;.10; group captives &lt;.25)</b>	0.016	0.015	0.015	0.014	0.016
<b>% Assets attributable to Net Position</b>	72.7%	75.3%	77.0%	76.6%	75.4%
<b>Total assets/total liabilities</b>	3.66	4.04	4.36	4.27	4.27
<b>Revenues to Net Position (Benchmark: &lt;2.5:1 and &gt;0)</b>	0.48	0.44	0.42	0.41	0.41
<b>Loss Reserves to Net Position (discounted): Benchmark &lt;3:1 and &gt;0</b>	0.37	0.35	0.34	0.33	0.32
<b>Total liabilities to liquid assets: Benchmark &lt;100%</b>	39%	35%	32%	32%	26%
<b>Change in Net Position: &gt;-10%</b>	4.8%	5.6%	3.7%	2.0%	-9.1%
<b>Return on Net Position: Net Operating Income/Net Position</b>	4.9%	3.8%	1.6%	-1.5%	-9%
<b>Return on Net Position: Total Income/Net Position</b>	4.5%	5.3%	3.6%	2.0%	-10%

## Economic Factors:

There were stable insurance market conditions for property and liability reinsurance for fiscal year ending June 30, 2017. Rates in property coverage were stable as were liability rates. However, the winter of 2017 produced an unprecedented level of snow in the Sierra Nevada Mountains; this and other weather-related claims resulted in new property claims of \$3,480,592 incurred and \$1,032,251 paid for Fiscal Year 2017 for NPAIP. Despite these new property claims, the preemptive flood and other weather-related damage controls were effective in mitigating even worse property damage. It is unknown at this time how much effect other national weather-related occurrences will be influencing the overall reinsurance renewal rates for Fiscal Year 2019.

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, 2017 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 pure 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:**

The one subsequent event that will slightly change the future financial statement will be the technology support structure. As of July 1, 2017, NPAIP will be absorbing all costs related to the maintenance, replacement, and improvements to all technological needs for the management of all technological needs. Prior to July 1, 2017, Public Agency Risk Management Services (PARMS) absorbed the financial responsibility of maintaining the technological support. The human resource consulting non-profit, Public Resources, Inc (PRI), and the management firm, PARMS, will be invoiced monthly for the technology services provided by NPAIP. The change will result in an increase of operating expenses and an increase in service fee income. PARMS will continue to charge its management service fee for the management of Public Agency Compensation Trust (PACT), Public Risk Mutual (PRM), and Public Compensation Mutual (PCM), which has included technology services.

### **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, and 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, 2017 and 2016**

<b>ASSETS</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Current assets:		
Cash and cash equivalents	\$ 625,884	\$ 419,052
Investments	26,229,345	33,121,767
Accrued interest	134,765	172,145
Deductibles receivable	146,244	260,779
Assessments receivable	26,170	15,607
Other Receivables	72,522	50
Specific and aggregate recoverables	2,712,750	1,792,924
Prepaid expense	83,691	21,673
Total current assets	<u>30,031,371</u>	<u>35,803,997</u>
Capital assets:		
Land, building & equipment, net	1,622,469	1,645,098
Other assets:		
Contributed Surplus Public Risk Mutual, net	10,420,230	8,067,123
<b>Total Assets</b>	<b><u><u>42,074,070</u></u></b>	<b><u><u>45,516,218</u></u></b>
 <b>LIABILITIES</b>		
Other current liabilities:		
Accounts payable	165,724	87,831
Risk Management Grants payable	157,564	-
Deferred inflows of resources	5,104	-
Current portion of reserve for claims and claims adjustment expenses	4,581,556	4,552,056
Total current liabilities	<u>4,909,948</u>	<u>4,639,887</u>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	5,423,444	6,013,944
Total non-current liabilities:	<u>5,423,444</u>	<u>6,013,944</u>
<b>Total Liabilities</b>	<b><u><u>10,333,392</u></u></b>	<b><u><u>10,653,831</u></u></b>
 <b>NET POSITION</b>		
Net Position, unrestricted	30,118,209	33,217,289
Net Position, invested in capital assets	1,622,469	1,645,098
<b>Total Net Position</b>	<b><u><u>\$ 31,740,678</u></u></b>	<b><u><u>\$ 34,862,387</u></u></b>

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For Years Ended June 30, 2017 and 2016**

<b>OPERATING REVENUES</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Premiums written	\$ 13,832,878	\$ 13,938,226
Rental income	258,326	257,937
Other Income	68,324	181,366
Total revenues	<u>14,159,528</u>	<u>14,377,529</u>
<b>PROGRAM EXPENSES</b>		
Losses and loss adjustment expenses	4,549,021	3,629,644
Excess insurance premiums	5,633,992	5,044,561
Pooling and loss control fees	505,000	505,000
Third party administrator fees	659,418	652,721
Agent commissions	905,483	911,271
Taxes written	2,166	8,248
Total program expenses	<u>12,255,080</u>	<u>10,751,445</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Management fees	490,136	475,860
Building maintenance and utilities	124,219	80,948
Depreciation	44,564	44,593
Amortization	1,946,893	1,779,165
Travel	48,662	54,711
Casualty insurance	51,553	40,767
Operating expenses	113,484	232,066
Legal expenses	85,109	40,931
Loss control awards & grants	320,627	185,900
Consultant appraisals	87,500	114,850
Environmental consultation	23,665	18,972
Technology services	81,967	-
Member education & training	1,310,767	1,067,403
Total pool administration expenses	<u>4,729,146</u>	<u>4,136,166</u>
Total program and administration expenses	<u>16,984,226</u>	<u>14,887,611</u>
<b>Decrease in operating net position</b>	<b>(2,824,698)</b>	<b>(510,082)</b>
Increase in non-operating net investment income	(297,011)	1,209,345
<b>(Decrease) increase in net position</b>	<b>(3,121,709)</b>	<b>699,263</b>
Net position, beginning of year	34,862,387	34,163,124
<b>Net position, end of year</b>	<b><u>\$ 31,740,678</u></b>	<b><u>\$ 34,862,387</u></b>

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Cash Flows**  
**For Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Premiums written	\$ 13,941,954	\$ 14,030,877
Rental income	258,326	257,937
Other revenues	68,324	181,366
Payment for claims	(5,110,021)	(3,187,644)
Payment to vendors	(11,381,636)	(9,361,641)
Net Cash (Used) Provided from Operating Activities	<u>(2,223,053)</u>	<u>1,920,895</u>
<b>Cash flows from investing activities:</b>		
Interest and dividend income, net of expenses	957,587	868,608
Purchases of investments	(7,595,831)	(14,541,729)
Proceeds from sales of investments	13,391,219	12,563,981
Net Cash Provided (Used) in Investing Activities	<u>6,752,975</u>	<u>(1,109,140)</u>
<b>Cash flows from capital activities:</b>		
Increase in capitalization of PRM	(4,300,000)	(1,488,723)
Equipment purchases	(23,090)	-
Net Cash Used for Capital Activities	<u>(4,323,090)</u>	<u>(1,488,723)</u>
Increase in Cash and Cash Equivalents	206,832	(676,968)
Cash and Cash Equivalents, beginning of fiscal year	419,052	1,096,020
<b>Cash and Cash Equivalents, year ended June 30</b>	<u><b>625,884</b></u>	<u><b>419,052</b></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating net loss	(2,824,697)	(510,082)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	45,719	44,593
Amortization expense	1,946,893	1,779,165
Decrease in deductibles receivable	103,972	109,589
(Increase) decrease in prepaid expense	(134,491)	5,419
(Increase) decrease in other receivables	(882,446)	20,385
Increase in accounts payable	77,893	46,764
Increase (decrease) in deferred inflows of resources	5,104	(16,938)
(Decrease) increase in claims and loss adjustment expenses	(561,000)	442,000
<b>Net Cash (Used) Provided by Operating Activities</b>	<u><b>\$ (2,223,053)</b></u>	<u><b>\$ 1,920,895</b></u>

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**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, 2017 and 2016**

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**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 7 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, 2017 and 2016**

**NOTE 3 – CASH AND INVESTMENTS**

The carrying amount of NPAIP’s deposits with financial institutions at June 30, 2017 and 2016 was \$625,884 and \$419,052.

The financial institution balance at June 30, 2017 and 2016 was \$886,860 and \$498,061 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>2017</u>	<u>2016</u>
Amounts insured by FDIC	\$ 250,000	\$ 219,313
Amounts collateralized	239,517	-
Cash equivalents at brokerage firm	<u>397,343</u>	<u>278,748</u>
 Total deposits at financial institutions	 <u>\$ 886,860</u>	 <u>\$ 498,061</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, 2017 is as follows:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>1 year of less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Government & Agencies	\$ 2,875,432	\$ 1,151,989	\$ 1,723,443	\$ -	\$ -
U.S. Mortgage-backed securities	18,710,223	-	367,389	3,254,406	15,088,428
U.S. Government backed securities	4,643,690	-	3,449,190	714,920	479,580
Total cash and investments	<u>\$ 26,229,345</u>	<u>\$ 1,151,989</u>	<u>\$ 5,540,022</u>	<u>\$ 3,969,326</u>	<u>\$ 15,568,008</u>

A summary of investments as of June 30, 2016 is as follows:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>1 year of less</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>\$ -</u>	<u>\$ 8,379,562</u>	<u>\$ 11,421,487</u>	<u>\$ 13,320,718</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 year-end June 30,

1. U.S. Treasuries and U.S. Government guaranteed securities of \$397,373 and \$4,990,098 for years ended June 30, 2017 and 2016 respectively are valued using quoted market prices (Level 1 inputs).
2. U.S. Government Agencies and U.S. back securities of \$25,831,972 and \$28,131,669 for years ended June 30, 2017 and 2016 respectively are valued using a matrix pricing model (Level 2 inputs).

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**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, 2017 and 2016 was as follows:

Property and equipment activity for the year ended June 30, 2017 was as follows:

	<b>Estimated Useful Life</b>	<b>June 30, 2016</b>	<b>Additions</b>	<b>Dispositions</b>	<b>June 30, 2017</b>
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	94,857	23,090	-	117,947
		<u>2,345,225</u>	<u>23,090</u>	<u>-</u>	<u>2,368,315</u>
Less accumulated depreciation		(700,127)	(45,719)	-	(745,846)
Capital assets net accumulated depreciation		<u>\$ 1,645,098</u>	<u>\$ (22,629)</u>	<u>\$ -</u>	<u>\$ 1,622,469</u>

Property and equipment activity for the year ended June 30, 2016 was as follows:

	<b>Estimated Useful Life</b>	<b>June 30, 2015</b>	<b>Additions</b>	<b>Dispositions</b>	<b>June 30, 2016</b>
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>

**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:

<b><u>NPAIP Limits:</u></b>	<b><u>2016-2017</u></b>	<b><u>2015-2016</u></b>
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, 2017 and 2016**

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**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>2017</u>	<u>2016</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 10,566,000</u>	<u>\$ 10,124,000</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	5,635,000	5,168,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>(1,085,979)</u>	<u>(1,538,356)</u>
Total incurred losses and loss adjustment	4,549,021	3,629,644
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(988,000)	(485,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(4,122,021)</u>	<u>(2,702,644)</u>
Total Payments	(5,110,021)	(3,187,644)
<b>Unpaid claims and claims adjustment expenses At end of fiscal year</b>	<u><u>\$ 10,005,000</u></u>	<u><u>\$ 10,566,000</u></u>

In 2017 the current portion of the reserve, cash expected to be paid within 12 months, is \$4,581,556 and the long-term portion is \$5,423,444. At the end of 2016 the current portion was \$4,552,056 and the long term portion was \$6,013,944.

At June 30, 2017 and 2016, 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 are management’s best estimate of reserves at June 30, 2017 and 2016.



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**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, 2017 and 2016 were \$490,136 and \$475,860 respectively.

Minimum future payments:	
2018	504,840
2019	519,985
Total payments	<u>\$ 1,024,825</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 2017 and 2016 were \$69,781 and \$69,804. 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:	
2018	71,177
Total payments	<u>\$ 71,177</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 \$756,000 and \$565,000 for the years ended June 30, 2017 and 2016 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:	
2018	779,350
2019	794,950
2020	811,200
Total payments	<u>\$ 2,385,500</u>

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, 2017 and 2016**

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**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 \$23,777,263 and \$19,477,260 as of year ended June 30, 2017 and 2016. 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.

In April 2017, the Executive Committee of Nevada Public Agency Insurance Pool (NPAIP) approved the transfer of ten million (\$10,000,000) surplus funds to its pure captive Public Risk Mutual (PRM). This action was ratified by the full Board of Trustees of PRM on April 27, 2017 during the annual meeting. As of July 1, 2017, \$4,300,000 has been transferred from NPAIP to PRM. The transfer of the remaining \$5,700,000 is scheduled to be completed by December 31, 2017.

Since the creation of the captive PRM, all transfers from NPAIP to PRM have been amortized. Therefore, the initial \$4,300,000 asset transfer has been accounted for in the amortization schedule that continually accounts for the NPAIP capital surplus contributions to PRM. The remaining \$5,700,000 that will be contributed to PRM in fiscal year 2018 is a board commitment and will be entered in the ongoing amortization schedule in fiscal year 2018. NPAIP’s investment advisor, Strategic Asset Alliance, and NPAIP’s money manager, New England Asset Management, have developed an orderly transfer plan based on the appropriate selling and purchasing points for the designated assets. This helps accomplish the goals of providing NPAIP with profits of the sales and PRM with the purchase of more suitable investment assets. This enables NPAIP and PRM to maintain the appropriate Net Position for their respective risk retention amounts.

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 \$1,946,893 and \$1,779,165 for fiscal years ended 2017 and 2016.

	<b>June 30, 2016</b>	<b>Additions</b>	<b>June 30, 2017</b>
Contributed surplus to Public Risk Mutual	\$ 19,477,263	\$ 4,300,000	\$ 23,777,263
Accumulated amortization	(11,410,140)	(1,946,893)	(13,357,033)
Contributed Surplus net of accumulated amortization	<u>\$ 8,067,123</u>	<u>\$ 2,353,107</u>	<u>\$ 10,420,230</u>
	<b>June 30, 2015</b>	<b>Additions</b>	<b>June 30, 2016</b>
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>

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**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.

<b><u>Property limits:</u></b>	<b><u>2016 -2017</u></b>	<b><u>2015 - 2016</u></b>
Blanket limit per loss:	\$300,000,000	\$300,000,000
Earthquake Aggregate Sub-limit:	150,000,000	150,000,000
Flood Aggregate Sub-limit:	150,000,000	150,000,000
Equipment Breakdown Sub-limit:	100,000,000	60,000,000
Money & Securities (including Employee Dishonesty) Sub-limit:	500,000	500,000
<b><u>Liability limits:</u></b>		
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
<b><u>Aggregate Limits:</u></b>		
General Aggregate (per member)	10,000,000	10,000,000
Sexual abuse Sub-limit	2,500,000	2,500,000
<b><u>Cyber Security Event Liability and Privacy Response Cover Limits:</u></b>		
Cyber Security Event Liability	2,000,000	2,000,000
Privacy Response Expense	500,000	500,000

NPAIP reinsurance is as follows:

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: \$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

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

Property 2016-2017 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: \$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

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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**NOTE 9 – EXCESS INSURANCE OR REINSURANCE (continued)**

Liability 2016-2017: The liability limits shown above excess of NPAIP’s retention of \$500,000 with:

- a. Public Risk Mutual 30% of \$2,500,000, excluding school districts, plus 25% of \$7,000,000 excess of \$3,000,000
- b. County Reinsurance, ltd. 70% 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., 40% 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

**NOTE 10 – LEASES**

On March 12, 2016 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 2016. 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:	
2018	\$ 5,936
2019	5,742
2020	3,870
	-
<b>Total minimum lease payments</b>	<b>\$ 15,548</b>

**NOTE 11 –SUBSEQUENT EVENTS**

On July 1, 2017, NPAIP assumed ownership from PARMS of the server and computers and will be absorbing all costs related to the maintenance, replacement, and improvements for all its technological needs. NPAIP manages all technological needs for the organization and designated support contractors will be assessed a monthly technology support fee.

Management has evaluated the activities and transactions subsequent to June 30, 2017 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2017. Management has evaluated subsequent events through October 31, 2017 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>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>	<u>2017</u>
Required Contributions & Investment Income:										
Earned	\$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	\$13,926,199
Ceded	(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)	(5,633,992)
Net earned	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	8,292,207
Unallocated Expenses	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	6,801,212
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	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	5,635,000
Ceded	-	-	-	-	-	-	-	-	(87,500)	(1,427,141)
Net Incurred	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	4,207,859
Paid (cumulative) as of:										
End of policy year	1,020,000	397,000	417,000	833,000	722,000	652,000	788,000	551,000	485,000	988,000
One Year Later	3,301,000	1,078,000	1,546,000	1,736,000	1,538,000	1,670,000	1,538,000	1,681,000	2,291,000	
Two Years Later	4,041,000	1,767,000	2,386,000	2,083,000	2,331,000	1,937,000	2,142,000	2,061,000		
Three Years Later	4,403,000	2,443,000	2,827,000	3,053,000	2,601,000	2,548,000	2,656,000			
Four Years Later	4,505,000	2,594,000	3,401,000	3,306,000	2,723,000	2,797,000				
Five Years Later	4,579,000	2,641,000	3,799,000	3,324,000	3,003,000					
Six Years Later	4,634,000	2,837,000	3,632,000	3,370,000						
Seven Years Later	4,683,000	2,845,000	3,638,000							
Eight Years Later	4,746,000	2,845,000								
Nine Years Later	4,832,000									
Re-estimated ceded claims & Expenses	12,106,451	-	731,734	2,236,444	341,501	282,938	1,725,000	371,978	1,715,561	1,427,141
Re-estimated Claims & Expense										
End of policy year	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	5,635,000
One Year Later	6,844,000	4,793,000	4,953,000	4,973,000	4,461,000	4,425,000	4,159,000	3,864,000	4,769,000	
Two Years Later	5,972,000	3,921,000	4,185,000	4,287,000	3,780,000	3,650,000	3,713,000	3,134,000		
Three Years Later	5,353,000	3,272,000	3,618,000	4,051,000	3,297,000	3,137,000	3,285,000			
Four Years Later	4,874,000	3,054,000	3,712,000	4,048,000	3,265,000	3,350,000				
Five Years Later	4,848,000	3,000,000	3,925,000	3,972,000	3,308,000					
Six Years Later	4,750,000	2,923,000	3,743,000	3,491,000						
Seven Years Later	4,793,000	2,845,000	3,638,000							
Eight Years Later	4,838,000	2,845,000								
Nine Years Later	4,940,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(2,394,000)	(3,273,000)	(2,293,000)	(1,966,000)	(2,206,000)	(2,233,000)	(1,657,000)	(453,000)	(311,500)	-

This information is required by the Governmental Accounting Standards Board

Date Of Loss	Status	Location	Coverage	Incurred Total	Paid Total	O/S Reserve Total	Paid Recovery	Accident Description
11/21/2012	R	BOULDER CITY (CITY OF)	EM	\$ 357,136.00	\$ 254,518.11	\$ 102,617.89	\$ -	LAWSUIT ALLEGES THAT SEVERAL KEY CITY EMPLOYEES ACTED IN CONCERT TO DAMAGE POLICE CHIEFS REPUTATION AND CONTRACT
3/21/2007	O	LYON COUNTY	EO	\$ 3,214,008.00	\$ 742,483.06	\$ 2,471,524.94	\$ -	MULTIPLE CAUSES OF ACTION, BOTH FEDERAL AND STATE, IN CONNECTION W/ ACTIONS OF PUBLIC ADMINISTRATOR, ALLEGED BREACH OF FIDUCIARY DUTY/FAITHFUL PERFORMANCE
8/1/2011	O	ELKO COUNTY	PL	\$ 469,000.00	\$ 328,643.99	\$ 140,356.01	\$ -	ALLEGED ILLEGAL SEARCH IN VIOLATION OF 4TH & 14TH AMENDMENT AND STATE LAW CLAIMS.
1/2/2016	O	LANDER COUNTY	RB	\$ 415,218.81	\$ 415,218.81	\$ -	\$ -	WATER LINE BREAK
2/12/2016	O	MINDEN GARDNERVILLE SANITATION DISTRICT	RB	\$ 1,263,000.00	\$ 73,656.65	\$ 1,189,343.35	\$ -	POSSIBLE RUPTURE OF EQUIPMENT OR FREEZING
2/24/2016	O	LINCOLN COUNTY SCHOOL DISTRICT	RB	\$ 531,135.94	\$ 408,765.39	\$ 122,370.55	\$ -	FIRE LOSS
4/8/2016	O	HUMBOLDT COUNTY	RB	\$ 636,534.19	\$ 636,534.19	\$ -	\$ -	WIND DAMAGE TO RIDING ARENA
12/28/2016	O	MINERAL COUNTY	RB	\$ 712,714.48	\$ 71,224.87	\$ 641,489.61	\$ -	EARTHQUAKE DAMAGED BUILDING
1/9/2017	O	EUREKA COUNTY SCHOOL DISTRICT	RB	\$ 2,405,216.16	\$ 1,455,899.07	\$ 949,317.09	\$ -	PIPE IN CEILING FROZE AND BURST FLOODING GYM FLOOR
2/9/2017	O	STOREY COUNTY SCHOOL DISTRICT	RB	\$ 310,922.57	\$ 221,822.37	\$ 89,100.20	\$ -	STORM RELATED DAMAGE TO BUILDINGS
12/20/2017	O	RTC WASHOE COUNTY	RB	\$ 402,500.00	\$ 1,670.60	\$ 400,829.40	\$ -	HIGH WIND DAMAGE TO SOLAR PANELS, WATER HEATER VENTS AND ROOF
6/2/1989	F	STOREY COUNTY	RB	\$ 400,063.72	\$ 400,063.72	\$ -	\$ -	FIRE DESTROYED PUBLIC WORKS BUILDING AND DAMAGED ATTACHED BUILDING.
7/23/1992	F	WINNEMUCCA (CITY OF)	FB	\$ 1,005,802.38	\$ 1,005,802.38	\$ -	\$ -	TOTAL FIRE LOSS - NIXON HALL
1/5/1993	F	LYON COUNTY	EO	\$ 353,908.68	\$ 353,908.68	\$ -	\$ -	CLAIMANT ALLEGES CONSTRUCTIVE TERMINATION.
10/20/1993	F	INCLINE VILLAGE GID	EO	\$ 426,120.83	\$ 426,120.83	\$ -	\$ -	RECEIVED DEMAND LETTER FROM EMPLOYEE REPRESENTATION.,CLAIMANT ALLEGES VIOLATION OF ADA AND WRONGFUL TERMINATION.,DOL.:10/21/93
7/12/1994	F	ELKO (CITY OF)	EO	\$ 471,358.99	\$ 471,358.99	\$ -	\$ 2,853.99	CLAIMANT ALLEGES JOB HARRASSMENT WITHOUT DUE CAUSE. SEXUAL DISCRIMINATION. ,Wrongful termination. Claim made: 9-12-94.
3/6/1995	F	HUMBOLDT COUNTY	RB	\$ 454,401.64	\$ 454,401.64	\$ -	\$ 114,609.38	FIRE LOSS AT HOSPITAL.
6/17/1995	F	ELY (CITY OF)	RB	\$ 501,794.12	\$ 501,794.12	\$ -	\$ 480,000.00	LOOSE RAIL CAR COLLIDED WITH HISTORIC TOURIST TRAIN CAUSING
4/15/1996	F	NYE COUNTY	EO	\$ 1,481,380.78	\$ 1,481,380.78	\$ -	\$ 739,000.00	Clmt alleges sexual assault by County Manager while employed as an,Administra- tor at the Hospital.
7/8/1996	F	NYE COUNTY	EO	\$ 490,634.82	\$ 490,634.82	\$ -	\$ 50,000.00	DOL: 1/1/92 (Loss date not within coverage effective date); Clmt alleges, sexual harassment by County Manager.
6/27/1997	F	CARSON CITY	PL	\$ 307,218.29	\$ 307,218.29	\$ -	\$ 207,218.39	PLT ALLEGES FALSE ARREST AND IMPRISONMENT
5/25/2000	F	MESQUITE (CITY OF)	PL	\$ 2,510,755.89	\$ 2,510,755.89	\$ -	\$ 1,001.20	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.
7/27/2000	F	CHURCHILL COUNTY	EO	\$ 422,278.46	\$ 422,278.46	\$ -	\$ 170,278.46	FALSE ARREST AND PROSECUTORIAL MISCONDUCT
10/30/2000	F	NYE COUNTY	PL	\$ 427,606.82	\$ 427,606.82	\$ -	\$ 177,606.82	ALLEGED CIVIL RIGHTS VIOLATIONS AND TORT CLAIMS IN CONNECTION WITH FATAL, SHOOTING OF SCOTT ZIESKE AND DONNA HEWITT BY NYE COUNTY DEPUTIES.
10/16/2001	F	CHURCHILL COUNTY	EO	\$ 646,743.54	\$ 646,743.54	\$ -	\$ -	Alleged Federal wiretapping violations
10/24/2001	F	LYON COUNTY	EO	\$ 5,571,591.30	\$ 5,571,591.30	\$ -	\$ 577,397.81	ALLEGED VIOLATION OF DUE PROCESS & INTERFERENCE WITH PROSPECTIVE ECONOMIC, ADVANTAGE
5/17/2002	F	NYE COUNTY SCHOOL DISTRICT	RB	\$ 383,524.06	\$ 383,524.06	\$ -	\$ 278,524.06	SPRINKLER SYSTEM FAILED AND FLOODED BUILDING
1/1/2003	F	WEST WENDOVER (CITY OF)	EO	\$ 459,576.83	\$ 459,576.83	\$ -	\$ 108,576.83	ALLEGED INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE, ETC. IN. CONNECTION WITH ATTEMPTS TO CHANGE WATER SERVICE OF STATE LINE HOTEL &, CASINO FROM UTAH TO NEVADA.
7/7/2004	F	LYON COUNTY	RB	\$ 924,857.39	\$ 924,857.39	\$ -	\$ 722,857.39	COMMUNITY CENTER DESTROYED BY FIRE
12/31/2005	F	STOREY COUNTY	RC	\$ 610,226.76	\$ 610,226.76	\$ -	\$ 459,062.68	FLOOD WATERS DAMAGED BRIDGES AND ROADS
2/14/2006	F	NYE COUNTY	PL	\$ 413,284.26	\$ 413,284.26	\$ -	\$ -	EXCESSIVE FORCE--CLAIMANT TASED FOUR TIMES BY SHERIFF DEPUTY
7/18/2006	F	TRUCKEE MEADOWS FPD	RB	\$ 374,188.92	\$ 374,188.92	\$ -	\$ 221,413.92	FIRE STARTED IN PUMPER TRUCK DAMAGING TRUCK, RESCUE VEHICLE & ENGINE BAY
10/19/2006	F	DOUGLAS COUNTY SCHOOL DISTRICT	AL	\$ 500,409.93	\$ 500,409.93	\$ -	\$ -	MBR BUS TURNED IN FRONT OF SUV
10/19/2006	F	DOUGLAS COUNTY	EO	\$ 340,943.33	\$ 340,943.33	\$ -	\$ -	ALLEGED 5TH AND 14TH AMENDMENT VIOLATIONS IN CONNECTION WITH REQUIRED COLMR FOR ISSUANCE OF PERMIT
1/13/2007	F	SUN VALLEY GID	RB	\$ 586,193.44	\$ 586,193.44	\$ -	\$ 348,693.44	FREEZE LOSS/MULTIPLE MEMBERS
1/5/2008	F	LYON COUNTY	RB	\$ 2,261,280.15	\$ 2,261,280.15	\$ -	\$ 1,759,280.15	CANAL BREACH
1/5/2008	F	FERNLEY (CITY OF)	EO	\$ 5,812,328.73	\$ 5,812,328.73	\$ -	\$ 5,286,789.18	CANAL BREACH
2/21/2008	F	ELKO COUNTY SCHOOL DISTRICT	RB	\$ 4,908,176.05	\$ 4,908,176.05	\$ -	\$ 4,351,676.06	WELLS EARTHQUAKE
4/13/2008	F	LINCOLN COUNTY	RB	\$ 403,968.77	\$ 403,968.77	\$ -	\$ 202,456.11	PIPE FAILURE WITH RESULTANT WATER DAMAGE
9/11/2008	F	MESQUITE (CITY OF)	PL	\$ 313,047.11	\$ 313,047.11	\$ -	\$ -	ALLEGED SEXUAL MISCONDUCT BY POLICE OFFICER
3/17/2009	F	NYE COUNTY	EO	\$ 454,833.72	\$ 454,833.72	\$ -	\$ -	14TH AMENDMENT VIOLATION FOR REVOCATION OF BROTHEL LICENSE
9/10/2009	F	CHURCHILL COUNTY SCHOOL DISTRICT	EO	\$ 909,343.31	\$ 909,343.31	\$ -	\$ 399,343.31	ALLEGED INAPPROPRIATE SEXUAL CONDUCT BY CUSTODIAN
4/9/2010	F	VIRGIN VALLEY WATER DISTRICT	EO	\$ 828,780.96	\$ 828,780.96	\$ -	\$ 46,336.01	DISPUTE OVER COMMUNICATION TOWER. SUIT ALLEGES BREACH OF CONTRACT, FRAUDULENT INDUCEMENT, DUE PROCESS AND CONSPIRACY.
4/28/2010	F	HUMBOLDT COUNTY	EO	\$ 358,283.25	\$ 358,283.25	\$ -	\$ -	FEDERAL LAWSUIT REGARDING NON RENEWAL OF CONDITIONAL USE PERMIT
6/7/2010	F	NYE COUNTY	EO	\$ 521,823.84	\$ 521,823.84	\$ -	\$ -	ALLEGED MALICIOUS PROSECUTION/ABUSE OF PROCESS BY DA
11/24/2010	F	NYE COUNTY SCHOOL DISTRICT	EO	\$ 2,085,596.36	\$ 2,085,596.36	\$ -	\$ 1,580,596.35	ALLEGED ABUSE OF SPECIAL NEEDS STUDENTS
12/6/2010	F	CHURCHILL COUNTY SCHOOL DISTRICT	EO	\$ 849,895.32	\$ 849,895.32	\$ -	\$ 339,895.32	STUDENT WRESTLER WAS REPORTEDLY HAZED AND SEXUALLY ASSAULTED ON TRIP TO LAS VEGAS
3/15/2011	F	NYE COUNTY	EO	\$ 327,071.78	\$ 327,071.78	\$ -	\$ -	ALLEGED FALSE ARREST, MALICIOUS PROSECUTION, DUE PROCESS VIOLATIONS, PROSECUTORIAL MISCONDUCT, ETC. AGAINST FORMER DA BECKETT
1/17/2012	F	CHURCHILL COUNTY	CM	\$ 501,045.66	\$ 501,045.66	\$ -	\$ -	EMPLOYEE DISHONESTY
12/26/2012	F	ELKO COUNTY SCHOOL DISTRICT	RB	\$ 729,624.95	\$ 729,624.95	\$ -	\$ -	FREEZE LOSS/MULTIPLE MEMBERS
4/28/2014	F	MESQUITE (CITY OF)	EO	\$ 2,222,813.37	\$ 2,222,813.37	\$ -	\$ 1,720,813.37	POTENTIAL EO CLAIMS FROM BUILDING HOUSES ON AN OLD LANDFILL
11/12/2014	F	NYE COUNTY	AL	\$ 330,121.88	\$ 330,121.88	\$ -	\$ -	VEHICLE ACCIDENT RESULTING IN 1 FATALITY AND 2 INJURED
2/6/2015	F	DOUGLAS COUNTY	RB	\$ 441,159.36	\$ 441,159.36	\$ -	\$ -	WINDSTORM/MULTIPLE MEMBERS

DRAFT



Monday, March 12, 2018

Mr. Wayne Carlson  
Executive Director  
Nevada Public Agency Insurance Pool  
201 S. Roop St. Suite 102  
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured Liability Program:  
Forecast for Program Year 2018-19

Dear Mr. Carlson:

As you requested, we have completed our review of Nevada Public Agency Insurance Pool's self-insured liability program. Assuming an SIR of \$500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2018-19 program year to be \$2,646,000. This figure includes allocated loss adjustment expenses (ALAE) but is net of the expected amount to be covered by individual members' deductibles. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). Unallocated loss adjustment expenses (ULAE) are not included. This amount also does not include any discount for investment income.

The table on the following page shows our funding recommendations for Nevada Public Agency Insurance Pool for the 2018-19 fiscal year.

DRAFT

The table below shows our funding recommendations for NPAIP for the 2018-19 fiscal year based on a \$500,000 SIR.

Nevada Public Agency Insurance Pool Self-Insured Liability Program Loss and ALAE Funding Guidelines for 2018-19 Self-Insured Retention (SIR) of \$500,000						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE: Gross of Members' Deductibles	\$3,698,000					
Expected Amount from Members' Deductibles	(1,052,000)					
Loss and ALAE – Net of Members' Deductible	\$2,646,000	\$3,085,000	\$3,292,000	\$3,538,000	\$3,845,000	\$4,255,000
Rate per \$100 of 2018-19 Payroll	\$0.409	\$0.477	\$0.509	\$0.547	\$0.595	\$0.658

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2018. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.



DRAFT

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NPAIP's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to the Nevada Public Agency Insurance Pool in preparing this report. Please feel free to call Derek Burkhalter at (916) 244-1167 or Becky Richard at (916) 244-1183 with any questions you may have concerning this report.

Sincerely,

Bickmore

**DRAFT**

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Derek Burkhalter, ACAS, MAAA  
Manager, Property & Casualty Actuarial Services, Bickmore  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries

**DRAFT**

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Becky Richard, ACAS, MAAA  
Senior Manager, Property and Casualty Actuarial Services, Bickmore  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries



DRAFT



Monday, March 12, 2018

Mr. Wayne Carlson  
Executive Director  
Nevada Public Agency Insurance Pool  
201 S. Roop St. Suite 102  
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured Property Program:  
Forecast for Program Year 2018-19

Dear Mr. Carlson:

As you requested, we have completed our review of Nevada Public Agency Insurance Pool's self-insured property program. Assuming an SIR of \$200,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2018-19 program year to be \$2,038,000. This figure is net of the expected amount to be covered by individual members' deductibles. It also includes allocated loss adjustment expenses (ALAE) which is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). Unallocated loss adjustment expenses (ULAE) are not included. This amount also does not include any discount for investment income.

The table on the following page shows our funding recommendations for Nevada Public Agency Insurance Pool for the 2018-19 fiscal year.

The table below shows our funding recommendations for NPAIP for the 2018-19 fiscal year based on a \$200,000 SIR.

Nevada Public Agency Insurance Pool Self-Insured Property Program Loss and ALAE Funding Guidelines for 2018-19 Self-Insured Retention (SIR) of \$200,000 No Corridor Deductible						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE: Gross of Members' Deductibles	\$2,388,000					
Expected Amount from Members' Deductibles	(350,000)					
Loss and ALAE – Net of Members' Deductible	2,038,000	\$2,370,000	\$2,525,000	\$2,711,000	\$2,939,000	\$3,247,000
Rate per \$100 of 2018-19 Total Insured Value	\$0.042	\$0.049	\$0.052	\$0.056	\$0.060	\$0.067

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2018. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

DRAFT

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NPAIP's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to the Nevada Public Agency Insurance Pool in preparing this report. Please feel free to call Derek Burkhalter at (916) 244-1167 or Becky Richard at (916) 244-1183 with any questions you may have concerning this report.

Sincerely,

Bickmore

**DRAFT**

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Derek Burkhalter, ACAS, MAAA  
Manager, Property & Casualty Actuarial Services, Bickmore  
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**DRAFT**

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Becky Richard, ACAS, MAAA  
Senior Manager, Property and Casualty Actuarial Services, Bickmore  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries



**Approved by Exec comm at 70% confidence level**

**3/--/2018 Approved by Board 4/\_/2018**

<b>Revenues</b>		
Assessments Written	\$ 15,349,486	
Total Revenues	<u>\$ 15,349,486</u>	
<b>Loss Fund Expenses</b>		
Claims & Adjustment Expenses	\$ 5,455,000	35.5%
<b>Program Expenses</b>		
Reinsurance Premiums Ceded	\$ 5,739,448	37.4%
Agent Compensation	\$ 910,000	5.9%
Willis Pooling & Loss Control Fees	\$ 505,000	3.3%
ASC Claims Management Fees	\$ 728,043	4.7%
Member Education & Services	\$ 382,000	2.5%
Total Program Expenses:	<u>\$ 8,264,491</u>	53.8%
<b>POOL Administration Expenses</b>		
Management Services	\$ 563,912	3.7%
Casualty Insurance	\$ 52,000	0.3%
Operating Expenses	\$ 137,700	0.9%
Legal Services Fees	\$ 70,000	0.5%
Professional Services	\$ 63,660	0.4%
Consultants Appraisals	\$ 80,000	0.5%
HR Services Fees	\$ 794,950	5.2%
Total Administration Expenses	<u>\$ 1,762,222</u>	11.5%
Total Loss Fund, Program and Administration Expenses	<u>\$ 15,481,713</u>	100.9%
Net Operating Income	<u>\$ (132,227)</u>	-0.9%
Total Non-operating net investment revenues	<u>\$ -</u>	0.0%

<b>Revenues Building</b>	
Rental Income	\$ 265,104
Technology Services Income	\$ 80,000
Other Income	\$ 7,800
	<u>\$ 352,904</u>
Building Expenses	\$ 291,364
<b>NET BUILDING INCOME</b>	<u>\$ 61,540</u>

**OTHER EXPENSES:****Risk Management Grants:**

\$500,000 Net Assets per Policy	\$ 500,000	3.3%
PRM Amortization Expense	2,946,893	19.2%
<b>TOTAL OTHER EXPENSES</b>	<b>3,446,893</b>	22.5%

**Change in Net Position** \$ (3,517,580)



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
	7/1/12- 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	7/1/16- 6/30/17	7/1/16- 6/30/17	TOTAL	TOTAL	2012/2013- 2016/2017	2014/2015- 2016/2017
CARSON CITY (No Long	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -
CHURCHILL COUNTY	6	\$ 9,318	9	\$ 38,440	2	\$ 3,646	5	\$ 37,153	1	\$ -	23	\$ 88,557	\$ 17,711	\$ 13,600
DOUGLAS COUNTY	35	\$ 179,170	38	\$ 182,593	70	\$ 226,422	49	\$ 224,719	29	\$ 161,543	221	\$ 974,447	\$ 194,889	\$ 204,228
ELKO COUNTY	22	\$ 172,751	18	\$ 18,500	12	\$ 99,230	17	\$ 21,411	32	\$ 150,351	101	\$ 462,243	\$ 92,449	\$ 90,331
ESMERALDA COUNTY	5	\$ 213,312	8	\$ 41,548	2	\$ 34,075	3	\$ 52,539	6	\$ 26,093	24	\$ 367,566	\$ 73,513	\$ 37,569
EUREKA COUNTY	13	\$ 82,581	5	\$ 77,461	8	\$ 45,957	13	\$ 1,111	9	\$ 38,520	48	\$ 245,631	\$ 49,126	\$ 28,530
HUMBOLDT COUNTY	11	\$ 330,271	17	\$ 379,350	14	\$ 65,461	8	\$ 669,337	5	\$ 12,933	55	\$ 1,457,352	\$ 291,470	\$ 249,244
LANDER COUNTY	8	\$ 183,968	10	\$ 83,080	1	\$ 3,636	11	\$ 499,519	6	\$ 89,393	36	\$ 859,595	\$ 171,919	\$ 197,516
LINCOLN COUNTY	3	\$ 22,956	6	\$ 19,842	3	\$ 10,973	3	\$ 79,919	7	\$ 54,527	22	\$ 188,218	\$ 37,644	\$ 48,473
LYON COUNTY	14	\$ 159,637	21	\$ 398,934	15	\$ 110,452	17	\$ 248,160	10	\$ 139,297	77	\$ 1,056,479	\$ 211,296	\$ 165,970
MINERAL COUNTY	6	\$ 62,849	7	\$ 24,952	11	\$ 140,283	8	\$ 45,823	11	\$ 285,173	43	\$ 559,080	\$ 111,816	\$ 157,093
NYE COUNTY	21	\$ 486,090	14	\$ 166,047	36	\$ 746,716	34	\$ 468,296	63	\$ 168,214	168	\$ 2,035,364	\$ 407,073	\$ 461,075
PERSHING COUNTY	5	\$ 70,388	9	\$ 7,235	6	\$ 29,661	2	\$ 2,864	6	\$ 44,881	28	\$ 155,028	\$ 31,006	\$ 25,802
STOREY COUNTY	9	\$ 114,390	7	\$ 221,315	5	\$ 28,179	8	\$ 147,401	14	\$ 803,750	43	\$ 1,315,035	\$ 263,007	\$ 326,443
WHITE PINE COUNTY	8	\$ 43,497	10	\$ 54,879	15	\$ 46,244	16	\$ 84,202	12	\$ 23,419	61	\$ 252,241	\$ 50,448	\$ 51,288
<b>TOTAL</b>	166	\$ 2,131,178	179	\$ 1,714,175	201	\$ 1,590,935	194	\$ 2,582,455	211	\$ 1,998,094	951	\$ 10,016,837	\$ 2,003,367	\$ 2,057,161

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
	7/1/12- 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	7/1/16- 6/30/17	7/1/16- 6/30/17	TOTAL	TOTAL	2012/2013- 2016/2017	2014/2015- 2016/2017
BOULDER CITY	31	\$ 398,070	36	\$ 125,076	32	\$ 41,041	29	\$ 93,937	16	\$ 12,688	144	\$ 670,811	\$ 134,162	\$ 49,222
CALIENTE	0	\$ -	6	\$ 200,165	2	\$ 8,560	3	\$ 1,948	3	\$ 500	14	\$ 211,173	\$ 42,235	\$ 3,669
CARLIN CITY	3	\$ -	2	\$ 9,248	4	\$ 7,783	3	\$ 34,296		\$ -	12	\$ 51,328	\$ 10,266	\$ 14,026
CITY OF ELKO	20	\$ 165,368	17	\$ 101,675	26	\$ 65,679	17	\$ 106,162	26	\$ 68,535	106	\$ 507,420	\$ 101,484	\$ 80,125
ELY CITY	8	\$ 6,546	6	\$ 43,931	5	\$ 47,847	9	\$ 15,340	5	\$ 18,307	33	\$ 131,971	\$ 26,394	\$ 27,165
CITY OF FERNLEY	7	\$ 54,375	8	\$ 6,539	8	\$ 29,821	6	\$ 21,396	3	\$ 34,000	32	\$ 146,131	\$ 29,226	\$ 28,405
CITY OF LOVELOCK	1	\$ 12,000	1	\$ -	3	\$ 10,010	0	\$ -	0	\$ -	5	\$ 22,010	\$ 4,402	\$ 3,337
MESQUITE CITY (No Long	18	\$ 56,943	15	\$ 2,361,398	13	\$ 7,275	13	\$ 39,681	0	\$ -	59	\$ 2,465,296	\$ 493,059	\$ 15,652
WELLS CITY	2	\$ 41	0	\$ -	2	\$ 9,834	1	\$ 3,786	3	\$ 6,754	8	\$ 20,415	\$ 4,083	\$ 6,791
WEST WENDOVER	2	\$ 7,508	4	\$ 2,099	3	\$ -	15	\$ 18,848	7	\$ 13,067	31	\$ 41,522	\$ 8,304	\$ 10,639
CITY OF WINNEMUCCA	1	\$ 2,457	1	\$ 20,462	5	\$ 7,917	6	\$ 23,998	2	\$ 14,000	15	\$ 68,835	\$ 13,767	\$ 15,305
CITY OF YERINGTON	0	\$ -	3	\$ 32,520	2	\$ 3,189	1	\$ -	0	\$ -	6	\$ 35,709	\$ 7,142	\$ 1,063
<b>TOTAL</b>	<b>93</b>	<b>\$ 703,309</b>	<b>99</b>	<b>\$ 2,903,114</b>	<b>105</b>	<b>\$ 238,954</b>	<b>103</b>	<b>\$ 359,393</b>	<b>65</b>	<b>\$ 167,852</b>	<b>465</b>	<b>\$ 4,372,621</b>	<b>\$ 874,524</b>	<b>\$ 255,399</b>

POOL School Districts

Member Name	Claims	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				
	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	7/1/16- 6/30/17	7/1/16- 6/30/17	TOTAL	TOTAL	TOTAL	2012/2013- 2016/2017	2014/2015- 2016/2017
CARSON CITY SCHOOL DISTRICT	21	\$ 5,699	10	\$ 760	10	\$ 272,015	11	\$ 91,541	15	\$ 181,098	67	\$ 551,113	\$ 110,223	\$ 181,551	
CHURCHILL COUNTY SCHOOL DISTRICT	12	\$ 125,442	1	\$ 2,238	0	\$ -	2	\$ 100,055	3	\$ 6,387	18	\$ 234,122	\$ 46,824	\$ 35,481	
DOUGLAS COUNTY SCHOOL DISTRICT	24	\$ 47,747	20	\$ 27,616	45	\$ 142,859	37	\$ 25,806	145	\$ 286,053	271	\$ 530,081	\$ 106,016	\$ 151,573	
ELKO COUNTY SCHOOL DISTRICT	23	\$ 438,907	20	\$ 46,544	14	\$ 42,600	34	\$ 157,461	37	\$ 534,920	128	\$ 1,220,432	\$ 244,086	\$ 244,994	
ESMERALDA COUNTY SCHOOL DISTRICT	0	\$ -	1	\$ 19,484	3	\$ 5,636	0	\$ -	0	\$ -	4	\$ 25,120	\$ 5,024	\$ 1,879	
EUREKA COUNTY SCHOOL DISTRICT	2	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 215,000	3	\$ 215,000	\$ 43,000	\$ 71,667	
HUMBOLDT COUNTY SCHOOL DISTRICT	8	\$ 40,031	10	\$ 72,802	7	\$ 211,843	10	\$ 48,613	5	\$ 30,893	40	\$ 404,181	\$ 80,836	\$ 97,116	
LANDER COUNTY SCHOOL DISTRICT	6	\$ 368,629	4	\$ 54,529	0	\$ -	10	\$ 52,018	13	\$ 61,448	33	\$ 536,624	\$ 107,325	\$ 37,822	
LINCOLN COUNTY SCHOOL DISTRICT	4	\$ 43,783	3	\$ 13,188	1	\$ 10	9	\$ 713,280	2	\$ 10,865	19	\$ 781,126	\$ 156,225	\$ 241,385	
LYON COUNTY SCHOOL DISTRICT	15	\$ 19,446	12	\$ 14,346	16	\$ 57,575	15	\$ 74,012	6	\$ 20,816	64	\$ 186,195	\$ 37,239	\$ 50,801	
MINERAL COUNTY SCHOOL DISTRICT	5	\$ 70,600	10	\$ 239,177	4	\$ 215,130	5	\$ 52,920	8	\$ 116,223	32	\$ 694,049	\$ 138,810	\$ 128,091	
NYE COUNTY SCHOOL DISTRICT	15	\$ 64,379	10	\$ 93,647	7	\$ 73,960	6	\$ 223,940	14	\$ 67,216	52	\$ 523,141	\$ 104,628	\$ 121,705	
PERSHING COUNTY SCHOOL DISTRICT	1	\$ 821	2	\$ 103,053	1	\$ 2,787	1	\$ 2,136	1	\$ 2,500	6	\$ 111,298	\$ 22,260	\$ 2,475	
STOREY COUNTY SCHOOL DISTRICT	1	\$ 75	2	\$ 21,083	0	\$ -	2	\$ -	7	\$ 172,199	12	\$ 193,357	\$ 38,671	\$ 57,400	
WHITE PINE COUNTY SCHOOL DISTRICT	5	\$ 15,927	7	\$ 28,546	2	\$ 5,055	4	\$ 97,183	3	\$ 31,603	21	\$ 178,314	\$ 35,663	\$ 44,614	
<b>TOTAL</b>	<b>142</b>	<b>\$ 1,241,485</b>	<b>112</b>	<b>\$ 737,013</b>	<b>110</b>	<b>\$ 1,029,470</b>	<b>146</b>	<b>\$ 1,638,965</b>	<b>260</b>	<b>\$ 1,737,220</b>	<b>731</b>	<b>\$ 5,901,183</b>	<b>\$ 1,276,830</b>	<b>\$ 1,468,552</b>	

POOL Special Districts, Towns Others

Member Name	Claims Frequency 7/1/12-6/30/13	Claims Costs 7/1/12-6/30/13	Claims Frequency 7/1/13-6/30/14	Claims Costs 7/1/13-6/30/14	Claims Frequency 7/1/14-6/30/15	Claims Costs 7/1/14-6/30/15	Claims Frequency 7/1/15-6/30/16	Claims Costs 7/1/15-6/30/16	Claims Frequency 7/1/16-6/30/17	Claims Costs 7/1/16-6/30/17	Claims Frequency TOTAL	Claims Costs TOTAL	5 Year Ave Costs 2012/2013-2016/2017	3 Year Ave Costs 2014/2015-2016/2017
<b>CARSON CITY:</b>														
CARSON WATER SUBCONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSN OF COUNTIES	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
NEVADA COMMISSION FOR RECONSTRUCTION OF V&T	0	\$ -	0	\$ -	0	\$ -	2	\$ 7,151	3	\$ 2,225	5	\$ 9,376	\$ 1,875	\$ 3,125
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	1	\$ 3,239	1	\$ 4,883	3	\$ 102,781	2	\$ 7,000	2	\$ 2,778	9	\$ 120,681	\$ 24,136	\$ 37,520
NEVADA PUBLIC AGENCY INSURANCE POOL	0	\$ -	1	\$ 5,399	0	\$ -	1	\$ 17,000	0	\$ -	2	\$ 22,399	\$ 4,480	\$ 5,667
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>CLARK COUNTY:</b>														
MOAPA VALLEY WATER DISTRICT	2	\$ 6,222	0	\$ -	1	\$ 18,492	1	\$ -	0	\$ -	4	\$ 24,714	\$ 4,943	\$ 6,164
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 73,348	1	\$ 73,348	\$ 14,670	\$ 24,449
SOUTHERN NEVADA AREA COMMUNICATIONS COUNCIL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3	\$ 25,501	3	\$ 25,501	\$ 5,100	\$ 8,500
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	4	\$ 3,592	0	\$ -	2	\$ 69,218	1	\$ 50,000	0	\$ -	7	\$ 122,810	\$ 24,562	\$ 39,739
<b>CHURCHILL COUNTY:</b>														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	2	\$ 801	1	\$ 10	8	\$ 173,110	0	\$ -	1	\$ 211	12	\$ 174,132	\$ 34,826	\$ 57,774
<b>DOUGLAS COUNTY:</b>														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 8,046	0	\$ -	1	\$ 8,046	\$ 1,609	\$ 2,682
DOUGLAS CO. REDEVELOPMENT AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS COUNTY SEWER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 500	1	\$ 500	\$ 100	\$ 167
EAST FORK SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 5,395	1	\$ 5,395	\$ 1,079	\$ 1,798
TOWN OF GARDNERVILLE	0	\$ -	2	\$ 5,116	1	\$ 3,184	4	\$ 825	0	\$ -	7	\$ 9,125	\$ 1,825	\$ 1,336
GARDNERVILLE RANCHOS GID	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 6,696	2	\$ 6,696	\$ 1,339	\$ 2,232
TOWN OF GENOA	1	\$ 4,455	1	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 4,455	\$ 891	\$ -
INDIAN HILLS GID	1	\$ 28,700	0	\$ -	1	\$ -	0	\$ -	1	\$ 500	3	\$ 29,200	\$ 5,840	\$ 167
KINGSBURY GID	0	\$ -	2	\$ 59,000	0	\$ -	1	\$ -	0	\$ -	3	\$ 59,000	\$ 11,800	\$ -
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	\$ -	1	\$ 17	9	\$ 303,656	3	\$ 24,618	3	\$ 111,000	16	\$ 439,291	\$ 87,858	\$ 146,425
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	0	\$ -	2	\$ 2,664	1	\$ 805,000	2	\$ 1,157	5	\$ 808,821	\$ 161,764	\$ 269,607
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	\$ -	1	\$ 5	0	\$ -	3	\$ 8,735	4	\$ 8,740	\$ 1,748	\$ 2,913
TAHOE DOUGLAS DISTRICT	1	\$ 55,000	2	\$ 1,287	2	\$ 4,507	1	\$ -	1	\$ 11,648	7	\$ 72,442	\$ 14,488	\$ 5,385
TAHOE DOUGLAS FIRE PROTECTION DIST	1	\$ -	0	\$ -	0	\$ -	1	\$ 415	1	\$ 500	3	\$ 915	\$ 183	\$ 305
<b>ELKO COUNTY:</b>														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,718	0	\$ -	1	\$ 3,718	\$ 744	\$ 1,239
ELKO CO. AGRICULTURAL ASSOCIATION	2	\$ 93,068	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 93,068	\$ 18,614	\$ -
ELKO CONVENTION & VISITORS AUTHORITY	1	\$ -	1	\$ 1,498	0	\$ -	0	\$ -	0	\$ -	2	\$ 1,498	\$ 300	\$ -
ELKO TV DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	3	\$ 1,173	1	\$ -	1	\$ -	4	\$ 187,229	3	\$ 6,422	12	\$ 194,823	\$ 38,965	\$ 64,550
<b>ESMERALDA COUNTY:</b>														
<b>EUREKA COUNTY:</b>														
COUNTY FISCAL OFFICERS ASSOCIATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CENTRAL NEVADA REGIONAL WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>HUMBOLDT COUNTY:</b>														
HUMBOLDT RIVER BASIN WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>LANDER COUNTY:</b>														
<b>LINCOLN COUNTY:</b>														
ALAMO SEWER AND WATER DISTRICT	0	\$ -	0	\$ -	1	\$ 34,040	0	\$ -	0	\$ -	1	\$ 34,040	\$ 6,808	\$ 11,347
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	\$ -	\$ -	\$ -
<b>LYON COUNTY:</b>														
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	1	\$ 1,725	0	\$ -	1	\$ 7,000	2	\$ 8,725	\$ 1,745	\$ 2,908
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -

POOL Special Districts, Towns Others

SILVER SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,330	0	\$ -	1	\$ 3,330	\$ 666	\$ 1,110	
STAGECOACH GID	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ 23,396	2	\$ 23,396	\$ 4,679	\$ 7,799	
US BOARD OF WATER COMMISSIONERS	0	\$ -	1	\$ 3,299	1	\$ -	0	\$ -	0	\$ -	2	\$ 3,299	\$ 660	\$ -	
WALKER RIVER IRRIGATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
WESTERN NEVADA REGIONAL YOUTH CENTER	0	\$ -	2	\$ 17,024	1	\$ 2,795	0	\$ -	1	\$ 3,226	4	\$ 23,045	\$ 4,609	\$ 2,007	
<b>NYE COUNTY:</b>															
AMARGOSA VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
BEATTY WATER & SANITATION	1	\$ 3,413	2	\$ 3,462	2	\$ 18,880	0	\$ -	2	\$ 26,745	7	\$ 52,499	\$ 10,500	\$ 15,208	
TOWN OF PAHRUMP	2	\$ 142,525	4	\$ 69,352	5	\$ 769	3	\$ 1,100	3	\$ 37,816	17	\$ 251,562	\$ 50,312	\$ 13,228	
PAHRUMP LIBRARY DISTRICT	0	\$ -	1	\$ 1,885	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,885	\$ 377	\$ -	
PRIME CARE NEVADA (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
ROUND MOUNTAIN TOWN	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,442	0	\$ -	1	\$ 2,442	\$ 488	\$ 814	
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
TOWN OF TONOPAH	0	\$ -	1	\$ -	4	\$ 1,620	1	\$ 500	0	\$ -	6	\$ 2,120	\$ 424	\$ 707	
TONOPAH LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
<b>PERSHING COUNTY:</b>															
LOVELOCK MEADOWS WATER DISTRICT	0	\$ -	0	\$ -	2	\$ 4,292	0	\$ -	0	\$ -	2	\$ 4,292	\$ 858	\$ 1,431	
PERSHING CO. TOURISM AUTHORITY (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
PERSHING CO WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
<b>STOREY COUNTY:</b>															
CANYON GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 338,000	1	\$ 338,000	\$ 67,600	\$ 112,667	
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	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
<b>WASHOE COUNTY:</b>															
CARSON TRUCKEE WATER CONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
INCLINE VILLAGE GID	10	\$ 83,710	7	\$ 19,599	9	\$ 7,001	10	\$ 34,431	25	\$ 497,907	61	\$ 642,649	\$ 128,530	\$ 179,780	
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	1	\$ 3,249	2	\$ 17,174	0	\$ -	1	\$ 87,651	5	\$ 25,246	9	\$ 133,320	\$ 26,664	\$ 37,632	
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -	
SIERRA FIRE PROTECTION DISTRICT	2	\$ 6,538	1	\$ 30	0	\$ -	1	\$ 308	0	\$ -	4	\$ 6,877	\$ 1,375	\$ 103	
SUN VALLEY GID	3	\$ 336	2	\$ 47,000	2	\$ 1,550	2	\$ -	0	\$ -	9	\$ 48,886	\$ 9,777	\$ 517	
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	0	\$ -	6	\$ 6,630	1	\$ 11,027	6	\$ 143,586	10	\$ 81,563	23	\$ 242,806	\$ 48,561	\$ 78,725	
TRUCKEE MEADOWS REGIONAL PLANNING AGENCY	1	\$ -	0	\$ -	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	\$ -	\$ -	\$ -	
<b>WHITE PINE COUNTY</b>															
WHITE PINE CO. FIRE PROTECTION DISTRICT	1	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -	
WHITE PINE CO. TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,403	0	\$ -	1	\$ 1,403	\$ 281	\$ 468	
WILLIAM BEE RIRIE HOSPITAL (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
<b>TOTAL</b>	<b>41</b>	<b>\$436,021</b>	<b>44</b>	<b>\$262,663</b>	<b>62</b>	<b>\$761,314</b>	<b>51</b>	<b>\$1,385,753</b>	<b>76</b>	<b>\$1,297,514</b>	<b>274</b>	<b>\$4,143,265</b>	<b>\$ 828,653</b>	<b>\$1,148,194</b>	

POOL Summary of All Claims  
as of 6/30/17

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
7/1/12- 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	7/1/16- 6/30/17	7/1/16-6/30/17	TOTAL	TOTAL	2012/2013- 2016/2017	2014/2015- 2016/2017
442	\$ 4,511,992	434	\$ 5,616,965	478	\$ 3,620,673	494	\$ 5,966,566	612	\$ 5,200,679	2,460	\$ 24,916,874	\$ 4,983,375	\$ 4,929,306

RESOLUTION NO. \_\_\_\_\_  
A RESOLUTION AUTHORIZING MEMBERSHIP IN  
THE NEVADA PUBLIC AGENCY INSURANCE POOL

WHEREAS, Nevada Revised Statutes 277.080 to 277.180 permits local governments to make the most efficient use of their powers by enabling them to cooperate with other local governments on a basis of mutual advantage and thereby provide services which will best accord needs of their communities; and

WHEREAS, Nevada Revised Statutes 277.110, entitled the "Interlocal Cooperation Act", authorizes public agencies to exercise any power or powers, privileges or authority which may be exercised by the public agency individually to be exercised jointly with any other public agency in the State; and

WHEREAS, Nevada Revised Statutes 277.055 permits two or more political subdivisions of the State of Nevada to enter into a cooperative agreement for the purchase of insurance or the establishment of a self-insurance reserve or fund for coverage under a plan of: casualty insurance, as that term is defined in NRS 681A.020; marine and transportation insurance, as that term is defined in NRS 681A.050; property insurance, as that term is defined in NRS 681A.060; surety insurance, as that term is defined in NRS 681A.070; or insurance for any combination of these kinds; and

WHEREAS, public agencies within Nevada have found it increasingly difficult to purchase insurance from commercial sources and where such insurance is available, the cost of such coverage often exceeds the ability of the public agencies to pay for such insurance; and

WHEREAS, the Nevada Association of Counties and the Nevada League of cities have undertaken a series of studies to determine the feasibility of entering into a Interlocal Cooperation Agreement to form the Nevada Public Agency Insurance Pool have concluded that the creation of such a pool is financially and administratively feasible; and

WHEREAS, a number of public agencies desire to join together for the purpose of providing insurance coverage and jointly funding programs of pooled self-insurance; insurance and excess insurance for property, casualty and surety insurance; and

WHEREAS, the governing boards of a number of public agencies have determined that they wish to create a Nevada Public Agency Insurance Pool and an Interlocal Cooperation Agreement for such pool has been drafted; and

WHEREAS, the stated purposes, organization structure and procedural structure contained within that Agreement represent positions shared by this public agency; and

WHEREAS, the governing board of this public body finds that it is in the best interest of its citizens that it become a member of the Nevada Public Agency Insurance Pool,

NOW, THEREFORE, BE IT RESOLVED BY THE \_\_\_\_\_  
OF THE \_\_\_\_\_ OF \_\_\_\_\_,  
\_\_\_\_\_ COUNTY, NEVADA, as follows:





|

# **NEVADA PUBLIC AGENCY INSURANCE POOL**

## **INTERLOCAL COOPERATION AGREEMENT**

Adopted: May 1, 1987

Revised: May 2, 1997

Revised: May 1, 2000

Revised: May 2, 2003

Revised: May 1, 2004

Revised: April 29, 2005

Revised: April 28, 2006

Revised: May 1, 2009

Revised: April 26, 2013

Revised: April 29, 2016

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NEVADA PUBLIC AGENCY INSURANCE POOL  
INTERLOCAL COOPERATION AGREEMENT

THIS AGREEMENT, is made by and between the political subdivisions existing under the Constitution and laws of the State of Nevada and which are signatory to this agreement.

WHEREAS, Nevada Revised Statutes 277.080 to 277.180 permits political subdivisions to make the most efficient use of their powers by enabling them to cooperate with other political subdivisions on a basis of mutual advantage and thereby provide services which will best accord needs of their citizens; and

WHEREAS, Nevada Revised Statutes 277.055 permits two or more political subdivisions of the State of Nevada to enter into a cooperative agreement for the purchase of insurance of the establishment of a self-insurance reserve or fund for coverage under a plan of: casualty insurance, as defined in NRS 681A.020 marine and transportation insurance as defined in NRS 681A.050; property insurance as defined in NRS 681A.060; surety insurance as defined in NRS 681A.070; or insurance for any combination of these kinds of insurance; and

WHEREAS, the political subdivision executing this agreement desire to join together for the purpose of providing insurance coverage and jointly funding programs of pooled self-insurance, insurance and excess insurance for property, casualty and surety insurance; and

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and subject to the provisions of Nevada Revised Statutes and all other applicable rules and regulations, the parties hereto agree as follows:

**ARTICLE 1**  
**DEFINITIONS**

1. “Agreement” shall mean this agreement entitled “Nevada Public Agency Insurance Pool Interlocal Cooperation Agreement” and as amended in the future.
2. “NPAIP” shall mean the Nevada Public Agency Insurance Pool created by this Agreement.
3. “Board of Directors” or “Board” shall mean the governing body of NPAIP.
4. “Executive Committee” shall mean the Executive Committee of the Board of Directors as described in Article 12 of this Agreement.
5. “Fiscal Year” shall mean that period of twelve months as established by the Board

of Directors as the fiscal year of NPAIP.

6. “Policy Year” shall mean for each insurance or pooling program of NPAIP that period commencing upon the effective date of the program and each twelve-month period thereafter.
7. “Public Agency” shall mean any county, incorporated city and town, unincorporated town, school district, rural hospital as defined in NRS 449.0177 whether non-profit or public, and any special or other district or agency per NRS 277.100, organized and existing under the Constitution and laws of the State of Nevada.
8. “Member” shall mean any Public Agency which is a member of NPAIP and such districts to which the Board has granted voting status. Other districts or agencies whether or not the governing body of the City or County is *ex officio* the governing body as described in and subject to Article 3 of this Agreement may be a party to this Agreement but shall not be considered a Member for the purpose of voting or participation as a voting member of the Board or any Executive or other committee in which voting Member status is required except when granted voting status pursuant to the following criteria. Voting status as a Member -may be granted to any Public Agency which meets the following criteria:
  1. Pays annual contributions of at least \$20,000 annually
  2. Maintains a payroll of at least \$500,000 annually
  3. Has property values of at least \$1,000,000 annually.

Such criteria may be changed from time to time by vote of the Board of Directors, which change shall take effect subsequent to the meeting at which the Board approved the changes.

9. “Participating Member”, as used in reference to an insurance or pooling program of NPAIP, shall mean a current Member of that program.
10. “Loss” shall mean a liability or potential liability of a Member including litigation expenses, attorneys’ fees and costs covered by an insurance or pooling program of NPAIP. Loss shall also mean loss or damage to property covered by an insurance or pooling program of NPAIP
11. “Claim” shall mean a claim for liability made against a Member, or a claim for damage to a Member’s property, arising out of a Loss that is covered by an insurance or pooling program of NPAIP.
12. “Self-insured Retention” shall mean that portion of a Loss experienced by a Member which is retained as a liability or potential liability of NPAIP.
13. “Excess or Reinsurance Program” shall mean a program of NPAIP under which Members or Participating Members are protected against designated Losses .
14. “Maintenance Deductible” shall mean, as to any one Loss, that portion payable by the Member directly and not NPAIP or its excess insurers or reinsurers.



**ARTICLE 2**  
**PURPOSES OF NPAIP**

The Members in entering into this Agreement, desire to establish:

A. A mechanism whereby each Member may join with other Members to share their risks as a self-funded pool including group purchased insurance or reinsurance programs and jointly administer said pool or programs in an effort to deliver to each of them a reasonable, cost effective casualty, property and surety coverage program,

The Members hereby understand and agree that NPAIP is not an “insurer” and the NPAIP Coverage Form is not an “insurance policy” under Nevada law. As such, NPAIP and the Coverage Form are not governed by Nevada Revised Statute Insurance Title 57 or other laws typically governing insurance companies or the interpretation of insurance contracts.

- B. Procedures whereby additional qualifying political subdivisions of the State of Nevada may be added to this Agreement;
- C. A mechanism whereby additional and/or alternative insurance programs may be developed for the benefit of the Members; and
- D. Administrative services as necessary to implement this Agreement including, but not limited to, risk management consulting, human resources consulting, Loss prevention, Loss control, centralized Loss reporting, actuarial consulting, claims adjusting and legal services.

**ARTICLE 3**  
**PARTIES TO AGREEMENT**

Section 1. Members. Each Member, as a party to this agreement, certifies that:

- A. It intends to and does contract with all other Members as parties to this Agreement and with any other Public Agency as may later be added as parties to this Agreement;
- B. The removal of any party from this Agreement shall not affect this Agreement nor such Member’s intent to contract as described in subsection A above with the other parties to the agreement then remaining.

Section 2. Other Districts, ~~or Public Agencies~~ or Political Subdivisions. A Member may contract on behalf of any District, Public Agency or Political Subdivision as follows, and shall be deemed to include:

- A. Any district in which the city or county is *ex officio* the governing board, from the date that the Member provides NPAIP written notice of the name and inclusion of such district, upon approval of the Board of Directors;
- B. Any other local Public Agency or Political Subdivision at its request upon approval of the Board of Directors and from the date that such entity is accepted into NPAIP; and

- C. Such district or other local Public Agency or Political Subdivision shall be considered a separate party to this Agreement but shall not affect any Member's representation on the Board of Directors and shall be part of and represented by the Member for all purposes under this Agreement.

Section 3. Membership of Nevada Association of Counties and Nevada League of Cities. The Nevada Association of Counties and the Nevada League of Cities shall become a Member of NPAIP upon its execution of this Agreement, subject to all obligations and rights of all other Members, except that neither shall be counted for the purposes of determining a quorum or the number of votes required for any purpose, and neither shall have an official representative nor be entitled to vote on any matter pursuant to this Agreement.

Section 4. Limitation on Right to Sue. A Member shall not sue or maintain any litigation or lawsuit for damages against NPAIP or its Board and specifically agrees to waive its right to sue or maintain any litigation or lawsuit for damages against NPAIP or its Board. However, this Section does not prohibit any declaratory relief action seeking to interpret wording of this Agreement or of any NPAIP coverage agreement. Carson City County, Nevada shall be the sole venue for any and all disputes or declaratory relief litigation brought by a Member against NPAIP.

**ARTICLE 4**  
**NAME OF POOL**

The name of the fund established by the Members hereunder shall be "NEVADA PUBLIC AGENCY INSURANCE POOL."

**ARTICLE 5**  
**POWERS OF NPAIP**

NPAIP shall have all of the powers common to any Public Agency and all additional powers set forth in the interlocal cooperation laws of the State of Nevada, and NPAIP is authorized to do all acts necessary for the exercise of said powers, including but not limited to, the following:

- A. To make and enter into contracts;
- B. To incur debts, liabilities, and obligations;
- C. To acquire, hold, or dispose of property, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations, and governmental entities;
- D. To sue and be sued in its own name;
- E. To settle any claim against NPAIP or its Members as hereinafter provided;
- F. To receive and use contributions and advances from Members, including contributions or advances of personnel, equipment, or property;
- G. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Nevada laws applicable to investments by a Public

- H. Agency; and  
To carry out all provisions of this Agreement.

## **ARTICLE 6**

### **MEMBERSHIP**

Section 1. Eligibility. Membership in NPAIP shall be open to any political subdivision of the State of Nevada that is deemed by the Board of Directors to qualify for membership.

Section 2. Conditions. The Board of Directors may impose such conditions on membership to protect the interests of NPAIP and to provide for the benefits of Members as are required by this Agreement, the Bylaws of NPAIP, and applicable statutes or regulations.

## **ARTICLE 7**

### **BOARD OF DIRECTORS**

Section 1. Appointment and Term of Office. Commencing with the effective date of the Agreement and annually thereafter in January, each Member shall appoint a voting representative and an alternate voting representative to the Board of Directors to serve for a term of one year. Such representatives shall be eligible for reappointments for successive one year terms and shall serve until his or her successor is duly appointed.

Section 2. Voting. Each Member shall be entitled to one vote by its representative to the Board or by its alternate voting representative in the absence of the representative. There shall be no voting permitted by proxies or other substitutes. All motions and actions of the Board shall be adopted by a majority of the Board members unless otherwise provided by the Bylaws of NPAIP.

Section 3. Compensation of the Board. Members of the Board shall not receive any salary for their services to the Board, but the Board by resolution may allow actual and necessary expenses for attendance at Regular or Special meeting of the Board.

Section 4. Meetings. The Board shall provide for the holding of Regular and Special meetings.

Section 5. Quorum. A simple majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a quorum is present at any meeting, a majority of those members as may be present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of a majority of the members present at a meeting at which a quorum is present shall constitute an act of the Board.

Section 7. Legal Counsel. The Board shall be advised in legal matters with respect to NPAIP operations by its legal counsel.

## ARTICLE 8

### MEETING OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings. The Board shall hold at least one regular meeting each year, scheduling the time, date and place thereof by resolution.

Section 2. Special Meetings. Special meetings of the Board may be called by the Chair of the Board, or in his absence by the Vice Chair, or by any two members of the Board.

Section 3. Minutes. The Executive Director of NPAIP, described in Article 13 hereof, shall provide for the keeping of minutes of Regular and Special meetings of the Board, and shall forward a copy of the minutes to each member of the Board.

Section 4. Open Meeting Law. All meetings of the Board shall be called, notice, held and conducted in accordance with the provisions of the Open Meeting Laws, Nevada Revised Statutes, Chapter 241, and any other laws of the State of Nevada.

## ARTICLE 9

### POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall be the governing body of NPAIP to oversee, administer, and determine its overall policies and shall have the following powers and authority:

- A. To manage the affairs of NPAIP and to do all things necessary or convenient for the furtherance of the purposes of NPAIP, including but not limited to: expending and receiving funds; entering into contracts and other agreements; renting, leasing, purchasing and otherwise procuring or receiving property, real and personal; employing personnel either as employees or by contract; and employing professional consultants such as attorneys, auditors, accountants, risk managers and actuaries;
- B. To form an Executive Committee, as provided in Article 12 hereof, and delegate to that committee such powers as it determines, provided that all such delegated powers to Executive Committee shall be exercised under the direction of the Board;
- C. To form committees as appropriate to act in an advisory capacity and to conduct the business of NPAIP and the membership of such committee may consist in whole or in part of non-Board members;
- D. To elect the officers and appoint staff of NPAIP as may be necessary for the administration of NPAIP and as described in Articles 10 and 13 hereof;

- E. To prepare and adopt the annual operating budget of NPAIP;
- F. To develop and adopt each program of NPAIP, including all provisions for insurance and reinsurance, and administrative services as necessary to carry out such programs;
- G. To provide for necessary services to NPAIP and its Members to include, but not be limited to, risk management consulting, human resources consulting, Loss prevention and control, centralized Loss reporting, actuarial consulting, claims adjusting, and legal services;
- H. To provide general supervision and policy direction to its Executive Director, either directly or through the Executive Committee, and adopt policies and procedures to carry out the purposes of NPAIP;
- I. To receive, review and act upon periodic reports and audits of the funds of NPAIP as required;
- J. To elect the Executive Committee by vote of its members present at the annual meeting;
- K. To amend the Bylaws of NPAIP by a two-thirds vote of the members present at a meeting, but no amendment shall take effect sooner than thirty days after adoption thereof; and
- L. To remove a member of the Board of Directors or of the Executive Committee by a two-thirds vote of the members present at a meeting.

## **ARTICLE 10**

### **OFFICERS**

Section 1. Chair and Vice Chair. The Board of Directors shall elect from its members a Chair and Vice Chair of the Board, each to hold office for two years effective from the beginning of the fiscal year following such election.

Section 2. Conducting Meetings. The Chair, or if absent, the Vice Chair, shall preside at and conduct all meetings of the Board and the Executive Committee.

Section 3. Powers and Duties of the Chair. The Chair, or together with such other officer or officers as the Board may designate by resolution, may execute any contracts or other instruments as authorized by the Board and shall generally perform all duties incident to the office of Chair as may be prescribed by the Board.

Section 4. Powers and Duties of the Vice Chair. The Vice Chair shall act as Chair in the latter's absence or inability or refusal to act.

Section 5. Fiscal Officer. The Chair will appoint a Fiscal Officer with duties as

described in Articles 15, 16 and 17 hereof to hold office for two years effective from the beginning of the fiscal year contemporaneously with the Chair and Vice Chair.

Section 6. The Fiscal Officer shall chair the Audit Committee.

## **ARTICLE 11**

### **LIABILITY OF BOARD OF DIRECTORS OR OFFICERS**

Section 1. **Standard of Care.** The members of the Board of Directors and officers of NPAIP should use ordinary care and reasonable diligence in the exercise of their powers and duties hereunder.

Section 2. **Limitation of Liability.** The members of the Board of Directors shall not be liable for any mistake of judgment or other action made, taken or omitted by any of their agents, employees or independent contractors selected by them with reasonable care nor for loss incurred through investment of, or failure to invest, NPAIP funds, and no director shall be liable for any action taken or omitted by any other director.

Section 3. **No Bonds.** No director shall be required to give a bond or other security to guarantee the faithful performance of duties hereunder.

Section 4. **Insurance.** NPAIP shall defend and hold harmless any director acting within the scope of his authority for NPAIP. NPAIP may purchase insurance providing coverage for acts or omissions taken by the Board or performed by an officer or director within the scope of his or her authority for NPAIP.

## **ARTICLE 12**

### **EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS**

Section 1. **Members.** NPAIP shall be administered by the Executive Committee of the Board of Directors, composed of seven persons from among the Members of the Board of Directors, two of which shall represent Member counties or cities with a population of 35,000 or more (if there exist two such Members), at least two of which shall represent Member counties or cities with a population under 35,000, two representatives of school districts, one representative of special districts and the Chair and Vice Chair of the Board of Directors. The Executive Director shall be *ex-officio*, a non-voting member of the Executive Committee.

Section 2. **Business of the Executive Committee.** The Executive Committee shall conduct the business of NPAIP between meetings of the Board, exercising such powers as are delegated by and under the direction of the Board. If at a duly noticed Board meeting a quorum of the Board is not present, the Executive Committee hereby is delegated the power to conduct the business of NPAIP on behalf of the Board pursuant to the Board meeting agenda.

Section 3. **Meetings.** Meetings of the Executive Committee shall be called at the request of the Chair, or in his absence, the Vice Chair, but any two members may request

a meeting, and all such meetings shall be conducted in compliance with the provisions of the Nevada Open Meeting Laws.

Section 4. Quorum. A majority of the Executive Committee constitutes a quorum for the transaction of business at any meeting, but if less than a majority is present at any meeting, a majority of the members present may adjourn the meeting from time to time without further notice. Ex-officio members shall not be counted in determining a quorum.

Section 5. Manner of Acting. The act of a majority of the members present at the meeting at which a quorum is present shall be the act of the Executive Committee, unless a greater number is required by law or by the Bylaws of NPAIP. An alternate representative shall not be allowed to act for a member of the Executive Committee.

Section 6. Election and Term of Office. The Executive Committee shall be elected by the Members for two-year terms, which shall be staggered as follows:

- a. Two of the four representatives of cities and counties shall be elected for a two year term effective with the fiscal year beginning 2003
- b. Two of the four representatives of cities and counties shall be elected for a two-year term effective with the fiscal year beginning 2004
- c. One of the two representatives of school districts shall be elected for a two year term effective with the fiscal year beginning 2003
- d. One of the two representatives of school districts shall be elected for a two year term effective with the fiscal year beginning 2004
- e. The representative of special districts shall be elected for a two year term effective with the fiscal year beginning 2003

Succeeding elections to those noted in a-e shall be for two year terms effective with the fiscal year following the election.

## **ARTICLE 13**

### **STAFF**

Section 1. Executive Director. The Board may employ or contract for an Executive Director to administer the business and activities of NPAIP, be responsible for all minutes and records of NPAIP meetings, notices and records of NPAIP, and such other duties as are assigned by the Board and the Executive Committee, subject to the general supervision and policy direction of the Board of Directors and the Executive Committee.

Section 2. Other Staff. The Board shall provide for the appointment of such other staff as may be necessary for the administration of NPAIP.

## **ARTICLE 14**

### **DEVELOPMENT, FUNDING AND IMPLEMENTATION OF POOLING PROGRAMS**

Section 1. Program Coverage. Pooling or insurance programs of NPAIP may provide coverage for:

- A. Casualty insurance as defined in NRS 681A.020;

- B. Marine and transportation insurance as defined in NRS 681A.050;
- C. Property insurance as defined in NRS 681A.060;
- D. Surety insurance as defined in NRS 681A.070; and
- E. Insurance for any combination of these kinds of insurance.

Section 2. Minimum Participation. The Board shall determine for each pooling program, described in Section 1 above, a minimum participation for program implementation, which shall be communicated to each Member, and shall establish the amount of any Maintenance Deductible.

Section 3. Program and NPAIP Costs. General administrative expenses of NPAIP shall be allocated to the Members as a whole, whether every Member participates in all or part of any program of NPAIP. The Board shall determine the method of allocation to each Member and the amount of each Member's share.

Section 4. Development Charge. Development costs of a program shall be funded by a development charge, as determined by the Board of Directors, to be paid by each Member joining in the development of the program and thereby reserving the option to participate in the program following its adoption by the Board. Development charges are those costs incurred by NPAIP, or by the Nevada Association of Counties acting as sponsor of an Interlocal Cooperation Agreement entered into prior to the creation and organization of NPAIP, or NPAIP's consultant, in developing a program for subsequent review and adoption by the Board, including but not limited to research, feasibility studies, information and liaison work among Public Agencies, preparation and review of documents, and actuarial and risk management consulting services, and may also include a share of NPAIP's general expense as allocated by the Board of Directors.

Section 5. Billing. The development charge shall be billed to all Members upon authorization of program development by the Board and be payable within thirty (30) days of the billing date, and contributions to the Nevada Association of Counties by interested Public Agencies for development of programs prior to the creation and organization of NPAIP shall be credited against the development charges for those programs assessed by NPAIP.

Section 6. Deficiencies. Upon the conclusion of program development, any deficiency in development funds shall be billed to all Members which have paid the development charge on a pro-rata or other equitable basis as determined by the Board, and any surplus in such funds shall be transferred into the loss reserve for the program, or, if the program is not implemented, NPAIP's general account.

Section 7. Annual Contributions. All costs of program, excluding development charges, shall be funded by annual contributions charged to the Members participating in the program for each Policy Year and also by interest earned on the funds so accumulated. Such contributions shall be determined by the Board upon the basis of a cost allocation plan and rating formula developed by NPAIP with the assistance of a casualty actuary, risk management consultant or other qualified person. The contributions for each Participating Member shall include its share of expected program losses, program insurance and reinsurance costs, program administrative costs for the year, and its share of NPAIP's general expense allocated to the program by the Board.



Section 8. Billing. Annual contributions shall be billed by NPAIP at the beginning of each Policy Year and shall be payable within thirty (30) days of the billing date. At the end of each Policy Year, program costs shall be audited by NPAIP. Any deficiency or surplus in the contributions paid by the Participating Member, as shown by such audit, may be adjusted by a corresponding increase or decrease in the contribution charge to that Member for succeeding years, unless the Member withdraws or is canceled from the program, in which case the provisions of Articles 21, 22, 23, 24 and 25 hereof shall be applicable and controlling.

Section 9. Program Implementation and Effective Date. Following development of a program and its adoption by the Board, NPAIP shall give each Member a written notice of the program which shall include:

- A. The terms of coverage of the program;
- B. The requirements for program implementation; and
- C. The estimated first year contribution by the Member for program participation.

Section 10. Membership. Each Member or Participating Member may elect to enter the program by giving written notice of such election, in a form prescribed by NPAIP, to the Executive Director within thirty (30) days of the date of NPAIP's notice of the establishment of the program.

Section 11. Late Entries. A Member not electing to enter a program upon its implementation or within 120 days thereafter pursuant to Section 10 above, or which becomes a party to the Agreement following implementation of the program, may petition the Executive Committee for late entry into the program.

## **ARTICLE 15**

### **ACCOUNTS AND RECORDS**

Section 1. Annual Budget. NPAIP annually shall adopt an operating budget to include a separate budget for each program under development or adopted and implemented by NPAIP.

Section 2. Funds and Accounts. The Fiscal Officer shall oversee such funds and accounts as may be required by good accounting practices and by the Board for each program and the books and records of NPAIP shall be open to inspection at all reasonable times by authorized representatives of Members.

Section 3. Report of the Fiscal Officer. The Fiscal Officer, within one hundred and eighty(180) days after the close of each Fiscal Year, shall give a complete written report of the Annual Audit for such Fiscal Year to the Board and to each Member.

Section 3. Annual Audit. The Board of Directors shall engage a certified public accountant to make an annual Fiscal Year audit of all accounts and records of NPAIP, and a report of the audit shall be filed as a public record by each Member within one hundred and eighty (180) days of the end of the Fiscal Year under examination.

## ARTICLE 16

### RESPONSIBILITIES FOR NPAIP'S FUNDS AND PROPERTY

Section 1. Custody and Disbursements. The Fiscal Officer shall oversee the custody of and disbursement NPAIP's funds, but may delegate that disbursing authority as may be authorized by the Board, subject to the requirements of Section 2 below.

Section 2. Maintenance and Safekeeping. The Fiscal Officer shall assure the following activities are carried out appropriately by the Executive Director who shall:

- A. Receive and acknowledge receipt for all funds of NPAIP and deposit them in NPAIP's Treasury for the credit of NPAIP;
- B. Be responsible for the safekeeping and disbursement of all NPAIP funds;
- C. Pay any sums due from NPAIP as approved by the Board or by any body or person to whom the Board has delegated approval authority;
- D. Verify and report in writing to the Executive Committee or the Board, as of the first day of each quarter of the Fiscal Year, the amount of money held for NPAIP, the amount of receipts since the last such report, and the amount paid out since that report; and
- E. Invest monies in accordance with applicable laws and regulations governing investments by Public Agencies.

Section 3. Responsibility for Funds and Property. The Executive Director, Fiscal Officer, and such other persons as the Board may designate, shall have charge of, administer, and have access to the funds and property of NPAIP.

Section 4. Bonds. NPAIP shall provide for fidelity bond or performance bonds in an amount and form specified by the Board for all of its officers and staff authorized by NPAIP to hold or disburse funds or have charge or access to property of NPAIP.

## ARTICLE 17

### TRUST ACCOUNT, CHECKS, DEPOSITS & REVENUES

Section 1. Establishment of a Trust Account. A trust account shall be established, referred to hereafter as the "Trust Account", in which all Member contributions, policy dividends or premiums received by NPAIP, investments made by NPAIP and income thereon, and any other money or property which shall come into the possession or control of NPAIP shall be placed.

Section 2. Use of the Trust Account. The Board may use the Trust Account to pay all expenses of NPAIP, including, but not limited to, payment of premiums for insurance policies, compensation to employees and staff, legal counsel, auditors, consultants, contracted services and other persons as authorized by the Board.

Section 3. Expenditures from Trust. Expenditures from the Trust Account may be made for payment of Losses, litigation costs, investigation, insurance premiums and deductible amounts, cost of Loss control activities, and any other costs determined by the Board.

Section 4. Excess Funds. Any excess funds in the Trust Account may be used, as determined by the Board, to reduce Member contributions, to increase the cash surplus of NPAIP as determined by policies established by the Board.

Section 5. Expenses of Administration. At its annual organizational meeting, the Board shall approve rates of compensation for administrative expenses incurred for administration of the Trust Account and legal services related thereto and shall approve its budget.

Section 6. Checks. All checks, drafts or orders for payment of money, notes or any other evidence of indebtedness issued in the name of NPAIP shall be signed by the Executive Director, or by such other person and in the manner as the Board may designate, with two signatures required, and in such manner as shall be prescribed.

Section 7. Deposits. All funds of the Board shall be deposited to the credit of NPAIP in such banks, trust companies or other depositories as the Board may determine.

Section 8. Other Funds. NPAIP funds in possession or control of the Board shall be received, disbursed, controlled and accounted for under the supervision of the Fiscal Officer.

## **ARTICLE 18**

### **RISK MANAGEMENT**

Section 1. Risk Management Services. The Executive Director or other individual or organization shall be selected by the Executive Committee to provide risk management and insurance consulting services to include Loss prevention, review of Loss data, promotion and evaluation of Loss prevention programs, and reports to Members. The responsibilities include:

- A. Liaison with the Members' staff assigned the risk management and safety responsibility;
- B. Assistance to members in the development and implementation of risk management policies;
- C. Identification and evaluation of risk and Loss potentials, aided by a claims service company and legal counsel;
- D. Recommendations as to affirmative steps in order to avoid or reduce risks and Losses;
- E. Development of a system of claims reporting and on the scene investigation by Member's personnel; and
- F. Development and production of risk prevention educational programs for Member's personnel.

Section 2. Treatment of Costs. Costs of the risk management services shall be a general administrative expense of NPAIP.

**ARTICLE 19**  
**RESPONSIBILITIES OF MEMBERS**

Members shall have the following responsibilities:

- A. To appoint an officer or employee to be responsible for the risk management function with that Member's organization to serve as a liaison between the Member and the NPAIP for all matters relating to risk management and insurance;
- B. To maintain an active safety program and act upon recommendations of the NPAIP to reduce or eliminate unsafe practices;
- C. To pay development charges, annual contributions, insurance premiums, and contributions surcharges to NPAIP within thirty (30) days of the billing date thereof;
- D. To pay to NPAIP any additional insurance premiums or contributions due as determined and assessed by the Board within thirty (30) days after the Member's act of withdrawal, cancellation, or termination from NPAIP;
- E. To provide NPAIP at its request such other information or assistance as may be reasonably necessary for NPAIP to develop and implement programs under this Agreement;
- F. To cooperate with and assist NPAIP, and any insurer of NPAIP, in all matters relating to this Agreement;
- G. To comply with all Bylaws of NPAIP and other rules adopted by the Board; and
- H. To have such other responsibilities as provided in this Agreement or established by the Board under this Agreement.

**ARTICLE 20**

**ADMINISTRATION OF CLAIMS AND LITIGATION**

Section 1. NPAIP Responsibilities. NPAIP, at its sole discretion, may undertake and be responsible for the investigation, defense and settlement, of claims made and suits or proceedings instituted against a Member arising out of a covered Loss. NPAIP solely is responsible for investigating, adjusting, evaluating, valuing and settling Property Coverage claims made by Members.

Section 2. Information From Member. A Member shall furnish to NPAIP with respect to any Claim for Loss or potential Loss:

- A. Prompt written notice of any claim made or suit brought against the Member or any claim made for damage to a Member's property;
- B. Any other information requested by NPAIP in order to adjust, investigate, evaluate, value or settle or defend a Claim or Loss;
- C. Cooperation in all matters in which NPAIP is acting on behalf of the Member or any other dispute against NPAIP or against a Member.

Section 3. Appointment of Claims Committee. The Chair of the Board shall appoint

a five member committee as necessary, to be entitled the “Claims Committee”, to oversee claims services and to settle appeals of coverage determinations made by the Claims Administrator. The Executive Director, Risk Manager, Claims Administration Company, and NPAIP’s Administrator shall be non-voting, ex-officio members of the Claims Committee.

Section 4. Litigation Cooperation. Members shall be kept advised of the progress of litigation. All claims or cases shall be referred immediately to NPAIP’s Claims Administrator by the Member upon which notice is given by a claimant or a complaint served. The Claims Administrator shall review the claim or case, investigate the facts where appropriate, and may assign defense counsel from NPAIP’s panel of approved defense counsel. The decision whether or not to provide a defense and to assign defense counsel shall be made solely in the discretion of NPAIP and its Claims Administrator. NPAIP and its Claims Administrator shall make a coverage determination including NPAIP’s discretionary decision whether to provide a defense. The assigned defense counsel shall cooperate with the Member’s legal counsel in the defense or settlement of litigation.

Section 5. Litigation Management. Management of litigation shall include evaluation of claims, assignment of qualified attorneys to represent the Member (when a discretionary decision to defend has been made), monitoring of the litigation, providing periodic status and evaluation reports to the Executive Director, aid in promoting and evaluation risk management, and recommending reserves for claims in litigation.

Section 6. Litigation Costs. Litigation Management and fees from general counsel shall be treated as a general expense of NPAIP and fees of defense counsel shall be treated as a claims expense.

Section 7. Litigation Participation. A Member at its expense, shall have the right to participate with NPAIP in the settlement, defense, or appeal of such claim, suit or proceeding which, in the judgment of NPAIP, may involve liability of NPAIP.

Section 8. Advice From Members. Members will be given a reasonable opportunity in litigated cases or claims to advise NPAIP of the Members’ preference with regard to settlement of the case or claim.

Section 9. Settlement Consent. A Member shall not enter into any settlement involving liability of NPAIP without the prior consent of NPAIP.

Section 10. Claims Handling. NPAIP shall select a duly licensed claims administration company on the basis of its ability to handle claims in a professional, efficient and economical manner, and to be responsible for investigating, adjusting, evaluating, valuing and settling all Claims made against the Member or against NPAIP.

Section 11. Claim Administration Company Responsibilities. NPAIP Claims Administration Company selected by NPAIP shall:

- A. Investigate, adjust, evaluate, value and settle all claims against NPAIP or its Members for which coverage may be afforded under the terms of NPAIP Coverage Form and as directed by the Claims Committee;
- B. Make settlements in accordance with the authority delegated by the Board in the Claims Administrator's contract;
- C. In addition to actually paying covered claims, provide periodic claim reports detailing each Member's losses, recommend proper and adequate reserves for outstanding and anticipated claims, file required reports to the State of Nevada, and provide any other related services as approved by the Board; and
- D. Refer cases which may require review by the Claims Committee or the Litigation Strategy Committee and consult with NPAIP's general counsel with respect to legal issues as necessary.

## **ARTICLE 21**

### **TERM OF AGREEMENT**

This Agreement shall be effective upon execution by the signatory parties and shall remain in effect until:

- A. Terminated upon election of three-fourths of the Members; or
- B. Suspended or superseded by a subsequent agreement between the Members.

## **ARTICLE 22**

### **WITHDRAWAL**

Section 1. Member Insolvency. A Member may not withdraw as a Member for a period of two (2) years after its initial entry, except in case of insolvency or change in its legal status as a Public Agency.

Section 2. Notice of Withdrawal. After two years following its initial entry, a Member may withdraw from NPAIP upon giving one-hundred twenty (120) days written notice to the Board in advance of the program renewal date.

Section 3. Effect of Withdrawal. The withdrawal of a Member shall not affect the continuance of NPAIP by the remaining Members.

Section 4. Payments Before Withdrawal. In order to withdraw, the Member shall pay any outstanding amounts due and owing to NPAIP.

Section 5. Release Conditions. Withdrawal does not release the withdrawing Member from liability for further payments or assessments as provided elsewhere in this Agreement.

**ARTICLE 23**  
**CANCELLATION OR TERMINATION OF MEMBERSHIP**

The Board of Directors:

- A. May cancel the membership of any Member in NPAIP on a vote of two-thirds of the Board members present at a meeting called for that purpose, and such Board action shall result in the cancellation of that Member's participation in all programs of NPAIP as of the date of the Board cancellation;
- B. May cancel any Member's participation in a program of NPAIP without canceling its membership in NPAIP or participation in other programs on a vote of two-thirds of the Board members present at a meeting called for that purpose;
- C. Cause NPAIP to give one hundred twenty (120) days advance written notice to the Member of the effective date of any cancellation under the foregoing provisions, and upon such effective date, the Member shall be considered as having voluntarily withdraw from NPAIP, or from the program of NPAIP, as the case may be.
- D. Cancel the membership of any Member that has not paid any assessments when due upon thirty (30) days notice to the Member. Such notice for non-payment may be issued by the Executive Director without a vote of the Board of Trustees; however, the Executive Committee will be informed of the situation. The Executive Director may reinstate membership upon receipt of payment of the assessments prior to the effective date of the notice of cancellation. If payment is not received prior to the effective date of the notice of cancellation, the Member may apply for reinstatement through the Executive Director, which may be granted only by the Executive Committee.

**ARTICLE 24**  
**EFFECT OF WITHDRAWAL OR CANCELLATION FROM NPAIP**

Section 1. Unearned Contributions. If a Member's participation in a program of NPAIP is canceled under Article 23 hereof, with or without cancellation of membership in NPAIP, and such cancellation is effective before the end of the Policy Year for that program, NPAIP shall promptly determine and return to the Member the amount of any unearned contributions payments for the Policy Year.

Section 2. Entitlement to Return of Contributions. Except as provided in Section 1 above, a Member, which withdraws or has its membership canceled in NPAIP or from any program of NPAIP, shall not be entitled to the return of any contributions or other

payments to NPAIP, or of any property contributed to NPAIP.

Section 3. Termination of NPAIP. In the event of termination of this Agreement and concomitantly NPAIP, a Member having withdrawn or its membership canceled prior thereto may share in the distribution of assets of NPAIP as determined by the Board.

## **ARTICLE 25**

### **TERMINATION AND DISTRIBUTION OF ASSETS**

Section 1. NPAIP Activities After Termination. If this Agreement is terminated at any time, NPAIP shall continue to exist after such termination for the limited purpose of disposing of all outstanding claims, distributing its assets, and performing all other functions necessary to conclude its affairs and business.

Section 2. Asset Distribution. All assets of NPAIP utilized in each program shall be distributed among those Members which participated in that program in accordance with a distribution plan developed by the Board. . The Board shall determine such distribution within six months after final distribution of all claims pending at the termination of this Agreement and NPAIP.

Section 3. Final Contributions. Any Member, which was a participant in a program of NPAIP, shall be responsible for any additional amount of contributions as determined by the Board in accordance with a Loss allocation formula as necessary for final disposition of all claims arising from losses under that program during the Member's period of participation.

## **ARTICLE 26**

### **CONTRACTUAL OBLIGATION AND MEMBER'S LIABILITY**

Section 1. Member's Additional Obligations. In addition to the obligations and responsibilities of the Members expressly set forth in this Agreement, the Members agree to take no action or engage in any conduct inconsistent with this Agreement and the Bylaws of NPAIP.

Section 2. Enforcement of This Agreement. Except as limited by the provisions in Article 3, Section 4, the terms of this Agreement may be enforced in a court of law either by NPAIP or by any of its Members.

Section 3. Consideration. The consideration for the duties herewith imposed upon the Members to take certain actions and to refrain from certain other actions shall be based upon the mutual promises and agreements of the Members set forth herein.



Section 4. Duplicate Originals. This Agreement and the Bylaws of NPAIP may be executed in duplicate originals, and their execution and approval by the Members shall be evidenced by a certified copy of a resolution by the Board of Directors, provided, however, that except to the extent of the financial contributions to NPAIP agreed to herein, or such additional obligations as may come about through amendments to the Agreement, or the Bylaws of NPAIP, no Member shall be responsible for any claims in tort or contract asserted against any other Member.

Section 5. Limitation of Members' Relationships. In the creation of NPAIP, the Members intend only to establish an organization for joint insurance and self-insurance programs in accordance with the terms and within the scope of this Agreement and have not intended to create as between Members any other relationships of surety, indemnification or responsibility for the debts or claims of any other Member.

Section 6. Members' Liability. The liability of each Member for the obligations of NPAIP shall be individual, several and proportionate liability, and not joint.

Section 7. Responsibility For Assessments. Members who have withdrawn or have been terminated shall remain subject to the payments of any assessments for the year(s) during which such Member was a participant in the program of NPAIP.

## **ARTICLE 27** **ASSESSMENTS**

Section 1. Additional Contributions and Surcharges For Excessive Losses. If NPAIP experiences such a number of Losses or costs under a program during a Policy Year, so that notwithstanding insurance and reinsurance coverage for individual Losses, the joint pooled funds for the program may be exhausted, the Executive Committee may, upon consultation with a casualty actuary, impose contributions and/or surcharges on all Participating Members, which, in total amount, will assure adequate resources to NPAIP for the payment of all such Losses, but not to exceed two times the most recent annual contribution without approval of two-thirds of the Board of Directors.

Section 2. Assessments When Liabilities Exceed Assets. The amount of any liability in excess of assets shall be assessed to the Members that are or were members of NPAIP within thirty (30) days after a deficiency is identified and shall be payable thereafter by the Members within ninety (90) days.

Section 3. Assessments For Operational Costs Deficiencies. The Board at its discretion may assess the Members for cost incurred in the operation and maintenance of NPAIP and for its purposes in the form, manner and amount prescribed by the Board for the Policy Year out of which the deficiency arose.

Section 4. Enforcement of Assessments. NPAIP is empowered to enforce the assessments hereunder and as provided elsewhere in this Agreement by appropriate legal proceedings.

**ARTICLE 28**  
**BYLAWS AND PROCEDURES MANUAL**

Section 1. Bylaws. The Board shall adopt Bylaws to provide for the operation and administration of NPAIP.

Section 2. Procedures Manual. The Board shall cause the preparation of a Procedures Manual to govern the day-to-day operations of NPAIP.

**ARTICLE 29**

**NOTICES**

Section 1. Notices To Members. NPAIP shall address all notices, billings and other communications to a Member under this Agreement as directed by the Member to NPAIP.

Section 2. Notices To NPAIP. Members shall address notices and communications to NPAIP to the Executive Director, Nevada Public Agency Insurance Pool, 201 S. Roop Street, Suite 102, Carson City, Nevada, 89701.

**ARTICLE 30**  
**AMENDMENT**

This Agreement may be amended at any time by a vote of two-thirds of the Members present at a meeting.

**ARTICLE 31**

**PROHIBITION AGAINST ASSIGNMENT**

No Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member shall have any right, claim or title to any part, share, interest, fund, contribution, premium or asset of NPAIP.

**ARTICLE 32**

**AGREEMENT COMPLETE**

The foregoing constitutes the full and complete Agreement of the Members. There are no oral understanding or agreements not set forth in writing herein.

**ARTICLE 33**

**GOVERNING LAW AND SEVERABILITY**

Section 1. Governing Law. The construction, validity, and affect of this Agreement shall be governed by the laws of the State of Nevada.

Section 2. Severability. Should any covenant, condition, term or provision in this Agreement be deemed by a court of competent jurisdiction to be invalid or unenforceable, all of the remaining covenants, conditions, terms and provisions herein shall remain in full force and effect.

#### **ARTICLE 34**

##### **FILING WITH ATTORNEY GENERAL**

~~The Executive Director of NPAIP shall file a notice of this Agreement with the office of the Attorney General within thirty (30) days of its effective date as required by Nevada Revised Statutes.~~

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**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**BYLAWS**

Revised: May 1, 2000  
Revised: May 2, 2003  
Revised: May 1, 2009  
Revised: April 26, 2013  
Revised: May 1, 2015  
Revised: April 29, 2016  
Revised April 20, 2018

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**BYLAWS OF THE  
NEVADA PUBLIC AGENCY INSURANCE POOL**

**ARTICLE I: NPAIP PHILOSOPHY AND STRUCTURE**

**SECTION 1.01. PHILOSOPHY.**

The philosophy of NPAIP is to maintain long term stability in the costs and coverages provided by NPAIP to its Members through risk management.

**SECTION 1.02. GENERAL STRUCTURE.**

NPAIP is governed by its Board of Directors consisting of representatives of Members as defined in the Interlocal Cooperation Agreement.

**SECTION 1.03. DUTIES AND RESPONSIBILITIES.**

The responsibilities of NPAIP to Members shall be:

- (a) To provide a source of coverage for property, casualty and surety claims or losses ;
- (b) To provide such risk management services and materials for education purposes as the Members determine are necessary and affordable;
- (c) To provide guidance in organization and operation of a risk management program by each Member;
- (d) To provide risk management advice when needed or necessary;
- (e) To conduct the business of NPAIP so as to continue to operate successfully; and
- (f) To collect and disburse funds for the sound financial organization and operation of NPAIP.

**SECTION 1.04. DUTIES AND RESPONSIBILITIES OF A MEMBER.**

The duties and responsibilities of a Member shall be:

- (a) To comply with the Interlocal Cooperation Agreement, Bylaws, policies, procedures and objectives of NPAIP;
- (b) To maintain good community relations with the primary objective being reduction of risks;

- (c) To make timely submissions to NPAIP and its insurers of contributions to NPAIP's Loss Fund, administrative fees, and insurance premiums;
- (d) To publish for the Member and the files of NPAIP, guidelines for the operation of the Member's Risk Management Program;
- (e) To appoint a Pool Liaison and to support the purposes of that function in accordance with Article 19 of the Interlocal Cooperation Agreement;
- (f) To comply with the requirements of NPAIP and to submit claims to the claims servicing organization promptly;
- ~~(g) Maintenance Deductibles—Each Member's maintenance deductible is chargeable to the Member at the time of payment made on a claim by NPAIP. The maintenance deductible applies once to each loss, whether it involves property, liability, crime or any combination of coverages. Each member shall reimburse NPAIP's Loss Fund promptly and not later than 30 days after billing. Should the Member dispute the applicability of the maintenance deductible, the Member shall pay the amount due with an accompanying request for review by the Executive Committee, whose decision shall be final; and~~
- (hg) Each Member shall establish a fund or account for the purposes stated in the following description entitled "Self-Insurance Fund" which shall be administered by NPAIP Liaison or such other person as designated by the Member.

#### SELF-INSURANCE FUND

1. This fund has been established to: pay for losses not covered by the Nevada Public Agency Insurance Pool or which are within NPAIP member's maintenance deductible including:
  - a. damage to or destruction of vehicles involved in accidents,
  - b. liability claims and expenses,
  - c. property claims,
  - d. other claims or uses deemed appropriate by the governing board.
2. This fund will maintain reserves for catastrophic or uninsured claims.
3. The administrator of the fund is the NPAIP

Liaison.

4. Claims that are deemed appropriate according to the risk management policies of the governing board will be paid from the Self-Insurance Fund.
5. Any questions regarding the Self-Insurance Fund (claims to be paid, etc.) should be directed to the NPAIP Liaison.

#### SECTION 1.05. NEW MEMBERS.

The Executive Committee shall have sole power to accept new Members when a prospective Member demonstrates:

- (a) A desire to join NPAIP;
- (b) Willingness to abide by the Interlocal Cooperation Agreement, Bylaws, policies, procedures and objectives of NPAIP;
- (c) That its risks and loss history are acceptable; and
- (d) That it agrees to maintain an effective risk management program.

### **ARTICLE II: OFFICES**

#### SECTION 2.01. PRINCIPAL OFFICE.

The Organization's principal office shall be fixed and located in such place as the Board shall determine. The Board is granted full power and authority to change said principal office from one location to another.

#### SECTION 2.02. OTHER OFFICES.

Branch or subordinate offices may be established at any time by the Board at any place or places.

### **ARTICLE III: MEMBERS MEETINGS**

#### SECTION 3.01. PLACE OF MEETINGS.

Meetings of the entire Membership shall be held at any place designated by the Board.

#### SECTION 3.02. ANNUAL MEETINGS.

The annual meeting of all Members of NPAIP shall be held prior to the end of each fiscal year. The Executive Committee shall be elected at the annual meeting and any other proper business may be transacted at the annual meeting.

#### SECTION 3.03. SPECIAL MEETINGS.

Special meetings of the Membership shall be held as may be determined necessary by the Executive Committee or the Board.

#### SECTION 3.04. NOTICE OF ANNUAL OR SPECIAL MEETINGS.

Written notice of each annual or special meeting of Members shall be given in accordance with the Nevada Open Meeting Law NRS Chapter 241 Such notice shall state the place, date and hour of the meeting, and

- (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or
- (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action.

#### SECTION 3.05. CONDUCT OF MEMBER MEETINGS.

The Chair of the Board may preside as Chair at all meetings of the Members. The Chair shall conduct each such meeting in a business like and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The Chair shall have all of the powers usually vested in the Chair of a meeting of Members.

#### SECTION 3.06. ANNUAL MEETING BUSINESS

The Annual Meeting agenda must include the following topics required by the Nevada Administrative Code:

- (a) Review by the Board of Directors at least annually of the financial condition of each member and prompt notification to the members of any member determined to be operating in a hazardous financial condition;

- (b) Review by the members at least annually of the loss experience of each member of the association; and
- (c) Review for the removal of members with an excessive loss experience or members determined by the Board of Trustees???? to be operating in a hazardous financial condition.

#### **ARTICLE IV: DIRECTORS**

##### SECTION 4.01. POWERS.

Subject to any limitations contained in the Nevada Public Agency Insurance Pool Interlocal Cooperative Agreement ("Agreement"), these Bylaws or the Law relating to action required to be approved by the Members or by a majority of all the Members, the activities and affairs of NPAIP shall be conducted and all powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of NPAIP to any person or persons, management company, or committee however composed, provided that the activities and affairs of NPAIP shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all officers, agents, service providers and employees of NPAIP, prescribe powers and duties for them as may not be inconsistent with law, the Agreement or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate;
- (b) To conduct, manage and control the affairs and activities of NPAIP, and to make such policies and procedures therefor not inconsistent with Law, the Agreement or these Bylaws, as they may deem appropriate;
- (c) To authorize memberships in NPAIP from time to time, upon such terms and for such consideration as may be lawful; and
- (d) To borrow money and incur indebtedness for the purposes of NPAIP, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefor.

##### SECTION 4.02. ALTERNATE VOTING REPRESENTATIVE.

The Alternate Voting Representative to the Board of Directors shall have the full powers of the Representative when attending Board meetings in place of the Representative.

#### SECTION 4.03. RIGHTS OF INSPECTION.

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of NPAIP.

#### SECTION 4.04. VACANCIES.

- (a) Subject to the provisions of the Agreement, any director may resign effective upon giving written notice to the Chair of the Board, the Executive Director, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.
- (b) Vacancies on the Board may be filled by the Member at its next regular meeting.
- (c) A vacancy in the Board shall be deemed to exist in case of the withdrawal of the Member from NPAIP, death, resignation or removal of any director, or if the authorized number of directors be increased, or if a Member fails, at any regular or special meeting of the Member at which any director is elected, to elect its authorized director.
- (d) The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under the laws of the State of Nevada or the Agreement. In addition, the Board may remove, and declare vacant, the office of a director who fails to attend any Board meetings within any one fiscal year.
- (e) Vacancies on the Executive Committee that occur between meetings of the Board may be filled by the Chair, or the remaining Executive Committee Members may appoint a replacement, to serve until the next Annual Meeting of the Board as described in Article III, Section 3.02 of these Bylaws.
- (f) Upon withdrawal of a Member from NPAIP, its board positions shall be eliminated upon the effective date of withdrawal.

#### SECTION 4.05. REMOVAL OF DIRECTORS.

Except as otherwise provided by the Law, any or all directors may be removed with or without cause, if approved by the Members.

#### SECTION 4.06. FEES AND COMPENSATION.

Directors shall not receive any compensation for their services as directors or as Members of committees or commissions, but, by resolution of the Board, reimbursement or advancement may be made for any expenses incurred or paid by them for the benefit of NPAIP.

NPAIP shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless approved by the Nevada Attorney General.

## **ARTICLE V: COMMITTEES**

### SECTION 5.01. EXECUTIVE COMMITTEE:

- (a) Appointments to the Executive Committee shall be by a majority vote of the directors then in office. A majority of all the Members of the Executive Committee may determine its rules of procedure unless the Board shall otherwise provide. The Board shall have the power to change the Members of the Executive Committee at any time, either with or without cause, and to fill vacancies; provided, however, that all appointments to the Executive Committee shall be by a majority vote of the directors then in office.
- (b) The Board may, at any regular or special meeting, overrule any action or actions of the Executive Committee by a majority vote of all Members of the Board, provided that any such action will not affect the contractual rights of parties outside the Organization.

### SECTION 5.02. STANDING OR SPECIAL COMMITTEES.

- (a) In the event that the Board determines that the management of the NPAIP would be benefited by the establishment of one or more standing or special committees, in addition to the Executive Committee, the Board may from time to time establish one or more such committees.
- (b) The term "standing committee" or "special committee" shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board.
- (c) The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the directors then in office, which specifically sets forth the powers and duties delegated to such committee and specifically identifies the committee as a "standing" or "special committee." Each such committee shall consist of two or more directors and shall be presided over by a director selected by the Board.
- (d) Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the Chair of each such standing or special

committee, and meetings of standing or special committees may be called by the Board or the Chair of the standing or special committee.

#### SECTION 5.03. LIMITATIONS UPON COMMITTEES OF THE BOARD.

No committee of the Board shall have any of the authority of the Board with respect to:

- (a) The approval of any action for which the Law or Agreement also requires approval of the Members or approval of a majority of all Members;
- (b) The filling of vacancies on the Board or on any committee which has the authority of the Board, except as provided in Section 4.04 VACANCIES (e);
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; and
- (e) The appointment of other committees of the Board or the Members thereof if such committee will have the authority of the Board.

### **ARTICLE VI: OFFICERS**

#### SECTION 6.01. OFFICERS.

The officers of NPAIP shall be the Chair and the Vice Chair of the Board.

#### SECTION 6.02. ELECTION.

Members shall elect one Director, by a majority of the votes cast, to serve a two year term as Chair and one Director to serve a two year term as Vice Chair.

#### SECTION 6.03. SUBORDINATE OFFICERS.

The board may elect, and may empower the Chair to appoint, such other officers as the business of NPAIP may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

#### SECTION 6.04. REMOVAL AND RESIGNATION.

The Chair or any other officer may be removed at any time, either with or without cause, by the vote of two-thirds of the entire Board or, in the case of an officer who is chosen under Section 6.03, by any officer upon whom such power of removal may be conferred by the Board.



Any officer may resign at any time by giving written notice to NPAIP, but without prejudice to the rights, if any, of the NPAIP under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified herein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### SECTION 6.05. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

#### SECTION 6.06. CHAIR OF THE BOARD.

The Chair of the Board shall assume the duties and responsibilities normally associated with the position or those duties assigned by the Board.

#### SECTION 6.07. EXECUTIVE DIRECTOR.

The Executive Director shall be the chief administrative officer of NPAIP and, subject to the control of the Board, shall:

- (a) Supervise, direct, and control the business and affairs of NPAIP;
- (b) Provide adequate staff to administer NPAIP;
- (c) Supervise, direct, and control the collection, deposit, investment and disbursement of all funds of NPAIP in accordance with the specific or general instructions of the Executive Committee or the Board;
- (d) Be a nonvoting ex-officio member of the Board, Executive Committee, and all standing committees and, whenever practical, serve as the staff adviser and recording secretary thereof;
- (e) Have the general powers and duties of management usually vested in the office of Executive Director or general manager of a quasi-governmental organization; and
- (f) Have such other powers and duties as may be prescribed by the Board or these Bylaws.

#### SECTION 6.08. FISCAL OFFICER.

The Chair shall designate a member of the Board to serve as the Fiscal Officer of NPAIP.

### **ARTICLE VII: MISCELLANEOUS**

#### SECTION 7.01. INSPECTION OF AGREEMENT AND BYLAWS.

NPAIP shall keep in its principal office in the State of Nevada the original or a copy of its Agreement and of these Bylaws as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours. NPAIP shall upon the written request of any Member furnish a copy of the Agreement or Bylaws as amended to date.

#### SECTION 7.02. ENDORSEMENT OF DOCUMENTS: CONTRACTS.

Subject to the provisions of applicable law, no note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between NPAIP and any other person shall be valid and binding on NPAIP unless the signing officers had the authority to execute the same. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind NPAIP by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

#### SECTION 7.03. CONSTRUCTION AND DEFINITIONS.

Unless the context otherwise requires, the general provision, rules of construction and definitions contained in the provisions of Nevada Law shall govern the construction of these Bylaws.

#### SECTION 7.04. MAINTENANCE OF CORPORATE RECORDS.

The accounting books, records, minutes of proceedings of the Board and its Committees shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of NPAIP. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed or printed form.

#### SECTION 7.05. ANNUAL REPORT.

The Board shall cause an annual report to be furnished to the directors and Members not later than one hundred eighty days after the close of the NPAIP fiscal year. The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such accountant's report, the certificate of an authorized officer of NPAIP that such statements were prepared without audit from the books and records of NPAIP. The annual report shall contain in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of NPAIP as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of NPAIP, both unrestricted and restricted to particular purposes, for the fiscal year; and

- (d) The expenses or disbursements of NPAIP, for both general and restricted purposes, during the fiscal year.
- (e) The annual financial report shall be prepared in accordance with Generally Accepted Accounting Principles

#### SECTION 7.06. FISCAL YEAR.

The fiscal year of NPAIP shall commence on July 1 of each year and end on June 30 of the following year.

### ARTICLE VIII: AMENDMENTS

#### SECTION 8.01. BYLAWS.

- (a) New Bylaws may be adopted or current Bylaws may be amended or repealed by the vote of two-thirds of the Members present at a meeting.
- ~~(b) In addition to the right of the members as provided in subparagraph (a) to adopt, amend or repeal Bylaws, and except as otherwise provided in the Law, Bylaws may be adopted, amended or repealed by the Board by a two-thirds vote of the directors present and voting (but not less than a majority of the entire Board) at a Board meeting unless the action would materially and adversely affect the rights of the Members as to voting.~~

#### SECTION 8.02. INTERLOCAL COOPERATION AGREEMENT

The Interlocal Cooperation Agreement may be amended if approved by a two-thirds vote of the directors present and voting (but not less than a majority of the entire Board) at a Board meeting.

#### SECTION 8.03. ADOPTION.

These Bylaws were adopted by the vote of two-thirds of the Members, present in person, at the annual meeting of the Members. These Bylaws shall become effective immediately upon adoption and repeal and supersede all previous Bylaws of NPAIP.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**POLICY STATEMENT**

**SUBJECT:**                    **CLAIMS ADMINISTRATION**

**GOAL:**                        To assure that claims are handled properly to protect the interests of NPAIP and its Members.

**STATEMENT:**            -    This claims administration policy shall apply to incidents and situations in which Members may have coverage afforded by NPAIP.

-    Elected or appointed officials, employees and volunteers, whether or not compensated, while acting for a member or on its behalf, including commissions, agencies, districts, authorities, boards (including the governing board) or similar entities which operate under a member's supervision or control, should be careful in their actions and not expose the Member or the NPAIP to unnecessary liability.

**STRATEGIES:**            -    NPAIP's claims administrator provides Claims reporting procedures. Each Member should adhere to these procedures in order to assure that both its interests and NPAIP's are properly protected.

-    To avoid potential problems with coverage determination or gaps, members shall report all known incidents which could give rise to a potential claim. The member should not undertake to determine whether or not coverage is applicable. It is better to report unnecessarily, than not to report.

-    The following types of incidents should be reported immediately:

- a.    Death
- b.    Brain injury or spinal cord damage, real or specific (quadriplegia or paraplegia)
- c.    Impaired or loss of use of limbs (amputation of major members)
- d.    Injury affecting the capacity of sight, taste, smell or hearing
- e.    Disfigurement
- f.    Injury to the reproductive organs
- g.    Highway design/maintenance liability
- h.    Law enforcement liability
- i.    Probable errors and omissions liability
- j.    Extended disability (six months)
- k.    Severe burns - involving over 10% of body with third degree or 30% with second degree;
- l.    Multiple persons injured in a common occurrence
- m.    Psycho-neurotic involvement
- n.    Other incidents that may merit special notification
- o.    Employment related practices allegations.
- p.    Sexual harassment or sexual misconduct of any nature
- q.    Class action litigation or threatened litigation

**ACTIVITIES:**

- Each member should establish procedures for the prompt reporting of every claim. Each member should maintain its own set of records, as a loss log, to insure accuracy of NPAIP's loss reporting system. Sample internal reporting procedures are provided by NPAIP.
- NPAIP will coordinate the claims administration with Member's claims coordinator.
- Each member should establish a claims reserve fund and fund it adequately pursuant to Governmental Accounting Standards Board (GASB) Statement No. 10 to pay maintenance deductible amounts and costs as they come due.
- Pursuant to Article 20 of the NPAIP Interlocal Cooperation Agreement, an NPAIP Claims Committee has been established to assist in the resolution of claims issues with NPAIP or its claims administrator. Members should utilize the committee when necessary.
- At least once every three years, an independent claims audit will be conducted of NPAIP's claims administrator and the results will be reported to the Board for action to assure the claims administrator corrects deficiencies.
- The NPAIP Board shall establish a list of qualified defense counsel and coverage attorneys. Exceptions for any one case may be permitted upon request from a Member if deemed qualified and necessary by the claims administrator.
- The qualified defense counsel and coverage attorneys will provide a certificate of insurance or a copy of their professional liability insurance on file with the claims manager.
- The claims administrator will maintain adequately documented files and communicate with Members as to the reasons for denials and settlements.

Adopted 10/95  
Revised 5/1/2000  
Revised 5/1/2009  
Revised 4/29/2016  
Revised 4/20/2018

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**POLICY STATEMENT**

**SUBJECT:**           **Service Providers' Bill of Rights**

**GOAL:**             Service Providers basic rights while providing services to NPAIP include being treated consistently with dignity, respect, and professionalism.

**STATEMENT:**     Service Providers should not be expected to provide gifts, perks or other benefits to members of the NPAIP board or staff members (or any person or organization associated with them) as a condition of doing business with NPAIP.

Service Providers should expect fair and equitable treatment in the procurement process. Every competitive bidding process should be open, well defined and transparent. NPAIP recognizes that there is a direct cost to the Service Providers in preparing every service proposal.

Service Providers should expect to have a written service agreement with NPAIP, specifying all terms and conditions of their contractual relationship. *Contracts for services between NPAIP and a service provider include the following contract provisions:*

- *Agreement term;*
- *Scope of services provided;*
- *Form and timing of periodic reporting by the service provider to the pool;*
- *Performance measures and corresponding reporting methods;*
- *Compensation details;*
- *Ownership and confidentiality of pool information;*
- *Business continuity obligations of the service provider;*
- *Data security obligations of the service provider;*
- *Records retention Standards and accountabilities;*
- *Compliance with applicable state and federal regulations;*
- *Indemnification of the parties and insurance requirements;*
- *Assignability of the contracted relationship;*
- *Cancellation and termination of the agreement;*
- *Breach definition and remedies;*
- *Legal venue to resolve disputes; and, Choice of law.*

Service Providers should only be expected to provide services contained within the scope of their service agreement.

Service Providers should be paid in a timely manner for services rendered in accordance with the provisions of their service agreement.

## STRATEGIES:

- The NPAIP board has established a written Conflict of Interest policy regulating its affairs and the conduct of its members. The NPAIP Board is dedicated to the principle that conflicts of interest (defined as situations in which a person has a duty to more than one person or organization, but cannot do justice to the actual or potentially adverse interests of both parties) should be avoided and where present shall be fully disclosed in accordance with the NPAIP Board Policy Statement on Conflict of Interest. This includes situations when a member of the NPAIP Board or staff has personal interests (including those of his/her family) that may be contrary to his/her loyalty to NPAIP. Service Providers should honor and uphold the NPAIP Board policy.
- *NPAIP follows Nevada Revised Statutes Chapter 322 Local Government Purchasing Act for Service Provider Contracts. This Chapter defines the dollar amount for service contracts above which it utilizes a transparent, competitive selection process for the procurement of services; or has documented reasons why a competitive selection process is not being used for a service above the documented dollar amount .*
- *Service Provider Contracts above \$50,000 will require the review and approval by general counsel as to form. Board or the Executive Committee will approve all significant contracts on behalf of NPAIP.*
- *The NPAIP Board shall receive annual documentation of service contracts the pool is engaged in, including contract compensation parameters and especially noting any contract terms with any service provider that involve the pool paying and/or receiving commission-based fees, percentage of savings, or similar compensation structures in connection with the annual budget approval.*
- Service Providers are expected to provide policy proposals and recommendations to the NPAIP Board and provide members of the NPAIP Board with information and advice as a basis for making decisions. Once the NPAIP Board has acted, Service Providers are responsible for implementing and upholding all official policies and decisions adopted by the NPAIP Board, without interference.
- Service Providers share a responsibility to communicate with the NPAIP's membership regarding NPAIP objectives, activities and outcomes and should seek to improve the quality and image of governmental risk-sharing pools at all times.
- The NPAIP Board is dedicated to the principle that all matters of procurement, personnel administration and outside contracting are administered on the basis of merit so that fairness and impartiality govern all governance and management decisions.
- The NPAIP Board is dedicated to the principle that matters of NPAIP governance and/or NPAIP management and administration cannot be bought or sold. No Service

Provider should ever solicit a personal gift of any value from any NPAIP Board member, Member, staff or third-party performing work on behalf of or in any way associated (or potentially associated) with NPAIP. Each Service Provider must disclose the receipt of gifts, services, sponsorships and meals.

Adopted 5-2-2007  
Revised 4/29/2016  
*Revised 4/20/2018*

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**POOL Endorsement  
Number 16-17**

Effective July 1, 2018 it is agreed that Section VI, C. Exclusion 8 does not apply and coverage is provided as limited herein for all damages for an **Event** arising out of the conduct of a psychologist, physician or social worker who has contracted to provide such services to the following **Named Assureds**, but only in respect of operations by or on behalf of said **Named Assureds**:

Douglas County China Spring Youth Camp

Coverage provided hereby shall not exceed \$1,000,000 per **Event** and shall be excess of any other coverage available.

ALL OTHER TERMS, CONDITIONS, AND EXCEPTIONS REMAIN UNALTERED.

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**Exclusions, Section VI:**

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) and medical supplies approving authority.

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.

**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	2017-2019	Elko County	Chair		X		
Dan Corona	2017-2019	West Wendover		X			
Josh Foli	2017-2019	Lyon County	Vice Chair		X		
Lisa Jones	2017-2019	Eureka Co. School District				X	
Bev Conley	2016-2018	Eureka County		X			
Ann Cyr	2016-2018	Carson City School District				X	
Gerry Eick	2016-2018	Incline Village GID	Fiscal Officer				X

**Voting Special Districts/Towns:**

Bob Spellberg (retiring 11/2017)	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
Ron Brugada	Southern Nevada Health District	X
Scott Baker	Tahoe Douglas Fire Protection District	X

**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 (resigning end of 2017)	2017-2019	Churchill County					
Mike Giles	2017-2019	City of Lovelock	X				
Josh Foli	2017-2019	Lyon County		X			
Cash Minor	2017-2019	Elko County		X			
Chris Mulkerns	2017-2019	Town of Tonopah				X	
Cindy Hixenbaugh	2017-2018	Pershing General Hospital					X
Steve West (retiring 10/4/2017)	2016-2018	City of Winnemucca	X				
Paul Johnson	2016-2018	White Pine Co. School District			X		

**Potential Replacements:**

Geof Stark	2018-2020	Churchill County	X				
Elizabeth Francis	2017-2018	White Pine County					

**Voting Special Districts/Towns:**

Tod Carlini	East Fork Fire Protection District	X
Gerry Eick	Incline Village GID	X
Chris Mulkerns	Town of Tonopah	X
Ron Brugada	Southern Nevada Health District	X
Scott Baker	Tahoe Douglas Fire Protection District	X

**Voting Hospitals:**

Linda Lauritzen or Nancy Lockridge	Battle Mountain General Hospital	X
Jason K. Bleak or Missie Rowe	Grover C Dils Hospital	X
Sandi Lehman or Rose Marie Green	Humboldt General Hospital	X
Jonalee Roberts or Greg Schumann	Mt Grant General Hospital	X
Patti Bianchi or Cindy Hixenbaugh	Pershing General Hospital	X