



**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  
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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: Whitney Peak Hotel  
255 N Virginia St.  
Reno, Nevada**

**Date: April 16, 2019 Time: 1:00 p.m.**

**Date: April 17, 2019 Time: 8:00 a.m.**

**JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA**

**April 16, 2019**

**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. Risk Management, Loss Control, Wellness: Watch This!!!**
- 4. Human Resources: From the Trenches - They Did What??**
- 5. Claims Management: This Is Us?!?**
- 6. Cyber Report: The Spy Among Us?**
- Break come back at 3:00 p.m.**
- 7. Benchmarking Ratio Review**

8. **The Reinsurance Quilt: It's Puzzling – Can You Solve It?**
9. **Convenient Learning: Saving Money and Time!**
10. **Agent Best Practices: What? They Didn't Tell Me About That!**
11. **For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
  - a. **Approval of Minutes of Board:**
    - 1) **Joint Board Meeting April 19, 2018 – April 20, 2018**
  - b. **Acceptance of Minutes of Committee Meetings**
    - 1) **Joint Executive Committee Meeting of August 20, 2018**
    - 2) **Joint Executive Committee Meeting of November 5, 2018**
    - 3) **Joint Executive Committee Meeting of February 19, 2019**
    - 4) **Audit Committee Meeting of October 30, 2018**
    - 5) **Human Resources Oversight Committee Meeting of September 28, 2018**
    - 6) **Human Resources Oversight Committee Meeting of December 7, 2018**
    - 7) **Human Resources Oversight Committee Meeting of March 1, 2019**
    - 8) **Loss Control Committee Meeting of September 18, 2018**
    - 9) **Loss Control Committee Meeting of December 17, 2018**
    - 10) **Loss Control Committee Meeting of March 19, 2019**

c. **Acceptance of Reports**

- 1) **Executive Director**
- 2) **Public Risk Mutual Audit**
- 3) **Public Compensation Mutual Audit**
- 4) **HR Accomplishments Report**
- 5) **PRI Financial Audit**
- 6) **Risk Management and Loss Control Services Reports**
- 7) **Alternative Service Concepts Claims**
- 8) **SpecialtyHealth Cardiac Wellness Program and 24/7/365 Injury Call Service Report**

12. **Public Comment**

13. **For Possible Action: Recess Until April 17, 2019 at 8:00 a.m.**

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

**6:30 p.m. – 9:00 p.m. Dinner and Entertainment: 2 Blokes & A Squeeze Box**

## JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 17, 2019

### Notices:

1. Items on the agenda may be taken out of order;
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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.

14. Reconvene Meeting of April 16<sup>th</sup> and Roll

15. Public Comment

16. For Possible Action: Acceptance of Investment Reports and Action on Recommendations:

- a. NEAM Enterprise Risk Report
- b. NEAM Investment Manager Report
- c. Strategic Asset Alliance Investment Advisor Report

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

- a. PACT Investment Guidelines
- b. POOL Investment Guidelines

18. For Possible Action: POOL/PACT Board Retreat Report

19. For Possible Action: Approval of Grant to Nevada Risk Pooling, Inc.

20. Public Comment

21. 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 Administration  
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 Meetings 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 19, 2018 Time: 1:30 p.m.**

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

**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' Minutes**

**April 20, 2018**

**1. Introductions and Roll**

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.

**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**

- a. Chris Lech, Patrick Scully and Kelly Sullivan provided the NEAM fixed income investment manager report. They provided an overview of current investment market conditions and how they positioned the pools and captives to get positive returns. They reviewed the enterprise risk approach and analysis taken in 2017 that captures the philosophy and risk parameters of the organizations and aligns the investment strategies to those conditions. They then highlighted the key investment results accomplished for the year and the planned strategies for the upcoming year.
- b. Dan Smereck provided his review as investment advisor of how the enterprise asset approach helped guide all investments including those risk assets available to the captives and not to the pools. He discussed the changes in asset allocation made necessary by market condition changes between 1995 and 2017. He noted how the combined results of the pools and captives worked together to increase returns in alignment with the enterprise risk management analysis provided by NEAM. He showed the overall combined investment performance of both pools and captives and how much it added to the success of the programs.

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

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

- a. PACT Investment Guidelines**
- b. POOL Investment Guidelines**

It was noted that both a and b guidelines contained no proposed changes, but the review was required by the AGRiP standards annually.

On motion and second to approve the investment guidelines with no changes, the motion carried.

Chair Johnson requested a couple of presentations be made because the presenters would not be able to stay for the later meetings.

Mike Rebaleati introduced Andrew Halsall of Government Entities Mutual (GEM) who provided an overview of GEM and how it interacts with NPAIP as a nonprofit reinsurance provider. Andrew noted that Mike Rebaleati had been elected to the GEM board this year. GEM provides a layer of liability reinsurance to NPAIP and can offer alternative structures for liability and workers compensation as needed.

Mike Rebaleati then introduced Mike Van Houten who provides the e-learning support and training for the pools. Mike Van Houten then described how the Torch Pro e-learning management system was being phased out by May 1, 2018 and being replaced by Torch Enterprise. He has been very busy converting current users' data into the enterprise version so that no data is lost. He said that the enterprise system is very robust and user friendly, even allowing Members to upload their own training into the system, which Incline Village GID has done successfully. Mike Rebaleati commented that Mike Van Houten would be joining the PARMs team full-time to support the expanded platform.

**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**

○ **Strategic Plan Progress Report**

○ **Executive Director's Report**

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

**6. For Possible Action: Board Orientation 6 For Good Measure**

Alan Kalt provided a high-level overview showing how the various pooling and key service component organizations interact to deliver the services and financial protection for Members. Using the "got your 6" terminology to represent that the pools have "got your back" to protect Members. He had presented an expanded version of this at the workshop the preceding day.

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

**a. Loss Control Committee Report**

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

Marshall Smith highlighted the Loss Control Committee members and the important work they have been doing over the years. He commented about the Loss Control Excellence Program. He reviewed the various projects and plans being undertaken by the committee. He then reviewed the risk management grants programs utilization and encouraged Members to take advantage of these grants. Mike Rebaleati commented about the cooperative efforts being made with the Nevada Association of School Boards in reducing school hazard vulnerability and enhancing their capability in an emergency. He also said similar cooperative efforts were being made with the Nevada Association of Counties and the Nevada League of Cities.

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

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

**a. Alternative Service Concepts Stewardship Report**

**b. Willis Pooling Stewardship Report**

- a. Donna Squires introduced Pam Finch, CEO of ASC and Vicki Hampton, Regional VP of ASC. Pam commented about the long-standing relationship with the pools and expressed ASC's appreciation for the relationship over the years. Donna then presented the ASC Stewardship Report highlighting some of the key liability issues presented in both errors or omissions and employment practices cases. She then introduced Mike Livermore, Workers Compensation Claims Supervisor, who reviewed the loss experience for PACT and regulatory changes that will increase disability claims costs.

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

- b. Mary Wray presented the Willis Pooling stewardship report which was handed out at the meeting. She described the long-term relationship with the pools and how they have served us with program design and marketing. She highlighted the major accomplishments including the stability of pricing and markets, loss control support, innovative products and support to the pools' agents. Stephen Romero commented about the marketing efforts with the agents to enhance understanding of the program and services available. Courtney Giesseman reviewed her role in the underwriting and gave credits to several agents who delivered their applications timely and completely without back and forth questions. Rick Hudson provided a review of the loss control services provided and noted that the new thermographic camera funded by the pool expanded their capability in helping members find hotspots and avoiding loss. He also noted their upgraded electronic fire extinguisher training device and reviewed the scope of services available to the members.

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

**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**

a through d: Stacy Norbeck, General Manager of POOL/PACT Human Resources, supplemented the information provided in the board packet about the services delivered to the members. She introduced Curtis Calder, Elko City Manager and Chair of the HR Oversight Committee. They recognized Members who completed Phase I or II Assessments: Nye County School District – Phase I; City of Fernley – Phase II; and Sun Valley GID – Phase II. They presented an award for achievement to representatives of Sun Valley GID who were present.

e. Scott Baker, Fire Chief of Lake Tahoe FPD, presented the concept of a peer counseling program. He had found success utilizing an EAP in his own life and discovered how a peer counseling program can help peers identify those who may be struggling and need the help of the EAP. He suggested this could be done by any type of organization and would be beneficial to all employees who would be trained and able to assist others. He encouraged members to consider implementation. He noted that the pools were considering how to facilitate this type of program.

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

- 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**

Mike Rebaleati commented about the retreat topics and the importance for Members to attend and participate as the pools/captives determine their future direction regarding enterprise risk management strategies and succession planning for boards and staff. He noted that he, Alan Kalt and Gerry Eick were working on a global financial report that will provide a high-level summary of the components of the overall programs and performance. He encouraged members to attend.

On motion and second to approve the board retreat in Eureka on September 20-21, 2018, the motion carried.

**11. Public Comment**

Chair Minor opened the public comment period 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  
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Complex  
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**Minutes of Joint Meeting of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust**

**Date: Monday, August 20, 2018**

**Time: 8:30 A.M.**

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

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

**AGENDA**

**1. Roll**

Members present: Paul Johnson, Ann Cyr, Gerry Eick, Bev Conley, Mike Giles, Elizabeth Frances, Chris Mulkerns, Cindy Hixenbaugh, Lisa Jones

Members Absent: Cash Minor, Josh Foli, Dan Corona

Others Present: Wayne Carlson, Mike Rebaleati, Alan Kalt, Stacy Norbeck, Mary Wray, Stephen Romero, Kelly Sullivan, Dan Smereck, Geof Stark

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:**

**1. Joint Meetings of May 14<sup>th</sup>, 2018**

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

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

**a. Retreat Focus and Planning (Includes report from Succession Planning workgroup).**

**b. Action Plan for Daniel Burrus presentation**

**c. Tentative agenda for retreat**

Chairman Johnson had Mike Rebaleati discuss the white paper report from the Succession Planning workgroup. The working group established by Mr. Rebaleati has been working for nearly a year to discuss options in the future of replacing PARMS as part of a succession planning process. The proposed plan is to use PRI as the administrative function of POOL/PACT/PRM/PCM which are currently performed by PARMS. PARMS contract would be for Executive Director services provided by Wayne Carlson. He informed the Joint Executive Committee members of the basic

timeline for implementation, required meeting discussions, differences in current PRI and PARMS operations, accounting, logistics and the goal of making this a “zero sum” move for the POOLS. Gerry Eick noted that the IRS has approved the PRI as a non-profit and the Nevada Insurance Division regulators agreed in concept with the proposed plan. Mike Rebaleati informed the Committee that they received an e-mail from the Burrus Company with the Anticipatory Organization Learning System. He encouraged everyone to complete the first Module prior to the retreat in order to optimize our time with Dr. Burrus. An overview of the tentative retreat agenda was provided. This was informational only and no action was taken by the Committees.

**5. For Possible Action: Setting dates for future Joint Executive Committees. Possible dates are (alternate dates may be selected):**

- a. **November 5, 2019 – 9am**
- b. **February 19, 2019 – 9am**
- c. **Annual Meeting - April 16-17, 2019**

On a motion and second, the dates for the next Joint Executive Committees meetings were established for November 5, 2018 at 9 am; February 19, 2019 at 9 am; and the Annual meeting to be held on April 16-17, 2019. It was recommended that board members make an effort to attend the February 19<sup>th</sup> meeting in person in Carson City given the anticipated agenda items and length of the meeting.

**6. Public Comment**

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

**7. 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  
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**Minutes of Joint Meeting of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust**

**Date: Monday, November 5, 2018**

**Time: 8:30 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: Cash Minor, Josh Foli, Gerry Eick, Ann Cyr, Mike Giles, Chris Mulkerns, Dan Murphy, Cindy Hixenbaugh

Members absent: Dan Corona, Bev Conley, Paul Johnson, Elizabeth Frances

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:**

**a. Approval of Minutes of Meeting of August 20, 2018**

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

**4. For Possible Action: Succession Planning for POOL/PACT**

**a. Decide whether to include the administrative functions of PARMS into PRI or establish a separate non-profit organization to handle all administrative aspects of POOL/PACT**

Chair Minor asked Mike Rebaleati to review this item. Mike commented that the working group had met with General Counsel Stephen Balkenbush to review the legal issues regarding incorporating into PRI vs a new nonprofit organization. He indicated that Steve recommended a separate organization to avoid mixing the more complex issues with the current successful HR program of PRI. Wayne Carlson commented that Steve's opinion did not state that a legal combination could not be done, but a preference to avoid potential legal complications. Wayne highlighted some of the complexities from existing situations as examples. He noted that while it would be simpler to combine organizationally, he had already drafted much of the documentation for a separate organization based upon the original establishment of PRI. The process would not create a significant burden. Chair Minor opened discussion. Various members of the Executive Committee asked questions or made comments.

On motion and second to establish a separate administrative organization, the motion carried.

5. **For Possible Action: Ratification of New England Asset Management (NEAM) as the POOL/PACT investment manager and of Strategic Asset Alliance (SAA) as the POOL/PACT investment advisor**
  - a. **Update from Daniel Smereck of SAA on bank loans and next steps for potential risk asset allocation**

Chair Minor asked Mike Rebaleati to explain. Mike Rebaleati indicated that it had been three years since these contracts were entered into and that the purpose for this item was to ratify continuation of the contracts. In response to a question, Wayne Carlson reviewed the agreements and noted that they are ever-green agreements subject to cancelation upon 30 days' notice. Mike said he would like a ratification of the agreements annually to affirm satisfaction with the services provided.

On motion and second to ratify continuation of the NEAM and SAA agreements.

Chair Minor then asked Dan Smereck of SAA to provide an overview of blank loans as a potential investment option. Dan described them as an option to other investments with some degree of additional risk that is not subject to the same market cycles as other investments. He will provide a more in-depth presentation at a future meeting.

6. **For Possible Action: Acceptance of 2018 Financial Audit of**
  - a. **NPAIP**
  - b. **PACT**

Alan Kalt provided an overview of both organization's financial audits noting that the MD&A had been rewritten and expanded from prior years. He highlighted key financial results and considerations for future planning. He responded to questions. Gerry Eick commented and commended staff for improvements to the internal controls processes.

On motion and second to accept the financial audits for both NPAIP and PACT, the motion carried.

7. **For Possible Action: Approval from Executive Committee to proceed with roof repair/replacement**

Mike Rebaleati provided an overview of the problems with the roof system of the POOL Building noting prior repair attempts that continued. He reviewed the proposal for redesign of the roofing system. In response to questions about cost, he commented that no bids had been sought but he thought the costs would be under \$100,000 overall. Design and bidding would be necessary to obtain final costs. He indicated that it was possible that the engineer may find a way to repair rather than replace once design work was completed.

On motion and second to proceed with the project and obtain quotes, the motion carried.

8. **For Possible Action: Approval from Executive Committee to proceed with the purchase of two scanners and "OnBase" software from Precision Documents Imaging to continue the digitization of accounting system**

Mike Rebaleati said he had been looking into electronic records management and agenda management systems over the last couple of years. He considered several systems and found OnBase to be his preferred system. He noted that the initial focus would be on accounting

records which will create greater efficiencies and access to the records. He said the agenda and minutes features could be added once the accounting portion is implemented. He responded to comments and questions from committee members. He indicated that the program was scalable for multiple additional modules.

On motion and second to obtain OnBase for the accounting function, the motion carried.

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

- a. **Operations Manager Report (Retreat Summary)**
- b. **NEAM and SAA Investment Update**
- c. **Willis Pooling**
- d. **Human Resources**
- e. **ASC – Claim status**
- f. **Executive Director’s**
- g. **E-Learning/Web Master on the POOL/PACT LMS programs**

Operations manager report: Mike Rebaleati summarized the retreat results and continuing work with Daniel Burrus toward implementation. A summary spreadsheet was included in the packet for reference. He indicated that Dr. Burrus would be available for a video conference call at the February meeting. Mike then reviewed his meetings as a Board Member of GEM and the new ideas that have arisen from those meetings. He noted that Wayne Carlson and Alan Kalt had attended the CRL annual meeting. Investment advisor and manager reports from those meetings were included in the packet. Mike also noted that he and Marshall Smith had attended the school safety conference along with representatives of seven of our school districts. He said the conference was very successful and gave an opportunity to meet staff of members other than board members.

NEAM and SAA Investment Update: Alan Kalt reviewed the highlights of the reports and investment performance results. He noted that there not only were the reports of POOL/PACT/PRM/PCM, but also GEM and CRL in the packets.

Willis Pooling report: Stephen Romero reviewed the acceleration of the timeline that occurred in 2018 would be further accelerated in 2019. Beginning in mid-November 2018, appraisal results are due and Willis staff is updating the applications in preparation for distribution to the Members’ agents at that time. The due date for applications is being moved up to mid-January to enable preparation and submission to markets in February. The Lloyds meeting likewise has been moved to mid-March to enable timely receipt of quotes in advance of the annual meeting. There will be a pre-renewal meeting with POOL/PACT staff in December to plan strategies for quotations. He commented on the Willis Pooling loss control team efforts.

Human Resources report: Stacy Norbeck reviewed the expanded participation in the programs and services so far this year. Additional classes were being offered due to demand. She also noted that they are updating and refreshing their HR policies this year keeping in mind the upcoming Legislative session in 2019.

ASC report: Donna Squires distributed and reviewed the property and liability claims activity report since July 1, 2018 noting 146 claims reported with reserves of \$1,391,241. She commented on some of the more severe claims. Mike Livermore distributed and reviewed the workers compensation claims activity in two reports: 1) open claims over \$200,000 and 2) claims since 4/1/2018. He noted that the larger open claims largely were related to presumptive benefits although there were some fatalities and other severe injury cases as well. The report showed current total open claims count as 407 with reserves of \$43,511,924 of which \$21,758,006 has been paid. For the most recent claims, he discussed a brain trauma

injury case as a result of a deputy being hit by a vehicle while directing traffic and which is the largest reserve so far in this period with more reserve development likely. There have been 179 cases filed since 4/1/2018 with reserves of \$2,397,485 thus far.

Executive Director report: Wayne Carlson commented on the succession planning progress and future steps to be undertaken. Regarding the POOL and PACT renewal budgets, he highlighted the key areas of focus where an increase may likely occur. He discussed optional renewal coverage and limits strategies and potential incentives for good loss prevention outcomes. He reviewed possible changes in coverage including increasing monies and securities limit from \$500,000 to \$1,000,000, amending the vehicle replacement cost, increasing flood zone A sublimit and option for a property retention increase.

E-Learning/Web Master on the POOL/PACT LMS programs: Mike Van Houten reviewed the substantial increase in trained Member administrators and course utilization. He mentioned the increased number and variety of courses. He also noted the new website refresh soon to be launched.

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

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

- a. Risk Manager Report**
- b. Stryker Grant Program to get direction from the Joint Executive Committee on the overall process of conducting Stryker equipment grants as requested from the Loss Control Committee**
- c. Report on cyber protocol and introduction of John Funk of the Gunderson law firm as cyber counsel**

Risk Manager report: Marshall Smith commented on a course just completed for Cops and Prosecutors on Investigating Child Sexual Abuse cases, Road Operations and Jail Operations which was well attended. School District hazard vulnerability assessments and emergency response plans also are being updated. He was seeking a proposal for jail audits, training and follow-up for all our members with jails. Swimming pool audits are continuing.

Stryker Grant Program report: Marshall Smith reviewed his memo on the history of the program from 2012 through 2018 and its evolution from a one-time grant program with a 50% match to being merged into the regular risk management grants program with a 75% match from the pools. He commented that the Loss Control Committee in September 2018 requested direction from the Executive Committees. He noted two pending applications from Boulder City and Lander County under the existing 75% match program which had been tabled by the Loss Control Committee pending further direction from the Executive Committee. He noted four options in his report: 1) continue as current, 2) establish special criteria for eligibility and change to a 50% match subject to LCC approval extended for the next two years, 3) delegate the same criteria under 2 to staff to administer, and 4) Executive Committee determined option. Cash Minor commented that he thought the program had run its course and members now should plan and purchase these themselves. He generally agreed with option 2) then to end the program. Gerry Eick commented regarding it being a one-time program that became extended and should be limited in the future like option 2) and tied to risk reduction efforts. Josh Foli and Ann Cyr expressed similar views. Cash Minor expressed that the two pending applications should be addressed under the current program by the Loss Control Committee. Mike Rebaleati commented about he revisions starting July 1, 2019 should be announced to the members. Wayne Carlson commented that the Executive Committee by policy delegated to the Loss Control Committee authority to administer the Risk Management

Grant program with a limit of \$500,000 each pool. The policy provides some broad considerations that were not specific directives. The Loss Control Committee changed the original program to the current program within its discretion. He noted that, in effect, the Loss Control Committee was asking the Executive Committee to decide for the Loss Control Committee. Cash Minor chairs both committees. Gerry Eick expressed concerns that Stryker was using a substantial portion of the risk management grant budget and consideration should be made to change to match to 50%. Cash Minor suggested that the Executive Committee should provide general guidelines but leave the administrative decision to the Loss Control Committee in its discretion up to the maximum dollars available for the grants. Alan Kalt mentioned an idea he was working on to develop a separate revolving grant program with payback provision as a tool to provide financing for members who needed funds to initiate risk reduction efforts. He expressed that it could be an investment diversification tool for the pools/captives. Josh Foli expressed concerns about this competing with private funding sources available to lend funds for this purpose.

The Stryker grant item then was referred to the Loss Control Committee for action consistent with its policy authority in line with the general discussion.

**11. For Possible Action: Approval of POOL Form Amendments/Endorsements for Fiscal Year 2019-2020**

Wayne Carlson indicated that an option to eliminate the privacy response sublimit under the data security coverage was possible under CRL's reinsurance. If this is done, then the full liability limit is available for liability and privacy response without any sublimit. He also said consideration to increase the monies and securities limit from \$500,000 to \$1,000,000.

**12. For Possible Action: Ratify the appointment of Small Schools Representative on NPAIP Executive Committee to Replace Lisa Jones**

Wayne Carlson commented that the Chair has authority to appoint a replacement for a resigning member and that Chair Minor had appointed Dan Murphy of Pershing County School District to fill that vacancy for the remaining term.

On motion and second to ratify Dan Murphy as a member of the NPAIP Executive Committee, the motion carried.

**13. For Possible Action: Approval of Resolution recognizing the service of Lisa Jones as Executive Committee Member on NPAIP**

On motion and second to approve a resolution recognizing the service of Lisa Jones, the motion carried.

**14. For Possible Action: Approval of the next Joint Executive Committee meeting being scheduled for February 19, 2019 and the Annual Meeting to be held on April 16-17 (Tuesday and Wednesday), 2019 at the Atlantis**

Wayne Carlson commented that a proposal was received from the Whitney Peak Hotel and was comparable to the Atlantis from last year.

On motion and second to approve the meetings as presented, the motion carried.

**15. Public Comment**

Keith Westengard as about the Lander County risk management grant. He was advised that it would be decided by the Loss Control Committee at its December 17, 2018 meeting.

**16. 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  
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

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

**Date: Tuesday, February 19, 2019**

**Time: 8:30 A.M.**

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

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

**Webex Meeting number: 629 407 862**

**Password: AyfMpMSM**

**<https://poolpact.my.webex.com/poolpact.my/j.php?MTID=m8393340469791cbff161a2ee0578f151>**

**1. Roll**

Members Present: Josh Foli, Cindy Hixenbaugh, Mike Giles, Elizabeth Frances, Gerry Eick, Chris Mulkerns, Ann Cyr, Cash Minor, Dan Murphy

Members Absent: Bev Conley, Paul Johnson

A quorum being present Vice Chair Josh Foli called the meeting to order.

**2. Public Comment**

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

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

**a. Approval of Minutes of Joint Meeting of November 5, 2018**

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

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

Kelly Sullivan from NEAM provided a review of the investment portfolio for the pools and captives and responded to questions. Dan Smereck of SAA highlighted the investment strategies and introduced a possible additional investment instrument for bank loans for consideration as part of current investment policies. He responded to questions. As part of the discussion, Dan noted that the enterprise risk work being done by NEAM would help with analyzing whether to include bank loans as an option. Gerry Eick suggested that if it is included that some authorization range be considered in the strategy.

Upon motion and second to accept the updates, the motion carried.

5. **For Possible Action: Status update for the Formation of Nevada Risk Pooling, Inc and Approval of Grant to Nevada Risk Pooling, Inc.**

Alan Kalt reviewed the budget approved by the NRP board and explained various allocation options for funding the grant by the pools and captives. Wayne Carlson commented on the status of the formation documents noting that the Secretary of State filing remains pending final approval. He noted that the board approved the various documents and policy statements subject to legal counsel review. Mike Rebaleati requested an advance of \$5,000 to establish a banking account by May 2019 so it is in place in advance of the July 1, 2019 grant period. Discussion ensued regarding the nature of the initial \$500,000 funding of NRP and whether it should be considered a capital contribution or initial advance for cash flow.

On motion and second to approve advancing \$5,000 to establish a banking account, the motion carried.

On motion and second to approve the proposed allocation of the grant budget as 35% POOL, 45% PACT, 5% PRM, 15% PCM, the motion carried.

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

6. **For Possible Action: Status update regarding Public Risk Mutual and Public Compensation Mutual annual audit.**

Alan Kalt provided an update on the captives' audits indicating that they were proceeding with an anticipated completion by mid-March for both audits. No action was deemed necessary.

7. **For Possible Action: PRI Budget for 2019-2020 grant period**

Wayne Carlson explained that the PRI budget had been approved by the PRI board. He commented that this is the last year of the five-year grant. The slight budget deficit reflects several changes in staffing including an increase in the SEP contribution from 17% to 20% as planned. He noted that PRI maintains a net position equal to about one-year's operations so can absorb the shortfall.

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

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. **E-Learning/Web Master**
- g. **ASC – Claims Manager**

a. Wayne Carlson indicated that his report is considered a draft only due to many changes, particularly some legislation introduced recently that may substantially and adversely impact workers compensation costs. He highlighted some of the changes.

b. Mike Rebaleati reviewed his written report and highlighted the cyber assessments, POOL Building repairs and another legislative item for volunteer firefighter deemed wages. Wayne Carlson commented that a recent case required combining deemed wages with wages from other employment for the purpose of calculating disability costs even when the employee is not disabled from the other employment. This will increase the impact of the proposed legislation.

c. Alan Kalt provided an overview of his involvement with CRL on the investment and underwriting committees. He referred members to his written report. He emphasized a new initiative he termed a Risk Management Services Road Show concept whereby teams of staff scheduled regional orientation (similar to a health fair) with groups of members to review POOL/PACT services coupled with a training session on a specific topic of interest. He asked for feedback and received positive input. A pilot test program would be planned locally to refine the concept.

d. Wayne Carlson reviewed the risk management activities on behalf of Marshal Smith. He highlighted the jail audits program underway and planned for all jails. Other programs were moving ahead as planned.

e. Stacy Norbeck provided an update of the HR Strategic Plan, noting the popularity of some classes resulted in adding additional sessions. She noted the staff changes and activities. She mentioned the POOL/PACT 101 Webinar she and Marshall Smith presented.

f. Mike Van Houten reviewed progress with the E-learning system utilization, course development and new projects that will replace some of the current BLR courses and safe costs. He noted development of a ticketing system to track resolution of user issues.

g. Donna Squires and Margaret Malzahn highlighted recent changes in operations, staffing plans and claims activity. They commented on some large claims. Workers compensation claims costs are increasing with disability rating requirements. In addition, the proposed legislative changes will further impact costs.

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

**9. For Possible Action: Review of NPAIP and PACT Program Renewal Status and Options**

**a. Willis Pooling Report**

**b. Review of Reinsurance Coverage and Retention for NPAIP and PACT**

**c. Renewal Reinsurance Strategies**

a. Mary Wray provided an overview of the market noting that catastrophe losses have impacted the market pricing and underwriting strategies overall. Lloyds has tightened up its business operations controls which resulted in some syndicates' capacity being reduced or withdrawn from certain lines of business.

b. Mary Wray then reviewed the POOL and PACT program design quilts which show the various layers of retention and risk transfer for all participants on the programs. In addition, it shows the allocated premium per layer. She also reviewed the renewal pricing indications spreadsheet which compares the prior years rates using current year exposure bases to the renewal year indications. She highlighted the specific changes by reinsurer both in percentages and costs.

c. Mary Wray discussed renewal reinsurance strategies for addressing potential increases, alternative retention and layering approaches and the effect on program costs.

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

**a. PACT Budget for 2019-2020**

**b. NPAIP Budget for 2019-2020**

Alan Kalt summarized the proposed budgets and explained the proposed allocation of program costs between the pools and captives. He noted that the loss fund estimates were from the actuarial reports and that pricing for PRM was not yet received. He noted the estimated additional costs for building repairs to the POOL building. Reinsurance costs were based on conservative estimates. Risk Management grant dollars were reduced by \$100,000 in order to fund jail audits as a special program. A change in approach was to have the captives pay to the pools a fixed dollar amount for certain risk management services rather than paying them

directly, thus the revenue item to the pools. Regarding the options, he explained that option 1 was based on current allocations; option 2 reflected the reallocation of services costs from direct payment by the captives to direct payment by the pools with the captives contributing to the revenue of the pools to encourage continuance of those services. He responded to questions. Some discussion ensued regarding how the payments from the captives to the pools should be characterized from an accounting and legal perspective and staff agreed to further evaluate this aspect. Under PACT option 2, allocated costs of the cardiac wellness program would be added into the rate for heart-lung increasing it by \$1.00 to reflect that. In addition, the expansive legislative changes if approved will strain holding rates down in the future depending upon what gets passed. It was noted that entities should budget a 10% to 15% increase in program cost plus any known exposure changes.

On motion and second to continue this item to the next Executive Committee meeting, the motion carried.

11. **For Possible Action: Approval of Prospective Members of NPAIP and/or PACT**
- a. **Nevada Risk Pooling, Inc.**
  - b. **Pooling Resources, Inc.**

Wayne Carlson commented that legal counsel indicated that due to the nature of the services provided by both organizations they would be eligible for membership in both programs. He referred to the underwriting sheets for detailed information.

On motion and second to approve both organizations for membership in NPAIP and PACT, the motion carried.

12. **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 commented about the Executive Committee members up for election. Most incumbents indicated interest in continuing but some seats for small city/county members may open.

b. Regarding the proposed agendas, they reflect a change to have everything take place within 24 hours. The first day be more than a training day in order to shorten the second day of the meeting to get done by noon. The training portion on the first day will focus on short, lively, fun activities to help members understand the services, not to be the formal reports. Formal reports would be written and approved under a consent agenda that day. The second day would begin with investment reports and a limited number of additional items before moving on to the NPAIP and PACT agendas with a goal of finishing by noon. It was noted that members need to attend both days Members expressed appreciation of the changes. Members were encouraged to advise if additional items should be added.

c. No proposed changes were discussed.

On motion and second to approve, the motion carried.

13. **For Possible Action: Approval of POOL/PACT branding approach.**

Larry DiVincenzi provided an overview of the historical and proposed branding approach for POOL/PACT including logo colors, design, services distinctive marks, fonts and standardizing email signatures and written communication templates. He responded to questions.

On motion and second to approve the approach and to consider legal protection of the color and content, the motion carried.

**14. For Possible Action: Approval of the next Joint Executive Meeting.**

No action taken, but a suggest date of April 8<sup>th</sup> or 9<sup>th</sup> was made.

**15. Public Comment**

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

**16. For Possible Action: Adjournment**

Chair Foli adjourned the meeting at about 1:15 p.m.

**The Agenda was posted at the following locations and linked to the Official State Website**

**<https://notice.nv.gov>:**

**N.P.A.I.P.  
201 S. Roop  
Carson City, NV 89701**

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Carson City, NV 89701**

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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 30, 2018 Time: 10:00 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: Cash Minor, Josh Foli, Gerry Eick

Others Present: Alan Kalt, Mike Rebaleati, Wayne Carlson, Debra Connally, Melissa Mack, Michael Bertrand

**2. Public comment**

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

**3. Action Item: Approval of Minutes of Meeting of October 26, 2017**

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**

Cash Minor opened this item and requested Alan Kalt present his report. Alan reviewed his presentation overview of the audit. He thanked staff involved in preparation of the audit documentation. He indicated that he wrote a revised Executive Director letter and MD & A, making the two documents separate. He noted the significant cash transfers to Public Risk Mutual, NPAIP's captive, for additional capital in the captive. These transfers are amortized over 10-year cycles, thus reducing net income. He noted the \$1,850,000 revenue reduction due to resolution of the Douglas County assessments refund. He noted that claims reserves were relatively steady from the prior year. He highlighted the unallocated program costs which has a negative impact on the income and net position. He noted the unrealized loss on a marked to market basis. Alan reviewed several key financial performance ratios.

Michael Bertrand reviewed his audit committee letter, first going over prior year's recommendations and commented about the staff improvements in implementing his recommendations about protecting cells in supporting worksheets and other improvements in the supporting documentation. He commented on his findings from review of claims file documentation with no exceptions noted. He noted some lack of documentation of management's review of bank reconciliations for 3 months. Alan commented that the reconciliations were done timely by accounting staff and management had documented most of them. Alan began doing the review in addition to Wayne and Mike beginning in January when he joined staff and they are being done timely. He noted that accounting staff does the bank reconciliations within five days of the end of the month and sends email notification to management that the financials are ready for review.

Michael Bertrand affirmed the importance of this documentation. He then completed his comments on findings and responded to further questions. Gerry complimented staff on the improvements over the prior year. He then reviewed his communication with the board letter and responded to questions about that letter. Gerry thought the Executive Director report and the MD&A were clear and helpful reports.

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

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

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

Cash Minor opened this item and requested Alan Kalt present his report. Alan reviewed his presentation overview of the audit. He thanked staff involved in preparation of the audit documentation. He indicated that he wrote a revised Executive Director letter and MD & A, making the two documents separate. He noted the significant cash transfers to Public Risk Mutual, NPAIP's captive, for additional capital in the captive. These transfers are amortized over 10-year cycles, thus reducing net income. He reviewed the claims reserves increased as a result of the actuarial analysis of reserve increases from claims. Operating revenue increased 4% but loss payments increased significantly. He highlighted the unallocated program costs which has a negative impact on the income and net position. He noted the unrealized loss on a marked to market basis. Alan reviewed several key financial performance ratios. Michael Bertrand commented about the large claims reserves development that occurred from the prior year.

Michael Bertrand reviewed his audit committee letter, first going over prior year's recommendations and commented about the staff improvements in implementing his recommendations about protecting cells in supporting worksheets and other improvements in the supporting documentation. He commented on his findings from review of claims file documentation. He noted some lack of documentation of management's review of bank reconciliations for 3 months. Alan commented that the reconciliations were done timely by accounting staff and management had documented most of them. Alan began doing the review in addition to Wayne and Mike beginning in January when he joined staff and they are being done timely. He noted that accounting staff does the bank reconciliations within five days of the end of the month and sends email notification to management that the financials are ready for review. Michael Bertrand affirmed the importance of this documentation. He then completed his comments on findings and responded to further questions. He then reviewed his communication with the board letter. Josh complimented staff on the improvements in quality.

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

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

**8. Public comment**

Chair Minor 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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**This Agenda was posted at the following locations:**

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**Eureka County Courthouse  
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**Churchill County Courthouse  
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.**





**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: September 28, 2018                      Time: 10:30 a.m.**  
**Place: 201 S. Roop Street**  
**Library Room – POOL/PACT Offices**  
**Carson City, NV 89701**

**1. Oversight Committee Roll Call**

Members participating in person: Chairman Curtis Calder; Scott Baker; Dawn Huckaby.  
Members participating by phone: Dee Carey; Jose Delfin; Robert Quick; Danelle Shamrell; Geof Stark. Members not participating: Abel Del Real-Nava; Cindy Hixenbaugh, Pat Whitten. PRI Staff: Stacy Norbeck; Sharon Gesick; Sandra Schooler.

**2. Item: Public comment:**

No public comment.

**3. For Possible Action: Approval of Minutes of Meeting June 1, 2018**

Stacy requested the minutes reflect Tim Logan’s announcement he was resigning from the Oversight Committee and Dawn Huckaby was his recommendation. She asked that it be added to the last page of the minutes. Jose Delfin made a motion to approve the revised Minutes of June 1, 2018. Geof Stark seconded the motion. Motion was carried.

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

**a. 17/18 Strategic Plan Final**

Stacy noted the Strategic Plan is in a different format due to the fact access was lost to the software (MS Visio). Since there would be a cost associated with getting it back and this was the only thing MS Visio was used for, it was decided to try a new format (Excel). Stacy requested she be contacted should there be any problems with the new format. If anyone would like to see something different, let her know and she will ensure the changes are made.

She reviewed the 17/18 Strategic Plan as follows:

**New Trainings** — All four sessions of Essential Management Skills courses have been rewritten. *The Workplace Violence eLearning Course* is still in process and should be ready by October.

**Revisions** — 23 courses were updated last fiscal year.

**Regional Trainings** — 15 regional trainings were 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 was pending for Elko, Stacy hoped to have it scheduled but PERS did not respond.

**New Briefings** — Seven new HR Briefings were developed.

**Updated Briefings** — 30 HR Briefings were updated; two of the remaining three have since been completed.

**Statewide EAP Webinars** — Five were conducted.

**Post Member Pay Plan/Scale on Website** — Member pay scales were added to website as they were received.

**Sample Personnel Policy Annual Update** — Sample policies were updated and released on June 29, 2018 (at 5:15 p.m.).

**Alerts** — Six alerts were issued.

**Trainings** — 214 trainings were conducted with 5,526 participants. 4.6 course content average; 4.8 instructor evaluation average as compared to FY 16/17: 159 total trainings with 2,920 participants. 19 *FRISK* courses were delivered with 308 participants.

**HR Briefings** — Ten sessions with 231 participants were conducted.

**Phase I HR Compliance Assessment Program** — There were 11 interested members, six of which were conducted during the FY; there are 27 left to complete from previous years, and one completed during FY (Nye County School District).

**Phase II HR Compliance Assessment Program** — Conducted assessments for four out of five interested members; three left to complete from previous years; one completed during FY (Fernley).

**b. 18/19 Strategic Plan-to-date**

**New Trainings** — Two new classes will be updated this year: a performance evaluation course and a rewrite of *So You Think You Want to be a Supervisor?* Workplace Violence eLearning Course is still in process and should be ready in October. It will be included in the next update.

**Revisions** — One of three revisions is in process (*Advanced Essential Management Skills*). The actual writing of both classes is complete. The first day is with support staff for review and the second day is ready to be reviewed by our business partners.

**Regional Trainings** — 11 regional trainings are scheduled throughout the state. *Essential Management Skills in the Public Sector (EMS)* is scheduled four times, two have been taught already and one is in process in Carson City (50% complete). *Advanced Essential Management Skills (AEMS)* is scheduled three times and will be taught in November in Carson City (15 currently registered). *The Good, the Bad, and the Ugly* was taught on August 29, 2018, and had 18 registered participants. *Advanced Human Resources Representative (AHHR)* will be offered one time in Carson City in October with ten participants currently registered. *Human Resources Representative (HRR)* will be offered one time in Carson City in the spring. *So You Think You Want to Be a Supervisor* training will be offered one time in Carson City in the spring.

**Workshops Utilizing Outside Resources** —Erickson, Thorpe and Swainston is scheduled to conduct four sessions of *ADA: Interactive Process/Service Emotional Support Animals*: One completed in Ely on October 9, 2018, with 17 registered participants; three remaining to be offered: Elko on October 9, 2018, with 12 registered; Carson City on October 17, 2018, with 18 registered; and Boulder City on October 30, 2018, with 6 registered. Boulder City may be canceled if number does not go up.

**New Briefings** — Two of three new briefings have been completed to date this year.

**Updated Briefings** — Three of 19 briefings have been updated this year.

**Statewide EAP Webinars** —One of four EAP webinars has been conducted: *Social Media Etiquette* on September 5, 2018: *Change Mastery* is scheduled for December 5, 2018. As promised, we have also scheduled an HR webinar, *EEOC 101 and Beyond*, which will be conducted by Becky Bruch on October 18, 2018, at 10 a.m.; there are currently 22 registered participants.

**Post Member Pay Plan/Scale on website** — Member pay scales are being added to website as they are received.

**Sample Personnel Policy Annual Update** —Updated drug policy on August 21, 2018, to reflect Nevada Occupational Safety and Health Administration (NOSHA) post-accident testing requirement that states employers are required to have a reasonable suspicion to conduct a post-accident test.

Stacy stated a new policy format is being routed to the Business Partners as well as a few of our members to ensure it is going to be accepted. Danelle Shamrell thanked Stacy for the new format as the current version has been a bit frustrating to use.

Stacy stated she is trying to reduce the levels, which is currently four to six levels. She stated she wants to reduce it to three but is finding that difficult, so it looks like it will be four levels. She noted that PRI has developed a three-year plan to look at one-third of the policies each year through the next three fiscal years, and plans to minimize the changes as much as possible and only fix the policies that are “broken”: the ones that are too wordy and could be written more concisely or list a statutory process referring to a statute. This year PRI staff is going through the policies in the first third of the manual (sections 1 and 2). The hope is next June, besides the

new formatting of the whole manual, it will look like it does every other year, with a summary of the changes.

Curtis asked if both the small entity and large entity policies are being reformatted.

Stacy confirmed both small and large entity policies would be reformatted. Once the formatting has been applied to the large entity policies, it will be applied to the small entity policies as well. Any policy changes made would cross over to the schools, but not necessarily the formatting, since formatting for schools is different.

Dawn Huckaby asked if the members will receive feedback into that or is it something that PRI delivers.

Stacy stated PRI usually does the actual changes to the policies, but if there is something a member is concerned about they can reach out to staff so they have a note to research it.

Curtis shared there can be difficulties when transitioning from one set of policies at an organization to new ones. Even though they have been cautioning their employees to look at policies one at a time, they are not reading them, and they think they are under the previous policy. Management does not find out there is an issue until a couple of years later when that issue comes up and they thought everyone knew the new policy and they did not.

Stacy stated it would fall back on each entity's staff to make sure the policies are communicated. She also noted in the last fiscal year PRI has talked about putting policies in Torch and creating an online acknowledgment of receipt.

Curtis suggested that when the policies are going out to a board or commission, PRI could recommend some implementation strategies. He noted some entities do the whole thing at once and probably nobody reads it. He suggested it may be better to do one or two policies at a time and make sure the policymakers understand what they are adopting because it is probably different than what they had before, or they did not have anything before.

Stacy stated she has seen it done both ways. It depends on the board's preference. If they are adopting our policies for the first time then they usually go in phases, but if it is updates, many times the whole manual is adopted at once.

Curtis stated it gives a false sense of security at POOL/PACT HR thinking everybody has adopted all of these policies, when in fact they are not following them. He stated that is the practical reality of the situation and it is probably happening in a lot of organizations. It has even happened to his organization and they had an HR person. He noted they were careful, but it still happened, so that was of concern to him.

Danelle stated her organization tries to deal with the policies in pieces. She agreed the format is broken and needs to be fixed.

Stacy said when policy revisions are released in June, implementation suggestions will be included.

**Alerts** — Two alerts have been issued so far: 9<sup>th</sup> Circuit Restricts Acquisition of Salary History to Set Starting Pay and New FMLA forms with a new date.

**Trainings** — As of September 21, 2018, 32 trainings have been conducted with 645 participants, with 4.65 course content average; 4.8 instructor evaluation average. 22 members are interested in FRISK; two courses (at Douglas County-China Springs and Nye County School District) have been conducted with 27 participants.

**HR Briefings** – Four sessions have been conducted with 71 participants.

**Phase I HR Compliance Assessment Program** — There are 13 interested members this FY; 20 left to complete from previous years; three have been completed this FY (Esmeralda County School District, Pershing General Hospital, Pershing County School District); eight were removed from previous FY due to inactivity.

**Phase II HR Compliance Assessment Program** — There are five interested members this FY; seven left to complete from previous years.

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

Stacy stated last FY finished with 25 total claims, 20 of which remain open. There are seven this FY, all of which remain open. They are all EEO: two race, one disability, one sex, two Title VII discrimination, and one hostile work environment (four counties, one special district, one city, and one school).

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

### **a. New Hires**

Stacy updated the Committee regarding three new hires in 2018.

Shari Brantley began in June and has more than 20 years HR experience. Her latest position was VP of HR for a startup WIFI tech company in southern California. Shari has her SPHR and SHRM-SCP certifications and is the Business Partner for Nye and Esmeralda Counties and their subsidiaries, and has members in Reno.

Ashley Creel began in July and has about 10 years HR experience. She worked at Mount Rose Ski Resort for nine years and recently got her SPHR certification. She is a Business Partner for Lyon and Mineral Counties and subsidiaries, and Carson and Tahoe entities.

Sandra Schooler is our newest Administrative Assistant. She has many years administrative experience and a BS in organizational leadership. She recently moved to Carson City from Newport Beach, California.

### **b. HR Seminar**

Stacy reported the HR Seminar in September had 73 participants (95 total if staff, expo hosts and facilitators are included). There were six sessions covering communication and leadership, legal updates, round table by entity types, and an HR quiz show using an online software called “Kahoots.” The highest rated sessions were Scott Ferrin who covered *HR and the Aging Workforce* (4.83), Jennie Ritchie who discussed *Handling Emotion, Conflict and Confrontation*

(4.43), and Charity Felts, *First Amendment Audits* (4.38). The roundtable and HR quiz show were also highly rated (4.29 and 4.45 respectively). Stacy stated that next year's HR Seminar will be in October, but the date and location had not yet been determined. The location has been narrowed down to the Atlantis or Whitney Peak. If it is held at Whitney Peak, valet parking will be provided. A *Save the Date* will be sent out as soon as a contract is signed.

Scott Baker stated this was an excellent HR Seminar this year and he would encourage people to send more manager types. He was disappointed there were not more fire chiefs or county managers there because the training was excellent and he wished he would have sent more of his chiefs to it this year.

Curtis Calder stated that, unfortunately, it was on the same day as the Nevada League of Cities Conference, so the city people would have been attending it in Winnemucca. He asked if a date had been set yet.

Stacy stated that POOL/PACT HR is aiming for a date in October. It was initially discussed to try and set a Wednesday/Thursday date, but it was brought to her attention that many members have board meetings on Wednesdays. After more information is collected, a decision will be made whether to schedule a Wednesday/Thursday or stay with the Thursday/Friday format. She noted the Atlantis was not going to be considered for next year due to a few bumps in the road leading up to this year's seminar; however, the seminar itself went very smoothly, so the Atlantis will be reconsidered for next year. The dates currently under consideration are Wednesday/Thursday, October 2 and 3, or a Wednesday/Thursday in mid-October. Stacy said she would make an announcement as soon as she knows the date.

Curtis stated a Wednesday/Thursday would work well since it would not conflict with the Nevada League of Cities conference (NLC), but also reminded the Committee that when NLC goes south for their meetings it is usually held in October and when in the north, it is in September. He suggested calling Wes to inquire as to whether a date had been set.

Stacy said both NLC and NACO are contacted each year when scheduling the HR seminar, but they do not usually have their dates set at that time. But it was her understanding since it is a legislative year, they will have their meeting in September.

Dee Carey stated she thought the seminar was great and very much appreciated the hard work it took to carry it out.

#### **c. HR Webinar: EEOC 101 and Beyond**

Stacy stated she had already talked about the webinar but wanted everyone to know that the flyer is in each packet as a handout. The webinar is mentioned in the Strategic Plan for FY 18/19 and is part of a new goal to conduct in-house HR webinars (not just EAP).

#### **d. Temple Fletcher Peer Support Training**

Stacy stated PRI has made progress working with Temple Fletcher to provide peer support training to members. Temple has offered to provide one free webinar (date TBD), as an overview of the program, to all interested parties. She has also offered to facilitate regional trainings with up to 15 participants (date TBD) at discounted rates for one-half day to two-day training (ranging from \$400-\$1800), plus \$25 each for guides. The Loss Control Committee (LCC)

has approved funding for two sessions (as a pilot program); once completed, they will consider further funding. Stacy noted members may also use combined education grants to bring training to their entities (each entity may receive up to five each year/up to \$2000 each per year) or send employees to offsite courses. For now, these trainings will focus on public safety, specifically fire personnel.

Scott Baker thanked Stacy for her work on bringing this training to the members.

Curtis Calder asked Scott how the program dovetails with the other peer group he works with currently.

Scott answered Temple is part of his group and is more in touch with the subject than anyone he knows currently and is his source on the subject.

Stacy stated the webinar would be scheduled soon, after which time the regionals will be scheduled.

#### **e. PRI/PARMS Merge**

Since Wayne Carlson plans to retire someday, he is planning for succession now. A work group was created which included Gerry Eike, Incline Village GID; Josh Foli, Lyon County; Paul Johnson, White Pine County School District; and Cash Minor, Elko County; along with Mike Rebaleati, Wayne Carlson, and Alan Kalt. They considered three options for the future. Wayne made it clear that PARMS is not for sale. The three options considered were: create a new non-profit to replace PARMS, merge with one of our captive (PCM, PRM), or merge with Pooling Resources, Inc. (PRI). The work group decided to go with the last option: merge with PRI. They determined PRI made sense since it is an established non-profit (since 2006) and was established broadly enough to add the administrative services with it without creating problems with the IRS.

If approved by the whole Board, the merge is set to take place July 1, 2019. Under PRI, there will be two divisions: HR and administrative/risk management. Stacy stated the work group made it clear they do not want to change any reporting structures, they want PRI to continue to function independently, because they said, "if it's not broken, don't fix it." Stacy would continue to report to the Board of Directors, taking direction from the Oversight Committee. On the PARMS side all employees except Wayne would become PRI employees as of July 1, 2019. Wayne would be the sole employee of PARMS and be contracted to serve as their executive director under a three-year contract with a two-year option; he would also report to the Board of Directors. The executive director position would be filled upon Wayne's retirement.

Stacy stated again that the work group made it clear they do not want to change anything; each division functions for separate purposes and they anticipate a smooth transition. She also noted in the last two years, PARMS and PRI have begun evolving to work as one organization, so she does not anticipate a lot of impact on members.

Curtis Calder asked if there was any discussion at the Board retreat on the composition of the current PRI non-profit Board or will it remain the same.

Stacy said it was not mentioned at the retreat. She stated she heard in a work group discussion they were considering changing the Board of Directors from three to five members. Currently

they have the POOL Chair, PACT Chair, and the HR Oversight Committee Chair; they are considering adding the Loss Control Chair and Audit Committee Chair.

Curtis agreed it was a good idea since there can be quorum issues with only three members.

Stacy stated it will go to the next Executive Committee meeting on November 5, 2018.

## **6. For Possible Action: Assessment Grant Amounts**

Stacy stated our current Phase I and Phase II assessment grants are quite low. She noted Phase I is our baseline HR 101 assessment: EEO policies, job descriptions, recruitment processes and personnel files; if all these are in order, the member is in a better defensible position. To those members who do it, and accept and complete recommendations, PRI offers a \$500 grant. Phase II includes compensation and benefits where PRI looks at payroll files, exempt status, leave time, and whether PERS and overtime are calculated properly. While the POOL does not pay wage claims, they do provide defense. The grant amount for this phase is \$750. The Loss Control Committee has a \$15,000 excellence award for members who complete a required checklist which Stacy believes is less time and labor intensive than the requirements for the current Phase I and Phase II assessments. She noted that no complaints had been received from members, but several members were removed due to inactivity over the last few years because they had stopped pursuing it, and there are still 20 Phase I's in process plus the new ones this FY. She suggested the Oversight Committee consider increasing the grant amounts which might, in turn, increase completion.

Scott Baker asked about the reasoning behind increasing the incentive. Are they not getting it done because they do not want to spend the money on staff time to review it?

Stacy said she thought it is usually not a priority.

There was discussion between Scott, Stacy, Curtis, and Geof regarding increasing the grant assessment awards, possibly based on other factors such as size of organization, number of recommendations accepted and completed, etc. Geof stated his organization received a Loss Control Committee Excellence Award and never received \$15,000. Stacy stated she believes the \$15,000 is new within the last year. Geof noted one site said \$3,500. Curtis stated \$15,000 is extremely expensive but agreed if it were \$3,500 for the larger employers, it would be more worth their time. He made it clear he did not know if he could be in favor of splitting the award up based on organization size because it would make it harder to administer, but he would support making it equal to the risk management loss control excellence award.

Dee Carey shared that they are one of those still stuck on Phase I due to personnel policy updates. As part of the assessment, they purchased new employee files and a file cabinet. The file cabinet alone was more than the grant amount.

Danelle Shamrell stated that money would not necessarily make a difference with her; it is more about the time it takes to complete. Her organization is still stuck on Phase II.

Dawn Huckaby asked if the Phase I and II assessments are the same rigor as the LCC assessment.

Stacy stated it is her understanding the LCC is a checklist indicating whether the organization has implemented specific items versus HR assessments requiring employees to make changes. Most of the findings for Phase I are policies and personnel files, maybe some job descriptions; the Phase II findings are always overtime. There could be quite a few changes to implement.



There was discussion between Curtis and Stacy about making a motion on changes to the Phase I and II grant assessments. Stacy suggested it be considered this FY for placement in next FY's budget. Curtis agreed it should be a budget item and asked she clarify what the LCC awards program is as the original intent was to be equal to the grant with LCC. Stacy asked if it should apply to those in the system currently or just new assessments. Curtis stated all the organizations in the assessments now should be under the old system and those just starting should be in the new system. Stacy noted that PRI has done a few re-assessments and some organizations want to do it again, but grants were only given the first time around. Curtis mentioned LCC does grants the second time around; at least it used to be an organization could apply every three or five years to receive the grant again. Stacy asked if OSC wants to consider a lower grant amount the second time around. Curtis stated he would make it equivalent to whatever the LCC amount would be in the case of a second grant. He said they are both designed to reduce liability, just on different sides of the fence. The insurance pool as a whole is sound financially and he thinks can afford to have those types of preventative programs, and it might create more incentive for people to get excited about it. He noted given the big increase, PRI will have to budget for it and figure out how to transition organizations into it.

Scott Baker made a motion to investigate the current program compared to the risk management program and bring it back to the Oversight Committee. Dee Carey seconded the motion. Motion was carried.

#### **7. For Possible Action: New Certification for HR Scholarship Program**

Stacy noted that Danelle Shamrell reached out to her asking if Certified Labor Relations Professional (CLRP) could be part of the scholarship program. After researching, Stacy thinks it might be a good program to support along with all the HR certifications currently supported such as HRCI, SHRM, and IPMA. CLRP is specific to labor relations and is supported by the National Public Employer Labor Relations Association (PELRA) so it is also public sector. In order to obtain this certification, three classes are required (in no particular order): *The Foundations of Labor Relations*, *The Grievance Arbitration Process*, and *The Negotiation Process*. The courses are offered throughout the US and cost \$299 each for members and \$399 each for non-members of (PELRA). Once courses are complete, the applicants can either sit for the exam which is offered three times per year for \$150, or submit a paper for free which is reviewed by the CLRP committee and they will work with the applicant until it is approved. Stacy stated the total scholarship cost would be up to \$1,350, not including travel. She noted POOL/PACT HR does not usually pay for travel, but applicant can apply for a POOL/PACT educational grant.

Stacy asked if the Committee would be interested in adding this certification as one of the supported programs.

Danelle shared she went with her comptroller to an elective academy (labor contract) put on by PELRA and it was amazing. Her organization is moving forward with starting to negotiate without a labor attorney, so their entire negotiating team will be participating in the academy in Dallas the first week in November where they will take all three of the academy courses. She stated the cost is minor in comparison to what they pay for labor attorneys to negotiate, although they will probably keep one on the back burner. She thought it was worth considering supporting.

There was discussion between Curtis, Dawn, Danelle, and Dee regarding the value the certification would bring if included. All agreed that it was a great idea. Curtis stated it would probably be as valuable or even more valuable than some of the other certification programs depending on the circumstance. Dawn shared that in her previous experience, the PELRA group was phenomenal.

Curtis stated if someone would like a motion to include PELRA, PRI can work out the details on whether or not to pay for travel on a case-by-case basis.

Stacy mentioned that PRI also has the education grants they can apply for in addition to the scholarship for travel.

Curtis stated the Committee is just looking to include it in the program right now and that would be a different motion to include the organization and options available for the scholarship program.

Dawn Huckaby motioned to include the CLRP into our scholarship program. Scott Baker seconded the motion. Motion was carried.

#### **8. For Possible Action: Future Open OSC Seat**

Stacy stated that Pat Whitten is going to retire next summer; he indicated he wanted to let the Committee know the seat would be open. He suggested Austin Osbourne, who is the HR Director for Storey County to take his place, but he did not want to make any assumptions and he wanted to get direction from the Committee.

Curtis asked if it was premature to ask if Austin would be Pat's replacement as County Manager.

Stacy stated that was her understanding.

Curtis stated he asked because in the original composition of the Committee, they wanted to have county management reps and city management reps, not necessarily HR people. They did not want it stacked with HR directors. So, if he is going to be the heir apparent and be the county manager, he wouldn't have any issue with that, but if he is going to remain in the HR director position and they are going to bring in an outside county manager, he would probably want to stick with whoever is going to be the county manager.

Stacy said she would investigate it further so as to provide more information to the Committee.

#### **9. For Possible Action: Recruitment Alternatives**

##### **a. Recruitment Agencies**

Curtis stated this was an item that was discussed in detail at the last OSC meeting on June 1 and since then Stacy had been looking into alternatives; he turned the item over to her.

Stacy stated that, as promised, other recruitment alternatives and negotiated rates for recruitment assistance had been identified. While four of the agencies were local, CPS HR Consulting works out of California and has representation in Las Vegas. The five agencies she worked with along with their rates were:

- CVirtual: 20% of the annual salary of individual they are seeking to hire
- Square 1 Solutions: 2% off of 20-25% of first year salary
- CPS HR Consulting: 10% discount off of 23-24% (so 2.3 – 2.4% discount)
- HRC: 13% of first year salary (local company/smaller usually charge 15%)
- Solutions at Work 10% of first year salary (1.5% discount) or \$140 per billable hour (usually \$165 per hour)

Stacy stated she would update the handout to ensure clarity and provide a level playing field as to how the rates are listed.

Curtis noted he was familiar with CPS HR Consulting, but had not heard about the others. He suggested a few agencies who specifically do public-sector recruitments: Prothman (Washington), Peckam and McKinney (California), Ralph Anderson, and Mercer Group (does a lot of recruitments).

Stacy stated these agencies would be considered.

**b. HR Briefing: Recruitment of Public-Sector Positions (Includes Open Meeting Law Compliance)**

Stacy stated the existing recruitment briefing was updated to include Open Meeting Law Compliance.

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

Curtis stated there was one application.

- 1) Esmeralda County School District: Completed Phase I Assessment. Requesting \$500 for a lateral four drawer file cabinet for management of HR files. Scott Baker made a motion to approve as presented. Dee seconded the motion. Motion was carried.

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

Curtis stated there were four applications.

- 1) Humboldt County: Abel Del Real Nava. Requesting \$500 to obtain his IPMA-SCP certificate. Geof Stark made a motion to approve as presented. Dee Carey and Dawn Shamrell seconded the motion. Motion was carried.

2) Sun Valley GID: Erin Dowling. Requesting \$1,369 to obtain her IPMA-CP certificate. Dee Carey made a motion to approve as presented. Danelle Shamrell seconded the motion. Motion was carried.

3) Walker Basin Conservancy: Amy Gladding. Requesting \$1,945 to obtain her SPHR certificate. Danelle Shamrell made a motion to approve as presented. Jose Delfin seconded the motion. Motion was carried.

4) Esmeralda County: Michelle Garcia. Requesting \$955 to self-study to obtain her aPHR certificate. Danelle Shamrell made a motion to approve as presented. Geof Stark seconded the motion. Motion was carried.

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

Next meeting is scheduled for December 7, 2018, at 10:00 a.m., in Carson City.

**13. Item: Public Comment**

Curtis Calder reported on a recent Employee-Management Relations Board (EMRB) decision he was involved in recently. The City of Elko filed a declaratory action, seeking a ruling from the EMRB that the Sergeants must be excluded from the rank and file bargaining unit for police officers, and the City prevailed. The decision could have big implications for members who have faced resistance from their supervisors who remain in the regular union.

It was decided in lieu of sending out an Alert, Danelle Shamrell would forward a copy of the EMRB's September e-newsletter to Stacy who would in turn forward it to the entire Committee.

**14. For Possible Action: Adjournment**

Curtis called the meeting adjourned at 11:50 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 7, 2018                      Time: 10:00 a.m.**  
**Place: 201 S. Roop Street**  
**Library Room – POOL/PACT Offices**  
**Carson City, NV 89701**

**1. Oversight Committee Roll Call**

Members participating in person: Chairman Curtis Calder; Scott Baker. Members participating by phone: Dee Carey; Jose Delfin; Abel Del Real-Nava; Cindy Hixenbaugh; Dawn Huckaby; Robert Quick; Pat Whitten. Members not participating: Danelle Shamrell; Geof Stark. PRI Staff: Stacy Norbeck; Ashley Creel; Sandra Schooler. PARMS Staff: Marshall Smith

**2. Item: Public comment:**

No public comment.

**3. For Possible Action: Approval of Minutes of Meeting September 28, 2018**

Scott Baker made a motion to approve the revised Minutes of September 28, 2018. Jose Delfin seconded the motion. Motion was carried.

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

**a. 18/19 Strategic Plan to date**

**New Trainings** — Two new classes will be updated this year: a performance evaluation course and a rewrite of *So, You Think You Want to be a Supervisor? (SYTYWTBAS)*. We are in the needs assessment phase currently of *SYTYWTBAS*. *Workplace Violence* e-Learning Course is still in process and Mike Van Houten said it should be ready by the end of December.

**Revisions** — The *Advanced Essential Management Skills* revision is almost complete; the writing is done and support staff is now working on proofing and editing. *Customer Service* is in SME review and being routed to our Business Partners, and *Bullying in the Workplace* remains to be done.

**Regional Trainings** — 12 regional trainings are scheduled throughout the state. *Essential Management Skills in the Public Sector (EMS)* is scheduled four times, three have been taught already. The March session is full and a May session has been added. One of three scheduled sessions of *Advanced Essential Management Skills (AEMS)* has been taught to date. *The Good, The Bad, and The Ugly* was taught on August 29, 2018, and had 18 registered participants. *Advanced Human Resources Representative (AHHR)* was taught one time in Carson City in October. *Human Resources Representative (HRR)* will be offered one time in Carson City in the spring. *SYTYWTBAS* training will be offered one time in Carson City on June 6, 2019.

**Workshops Utilizing Outside Resources** — Erickson, Thorpe and Swainston conducted three sessions of *ADA: Interactive Process/Service Emotional Support Animals*: One completed in Ely on September 25, 2018, with nine registered participants; Elko on October 9, 2018, with ten participants; Carson City on October 17, 2018, with 13 participants. Boulder City was canceled due to low registration.

**HR Webinars** — Three of four HR webinars have been conducted: *EEOC 101 & Beyond* conducted by Becky Bruch on October 18, 2018; *Emotional Survival* conducted by Temple Fletcher on November 27, 2018; *ADA: Interactive Process/Service Emotional Support Animals* webinar conducted by Ann Alexander and Charity Felts on December 6, 2018, to reach more members. We have scheduled a fourth webinar, *POOL/PACT 101 for Board Members* on January 9, 2019. It will be a one-hour long overview of our services and will be conducted by Marshall Smith and Stacy Norbeck. We will send information to current member boards or to our HR contacts, and have them forward to their board members. Marshall has an email list for all the newly elected board members that can be utilized. Curtis said this is great because it is always a struggle to help members understand the purpose of POOL/PACT. Dee asked if it is similar to the presentation Marshall and Stacy gave at their board meeting. Stacy responded that it was very similar and is the template they are using for the *POOL/PACT 101* training.

**EAP Webinars** — Two of four EAP webinars have been conducted: *Social Media Etiquette* on September 5, 2018; *Change Mastery* on December 5, 2018. The remaining two are: *Communication Skills* on March 6, 2019; *Brain Health* on June 5, 2019.

**New Briefings** — Two of three new briefings have been completed to date this year: *Pregnant Workers' Fairness Act* and *Workplace Rights of Domestic Violence Victims*. *Buddy to Boss* remains to be completed.

**Updated Briefings** — Three of 19 briefings have been updated this year.

**Post Member Pay Plan/Scale on website** — Member pay scales are being added to website as they are received.

**Sample Personnel Policy Annual Update** — The sample drug policy was updated on August 21, 2018, to reflect Nevada Occupational Safety and Health Administration (NOSHA) post-accident testing requirement that states employers are required to have a reasonable suspicion to conduct a post-accident test. OSHA then recalled that change on October 8, 2018, and reversed their guidance. In turn, we recalled our update and replaced it with the earlier policy.

Stacy reported the policies will be updated by June 30, 2019. She routed a sample of the new format to a few members, and while a few commented they did not see the need to reduce the number of levels too far; all were happy the updates were being made. Stacy said she also received feedback from PRI staff on the policies they saw as “broken.” She has consolidated the information and plans to begin revising the first third of the policies as soon as the formatting is complete. The 2019 legislative changes will be included in the updates as well.

**Alerts** — Five alerts have been issued so far: 9<sup>th</sup> Circuit Restricts Acquisition of Salary History to Set Starting Pay; New FMLA forms; Disclosure Notice for Background Checks issued by the Bureau of Consumer Financial Protection for employers who utilize consumer reporting agencies to conduct background checks (New Fair Credit Reporting Act Disclosure Notice); OSHA Reverses Guidance on Post-Accident Testing; and Release Time to Vote.

**Trainings** — As of November 27, 2018, 84 trainings have been conducted with 2,115 participants, with 4.49 course content average; 4.8 instructor evaluation average. Twenty-two members are interested in FRISK; eight classes have been conducted with 87 participants.

**Phase I HR Compliance Assessment Program** — There are 12 interested members this FY; one in process (Walker Basin Conservancy – 50%); Lander County Sheriff’s office is scheduled for January 16, 2019; East Fork Fire is on January 31, 2019. There were 24 rollovers left to complete from previous years; four have been completed this FY (Esmeralda County School District, Pershing General Hospital, Pershing County School District, and Round Mountain); Lander County School District will be removed due to inactivity.

**Phase II HR Compliance Assessment Program** — There are four interested members this FY; checking with Lander County Sheriff’s office since they are doing a Phase I reassessment this year; waiting on a response from Churchill County; East Fork Swimming Pool District is tentatively scheduled for January 29, 2019. There are seven left to complete from previous years.

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

As of October 31, 2018, we have nine claims, eight of which are open. They are all EEO: one race, one disability, one sex, two Title VII discrimination, one hostile work environment, and one age, and one alleging due process violation in connection with wrongful termination.

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

**a. Merge**

Stacy updated the Committee regarding the proposed PRI/PARMS merge. At the last OSC meeting it was discussed that PRI and PARMS were going to merge, but it was decided at the Joint Executive Committee meeting they are not going in that direction. The administrative function will become a new non-profit and all PARMS employees will be absorbed. Wayne will be the sole employee of PARMS which will be contracted to perform executive director services for the new non-profit.

## **b. Legislative Session**

Stacy reported the next legislative session begins on February 4, 2019. She said that she will be tracking the bills along with Neal Freitas and Ashley Creel. Neal will be responsible for schools; Ashley will be responsible for Assembly Bills; and Stacy will handle Senate Bills. They will be meeting next week to determine their plan of attack. Once the session is over, they will create a legislative summary and make applicable policy and form changes.

Curtis asked if PRI would be coordinating anything with League of Cities and NACO as far as people on the ground going to hearings. Stacy said that had not yet been addressed; however, they will be meeting the following week. She has invited Jeanne Greene to the meeting to provide direction since she has experience in that area.

## **c. Assessment Grant Amounts**

Stacy introduced Marshall Smith, PARMS Risk Manager, who attended the meeting to give an overview of the Loss Control Committee (LCC) Excellence Program and its history. Marshall shared that the LCC Excellence program is going through a fundamental change. Currently, there are six to eight individual modules on the plan which will be expanded to approximately 11 overall modules; the first five will be required for every member to complete, including a preliminary assessment for all entities: HR, cybersecurity, Loss Control Risk Management, Safety, and Fiscal Control Modules, to be eligible for the award. Larger entities like Elko or Nye County that have multiple departments would expand to include law enforcement, fire services, EMS, public works, fleet services, parks and recreation, in addition to a stand-alone for hospitals. The LCC has indicated they need to increase the amount of the award simply because of the amount of work they are looking at. The maximum award will be \$15,000. Marshall said he and Mike Rebaleati are working on revamping the system and are anticipating it will be operational very soon.

Curtis thanked Marshall for the thorough explanation. He thought it would be worthwhile to consider a premium reduction or a deductible credit that could be applied toward liability deductibles. He said that would add more value and still incentivize it. He said a good claims history could get an entity better premiums and lower deductibles.

Pat Whitten said that as the LCC looks at entities, they need to also consider the inability of the overall entity to control the actions of one constitutional officer.

Curtis said he thinks that holds true for a lot of organizations that have elected officials and if they have a rogue elected official causing liability, you can have all the best policies in the world and the only way you can get rid of that official is through a recall election, unless there is another avenue he is unaware of. Pat said it is subject to the voters.

Curtis asked, based on what Marshall said, would it be worthwhile to bring this before the Board at the next annual Board meeting. Pat agreed with the HR aspect and thinks it is something the OSC should be revisiting with Wayne before taking it before the Executive Board. Dee agreed with what was being communicated.



Stacy then introduced a new idea related to the same topic. She said she has been considering the possibility of creating a training recognition program to recognize our members who have utilized certain types of training, such as: online compliance trainings, live compliance trainings, and certificate programs. It could possibly be part of the premium reduction program if that is the route we go.

Scott Baker said he thinks the end users (the public) also need to know who is doing their due diligence and training their employees.

Marshall stated he agrees with the end user concept and said they have a plan for it.

Curtis stated he likes the incentives with POWER, because it incentivizes one person.

Stacy said she is open to individual awards especially since many of the assessments are due to the work of one or two people, if it is something the Board would approve.

Curtis stated he thinks it is another leg of the stool to consider. He said he thinks the premium reduction and the deductible reduction would be awesome, but he believes Wayne will say we need to talk to actuaries because it could affect the way rates are set up. Curtis said that would be his long-term goal, and in the interim, incentivize it to the individual responsible for doing the work.

Stacy asked if there is an ethics issue with giving an incentive directly to the individual.

Both Curtis and Marshall said through POWER there is a \$1,000 incentive that goes directly to the individual.

Curtis said it is something to take under consideration. Stacy said she is looking for direction on the issue because it will affect our budget going forward. Curtis said those are old numbers from 2009, so increasing at a minimum from \$500 to \$750 and \$750 to \$1000 would change nothing about the format other than the award amount. Another consideration we could implement quickly would be giving the award to the individual or to the organization.

Stacy asked how we would proceed to do that. Curtis said we would need to talk to Steven Balkenbush to tell us if we can do it legally.

Stacy asked if we would include individuals who complete or start as of July 1, 2019. Curtis answered it would be for anyone who starts an assessment as of July 1, 2019.

Stacy summarized and said she would talk with Steven Balkenbush to see if changing from the organization to the individual is doable and then coordinate a pre-meeting before the next OSC meeting to continue the discussion Pat was talking about. In the meantime, Curtis, Wayne, and Pat will have another meeting.

Curtis agreed and asked Stacy to coordinate the meetings. Stacy said she would do so.

#### **d. HR Seminar**

Stacy reported that the dates and location for next year's HR seminar had been set. It will be held October 17-18, 2019, at the Atlantis in Reno. A Save the Date will go out soon.

The speakers currently scheduled on Day One are Gerry Preciado on Leadership; Round Table Discussions; CPS HR on Public-Sector Recruitment, and Anthony Hall and Dora Lane with Legal Updates. The Day Two schedule will include Karyn Jensen on Strategic HR Time Management; Becky Bruch with Legal Updates; and Charity Felts and Ann Alexander (Erickson, Thorpe & Swainston, Ltd.) facilitating a Mock Trial.

Stacy reported there was discussion about changing the name of the annual event from "seminar" to "conference." The word "seminar" is typically used for more class-room type events, whereas "conference" emphasizes the networking and variety of sessions we have to offer. She said that Ashley Creel has been researching creative ideas on how we can make it more memorable and aligned with a leadership theme and has put together a list of possible themes for next year's event. Stacy said she thought the word "conference" better describes the event and liked the following possible titles:

- 1) Best Practices in Public-Sector Employment
- 2) Navigating Today's HR Challenges in Public-Sector Employment

Stacy asked if everyone was in agreement on changing it to a "conference" and if so, did they think it was important to keep the same name to eliminate confusion, or have an opportunity to change the name.

Scott stated he thought it was an opportunity to advertise it as a leadership event rather than just an HR event. Stacy said Next Level Leadership was another suggestion for a title.

Curtis said he thought "seminar" was too narrow and agreed making a name change was a good idea.

Stacy asked again if everyone was in agreement on changing it to "conference."

Cindy, Dee, and Scott supported a change in name and liked Best Practices. Dawn supported a change as well.

Curtis asked if the League of Cities or NACO conferences would conflict with our dates. Stacy said we do our best to always let them know ahead of time what the dates are for the event, and schedule out ahead of them scheduling their dates. She also stated it was her understanding that since it is a legislative year, their conferences would be in September.

#### **e. ATD Certification Training Program**

Stacy reported that on November 28-29, 2018, the entire PRI staff and PARMS staff (except for Mike Van Houten) attended a two-day certificate program from the Association of Training & Development called Basic Training for Trainers. She needed to have Ashley Creel and Shari Brantley go through the training as new facilitators but decided to partner with PARMS and brought it to 15 people, including our support staff. The course covered the training cycle, needs assessments, adult learning principles, participant-oriented materials, facilitation skills,

and evaluations. We had many opportunities for interaction and each of us presented a ten-minute session for which we developed the program and visual aids. Ashley and Shari reported it was exactly what they were looking for to assist them in being better facilitators; others reported they received great information they will be able to apply in their work.

Stacy said some of the changes the staff would like to implement from the training include:

Utilizing more activities to apply adult learning techniques: Get people out of their chairs more and give them an opportunity to work with different people in the class; use small group activities; consider using table groups more, rather than classroom style; and place toys on tables for those learners who like to do something with their hands while learning.

Conducting higher levels of evaluation: There are a total of five levels of evaluation. We currently do level 1 "reaction" evaluations (happy sheets) at the end of every class and level 2 "learning" evaluations in certificate programs (pre- and post-tests); we have previously conducted level 3 "behavior" evaluations for certificate programs and will re-implement those to try to collect data on how participants applied knowledge; implement a low level gift card drawing to incentivize response; and require participants who register for advanced programs to complete a questionnaire on how they applied information.

Stacy said we are also considering adopting an attendance policy similar to ATD's policy.

Stacy stated PRI's suggestion is to have a policy for certificate programs and one for non-certificate courses, as well as a make-up policy as follows:

*POOL/PACT Human Resources Attendance Policy*

*Certificate Programs: Participation in all originally scheduled sessions of multi-day certificate programs is mandatory in order to receive the certificate of completion and CEUs. Participants who miss more than two hours of the program will not be eligible to receive the certificate until all sessions are completed in their entirety.*

*Non-Certificate Courses: Participation in all originally scheduled sessions of non-certificate courses is mandatory in order to receive the certificate of attendance and CEUs. Participants who miss more than one hour of the course will not be eligible to receive the certificate.*

*POOL/PACT Human Resources Certificate Program Make-Up Policy: Participants who miss more than two hours of a certificate program may be able to make up missed sessions; interested participants should contact POOL/PACT Human Resources.*

Stacy stated there will be exceptions made for extenuating circumstances and she is looking for further direction from the OSC.

Curtis concurred with the policy and that individuals need to block out time and commit to showing up and completing the program. He said even in an emergency, they need to make up the time.

Stacy reminded the group there are grants available to individuals who need to travel and find it necessary to stay overnight, thus ensuring completion of their program.

Scott Baker stated it is a matter of integrity.

Dee agreed as well. She said so much that is communicated in the classes is important. Cindy and Abel also agreed. Abel stated when people miss out on portions of the information, they could come across later in their practice and not have the skills necessary to be able to get through it. It is important that if people attend, they attend the whole thing.

Scott Baker made a motion to approve the POOL/PACT Human Resources Attendance Policy as written. Dee Carey seconded the motion. Motion carried.

#### **f. Peer Support Training**

Stacy reported we had the webinar with Temple Fletcher on November 27, 2018, and it is now available on the POOL/PACT website to those who were not in attendance. She said we have provided forms from Temple for creating a Peer Support Program including a recruitment memo, application, and reference letter template. We have reached out to members asking for the best day of the week and time of day to hold facilitator-led training and received no response in late winter. We are planning to host three 4-hour sessions on Emotional Management and Survival (\$400 each plus travel and expenses). The LCC has approved funding for these sessions; once completed, they will consider further funding. POOL/PACT members may also use education grants to bring the training to their own entity or send employees to offsite courses.

#### **g. Mission Statement**

Stacy reported we had our strategic planning meeting on November 9, 2018, which she will address further in Item 7 of the agenda. This year we looked at our mission statement and will be holding a workshop to review and possibly revise it to better reflect our mission which is to reduce liability through proactive means. She asked whether the Committee needed to approve PRI going ahead with the workshop or if the results from the workshop should be brought back to the next OSC meeting. Curtis said he would like to have PRI staff work on a new statement and present it for approval at the next OSC meeting.

### **6. Survey Report and Scope of Services**

#### **a. Survey Report**

Stacy stated this survey goes out every other year with the first being in 2012. It asks participants to rate POOL/PACT HR on the value of current services, quality of current services, accessibility of web-based services, staff, and training topics. The survey also asks participants to suggest additional HR services they would like to see. Participants were provided the opportunity to provide comments in each specific area as well as general comments. This year a section for risk management was added to assist PARMS. The survey was sent to 194 HR contacts on October 15, 2018, and closed on October 29, 2018 (reminder sent on October 22, 2018), with a response rate of 21.13% (41 respondents). Prior surveys had higher response rates, e.g., 2012 had 176 HR contacts, 67 respondents, 39.8% response rate; 2014 had 169 HR contacts, 62 respondents, 36.7% response rate; and 2016 had 201 HR contacts, 67 respondents,

30% response rate. This year, the value of current services was rated 3.8 for HR Alerts, sample personnel policies, and annual revisions to sample personnel policies, and 3.1 for quarterly EAP webinars. Stacy said the comment from Geof (shared with his permission) regarding sample job descriptions and the salary schedule database would be addressed under the Scope of Services update. The quality of current services was rated 3.6 for HR Alerts, and 3.0 for the salary schedule database. The accessibility of Web-based service was 3.8 for HR Alerts, sample personnel policies, sample job descriptions, and sample forms, and 3.1 for e-Learning courses. POOL/PACT HR Staff rating was 3.9. Training topics was rated 3.9 for Effective Management Skills in the Public Sector and legal compliance, and 3.4 for FRISK. Stacy said the comment regarding emotional/self-awareness was part of the strategic planning meeting discussion and would be covered under Item 7 of the agenda. Additional HR Services was rated 2.6 for negotiated rates for outside consultants to provide compensation and benefits studies, and 2.2 for recruitment services and succession planning services. Risk Management Service was rated 3.4 for e-Learning, risk management grant program, TargetSolutions, and cyber security assessment, and 24/7/365 was rated 2.8 (possibly due to being a new program). Overall, there were three city/town, eight counties, two hospitals, three public safety, seven schools, 11 special districts, and seven did not report. The size of the entities included eight less than 15 employees; two equal to 15-49 employees; 24 over 50 employees; and seven did not respond.

Due to the low response to the survey this year, Stacy asked the OSC to consider whether they would like to accept the results or have PRI reopen the survey. Curtis said nothing stood out in the report that would prompt him to reopen it as he did not think it was the best use of staff time. He said the comments were probably the most valuable and should be looked to see if anything does stand out regarding the upcoming Strategic Plan. He also stated if the survey indicates a service is not being utilized, we could phase it out over time.

#### **b. Scope of Services**

Stacy stated on the first page under HR Briefings, we are supposed to do three new briefings a year. She would like to consider that to be “as needed.” Curtis and Dee both agreed it should be on an “as needed” basis. Scott said he thinks it is a good step; however, he is concerned something will not get covered. Curtis said we can try it; it can always revert to the former requirement of three briefings.

Stacy addressed the next section regarding maintaining the library of 200 sample job descriptions. She said it is an ongoing project and always on the backburner. She stated we continue to maintain the library, but it is time consuming. We are willing to keep it up-to-date, but as Geof said in his survey comment it may not be the best use of our time. She suggested we could provide a sample job description template. Curtis recommended leaving the library as it is, not updating it, and attaching a disclosure stating when it was last updated and used for demonstration purposes only. Stacy said one-third of the job description templates have been updated. She would like all to be in the new template format before updating on the website. Curtis agreed. Marshall emphasized the importance of linking the job description to job performance to discipline because you cannot discipline if the problem with that employee is not in the job description. Stacy stated PRI would always stress the importance of job descriptions and assist our members in coming up with language and helping them write their job descriptions, as we always do. She said the problem that could come up would be the member organization not changing the language to meet the needs of the actual job, and that could hinder them. Curtis stated the same could be said for the policy samples and thinks a disclosure needs to be put on the template job descriptions and policies stating the need to take the samples and personalize them. Stacy said she was not sure if there is a disclosure on the

policies, but it is on all forms and on the one-third of the job description templates that have been updated. The disclosure statements are printed in red on the templates and sample forms.

Pat agreed with Curtis. He said an administrative assistant in Storey County might be significantly different than it would be in a larger jurisdiction like Elko County or a smaller one like Esmeralda County. He said he liked the direction Curtis was taking the discussion in reference to the job description library.

Curtis liked the idea of having an historical reference library and maybe taking the job descriptions that we already have and dividing them up into a task list library for what items need to be changed, added, and/or deleted to personalize it to the specific job. It might be easier to do that than updating the remaining two-thirds of the job description templates. Stacy stated she would come up with language for the scope of services to reflect that change.

Dee Carey agreed and stated they require their full-time employees to read, sign, and date their job descriptions during their annual evaluations. Stacy stated that is PRI's advice as well. Stacy said she would update progress on the job descriptions at the next OSC meeting.

Stacy stated PRI is doing their own HR webinars now and wanted to change "EAP" to something like "HR/EAP" provider. Curtis stated it was okay to broaden that.

Stacy said she already received direction and stated she is going to do a follow-up survey with members regarding the salary schedule database. She will report her findings at the next OSC meeting in March.

## **7. For Possible Action: Approval of 19/20 Strategic Plan**

Stacy reviewed the 19/20 Strategic Plan.

**New Courses** — *Team Building/Diversity/Positive Environment and Influential/Situational Leadership* course topics are scheduled to be taught and are still being developed.

**Revisions** — *Taking Control of Conflict* (expanded to include *Manager as Mediator*) and two additional to be determined.

**Regional Trainings** — *EMS, AEMS, HRR, AHRR*, and one new leadership class will be scheduled to be taught throughout the fiscal year.

**Workshops Utilizing Outside Resources** — Negotiations (NPERLA) and Social Media (Erickson, Thorpe, & Swainston).

**New Briefings** — TBD. We will be writing one for Policy Implementation and some may come through the legislative session.

**Review/Update Ten Briefings Annually** — See list of briefings on Strategic Plan FY 19/20.

**Statewide Webinars** — EAP webinars are listed on Strategic Plan FY 19/20 handout.

**HR Webinars** — TBD.

**Sample Personnel Policy Annual Update** — Our policies will be updated as usual and everything else will be determined at service plan time.

Curtis stated to defer a motion to approve to the next OSC meeting to be scheduled in March.

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

Pershing General Hospital: Completed Phase I Assessment. Requesting \$499.98 for two training tables which will allow the HR Department to control training. Pat Whitten made a motion to approve as presented. Dee seconded the motion. Motion was carried.

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

Douglas County School District: Keith Lewis. Requesting \$1,222 to obtain his CLRP to cover cost of the class, as well as testing.

Lyon County School District: Stephanie Nice. Requesting \$1,845 to obtain her PHR certificate through UNR. This amount includes the fees, application, and testing.

Abel Del Real-Nava made a motion to approve both applications as presented. Cindy Hixenbaugh seconded the motion. Motion was carried.

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

Next meeting is scheduled for March 1, 2019, at 10:00 a.m., in Carson City.

**11. Item: Public Comment**

**12. For Possible Action: Adjournment**

Curtis called the meeting adjourned at 11:54 a.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 1, 2019      Time: 10:00 a.m.  
Place: 201 S. Roop Street  
Library Room – POOL/PACT Offices  
Carson City, NV 89701**

**1. Oversight Committee Roll Call**

Members participating in person: Chairman Curtis Calder; Scott Baker; Dawn Huckaby.  
Members participating by phone: Abel Del Real-Nava; Cindy Hixenbaugh; Robert Quick; Danelle Shamrell; Geof Stark. Members not participating: Dee Carey; Jose Delfin; Pat Whitten. PRI Staff: Stacy Norbeck; Sandy Schooler.

**2. Item: Public comment**

Chairman Calder opened public comment and hearing none, closed the public comment period.

**3. For Possible Action: Approval of Minutes of Meeting December 7, 2018**

On motion and second to approve the Minutes of December 7, 2018, the motion carried.

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

**a. 18/19 Strategic Plan-to-date**

Stacy Norbeck reviewed the 18/19 Strategic Plan as follows:

**New Trainings** — Two new classes will be updated this year: a performance evaluation course (being designed) and a rewrite of *So, You Want to be a Supervisor? (SYWTBAS)*. We are in the SME review phase currently of *SYWTBAS*. *Workplace Violence* e-Learning course is still in process and Mike Van Houten said it should be ready in a couple of weeks.

**Revisions** — The *Advanced Essential Management Skills* revision, *Customer Service*, and *Bullying in the Workplace* are complete.

**Regional Trainings** — Eight of 11 regional trainings are complete.

**Workshops Utilizing Outside Resources** — Erickson, Thorpe and Swainston conducted three sessions of *ADA: Interactive Process/Service Emotional Support Animals*. Temple Fletcher



conducted one *Peer Support Team (PST) Awareness* webinar. The *Emotional Wellness* workshops scheduled in partnership with the Loss Control Committee were canceled due to lack of enrollment.

**HR Webinars** — All four scheduled HR webinars have been conducted. POOL/PACT 101 was recorded by Stacy Norbeck and Marshall Smith and posted to the website.

**EAP Webinars** — Two of four EAP webinars have been conducted.

**New Briefings** — All three new briefings have been completed this year.

**Updated Briefings** — Five of 19 briefings have been updated this year, four are in process, and the remainder will be complete before the end of FY.

**Post Member Pay Plan/Scale on website** — Member pay scales are being added to the website as they are received.

**Sample Personnel Policy Annual Update** — The sample drug policy was updated on August 21, 2018, to reflect Nevada Occupational Safety and Health Administration post-accident testing requirement that stated employers were required to have a reasonable suspicion to conduct a post-accident test. The Occupational Safety and Health Administration recalled that change on October 8, 2018, and reversed their guidance. The update was recalled and replaced with the earlier policy.

Stacy reported the policies will be updated and released by June 30, 2019. The entire manual has been reformatted, and many of the revisions to the first third of the policy manual, Sections 1 and 2: General Provisions and Employee Relations, are complete. Changes will be matched to both the small organization and school versions. The 2019 legislative changes will be included in the updates as well.

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

**Trainings** — As of February 25, 2019, 111 trainings have been conducted with 2,672 participants, with 4.52 course content average; 4.8 instructor evaluation average. 22 members are interested in FRISK; 11 classes have been conducted with 108 participants. 10 HR briefings have been conducted with 167 participants.

**Phase I HR Compliance Assessment Program** — There are 12 interested members this FY; two in process and one completed. There were 21 rollovers left to complete from previous years; six have been completed this FY.

**Phase II HR Compliance Assessment Program** — There are four interested members this FY; one canceled and one completed. There were seven rollovers left to complete from previous years; two are nearly complete.

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

As of February 15, 2019, we had 15 claims, 12 of which are open. 11 are EEO: two race, one disability, one sex, four Title VII discrimination, one hostile work environment, and one age; the 12th one is alleging due process violation in connection with wrongful termination.

## **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, their assessment status, whether they adopted FRISK, the last date they held harassment and drug and alcohol training including number of participants, number of EMS and HRR graduates since inception, and number of claims in the past three years and their associated costs. As of February 28, 2019, 93 (74%) have policies, 58% of which are using POOL/PACT HR sample policies; and 33 (27%) do not have policies. 43% have completed or are in the process of Phase I; 20% completed Phase II; 28% adopted FRISK; 3,244 completed harassment/misconduct training; 1,706 completed drug/alcohol training; 1,297 completed EMS; and 212 completed HRR. Stacy noted the number of claims since 2016 include: cities: 5, towns: 0, counties: 28, school districts: 15, hospitals: 7, fire districts: 1, general improvement districts: 2, water and sewer: 0, and all others: 2.

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

### **a. Merge Update**

Stacy updated the Committee regarding the proposed Pooling Resources, Inc. (PRI)/Public Agency Risk Management (PARMS) merge. On February 19, 2019, the Joint Executive Committee approved the creation of Nevada Risk Pool (NRP) as a new non-profit to assume management services of POOL and PACT as of July 1, 2019. Wayne Carlson will be the sole employee of PARMS, which will be contracted to perform executive director services for the new non-profit.

### **b. Job Descriptions**

Stacy stated that as discussed at the last meeting, staff would be maintaining a job description template, and creating a historical reference library for the sample job descriptions. She reported that all samples have been updated to match the current recommended format and are available on the POOL/PACT website. The template has been updated and "Tips for Using POOL/PACT HR's Sample Job Description" document has been created and posted. As a result of that conversation, Stacy asked Mike Van Houten to run a report of website hits on the job descriptions to ensure they are in fact not being utilized. As per his report, there were only eight hits in July; 20 in August; 30 in September; 17 in October; 30 in November; and 63 in December. The higher number in December was probably due to POOL/PACT staff making updates. Stacy said since the current system does not allow for identifying individual users, nor unique users, it is not known whether different entities accessed the samples, or one entity. She asked the OSC for guidance on whether they want to continue the practice of updating the samples based on the usage report. A discussion followed on whether to keep samples for historical reference with a review every few years, or to have directions and tips available on how to customize the templates.

On motion and second to approve to have directions and tips available, the motion carried.

### **c. Salary Schedule**

Stacy noted that as discussed at the last meeting a decision needed to be made on whether to continue the salary schedule database on the POOL/PACT website. She referred to the Salary Schedule handout created by Mike Van Houten which illustrated the number of website hits by month from July 2018 through December 2018. As per this report, there were three hits in July; eight in August; 14 in September; one in October; zero in November; and two in December. Stacy noted it is updated as received. Dawn Huckaby shared that all the salary schedules are already on the Employee-Management Relations Board (EMRB) website and possibly a duplication of efforts. Curtis Calder said he thought we should give it another chance and make sure it is communicated to member organizations. Geof Stark reported he was on the website and did not see listings under Salary Schedules and Job Descriptions. Stacy said she would follow up on it.

### **d. Service Plans**

Stacy reported service plans will start in May, and the Training Value worksheets with the total estimated savings for member organizations has been updated. Stacy noted NRP and PRI would become POOL/PACT members in July 2019.

### **e. HR Conference**

Stacy reported that the name for the conference has been changed to *Navigating Today's Challenges in Public-Sector Employment: POOL/PACT HR Leadership Conference 2019*. The Save the Date went out on January 3, 2019, and registration will open in early April. It will be held October 17-18, 2019, at the Atlantis in Reno.

### **f. Staff Turnover**

Stacy reported Shari Brantley who started in June 2018 had self-terminated to work for a corporation in Reno. She stated after placing ads, she had 75 applicants total, she was interested in six, and had narrowed it down to three. To date, she scheduled three interviews but one did not show. Stacy said of the two interviewed, she likes both applicants and may bring them back for a second interview so they can meet and interact with staff. Curtis asked if more direction was required from the committee; Stacy replied not at this time.

## **6. Legislation**

Stacy reviewed the Assembly and Senate bills of interest as of February 22, 2019. A summary spreadsheet was included in the packet for reference. She reported there were approximately 500 bills reviewed and subsequently narrowed down to about 65.

Stacy noted the list is updated by Monday morning each week and posted on the POOL/PACT website. She said staff will prepare an updated, detailed report of all legislation signed by June 30, 2019. Curtis asked if there was a bill on collective bargaining for police and state employees. Robert Quick noted the bill is SB135. Stacy said she would make sure it is on the summary spreadsheet.

## 7. Assessment Grants and HR Scholarships

Stacy reported this as a follow-up item from the last OSC meeting at which there had been discussion of increasing the grants from \$500 to \$750, and \$750 to \$1000 for Phases I and II, respectively. There was also previous discussion about changing the grant to an individual reward like POWER. Stacy said she investigated that option further and found there were no legal implications in structuring the grant in that way. She asked the committee if they would like to leave the grants as is and increase them \$250 each, do a portion for the organization and a portion for the individual, or change it entirely.

A discussion followed regarding individual incentives, number of employees splitting the award, and the 1099 tax implications. Danelle Shamrell expressed concern about tax implications and how 1099's would be handled for a team of people. Stacy said she was not sure how POWER handled it in their program. Curtis said he believed they split the check since it would probably be below the threshold needed to trigger a 1099 being issued. After further discussion, Geof Stark suggested increasing the grants to \$1,000 and \$1,250 for Phase I and II, respectively, in addition to \$500 for the individual for each Phase.

On motion and second to approve an update to the grant awards for Phase I Assessments to \$500 for individuals doing the work and \$1,000 for the entity, and for Phase II Assessments to \$500 for individuals doing the work and \$1,250 for the entity, the motion carried.

The HR Scholarship program was then discussed. Stacy stated the scholarship currently pays for the test fee, application fee, the class of choice, as well as any study materials. She noted the OSC has granted 32 scholarships since October 2013 for a total of \$43,543 with an average scholarship of \$1,360. There have been a total of 19 successes; she noted there have also been less than positive outcomes. Three individuals have received scholarships then left the organization; two failed the test; and two never took the exam. The cost incurred was \$8,937. Currently, six are in process and pursuing the test. She requested input on whether to have individual grant awards when certification is received rather than paying in advance for the test and/or class. She said the success of this would also depend on whether organizations would support people in pursuing certifications.

Curtis and Geof both expressed concern there may be fewer success stories if the scholarship incentive is taken away. Geof asked if there would be any sort of vehicle to get back the test fees from people. Stacy said it has not been pursued in the past. Curtis suggested having applicants sign an acknowledgment stating if they fail to take the test, they would have to reimburse for the test fee, and if they retest, they would do so on their own dollar. He said it did not need a motion, but asked Stacy to make sure an acknowledgment of reimbursement is clarified on the application form. Stacy confirmed she would do so.

## 8. Mission Statement

At the last OSC meeting, Stacy introduced the idea of reworking the mission statement for POOL/PACT HR and was given the go ahead to pursue it with staff. She reported that after a staff workshop on February 22, 2019, the results were two updated versions for OSC review. A discussion regarding the two versions followed. Dawn suggested replacing the word “current” with “relevant.” Curtis suggested adding “to reduce employment liability to our members and overall liability to the insurance pool,” because they overlap. Stacy asked if he was suggesting the word “employment” be removed since the old mission statement did not include employment liability. Scott thought it might be more on the insurance side and for the purposes of this mission statement the committee was asked to look at the HR side specifically; he said it is good the way it is – very specific, pointed, and goal-oriented. Curtis said he was pointing out the difference between what POOL/PACT HR does versus the insurance pool because people are oftentimes unaware of those differences, but he was good with the new version of the statement. It was also decided to retain values, but not as part of the mission statement.

On motion and second to approve the second version of the new mission statement for POOL/PACT HR with the change of “providing *relevant*, timely, accurate, and consistent guidance,” the motion carried.

New POOL/PACT HR Mission Statement

*POOL/PACT Human Resources partners with member entities to reduce employment liability by providing the resources and education for members to build strong foundations for effective Human Resources practices within their organizations.*

*We are committed to:*

- *Providing relevant, timely, accurate, and consistent guidance.*
- *Delivering high-value, high-quality services and training tailored to members’ needs.*

## 9. Scope of Services

Stacy reported on the changes to be made as discussed at the last meeting. Under Develop and Revise Training Courses, e-Learning will be changed to topics rather than course names; briefings will be developed as needed; a sample job description template will replace the library of 200 sample job descriptions; and HR Topics will be added under Webinars.

On motion and second to accept the new Scope of Services as briefed, the motion carried.

## 10. For Possible Action: HR Assessment Grant Application Approval

Lincoln County School District: Completed Phase I Assessment. Requesting \$500 for travel expenses to attend EMS training.

Walker Basin Conservancy: Completed Phase I Assessment. Requesting \$500 for two or more sets of lockers for field staff to secure personal belongings.

On motion and second to approve both applications as presented, the motion carried.

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

Nye County: Elona M. Goldner. Requesting \$1,795 to obtain her SHRM-CP.

On motion and second to approve the application as presented, the motion carried.

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

Next meeting is scheduled for June 7, 2019, at 10:00 a.m., in Carson City.

**13. Item: Public Comment**

Chairman Calder opened public comment and hearing none, closed the public comment period.

**14. For Possible Action: Adjournment**

Chairman Calder called the meeting adjourned at 11:34 a.m.



**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**  
201 S. Roop Street, Suite 102  
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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, September 18, 2018**

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

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

Members Present: Cash Minor (Chairman), Ann Cyr, Bryce Boldt, Geof Stark  
Members Absent: Darren Wagner, Dan Murphy, John Dollar  
Others Present: Wayne Carlson, Mike Rebaleati, Alan Kalt, Zaria Hanses, Stacy Norbeck, Rick Hudson, Steven Meglio, Josh Wilson, Pat Irwin, Myra Wall, Marshall Smith

- 1. Public Comment:** No Public Comment
- 2. For Possible Action:** Approval of Minutes of Committee Meeting of May 15, 2018.

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

- 3. For Discussion:** Update by staff on continuing risk management projects:
  - A. 24/7/365 WC Nurse Triage Program;
  - B. Website Update;
  - C. Cop/Prosecutor Seminar (10/23-24/18 – Winnemucca)
  - D. Update on Information provided to Superintendents re School District Development Committee;
  - E. Review of RM Grant Program expenditures (See Attachment #2).

Staff presented a review and summary of each of the above.

- 5. For Possible Action** Present summary and overview of Nye County Sheriff's Office, Jail Assessment. Consideration of expanding to all member detention facilities, similar to Hazardous Vulnerability Assessments for school districts. Consideration for approval of funding for assessment/audit for all member detention facilities. (See Attachment #3)

Staff presented review and summary of a comprehensive assessment of a member's jail facilities, which was conducted by the Legal Liability Risk Management Group in July 2018. The assessment request came from the member. The assessment was valuable to the entity relating to assessment of all jail operations, policy, procedures, federal and state regulatory compliance. Staff recommended that the Committee consider developing a plan which would provide a similar assessment for all member jail facilities, similar to the school district hazard vulnerability assessments.

A Motion was made and seconded to direct staff to develop a plan to establish member jail facility assessments and present a proposed plan/program/cost to the Committee for review. After discussion, the Motion carried.

6. **For Possible Action:** Consideration for approval of funding for Peer Support training for first responders. Training by Temple Fletcher. (See Attachment 4)

Stacy Norbeck provided review and summary of the peer support group training by Temple Fletcher and how such training would benefit receptive first responders.

A Motion was made and seconded to direct staff to prepare a training program with Temple Fletcher, initially comprised of one member-wide webinar, followed by one to two regional trainings, then evaluate the training for possible expanded availability to all members with first responders.

7. **For Possible Action:** Consideration for approval of Risk Management Grant Application submitted by Lander County for (4) Stryker PowerLoad units and (4) Power Cots (See Attachment #5)

No motion or other action was taken on the item.

8. **For Possible Action:** Consideration for approval of Risk Management Grant Application submitted by Boulder City for (4) Stryker PowerLoad units and (4) Power Cots (See Attachment #6)

The Committee discussed the policy, history, and objectives of the risk management grant program, relative to the initial Stryker funding program. After discussion, the following Motion was made:

A Motion to table Item's 7 and 8 was made, seconded and approved. The committee then requested the POOL/PACT's risk manager to select a working group to evaluate the need for further Stryker funding as a new stand-alone program or incorporating future Stryker funding into the current Risk Management Grant Program. The evaluation will be presented to POOL/PACT's Executive Committee in November, which will then provide direction to the Loss Control Committee relating to a Stryker grant funding platform.

15. **For Possible Action:** **Adjournment.**

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





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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, December 17, 2018**

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

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

**1. Roll:**

Members Present: Cash Minor (Chairman) Geof Stark, Cash Minor, Ann Cyr, Dan Murphy, Bryce Boldt  
Members Absent: John Dollar, Darren Wagner  
Others Present: Mike Rebaleati, Alan Kalt, Mike Livermore, Myra Hall, Zaria Hanses, Stacy Norbeck, Rick Hudson, Marshall Smith

**2. Public Comment:**

No public Comment

**3. For Possible Action: Approval of Minutes of Committee Meeting of September 18, 2018.**

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

**4. For Discussion: Loss Control Investment Report, presented by Alan Kalt, CFO.**

Alan Kalt, provided a summary of the Loss Control Committee Investment Report.

**5. For Possible Action: Risk Manager's Report**

Marshall Smith provided a summary of status of risk management projects and programs.

**6. For Possible Action** At the September 18, 2018 Loss Control Committee Meeting a Motion was made and carried to table Items 7 and 8 (Stryker Grant applications for Lander County and Boulder City) pending direction from POOL/PACT's Executive Committee relating to overall Stryker grant funding. (See Item 7 below). The Executive Board referred the two Items back to the Loss Control Committee to take action on the grants consistent with the Risk Management Grant Application procedures in place at the time the grant applications were received. Specifically:

- A. Consideration for approval of Risk Management Grant Application submitted by Lander County for (4) Stryker PowerLoad units and (4) Power Cots (See Attachment #2)

After discussion, a Motion was made to approve the grant submitted by Lander County with the following amendment by Ann Cyr to limit the grant to (1) PowerLoad and (1) Power Cot because the application did not indicate a lack of funds by the member. There was discussion that the member did provide such information. The motion was seconded to approve the grant as amended and carried. Bryce Boldt voted nay.

- B. Consideration for approval of Risk Management Grant Application submitted by Boulder City for (4) Stryker PowerLoad units and (4) Power Cots (See Attachment #3)

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

**7. For Possible Action:** At September 18, 2018, Loss Control Committee meeting, a Motion was made carried to seek direction from the POOL/PACT's Executive Committee relating to further Stryker grant funding. After review by the Executive Committee of various funding options the Executive Committee returned the matter to the Loss Control Committee for administrative action, with the following guideline suggestions: (1) determining whether to maintain Stryker funding in the Risk Management Grant Program; or (2) establish new funding guidelines as outlined below; or (3) allow staff to administer the Stryker program, consistent with the new funding application guidelines, (4) or other action as determined by the Committee, including but not limited to:

A. The Stryker program could be reconstituted as a subset of the Risk Management Grant Program and extended to all members effective July 1, 2019. The Stryker Grant Program would expire after two funding cycles (September 2019 and March 2020). A Stryker specific grant application would be developed to include the following:

- Identification of the vehicle into which the Stryker equipment will be installed to assess utilization of the vehicle, effective functional age of the vehicle, and related factors;
- Acknowledgement by the member that future upgrades/replacements costs will be borne by member;
- Funding would be available for up to 50% of the member's ambulance fleet not previously obtained through grant;
- Funding would be extended at a 50/50 matching rate.

B. POOL/PACT Risk Management staff be provided with oversight and Stryker grant with the same funding authority and same application restrictions as referenced in (2).

A Motion made and seconded to terminate further Stryker funding for the remainder of this fiscal year with the consideration for future funding as a single stand-alone funding program as may be required. After discussion, the Motion carried.

**8. For Possible Action:** At September 18, 2018, the Loss Control Committee a Motion was made carried to have staff develop a plan to implement a Jail Inspection/Audit Program for all POOL detention facilities. A negotiated draft of the contract is attached and identified as "Professional Jail/Correction Audit and Inspection Procedure Services Agreement"

Staff was directed to explore obtaining a scope of services report of the inspection/audit program. A Motion was made to fund the Jail Inspection/Audit Program. The motion was seconded. After discussion, the Motion carried.

**9. For Possible Action:** Proposal to sponsor Crisis Prevention Intervention, train the trainer training for POOL/PACT members. CPI is a national training organization which specializes and focuses on crisis prevention intervention for educators, health care facilities, HR professionals, and law enforcement. This is a four day instructor course. POOL/PACT risk management staff has been contacted by a number of members to sponsor this course. A preliminary contract has been submitted for review and consideration.

A Motion made to approve the funding and program. The Motion and seconded. After discussion, the Motion carried.

**10. For Possible Action:** Public Comment.

There was not public comment.

**11. For Possible Action:** Adjournment

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



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**DRAFT 3/20/19**

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

**Date: Tuesday, March 19, 2019**

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

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

**1. Roll:**

Members Present: Cash Minor (Chairman) Geof Stark, Ann Cyr, Dan Murphy, John Dollar  
Members Absent: Bryce Boldt, Darren Wagner  
Others Present: Mike Rebaleati, Alan Kalt, Zaria Hanses, Marshall Smith

**2. Public Comment:**

No public Comment

**3. For Possible Action: Approval of Minutes of Committee Meeting of December 17, 2018.**

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

**4. For Discussion: Risk Manager's Report**

Marshall Smith summarized activities relating to LLMRI Jail Audit/Inspection status; TargetSolutions, MSDSONline new HQ members, 2019 Swimming Pool Inspection Schedule, Contract Update: Safe School Operations, Aquatic Research Group, POOL/PACT sponsored Crisis Prevention (CPI) Train the Trainer Course, Review of Cyber Security Program (by Mike Rebaleati).

**5. For Discussion: Review and analysis of Risk Management Grant Program budget for 2018-2019.**

**6. For Possible Action Consideration of limiting the aggregate grant funding amount available to a member in any one fiscal year. A Motion was made and seconded to maintain the current funding as is. After discussion the Motion carried.**

**7. For Possible Action: Consideration of Risk Management Grant Application submitted by Mineral County (Sheriff's Office) for ballistic vests. A Motion was made and seconded to deny the grant. After discussion the Motion carried.**

**8. For Possible Action: Consideration of Risk Management Grant Application submitted by Douglas County School District for 500 Bleeding Control Kits and training products. A Motion was made to deny the application pending further evaluation analysis by staff relating to (1) consideration of developing a member wide grant program and (2) assessment of current additional grant funding sources. The Motion was seconded, after discussion the Motion carried.**

9. **For Possible Action:** Consideration of Risk Management Grant Application submitted by Humboldt County School District for intercom system for Sonoma Heights Elementary. A Motion was made to approve the funding. The Motion was seconded. After discussion, the Motion carried.
10. **For Possible Action:** Consideration of Risk Management Grant Application submitted by Mineral County School District for safety improvements for the high school and elementary school and fencing for single point of entry. A Motion was made to approve pending confirmation by staff that local government purchasing act was followed. The Motion was seconded and after discussion, the Motion carried.
11. **For Possible Action:** Consideration of Risk Management Grant Application submitted by Nye County Sheriff's Office for Lexipol funding. A Motion was made and seconded to deny the application, and after discussion the Motion carried.
12. **For Possible Action:** Consideration of Risk Management Grant Application submitted by Town of Tonopah for safety rails around the Butler water tank. A Motion was made and seconded and after discussion the Motion carried.
13. **For Possible Action:** Consideration of Risk Management Grant Application submitted by Town of Tonopah for diesel exhaust removal system for Town of Tonopah Fire Station. A Motion was made and seconded and after discussion, the Motion carried.
14. **For Possible Action:** Consideration of changes to Risk Management Grant Program (both risk management grants and risk management educational grants). Staff was directed to make changes to the application and criteria relating to additional requirements to be included in the grant application. A Motion was made and seconded and after discussion, the Motion carried.
15. **For Possible Action:** Public Comment.  
  
There was not public comment.
16. **For Possible Action:** Adjournment  
  
A Motion was made and seconded to adjourn the meeting. After discussion, the Motion carried.

## **Executive Director's Report to Board April 2019**

### **POOL and PACT Budgets:**

**PACT** ratable exposures are estimated at a 3.5% increase this renewal. It is anticipated that medical inflation will continue, and recent court decisions coupled with regulatory changes will increase costs (see below). Certain reinsurance rates may decline, but others will increase in addition to the exposure increase. The PACT Loss Fund will increase by eliminating the current 3% investment discount rate because the investment book yield remains below that threshold.

As of June 30, 2018, PACT accumulated \$24,052,539 as reserves for heart-lung claims. The post-employment heart-lung rate for FY2018-2019 was reduced by \$1.00 to \$2.85. We anticipate revenue of \$1,007,000 for fiscal year 2018-2019. Staff proposes to allocate some of the previously unallocated costs per discussions on the budget.

**For POOL**, property rates again will increase even after the increase of 12.5% in the current year. We negotiated with the London meetings based upon our profitable long-term loss history, but reinsurance market conditions will drive another increase. Property exposures increased about 4.5%. Liability rates likely will see an increase for renewal due to exposure changes and adverse claims results.

Amortization of contributions to the captives continues to reduce results from operating income, although that is a planned conservative strategy to grow the captives. The captives have more investment flexibility and opportunities for gains that inure to the benefit of the overall pool and captives long term strategies. 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 funding confidence level to generate sufficient margin. The draft budget will need further revision following receipt of quotes prior to and at the annual board meeting after renewal decisions are reached.

### **Renewal Strategies:**

#### **POOL:**

The property coverage program is placed by Willis Re in various syndicates at Lloyds of London. We held our renewal negotiations in London the week of March 10<sup>th</sup>, 2019. Wayne Carlson, Mike Rebaleati, Alan Kalt and Marshall Smith of PARMS and Mary Wray and Stephen Romero of Willis Pooling met with the various syndicates. The reinsurance markets were hit hard by the Named Storms, Earthquakes and Fire catastrophes around the US and the world and POOL Members were hit with a 12.5% increase for 2018-2019. We negotiated rates based upon our long-term positive claims experience and relationships. We sought to retain our current \$500,000 retention (but were willing to consider higher retentions) and the \$150 million of earthquake and flood aggregates.

Public Risk Mutual will offer a liability renewal at current terms in which it takes a 25% quota share of \$7,000,000 excess of \$3,000,000 POOL retention and 30% (other than

schools) of the \$2,500,000 liability limit above POOL's retention of \$500,000 and 25% (schools only). Due to recent large settlements, we anticipated liability rate increases.

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 increase due to the large losses in our experience base.

United Educators writes a liability limit of \$2,500,000 excess of the POOL's \$500,000 retention. UE bears 75% and PRM bears 25% of this layer. Given recent large settlements, we anticipate a rate increase. We also sought an option for PRM to no longer take a quota share participation. UE announced a dividend which will benefit the POOL by about \$7,700 upon renewal.

Government Entities Mutual (GEM), a member owned captive insurance company in which NPAIP placed a substantial capital contribution, reinsures 35% quota share of the layer of \$7,000,000 above the POOL retention of \$3,000,000. Mike Rebaleati was elected to the GEM governing board in 2017 and will provide insights on GEM. GEM expressed interest in quoting varying options that may help mitigate some of the retentions and/or pricing increases. POOL has not had losses in the GEM layer. However, it appears that GEM's pricing for some of the layers considered may not be better than the current structure.

Brit provides 40% quota share of liability limits of \$7,000,000 excess of POOL's \$3,000,000 retention. POOL has not had losses in the Brit layer. We will evaluate this along with other layers. A slight rate increase is likely.

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

**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 is beginning to see some loss activity due to its attachment at a lower PACT retention level, thus a rate increase is expected.

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

**NOTICES OF INTENT TO WITHDRAW:**

We received no notices of intent to withdraw.

## **PACT Legislative and Regulatory Issues**

From the 2017 Legislative Session we reported some changes to the public safety presumptive benefits provisions in a couple of key areas:

- SB 267 made claims handling and payments different for public safety from other employees and restricted 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.

Now the 2019 Legislative Session is underway, and we have seen substantial activity on workers compensation particularly for public safety. If most of these bills are passed as currently proposed, significant rate increases will occur at the renewal in 2020.

Further, a court case determined that the wage basis for injured volunteers now must combine the deemed wage with the actual wage, regardless whether there was any impairment of the actual wage job, in determining the amount of wage loss and disability settlement. This will have an impact on this classification rate.

### **NPAIP/PACT Service Provider Agreements FY 2019-20:**

**Public Agency Risk Management Services, Inc.:** The lease agreement expires June 30, 2019. The new lease will expire concurrently with the new PARMS management contract effective July 1, 2019.

**Nevada Risk Pooling, Inc.:** A grant and a lease agreement effective July 1, 2019 is proposed for this organization that will become the new administrative organization for POOL, PACT, PRM and PCM.



**PUBLIC RISK MUTUAL**  
**DECEMBER 31, 2018 AND 2017**

**PUBLIC RISK MUTUAL  
DECEMBER 31, 2018 AND 2017**

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## President's Letter

There were many challenges for Public Risk Mutual (PRM) in 2018 but the results showed the strength of its business plan. Here are few of the primary highlights:

- ❖ PRM is a pure captive of the Nevada Public Agency Insurance Pool (NPAIP). The total NPAIP surplus contribution of \$29,477,263 remained unchanged since there were no additional surplus contributions to PRM.
- ❖ 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 and has continued to support a passive network assessment (PNA) program to help prevent cyber claims. These assessments have helped mitigate protecting our members from cyber-attacks and the resulting insurance costs related to cyber-attacks. This risk management initiative has been well received by our membership.
- ❖ 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% of \$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 2017.
- ❖ Total investments were reduced from \$42,335,839 in 2017 to \$40,914,152 in 2018. Despite this reduction, PRM's surplus was only reduced from \$38,148,484 in 2017 to \$37,989,713 in 2018. The primary reason for both reductions were the increase in reserve for loss and loss adjustment and higher claims expense. PRM's business plan strategy of maintaining enough 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 \$1,137,542 in 2017 to \$1,266,846 in 2018. 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.
- ❖ One of PRM's main goals is to continue increasing investment earnings while providing our members added value to property and liability coverage through cost effective reinsurance. This has been instrumental when PRM is seeking reinsurance and excess quotes from its insurance partners.

Due to several liability losses during 2018, the loss and loss adjustment expenses did increase from \$1,861,698 in 2017 to \$2,051,058 in 2018. These liability claim losses were from different past insurance years but the settlements occurred in one year. This type of loss activity is a reminder of why PRM exists to help lessen any rate increases while still providing enough funds to cover our losses.

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. Despite several losses being settled in one year, PRM has remained true to its business plan in providing appropriate coverage and rate stabilization for our members.

Best,

*Michael Rebaleati*

PRM President

PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018 AND 2017

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 controls 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.

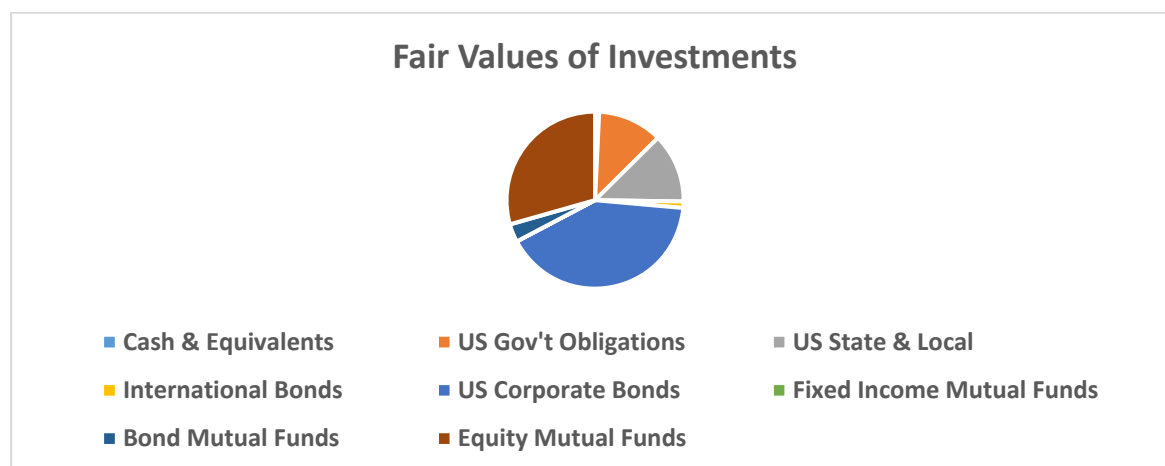
## Investments

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.

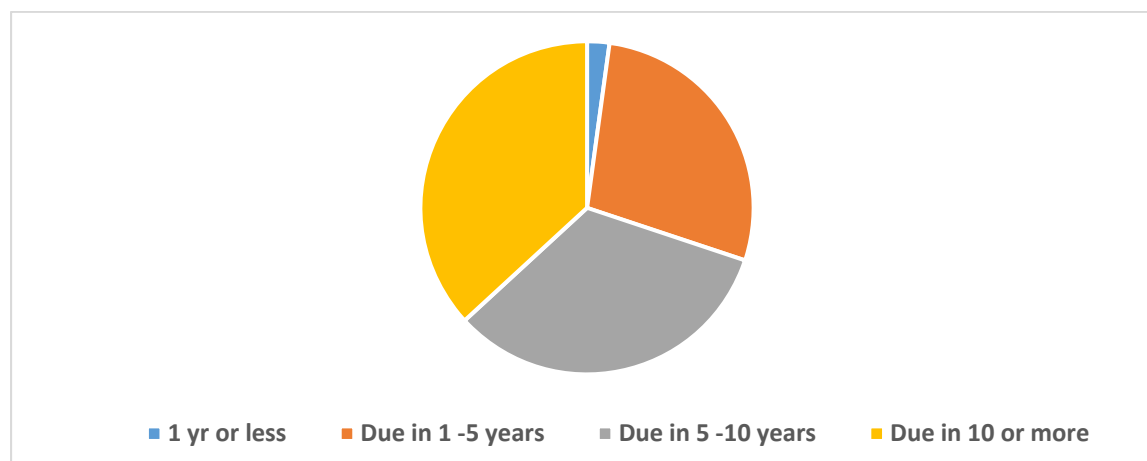
Cash and investments of \$41,224,003 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$4,195,532. Total liabilities include accounts payable, reserves for loss and loss adjustment expenses and unearned premiums. This is a conservative measure of cash and investments available to pay current obligations. PRM's cash ratio is 9.8, meaning that it has 9.8 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 13.5.

Investments as of December 31, 2018 were \$40,914,152 compared to 2017 balance of \$42,335,839. Thus, a decrease of \$1,421,687 or 3.4% during the year. The decrease is due primarily to the payment of losses during the year. As noted in Note 3, Level 1 quoted price in active market for identical assets were valued at \$15,201,017, the Level 2 significant other observable inputs at \$26,022,986 and there were no Level 3 assets. The following is an overview of the fair value of investments allocation of available for sale:



As noted in Note 6- Investments, the contractual maturities of available-for-sale debt securities at December 31, 2018 and 2017 are as follows:

	Estimated Fair Values	
	2018	2017
1 year or less	\$ 594,548	\$500,834
Due in 1 – 5 years	7,664,657	7,737,294
Due in 5 - 10 years	9,064,588	8,952,749
Due in 10 years or more	<u>10,103,989</u>	<u>10,737,924</u>
Total Investment in debt securities	<u>\$27,427,782</u>	<u>\$27,928,801</u>



#### Investment Income Receivable

The investment income receivable at December 31, 2018 is \$176,272 compared to \$166,274 in 2017. This is a change of \$9,998 or 6.0%. This is due primarily to 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 net 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.

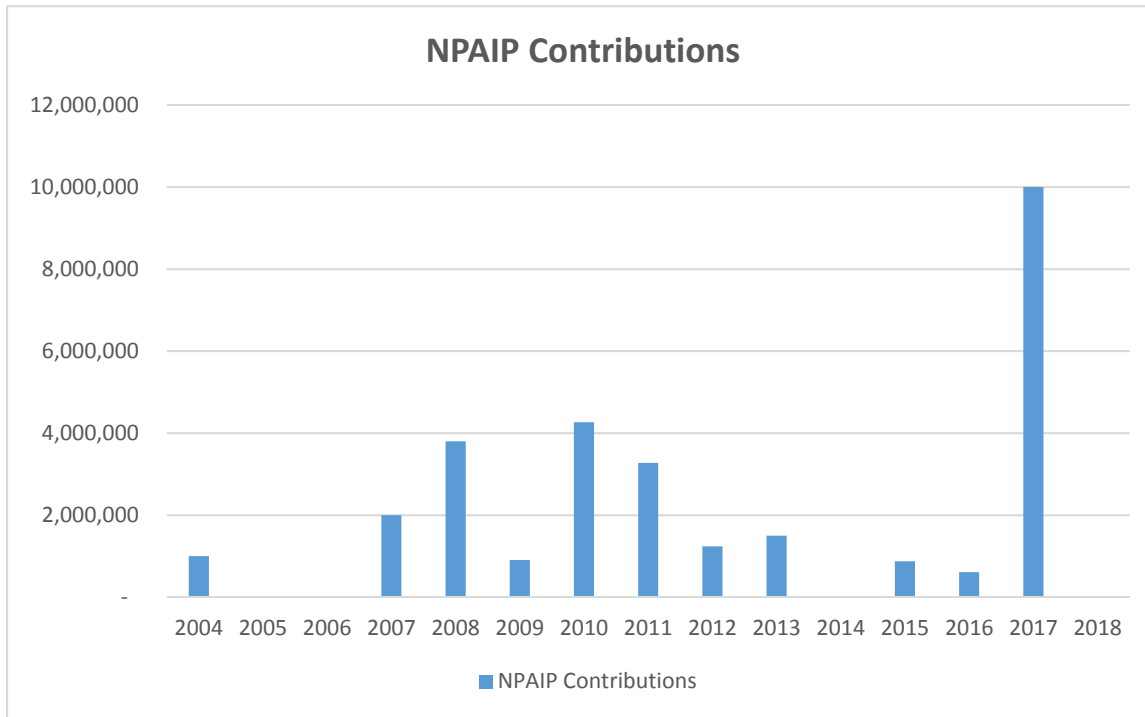
Reserves for loss and loss adjustment expenses increased from \$2,495,000 to \$3,591,000 at December 31, 2018 an increase of \$1,096,000 or 43.9% during the year. This increase is due to the claim development in the current year and increases in prior year claims loss development.

### Unearned Premiums

PRM writes only 12-month insurance policies effective July 1<sup>st</sup> the year written, so all of the \$586,000 unearned assessments carried in 2018 will be fully earned in 2019.

### Surplus Contributions

There were no surplus contributions from NPAIP in 2018. Surplus contributions from NPAIP during 2017 were \$10,000,000 as approved by the Board at their meeting held on March 22, 2017. 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, 2018 was \$37,209,743 a decrease of \$2,291,691 from the December 31, 2017 balance of \$39,501,434. The decrease is the result from the net loss of \$158,771 combined with accumulated other comprehensive loss of \$2,132,920 during the year. At December 31, 2017, PRM had paid-in capital (NPAIP's contributions) of \$29,477,263 and accumulated retained earnings and other comprehensive income of \$10,024,171 to account for the total surplus of \$39,501,434 in 2017.

The following is the comparative Balance Sheet of Public Risk Mutual as of December 31, 2018 and 2017.

<b>Public Risk Mutual</b>				
<b>Balance Sheet</b>				
	2018	2017	\$ Difference	% Difference
<b>Assets</b>				
Cash and cash equivalents	\$ 309,851	\$ 147,455	\$ 162,396	110.1%
Deposit	5,000	-	5,000	n/a
Investments	40,914,152	42,335,839	(1,421,687)	-3.4%
Investment income receivable	176,272	166,274	9,998	6.0%
<b>Total Assets</b>	<b>\$ 41,405,275</b>	<b>\$ 42,649,568</b>	<b>\$ (1,244,293)</b>	<b>-2.9%</b>
<b>Liabilities and Surplus</b>				
Accrued expenses	\$ 18,532	\$ 72,134	\$ (53,602)	-74.3%
Unearned premium	586,000	581,000	\$ 5,000	0.9%
Reserve for loss and loss adjustment expenses	3,591,000	2,495,000	1,096,000	43.9%
<b>Total liabilities</b>	<b>\$ 4,195,532</b>	<b>\$ 3,148,134</b>	<b>\$ 1,047,398</b>	<b>-29.5%</b>
<b>Surplus</b>				
Accumulated other comprehensive income (loss)	(779,970)	1,352,950	(2,132,920)	-157.6%
<b>Total Surplus</b>	<b>37,209,743</b>	<b>39,501,434</b>	<b>(2,291,691)</b>	<b>-5.8%</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 41,405,275</b>	<b>\$ 42,649,568</b>	<b>\$ (1,244,293.00)</b>	<b>-2.9%</b>

### Net Income from Operations

PRM reported net loss from operations for the year ended December 2018 of \$158,771 a decrease of (\$178,163) from the prior year end income of \$19,392. This decrease is primarily driven by an increase in the required loss and loss adjustment expenses of \$2,051,058 due to current and prior year's loss development for claims. This is offset by investment income increases due to increased book yield on the investments.

### Earned Premiums

Earned premiums increased by \$80,750 or 7.4% to \$1,167,000 at December 31, 2018 compared to prior year amount of \$1,086,250. Pricing is determined with the assistance of the independent actuary.

### Investment Income Including Realized Gains

Investment income of \$1,266,846, including realized losses on investments of (\$32,821), at December 31, 2018 was \$129,304 or 11.4% more than the same period during 2017. The increase was primarily due to the higher average investment balances, higher investment book yields offset by realized losses from the sale of securities during the year. See Note 6 Investments for greater details.

### Loss and Loss Adjustment Expenses

Loss and loss adjustment expenses increased by \$189,360 from \$1,861,698 in 2017 to \$2,051,058 in 2018. 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 including membership services expenses were \$541,559 and \$342,702 respectively, for the years ended December 31, 2018 and 2017. The increase of \$198,857 was attributed primarily to an increase in the member services contract for cybersecurity assessments. There was \$412,238 in membership services expenses for the cybersecurity program during the year compared to \$266,471 in the prior year.

### Other Comprehensive Income

Other comprehensive income, which consists of unrealized gains (losses) on available for sale securities arising during the period less reclassification adjustment for (gains) losses recognized in net income. In 2018, the unrealized losses on available for sale securities during the period was (\$2,165,741) compared to unrealized gains of \$1,465,793 in 2017. The reclassification adjustment for (gains) losses recognized in net income were \$32,821 in 2018 compared to (\$219,297) in 2017. This results in total Other Comprehensive Income (Loss) of (\$2,132,920) in 2018 and \$1,246,496 in 2017. This increase in Other Comprehensive Loss is the result of the decrease 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. As the market interest rates increase and exceed the book interest rates, there is an unrealized loss on the available for sale securities arising during the period.

The following is the Statement of Income and Comprehensive Income for the years ended December 31, 2018 and 2017.

<b>Public Risk Mutual</b>				
<b>Statement of Income and Comprehensive Income</b>				
	2018	2017	\$ Difference	% Difference
<b>INCOME</b>				
Premiums	\$ 1,167,000	\$ 1,086,250	\$ 80,750	7.4%
Investment income	1,266,846	1,137,542	\$ 129,304	11.4%
Total Income	2,433,846	2,223,792	210,054	9.4%
<b>EXPENSES</b>				
Administrative expenses	129,321	76,231	53,090	69.6%
Membership service expenses	412,238	266,471	145,767	54.7%
Loss and loss adjustment expenses	2,051,058	1,861,698	189,360	10.2%
Total Expenses	2,592,617	2,204,400	388,217	17.6%
Net Income Before Income Taxes	(158,771)	19,392	(178,163)	-918.7%
Provision for Income Taxes	-	-	-	
Net Income	\$ (158,771)	\$ 19,392	(178,163)	-918.7%
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized gains (losses) on available for sale securities arising during the period	\$ (2,165,741)	\$ 1,465,793	\$ (3,631,534)	-247.8%
Less: Reclassified adjustments for (gains) losses recognized in net income	32,821	(219,297)	252,118	-115.0%
Other Comprehensive Income (Loss)	(2,132,920)	1,246,496	(3,379,416)	-271.1%
Comprehensive Income (Loss)	\$ (2,291,691)	\$ 1,265,888	\$ (3,557,579)	-281.0%

**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

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, 2018 and 2017 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, 2018 and 2017, 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 5, 2019, on our consideration of the Company's internal control and compliance 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 Nelson". The signature is written in a cursive, flowing style.

Carson City, Nevada  
March 5, 2019

**PUBLIC RISK MUTUAL  
BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 309,851	\$ 147,455
Deposits	5,000	-
Investments	40,914,152	42,335,839
Investment income receivable	<u>176,272</u>	<u>166,274</u>
Total Assets	<u>\$ 41,405,275</u>	<u>\$ 42,649,568</u>
<b>LIABILITIES AND SURPLUS</b>		
Accrued expenses	\$ 18,532	\$ 72,134
Unearned premium	586,000	581,000
Reserve for loss and loss adjustment expenses	<u>3,591,000</u>	<u>2,495,000</u>
Total Liabilities	<u>4,195,532</u>	<u>3,148,134</u>
Surplus	37,989,713	38,148,484
Accumulated other comprehensive income (loss)	<u>(779,970)</u>	<u>1,352,950</u>
Total Surplus	<u>37,209,743</u>	<u>39,501,434</u>
Total Liabilities and Surplus	<u>\$ 41,405,275</u>	<u>\$ 42,649,568</u>

See accompanying notes.

**PUBLIC RISK MUTUAL**  
**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Premiums earned	\$ 1,167,000	\$ 1,086,250
Net investment income	<u>1,266,846</u>	<u>1,137,542</u>
Total Revenues	<u>2,433,846</u>	<u>2,223,792</u>
<b>EXPENSES</b>		
Administrative expenses	129,321	76,231
Membership services expense	412,238	266,471
Loss and loss adjustment expenses	<u>2,051,058</u>	<u>1,861,698</u>
Total Expenses	<u>2,592,617</u>	<u>2,204,400</u>
Net Income (Loss) Before Income Taxes	(158,771)	19,392
Provision for income taxes	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ (158,771)</u>	<u>\$ 19,392</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Unrealized gains (losses) on available for sale securities arising during the period	\$ (2,165,741)	\$ 1,465,793
Less: Reclassification adjustment for (gains) losses recognized in net income	<u>32,821</u>	<u>(219,297)</u>
Other Comprehensive Income (Loss)	<u>(2,132,920)</u>	<u>1,246,496</u>
Comprehensive Income (Loss)	<u>\$ (2,291,691)</u>	<u>\$ 1,265,888</u>

See accompanying notes.

**PUBLIC RISK MUTUAL  
STATEMENTS OF CHANGES IN SURPLUS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2016	\$ 28,129,092	\$ 106,454	\$ 28,235,546
Surplus contributions	10,000,000	-	10,000,000
Net income	19,392	-	19,392
Unrealized holding gains arising during the period	-	1,465,793	1,465,793
Less: Reclassification adjustment for (gains) 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>
Net loss	(158,771)	-	(158,771)
Unrealized holding losses arising during the period	-	(2,165,741)	(2,165,741)
Less: Reclassification adjustment for losses included in net income	<u>-</u>	<u>32,821</u>	<u>32,821</u>
Balance, December 31, 2018	<u>\$ 37,989,713</u>	<u>\$ (779,970)</u>	<u>\$ 37,209,743</u>

See accompanying notes.

**PUBLIC RISK MUTUAL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (158,771)	\$ 19,392
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Realized (gains) losses on sales of securities	32,821	(219,297)
Amortization of premium or discount	94,748	118,277
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(9,998)	(33,858)
Deposits	(5,000)	-
Increase (decrease) in:		
Accrued expenses	(53,602)	55,908
Unearned premium	5,000	75,750
Reserve for loss and loss adjustment expenses	1,096,000	586,000
Net Cash Provided (Used) by Operating Activities	<u>1,001,198</u>	<u>602,172</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of securities	2,539,017	8,694,596
Purchase of investments	<u>(3,377,819)</u>	<u>(19,385,392)</u>
Net Cash Provided (Used) by Investing Activities	<u>(838,802)</u>	<u>(10,690,796)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contribution of surplus	<u>-</u>	<u>10,000,000</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>10,000,000</u>
Increase (Decrease) in Cash and Cash Equivalents	162,396	(88,624)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>147,455</u>	<u>236,079</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 309,851</u>	<u>\$ 147,455</u>

See accompanying notes.



**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 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 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. 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**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 RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**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 NRS 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.

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 2 – NEW ACCOUNTING STANDARDS (continued):**

The company implemented this standard as required during 2017; however due to a difference in actuarial and accounting terminology the schedules provided by the actuary only included development of known claims. This has been corrected in 2018 and impacts supplementary information only.

**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, 2018 and 2017:

Description	December 31, 2018	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	\$ 309,851	\$ 309,851	\$ -	\$ -
U.S. government obligations	4,873,403	1,404,796	3,468,607	-
U.S states and local authorities	5,217,983	-	5,217,983	-
International bonds	486,510	-	486,510	-
U.S. corporate bonds	16,849,886	-	16,849,886	-
Fixed income mutual funds	1,147	1,147	-	-
Bond mutual funds	1,364,019	1,364,019	-	-
Equity mutual funds	12,121,204	12,121,204	-	-
Total	\$ 41,224,003	\$ 15,201,017	\$ 26,022,986	\$ -

**PUBLIC RISK MUTUAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):**

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	\$ -

There were no transfers between fair value levels during the year ended December 31, 2018 and 2017.

**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, 2018 and 2017, 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.

**PUBLIC RISK MUTUAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 6 - INVESTMENTS:**

Available-for-sale securities at December 31, 2018 and 2017 consist of various investments as indicated below:

	<b>December 31, 2018</b>			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 5,020,459	\$ 4,873,403	\$ 6,094	\$ (153,150)
U.S. states and local authorities	5,289,621	5,217,983	11,477	(83,115)
International bonds	499,964	486,510	-	(13,454)
U.S. corporate bonds	17,299,713	16,849,886	29,785	(479,612)
Total debt securities	28,109,757	27,427,782	47,356	(729,331)
Fixed income mutual funds	1,213	1,147	-	(66)
Bond mutual funds	1,495,169	1,364,019	-	(131,150)
Equity mutual funds	12,087,983	12,121,204	504,927	(471,706)
Total equity securities	13,584,365	13,486,370	504,927	(602,922)
Total available-for-sale securities	\$ 41,694,122	\$ 40,914,152	\$ 552,283	\$ (1,332,253)

	<b>December 31, 2017</b>			
	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	27,989,923	27,928,801	148,540	(209,662)
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	12,992,966	14,407,038	1,424,475	(10,403)
Total available-for-sale securities	\$ 40,982,889	\$ 42,335,839	\$ 1,573,015	\$ (220,065)

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 (\$779,970) and \$1,352,950 for the years ended December 31, 2018 and 2017, respectively, have been included in accumulated other comprehensive income.

**PUBLIC RISK MUTUAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 6 – INVESTMENTS (continued):**

During 2018 and 2017, sales proceeds and gross realized gains and losses on securities classified as available-for-sale were:

	<u>2018</u>	<u>2017</u>
Sales proceeds	\$ 2,539,017	\$ 8,694,596
Gross realized gains	\$ -	\$ 244,663
Gross realized losses	\$ (32,821)	\$ (25,366)

Contractual maturities of available-for-sale debt securities at December 31, 2018 and 2017 are as follows:

	<u>Estimated Fair Values</u>	
	<u>2018</u>	<u>2017</u>
1 year or less	\$ 594,548	\$ 500,834
Due in 1 - 5 years	7,664,657	7,737,294
Due in 5 - 10 years	9,064,588	8,952,749
Due in 10 years or more	10,103,989	10,737,924
Total investment in debt securities	<u>\$ 27,427,782</u>	<u>\$ 27,928,801</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, 2018, 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	\$ -	\$ -	\$ 4,628,451	\$ (153,150)	\$ 4,628,451	\$ (153,150)
U.S. state and local authorities	1,323,237	(9,082)	2,692,049	(74,033)	4,015,286	(83,115)
International bonds	239,188	(10,812)	247,323	(2,641)	486,511	(13,453)
U.S. corporate bonds	6,655,244	(197,334)	7,736,874	(282,278)	14,392,118	(479,612)
Fixed income mutual funds	-	-	1,146	(67)	1,146	(67)
Bond mutual funds	-	-	1,364,019	(131,150)	1,364,019	(131,150)
Equity mutual funds	3,148,221	(471,706)	-	-	3,148,221	(471,706)
Total available-for-sale securities	<u>\$ 11,365,890</u>	<u>\$ (688,934)</u>	<u>\$ 16,669,862</u>	<u>\$ (643,319)</u>	<u>\$ 28,035,752</u>	<u>\$ (1,332,253)</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 entity 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.

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**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
7/1/2014-7/1/2019	\$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>
7/1/05-7/1/07	\$250,000 excess of \$2,000,000						
7/1/07-7/1/11	\$250,000 excess of \$2,000,000	20%	\$1,500,000 excess of \$500,000				
7/1/11-7/1/14		20%	\$2,500,000 excess of \$500,000				
7/1/14-7/1/16		20%	\$2,500,000 excess of \$500,000	15%	\$7,000,000 excess of \$3,000,000		
7/1/16-7/1/17		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		
7/1/17-7/1/18		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
7/1/18-7/1/19		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.



**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

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, 2018, estimated unpaid losses have been determined to range from a recommended low of \$3,951,000 to a recommended high of \$4,696,000 with a conservative estimate of \$5,781,000 based on actuarial estimates; further the actuary has projected expected losses at \$2,681,000. 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. Management has estimated reserves to be \$3,591,000 and \$2,495,000 at December 31, 2018 and 2017, respectively. 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>2018</u>	<u>2017</u>
Balance at January 1	\$ 2,495,000	\$ 1,909,000
Incurred related to:		
Current year	1,392,500	957,000
Prior years	658,558	904,698
Total incurred	<u>2,051,058</u>	<u>1,861,698</u>
Net paid	<u>955,058</u>	<u>1,275,698</u>
Balance at December 31	<u>\$ 3,591,000</u>	<u>\$ 2,495,000</u>

As a result of changes in estimates of incurred events in prior years, the provision for losses changed by \$658,558 and \$904,698 for the years ended December 31, 2018 and 2017, respectively, due to higher (lower) than anticipated losses on the development of claims.

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

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.

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, 2018 for each of the previous 10 accident years:

<b>Incurred Losses and LAE, Net of Reinsurance</b>											<b>2018</b>	
<b>Years Ended December 31,</b>												
<b>Accident Year</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 (1)</b>	<b>2018</b>	<b>IBNR</b>	<b>Cumulative number of reported claims</b>
(in thousands, except claims counts)												
2009	\$ 202.0	\$ 167.9	\$ 121.1	\$ 256.0	\$ 23.8	\$ 13.0	\$ 76.7	\$ 65.5	\$ 4.5	\$ 2.4	\$ -	0
2010		259.7	460.7	420.0	288.4	274.1	273.7	252.5	196.2	186.2	-	5
2011			276.9	314.5	126.7	131.0	97.8	93.5	92.9	213.9	45.1	4
2012				-	243.9	193.3	73.8	54.6	54.8	51.5	1.5	2
2013					244.6	284.9	291.5	558.7	355.6	531.3	31.3	0
2014						777.2	804.0	435.5	402.7	394.3	75.4	2
2015							551.7	582.8	1,398.2	1,426.3	109.9	5
2016								466.6	818.7	1,307.9	553.8	7
2017									654.8	1,207.6	565.5	7
2018										788.5	663.5	1
<b>Total</b>										<b>\$ 6,109.9</b>		

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

**Cumulative Paid Losses and LAE, Net of Reinsurance**

**Years Ended December 31,**

<b>Accident</b>										
<b>Year</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 (1)</b>	<b>2018</b>
	(in thousands)									
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010		-	50.0	50.0	50.0	50.0	86.2	86.2	88.6	88.6
2011			100.0	100.0	100.0	140.0	140.0	140.0	140.0	140.0
2012				-	-	-	50.0	50.0	50.0	50.0
2013					-	50.0	50.0	50.0	50.0	50.0
2014						-	73.7	73.7	417.9	417.9
2015							-	50.0	245.2	245.2
2016								50.0	200.0	1,177.3
2017										600.0
2018										
Total										\$ 2,769.00
All outstanding liabilities for unpaid losses and LAE prior to 2008, net of reinsurance										250.1
<b>Total outstanding liabilities for unpaid losses and LAE, net of reinsurance</b>										<b>\$ 3,591.0</b>

(1) Data presented for these calendar years is considered to be supplementary information, which is unaudited.

The following table presents the average percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2018 and is presented as required supplementary information, which is unaudited:

<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
5.1%	13.3%	11.1%	29.0%	0.0%	3.9%	0.0%	4.0%	0.0%	0.0%

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	\$ 3,591.0
Reinsurance recoverable on unpaid losses	-
Unallocated LAE	-
<b>Total liability for unpaid losses and LAE</b>	<b>\$ 3,591.0</b>

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**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:

<u>Years</u>	<u>Surplus POOL Contribution</u>
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
2018	-
Total	<u>\$ 29,477,263</u>

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, 2018 and 2017.

**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 5, 2019, 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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Public Risk Mutual (PRM), which comprise the balance sheet as of December 31, 2018, and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 5, 2019.

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, 2018 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 5, 2019

**PUBLIC COMPENSATION MUTUAL**

**DECEMBER 31, 2018 AND 2017**

**PUBLIC COMPENSATION MUTUAL  
DECEMBER 31, 2018 AND 2017**

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## President's Letter

Public Compensation Mutual (PCM) had a significant year in 2018 that reflects its strength despite some major claims:

- ❖ PCM is a pure captive of the Public Agency Compensation Trust (PACT). There was no additional surplus contribution in 2018 so PACT's surplus contribution total of \$53,700,939 remains unchanged.
- ❖ 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. This coverage helped PACT absorb the major claims that occurred in 2018 while maintaining financial stability.
- ❖ With the assistance of New England Asset management (Fixed Income Manager) and Strategic Asset Alliance (Investment Advisor), investment earnings grew to \$2,138,929 compared to \$1,826,118 in 2017. The investment base in 2018 was \$72,834,863 compared to \$73,263,384 in 2017. This investment income is key to the Risk Management and claim coverage for the PACT and PCM. 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 to \$4,549,000 in 2018 from \$3,082,000 in 2017. These reserves are based on a 75% confidence level. This increase in actual losses and loss adjustment expenses of \$123,000 in 2017 to \$1,467,002 in 2018. The actual losses and loss adjustment expenses increased by \$590,002 from \$123,000 in 2017 to \$1,467,002 in 2018. The increase was primarily due to the adverse development of current year losses related to losses related to workers compensation business in 2018. PCM incurred losses related to 2018, as determined by the independent actuary, were \$2,102,000 offset by a reduction in prior years losses of (\$635,000) as indicated in note 6 of the financial report. This type of volatility is expected when dealing with workers compensation claims.
- ❖ PCM's total surplus as of December 31, 2017 was \$69,772,827 compared to \$68,700,090 as of December 31, 2018.

One of PCM's goals is to continue to increase investment earnings while providing PACT added value to workers compensation coverage. This has been instrumental when PCM is seeking reinsurance and excess quotes from its reinsurance partners.

Building financial strength and security is a long-held value of PACT and PCM. Under the Board's direction and leadership, we continue to work toward achieving those goals.

I personally want to thank the board of trustees for PACT and the PCM Captive board of trustees for their commitment to the dynamic development of the coverages and risk management products that we support.

Best,

*Michael Rebaleati*

PCM President



PUBLIC COMPENSATION MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018 AND 2017

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. 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. PCM uses the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

**Investments**

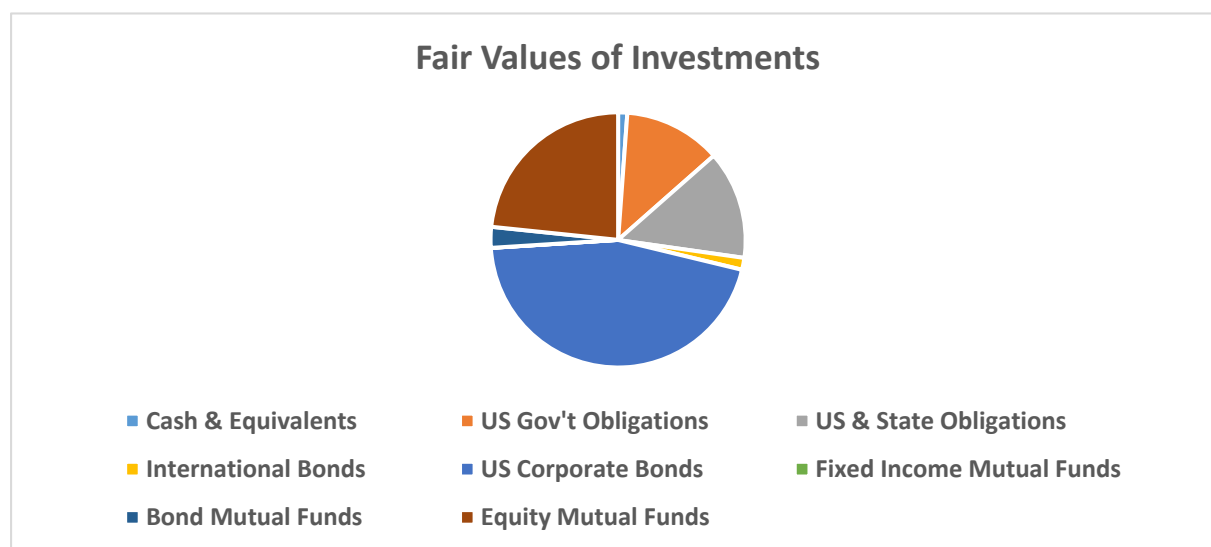
One significant estimate inherent in the valuation of investments is the evaluation of fair value and other than temporary impairment (OTTI). Fair value requires management judgement on the

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.

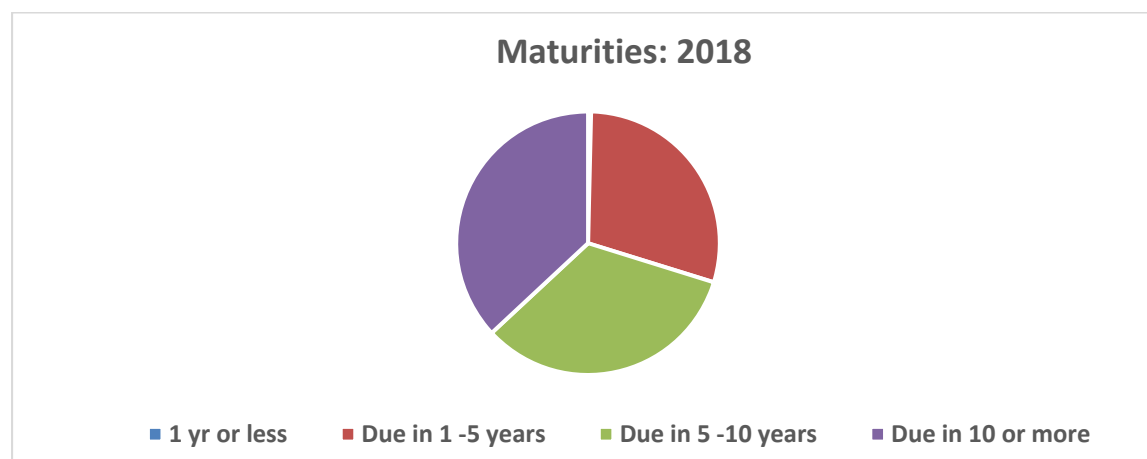
Cash and investments of \$73,690,461 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$5,383,300. Total liabilities include accounts payable, reserves for loss and loss adjustment expenses and unearned assessments. This is a conservative measure of cash and investments available to pay current obligations. PCM's cash ratio is 13.7, meaning that the it has 13.7 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 18.0.

Investment balances as of December 31, 2018 were \$72,834,863 compared to the prior year amount of \$73,263,348. This represents a decrease of \$428,485 or 0.6%. The decrease is due primarily to the sale of investments during the year to pay claims. As noted in Note 3, Level 1 quoted price in active market for identical assets were valued at \$20,009,610 the Level 2 significant other observable inputs at \$53,680,851 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> 2018 and 2017 are as follows:

	Estimated Fair Values	
	2018	2017
1 year or less	\$ 197,196	\$ -
Due in 1 – 5 years	15,797,000	13,328,183
Due in 5 -10 years	17,857,716	18,259,041
Due in 10 years or more	<u>19,828,939</u>	<u>21,214,935</u>
Total Investment in debt securities	<u>\$53,680,851</u>	<u>\$52,802,159</u>



#### Investment Income Receivable

The investment income receivable at December 31, 2018 is \$318,679 compared to \$285,885 in 2017. This is a change of \$32,794 or 11.5%. This is due primarily to 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 net 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.

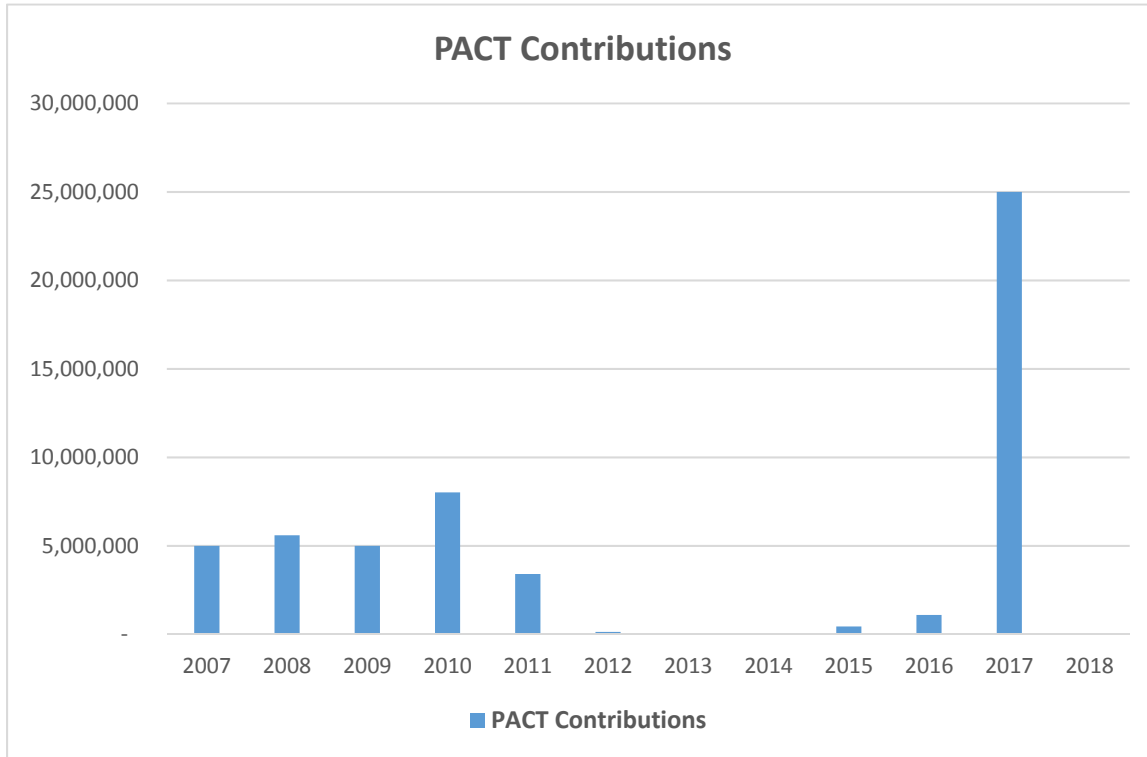
Reserves for loss and loss adjustment expenses increased from \$3,082,000 to \$4,549,000 at December 31, 2018 an increase of \$1,467,000 or 47.6% during the year due to case reserve increases on a couple of severe loss claims incurred during the year.

#### Unearned Premiums

PCM writes only 12-month insurance policies effective July 1<sup>st</sup> the year written, so all of the \$803,500 unearned premiums carried in 2018 will be fully earned in 2019.

### Surplus Contributions

There were no surplus contributions from PACT during 2018. 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, 2018 was \$68,700,090 a decrease of \$1,072,737 from the December 31, 2017 balance of \$69,772,827. The decrease results from net income of \$2,268,306 offset with accumulated other comprehensive loss of \$3,341,043 during the year.

The following is the comparative Balance Sheet of Public Compensation Mutual as of December 31, 2018 and 2017.

<b>Public Compensation Mutual</b>				
<b>Balance Sheet</b>				
	2018	2017	\$ Difference	% Difference
<b>Assets</b>				
Cash and cash equivalents	\$ 855,598	\$ 302,559	\$ 553,039	182.8%
Investments	72,834,863	73,263,348	(428,485)	-0.6%
Investment income receivable	318,679	285,885	32,794	11.5%
Prepaid expenses	74,250		74,250	
<b>Total Assets</b>	<b>\$ 74,083,390</b>	<b>\$ 73,851,792</b>	<b>\$ 231,598</b>	<b>0.3%</b>
<b>Liabilities and Surplus</b>				
Accounts payable	\$ 30,800	\$ 31,257	\$ (457)	-1.5%
Reserve for loss and loss adjustment expenses	4,549,000	3,082,000	1,467,000	47.6%
Unearned assessments	803,500	965,708	(162,208)	-16.8%
<b>Total liabilities</b>	<b>\$ 5,383,300</b>	<b>\$ 4,078,965</b>	<b>\$ 1,304,335</b>	<b>29.3%</b>
<b>Surplus</b>	<b>70,595,348</b>	<b>68,327,042</b>	<b>2,268,306</b>	<b>3.3%</b>
Accumulated other comprehensive income (loss)	(1,895,258)	1,445,785	(3,341,043)	-231.1%
<b>Total Surplus</b>	<b>68,700,090</b>	<b>69,772,827</b>	<b>(1,072,737)</b>	<b>-1.5%</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 74,083,390</b>	<b>\$ 73,851,792</b>	<b>\$ 231,598.00</b>	<b>0.3%</b>

### **Net Income from Operations**

PCM reported net income from operations for the year ended December 2018 of \$2,268,306 a decrease of \$955,647 from the prior year end income of \$3,223,953. The decrease is primarily driven by an increase in investment income of \$312,811 offset by underwriting gains (premiums less expenses) of \$129,377 compared to prior year underwriting gains of \$1,397,835. The significant reduction in the underwriting gains is due to the increase in the loss and loss adjustment expenses during the year. See further explanation below.

### **Net Earned Premiums**

Net earned premiums of \$1,769,208 increased by \$180,468 or 11.4% from \$1,588,740 at December 31, 2017. This increase in 2018 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 as well as higher assessment based on claims experience.

### **Investment Income Including Realized Gains**

Investment income of \$2,138,929, including realized gains and (losses) on investments of (\$12,534), at December 31, 2018 was \$312,811 or 17.1% more than the same period during 2017. The increase was primarily due to the higher investment balance, higher investment book yields and realized losses from the sale of securities during the year. See Note 5 Investments for greater details.

### **Loss and Loss Adjustment Expenses**

Losses and loss adjustment expenses increased by \$1,344,002 from \$123,000 in 2017 to \$1,467,002 in

2018. The increase was primarily due to the occurrence of the adverse development of current year losses related to liability business which had been experienced in 2018. PCM incurred losses related to 2018, as determined by the actuary, were \$2,102,000 offset by a reduction in prior years losses of (\$635,000). See Note 6 Reserve for loss and loss adjustment expenses for more details.

#### **Administrative Fees**

Administrative fees were \$172,829 and \$67,905 respectively, for the years ended December 31, 2018 and 2017. The increase was attributed primarily to increases in the contract amounts for the PARMS management as two additional employees were hired during 2018 and a risk management contract with Target Solutions. The Target Solutions contact is a member service agreement to assist Police and Fire Employees reduce possible worker compensation claims.

#### **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 2018 the unrealized loss on available for sale securities during the period was (\$3,353,577) compared to unrealized gains of \$2,237,124 in 2017. The unrealized loss is due primarily to the increases in the interest rates imposed by the Federal Reserve during 2018. The reclassification adjustment for (gains) losses recognized in net income were \$12,534 in 2018 compared to (\$381,914) in 2017. This results in total Other Comprehensive loss of (\$3,341,043) in 2018 and compared to Other Comprehensive Income \$1,855,210 in 2017. As noted in board policy, investments are intended to be held for maturity, thus the unrealized gains (losses) are not likely to materialize.

The following is the Statement of Income and Comprehensive Income for the years ended December 31, 2018 and 2017.

<b>Public Compensation Mutual</b>				
<b>Statement of Income and Comprehensive Income</b>				
	2018	2017	\$ Difference	% Difference
<b>INCOME</b>				
Premiums	\$ 1,769,208	\$1,588,740	\$ 180,468	11.4%
Investment income	2,138,929	1,826,118	\$ 312,811	17.1%
<b>Total Income</b>	<b>3,908,137</b>	<b>3,414,858</b>	<b>493,279</b>	<b>14.4%</b>
<b>EXPENSES</b>				
Administrative expenses	172,829	67,905	104,924	154.5%
Loss and loss adjustment expenses	1,467,002	123,000	1,344,002	1092.7%
<b>Total Expenses</b>	<b>1,639,831</b>	<b>190,905</b>	<b>1,448,926</b>	<b>759.0%</b>
Net Income Before Income Taxes	2,268,306	3,223,953	(955,647)	-29.6%
Provision for Income Taxes	-	-	-	
<b>Net Income</b>	<b>\$ 2,268,306</b>	<b>\$3,223,953</b>	<b>(955,647)</b>	<b>-29.6%</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized gains (losses) on available for sale securities arising during the period	\$ (3,353,577)	\$2,237,124	\$ (5,590,701)	-249.9%
Less: Reclassified adjustment for (gains) losses recognized in net income	12,534	(381,914)	394,448	-103.3%
Other Comprehensive Income (Loss)	(3,341,043)	1,855,210	(5,196,253)	-280.1%
<b>Comprehensive Income (Loss)</b>	<b>\$ (1,072,737)</b>	<b>\$5,079,163</b>	<b>\$ (6,151,900)</b>	<b>-121.1%</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

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, 2018 and 2017 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, 2018 and 2017, 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 6 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 5, 2019, on our consideration of the Company's internal control and compliance 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 5, 2019

**PUBLIC COMPENSATION MUTUAL  
BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 855,598	\$ 302,559
Investments	72,834,863	73,263,348
Investment income receivable	318,679	285,885
Prepaid expenses	74,250	-
Total Assets	\$ 74,083,390	\$ 73,851,792
<b>LIABILITIES AND SURPLUS</b>		
Accounts payable	\$ 30,800	\$ 31,257
Reserve for loss and loss adjustment expenses	4,549,000	3,082,000
Unearned premiums	803,500	965,708
Total Liabilities	5,383,300	4,078,965
Surplus	70,595,348	68,327,042
Accumulated other comprehensive income (loss)	(1,895,258)	1,445,785
Total Surplus	68,700,090	69,772,827
Total Liabilities and Surplus	\$ 74,083,390	\$ 73,851,792

See accompanying notes

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>INCOME</b>		
Premiums	\$ 1,769,208	\$ 1,588,740
Net investment income	<u>2,138,929</u>	<u>1,826,118</u>
Total Income	<u>3,908,137</u>	<u>3,414,858</u>
<b>EXPENSES</b>		
Administrative fees	172,829	67,905
Loss and loss adjustment expenses	<u>1,467,002</u>	<u>123,000</u>
Total Expenses	<u>1,639,831</u>	<u>190,905</u>
Net Income Before Income Taxes	2,268,306	3,223,953
Provision for income taxes	<u>-</u>	<u>-</u>
Net Income	<u>\$ 2,268,306</u>	<u>\$ 3,223,953</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Unrealized gains (losses) on available for sale securities arising during the period	\$ (3,353,577)	\$ 2,237,124
Less: Reclassification adjustment for (gains) losses recognized in net income	<u>12,534</u>	<u>(381,914)</u>
Other Comprehensive Income (Loss)	<u>(3,341,043)</u>	<u>1,855,210</u>
Comprehensive Income (Loss)	<u>\$ (1,072,737)</u>	<u>\$ 5,079,163</u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF CHANGES IN SURPLUS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2016	\$ 40,103,089	\$ (409,425)	\$ 39,693,664
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>\$ 68,327,042</u>	<u>\$ 1,445,785</u>	<u>\$ 69,772,827</u>
Net income	2,268,306	-	2,268,306
Surplus contributions	-	-	-
Unrealized holding gains (losses) arising during the period	-	(3,353,577)	(3,353,577)
Less: Reclassification adjustment for losses realized in net income	<u>-</u>	<u>12,534</u>	<u>12,534</u>
Balance, December 31, 2018	<u><u>\$ 70,595,348</u></u>	<u><u>\$ (1,895,258)</u></u>	<u><u>\$ 68,700,090</u></u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING</b>		
<b>ACTIVITIES:</b>		
Net income	\$ 2,268,306	\$ 3,223,953
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gains) losses on sale of securities	12,534	(381,914)
Amortization of premium or discount	169,591	141,737
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(32,794)	(157,691)
Prepaid expenses	(74,250)	
Increase (decrease) in:		
Reserve for loss and loss adjustment expenses	1,467,000	123,000
Accounts payable	(457)	10,383
Unearned premiums	(162,208)	342,675
Net Cash Provided by Operating Activities	3,647,722	3,302,143
<b>CASH FLOWS FROM INVESTING</b>		
<b>ACTIVITIES:</b>		
Purchase of securities	(6,027,204)	(34,723,158)
Sale of securities	2,932,521	6,116,021
Net Cash (Used) by Investing Activities	(3,094,683)	(28,607,137)
<b>CASH FLOWS FROM FINANCING</b>		
<b>ACTIVITIES:</b>		
Surplus contributions	-	25,000,000
Net Cash Provided by Financing Activities	-	25,000,000
Increase (Decrease) in Cash and Cash Equivalents	553,039	(304,994)
<b>CASH AND CASH EQUIVALENTS, Beginning of Period</b>	302,559	607,553
<b>CASH AND CASH EQUIVALENTS, End of Period</b>	\$ 855,598	\$ 302,559

See accompanying notes

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**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, 2018 AND 2017**

**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, 2018 AND 2017**

**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 NRS 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, 2018 AND 2017**

**NOTE 2 – NEW ACCOUNTING STANDARDS (continued):**

The Company implemented this standard as required during 2017; however due to a difference in actuarial and accounting terminology the schedules provided by the actuary only included development on known claims. This has been corrected in 2018 and impacts supplementary information only.

**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, 2018 and 2017:

Description	December 31, 2018	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	\$ 855,598	\$ 855,598	\$ -	\$ -
U.S. government obligations	9,096,588	-	9,096,588	-
U.S states and local authorities	10,127,010	-	10,127,010	-
International bonds	1,114,476	-	1,114,476	-
U.S. corporate bonds	33,342,777	-	33,342,777	-
Fixed income mutual funds	1,683	1,683	-	-
Bond mutual funds	1,938,418	1,938,418	-	-
Equity mutual funds	17,213,911	17,213,911	-	-
Total	<u>\$ 73,690,461</u>	<u>\$ 20,009,610</u>	<u>\$ 53,680,851</u>	<u>\$ -</u>

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):**

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	-	-
Total	<u>\$ 73,565,907</u>	<u>\$ 20,763,748</u>	<u>\$ 52,802,159</u>	<u>\$ -</u>

There were no transfers between fair value levels during the year ended December 31, 2018 and 2017.

**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, 2018 and 2017, 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, 2018 AND 2017**

**NOTE 5 – INVESTMENTS:**

Available-for-sale securities at December 31, 2018 and 2017 consist of various investments as indicated below:

	December 31, 2018			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 9,492,495	\$ 9,096,588	\$ -	\$ (395,907)
U.S. states and local authorities	10,355,730	10,127,010	9,650	(238,370)
International bonds	1,159,212	1,114,476	-	(44,736)
U.S. corporate bonds	34,469,234	33,342,777	53,064	(1,179,521)
Total debt securities	<u>55,476,671</u>	<u>53,680,851</u>	<u>62,714</u>	<u>(1,858,534)</u>
Fixed income mutual funds	1,781	1,683	-	(98)
Bond mutual funds	2,125,361	1,938,418	-	(186,943)
Equity mutual funds	17,126,308	17,213,911	757,737	(670,134)
Total equity securities	<u>19,253,450</u>	<u>19,154,012</u>	<u>757,737</u>	<u>(857,175)</u>
Total available-for-sale securities	<u>\$ 74,730,121</u>	<u>\$ 72,834,863</u>	<u>\$ 820,451</u>	<u>\$ (2,715,709)</u>

	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>

For purposes of determining gross realized gains, the cost of securities sold is based on specific identification.

	2018	2017
Sales proceeds	<u>\$ 2,932,521</u>	<u>\$ 6,116,021</u>
Gross realized gains	<u>\$ 200</u>	<u>\$ 393,163</u>
Gross realized losses	<u>\$ (12,734)</u>	<u>\$ (11,249)</u>

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 5 - INVESTMENTS (continued):**

Information pertaining to securities with gross unrealized losses at December 31, 2018, aggregated by length of time individual securities have been in a continuous loss position, is as follows:

	<u>Less Than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
U.S. government obligations	\$ 395,115	\$ (10,759)	\$ 8,701,473	\$ (385,148)	\$ 9,096,588	\$ (395,907)
U.S. states and local authorities	1,616,680	(18,393)	7,602,548	(219,977)	9,219,228	(238,370)
International bonds	478,375	(29,165)	636,100	(15,571)	1,114,475	(44,736)
U.S. corporate bonds	8,246,822	(308,240)	19,853,562	(871,281)	28,100,384	(1,179,521)
Fixed income mutual funds	-	-	1,683	(98)	1,683	(98)
Bond mutual funds	-	-	1,938,418	(186,943)	1,938,418	(186,943)
Equity mutual funds	4,472,587	(670,134)	-	-	4,472,587	(670,134)
Total available-for-sale securities	<u>\$ 15,209,579</u>	<u>\$ (1,036,691)</u>	<u>\$ 38,733,784</u>	<u>\$ (1,679,018)</u>	<u>\$ 53,943,363</u>	<u>\$ (2,715,709)</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.

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, 2018 and 2017 are as follows:

	<u>Estimated Fair Values</u>	
	<u>2018</u>	<u>2017</u>
1 year or less	\$ 197,196	\$ -
Due in 1 - 5 years	15,797,000	13,328,183
Due in 5 - 10 years	17,857,716	18,259,041
Due in 10 years or more	19,828,939	21,214,935
Total investment in debt securities	<u>\$ 53,680,851</u>	<u>\$ 52,802,159</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.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**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	-
7/1/2018-7/1/2019		\$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.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

For the year ended December 31, 2018, estimated unpaid losses have been determined to range from a recommended low of \$4,549,000 to a recommended high of \$5,172,000 based on actuarial estimates; further the actuary has projected expected losses at \$3,767,000. For the year ended December 31, 2017, estimated paid 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.

Management has estimated reserves to be \$4,549,000 and \$3,082,000 at December 31, 2018 and 2017, respectively. 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>2018</u>	<u>2017</u>
Balance at January 1	\$ 3,082,000	\$ 2,959,000
Incurred related to:		
Current year	2,102,000	726,000
Prior years	<u>(635,000)</u>	<u>(603,000)</u>
Total incurred	<u>1,467,000</u>	<u>123,000</u>
Net paid	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 4,549,000</u>	<u>\$ 3,082,000</u>

As a result of changes in estimates of incurred events in the prior year, the provision for losses changed by (\$635,000) and (\$603,000), 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 0.9% annually and average claim size are increasing by 3.0% 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 has an annual trend of 2.0%.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

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, 2018 for each of the previous 10 accident years:

<b>Incurred Losses and LAE, Net of Reinsurance</b>											<b>2018</b>	
<b>Years Ended December 31,</b>												
<b>Accident Year</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 (1)</b>	<b>2018</b>	<b>IBNR</b>	<b>Cumulative number of reported claims</b>
(in thousands, except claims counts)												
2009	\$ 82.8	\$ 591.9	\$ 623.6	\$ 701.6	\$ 738.4	\$ 635.8	\$ 582.5	\$ 532.0	\$ 513.2	\$ 508.4	\$ 84.7	2
2010		31.3	58.0	35.4	50.9	24.2	38.7	9.7	-	-	-	2
2011			32.6	55.9	45.7	26.0	20.3	-	-	-	-	0
2012				60.6	64.7	44.5	33.7	-	-	-	-	0
2013					80.7	493.0	421.5	466.4	319.9	410.6	13.9	0
2014						514.7	694.6	623.7	389.5	274.1	274.1	1
2015							494.0	774.8	636.3	309.1	309.1	0
2016								409.7	741.8	454.1	454.1	0
2017									393.1	1,705.1	1,062.1	1
2018										788.6	127.7	1
<b>Total</b>										<b>\$ 4,450.0</b>		

<b>Cumulative Paid Losses and LAE, Net of Reinsurance</b>										
<b>Years Ended December 31,</b>										
<b>Accident Year</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 (1)</b>	<b>2018</b>
(in thousands)										
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010		-	-	-	-	-	-	-	-	-
2011			-	-	-	-	-	-	-	-
2012				-	-	-	-	-	-	-
2013					-	-	-	-	-	-
2014						-	-	-	-	-
2015							-	-	-	-
2016								-	-	-
2017									-	-
2018										-
<b>Total</b>										<b>\$ -</b>
All outstanding liabilities for unpaid losses and LAE prior to 2009, net of reinsurance										99.0
<b>Total outstanding liabilities for unpaid losses and LAE, net of reinsurance</b>										<b>\$ 4,549.0</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, 2018 AND 2017**

**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, 2018 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
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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	\$ 4,549.0
Reinsurance recoverable on unpaid losses	-
Unallocated LAE	-
<b>Total liability for unpaid losses and LAE</b>	<b>\$ 4,549.0</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
2018	-
Total	<b>\$ 53,700,939</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, 2018 and 2017.



**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**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 5, 2019, 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 Compensation Mutual

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Public Compensation Mutual (PCM), which comprise the balance sheet as of December 31, 2018, and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 5, 2019.

In planning and performing our audit of the GAAP basis financial statements of Public Compensation Mutual as of and for the year ended December 31, 2018 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 5, 2019



# POOLPACT HR 2018/2019 ACCOMPLISHMENTS

## **TRAINING DEVELOPMENT:**

- 2 new courses in development: The Performance Management Process and new/improved So you Want to be a Supervisor
- 3 courses revised: Advanced Essential Management Skills, Bullying in the Workplace, and Customer Service in the Public Sector
- 1 elearning course redesigned/redeveloped: Workplace Violence
- 3 new HR Briefings developed; 19 being updated

## **TRAINING CONDUCTED:**

- 115 Instructor-led Training Sessions with 2,752 participants to date
- 9 Regional Trainings:
  - EMS (4-day class): 4 times to date (1 additional session scheduled)
  - AEMS (2-day class): 2 times
  - HRR (5-day class): 1 time
  - AHRR (2-day class): 1 time
  - The Good, the Bad, and the Ugly: 1 time
  - Performance Management: From Start to Finish: 1 time
- 11 entities received FRISK training with 108 participants (7 more tentative)
- 3 EAP Webinars (1 more scheduled)
- 4 HR Webinars:
  - EEOC 101 and Beyond
  - Emotional Survivor
  - ADA: The Interactive Process and Service/Emotional Support Animals
  - POOL/PACT 101 for Board Members
  - 3 Regional Training Workshops Utilizing Outside Resources: ADA: The Interactive Process and Service/Emotional Support Animals
- 10 HR Briefings with 167 participants to date

**ALERTS:** 7 issued to date

## **HR ASSESSMENTS:**

- PHASE I: 24 in process, 9 tentative, 6 completed this fiscal year
- PHASE II: 8 in process, 1 tentative

**ANNUAL HR SEMINAR:** Held on September 13 -14, 2018 at the Atlantis Casino Resort Spa, Reno; 73 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)
Cities	11	630	2014	100%	100%	64%	36%	55%	410	156	181	30
Towns	6	128	2015	100%	50%	33%	33%	17%	94	81	20	7
Counties	14	2,766	2014	100%	71%	71%	29%	71%	984	715	603	73
School Districts	15	5,779	2014	100%	13%	33%	7%	87%	1135	242	191	49
Hospitals	6	1,054	2013	100%	50%	50%	17%	0%	185	166	94	13
Fire Districts	11	293	2010	55%	50%	36%	9%	9%	150	135	40	12
General Improvement Districts	18	326	2013	44%	75%	33%	28%	0%	43	108	84	15
Water & Sewer Districts	15	86	2012	47%	57%	47%	7%	0%	31	9	18	14
All Others	30	428	2012	67%	55%	17%	10%	13%	212	94	80	18
<b>TOTALS</b>	<b>126</b>	<b>11,490</b>		<b>79%</b>	<b>58%</b>	<b>43%</b>	<b>20%</b>	<b>28%</b>	<b>3,244</b>	<b>1,706</b>	<b>1,311</b>	<b>231</b>

**POOLING RESOURCES INC (a non-profit corporation)**  
**FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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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, 2018 and 2017, and the related statements of activities and changes in net assets, statement of functional expenses, and statements 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 controls 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 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 controls. 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, 2018 and 2017, its activities and the changes in its net assets, and its 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 20, 2018

## GENERAL MANAGER'S LETTER

Board of Directors Pooling Resources, Inc.,

As the General Manager, I am pleased to present the Pooling Resources, Inc. (PRI) Annual Audited Financial Statements for the year ending June 30, 2018, the conclusion of our 12th year of operations providing human resource consulting services to members of the Nevada Public Agency Insurance Pool (POOL) and the Public Agency Compensation Trust (PACT). As noted in part of PRI's Mission Statement, we serve as a business partner with POOL/PACT members to enhance their human resources programs, improve employee/employer relations, and reduce liability.

The audited financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board in its FASB ASC 9580210-45-1, Financial Statements of Not-For-Profit Organizations. As such, 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. Please see the audited financial statements for more details.

Through the oversight of the Board of Directors, Audit Committee, and our HR Oversight Committee, POOL/PACT Members can be assured that PRI remains financially responsible in carrying out the strategic plans of the organization and the service plans of the individual members with the grant funding provided. Members should be proud of the success we have achieved together.

PRI has been serving its membership for over 12 years. Our team of highly-qualified HR professionals and support staff have a passion for HR management and are dedicated to matching our services to the members' needs; providing current, timely, accurate, and consistent advice; and delivering high-value, high-quality products and programs which benefit our members. We take pride in our ability to help members not only reduce liability through individualized consultations on critical employment-related issues, but also in developing and sustaining effective HR programs within their own organizations. We are able to achieve these goals through our comprehensive scope of services which includes: instructor-led and online training courses, workshops, webinars, and HR briefings; on-site assessments of members' HR-related practices with recommendations; updated sample personnel policies, job descriptions, and various HR forms; "Alerts" notifying members of significant changes in an HR-related law or practice; and scholarships which assist members in attaining nationally-recognized HR certifications. We are especially proud of our annual HR seminar: Current Issues in Public-Sector Employment and our four certificate programs, including Essential Management Skills of which more than 1300 member-employees have completed. With this extensive scope of services, members receive a wide range of support services not offered by other agencies.

Thank you for your participation in PRI and for having confidence in our ongoing ability to meet the Mission, Vision, and Strategic Plans set for our member services consortium. We welcome your comments and suggestions to further strengthen PRI's operations and to provide you with additional information and to enhance Member services in human resources programs. I am honored to serve as General Manager. Thank you for your continued active participation as a Member of POOL/PACT.

Sincerely,

*Stacy Norbeck*  
PRI General Manager



**POOLING RESOURCES INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2018 and 2017**

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<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Current assets:		
Cash and cash equivalents	\$ 266,427	\$ 481,062
Investments	959,811	812,338
Accrued interest income	1,336	2,572
Grant receivable	99,917	97,000
Contract receivable	-	5,000
Total current assets	<u>1,327,491</u>	<u>1,397,972</u>
Other assets:		
Prepaid expenses	<u>2,627</u>	<u>15,389</u>
Total other assets	2,627	15,389
<b>Total assets</b>	<b><u><u>1,330,118</u></u></b>	<b><u><u>1,413,361</u></u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	31,700	17,485
Accrued payroll	-	20,583
Compensated absences	<u>22,246</u>	<u>38,203</u>
Total current liabilities	53,946	76,271
Net assets: temporarily restricted	<u>1,276,172</u>	<u>1,337,090</u>
Total net assets	1,276,172	1,337,090
<b>Total liabilities &amp; net assets</b>	<b><u><u>\$ 1,330,118</u></u></b>	<b><u><u>\$ 1,413,361</u></u></b>

See notes to financial statements

**POOLING RESOURCES INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the years ended June 30, 2018 and 2017**

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<b>REVENUES</b>	<b>2018</b>	<b>2017</b>
Grant income	\$ 1,199,000	\$ 1,164,000
Contract revenues	-	30,335
Total revenues	<u>1,199,000</u>	<u>1,194,335</u>
 <b>EXPENDITURES</b>		
Program activities:		
Salaries and payroll taxes	684,721	725,005
Retirement	110,901	98,757
Health insurance costs	102,549	83,242
Member education services	61,478	31,797
Professional development	8,131	9,342
Travel	46,473	50,432
Total program activities	<u>1,014,253</u>	<u>998,575</u>
General activities:		
Casualty insurance	9,621	9,573
Dues and subscriptions	6,343	6,713
Legal and professional	13,875	7,970
Management Services	25,106	46,350
Office supplies	9,723	10,842
Rent	92,916	91,092
Technology expenses	54,155	22,807
Other operating expenses	30,983	27,773
Total supporting activities	<u>242,722</u>	<u>223,120</u>
Total expenses	<u>1,256,975</u>	<u>1,221,695</u>
 <b>Increase in operating net assets - temporarily restricted</b>	 (57,975)	 (27,360)
 Increase in non-operating net investment income	 (2,943)	 (9,540)
 <b>Change in net assets - temporarily restricted</b>	 <u>(60,918)</u>	 <u>(36,900)</u>
 Net assets at beginning of year	 <u>1,337,090</u>	 <u>1,373,990</u>
<b>Net assets at end of year - temporarily restricted</b>	<b><u>\$ 1,276,172</u></b>	<b><u>\$ 1,337,090</u></b>

See notes to financial statements

**POOLING RESOURCES INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the years ended June 30, 2018 and 2017**

	2018			2017		
	Program	General	Total	Program	General	Total
Salaries & related expenses	\$ 547,777	\$ 136,944	\$ 684,721	\$ 548,480	\$ 176,525	\$ 725,005
Pension plan contributions	88,721	22,180	110,901	79,006	19,751	98,757
Health insurance	82,039	20,510	102,549	66,594	16,648	83,242
Member education services	61,478	-	61,478	31,797	-	31,797
Professional development	8,131	-	8,131	9,342	-	9,342
Travel	46,473	-	46,473	50,432	-	50,432
Casualty insurance	-	9,621	9,621	-	9,573	9,573
Dues & subscriptions	-	6,343	6,343	-	6,713	6,713
Legal & professional	8,125	5,750	13,875	2,220	5,750	7,970
Management services	-	25,106	25,106	-	46,350	46,350
Office supplies	-	9,723	9,723	-	10,842	10,842
Rent	-	92,916	92,916	-	91,092	91,092
Technology expenses	-	54,155	54,155	-	22,807	22,807
Other operating expense	-	30,983	30,983	-	27,773	27,773
<b>Total expenses</b>	<b>\$ 842,744</b>	<b>\$ 414,231</b>	<b>\$ 1,256,975</b>	<b>\$ 787,871</b>	<b>\$ 433,824</b>	<b>\$ 1,221,695</b>

See notes to financial statements

**POOLING RESOURCES INC.**  
**STATEMENT OF CASH FLOWS**  
**For the years ended June 30, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (60,918)	\$ (36,900)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in accrued investment income	1,236	(69)
(Increase) in grants receivable	(2,917)	(97,000)
Decrease(increase) in contract receivable	5,000	(2,500)
Decrease in other assets	-	1,534
Decrease in prepaid expenses	12,762	4,856
Increase in accounts payable	14,215	7,574
(Decrease) increase in accrued payroll	(20,583)	(5,420)
(Decrease) increase in compensated absences	<u>(15,957)</u>	<u>7,092</u>
Net cash flows from operating activities	(67,162)	(120,833)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in investments	<u>(147,473)</u>	<u>403,691</u>
Net cash (used) provided in investing	(147,473)	403,691
(Decrease) increase in cash and cash equivalents	(214,635)	282,858
Beginning cash at July 30	<u>481,062</u>	<u>198,204</u>
<b>Cash and cash flow equivalents at year end, June 30</b>	<u><u>\$ 266,427</u></u>	<u><u>\$ 481,062</u></u>

See notes to financial statements

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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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, 2018 and 2017**

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**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.

Prior Year Reclassifications

Prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

**NOTE 2 – CASH**

The carrying amounts of deposits at financial institutions at June 30, 2018 and 2017 were \$266,427 and \$481,062 which 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, 2018 and 2017 was \$301,814 and \$512,029 respectively.

	<u>2018</u>	<u>2017</u>
Amounts insured through FDIC	\$ 274,459	\$ 141,376
Cash equivalents insured through SIPC	27,355	370,653
Total deposits at financial institutions	<u>\$ 301,814</u>	<u>\$ 512,029</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.

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**NOTE 3 – INVESTMENTS (continued)**

The following schedule summarizes investment returns and their classifications in the statement of activities for the years ended June 30,

	June 30, 2018 Temporarily Restricted	June 30, 2017 Temporarily Restricted
Interest income	\$ 15,411	\$ 11,947
Realized gains (losses)	(1)	2,502
Unrealized gains (losses)	(5,456)	(10,985)
Investment expenses	(12,897)	(13,004)
Total investment return	<u>\$ (2,943)</u>	<u>\$ (9,540)</u>

Classification of assets and fair value classifications for years ended June 30, 2018 and 2017 are as follows:

	Assets at fair value June 30, 2018			
	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 252,385	\$ 549,096	\$ -	\$ 801,481
Mortgage backed security	-	-	-	-
Residential mortgage backed	-	130,511	-	130,511
Commercial mortgage backed	-	27,819	-	27,819
Total investments	<u>\$ 252,385</u>	<u>\$ 707,426</u>	<u>\$ -</u>	<u>\$ 959,811</u>

	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	<u>\$ 115,361</u>	<u>\$ 696,977</u>	<u>\$ -</u>	<u>\$ 812,338</u>

**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 \$22,246 and \$38,203 for years ended June 30, 2018 and 2017.

**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.

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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**NOTE 6 – EMPLOYEE RETIREMENT PLAN**

All employees who are expected to receive at least a minimum annual compensation of \$5,000 are eligible to participate in the Simplified Employee Plan (SEP) one year after their hire date. PRI made contributions of 17% of the employee's annual compensation in 2018 and 2017. PRI's contribution to the SEP plans totaled \$110,901 and \$98,757 for years ended June 30, 2018 and 2017.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

Nevada Public Agency Insurance Pool (NPAIP) and Public Agency Compensation Trust (PACT) are co-grantors providing funds for the operations of PRI. The grant term covers the period July 1, 2015 through June 30, 2020. The grant amounts for years ended 2018 and 2017 were \$1,199,000 and \$1,164,000 respectively. Receivables on the contract at June 30, 2018 and 2017 were \$99,917 and \$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 \$92,916 and \$91,092 in 2018 and 2017 respectively.

Public Agency Risk Management Services, Inc. (PARMS) received a management fee for fiscal years ended June 30, 2018 and 2017 of \$25,106 and \$46,350 respectively, as approved in the grant to provide management oversight, grant administration and financial services to PRI. Wayne Carlson, sole owner of PARMS, provides Executive Director Services including financial services under a separate contract with both NPAIP and PACT. 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. The agreement was amended during the fiscal year ending June 30, 2018 to an annual fee of \$23,175 for the year subject to a 3% increase for each of the and remaining two years of the contract.

**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, 2018. Management has evaluated subsequent events through November 20, 2018 which is the date the financial statements were available to be issued.



# Annual Report: Willis RE Loss Control Report

March 28, 2019

Rick Hudson, Josh Wilson, Steven Meglio

Below is a summary of Willis Re's Loss Control programs and services over the past year.

Willis Re in coordination with POOL/PACT Risk Management, has been very engaged with our members this past year. Below is a summary of the services provided to our members.

The main goal of a safety in the workplace is to prevent workplace deaths and injuries, as well as the serious consequences that these events can cause for workers, their families, and employers. Organizations with a strong safety culture that have established comprehensive safety programs, effectively act on them, and monitor their progress are the winners when it comes to workplace safety. With medical costs on the rise and an ever changing multi-generational workforce, it is more important than ever to promote safety and health in the workplace.

POOL/PACT's business is unique and so are the risks being managed. Our Risk Control Consultants have the technical expertise and the broad industry experience needed to meet POOL/PACT's needs. Our members work hard to keep their work place safe, but sometimes it's difficult to identify the best ways to reduce risks. POOL/PACT and Willis Re Pooling help members build better risk control with tools and resources to improve workplace safety, reduce the cost of risk, and follow nationally recognized standards.

Safety first, safety always! Workplace safety can be accomplished through culture, plans, and actions. But workplace safety will only reach its full potential if effective leadership is in place. Safety is everyone's responsibility. Doing your part today can help save a life tomorrow – maybe even your own.

## **Risk Control Services:**

- **OSHA Compliance Assistance/Safety Surveys:** The demand for onsite surveys grows each and every year. 2018 was no exception. Maintaining a culture of safety in the workplace has several benefits, from boosting employee morale to the avoidance of potentially costly litigation. Safety Surveys are designed to inspect facilities under normal conditions to identify weaknesses that have not yet been seen to contribute directly or indirectly to a safety occurrence. Surveys may also be used to review particular areas of safety concerns where

hazards are suspected; therefore they can be important part of the hazard identification process.

- **Resource Center:** POOL/PACT Risk control provides a destination for safety tools, training, and resources to help improve workplace safety, reduce the cost of risk, and follow nationally recognized standards.
- **Thermography:** Infrared cameras are powerful and extremely cost-effective, easy-to-use troubleshooting tools for building, electrical, and mechanical applications. Providing thermal images to members assists in finding hidden problems along with accurate temperature measurements allowing members to locate possible mechanical and electrical issues before a catastrophic event occurs.
- **Respirator Fit Testing (quantitative):** One of the most popular and consistently utilized programs offered by POOL/PACT. Respirator fit testing is the easy, hassle-free way to reliably fit test a variety of respirator types. It not only eliminates the guesswork found with other testing methods, it also reduces the amount of work associated with fit testing in general. Respirator Fit Testing makes a direct measurement of respirator fit factors. There are no error-inducing assumptions made to calculate "equivalent" fit factors. The measurement is made while the person simultaneously performs dynamic moving and/or breathing exercises designed to stress the respirator seal in ways that simulate anticipated workplace motions. Fire service, law enforcement, and other employees who are required to wear respirator equipment, face unknown chemical hazards. Not only is respirator fit testing an OSHA regulated annual requirement, it also vital in keeping our members healthy and safe.
- **Fire Extinguisher Training/Fire and Life Safety:** Another incredibly popular program amongst members: Fire Extinguisher Training. Employers who provide portable fire extinguishers for use by any employee to use in fighting incipient stage fires must comply with the fire extinguisher rule in its entirety, including the requirement to train all employees in fire extinguisher use on an annual basis. In an effort to support members, POOL/PACT provides Fire and Life Safety and Fire Extinguisher onsite training using the BullsEye Digital Fire Extinguisher Training System. The BullsEye allows training to occur in places where emergencies may really occur, like schools, workplaces or the home. Training can now take place completely indoors, allowing you to train anywhere, anytime.
- **CPR/AED/First Aid Training/Certification:** This program continues to grow in popularity. While heart disease is on the rise, CPR can help save lives. According to the American Heart Association, more than 350,000 out-of-hospital cardiac arrests occurred in 2016. Sadly, 88% of people who suffer from a cardiac arrest outside of the hospital die. However, when properly and promptly performed, CPR can dramatically improve person's chance of survival.

With the knowledge of CPR skills, a CPR-certified individual can help reduce the loss of life in emergencies. Becoming CPR-certified can make an immediate difference for a cardiac arrest victim and his or her family. A CPR-certified individual can meet an important need in the workplace or community, as he or she can assist EMS, police and fire departments with cardiac arrest victims.

CPR classes equips members with the tools and the confidence needed to transform an individual from the role of bystander to lifesaver. CPR certification will provide the necessary training to make the right decisions in the event of a cardiac emergency.

- **Policy and Procedure Review:** Safety and other policies and procedures that relate to loss potential can be submitted for review and comment. Areas that are identified as being deficient or expose the client to previously unknown liability are highlighted so that the member can evaluate and make adjustments accordingly.
- **Crime Prevention Through Environmental Design (CPTED):** Crime Prevention Through Environmental Design (CPTED) is defined as a multi-disciplinary approach for reducing crime through urban and environmental design and the management and use of built environments. CPTED strategies aim to reduce victimization, deter offender decisions that precede criminal acts, and build a sense of community among inhabitants so they can gain territorial control of areas and reduce opportunities for crime and fear of crime. CPTED is pronounced ‘sep-ted’ and it is known around the world as Designing Out Crime, defensible space, and other similar terms.
- **Parks and Playground Safety Inspections:** Playgrounds and outdoor play equipment offer kids fresh air, friends, and exercise. So it’s important for to make sure that faulty equipment, improper surfaces, and careless behavior don’t ruin the fun. Each year more than 200,000 children visit hospital emergency rooms because of playground injuries. Our Risk Control Consultants will identify hazards, determine equipment specifications, provide risk management solutions and methods, assist entities protect children from hazardous equipment and costly liabilities. Play is an important part of kids’ physical, social, intellectual, and emotional development. Inspecting your playgrounds for safety issues will help your children play as safely as possible.
- **Safety Training:** Before engaging in any potentially hazardous activities, workers must receive appropriate safety training from their employer, as defined in OSHA standards. POOL/PACT provides members with onsite training in areas including but not limited to: Hazzard Communication, Slips, Trips and Falls, Walking and Working Surfaces, Ergonomics, Blood borne Pathogens, Fall Protection, Ladder Safety, Confined Space and Occupational Fatigue.
- **ADA Compliance:** An Accessibility Review is an evaluation of a property’s compliance with applicable federal, state, and local accessibility regulations. An accessibility review includes an evaluation of the paths of travel throughout the

exterior and interior portions of a property, as well as accessible design of parking spaces, ramps, stairs, signage, public spaces, restrooms, signage, guestrooms, residential dwelling units, and other special uses.

- **Ergonomic Evaluations:** POOL/PACT risk control provides ergonomic evaluations and assessments to help limit the risk of injury to workers. Ergonomic assessments are an objective study of how employees work. The assessments help identify the ergonomic risks such as repetitive tasks that can cause strains, improper work area setup, and improper use of tools, which can result in the development of work-related musculoskeletal disorders.
- **Written Safety Program Review (Loss Control Committee meetings):** A Written Workplace Safety Plan is a management approach for identifying, evaluating, analyzing, and controlling workplace safety and health hazards. This includes developing systematic policies, procedures, and practices fundamental to creating and maintaining a safe and healthy working environment. Translation... it's your road map for safety and health. Meetings with safety and loss control committees can be helpful in planning strategy, making presentations and assisting in the smooth operation of these committees.



## **Annual Report: POOL/PACT Risk Management**

March 28, 2019

Marshall Smith, Risk Manager

Below is a summary of POOL/PACT Risk Management programs and services over the past year.

### **1. Law Enforcement**

- Update of all Jail and Road Operations policies by Legal Liability Risk Management Institute.
- Developed and deployed Jail/Detention High Risk Critical Tasks Audit, in coordination with LLRMI. Audit consists of a comprehensive two day (on-site) assessment of jail/detention facility policies/procedures, training in best practices, and five (5) POST certified credits for all attending detention staff.  
Scheduled Audits: Humboldt County Sheriff's Office (April 2019), Eureka County Sheriff's Office (May 2019).
- POOL/PACT Risk Management two day seminar for cops and prosecutors (October 2018) in Winnemucca. Awarded 42 CLE credits (6 DA's offices) and 241 POST credits (7 LE agencies).

### **2. On-Line Training Platforms**

- TargetSolutions (fire/EMS training): deployed and used by 23 departments;
- MSDSONline (SDS Control) deployed and used by 5 member entities, with two new HQ recently added.

3. **School District Hazard Vulnerability Assessments**
  - Jeff Kaye and his team are continuing to update the completed HVAs for our School District members. Currently planning lock/down lock/out applied training for two districts.
  
4. **Swimming Pool Inspection Schedule**
  - The 2019 inspection will be completed in June. This year's inspections will include Winnemucca, Battle Mountain, City of Elko, Jackpot, Wells, and West Wendover facilities.
  - POOL/PACT is sponsoring an Aquatic Risk Management seminar with the *Nevada Recreation & Park Society* in April, and will be presenting it to our members in June in Elko.
  
5. **Crisis Prevention Training**
  - POOL/PACT is sponsoring four day Crisis Intervention train-the-trainer training. This training provides practical and effective intervention tools. POOL/PACT Risk Management selected representatives from the following member types: Fire, School Districts, Law Enforcement, Hospital, Human Resources, Safety Director, and Loss Control/Risk Management. These representatives will in turn bring their training to their own facilities as well as providing regional training.
  
6. **POOL/PACT Loss Control Committee**
  - The LCC has been very active, holding four meetings during the past year. It has carefully reviewed and approved over \$519,368.23 in Risk Management Grant funding. The LCC continues its mission to encourage and develop the most effective risk management/mitigation programs available.
  
7. **24-7-365 Worker's Comp Nurse Triage Program**
  - 2019 is the second year for this program. We have updated the program to make it easier and more effective for our PACT members.
  
8. **POOL/PACT Agent/Broker Best Practices**
  - Development of best practices to assist POOL/PACT Agent/Brokers with continuing to provide excellent services to their POOL/PACT insureds.

**Assigned to: ASC/PARMS**

**GOAL:** Provide effective claims and litigation management systems for the benefit of members. Assist members in

Objectives:	Strategies:	Target Date	Progress/Status Report
<b>POOL</b>			
<b>Excellence in claims management</b>	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
	POOL claims audit every three years	2021	
<b>Reduce claims severity</b>	Use effective litigation management; # cases resolved < authority, < \$50,000 and < SIR	annually	# of litigated claims closed in 2018 calendar year=81. Total paid in legal expense \$1,303,336.06. Average legal paid is \$16,090.57 per claim. Total indemnity paid \$1,031,137.39. Average indemnity paid is \$12,730.09 per claim. All claims resolved for less than the SIR. 66 cases closed with no indemnity payment. 5 cases closed with indemnity payment < \$25,000 authority. 3 cases closed with indemnity payment between \$25,001 and \$50,000. 5 cases closed with indemnity payment between \$50,001 and \$150,000.00. Largest settlements paid were an EO claim for Lyon County School District/City of Yerington (\$350,000.00) and a lawsuit brought against NPAIP by former member Virgin Valley Water District (\$400,000.00/\$500,000.00 was paid under the property coverage)
	Large loss report (cases with total incurred xs \$300k)	annually	Will be included in 2019 POOL/PACT Board Meeting packet ASC staff regularly attends webinars sponsored by various vendors and reinsurers throughout the year. All staff attends annual fraud training through G4S. In September 2018 Donna, Cynthia and Jasmine attended the POOL/PACT Risk Management Symposium. In February 2019 Donna and Cynthia attended the LLRMI Jail/Correction liability conference.
<b>Develop claims adjuster capabilities</b>	Attend two HR and one Law Enforcement training course; attend litigation workshop	annually	
<b>Enhance members understanding of loss trends and risks</b>	Conduct lessons learned workshop and publications from case histories ; Trends Reports and prevention; Conduct litigation strategy educational workshop	annually	The Large Loss Report and Stewardship reports are presented annually at the POOL PACT Board Meetings and incorporate trends analysis.
<b>Enhance defense and members' counsel capacity to prevent and contain litigation</b>	Train members on internal claims reporting, adjusters role, members role	ongoing	Litigation Strategy Workshop to be held in October 2019 Donna, Cynthia, Jasmine and Barbie participate in monthly/quarterly claims meetings with Douglas County and Nye County. Meetings held with Members upon Member request.
<b>PACT</b>			
<b>Excellence in claims management</b>	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.
<b>Reduce claims severity</b>	Police/fire members cardiac wellness program expand to more members	ongoing	CWP member participation expansion is handled by Specialty Health.
<b>Assist members' understanding of loss causes and trends</b>	Produce annual claims trend analysis reports and review with members during quarterly visits	ongoing	Met with PACT members this past year: Lyon county; Elko County; City of Elko; City of Boulder City; Nye County Qtrly claim reviews; East Fork Fire PD monthly claim meetings; Southern Nevada Health District; Lincoln County School District (+school principles); White Pine County. ASC screens all new claims for potential SIF recovery. 8 open claims have been granted SIF recovery. <b>\$230,263.34</b> were recovered in FY 2017. Total SIF recovery is now <b>\$2,998,765.20</b> . There are 14 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.
<b>Utilize Subsequent Injury Fund</b>	Identify potential SIF cases and file timely	ongoing	
<b>Utilize SpecialtyHealth MCO</b>	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.
	Utilize SH to identify potential medical complexities in all new claims	ongoing	All new claims are submitted to SH for Medical Director review of diagnosis correlation to injury mechanism. All claims meeting prespecified injury criteria (major joint or spine involvement, etc.) are assigned for MCO case management.

**Train members on claims management practices**

Train members on internal claims communications with employees, adjusters role, members role, SH role with filing claims, evidence preservation, documnetation, and claim reviews.

ongoing

Met with PACT members this past year: Lyon county; Elko County; City of Elko; City of Boulder City; Nye County Qtrly claim reviews; East Fork Fire PD monthly claim meetings; Southern Nevada Health District; Lincoln County School District (+school principles); White Pine County.

Conduct quarterly visits with members for training purposes on rotating basis.

annually

Met with PACT members this past year: Lyon county; Elko County; City of Elko; City of Boulder City; Nye County Qtrly claim reviews; East Fork Fire PD monthly claim meetings; Southern Nevada Health District; Lincoln County School District (+school principles); White Pine County.



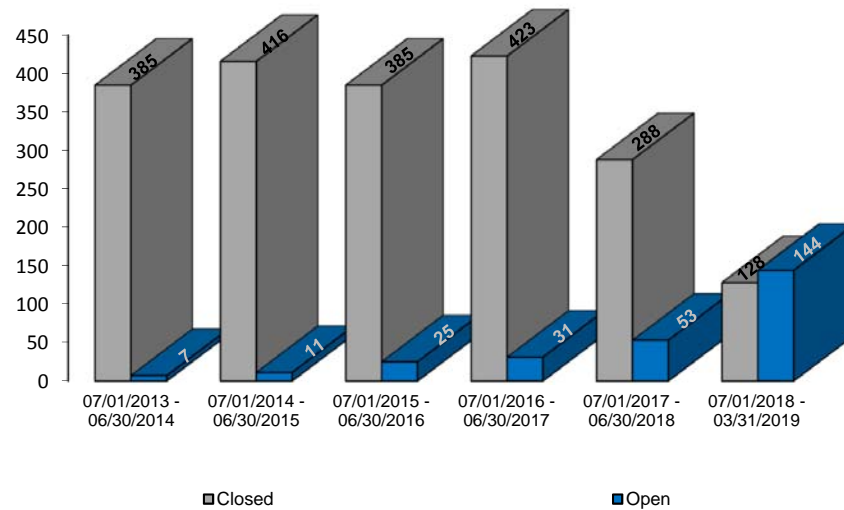


## **Liability Report**



## Total Claims by Policy Year excluding Incidents 07/01/2013 - 03/31/2019

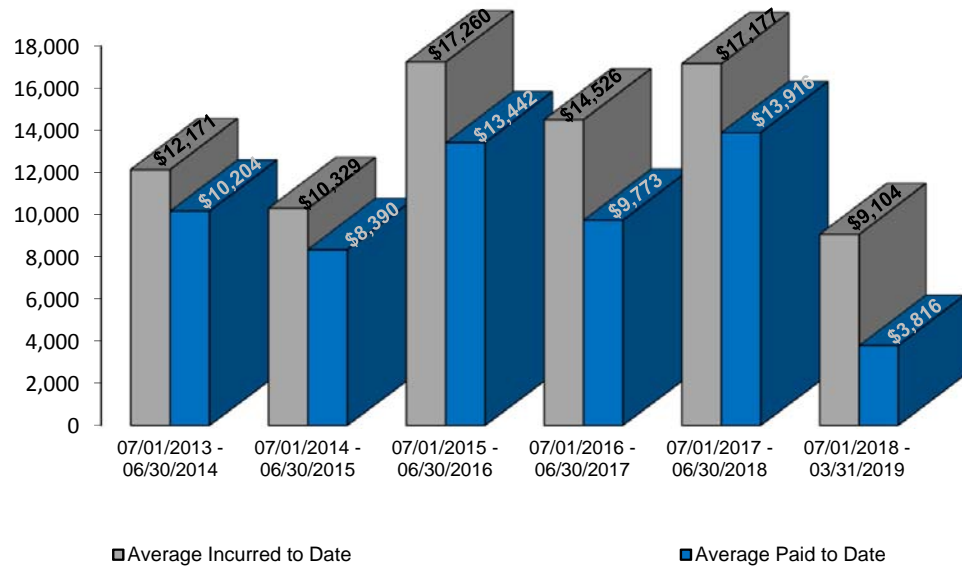
Policy Year	Total Claims	
	Closed	Open
07/01/2013 - 06/30/2014	385	7
07/01/2014 - 06/30/2015	416	11
07/01/2015 - 06/30/2016	385	25
07/01/2016 - 06/30/2017	423	31
07/01/2017 - 06/30/2018	288	53
07/01/2018 - 03/31/2019	128	144





## Average Incurred & Paid by Policy Year 07/01/2013 - 03/31/2019

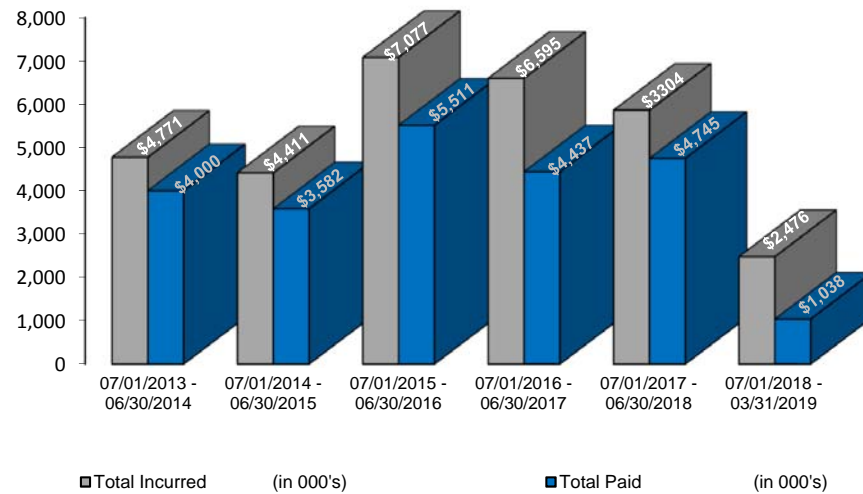
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/2013 - 06/30/2014	\$12,171	\$10,204
07/01/2014 - 06/30/2015	\$10,329	\$8,390
07/01/2015 - 06/30/2016	\$17,260	\$13,442
07/01/2016 - 06/30/2017	\$14,526	\$9,773
07/01/2017 - 06/30/2018	\$17,177	\$13,916
07/01/2018 - 03/31/2019	\$9,104	\$3,816





## Incurred vs Paid by Policy Year 07/01/2013 - 03/31/2019

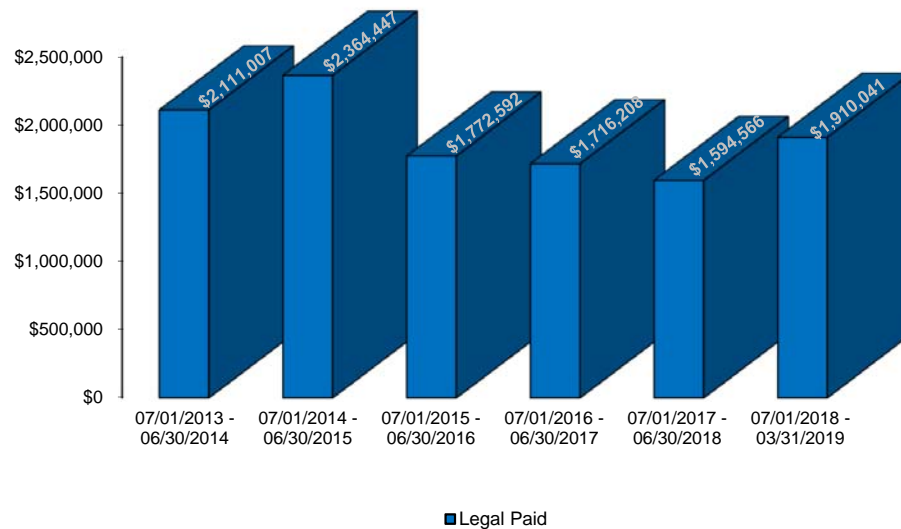
Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/2013 - 06/30/2014	\$4,771	\$4,000
07/01/2014 - 06/30/2015	\$4,411	\$3,582
07/01/2015 - 06/30/2016	\$7,077	\$5,511
07/01/2016 - 06/30/2017	\$6,595	\$4,437
07/01/2017 - 06/30/2018	\$5,858	\$4,745
07/01/2018 - 03/31/2019	\$2,476	\$1,038





## Legal Expenses Paid to Date by Policy Year for All Claims 07/01/2013 - 03/31/2019

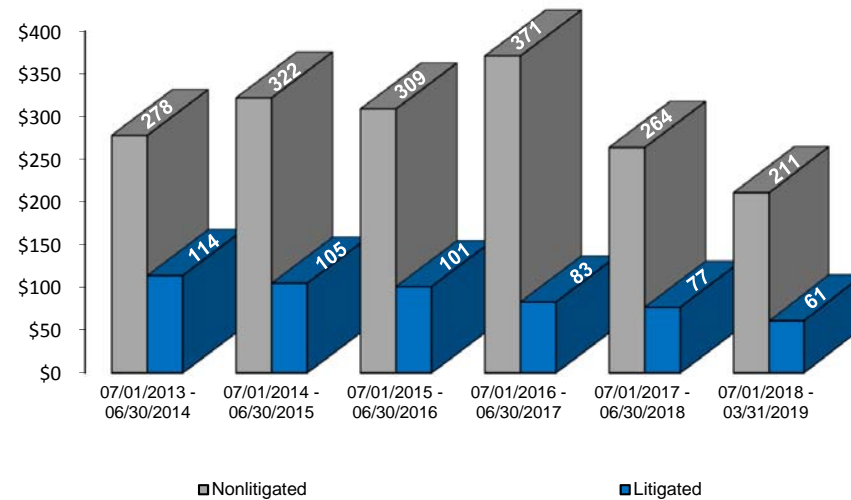
Policy Year	Legal Expenses Paid to Date
07/01/2013 - 06/30/2014	\$2,111,007
07/01/2014 - 06/30/2015	\$2,364,447
07/01/2015 - 06/30/2016	\$1,772,592
07/01/2016 - 06/30/2017	\$1,716,208
07/01/2017 - 06/30/2018	\$1,594,566
07/01/2018 - 03/31/2019	\$1,910,041
<b>Grand Total</b>	<b>\$11,468,861</b>





## Litigated Claims by Policy Year for claims reported 07/01/2013 - 03/31/2019

Policy Year	Litigated Claims	
	Nonlitigated	Litigated
07/01/2013 - 06/30/2014	278	114
07/01/2014 - 06/30/2015	322	105
07/01/2015 - 06/30/2016	309	101
07/01/2016 - 06/30/2017	371	83
07/01/2017 - 06/30/2018	264	77
07/01/2018 - 03/31/2019	211	61





## Lag Time Average - by Location

07/01/2013 - 03/31/2019

Location	Avg. Days
Alamo Sewer And Water Gid	307
Lyon County	198
Palomino Valley General Improvement Dist	150
Pershing County School District	139
North Lyon Fire Protection District	120
Nye County	112
Churchill County	99
Minden Gardnerville Sanitation District	87
Esmeralda County	86
Mineral County	83
Lovelock (City Of)	77
Walker Basin Conservancy	76
Mesquite (City Of)	74
Douglas County Sewer Improvement District #1	71
Lincoln County School District	70
Carlin (City Of)	69
Boulder City (City Of)	64
Pahrump (Town Of)	61
Pershing County	59
Kingsbury Gid	53
Caliente (City Of)	53
Tahoe-Douglas Fpd	53
Douglas County	52
Lovelock Meadows Water District	51
Humboldt County	49
Nevada Commission For The Reconstruction	44
White Pine County	43
Nevada Association Of Counties	43



## Lag Time Average - by Location

07/01/2013 - 03/31/2019

Location	Avg. Days
Carson City School District	40
Elko County	40
Churchill County Mosquito & Weed Abateme	39
Walker River Irrigation District	37
Storey County	37
Moapa Valley Water District	36
Lander County	35
Winnemucca (City Of)	33
Yerington (City Of)	33
Canyon Gid	31
Lander County School District	31
Fernley (City Of)	29
Ely (City Of)	28
Nevada-Tahoe Conservation District	28
White Pine County School District	28
Humboldt County School District	27
Douglas County Mosquito Abatement District	26
Nevada Public Agency Insurance Pool	26
Eureka County	25
Churchill County School District	25
Mineral County School District	25
Truckee Meadows Fpd	24
Virgin Valley Water District	23
Elko (City Of)	22
Incline Village Gid	22
Gardnerville Ranchos Gid	22
Rtc Washoe County	21
Nye County School District	20





## Lag Time Average - by Location

07/01/2013 - 03/31/2019

Location	Avg. Days
Lyon County School District	20
Genoa (Town Of)	18
Minden (Town Of)	17
Nevada Rural Housing Authority	17
Elko County School District	17
West Wendover (City Of)	17
Lincoln County	17
Sun Valley Gid	17
Skyland Gid	15
North Lake Tahoe Fpd	14
Tonopah (Town Of)	14
Tahoe Reno Industrial Gid	13
West Wendover Recreation District	13
Douglas County School District	12
Storey County School District	12
East Fork Swimming Pool District	11
Western Nevada Regional Youth Center	11
Gardnerville (Town Of)	11
Wells (City Of)	10
Elko Convention & Visitors Authority	9
Southern Nevada Health District	9
Elko Co. Agricultural Assoc., DbA Elko Co. Fair Board	8
U.S. Board Of Water Commissioners	7
Indian Hills Gid	6
Stagecoach Gid	6
Pahrump Library District	5
Tahoe Douglas District	4
Amargosa Library District	4



## Lag Time Average - by Location 07/01/2013 - 03/31/2019

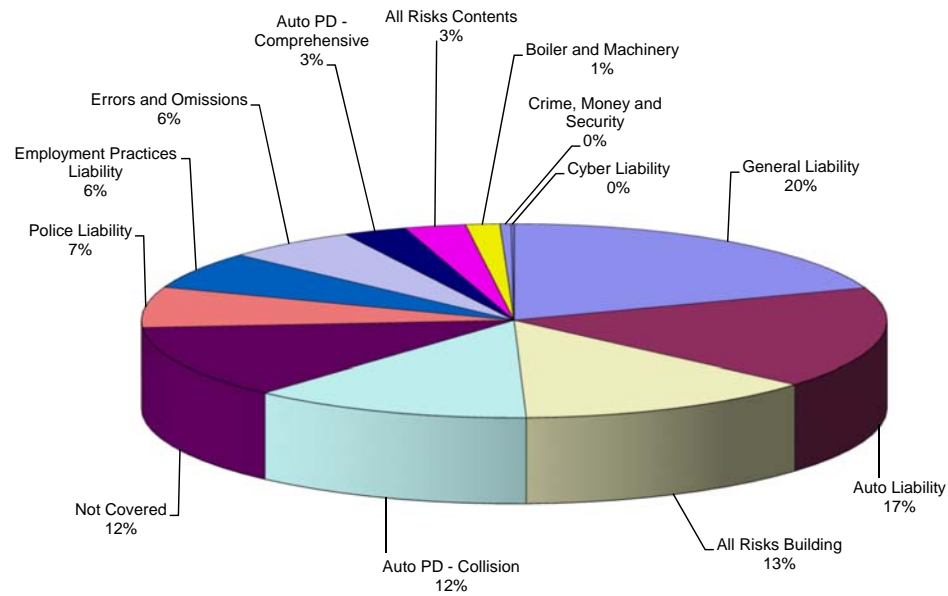
Location	Avg. Days
Silver Springs Stagecoach Hospital District	3
Beatty Water & Sanitation District	3
Esmeralda County School District	2
Mt Charleston Fire Protection District	2
Sierra Fpd	2
Round Mountain (Town Of)	1
Carson City	1
Lakeridge Gid	1
Elko Central Dispatch	1
White Pine Co. Tourism & Rec. Board,Db a Bristlecone Convention Center	1
Fernley Swimming Pool District	1
Eureka County School District	0



## Frequency of Claims by Coverage

07/01/2013 - 03/31/2019

Coverage	# of Claims
General Liability	449
Auto Liability	388
All Risks Building	299
Auto PD - Collision	279
Not Covered	279
Police Liability	156
Employment Practices Liability	143
Errors and Omissions	131
Auto PD - Comprehensive	63
All Risks Contents	61
Boiler and Machinery	34
Crime, Money and Security	11
Cyber Liability	3

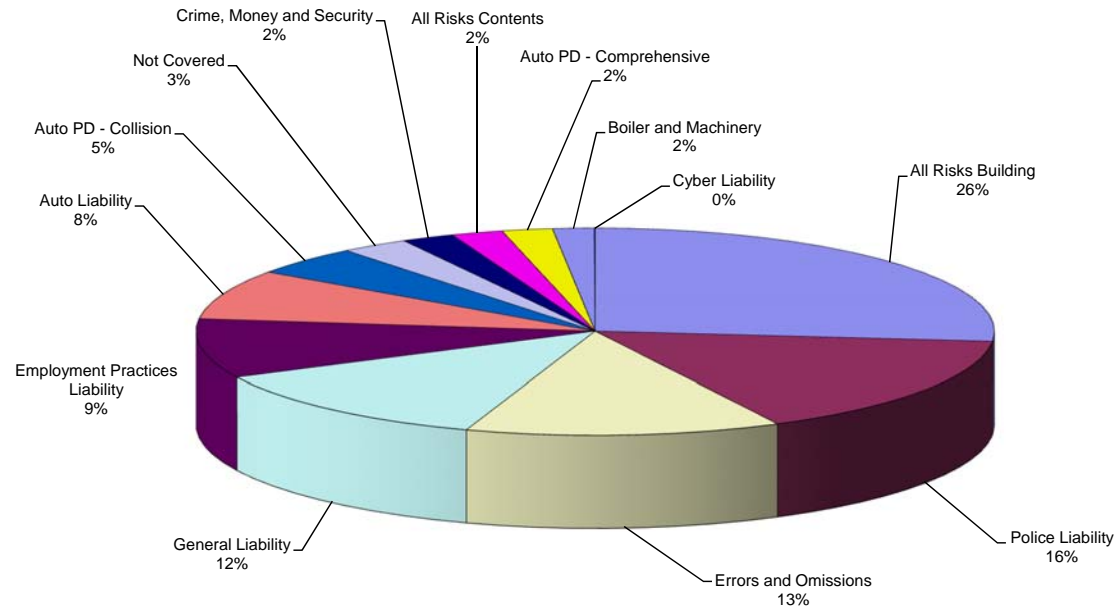




## Severity of Claims by Coverage

07/01/2013 - 03/31/2019

Coverage	Total Incurred
All Risks Building	\$ 8,286,225
Police Liability	\$ 4,957,185
Errors and Omissions	\$ 3,976,459
General Liability	\$ 3,886,856
Employment Practices Liability	\$ 2,881,828
Auto Liability	\$ 2,424,958
Auto PD - Collision	\$ 1,426,049
Not Covered	\$ 858,071
Crime, Money and Security	\$ 667,388
All Risks Contents	\$ 650,708
Auto PD - Comprehensive	\$ 637,844
Boiler and Machinery	\$ 523,935
Cyber Liability	\$ 9,283

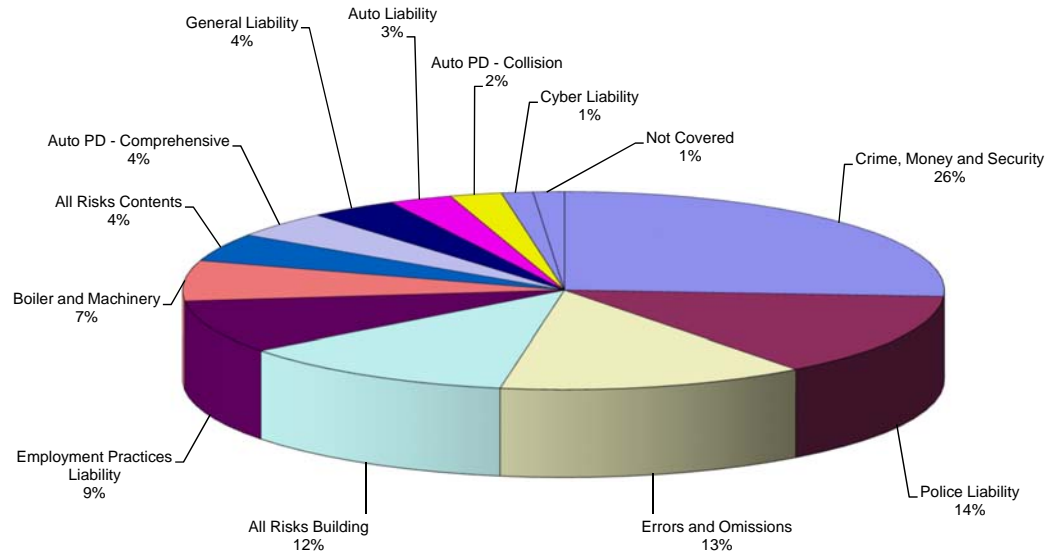




## Average Incurred by Coverage

07/01/2013 - 03/31/2019

Coverage	Average Incurred
Crime, Money and Security	\$ 60,672
Police Liability	\$ 31,777
Errors and Omissions	\$ 30,355
All Risks Building	\$ 27,713
Employment Practices Liability	\$ 20,153
Boiler and Machinery	\$ 15,410
All Risks Contents	\$ 10,667
Auto PD - Comprehensive	\$ 10,125
General Liability	\$ 8,657
Auto Liability	\$ 6,250
Auto PD - Collision	\$ 5,111
Cyber Liability	\$ 3,094
Not Covered	\$ 3,076





## Historical Data Excluding Incidents 07/01/2013 - 03/31/2019

	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 - 06/30/18	07/01/18 - 03/31/19
<b>Nbr of Claims</b>						
Open	7	11	25	31	53	144
Closed	385	416	385	423	288	128
<b>Total</b>	<b>392</b>	<b>427</b>	<b>410</b>	<b>454</b>	<b>341</b>	<b>272</b>

	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 - 06/30/18	07/01/18 - 03/31/19
<b>Total Incurred</b>						
Open	\$1,041,740	\$1,127,500	\$2,598,248	\$2,922,070	\$3,404,775	\$2,142,845
Closed	\$3,729,366	\$3,283,102	\$4,478,287	\$3,672,736	\$2,452,742	\$333,377
<b>Total</b>	<b>\$4,771,106</b>	<b>\$4,410,602</b>	<b>\$7,076,535</b>	<b>\$6,594,806</b>	<b>\$5,857,517</b>	<b>\$2,476,223</b>

	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 - 06/30/18	07/01/18 - 03/31/19
<b>Total Paid</b>						
Open	\$270,539	\$299,349	\$1,033,029	\$764,414	\$2,292,451	\$704,467
Closed	\$3,729,366	\$3,283,102	\$4,478,287	\$3,672,736	\$2,452,742	\$333,377
<b>Total</b>	<b>\$3,999,904</b>	<b>\$3,582,450</b>	<b>\$5,511,316</b>	<b>\$4,437,150</b>	<b>\$4,745,193</b>	<b>\$1,037,845</b>

	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 - 06/30/18	07/01/18 - 03/31/19
<b>Average Incurred</b>						
Open	\$148,820	\$102,500	\$103,930	\$94,260	\$64,241	\$14,881
Closed	\$9,687	\$7,892	\$11,632	\$8,683	\$8,516	\$2,605
<b>Average Incurred</b>	<b>\$12,171</b>	<b>\$10,329</b>	<b>\$17,260</b>	<b>\$14,526</b>	<b>\$17,177</b>	<b>\$9,104</b>

	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 - 06/30/18	07/01/18 - 03/31/19
<b>Open Claims</b>						
Claims	7	11	25	31	53	144
<b>Total</b>	<b>7</b>	<b>11</b>	<b>25</b>	<b>31</b>	<b>53</b>	<b>144</b>



## Summary by Location

### 07/01/2013 - 03/31/2019

Location	# of Claims	# Open Claims	Total Incurred
Alamo Sewer And Water Gid	3	0	\$80,163
Amargosa Library District	1	0	\$2,143
Beatty Water & Sanitation District	7	0	\$49,087
Boulder City (City Of)	127	9	\$519,940
Caliente (City Of)	16	2	\$224,674
Canyon Gid	1	0	\$84,850
Carlin (City Of)	12	2	\$93,328
Carson City	1	0	\$0
Carson City School District	54	4	\$1,071,679
Churchill County	23	5	\$185,364
Churchill County Mosquito & Weed Abateme	3	0	\$4,651
Churchill County School District	16	1	\$311,821
Douglas County	167	12	\$3,339,874
Douglas County Mosquito Abatement District	2	0	\$10,813
Douglas County School District	110	9	\$616,257
Douglas County Sewer Improvement District #1	4	0	\$0
East Fork Swimming Pool District	1	0	\$5,395
Elko (City Of)	115	13	\$1,504,158
Elko Central Dispatch	1	0	\$3,718
Elko Co. Agricultural Assoc., Dba Elko Co. Fair Board	1	0	\$9,402
Elko Convention & Visitors Authority	1	0	\$1,498
Elko County	70	8	\$304,059
Elko County School District	104	14	\$1,068,201
Ely (City Of)	39	3	\$180,494
Esmeralda County	32	10	\$686,459
Esmeralda County School District	5	0	\$51,822
Eureka County	41	4	\$346,860
Eureka County School District	1	0	\$15,327
Fernley (City Of)	33	5	\$230,862
Fernley Swimming Pool District	2	0	\$3,660



## Summary by Location

### 07/01/2013 - 03/31/2019

Location	# of Claims	# Open Claims	Total Incurred
Gardnerville (Town Of)	9	0	\$12,762
Gardnerville Ranchos Gid	2	0	\$12,036
Genoa (Town Of)	1	0	\$0
Humboldt County	60	4	\$848,624
Humboldt County School District	50	2	\$756,973
Incline Village Gid	73	10	\$716,686
Indian Hills Gid	4	1	\$34,796
Kingsbury Gid	10	2	\$77,892
Lakeridge Gid	1	0	\$0
Lander County	35	4	\$506,355
Lander County School District	10	1	\$147,825
Lincoln County	27	3	\$308,005
Lincoln County School District	21	2	\$632,237
Lovelock (City Of)	5	1	\$22,999
Lovelock Meadows Water District	2	0	\$4,292
Lyon County	89	12	\$1,839,149
Lyon County School District	71	9	\$848,037
Mesquite (City Of)	37	1	\$1,428,527
Minden (Town Of)	19	2	\$316,949
Minden Gardnerville Sanitation District	5	0	\$208,821
Mineral County	41	5	\$2,124,005
Mineral County School District	29	0	\$728,750
Moapa Valley Water District	4	0	\$26,738
Mt Charleston Fire Protection District	1	0	\$73,348
Nevada Association Of Counties	1	0	\$0
Nevada Commission For The Reconstruction	5	0	\$7,785
Nevada Public Agency Insurance Pool	3	1	\$35,986
Nevada Rural Housing Authority	11	1	\$120,894
Nevada-Tahoe Conservation District	5	0	\$5,342
North Lake Tahoe Fpd	10	0	\$171,234





## Summary by Location

### 07/01/2013 - 03/31/2019

Location	# of Claims	# Open Claims	Total Incurred
North Lyon Fire Protection District	2	2	\$6,550
Nye County	209	45	\$2,921,984
Nye County School District	58	9	\$731,978
Pahrump (Town Of)	15	1	\$130,493
Pahrump Library District	1	0	\$1,885
Palomino Valley General Improvement Dist	1	0	\$0
Pershing County	32	2	\$188,911
Pershing County School District	7	2	\$95,743
Round Mountain (Town Of)	1	0	\$2,442
Rtc Washoe County	5	2	\$437,901
Sierra Fpd	2	0	\$30
Silver Springs Stagecoach Hospital District	1	0	\$3,330
Skyland Gid	4	0	\$6,685
Southern Nevada Health District	14	8	\$231,388
Stagecoach Gid	3	0	\$23,396
Storey County	52	15	\$979,492
Storey County School District	19	1	\$138,442
Sun Valley Gid	10	0	\$51,515
Tahoe Douglas District	6	0	\$17,442
Tahoe Reno Industrial Gid	3	0	\$129,857
Tahoe-Douglas Fpd	2	0	\$415
Tonopah (Town Of)	8	0	\$19,165
Truckee Meadows Fpd	23	2	\$236,606
U.S. Board Of Water Commissioners	2	0	\$3,299
Virgin Valley Water District	3	0	\$493,166
Walker Basin Conservancy	2	0	\$4,154
Walker River Irrigation District	3	1	\$5,000
Wells (City Of)	7	0	\$20,474
West Wendover (City Of)	42	5	\$190,681
West Wendover Recreation District	8	0	\$193,651



## Summary by Location

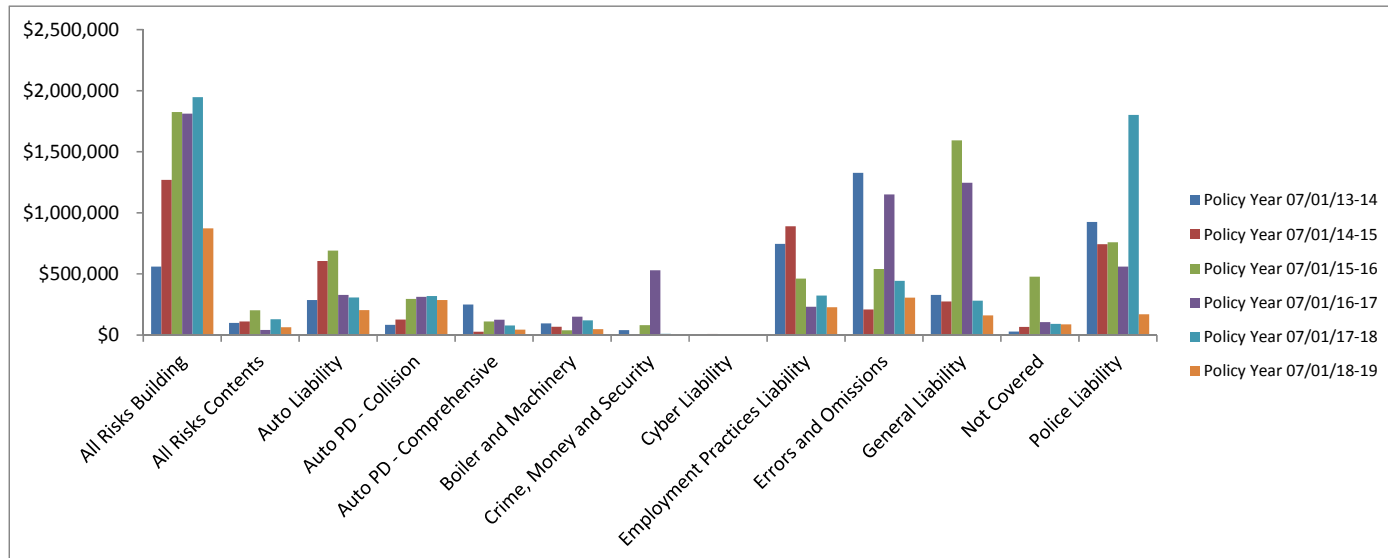
07/01/2013 - 03/31/2019

Location	# of Claims	# Open Claims	Total Incurred
Western Nevada Regional Youth Center	6	1	\$111,045
White Pine Co. Tourism & Rec.	2	0	\$1,985
White Pine County	62	10	\$270,206
White Pine County School District	20	2	\$288,527
Winnemucca (City Of)	18	0	\$92,577
Yerington (City Of)	9	1	\$132,776
<b>TOTAL</b>	<b>2296</b>	<b>271</b>	<b>\$31,186,788</b>



## Total Incurred by Coverage by Policy Year

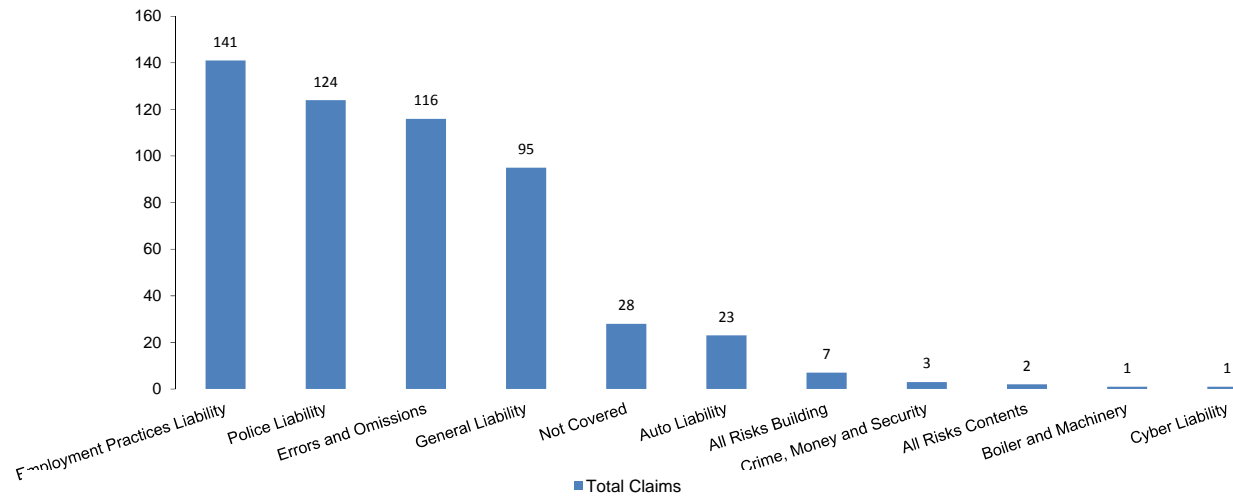
Coverage	Policy Year 07/01/13-14	Policy Year 07/01/14-15	Policy Year 07/01/15-16	Policy Year 07/01/16-17	Policy Year 07/01/17-18	Policy Year 07/01/18-19
All Risks Building	\$560,156	\$1,269,491	\$1,824,928	\$1,812,269	\$1,947,009	\$872,372
All Risks Contents	\$99,936	\$112,154	\$202,826	\$41,869	\$130,202	\$63,721
Auto Liability	\$287,112	\$606,082	\$690,771	\$328,710	\$307,904	\$204,379
Auto PD - Collision	\$83,502	\$126,774	\$295,654	\$313,156	\$320,033	\$286,930
Auto PD - Comprehensive	\$250,270	\$27,867	\$111,244	\$125,378	\$78,157	\$44,929
Boiler and Machinery	\$95,621	\$68,034	\$39,891	\$150,408	\$121,153	\$48,828
Crime, Money and Security	\$40,234	\$6,127	\$80,872	\$529,325	\$10,540	\$290
Cyber Liability		\$9,283	\$0			\$0
Employment Practices Liability	\$745,617	\$889,790	\$460,987	\$232,505	\$324,328	\$228,602
Errors and Omissions	\$1,326,778	\$209,891	\$539,832	\$1,150,447	\$443,392	\$306,120
General Liability	\$328,618	\$275,070	\$1,593,639	\$1,245,528	\$282,150	\$161,851
Not Covered	\$28,432	\$66,914	\$477,365	\$105,920	\$91,241	\$88,199
Police Liability	\$924,831	\$743,127	\$758,527	\$559,292	\$1,801,408	\$170,001





## Litigated Claims by Coverage for Policy Years 07/01/2013 - 03/31/2019

<b>Litigated Claims by Coverage</b>	
Coverage	Total Claims
Employment Practices Liability	141
Police Liability	124
Errors and Omissions	116
General Liability	95
Not Covered	28
Auto Liability	23
All Risks Building	7
Crime, Money and Security	3
All Risks Contents	2
Boiler and Machinery	1
Cyber Liability	1





## Legal Expenses Paid by Type for 07/01/2013 - 03/31/2019

Legal Expenses paid by Type	
Legal Expense Type	Amount
Attorney	\$10,521,993
Expert Witness	\$505,472
Other Legal	\$271,921
Court Costs	\$169,475
<b>Grand Total</b>	<b>\$11,468,861</b>



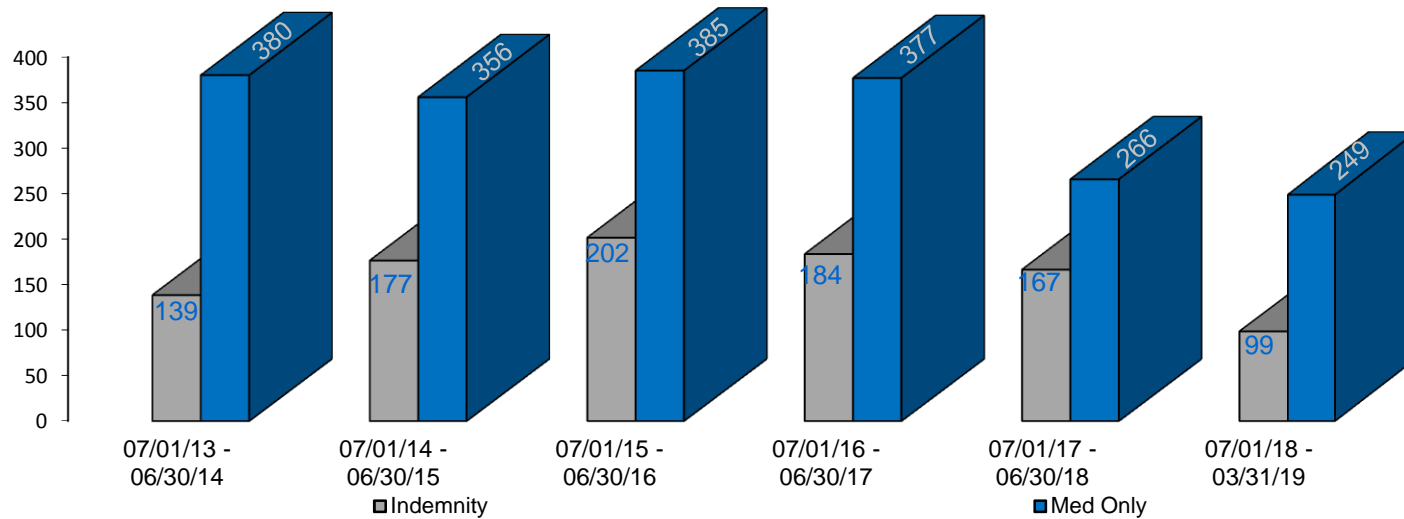


## **Worker's Compensation Report**



# Claim Frequency excluding Incidents 07/01/2013 - 03/31/2019

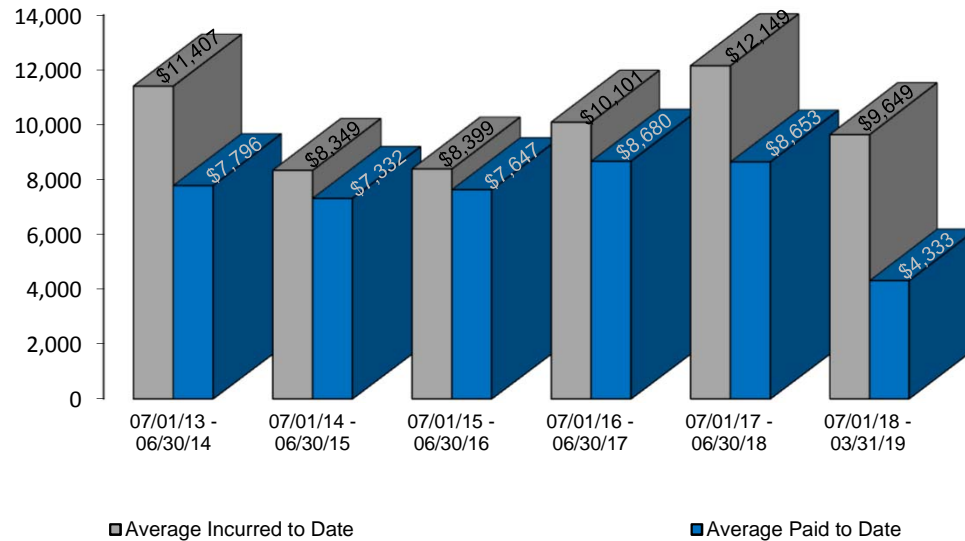
Policy Year	Indemnity		Medical Only		Total Claims
	Open	Closed	Open	Closed	
07/01/13 - 06/30/14	11	128	0	380	519
07/01/14 - 06/30/15	10	167	0	356	533
07/01/15 - 06/30/16	14	188	0	385	587
07/01/16 - 06/30/17	25	159	0	377	561
07/01/17 - 06/30/18	37	130	13	253	433
07/01/18 - 03/31/19	74	25	125	124	348
					<b>2,981</b>





## Average Incurred & Paid by Policy Year 07/01/2013 - 03/31/2019

Policy Year	Average Incurred to Date	Average Paid to Date
07/01/13 - 06/30/14	\$11,407	\$7,796
07/01/14 - 06/30/15	\$8,349	\$7,332
07/01/15 - 06/30/16	\$8,399	\$7,647
07/01/16 - 06/30/17	\$10,101	\$8,680
07/01/17 - 06/30/18	\$12,149	\$8,653
07/01/18 - 03/31/19	\$9,649	\$4,333

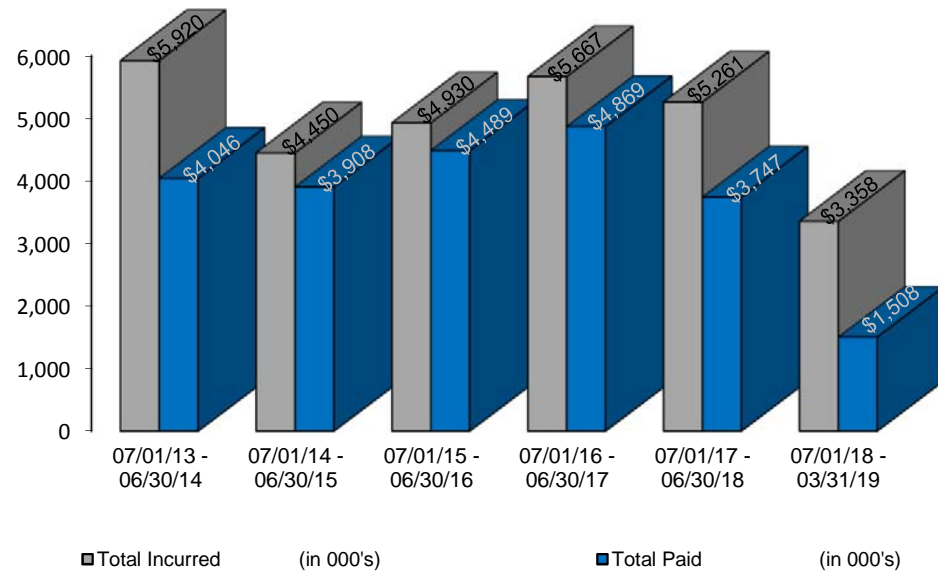






## Incurred vs Paid by Policy Year 07/01/2013 - 03/31/2019

Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/13 - 06/30/14	\$5,920	\$4,046
07/01/14 - 06/30/15	\$4,450	\$3,908
07/01/15 - 06/30/16	\$4,930	\$4,489
07/01/16 - 06/30/17	\$5,667	\$4,869
07/01/17 - 06/30/18	\$5,261	\$3,747
07/01/18 - 03/31/19	\$3,358	\$1,508





# Lag Time Average by Location 07/01/2013 - 03/31/2019

Location	Avg. Days
Carlin (City Of)	48
Winnemucca (City Of)	44
Wells (City Of)	39
Tahoe Transportation	33
North Lyon County Fire Protection District	31
Eureka County School District	30
White Pine County Tourism & Recreation Board	25
Pershing County Water Conservation Distr	19
Lincoln County School District	19
Tahoe-Douglas Fpd	18
Churchill County Communications	18
Grover C. Dils Medical Center	17
Nevada Rural Housing Authority	15
Mason Valley Fpd	15
Tonopah (Town Of)	15
East Fork Fire & Paramedic District	14
White Pine County School District	14
White Pine County Fp District	14
Humboldt General Hospital	14
West Wendover (City Of)	14
Pershing County	13
Battle Mountain General Hospital	13
Pahrump (Town Of)	13
Fallon (City Of)	12
Esmeralda County	12
Caliente (City Of)	11
Elko County	11
Humboldt County	11
Douglas County	11



# Lag Time Average by Location 07/01/2013 - 03/31/2019

Location	Avg. Days
Elko (City Of)	11
Lander County	11
Beatty Water & Sanitation District	11
Eureka County	10
Nye County	10
Lander County School District	10
Lyon County	10
Pershing General Hospital	10
Douglas County Mosquito Abatement Distri	10
Genoa (Town Of)	10
Lincoln County	10
Boulder City (City Of)	10
Pershing County School District	10
Incline Village General Improvement Dist	9
Storey County	9
White Pine County	9
Central Lyon County Fpd	9
Mineral County	8
Ely (City Of)	8
Mineral County School District	8
East Fork Swimming Pool District	8
North Lake Tahoe Fpd	8
Douglas Co Sewer Improvement District #1	8
Churchill County	7
Truckee Meadows Fpd	7
Mount Grant General Hospital	7
Mesquite (City Of),Personnel Director	7
Churchill County Mosquito & Weed Abatement Distric	6
Indian Hills Gid	6



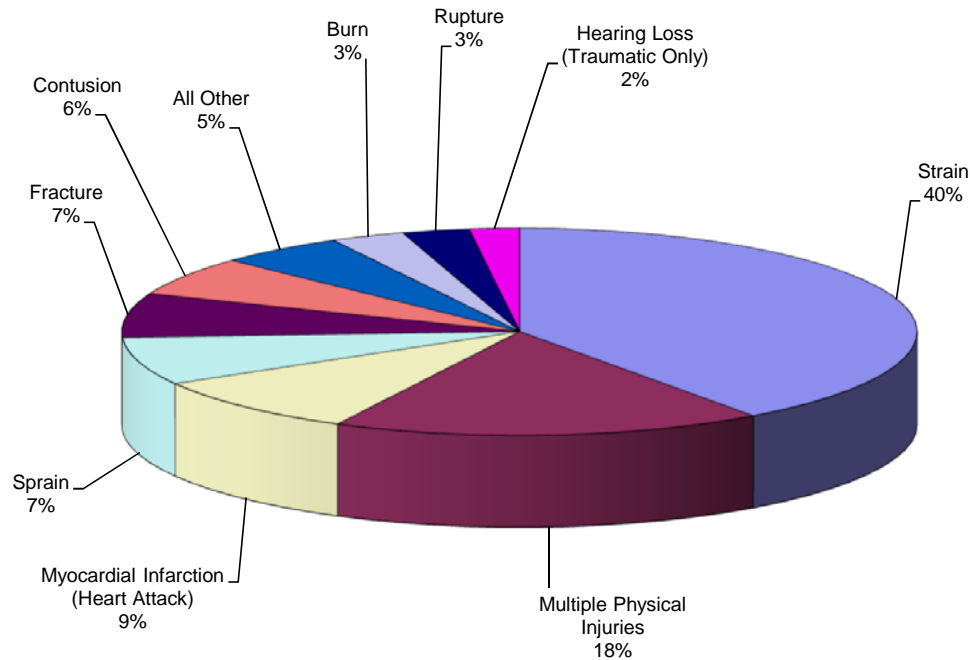
# Lag Time Average by Location 07/01/2013 - 03/31/2019

Location	Avg. Days
Lovelock (City Of)	6
White Pine Historical Railroad Foundatio	6
Fernley (City Of)	5
Yerington (City Of)	5
Palomino Valley Gid	5
Virgin Valley Water District	5
Round Mountain (Town Of)	5
Southern Nevada Health District	5
Rtc Washoe County	5
Minden (Town Of)	4
Gardnerville (Town Of)	3
Smith Valley Fpd	3
Minden Garnerville Sanitation District	3
Esmeralda County School District	2
Nv Association Of Conservation Districts	2
Canyon Gid	2
Nevada-Tahoe Conservation District	1
Fernley Swimming Pool District	1



## Top Ten Nature of Injury 07/01/2013 - 03/31/2019

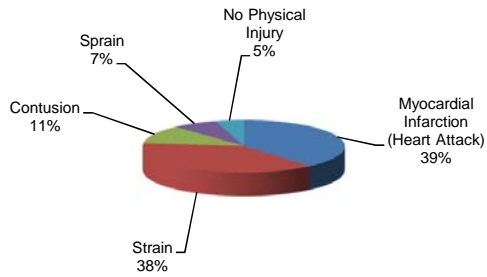
Nature of Injury	# of Claims	Total Incurred
Strain	862	\$ 10,314,322
Multiple Physical Injuries	247	\$ 4,507,053
Myocardial Infarction (Heart Attack)	10	\$ 2,336,543
Sprain	263	\$ 1,918,688
Fracture	88	\$ 1,776,978
Contusion	359	\$ 1,578,154
All Other	189	\$ 1,322,245
Burn	37	\$ 773,829
Rupture	12	\$ 702,108
Hearing Loss (Traumatic Only)	21	\$ 525,451



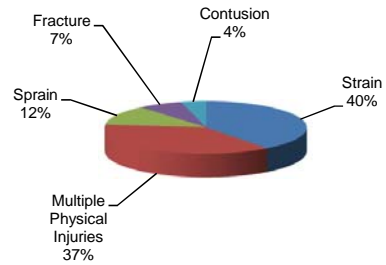


# Nature of Injury Trends for 07/01/2013 - 03/31/2019

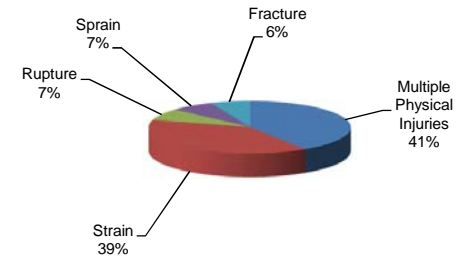
2013 Top 5 Nature



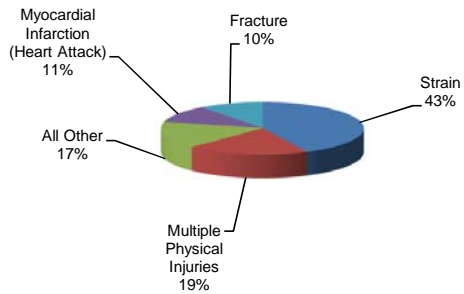
2015 Top 5 Nature



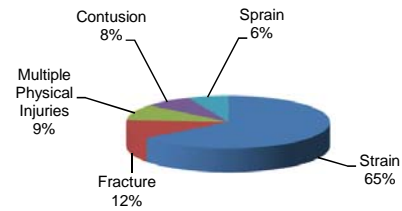
2017 Top 5 Nature



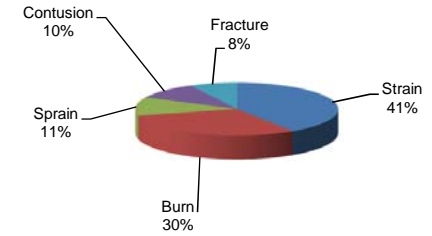
2014 Top 5 Nature



2016 Top 5 Nature



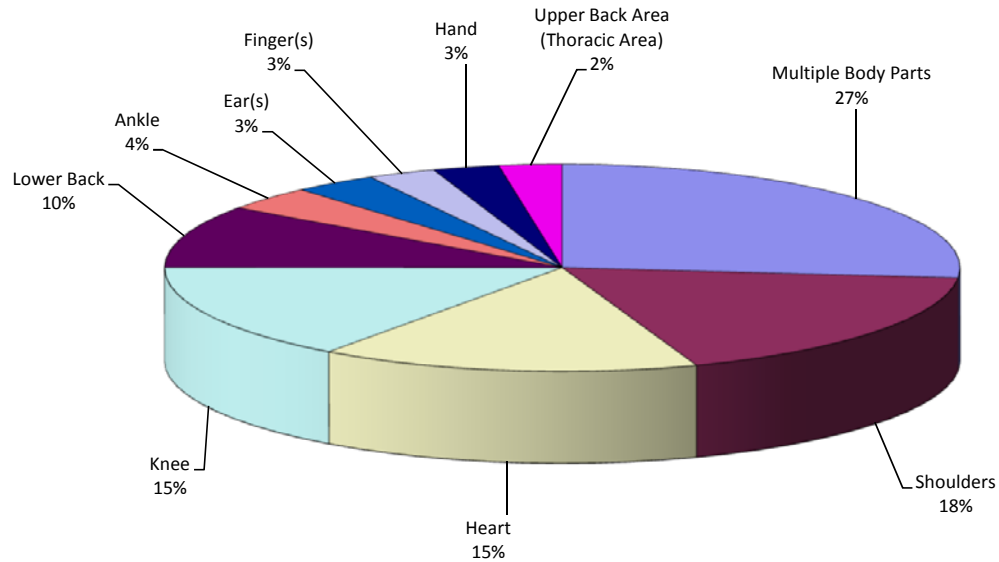
2018 Top 5 Nature





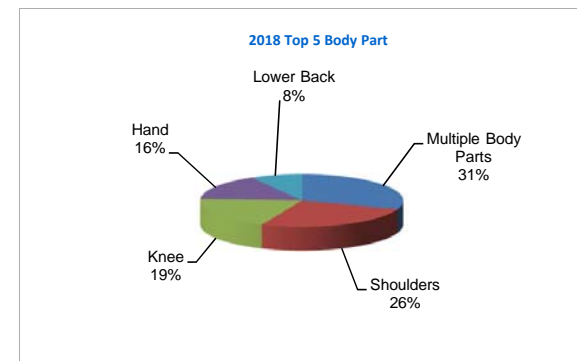
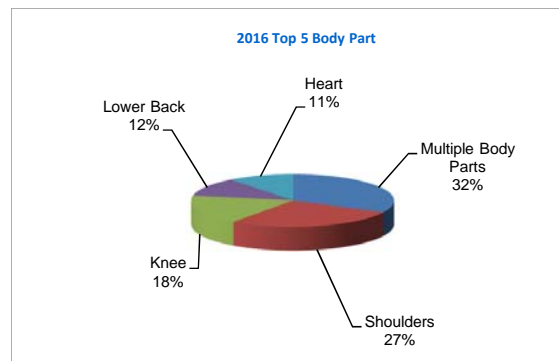
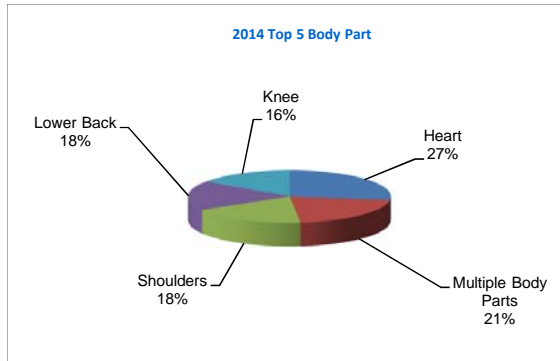
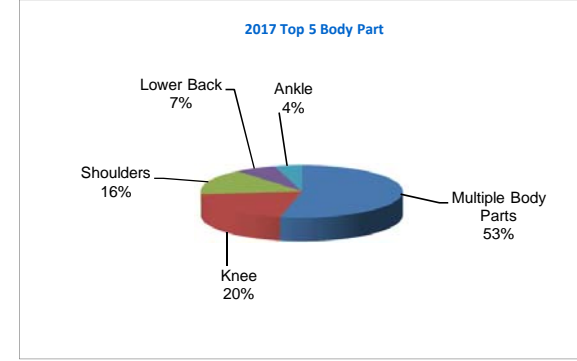
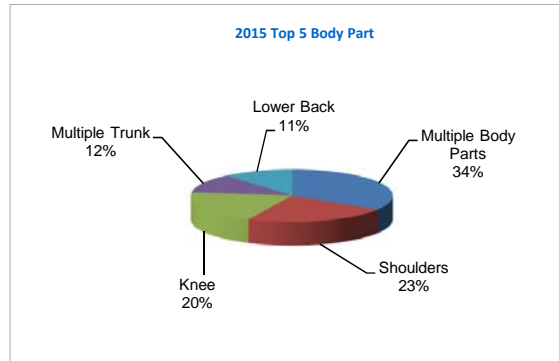
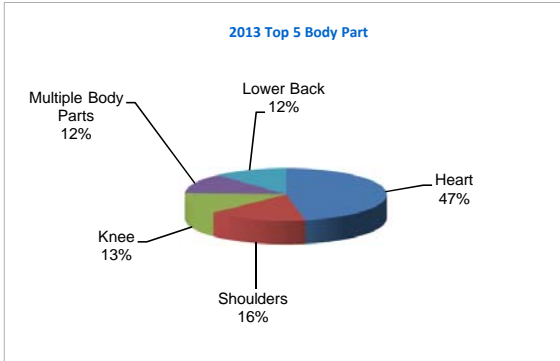
# Top Ten Part of Body 07/01/2013 - 03/31/2019

Part of Body	# of Claims	Total Incurred
Multiple Body Parts	342	\$ 6,010,252
Shoulders	202	\$ 4,053,170
Heart	48	\$ 3,488,915
Knee	279	\$ 3,401,405
Lower Back	245	\$ 2,218,595
Ankle	103	\$ 850,617
Ear(s)	35	\$ 766,303
Finger(s)	220	\$ 627,581
Hand	156	\$ 609,719
Upper Back Area (Thoracic Area)	34	\$ 577,914





# Body Part Trends for 07/01/2013 - 03/31/2019



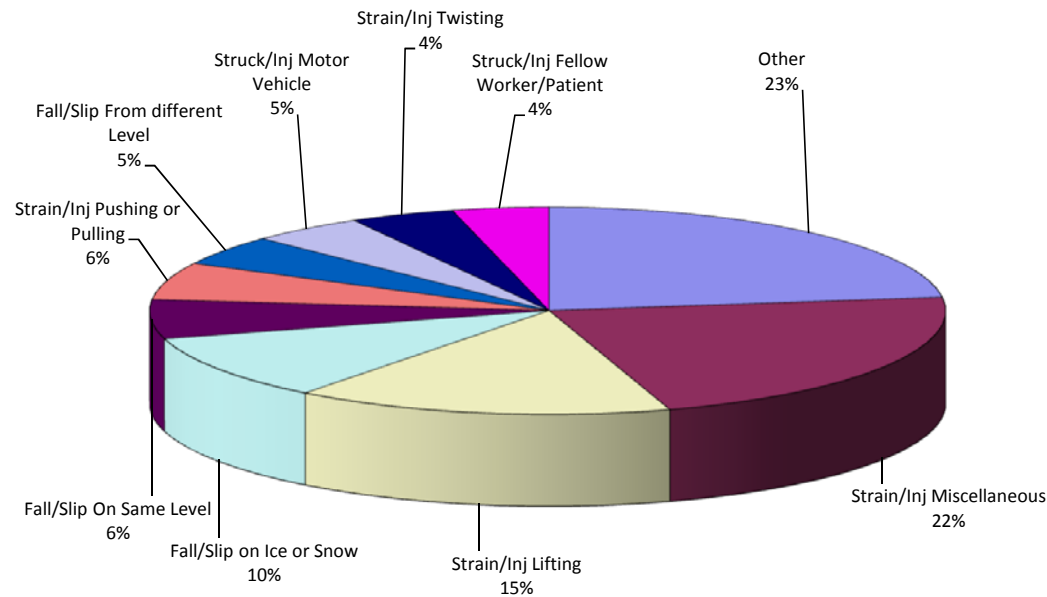




# Top Ten Cause of Injury

## 07/01/2013 - 03/31/2019

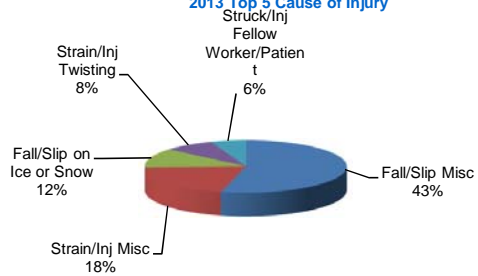
Cause of Injury	# of Claims	Total Incurred
Other	210	\$ 4,481,541
Strain/Inj Miscellaneous	363	\$ 4,331,899
Strain/Inj Lifting	234	\$ 2,990,372
Fall/Slip on Ice or Snow	124	\$ 1,986,853
Fall/Slip On Same Level	163	\$ 1,192,046
Strain/Inj Pushing or Pulling	78	\$ 1,138,841
Fall/Slip From different Level	56	\$ 922,479
Struck/Inj Motor Vehicle	33	\$ 903,399
Strain/Inj Twisting	108	\$ 826,473
Struck/Inj Fellow Worker/Patient	48	\$ 762,224



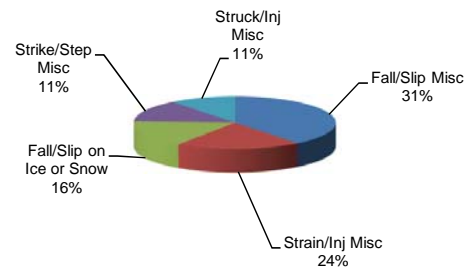


## Cause of Injury Trends for 07/01/2013 - 03/31/2019

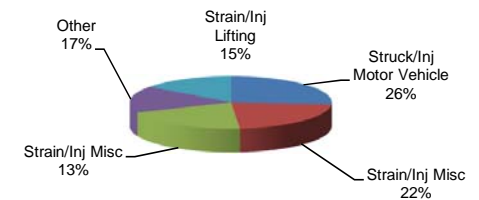
**2013 Top 5 Cause of Injury**



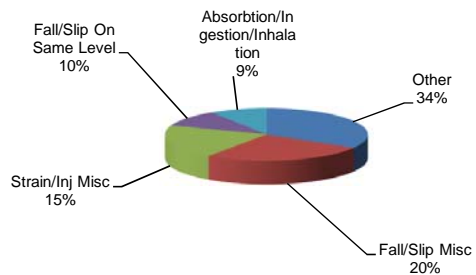
**2015 Top 5 Cause of Injury**



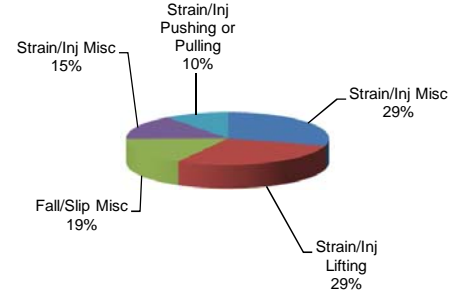
**2017 Top 5 Cause of Injury**



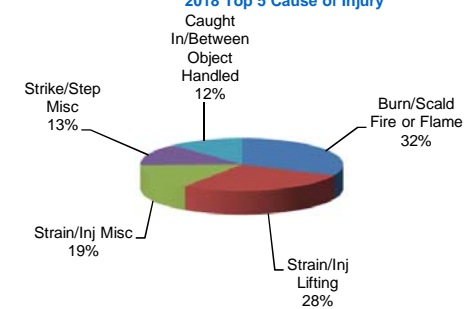
**2014 Top 5 Cause of Injury**



**2016 Top 5 Cause of Injury**



**2018 Top 5 Cause of Injury**





# Historical Data Excluding Incidents 07/01/2013 - 03/31/2019

## Nbr of Claims

	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 - 06/30/18	07/01/18 - 03/31/19
Indemnity	139	177	202	184	167	99
Med Only	380	356	385	377	266	249
<b>Total</b>	<b>519</b>	<b>533</b>	<b>587</b>	<b>561</b>	<b>433</b>	<b>348</b>

## Total Incurred

	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 - 06/30/18	07/01/18 - 03/31/19
Indemnity	\$5,580,549	\$4,230,386	\$4,649,635	\$5,252,828	\$4,848,523	\$2,791,095
Med Only	\$339,471	\$219,679	\$280,290	\$413,782	\$412,061	\$566,604
<b>Total</b>	<b>\$5,920,020</b>	<b>\$4,450,065</b>	<b>\$4,929,925</b>	<b>\$5,666,610</b>	<b>\$5,260,584</b>	<b>\$3,357,699</b>

## Total Paid

	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 - 06/30/18	07/01/18 - 03/31/19
Indemnity	\$3,706,499	\$3,688,303	\$4,208,706	\$4,455,681	\$3,385,481	\$1,211,638
Med Only	\$339,471	\$219,679	\$280,290	\$413,782	\$361,121	\$296,266
<b>Total</b>	<b>\$4,045,970</b>	<b>\$3,907,982</b>	<b>\$4,488,996</b>	<b>\$4,869,463</b>	<b>\$3,746,602</b>	<b>\$1,507,904</b>

## Average Incurred

	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 - 06/30/18	07/01/18 - 03/31/19
Indemnity	\$40,148	\$23,900	\$23,018	\$28,548	\$29,033	\$28,193
Med Only	\$893	\$617	\$728	\$1,098	\$1,549	\$2,276
<b>Average Incurred</b>	<b>\$11,407</b>	<b>\$8,349</b>	<b>\$8,399</b>	<b>\$10,101</b>	<b>\$12,149</b>	<b>\$9,649</b>

## Open Claims

	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 - 06/30/18	07/01/18 - 03/31/19
Indemnity	11	10	14	25	37	74
Med Only	0	0	0	0	13	125
<b>Total</b>	<b>11</b>	<b>10</b>	<b>14</b>	<b>25</b>	<b>50</b>	<b>199</b>



## Summary by Location

07/01/2013 - 03/31/2019

Location	# of Claims	# Open Claims	Total Incurred
Nye County	334	44	\$4,591,604
Central Lyon County Fpd	35	5	\$2,213,248
East Fork Fire & Paramedic District	106	24	\$2,013,757
Truckee Meadows Fpd	97	13	\$1,789,208
North Lake Tahoe Fpd	145	14	\$1,663,866
Douglas County	193	10	\$1,651,185
Incline Village General Improvement Dist	148	21	\$1,494,667
Lyon County	155	12	\$1,400,030
Lander County	59	10	\$1,217,848
Elko County	137	16	\$988,113
Boulder City (City Of)	85	10	\$840,083
Pahrump (Town Of)	65	8	\$790,920
Elko (City Of)	110	11	\$753,486
Tahoe-Douglas Fpd	69	6	\$744,901
Storey County	49	3	\$564,430
Humboldt County	60	9	\$559,271
Humboldt General Hospital	90	10	\$555,242
Mineral County	62	0	\$513,795
Ely (City Of)	25	3	\$498,270
White Pine County	66	3	\$482,985
Eureka County	27	1	\$443,928
Churchill County	63	7	\$351,417
Winnemucca (City Of)	39	4	\$306,901
West Wendover (City Of)	29	4	\$296,992
Esmeralda County	13	1	\$221,209
Pershing County	31	1	\$199,958
Battle Mountain General Hospital	50	2	\$168,725
Mount Grant General Hospital	60	4	\$146,220
Lander County School District	17	4	\$145,985
White Pine County School District	41	4	\$136,556
Pershing County Water Conservation Distr	9	1	\$127,063



## Summary by Location

### 07/01/2013 - 03/31/2019

Location	# of Claims	# Open Claims	Total Incurred
Pershing General Hospital	43	1	\$121,407
Pershing County School District	28	6	\$121,152
Mesquite (City Of),Personnel Director	32	0	\$119,408
Yerington (City Of)	22	0	\$114,783
Eureka County School District	10	2	\$105,685
Southern Nevada Health District	40	6	\$103,642
Mineral County School District	29	2	\$91,913
Grover C. Dils Medical Center	34	5	\$87,210
Lincoln County School District	23	3	\$78,060
Churchill County Communications	9	1	\$77,364
Gardnerville (Town Of)	5	0	\$76,867
Mason Valley Fpd	11	0	\$72,862
Lincoln County	17	3	\$65,433
Carlin (City Of)	20	0	\$48,495
North Lyon County Fire Protection District	6	0	\$45,816
White Pine Historical Railroad Foundatio	11	1	\$44,393
Caliente (City Of)	8	1	\$43,256
East Fork Swimming Pool District	31	0	\$37,503
Tonopah (Town Of)	8	3	\$37,292
Virgin Valley Water District	2	0	\$35,331
Lovelock (City Of)	14	1	\$21,464
Nevada Rural Housing Authority	5	1	\$19,871
Fallon (City Of)	22	0	\$19,106
White Pine County Fp District	9	0	\$17,583
Fernley (City Of)	22	1	\$16,531
Wells (City Of)	10	2	\$16,413
Minden (Town Of)	11	0	\$13,607
White Pine County Tourism & Recreation Board	1	0	\$11,988
Beatty Water & Sanitation District	2	0	\$10,765
Rtc Washoe County	2	1	\$7,521
Tahoe Transportation	1	1	\$3,900



## Summary by Location

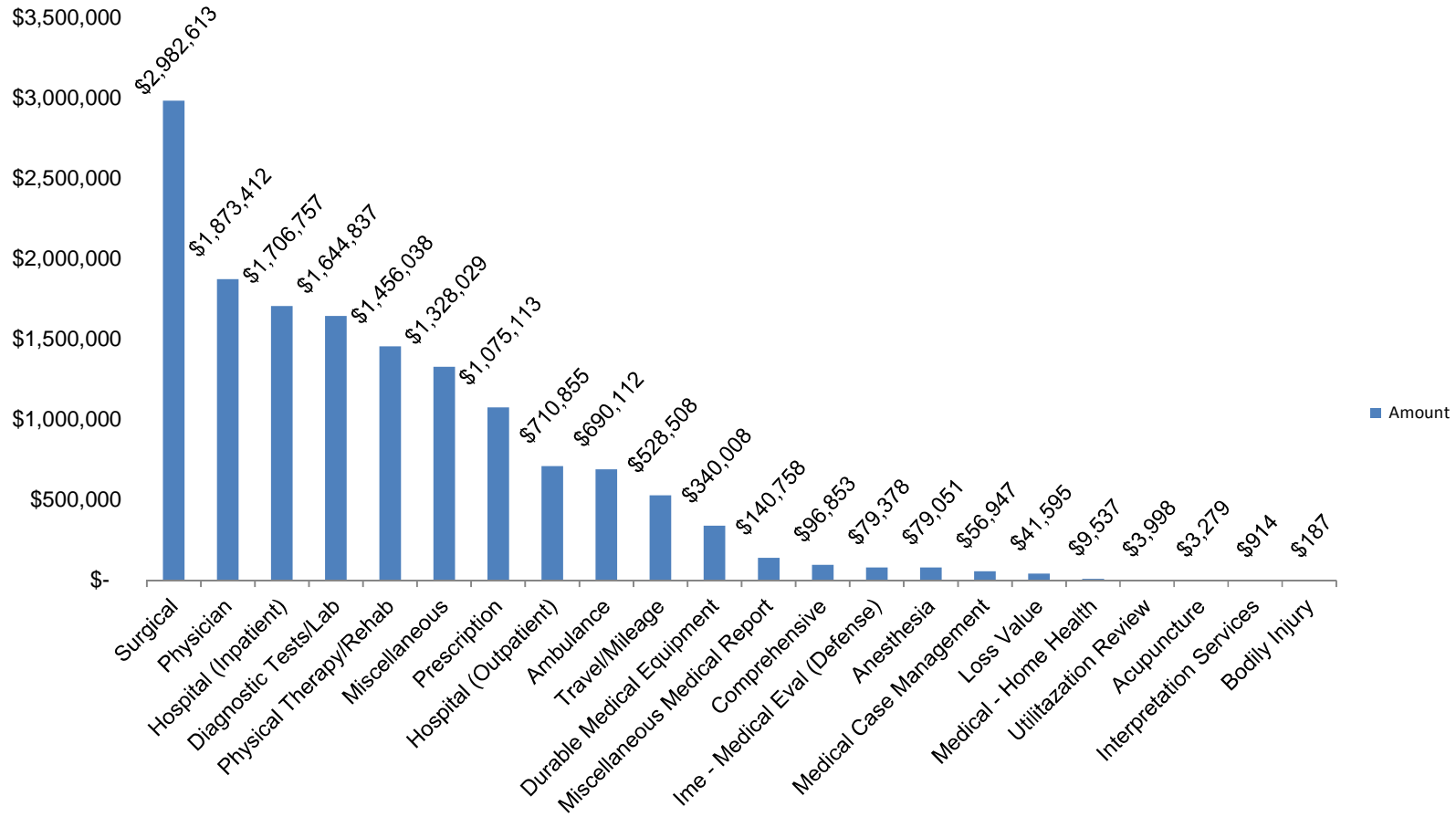
07/01/2013 - 03/31/2019

<b>Location</b>	<b># of Claims</b>	<b># Open Claims</b>	<b>Total Incurred</b>
Douglas Co Sewer Improvement District #1	4	1	\$3,573
Nv Association Of Conservation Districts	1	1	\$3,380
Round Mountain (Town Of)	3	1	\$3,055
Churchill County Mosquito & Weed Abatement Distric	1	0	\$2,886
Genoa (Town Of)	1	0	\$2,814
Canyon Gid	1	0	\$2,230
Douglas County Mosquito Abatement Distri	2	0	\$1,943
Smith Valley Fpd	1	0	\$1,501
Fernley Swimming Pool District	2	0	\$1,422
Minden Garnerville Sanitation District	2	0	\$1,171
Palomino Valley Gid	1	0	\$908
Indian Hills Gid	1	0	\$617
Nevada-Tahoe Conservation District	1	0	\$484
Esmeralda County School District	3	0	\$433
<b>Total</b>	<b>2981</b>	<b>309</b>	<b>\$29,584,903</b>



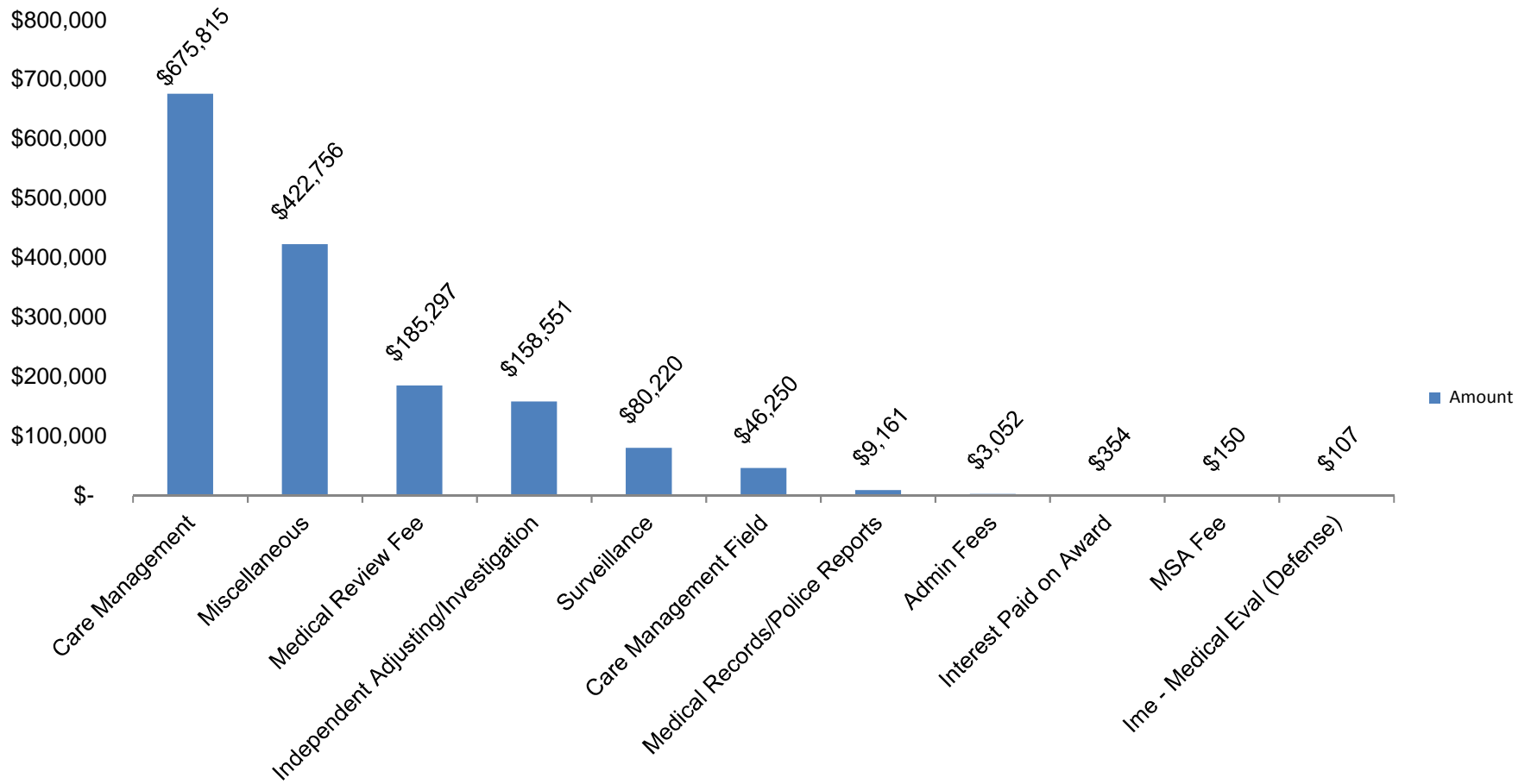
# Medical Payments by Type

## 07/1/2013 - 03/31/2019





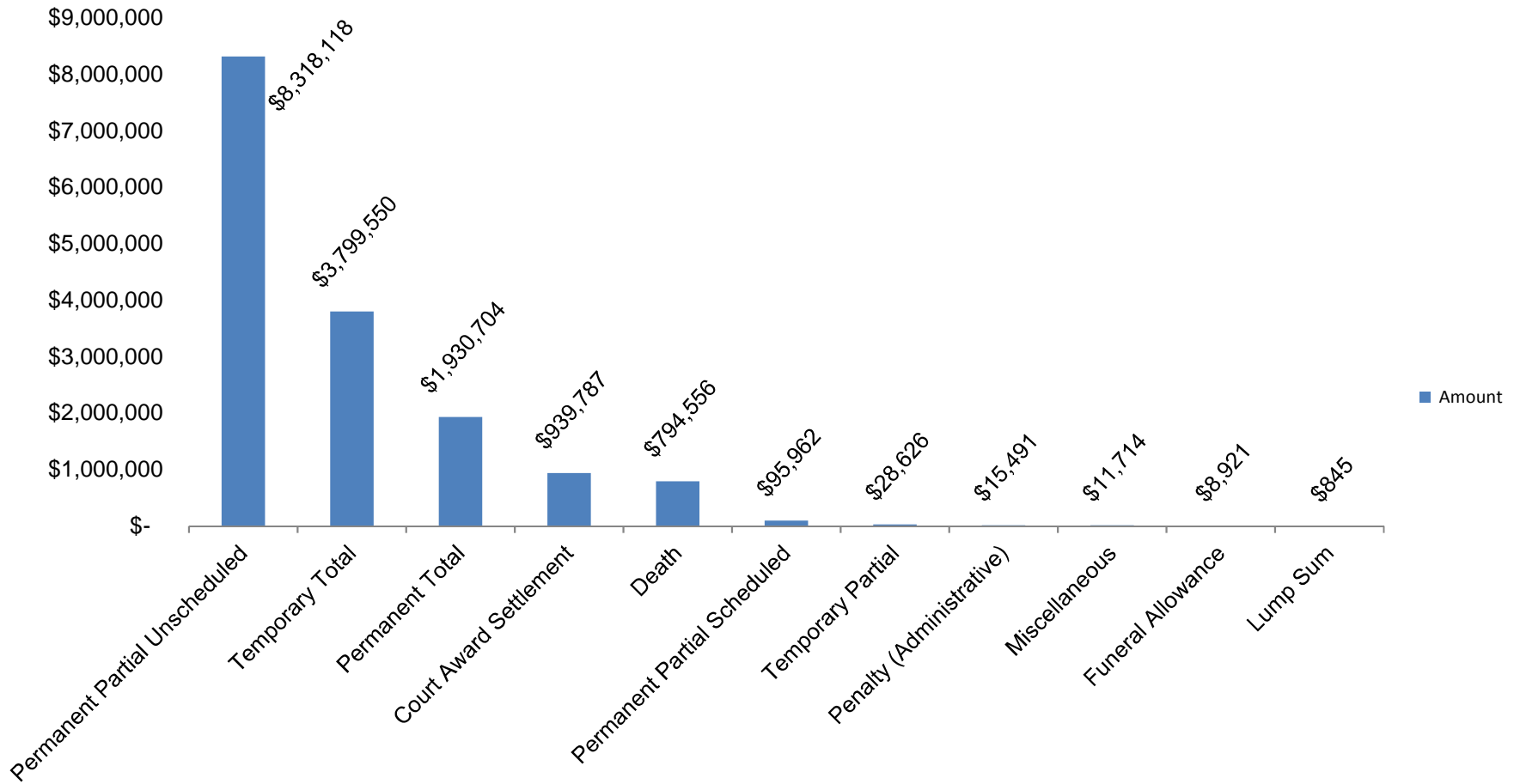
# Expense Payments by Type 07/01/2013 - 03/31/2019







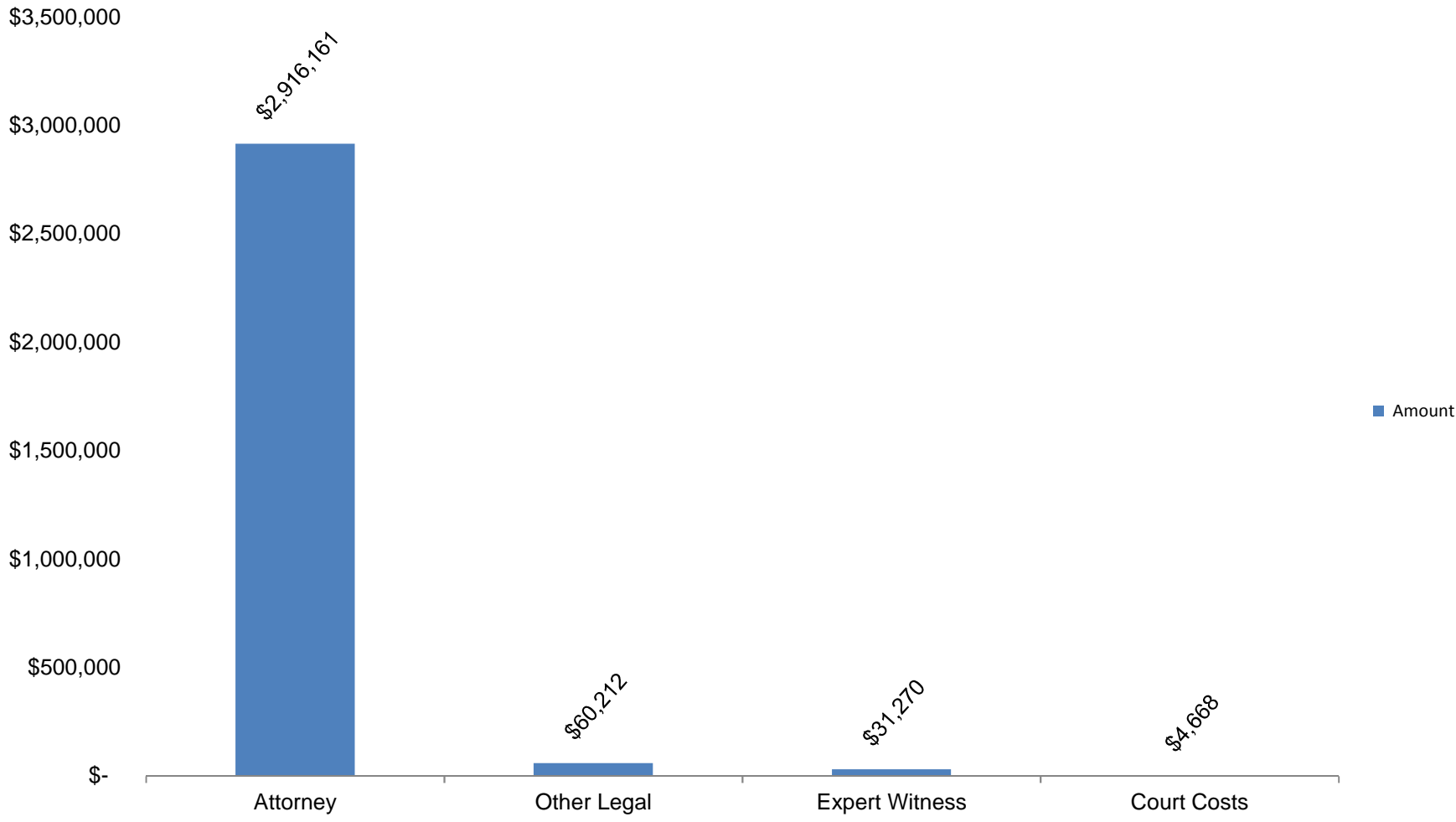
# Indemnity Payments by Type 07/01/2013 - 03/31/2019





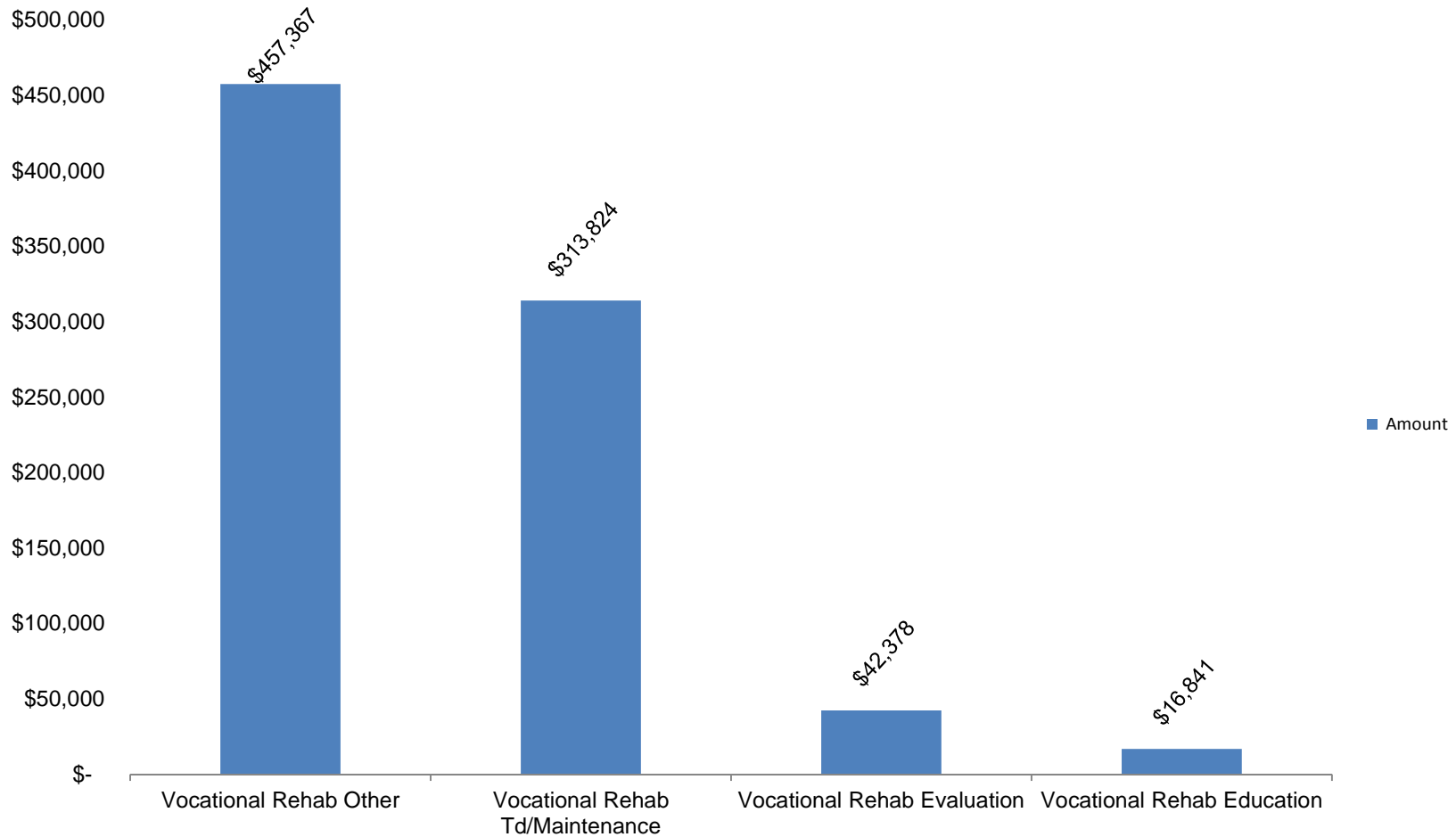
# Legal Payments by Type

07/01/2013 - 03/31/2019





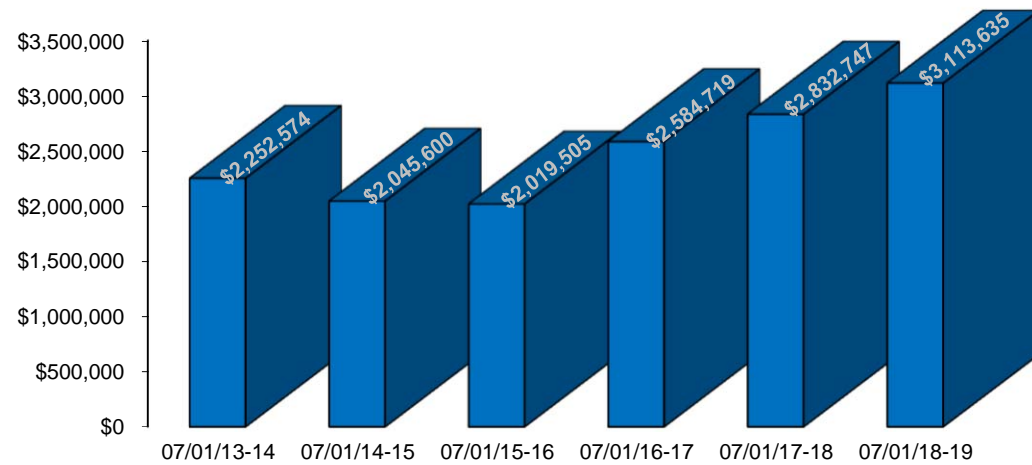
## Voc Rehab Payments by Type 07/01/2013 - 03/31/2019





## Medical Payment Trends 07/01/2013 - 03/31/2019

Policy Year	Medical Payments
07/01/13-14	\$2,252,574
07/01/14-15	\$2,045,600
07/01/15-16	\$2,019,505
07/01/16-17	\$2,584,719
07/01/17-18	\$2,832,747
07/01/18-19	\$3,113,635
<b>Total</b>	<b>\$14,848,780</b>

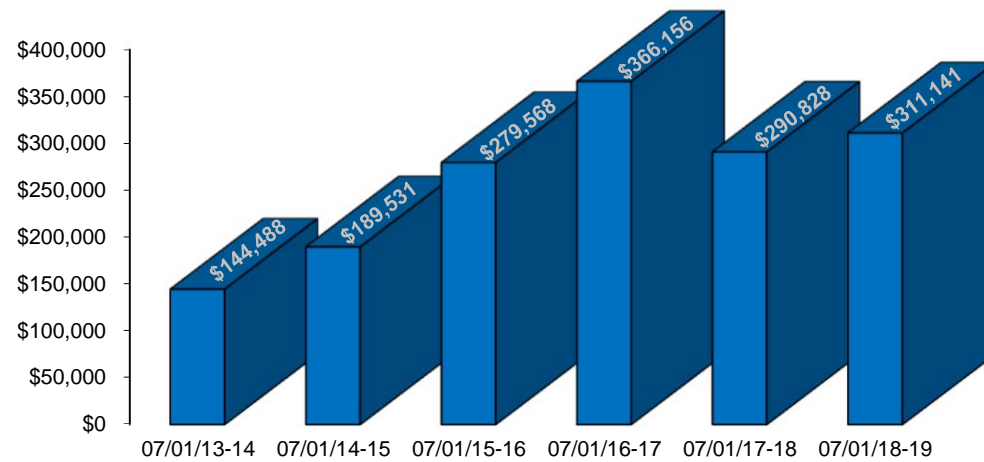


■ Medical Payments



## Expense Payment Trends 07/01/2013 - 03/31/2019

Policy Year	Expense Payments
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	\$290,828
07/01/18-19	\$311,141
<b>Total</b>	<b>\$1,581,713</b>

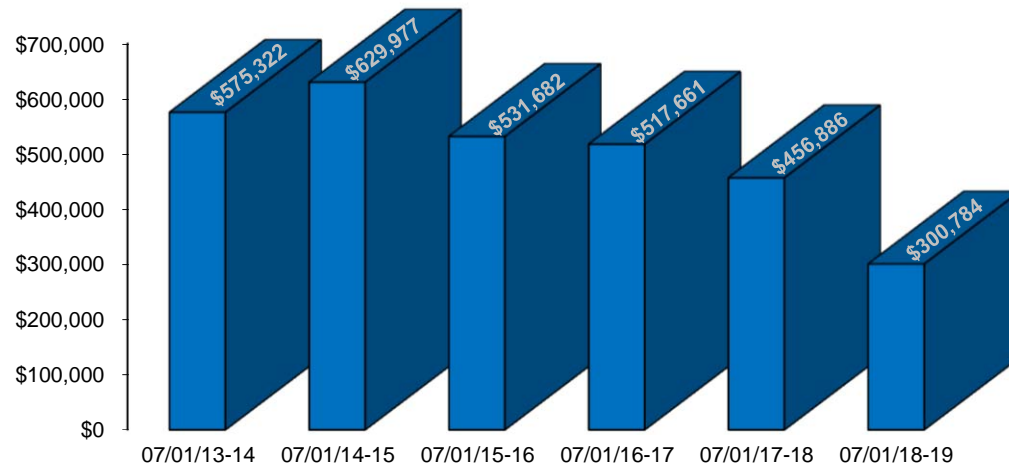


■ Expense Payments



# Legal Payment Trends 07/01/2013 - 03/31/2019

Policy Year	Legal Payments
07/01/13-14	\$575,322
07/01/14-15	\$629,977
07/01/15-16	\$531,682
07/01/16-17	\$517,661
07/01/17-18	\$456,886
07/01/18-19	\$300,784
<b>Total</b>	<b>\$3,012,311</b>

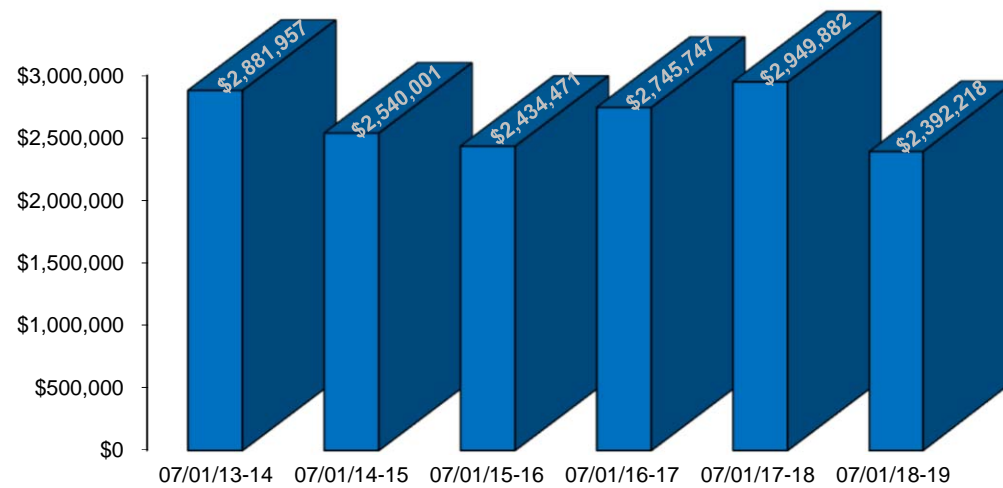


■ Legal Payments



# Indemnity Payment Trends 07/01/2013 - 03/31/2019

Policy Year	Indemnity Payments
07/01/13-14	\$2,881,957
07/01/14-15	\$2,540,001
07/01/15-16	\$2,434,471
07/01/16-17	\$2,745,747
07/01/17-18	\$2,949,882
07/01/18-19	\$2,392,218
<b>Total</b>	<b>\$15,944,275</b>

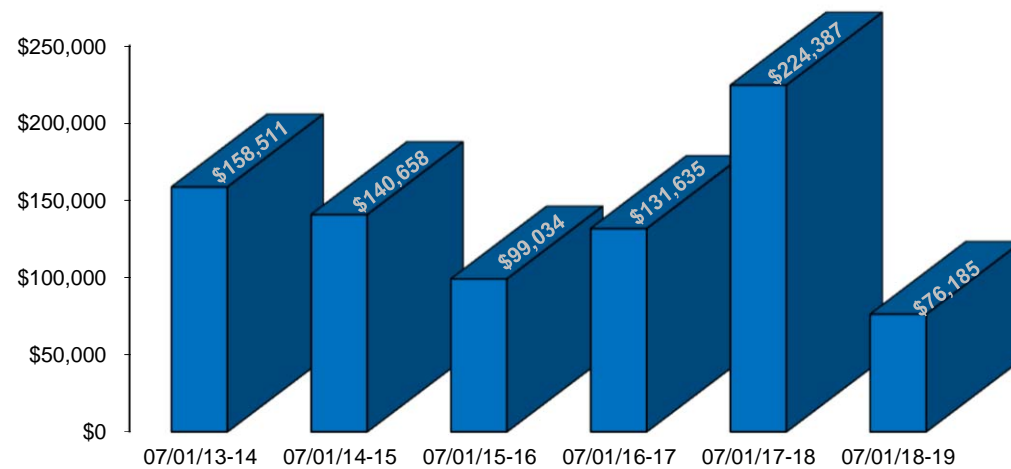


■ Indemnity Payments



## Voc Rehab Payment Trends 07/01/2013 - 03/31/2019

Policy Year	Voc Rehab Payments
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	\$224,387
07/01/18-19	\$76,185
<b>Total</b>	<b>\$830,410</b>



■ Voc Rehab Payments





**SpecialtyHealth**  
SPECIALISTS IN MANAGED HEALTHCARE & PREVENTION

March 29, 2019

To: Marshall Smith

From: SpecialtyHealth Wellness Team

PACT Report: Participating and non-participating sworn officers

The attached excel spreadsheet provides the information requested on PACT agencies and sworn officers who shared their annual physicals, completed a Health Questionnaire (HQ) and received "Advanced NMR Testing".

## REPORTS:

### ITEM 1 – **PHYSICALS RECEIVED**, SORTED BY AGENCY; NON-PARTICIPANTS; PARTICIPANTS – Sorted by Agency volume

During the time measured, 481 physicals were received, with Nye County Sheriff providing the highest volume (124). Non-participants, 75% of those who provided their annual physical, also did not complete a Health Questionnaire (HQ). 25% of those individuals who provided their annual physical also completed an (HQ). If an individual completed an HQ, they were sent an advanced NMR test lab order and enrolled in the wellness program. While individuals were sent a review of their annual physical, completed their HQ, and received a lab order form, not all completed the final process of getting their labs drawn.

### ITEM 2 – **ADVANCED TESTING REPORT**

The Advanced Testing report by Agency provides the number of agencies who have officers who provided their annual physical, completed an HQ and completed their advanced blood work. Out of those officers who completed their HQ, 55 (45%) also completed their Advanced Test. Accounting for 17 participating agencies. Out of the 55 individuals who completed initial testing, 31 or 56% repeated the Advanced Test.

Out of 481 physicals received, 55 (11%) completed an HQ and Advanced testing; 31 (6%) completed the HQ and received multiple Advanced tests.



## PROGRAM MODIFICATION TO INCREASE PARTICIPATION

SpecialtyHealth Wellness' 2019 goal is to increase participation in the Advanced Testing Program. Target agencies are included in the list below with projections for each agency. This is the first year we are offering on-site blood draws that will include the NMR Cardio-metabolic blood panel. The NMR blood panel has research to support it being a superior blood test in the early identification for heart disease and type 2 diabetes (DM2). The following agencies have indicated their commitment to offering the NMR Advanced testing to their sworn officers.

### Onsite Blood Draws—PACT

The following agencies have expressed interest in the new onsite blood draw program. Projected participation is based on conversations and/or sign ups with local leadership.

<u>Agency</u>	<u>Number of blood draws</u>
Elko Fire	10
Elko Co. Fire	5
Lincoln Co. Sheriff	15
Nye Co. Sheriff	20
Mineral Co. Fire	4
Mt. Charleston Fire	4
Esmeralda Co. Sheriff	4
North Lyon Fire	8
Central Lyon Fire	10
White Pine Sheriff	5

We would return to these locations approximately 6 months for follow up testing. Also, we will provide ongoing “lifestyle” programs to assist those individuals identified with Cardio-metabolic risk that can be modified through proper nutrition, fitness, sleep and stress management. Individuals identified with Cardio-metabolic risk who need medical attention, will be contacted and offered a mechanism to support further testing and/or treatment.



We are asking for PACT's support in getting the word out about the NMR Advanced testing program. All information is always confidential and will only be shared with the permission of the individual.

## 24/7/365

The 24/7/365 Workers' Compensation Triage Program was started in 2017, with an implementation date in 2018. Here are the results:

2018 – 404 claims were filed; 18 triage calls (04.44%); Back to work with no claim or medical care provided, 01.73%.

Number of calls triaged utilizing 24/7/365 – 18

Referral Type	Call Statistic	Percent
Referred 911	0	0.0%
Emergent Referred	4	22.2%
Urgent Referred	2	11.1%
Non-urgent Referred	2	11.1%
Self-Referred Before Triage	1	5.6%
Self-referral After Triage	0	0.0%
Follow-up Referred	2	11.1%
<b>Sub Total</b>	<b>11</b>	<b>61.1%</b>
<b>Back to Work</b>	<b>7</b>	<b>38.8%</b>

24/7/365 is a valuable service by providing supervisors and workers a medical resource when an on-the-job injury occurs. Utilization has been extremely slow. If not already done, I would suggest training the vendors and staff traveling to the rural counties who can communicate the value of 24/7/365 as a part of a risk management tool offered by the PACT.

## REWARD PROGRAM

After researching reward-based programs, Specialty Health is collaborating with a company to provide reward-based programs for measured performance based on our Advanced NMR testing. We would like to set up a meeting to review and discuss options to increase participation of the PACT's public safety officers in the SpecialtyHealth Wellness program.

Sincerely, Jackie Cox and Ethan Opdahl

# **PUBLIC AGENCY COMPENSATION TRUST**

## **INVESTMENT GUIDELINES**

### **1. Scope**

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

### **2. Statement of Purpose**

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

### **3. Investment Strategy**

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

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

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

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

- 1) capital preservation;

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

D. The investment strategy will conform to state statutes governing investment of public funds per NRS 355.170 & 355.171.

#### **4. Investment Risk**

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

1. Credit Risk - is the risk that the issuer of a security will default on the principal and interest. PACT will not assume significant credit risk in an attempt to enhance return. 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 Directors or its designee of all transactions and the investment performance of funds under management. The report shall suggest changes in policies or improvements that might be made in the investment program.
- C. The Executive Director will manage all investment activity as closely as is practicable. The Executive Director will make day-to-day investments. In all cases, the Executive Director will:

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

## **6. Authorized Investments**

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

- 1) U.S. Treasury Securities;
- 2) Federal Agency Securities;
- 3) Federal Funds;
- 4) Bank Certificates of Deposit insured ;
- 5) Savings and Loan Certificates of Deposit insured ;
- 6) Repurchase Agreements;
- 7) Money Market Mutual Funds
- 8) 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 Executive Director. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the PACT invests.

## **8. Investment Guidelines and Limitations**

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

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

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

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



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

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

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

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

## **12. Reporting**

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

## **13. Investment Policy Adoption**

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

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

Not more than ten percent (10%) of the fixed income portfolio should be to any one issuer, other than securities of the U.S. government or agencies. 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 POOL'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 POOL 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 Directors will review investment activity reports to assure appropriate diversity exists. The POOL 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 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.
- C. **Return on Investment.** The POOL's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the POOL's investment risk constraints and the cash flow characteristics of the portfolio.
- D. **Performance Standards.** The investment portfolio results will be compared to reasonably comparable indexes reflective of the investment goals listed below:
1. Goal - to outperform over a 4-5 year period the risk free return from short-term U.S. Treasury bills by at least 100 to 200 basis points per year.
  2. Goal - to outperform the Consumer Price Index over a 4 to 5 year period by at least 200 basis points per year.
  3. Goal - to perform in line with the iShares Lehman 1-3 Year Treasury Bond Fund (currently trading as SHY) over a 4 to 5 year period.

## 9. Safekeeping and Custody

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

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

## 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 POOL has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the POOL and retained.

The right of collateral substitution is granted.

## 11. Selection and Performance Review of Investment Managers

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

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

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

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

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

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

## **12. Reporting**

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

## **12. Investment Policy Adoption**

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

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

**Notes of Meeting of Board Retreat of the  
Board of Directors of Nevada Public Agency Insurance Pool and  
the Board of Trustees of Public Agency Compensation Trust**

**Location:** MontBleu Resort Hotel, 55 Highway 50, Lake Tahoe, Nevada  
**Dates and Times:** September 20, 2018: 10:00 a.m. to 5:30 p.m.  
September 21, 2018: 8:30 a.m. to 11:45 p.m.

**A board retreat depends on the ability of participants to engage in open and free discourse and to explore for consensus wherever the discussions may wander. It is possible that as a result of retreat discussion, reasonable setting of general priorities, goals and principles of conduct will occur as a natural outcome. Therefore, each topic on this agenda may result in a possible consensus or possible action of a general nature. Specific administrative determinations to implement the general consensus or possible action will be scheduled for discussion or action on a subsequent meeting agenda.**

**Thursday, September 20, 2018:**

**1. Public Comment**

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

**2. For Possible Action:**

**Financial and Popular Reports Review**

**Enterprise Risk Management and Investment Overview SAA/NEAM**

Chair Josh Foli introduced these agenda topics. He then introduced Mike Rebaleati who provided an overview of the retreat agenda and purpose and an explanation of the polling application to be used during the retreat. He discussed the afternoon session to be delivered by Dr. Dan Burrus on becoming an anticipatory organization. Mike then introduced Alan Kalt to provide an overview of POOL/PACT/PRM and PCM from a financial perspective.

Alan Kalt highlighted the key scope of the programs and services that serve the Members and how they are delivered by staff and service providers. He commented about the funding provided to invest in programs for Members. POOL/PACT provides services in several key areas: Coverages, Claims Management, Underwriting, Investments, Financial, Audit, and Actuarial. He noted that the pools' services have "Got Your 6" – Loss Control, Law Enforcement and School Safety, Human Resources, e-Learning, Health and Wellness, and Cyber Security. He emphasized that the funding goals were focused on stable, long-term results. Alan talked about the collaborative effort necessary to build the programs and services. He described the expectations Members have about a fiscally strong organization considering the

various risks and demands from claims and investments. He highlighted the consolidated financial information for the pools and captives, noting the trends and stability of results over time. He emphasized how the investment income and services costs nearly offset each other.

He then introduced Dan Smereck of Strategic Asset Alliance, a strategic partner for investment advisory services. Dan explained how markets work including volatility and smoothing by mixing various types of investments considering the risks of the enterprises from other operational functions. He commented about the combined invested assets of the pools and captives. Dan explained the mix of fixed income (82%) and risk assets (18%) being used to achieve the results thus far. Dan then provided some scenarios to response to a question Alan had asked about what level of investment returns and invested assets would be needed to fully fund all the programs and services. The second scenario included all programs, services, losses and reinsurance costs so Members no longer would have to pay premiums.

Dan introduced Kelly Sullivan of New England Asset Management, the fixed income investment manager. Kelly reviewed the investment strategy deployed and how NEAM provided an Enterprise Risk Management analysis of the pools and captives to determine that strategy. She explained how the ERM works and reviewed the results of deploying strategies from that analysis. The process focused on cash flow needs, risk tolerance, and leverage factors. Scenario planning was utilized to test various strategies including downside risks. She showed various scenarios and current performance against those scenarios.

### **3. For Possible Action:** **Succession Planning**

Mike Rebaleati described the internal discussions and discussions with a working group to outline a strategy for succession planning for the executive director. He noted that the discussion at this stage focused on utilizing a nonprofit organization to replace the PARMS administrative function. Two options are possible: 1) merge PARMS staff into the existing Pooling Resources, Inc. (PRI) nonprofit that provides HR services; 2) create a new nonprofit to take on the administrative functions currently provided by PARMS. PARMS would continue to service as Executive Director under a subcontractor arrangement to the nonprofit who would become the employer for the administrative functions. He then introduced Wayne Carlson to provide additional information.

Wayne commented about the need for a long-term, stable operation for the pools and captives. He reviewed how the organizations could merge or continue the collaboration going forward. PARMS would be a subcontractor to the new organization structure as Executive Director, initially proposing a three-year contract with options. He noted that the options would be further reviewed and vetted with legal counsel, the executive committees for final decision by the boards.

11:30 a.m. – 12:30 p.m. Lunch

### **4. For Possible Action (12:30 to 5:30):** **Burrus Anticipatory Organization Workshop**

Mike Rebaleati provided introductory remarks about Dr. Dan Burrus and his anticipatory learning system to lead the afternoon workshop.

Dan Burrus complimented the pools for being virtual and anticipatory, then said his goal was to advance our use of anticipatory organization thinking to take us to another, higher level. He emphasized that success was not the right goal in life; however, the appropriate focus is to be of significance. He said don't focus on the big, but on the bigger big. Are there problems we can skip. Are there things we think are impossible? They are not. There are no impossibilities, but opportunities to find new ways of anticipating and pre-solving problems. This involves change your mindset from a current view to a future view. He suggested that we should elevate our thinking not just change it. He noted that Certainty #1 is a relationship of trust. He challenged us to think about pooling as a business model exportable to anywhere. He stressed problems or opportunities will be acted on: "If it can be done, it will be done and if you don't do it, someone else will."

He talked about current technology innovations in our industry and insurance company competitors. We can and should anticipate and create the solutions we want. He noted the converging of industries and organizations and suggested we take an ecosystem approach to thinking about our futures.

He emphasized that mindset is the key element that we will expand in our discussions. He said agility is the incorrect focus; anticipatory thinking is the strongest way to approach the future. Dan said to put the hard trends to work for us. Know what to let go of so it does not hold you back. Focus on the certainty not uncertainty in anticipatory thinking. He encouraged leaders to stop giving so many opinions and begin listening and learning from others.

Dan then challenged us to put the ideas we generate to work. Start by pre-solving predictable problems so you don't have to deal with them later. Use certainty as a guide to what problems will emerge. Soft trends you can influence and manage, but hard trends will come regardless so you have to pre-solve the expected problems that will emerge. Share knowledge so that everyone learns together from each other. Transparency creates trust. Capture your guiding principles and let your extraordinary show.

Technology can be a game changer. Smart buildings, roads, utilities, etc. all may utilize smart sensors to allow us to predict and prevent problems. Tie technology solutions to hard trends and show the costs to say no versus the cost to say yes. Change from informing to communicating by using social media tools in creative ways such as an internal Twitter or Facebook setup. Cooperation occurs because you have to while collaboration occurs because you want to. We can use social media tools for collaboration.

He then asked the groups to spend time focusing on key elements. First, identify the hard trends facing the pools and Members, then the soft trends and for each trend identify the related opportunities. After working on this, then the groups will prioritize the must do priorities not just the should or could do ones.

The groups worked on these issues then shared their outcomes with the entire group. Next the groups were challenged to identify the predictable problems and the opportunities associated with them. Dan Burrus commented on the various

presentations noting some emerging themes. He asked what else we could pool that would expand our pooling capability to enhance problem solving for Members problems and concerns. He encouraged the attendees to focus on the low-hanging fruit as our first actions so that we start gaining momentum on addressing the hard trends and opportunities. He recommended participants continue to work on the anticipatory modules and he will do a webinar in a few weeks to help further implementation action. He challenged the participants to continue to be anticipatory and work toward actions that move us forward together with a future view mindset.

## **5. Public Comment**

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

Chair Foli then recessed the meeting until the following morning.

## **Friday, September 21, 2018**

### **1. Public Comment**

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

### **2. For Possible Action: Continuation of Pathways to Innovation for POOL/PACT and Priorities for Future Programs and Services**

#### **a) Recap from Thursday**

Wayne Carlson provided a recap of the previous day's presentations and discussion to begin further discussions.

#### **b) Risk Management Responses to Trends**

- i. Law Enforcement**
- ii. Fire**
- iii. School Safety**
- iv. Cyber**
- v. E-learning**
- vi. Other Loss Control**

Marshall Smith presented an overview of the loss control programs and services to law enforcement, fire and school safety, all funded by the pools. He invited members to provide input on their needs so that the pools can continue to provide the services that match those needs.

Mike Rebaleati described the cyber security assessments efforts indicating that about 20% of our members had received assessments. These are an important tool to assist members with prevention of losses. He noted that this is an expensive assessment due to the time, scope and effort needed, but the cost has been absorbed by the pools/captives.

Mike Van Houten presented a status update on utilization of the e-learning programs and the learning management system. He noted that the system was upgraded to the enterprise edition which enhanced the capability for members to include their own training materials and records along with those of the pools. He showed the substantial increase in utilization and course completion.

**c) Claims Management ASC**

Donna Squires reviewed the claims management approach taken by ASC. She and Margaret Malzahn, senior workers compensation adjuster, described the claims management approach taken for various types of claims. She added ideas about what future claims could look like with the advance of technology.

**d) HR Services**

Stacy Norbeck, general manager at PRI, reviewed the scope of HR services being offered and showed the cost-benefit to the Members over time. She asked the participants to brainstorm about emerging HR disruptors and opportunities and how HR could address them.

**e) Coverage Program**

Mary Wray from Willis Re Pooling presented an overview of the public entity market noting that 85% of public entities were in a pool. She highlighted the key coverages, limits, and tailored services provided by the pools as contrasted with conventional insurers. She asked to group to brainstorm about coverages they wish they had that now are not included.

**f) Future strategy on “What’s next?”**

Mike Rebaleati summarized the next steps and challenged the group to continue the conversations and actions

**3. Public Comment**

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

**4. Retreat Concludes; adjournment**

Acting Chair Foli adjourned the meeting.

**The Agenda was posted at the following locations:**

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



**NPAIP and PACT Grant Provisions, Terms and Conditions for  
Nevada Risk Pooling, Inc. Administration Services**

**Exhibit A Scope of Services**

NEVADA RISK POOLING, INC., a Nevada nonprofit corporation, hereinafter called "NRP," will manage all administrative and risk management duties for Nevada Public Agency Insurance Pool (NPAIP aka POOL), Public Agency Compensation Trust (PACT), and any other agreements and obligations for the respective organizations, collectively known as POOL/PACT:

1. Execute all administrative and risk management functions of POOL, PACT, et al in accordance with the terms of the Interlocal Cooperative Agreement that created the POOL/PACT.
2. Manage the day-to-day operations of POOL/PACT as required to affect the purposes of POOL/PACT and as directed by POOL/PACT's Board of Directors.
3. Conduct its functions for POOL/PACT from the POOL's building located on 201 S. Roop St., Carson City, NV 89701 and to report to and maintain the files and records of POOL/PACT during the term of this Agreement.
5. Consult with and advise the Board of Directors on matters affecting POOL/PACT operations.
6. Coordinate dealings with POOL/PACT operations service providers, including its service company and broker, its claims management firm, its attorneys, each member's local insurance agent, and POOL, PACT, et al operations insurers and reinsurers.
7. Secure the statutory bond required by law to cover its functions as association administrator for PACT.

8. Assist POOL/PACT with compliance with applicable State of Nevada laws and regulations pertaining to POOL/PACT operations in the capacity as association administrator.
9. At no time during the term of this Agreement or for a period of one year immediately following the termination of this Agreement will NRP engage in the provision of any of the services set forth in this Agreement in a manner which competes with POOL/PACT and the services provided to POOL/PACT by its current service providers. NRP further agrees it will not directly or indirectly, solicit or attempt to solicit business or patronage of any public entity in Nevada that is a member of POOL/PACT for the purpose of selling pooling, association risk sharing of similar insurance products or providing similar services.
10. NRP agrees all records resulting from services under this Grant and held by NRP on behalf of POOL/PACT shall be maintained and preserved in accordance with the provision of NRS 239.005 et seq. and shall remain the property of POOL/PACT at all times and will be surrendered to POOL/PACT upon termination or expiration of this Grant. NRP shall be permitted to copy, at its own expense, such portions of the files as may be necessary.
11. Conflicts of Interest. NRP shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
12. NRP will indemnify, defend and hold harmless POOL/PACT with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of NRP and/or its employees unless the complained of actions of NRP were taken at the specific direction of POOL/PACT.



**POOL/PACT Grant Provisions, Terms and Conditions for  
Nevada Risk Pooling, Inc. Administration Services**

Grant No.: P/P 2019 Administration Services

Effective Date: July 1, 2019

**Grantor:** Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
201 S. Roop St., Suite 102  
Carson City, NV 89701

**Grantee:** Nevada Risk Pooling, Inc.  
201 S. Roop St., Suite 102  
Carson City, NV 89701

**Total Grant Amount:**

**GRANT SCHEDULE**

- 1. Purpose:** The purpose of this Grant is to provide administrating and professional services to manage the day-to-day operations and to carry out those duties required to manage the Nevada Public Agency Insurance Pool (NPAIP) and Public Agency Compensation Trust (PACT) collectively referred to as POOL/PACT, consistent with any Bylaws, and amendments thereto. The Nevada Public Agency Insurance Pool (NPAIP) hereinafter will be referred to as POOL. This effort shall be carried out generally as set forth in the Grantee's proposed services stated in Exhibit A "Services to be Provided" attached to this document.
- 2. Requirements:** This Grant is subject to the laws and regulations of the State of Nevada. If any statute expressly prescribes policies or specific requirements that differ from the requirements, standards, provisions, or terms and conditions of this Grant, the provisions of the statute shall govern.
- 3. Order of Precedence.** Any inconsistency or conflict in the terms and conditions specified in this Grant shall be resolved according to the following order of precedence:
  - The Grant Schedule
  - These Terms and Conditions
- 4. Term:** The term of this Grant commences on July 1, 2019 and continues through Sixty (60) months (June 30, 2024) thereafter unless extended by mutual agreement or terminated as provided in Section 30.
- 5. Terms and Conditions:** This Grant is subject to the terms and conditions set forth in this document and any terms stated in Exhibit "A" and any special terms and conditions in this Grant Schedule.
- 6.** The Granting authority will be the Nevada Public Agency Insurance Pool (aka POOL) and the Public Agency Compensation Trust (PACT)

7. **Grants Officer's Representative:** The Grants Officer's Representatives (GOR) representing POOL/PACT under this Grant are the respective Chairs of POOL and PACT.
8. **Administrative Grants Office (AGO):** The Administrative Grants Office for this Grant is the NRP administrative office, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790, Phone: (775) 885-7475.
9. **Grantor Responsibility:** The Grantor has responsibility to cooperate with NRP in the establishment and funding of POOL/PACT. Grantor has the responsibility to:
  - a. To consult with and provide direction to NRP administrative staff to establish funds for payment of claims and other obligations of POOL/PACT and to authorize NRP to be manager of the funds and to expend those funds for legal and financial obligations of POOL/PACT.
  - b. To establish Bylaws, policies and procedures to govern the operation of POOL/PACT.
  - c. To appoint legal counsel to advise POOL/PACT and its Executive Director with respect to matters affecting the operation of the POOL/PACT.
  - d. To establish POOL/PACT office location from which NRP will conduct POOL/PACT operations and to fund the expenses thereof.
  - e. To indemnify, defend and hold harmless NRP with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of POOL/PACT and/or its employees unless the complained of actions of POOL/PACT were taken at the specific direction of NRP.
10. **Grantee Responsibility:** The Grantee has full responsibility for the services and activity supported by this Grant, in accordance with the Grantee's proposal (Exhibit A), and the terms and conditions specified in this Grant. Grantees are encouraged to suggest or propose to discontinue or modify unpromising services or to explore alternatives which may appear during the grant. However, they must consult the Grants Officer's Representative (GOR) through the Administrative Grants Office (AGO) before significantly deviating from the objectives or overall program originally proposed. The Grantee shall immediately notify the Grants Officer of developments that have a significant impact on the award-supported activities. Also, notification shall be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
11. **Amendment of Grant:** The only method by which this Grant can be amended is by a formal, written amendment signed by either the Grants Officer or the AGO. No other communications, whether oral or in writing, are valid.
12. **Grant Funding:** This Grant is funded equal monthly installments payable at the end of each month following completion of services. Grantor's obligation to make payments to the Grantee is limited to only those funds obligated by this Grant or by modification to this Grant. Subject to availability of funds and continued satisfactory progress on the Grant as determined by Grantor. Grantor agrees to provide funding according to the following

estimated schedule:

FY 2019-2020: \$1,200,000  
FY 2020-2021: \$1,242,000  
FY 2021-2022: \$1,285,470  
FY 2022-2023: \$1,330,461  
FY 2023-2024: \$1,377,028

The Grantee shall notify the GOR in writing promptly whenever the total Grant amount is expected to exceed the needs of the Grantee for the project period by more than \$100,000 or 5%, whichever is greater.

**13. Payments:** Advance Payment Method. Upon acceptance of the terms and conditions of this Grant by the Grantee to the AGO, the Grantee shall receive \$500,000 as start-up capital. Subsequent monthly payments will be made automatically at the end of each month after services are performed based on the annual grant amount.

**14. Standards for Financial Management Systems:** The Grantee's financial management system shall comply with Generally Accepted Accounting Principles for non-profit organizations.

**15. Administration and Cost Principles: Applicable to this Grant are the following requirements:**

Prior Approvals:

All prior approvals are waived hereby except for the following:

- a. Extension of the expiration period of this Grant.
- b. The need for additional funding.

Pre-award Costs:

- a. Grantees may incur pre-award costs of up to thirty (30) days prior to the effective date of the Grant award.
- b. Pre-award costs as incurred by the Grantee must be necessary for the effective and economical conduct of the project and the costs must be otherwise allowable in accordance with the appropriate cost principles.
- c. Any pre-award costs are made at the Grantee's risk. The incurring of pre-award costs by the Grantee does not impose any obligation on the Grantor, in the absence of appropriations, if an award is not subsequently made or if an award is made for a lesser amount than the Grantee expected.

**Audit and Access to Records:** The Grantee and its sub recipients shall be subject to audit requirements for nonprofit organizations per Generally Accepted Accounting Principles. The GOR shall have direct access to records and information of the Grantee to ensure full accountability for grant funds.

**16. Grant Oversight:** The POOL/PACT Executive Committees will oversee compliance with the terms of the grant and will monitor services delivery, scope and quality and recommend any changes to

POOL/PACT.

- 17. Audit Requirements:** As a condition of this grant, all funds shall be audited annually by a qualified independent certified public accountant who shall report financial results and management recommendations to Grantor.
- 18. Unexpended Grant Funds:** Any funds not expended for the purposes set forth in this Grant shall be subject to refund to Grantor, unless otherwise directed by Grantor. Grantor may allow retention of unexpended funds for carryover to future grants, expansion or redirection of services or service delivery methods or for any other purpose deemed appropriate by Grantor.
- 19. Relationship of Grantor and Grantee:** Nothing in this grant shall be construed to create an employee-employer relationship between Grantor and Grantee. Grantee shall always be considered an independent contractor. Grantee agrees to keep Grantor informed about the services it provides on a regular basis in the form of reports to Grantor. Considering Grantee's status as an independent contractor, Grantee acknowledges and agrees that Grantor is not responsible for obtaining and maintaining workers compensation insurance. In accordance with the provisions of Chapter 616A through 616D and 617 of the Nevada Revised Statutes and Chapters 616 and 617 of the Nevada Administrative Code, Grantee agrees to provide Grantor a proper certificate certifying that it has obtained workers compensation insurance covering Grantee during the term of this grant. Grantee agrees to pay all premiums necessary to keep said workers' compensation insurance effective through the term of this grant.

Grantor shall not be responsible for any of Grantee's payroll, employee benefits, taxes, licenses, attorney's fees or expense for Grantee's activities not related to the services performed pursuant to this grant.
- 20. Insurance Requirements:** Grantee has the option to acquire workers compensation, property and casualty insurance from the POOL/PACT or maintain general liability, auto liability and errors or omissions insurance in an amount of at least \$1,000,000 each claim or occurrence and workers compensation insurance as required by law from a different provider. Certificates evidencing such coverage shall be provided to the GOR for each grant year.
- 21. Mutual Indemnification and Hold Harmless:** Grantee agrees to indemnify, defend and hold harmless Grantor with respect to any claims asserted because of any errors, omissions, torts, intentional torts or other negligence unless the complained of actions were taken at the specific direction of Grantor. Grantor agrees to indemnify, defend and hold harmless Grantee with respect to any claims asserted because of any errors, omissions, torts, intentional torts or other negligence unless the complained of actions were taken at the specific direction of Grantee.
- 22. Cooperation with Legal Counsel:** Grantee agrees to cooperate with Grantor's legal counsel for Grantor's members in matters affecting such members.
- 23. Cooperation with Grantor's Executive Committees:** Grantee agrees to cooperate with the Grantor's Executive Committees regarding provision of the services required in the grant or any modifications made to the grant regarding such services. Grantor's Executive Committees agree to cooperate with Grantee.
- 24. Records:** Grantee agrees that all records resulting from services under this grant and held by Grantee on behalf of Grantor shall be maintained and preserved in accordance with the provisions of NRS 239.005 et seq. and shall always remain the property of Grantor and will be surrendered to Grantor upon termination or expiration of this grant. Grantee shall be permitted to copy, at its own expense, such portions of the records as may be necessary.

**25. Conflicts of Interest:** Grantee shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.

**26. Restrictions on Grantee:** Without prior concurrence by Grantor's Executive Committees and its Grants Officers, Grantee may not perform services to individual members of Grantor on a fee for service or grant basis.

**27. Reports and Reports Distribution:** Reports shall be furnished as specified below:

(1) Quarterly Status Report - This report, due 30 days after the reporting period, shall keep the Grantor informed of Grantee activity and progress toward accomplishment of Grant objectives.

(2) Quarterly Financial Report – This report, due 30 days after the reporting period, shall include exhibits showing the financial standing of the Grantee, budget to actual income statements and other income and expense reports as necessary.

(3) Annual Audit – this report due 150 days after completion of each fiscal year of the Grant, shall be submitted by the independent auditor who shall be a certified public accountant.

**28. Custody and Disbursements.** NRP shall oversee the custody of and disbursement of all assigned funds but may delegate that disbursing authority as may be authorized by the Board, subject to the requirements of below.

28.1. Maintenance and Safekeeping. NRP shall assure the following activities are carried out appropriately:

28.1.1. Receive and acknowledge receipt for all funds of POOL/PACT and deposit them in the proper treasury;

28.1.2. Be responsible for the safekeeping and disbursement of all POOL/PACT funds;

28.1.3. Pay any sums due from POOL/PACT as approved by the Board or by anybody or person to whom the Board has delegated approval authority;

28.1.4. Verify and report in writing to the Executive Committee or the Board of POOL/PACT, as of the first day of each quarter of the Fiscal Year, the amount of money held for POOL/PACT, the amount of receipts since the last such report, and the amount paid out since that report;

28.1.5. Invest monies in accordance with applicable laws and regulations governing non-profit investments.

**29. Property.** All personal property, which includes all technology related items, will remain the property the Nevada Public Agency Insurance Pool.

**30. Risk Management Services.** NRP will provide risk management and insurance consulting services to members. These services will include but not limited to loss prevention, review of loss data, promotion and evaluation of loss prevention programs, and reports to members. The details of these services, such as assistance to members in the development and implementation of risk management policies, identification and evaluation of risk and Loss potentials, recommendations as to affirmative steps in order to avoid or reduce risks and losses, development of a system of claims reporting and on the scene

investigation by member's personnel; and development and production of risk prevention educational programs for member's personnel will be reviewed and approved by all POOL/PACT Boards of Directors annually.

**31. Termination and Enforcement:**

a. Termination. This Grant may be terminated, in whole or in part, by the Grantor upon 90-day notice if the Grantee materially fails to comply with these terms and conditions or with the consent of the Grantee. The Grantee may terminate the Grant upon sending 180 days written notification to the Grants Officer.

b. Enforcement. If the Grantee fails to materially comply with these terms and conditions, the Grants Officer may impose special or take the appropriate action to initiate termination proceedings by Grantor.

**32. Disputes, Claims, and Appeals:**

a. Disputes and Claims. The Grantee may submit a claim arising out of or relating to the Grant by submitting the claim in writing to the Grants Officer for decision. The written submission must specify the nature and basis for the relief requested and include all data that supports the claim. Within 60 calendar days, the Grants Officer shall either prepare a written decision or notify the Grantee of a specific date when a decision will be rendered. The decision of the Grants Officer shall be final unless the Grantee decides to appeal.

b. Appeals. The Grantee may appeal the Grants Officer decision by filing a written notice of appeal to the Grantor and the Grants Officer within 30 days of receiving the decision. The Grantor shall decide the appeal based solely on the written record unless the Grantor decides to conduct a fact-finding procedure or an oral hearing on the appeal.

**33. Acknowledgment of Sponsorship:** The Grantee agrees that in the release of information relating to this Grant, such release shall include a statement to the effect that the project or effort depicted was or is sponsored by the Grantor. For the purpose of this article, information includes news releases, articles, manuscripts, brochures, advertisements, still and motion pictures, symposia, etc.

**Grantor Acceptance of Grant**

**Grantee Acceptance of Grant**

\_\_\_\_\_  
Cash Minor  
Chair  
Nevada Public Agency Insurance Pool

\_\_\_\_\_  
Wayne Carlson  
Executive Director  
Nevada Risk Pooling, Inc.

\_\_\_\_\_  
Paul Johnson

Chair  
Public Agency Compensation Trust



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: Whitney Peak Hotel, 255 N. Virginia Street, Reno, Nevada  
Time: 9:00 a.m. or  
Upon adjournment of Joint Board Meeting  
Date: April 17, 2019

**AGENDA**

**April 17, 2019**

**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 20, 2018**
  - b. **Acceptance of Interim Financial Statements**
4. **For Possible Action: Acceptance of Audit for June 30, 2018**
5. **For Possible Action: Acceptance of Reports**
  - a. **Large Loss Report**
  - b. **Legislative Report**
6. **For Possible Action: Acceptance of PACT Retention Options and Renewal Reinsurance Proposals and Options**
7. **For Possible Action: Acceptance of Budget for 2019-2020**



8. **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

9. **For Possible Action:** Election of Executive Committee for Two Year Terms 2019-2021
- a. Two Representatives from Counties and/or Cities with 35,000 or more Population
  - b. One Representative from Counties and/or Cities with less than 35,000 Population
  - c. One Representative of School Districts
  - d. One Representative of Special Districts/Towns

10. **For Possible Action:** Election of Chair and Vice Chair

11. Public Comment

12. **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  
10 S. Main Street  
Eureka, NV 89316

Churchill County Administration  
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  
Public Agency Compensation Trust  
Place: Atlantis, Reno, Nevada  
Time: 10:00 a.m. or  
Upon adjournment of Joint Board Meeting  
Date: April 20, 2018**

**1. Introductions and Roll**

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: 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**

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

**4. For Possible Action: Acceptance of Audit for June 30, 2017**

Alan Kalt reviewed the highlights of the financial statements. He noted that the Audit Committee had accepted the audit, which had an unqualified opinion.

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

**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)**

- a. Jackie Cox of SpecialtyHealth introduced her wellness team members. She then provided an update showing that the participation levels in the cardiac wellness program had increased substantially over the prior year. She commented on the number of physical examinations they had reviewed, and that nearly half of the results were showing high risk issues. Ethan Opdahl

reviewed a sampling of success stories that demonstrate that lifestyle changes can be effective tools to reduce the risk.

- b. Jackie then noted that their 24/7/365 injury call program had been launched for PACT members and described how it works. She encouraged employers to activate usage.
- c. On motion and second to approve the two contracts, the motion carried.

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

- a. Large Loss Report**
- b. Actuarial Update**

Wayne Carlson reviewed highlights of the large loss report noting that Mike Livermore previously reviewed this in depth. Wayne then described the actuary's analysis and funding recommendations with various confidence levels, indicating that the summary letter was backed up by considerable analysis.

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

**7. For Possible Action: Acceptance of PACT Retention Options and Renewal Reinsurance Proposals and Options**

Courtney Giesseman of WillisRe Pooling reviewed the proposed renewal pricing and terms with the current retentions. She noted the year over year comparisons indicating a reduction in costs of about 10%. Wayne Carlson commented that the Executive Committee had reviewed and recommended this proposal and that it includes a reduction by \$1.00 from \$3.85 to \$2.85 for the post-employment heart coverage rates.

On motion and second to accept the renewal as proposed, the motion carried.

**8. For Possible Action: Acceptance of Budget for 2018-2019**

Wayne Carlson reviewed the budget summary, noting that it had been approved for recommendation to the board by the Executive Committee subject to final reinsurance prices. He will adjust the budget to reflect the approved changes.

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 Johnson asked about these review requirements. Wayne Carlson said they were required by the Division of Insurance regulations to be reviewed annually. Alan Kalt indicated that as a member of the Committee on Local Government Finance, Nye County has been under fiscal watch but likely will be removed from that status in the near future.

On motion and second to note that this regulatory review was accomplished, the motion carried.

**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**

a and b. Wayne Carlson reviewed the proposed changes as clarifications and removal of no longer necessary provisions from both the ICA and Bylaws.

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

c and d. Alan Kalt said he had completed the required application for AGRiP recognition and proposes these changes to the PACT board policies to meet the new guidelines.

On motion and second to approve the policy changes, the motion carried.

**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**

Wayne Carlson reviewed the incumbents indicating that they had expressed willingness to continue to serve. He noted there were no other candidates.

On motion and second to elect Elizabeth Frances for 11a, Paul Johnson for 11b and Cindy Hixenbaugh for 11c, the motion carried.

**12. For Possible Action: Election of Chair and Vice Chair**

Chair Johnson opened the floor for election of Chair, noting that Vice Chair Minor has a remaining year for his term. On motion and second to elect Paul Johnson as Chair of PACT, the motion carried.

**13. Public Comment**

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

**14. 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 [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**

**PUBLIC AGENCY COMPENSATION TRUST**  
**Statement of Assets, Liabilities and Equity**  
**Februaury 28, 2019**

	<b>Operating Fund (Unrestricted)</b>	<b>Trust Fund (Restricted)</b>	<b>TOTAL FUNDS</b>
<b>ASSETS</b>			
Cash and Equivalents	1,276,117.98	3,641,644.89	4,917,762.87
Pledged Account Cash Equivalents		239,520.77	239,520.77
Investments	12,048,243.12	35,551,586.16	47,599,829.28
Investments - State of Nevada		4,427,173.07	4,427,173.07
Investments Interest Receivable	57,286.14	186,923.32	244,209.46
Member Assessments Receivable	134,520.70		134,520.70
Agent Compensation Receivable	-		-
Interfund Account	-		-
Interfund Account - Heart/Lung Fund	-		-
Rec. Invest. Brokers	(358,831.19)		(358,831.19)
Public Compensation Mutual Investment	8,450,000.00	45,250,939.00	53,700,939.00
PCM Amortization	(2,968,334.00)	(26,558,041.00)	(29,526,375.00)
Specific Recoverable		372,528.09	372,528.09
Prepaid Expenses	147,783.11	783,493.90	931,277.01
	<b>18,786,785.86</b>	<b>63,895,768.20</b>	<b>82,682,554.06</b>
<b>TOTAL ASSETS</b>	<b>18,786,785.86</b>	<b>63,895,768.20</b>	<b>82,682,554.06</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable			-
Payable For Risk Management Grants	46,912.12		46,912.12
Agent Compensation Payable			-
Specific Recoverable		372,528.09	372,528.09
Loss Reserves		114,387,269.94	114,387,269.94
Loss Reserves - Heart/Lung		25,002,799.20	25,002,799.20
Claims Payments		(94,674,595.83)	(94,674,595.83)
Claims Payments - Heart/Lung		(422,861.25)	(422,861.25)
Voucher Payments		2,423,865.50	2,423,865.50
Fund Balances:			
Fund Balance	18,739,873.74	16,806,762.55	35,546,636.29
	<b>18,739,873.74</b>	<b>16,806,762.55</b>	<b>35,546,636.29</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>18,786,785.86</b>	<b>63,895,768.20</b>	<b>82,682,554.06</b>

Unaudited Report for Management and Insurance Division Use Only

**PUBLIC AGENCY COMPENSATION TRUST**  
**Income Statement**  
**For the Eights Months Ending February 28, 2019**

	<u>Operating Fund (Unrestricted)</u>	<u>Trust Fund (Restricted)</u>	<u>TOTAL FUNDS</u>
<b>REVENUES</b>			
Assessments	1,417,464.74	4,252,394.26	5,669,859.00
Heart Lung Fund		503,585.50	503,585.50
Agent Compensation	116,523.00		116,523.00
Investment Interest Income	241,275.38	789,413.97	1,030,689.35
Bank Interest Income		1,750.22	1,750.22
Investment Realized Gains/(Losses)	(1,588.19)	(15,656.70)	(17,244.89)
Investment Unrealized Gains/(Losses)	126,982.28	383,742.03	510,724.31
Premium/Discount Investments	(30,048.71)	(92,234.18)	(122,282.89)
 Total Revenues	 <u>1,870,608.50</u>	 <u>5,822,995.10</u>	 <u>7,693,603.60</u>
<b>LOSS RESERVES EXPENSES</b>			
Claims and Adjustment Expenses	-	3,572,011.18	3,572,011.18
Heart Lung Loss Reserves Expenses	-	503,585.50	503,585.50
 Total Loss Reserves Expenses	 <u>-</u>	 <u>4,075,596.68</u>	 <u>4,075,596.68</u>
<b>PROGRAM EXPENSES</b>			
Excess Insurance Premiums	-	360,051.00	360,051.00
Reinsurance Premium (PCM)	-	1,071,328.00	1,071,328.00
Claims TPA Fees (ASC)	-	579,962.23	579,962.23
Underwriting Fees (Willis Pooling)	-	20,000.00	20,000.00
Nevada Insolvency Fund	-	20,000.00	20,000.00
Security Bond/Regulatory Assessments	-	165,592.80	165,592.80
Specialty Health MCO Contract	-	40,000.00	40,000.00
Amortization Expense	-	2,351,168.00	2,351,168.00
 Total Loss Fund and Program Costs	 <u>-</u>	 <u>4,608,102.03</u>	 <u>4,608,102.03</u>
<b>ADMINISTRATION EXPENSES</b>			
Management Services	380,992.00	-	380,992.00
Technology Services	-	-	-
Sponsorship Fees	3,500.00	-	3,500.00
Travel	18,353.96	-	18,353.96
Casualty Insurance	24,880.00	-	24,880.00
Due and Seminar Fees	17,544.23	-	17,544.23
Audit Expense	22,907.80	-	22,907.80
Printing & Copying Expense	4,453.45	-	4,453.45
Postage	1,033.77	-	1,033.77
Office Supplies	1,363.29	-	1,363.29
Telephone Expense	175.70	-	175.70
Legal Expense	2,259.20	-	2,259.20
Miscellaneous Expenses	-	-	-
Board & Committee Meetings	19,577.44	-	19,577.44
Actuary Expense	30,740.00	-	30,740.00
Member Education and Services	139,244.98	-	139,244.98
Bank Service Charges	6,128.21	-	6,128.21
PRI Contract Services	285,366.64	-	285,366.64
Agent Compensation	108,986.00	-	108,986.00
Insurance Division Fees	480,951.24	-	480,951.24

# PUBLIC AGENCY COMPENSATION TRUST

## Income Statement

For the Eights Months Ending February 28, 2019

Loss Control Expense	270,664.00	-	270,664.00
SMEP Awards	-	-	-
Specialty Health - Cardiac Wellness	390,659.35	-	390,659.35
Risk Management Grants	47,602.71	-	47,602.71
Amortization Expense	530,000.00	-	530,000.00
Investment Expenses	50,005.13	-	50,005.13
<b>Total Administrative Expenses</b>	<u>2,837,389.10</u>	<u>-</u>	<u>2,837,389.10</u>
<b>REVENUES OVER EXPENSES</b>	<u><b>(966,780.60)</b></u>	<u><b>(2,860,703.61)</b></u>	<u><b>(3,827,484.21)</b></u>

Unaudited Report for Management and Insurance Division Use Only

**PUBLIC AGENCY COMPENSATION TRUST**

**Budget Comparison to Actuals**

**As of February 28, 2019**

<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	12,447,081	5,669,859	6,777,222	5,723,202	(53,343)
Heart/Lung Assessments	1,188,878	503,586	685,293	686,715	(183,130)
<b>TOTAL INCOME</b>	<b>13,635,959</b>	<b>6,173,445</b>	<b>7,462,515</b>	<b>6,409,917</b>	<b>(236,473)</b>
<b>LOSS FUND AND PROGRAM EXPENSES:</b>					
Claims and Adjustment Expenses	6,360,000	3,572,011	2,787,989	3,606,650	(34,638)
Heart/Lung Reserves Expense	1,188,878	503,586	685,293	686,715	(183,130)
Excess Insurance/Reinsurance Premiums	2,494,100	1,431,379	1,062,721	1,648,984	(217,605)
Claims TPA Fees (ASC)	948,702	579,962	368,740	510,246	69,717
Specialty Health MCO Contract	48,000	40,000	8,000	24,000	16,000
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	248,000	139,245	108,755	86,371	52,874
SMEP Awards	5,000	-	5,000	-	-
<b>Total Program Expenses</b>	<b>11,728,680</b>	<b>6,556,847</b>	<b>5,171,833</b>	<b>6,853,629</b>	<b>(296,783)</b>
<b>ADMINISTRATION EXPENSES:</b>					
Management Services	512,412	380,992	131,420	294,490	86,502
Technology Services		-	-	-	-
Sponsorship Fees	6,000	3,500	2,500	5,525	(2,025)
Travel	35,000	18,354	16,646	24,153	(5,799)
Casualty Insurance	35,000	24,880	10,120	27,240	(2,360)
Due and Seminar Fees	15,000	17,544	(2,544)	9,391	8,153
Audit Expense	56,000	22,908	33,092	27,382	(4,474)
Printing & Copying Expense	3,000	4,453	(1,453)	3,660	794
Postage	2,000	1,034	966	612	421
Office Supplies	2,000	1,363	637	1,289	74
Telephone Expense	7,000	176	6,824	126	50
Legal Expense	20,000	2,259	17,741	4,099	(1,840)
Miscellaneous Expenses	1,000	-	1,000	-	-
Board & Committee Meetings	18,000	19,577	(1,577)	7,531	12,046
Actuary Expense	36,710	30,740	5,970	16,050	14,690
Bank Service Charges	10,000	6,128	3,872	22	6,107
PRI Contract Services	428,050	285,367	142,683	244,796	40,571
Agent Compensation	-	(7,537)	7,537	(0)	(7,537)
Insurance Division Fees	120,080	480,951	(360,871)	437,063	43,888
Regulatory Assessments	349,651	165,593		150,101	15,492
Nevada Insolvency Fund	20,000	20,000	-	19,000	1,000
PCM Amortization Expense	5,712,594	2,881,168	2,831,426	2,872,276	8,892
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>7,389,497</b>	<b>4,359,451</b>	<b>2,845,988</b>	<b>4,144,805</b>	<b>214,646</b>
<b>TOTAL LOSS FUND, PROGRAM &amp; ADMINISTRATION EXPENSES</b>	<b>19,118,177</b>	<b>10,916,298</b>	<b>8,017,821</b>	<b>10,998,434</b>	<b>(82,136)</b>
<b>NET INCOME</b>	<b>(5,482,218)</b>	<b>(4,742,853)</b>	<b>(555,307)</b>	<b>(4,588,517)</b>	<b>(154,336)</b>
<b>NON-ALLOCABLE INCOME AND EXPENSES</b>					
<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	0	1,401,886	(1,401,886)	(259,122)	1,661,007
Bank Interest Income	1,000	1,750	(750)	1,343	407
Investment Expense	-	(50,005)	50,005	(55,461)	5,455
<b>TOTAL NET INVESTMENT INCOME</b>	<b>1,000</b>	<b>1,353,631</b>	<b>-1,352,631</b>	<b>(313,239)</b>	<b>1,666,870</b>
<b>OTHER EXPENSES:</b>					
Risk Management Grants	550,000	47,603	502,397	77,071	(29,469)
Specialty Health - Cardiac Wellness	400,000	390,659	9,341	243,032	147,627
<b>TOTAL OTHER EXPENSES</b>	<b>950,000</b>	<b>438,262</b>	<b>511,738</b>	<b>320,104</b>	<b>118,158</b>
Net Income		(3,389,222)		(4,901,756)	
Other Expenses		(438,262)		(320,104)	
Income Statement Net Income		(3,827,484)		(5,221,859)	



PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Feb 28, 2019

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		41,830.47
1102-C-E	Cash - Claims Expense -Wells	2,109,416.86	
1102-G-A	Cash - Admin. - Wells Fargo	256,553.72	
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		26,558,041.00
1151-G-A	PCM Amortization		2,968,334.00
1207-C-E	PACT/State of NV Pledged Acct.	4,427,173.07	
1210-C-E	Pledged Account Cash Equiv.	239,520.77	
1211-C-E	GR-NEAM Cash Equiv. - Claims	1,574,058.50	
1211-G-A	GR-NEAM Cash Equiv. - Admin.	1,019,564.26	
1212-C-E	Investments - GR-NEAM Claims	35,551,586.16	
1212-G-A	Investments - GR-NEAM Admin.	12,048,243.12	
1214-C-E	Investment Income Rec.-Claims	172,097.46	
1214-G-A	Investment Income Rec.-Admin.	57,286.14	
1216-C-E	Pledged Account Interest Rec.	14,825.86	
1301-G-A	Admin. Accounts Receivable	134,520.70	
1310-C-E	Specific Recoverable	372,528.09	
1318-G-A	Rec. Invest. Brokers-Admin.		358,831.19
1400-C-E	Pre-Paid Excess Insurance	177,082.00	
1401-C-E	Pre-Paid ASC Admin Fees	60,739.90	
1402-C-E	Prepaid Willis Pooling Fees	10,000.00	
1403-C-E	Prepaid Reinsurance Premium	535,672.00	
1463-G-A	Pre-Paid Casualty Insurance	12,447.11	
1485-G-A	Prepaid Loss Control Fees	135,336.00	
2005-G-A	Payable For Risk Mgmt Grants		46,912.12
2110-C-E	Loss Reserves		114,387,269.94
2111-C-H	Heart Lung Loss Reserves		25,002,799.20
2200-C-C	Claims Payments	94,674,595.83	
2201-C-H	Claims Payments - Heart/Lung	422,861.25	
2310-C-E	Specific Recoverable		372,528.09
2320-C-C	Voucher Payments		2,423,865.50
3501-C-C	Retained Earnings - Claims		19,667,466.16
3501-G-A	Retained Earnings - General		19,706,654.34
4001-C-E	Assessments-Claims- Expense		4,252,394.26
4001-C-H	Heart Lung Fund		503,585.50
4001-G-A	Assessments - General Admin		1,417,464.74
4006-G-A	Agent Compensation		116,523.00
5110-C-E	Loss Reserves Expense	3,572,011.18	
5111-C-H	Heart /Lung Loss Reserves Exp	503,585.50	
5450-G-A	Management Services	380,992.00	
5456-G-A	Sponsorship Fees	3,500.00	
5462-G-A	Travel	18,353.96	
5463-G-A	Casualty Insurance	24,880.00	
5464-G-A	Dues and Seminar Fees	17,544.23	
5465-G-A	Audit Expense	22,907.80	
5466-G-A	Printing & Copying Expense	4,453.45	
5467-G-A	Postage	1,033.77	
5468-G-A	Office Supplies	1,363.29	
5469-G-A	Telephone Expense	175.70	
5470-G-A	Legal Expense	2,259.20	
5472-G-A	Board and Committee Meetings	19,577.44	
5474-G-A	Actuary Expense	30,740.00	
5475-G-A	Member Education and Services	139,244.98	
5476-G-A	Bank Service Charges	6,128.21	
5477-G-A	PRI Grant	285,366.64	
5478-G-A	Agent Compensation	108,986.00	
5482-C-E	Insurance Division Fees	165,592.80	
5482-G-A	Insurance Division Fees	480,951.24	
5484-C-E	Nevada Insolvency Fund	20,000.00	
5485-G-A	Loss Control Expense	270,664.00	
5488-G-A	Spec. Health-Cardiac Wellness	390,659.35	
5489-G-A	Risk Management Grants	47,602.71	
6000-C-E	Excess Insurance	360,051.00	
6001-C-E	ASC Claims Admin Fees	579,962.23	
6002-C-E	Willis Pooling Fees	20,000.00	
6003-C-E	Reinsurance Premium (PCM)	1,071,328.00	
6006-C-E	Specialty Health MCO Contract	40,000.00	

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Feb 28, 2019

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>
6100-C-C	Interest Income Claims Account		789,413.97
6100-G-A	Interest Income Admin. Acct.		241,275.38
6101-C-C	Claims Bank Interest Income		1,750.22
6110-C-E	Claims Realized Gains/(Losses)	15,656.70	
6110-G-A	Admin. Realized Gains/(Losses)	1,588.19	
6111-C-E	Clms Unrealized Gains/(Losses)		383,742.03
6111-G-A	Admn Unrealized Gains/(Losses)		126,982.28
6112-C-E	Claims-Premium/Discount Invest	92,234.18	
6112-G-A	Admin.-Premium/Discount Invest	30,048.71	
6151-C-E	Amortization Expense	2,351,168.00	
6151-G-A	Amortization Expense	530,000.00	
7200-G-A	Investment Expense - Admin	50,005.13	
	<b>Total:</b>	<b>219,367,663.39</b>	<b>219,367,663.39</b>



# PACT AUDIT OVERVIEW

Year Ending June 30, 2018

# KEY PLAYERS

Wayne Carlson, Executive Director POOL/PACT

Mike Rebaleati, Captive President, COO

Alan Kalt, CFO

Deb Connally, Controller

Cash Minor, Chair NPAIP, Chair PRM

Paul Johnson, Chair PACT, Chair PCM

Josh Foli, Audit Committee Member

Gerry Eick, Audit Committee Member

Michael Bertrand: Bertrand & Associates: Audit Firm

Steve Balkenbush, General Counsel

Donna Squires, ASC, Claims Management

Derek Burkhalter, Actuary



# KEY SECTIONS OF THE AUDIT REPORT

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Executive Director's Letter

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Management Discussion and Analysis

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Independent Auditors Report

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Financial Statements:

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Statement of Net Position

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Statements of Revenues, Expenses and Changes  
in Net Position

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Statements of Cash Flows

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Supplemental Schedule on Unpaid Loss Liabilities

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Comparative Schedule of Claim Development

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**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF NET POSITION**  
**June 30, 2018 and 2017**

<b>ASSETS</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,960,467	\$ 2,663,598
Investments	49,996,097	60,688,478
Investment income receivable	209,396	264,696
Member assessments receivable	3,421,951	3,848,709
Specific recoverable	186,908	97,495
Commissions receivable	56,800	64,381
Receivable from State of Nevada	102,976	-
Prepaid expenses	-	30,647
<b>Total current assets</b>	<u>55,934,595</u>	<u>67,658,004</u>
<b>Noncurrent assets:</b>		
Pledged investments	4,561,006	4,538,815
Contributed surplus PCM, net	27,055,732	21,629,160
<b>Total noncurrent assets</b>	<u>31,616,738</u>	<u>26,167,975</u>
<b>TOTAL ASSETS</b>	<u><b>87,551,333</b></u>	<u><b>93,825,979</b></u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	149,389	153,261
Commissions payable	56,800	59,990
Specific recoverable	186,908	97,495
Risk Management Grants payable	154,577	293,164
Current portion of reserve for claims losses	6,261,137	6,371,948
<b>Total current liabilities</b>	<u>6,808,811</u>	<u>6,975,858</u>
<b>Noncurrent liabilities:</b>		
Reserve for Worker's Compensation claims losses	17,315,863	17,377,052
Reserve for Heart & Lung claims losses	24,052,539	22,684,485
<b>Total noncurrent liabilities</b>	<u>41,368,402</u>	<u>40,061,537</u>
<b>TOTAL LIABILITIES</b>	<u><b>48,177,213</b></u>	<u><b>47,037,395</b></u>
<b>NET POSITION - unrestricted</b>		
Net position -unrestricted	34,813,114	42,249,769
Net position -restricted for pledged securities	4,561,006	4,538,815
<b>TOTAL NET POSITION</b>	<u><b>\$ 39,374,120</b></u>	<u><b>\$ 46,788,584</b></u>

# PUBLIC AGENCY COMPENSATION TRUST



**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
Years ended June 30, 2018 and 2017

<b>REVENUES</b>	<u>2018</u>	<u>2017</u>
Assessments for workers compensation	\$ 10,083,799	\$ 13,036,187
Assessments for heart and lung	1,104,106	2,113,595
Total Revenues	<u>11,187,905</u>	<u>15,149,782</u>
 <b>LOSS FUND AND PROGRAM EXPENSES</b>		
Claims and adjustment expenses	6,431,493	6,257,686
Heart and Lung loss expenses	1,450,372	2,305,819
Excess insurance premium	526,516	524,612
Re-insurance premium	1,931,416	1,246,065
Member education and services	629,804	578,476
Loss control expense	406,000	406,000
Underwriting and claims processing	863,769	846,380
Total loss fund and program expenses	<u>12,239,370</u>	<u>12,165,038</u>
 <b>ADMINISTRATION EXPENSES</b>		
Management fees	513,174	490,136
Professional services	110,407	110,534
Administrative and overhead	659,562	597,859
Risk management grants	186,174	657,230
Insurance Division fees	484,186	453,233
Nevada insolvency fund and related expenses	19,000	19,500
Amortization expense	4,473,428	3,212,594
Total administration expenses	<u>6,445,931</u>	<u>5,541,086</u>
 <b>Decrease in operating net position</b>	<u>(7,497,396)</u>	<u>(2,556,342)</u>
 Non-operating net investment income	82,932	(574,816)
<b>(Decrease) in net position</b>	<u>(7,414,464)</u>	<u>(3,131,158)</u>
 Net position, beginning of year	46,788,584	49,919,742
 Net position, end of year	<u>\$ 39,374,120</u>	<u>\$ 46,788,584</u>

# PUBLIC AGENCY COMPENSATION TRUST



**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF CASH FLOWS**  
For Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Assessments and other revenues	\$ 13,472,244	\$ 15,765,420
Payment for claims	(6,685,811)	(6,097,910)
Payment to vendors	(6,445,010)	(5,104,765)
Payment to Douglas County for settlement	(1,850,000)	-
Net cash (used) provided from operating activities	<u>(1,508,577)</u>	<u>4,562,745</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributed surplus to Public Compensation Mutual	<u>(9,900,000)</u>	<u>(15,100,000)</u>
Net cash used for capital and related financing activities	<u>(9,900,000)</u>	<u>(15,100,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and net realized investment income	1,457,200	2,042,351
Sale of investments	76,921,005	28,312,168
Purchases of investments	<u>(67,672,759)</u>	<u>(19,329,914)</u>
Net cash provided for investing activities	<u>10,705,446</u>	<u>11,024,605</u>
(Decrease) increase in cash and cash equivalents	(703,131)	487,350
Cash and cash equivalents, beginning of fiscal year	2,663,598	2,176,248
Cash and cash equivalents, year ended June 30	<u><u>1,960,467</u></u>	<u><u>2,663,598</u></u>
<b>RECONCILIATION FOR OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating net loss	(7,497,396)	(2,556,342)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>		
Decrease in member assessments receivable	426,758	615,638
(Increase) in specific recoverable	(89,413)	(40,117)
Decrease in prepaid expenses	30,647	3,323
Decrease (increase) in agent compensation receivable	7,581	(419)
Decrease in receivable from State of Nevada	-	485,603
(Decrease) increase in accounts payable	(3,872)	46,232
(Decrease) in agent compensation payable	(3,190)	(2,642)
Increase in specific recoverable	89,413	40,116
(Decrease) increase in Risk Management Grants payable	(138,587)	293,164
Increase in amortization of contributed surplus	4,473,428	3,212,594
Increase loss reserves	1,196,054	2,465,595
Net cash (used) provided by operating activities	<u>\$ (1,508,577)</u>	<u>\$ 4,562,745</u>

# PUBLIC AGENCY COMPENSATION TRUST





Total Capital Contributions to PCM	\$53,700,939
Net Contributed Surplus PCM	\$27,055,732
Investment Balance at 6-30-2018	\$49,996,097
Total Assets at 6-30-2018	\$87,551,333
Reserves for claim losses WC	\$23,577,000
Reserves for claim losses Heart Lung	\$24,052,539
Net Investment Income for 2018	\$ 82,932
Net Position June 30, 2018	\$39,374,120
Total Assessment Revenues FY 2018	\$11,187,905
Member education and services	\$ 629,804
Total Loss Fund and program expenses	\$12,239,370
Total Administration Expenses	\$ 6,445,931*

\* Includes Amortization on PCM Contribution \$4,473,428

See detailed financial statements and notes for more details.

## PUBLIC AGENCY COMPENSATION TRUST

## KEY FINANCIAL FIGURES



### **Mission Statement Financial Items:**

*Financial Strength, security, and durability*

*Cost Effective risk sharing and financing*

*Stewards of Public Assets*

### **Vision Statement:**

*To sustain financial strength to meet our commitment to*

*Members*

Net Position to SIR (Target 20:1)                      78.75 to 1.0

SIR To Net Position    0.01 to 1.0

Cash/Investments to Current Liabilities              7.6 to 1.0

Total Assets/Total Liabilities                              1.82 to 1.0

Revenues to Net Position                                      0.28 to 1.0

Loss Reserves to Net Position                              0.55 to 1.0

See detailed financial statements and notes for more details.

## PUBLIC AGENCY COMPENSATION TRUST

## KEY FINANCIAL BENCHMARK FIGURES





# PACT AUDIT QUESTIONS & ANSWERS

Year Ending June 30, 2018



**THANKS FOR YOUR FINANCIAL LEADERSHIP**

*Working Together  
We Achieve  
Superior Results*

**PUBLIC AGENCY COMPENSATION TRUST**  
**FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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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, 2018 and 2017 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 controls 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 controls. 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, 2018 and 2017 and the respective revenues and expenses and 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 11, 2018  
Carson City, Nevada



## EXECUTIVE DIRECTOR'S LETTER

Members of Public Agency Compensation Trust;

As the Executive Director, I am pleased to present the PACT Annual Audited Financial Statements for the year ended June 30, 2018, the conclusion of our 21<sup>st</sup> full year of operations. As noted in part of PACT's Mission Statement, we excel in financial strength, security, and durability and cost-effective risk sharing and financing. This financial report will demonstrate our commitment to our Mission Statement.

In addition to the preparation of the audited financial statements in accordance with GASB pronouncements and other financial standards, this report includes a required Management Discussion and Analysis of the financial results during the years.

Over the years, the Board adopted fiscally responsible policies to retain net position to achieve long-term, stable financial results for members. In 2016, they adopted a Net Assets policy to target net position at a minimum of twenty times the highest self-insured retention. With a Net Position of \$39,374,120, we have significantly exceeded that goal for this year (78.8:1) and for the comparison year (93.6: 1) shown in the audit. Net position decreased during the year because of approved transfers to the Public Compensation Mutual captive (PCM), an increase in the claim's reserves for heart lung claims, a negotiated one-time assessment refund settlement with Douglas County and the reduction in assessments associated with two large members leaving the program. Since Fiscal Year 2007, PACT has contributed \$53,700,939 to the PCM captive to serve as one of the workers compensation reinsurers for PACT. The benefits of the captive are reduced administrative costs, reinsurance opportunities and a broader investment portfolio including risk assets. As PCM grows in financial strength, additional member services and program costs can be directly funded through the captive. See the separate annual audited financial statements of PCM for more details.

Through the oversight of the Audit Committee, Executive Committee and the Board of Trustees, coupled with the Nevada Division of Insurance regulatory review, PACT Members can be assured that PACT will remain financially sound. Members should be proud of the success we have achieved together.

PACT has been serving its membership for over 21 years. We are government risk experts with a passion for risk management services. We provide coverage and risk management solutions that are comprehensive and uncomplicated for our members. As the risk management arm for our members, PACT manages claims and provides a broad array of in-depth loss control services, training, and risk consultation. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive support services no one else offers. Our interactive loss control programs and resources guide our members' efforts toward reducing the probability of losses and the effect of losses that do occur.

Other factors that set PACT apart include the following:

- 1) Alternative Services Concepts' (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) Specialty Health, the managed care organization, and MCMC, the bill reviewer, for PACT helped the adjusters manage claims and costs effectively;
- 3) Loss control efforts of the Willis Re Pooling team and staff risk manager have proven effective and further initiatives are being implemented under the oversight of the Members' Loss Control Committee;
- 4) The continuing Cardiac Wellness Program should help reduce potential heart claims.

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 captive continues to enjoy financial success as a reinsurance option for PACT.

The table below shows some key financial ratios tracked by management and the board to benchmark PACT's financial condition and risk retention strategies:

	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
<b>Total Revenue</b>	\$ 15,701,455	\$ 16,486,613	\$ 16,337,985	\$ 15,149,782	\$ 11,187,905
<b>Revenue over (under) Expenses</b>	\$ 896,485	\$ 2,306,508	\$ 2,129,544	\$ (3,131,158)	\$ (1,051,465)
<b>Operating Net Position</b>	\$ 177,273	\$ 1,235,291	\$ (41,378)	\$ (2,556,342)	\$ (7,497,396)
<b>Non-operating Net Investment Income</b>	\$ 719,212	\$ 1,071,217	\$ 2,170,922	\$ (574,816)	\$ 82,932
<b>Total Assets</b>	\$ 83,611,339	\$ 88,670,007	\$ 94,114,671	\$ 93,825,979	\$ 87,551,333
<b>Total Liabilities</b>	\$ 38,007,661	\$ 40,759,841	\$ 44,194,929	\$ 47,037,395	\$ 48,177,213
<b>Net Position</b>	\$ 45,603,678	\$ 47,910,186	\$ 49,919,742	\$ 46,788,584	\$ 39,374,120
<b>Net Position to SIR (Board Target 20:1); Benchmark &gt;5:1</b>	91.21	95.82	99.84	93.58	78.75
<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>	54.5%	54.0%	53.0%	49.9%	45.0%
<b>Total assets/total liabilities</b>	2.20	2.18	2.13	1.99	1.82
<b>Revenues to Net Assets (Benchmark: &lt;2.5:1 and &gt;0)</b>	0.34	0.34	0.33	0.32	0.28
<b>Loss Reserves to Net Position (discounted): Benchmark &lt;3:1 and &gt;0</b>	0.45	0.46	0.47	0.50	0.55
<b>Total liabilities to liquid assets: Benchmark &lt;100%</b>	63%	60%	59%	74%	93%
<b>Change in members' Net Position: &gt;-10%</b>	2.0%	5.1%	4.2%	-6.3%	-15.8%
<b>Return on Net Position: Net Operating Income/Net Position</b>	0.4%	2.6%	-0.1%	-5.5%	-19.0%
<b>Return on Net Position: Total Income/Net Position</b>	2.0%	4.8%	4.3%	-6.7%	-2.7%

We continue to provide stability in the mist of uncertainty, allowing members to focus on serving their communities. We will continue to be reliability and stability in a risky workers compensation world.

### Economic Factors:

For fiscal year ending June 30, 2018, 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 are 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. Because 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.

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 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. Another 2017 change in legislation called for regulatory adoption of updated actuarial disability rating schedules. While the regulation change was not adopted until after the close of fiscal year end June 30, 2018, it will have a future affect on disability claims valuations for all types of claims.

The heart/lung assessments collected for fiscal year ended June 30, 2018 totaled \$1,104,106 compared to June 30, 2017 \$2,113,595 based upon a reduction in the manual rate assessment with a relatively flat change in payroll basis because of the accumulation exceeding the target minimum assessments.

Even though PACT faces possible increases due to heart lung claims for law enforcement and firefighters, PACT supports the brave efforts of these professionals serving our communities. It is the mission of PACT to minimize heart lung claims through strong risk management practice so our professionals stay healthy during and after their service.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. The staff includes Wayne Carlson, Executive Director, Mike Rebaleati, Chief Operations Officer, Marshall Smith, Chief Risk Officer, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissia Mack, Administrative Technician, Zaria Hanses, Administrative Assistant and Mike Van Houten, e-learning Manager and Webmaster. Thanks also to the dedicated professional staff from Bertrand & Associates, LLC, our independent auditors, for their contribution and support throughout the audit process. Special thanks to the Executive Committee, Audit Committee and Board of Directors for their keen interest and support in the planning and conducting of the financial operations of PACT in a responsible and progressive manner.

Thank you for your participation in PACT and for having confidence in our ongoing ability to meet the Mission, Vision and Motto you set for our member services consortium. We welcome your comments and suggestions to further strengthen PACT's financial position, to provide you with additional information and to enhance Member services. I am honored to serve as Executive Director. Thank you for your continued active participation as a Member of PACT.

Sincerely,

**Wayne Carlson**

PACT Executive Director

PUBLIC AGENCY COMPENSATION TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018 AND 2017

Public Agency Compensation Trust's (PACT) 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 PACT'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 Executive Director's transmittal letter, financial statements and notes to gain a more complete understanding of the information presented.

**Organization Overview**

Public Agency Compensation Trust was formed by local governments for the purpose of organizing an association of self-insured public agencies providing workers' compensation coverage. The Trust began operations in April 1, 1996. The Trust's objective is to provide 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 to be assessed and collected.

**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, 2018 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, capital and related financing activities and investing activities. 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**

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.

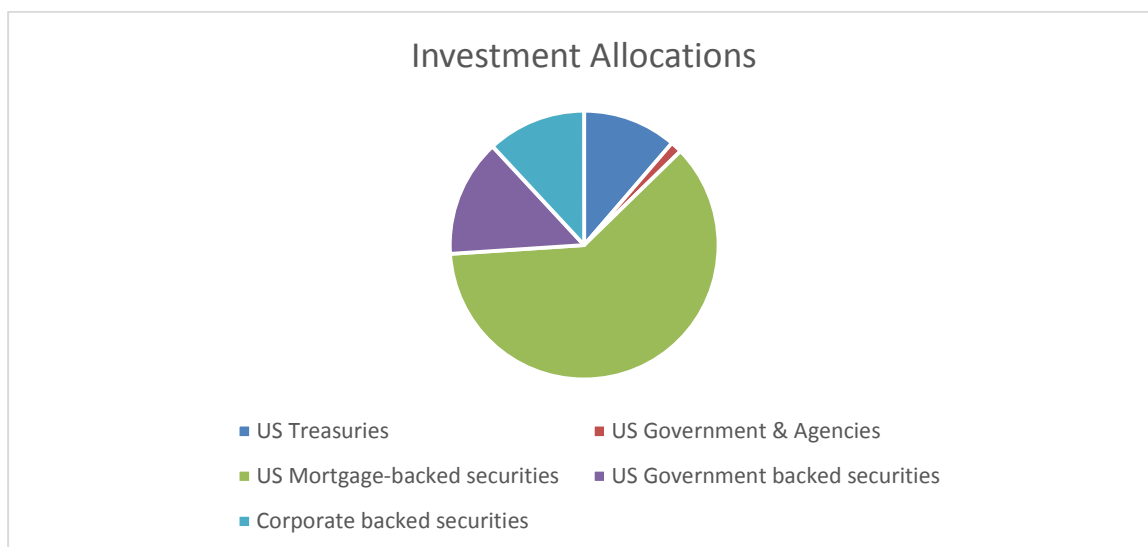
PACT has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims- IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, 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**

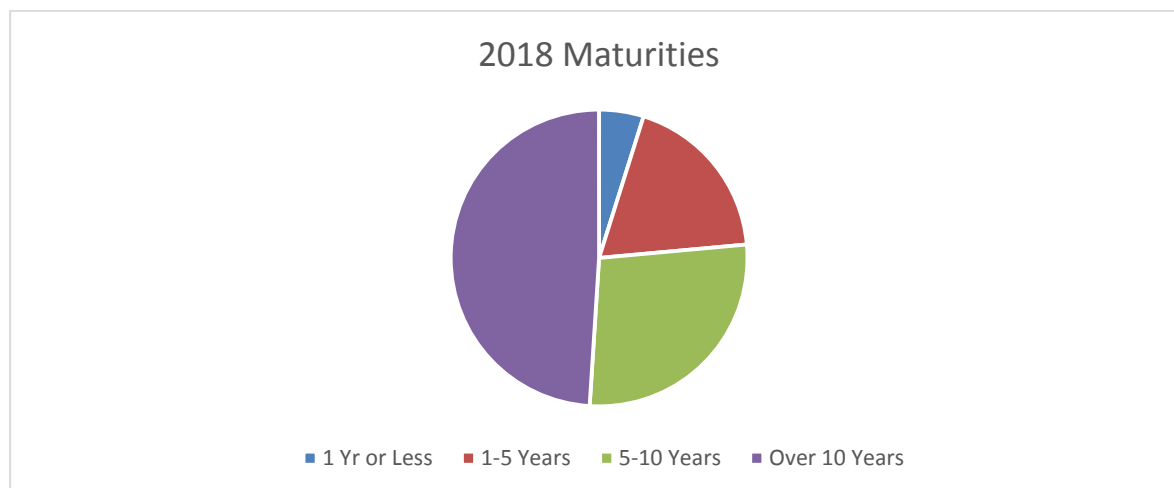
One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of 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 net position. Nevada Revised Statutes and the Board approved Investment Policy outlines the restrictions on the types of allowed investments. 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 corporate backed securities. PACT is authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations.

Cash and investments of \$51,956,564 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$6,808,811. Total current liabilities include accounts payable, commissions payable, risk management grants payable, specific recoverable and current portion of reserves for worker's compensation claims losses. This is a conservative measure of cash and investments available to pay current obligations. PACT's cash ratio is 7.6, meaning that it has 7.6 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 9.1. The reduction in the cash ratio is due primarily to the transfer of \$9,900,000 to PACT's pure captive mutual insurance company, Public Compensation Mutual, as contributed surplus during fiscal year ending June 30, 2018.

Investment balances as of June 30, 2018 were \$49,996,097 compared to the prior year amount of \$60,688,478. This represents a decrease of \$10,692,381 or 17.6%. The decrease is due primarily to the \$9,900,000 surplus contribution transferred to Public Compensation Mutual during the year. As noted in Note 3, the following is a summary of the fair value investments as of June 30, 2018:



<b>Investment Descriptions</b>	<b>Fair Value 6-30-2018</b>	<b>Fair Value 6-30-2017</b>
U.S. Treasuries	\$ 6,153,373	\$11,437,288
U.S. Government & Agencies	751,602	5,041,056
U.S. Mortgage backed securities	33,332,588	42,390,836
U.S. Government backed securities	7,685,066	5,913,088
Corporate backed securities	6,476,829	-
Less pledged investments	<u>(4,403,361)</u>	<u>(4,093,790)</u>
<b>Total investments</b>	<b><u>\$49,996,097</u></b>	<b><u>\$60,688,478</u></b>

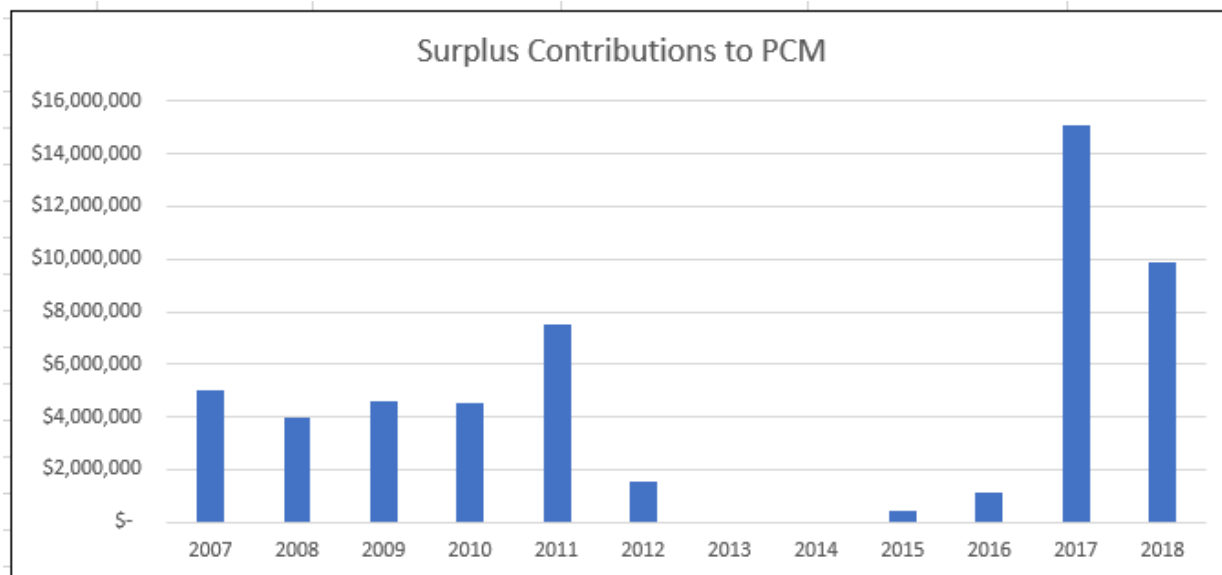


#### **Contributed Surplus Public Compensation Mutual**

In May of 2007, PACT's board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company. The company, named Public Compensation Mutual, ("PCM") is domiciled in Nevada. PCM subsequently converted from an association captive to a pure captive form owned by PACT. PCM is one of the workers compensation reinsurers for PACT. The benefits of the captive are reduced administrative costs, reinsurance opportunities and a broader investment portfolio which can include risk assets. Management considers the contribution surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance cost to PACT will recoup the contributed capital. As such, PACT's contributed surplus to PCM will be amortized over ten years. The net contributed surplus to PCM for fiscal year ending June 30, 2018 is \$27,055,732 compared to \$21,629,160 reflecting an increase of \$5,426,572 or 25.1%.

During the current year, there was a capital contribution of \$9,900,000 offset by amortization of \$4,473,428. See note 13 for more details. The following chart indicates PACT's surplus contributions and related amortization to PCM since inception:

Fiscal Year	Contributions	Amortization	Net Contributions
2007	\$ 5,000,000	\$ -	\$ 5,000,000
2008	\$ 4,000,000	\$ 566,667	\$ 8,433,333
2009	\$ 4,600,000	\$1,024,158	\$12,009,175
2010	\$ 4,500,000	\$1,530,700	\$14,978,475
2011	\$ 7,517,375	\$2,235,177	\$20,260,673
2012	\$ 1,542,062	\$2,666,095	\$19,136,640
2013	-	\$2,715,945	\$16,420,695
2014	-	\$2,715,944	\$13,704,751
2015	\$ 448,242	\$2,734,620	\$11,418,373
2016	\$ 1,093,260	\$2,769,879	\$ 9,741,754
2017	\$15,100,000	\$3,212,594	\$21,629,160
2018	\$ 9,900,000	\$4,473,428	\$27,055,732



As noted above, PACT has contributed \$53,700,939 to PCM in accordance with PACT's Capitalization Strategy Policy which allows PACT's Executive Committee to distribute a portion of the Net Assets to provide additional capitalization of PCM to reduce reliance on other excess or reinsurance providers. PCM has increased its reinsurance capacity and thereby reduced PACT's retention as a result of the additional contributions to surplus.

### Reserves for Claim Losses

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 PACT'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, PACT retains an outside independent actuary to provide a loss reserve opinion and establish a range for PACT's loss reserves. PACT's policy is to book reserves at the 75% confidence level as recommended by the actuary. Management has elected to discount the reserves using a 3% interest rate for anticipated investment income. The actuarial analysis for the current fiscal year revealed an overall increase in case reserves and IBNR reserves over prior years estimated incurred losses for Worker's Compensation and Heart Lung. See Note 11 Unpaid Loss Liabilities and the Supplemental Schedule on Unpaid Loss Liabilities for Worker Compensation and Heart Lung in the financial statements for more details.

Reserves for current portion of claim losses decreased from \$6,371,948 to \$6,261,137 in fiscal year ending June 30, 2018. The noncurrent reserve for worker's compensation claims losses decreased from \$17,377,052 to \$17,315,863 in 2018. These decreases were offset by the increase in the reserve for heart & lung claims loss as it rose from \$22,684,485 to \$24,052,539. This is an increase of \$1,368,054 or 6.0% during the year. These reserves are set at 100% of the heart lung 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 included in the financial statements for more details.

### Change in Net Position

PACT's Total Net Position decreased from \$46,788,584 to \$39,374,120 during the fiscal year ending June 30, 2018 a decrease of \$7,414,464 or 15.8%. This decrease is primarily due to the approved transfer to the PCM captive, an overall increase in claims losses in heart lung claims and the negotiated assessment settlement with Douglas County.

The following is the comparative Statements of Net Position for PACT as of June 30, 2018 and 2017.

#### CONDENSED STATEMENTS OF NET POSITON

	<u>2018</u>	<u>2017</u>
Cash and investments	\$ 51,956,564	\$ 63,352,076
Receivables	3,978,031	4,275,281
Other assets	-	30,647
Total current assets	<u>55,934,595</u>	<u>67,658,004</u>
Pledged investments	4,561,006	4,538,815
Contributed surplus PCM, net	27,055,732	21,629,160
Total noncurrent assets	<u>31,616,738</u>	<u>26,167,975</u>
<b>Total assets</b>	<b><u>87,551,333</u></b>	<b><u>93,825,979</u></b>
Payables	547,674	603,910
Current portion of reserve for losses	6,261,137	6,371,948
Total current liabilities	<u>6,808,811</u>	<u>6,975,858</u>
Reserve for Worker's Compensation losses	17,315,863	17,377,052
Reserve for Heart & Lung claims losses	24,052,539	22,684,485
Total noncurrent liabilities	<u>41,368,402</u>	<u>40,061,537</u>
<b>Total liabilities</b>	<b><u>48,177,213</u></b>	<b><u>47,037,395</u></b>
Net positon -unrestricted	34,813,114	42,249,769
Net positon -restricted for pledged securities	4,561,006	4,538,815
<b>Total net positon</b>	<b><u>\$ 39,374,120</u></b>	<b><u>\$ 46,788,584</u></b>

### Total Assessment Revenues

PACT's primary revenue source comes from Member assessments for workers compensation and assessments for heart lung. The assessments for workers compensation decreased from \$13,036,187 to \$10,083,799 during fiscal year ending June 30, 2018. This is a decrease of \$2,952,388 or 22.6%. PACT uncovered an inadvertent error in calculating the experience modification factor for Douglas County entities between fiscal years 2005-06 and 2015-2016. To correct this error for Douglas County \$1,850,000 was refunded as a negotiated resolution approved by both parties. Furthermore, at the end of fiscal year 2017, Truckee Meadows Fire Protection District and Douglas County left membership in PACT resulting in no assessments or coverage for these entities.



During fiscal year 2018, the manual assessment rate for the post-employment heart lung coverage was lowered by \$1.00 from \$4.85 per \$100 of payroll to \$3.85 as approved by the Board. Thus, the heart lung assessments decreased from \$2,113,595 to \$1,104,106 during the year.

### Loss Fund and Program Expenses

Overall Loss and Program expenses remained relatively consistent at \$12,239,370 in FY 2018 and \$12,165,038 in Fiscal Year 2017. However, there are several items that should be noted. Claims and adjustment expenses increased \$173,807 from \$6,257,686 to \$6,431,493 due to adverse development during the year. Heart and Lung loss expenses decreased \$855,447 from \$2,305,819 to \$1,450,372 in conjunction with the decrease in the related assessments per board policy that reserves assume 100% of the assessment revenues will be spent in the future. The reinsurance premiums increased \$685,351 from \$1,246,065 to \$1,931,416 because of increased risk transfers in the PCM and CRL reinsurance layer of coverage. PACT continues to increase the investment in Member education and services as \$629,804 was expensed in Fiscal Year 2018 compared to \$578,476 in Fiscal Year 2017. Loss control expenses and underwriting and claims processing expenses remained within a relevant range during the two fiscal years.

### Administration Expenses

Total administrative expenses were \$6,445,931 in Fiscal Year ending June 30, 2018 compared to \$5,541,086 in FY 2017. This represents an increase of \$904,845 or 16.3%. There was an increase of \$1,260,834 in the amortization expense related to the Surplus Contribution to Public Compensation Mutual. This increase is due to the amortization of the additional \$9,900,000 contribution to PCM. There was a reduction of \$471,056 in risk management grants as the board changed the policy to provide up to \$500,000 for loss control grants rather than a percentage of Net Position. There were slight increases in the Insurance Division fees and Insolvency fund and related expenses as there was a slight increase in the three-year claims average used to calculate those related expenses. The management fees increased from \$490,136 to \$513,174 or 4.7% increase as provided for in the approved management contract.

### Non-operating Net Investment Income

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. Non-operating net investment income was \$82,932 for Fiscal Year end June 30, 2018 compared to (\$574,816) in 2017. The investment income exceeded the negative impact of the mark to market value adjustment because of increasing interest rates in fiscal year 2018. See Note 3 Investment Securities for more details.

### Revenues, Expenses and Changes in Net Position:

#### CONDENSED STATEMENTS OF REVENUES AND EXPENSES

	<u>2018</u>	<u>2017</u>
Assessments revenues	\$ 11,187,905	\$ 15,149,782
Loss fund provision and program expenses	12,239,370	12,165,038
Administration expenses	6,445,931	5,541,086
Total expenses	18,685,301	17,706,124
<b>(Decrease) increase in operating net position</b>	<b>(7,497,396)</b>	<b>(2,556,342)</b>
Non-operating net investment income	82,932	(574,816)
<b>(Decrease) increase in net position</b>	<b>\$ (7,414,464)</b>	<b>\$ (3,131,158)</b>

### 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.

**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.

**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF NET POSITION**  
**June 30, 2018 and 2017**

<b>ASSETS</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,960,467	\$ 2,663,598
Investments	49,996,097	60,688,478
Investment income receivable	209,396	264,696
Member assessments receivable	3,421,951	3,848,709
Specific recoverable	186,908	97,495
Commissions receivable	56,800	64,381
Receivable from State of Nevada	102,976	-
Prepaid expenses	-	30,647
<b>Total current assets</b>	<b><u>55,934,595</u></b>	<b><u>67,658,004</u></b>
<b>Noncurrent assets:</b>		
Pledged investments	4,561,006	4,538,815
Contributed surplus PCM, net	27,055,732	21,629,160
<b>Total noncurrent assets</b>	<b><u>31,616,738</u></b>	<b><u>26,167,975</u></b>
<b>TOTAL ASSETS</b>	<b><u>87,551,333</u></b>	<b><u>93,825,979</u></b>
 <b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	149,389	153,261
Commissions payable	56,800	59,990
Specific recoverable	186,908	97,495
Risk Management Grants payable	154,577	293,164
Current portion of reserve for claims losses	6,261,137	6,371,948
<b>Total current liabilities</b>	<b><u>6,808,811</u></b>	<b><u>6,975,858</u></b>
<b>Noncurrent liabilities:</b>		
Reserve for Worker's Compensation claims losses	17,315,863	17,377,052
Reserve for Heart & Lung claims losses	24,052,539	22,684,485
<b>Total noncurrent liabilities</b>	<b><u>41,368,402</u></b>	<b><u>40,061,537</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>48,177,213</u></b>	<b><u>47,037,395</u></b>
 <b>NET POSITION - unrestricted</b>		
Net position -unrestricted	34,813,114	42,249,769
Net position -restricted for pledged securities	4,561,006	4,538,815
<b>TOTAL NET POSITION</b>	<b><u>\$ 39,374,120</u></b>	<b><u>\$ 46,788,584</u></b>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years ended June 30, 2018 and 2017**

<b>REVENUES</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Assessments for workers compensation	\$ 10,083,799	\$ 13,036,187
Assessments for heart and lung	1,104,106	2,113,595
Total Revenues	<u>11,187,905</u>	<u>15,149,782</u>
 <b>LOSS FUND AND PROGRAM EXPENSES</b>		
Claims and adjustment expenses	6,431,493	6,257,686
Heart and Lung loss expenses	1,450,372	2,305,819
Excess insurance premium	526,516	524,612
Re-insurance premium	1,931,416	1,246,065
Member education and services	629,804	578,476
Loss control expense	406,000	406,000
Underwriting and claims processing	863,769	846,380
Total loss fund and program expenses	<u>12,239,370</u>	<u>12,165,038</u>
 <b>ADMINISTRATION EXPENSES</b>		
Management fees	513,174	490,136
Professional services	110,407	110,534
Administrative and overhead	659,562	597,859
Risk management grants	186,174	657,230
Insurance Division fees	484,186	453,233
Nevada insolvency fund and related expenses	19,000	19,500
Amortization expense	4,473,428	3,212,594
Total administration expenses	<u>6,445,931</u>	<u>5,541,086</u>
<b>Decrease in operating net position</b>	<b><u>(7,497,396)</u></b>	<b><u>(2,556,342)</u></b>
Non-operating net investment income	82,932	(574,816)
<b>(Decrease) in net position</b>	<b><u>(7,414,464)</u></b>	<b><u>(3,131,158)</u></b>
Net position, beginning of year	46,788,584	49,919,742
<b>Net position, end of year</b>	<b><u>\$ 39,374,120</u></b>	<b><u>\$ 46,788,584</u></b>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF CASH FLOWS**  
**For Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Assessments and other revenues	\$ 13,472,244	\$ 15,765,420
Payment for claims	(6,685,811)	(6,097,910)
Payment to vendors	(6,445,010)	(5,104,765)
Payment to Douglas County for settlement	<u>(1,850,000)</u>	<u>-</u>
Net cash (used) provided from operating activities	(1,508,577)	4,562,745
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributed surplus to Public Compensation Mutual	<u>(9,900,000)</u>	<u>(15,100,000)</u>
Net cash used for capital and related financing activities	(9,900,000)	(15,100,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and net realized investment income	1,457,200	2,042,351
Sale of investments	76,921,005	28,312,168
Purchases of investments	<u>(67,672,759)</u>	<u>(19,329,914)</u>
Net cash provided for investing activities	<u>10,705,446</u>	<u>11,024,605</u>
(Decrease) increase in cash and cash equivalents	(703,131)	487,350
Cash and cash equivalents, beginning of fiscal year	2,663,598	2,176,248
<b>Cash and cash equivalents, year ended June 30</b>	<b><u>1,960,467</u></b>	<b><u>2,663,598</u></b>
<b>RECONCILIATION FOR OPERATING INCOME</b>		
<b>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating net loss	(7,497,396)	(2,556,342)
<b>Adjustments to reconcile operating income</b>		
<b>to net cash provided (used) by operating activities:</b>		
Decrease in member assessments receivable	426,758	615,638
(Increase) in specific recoverable	(89,413)	(40,117)
Decrease in prepaid expenses	30,647	3,323
Decrease (increase) in agent compensation receivable	7,581	(419)
Decrease in receivable from State of Nevada	-	485,603
(Decrease) increase in accounts payable	(3,872)	46,232
(Decrease) in agent compensation payable	(3,190)	(2,642)
Increase in specific recoverable	89,413	40,116
(Decrease) increase in Risk Management Grants payable	(138,587)	293,164
Increase in amortization of contributed surplus	4,473,428	3,212,594
Increase loss reserves	1,196,054	2,465,595
<b>Net cash (used) provided by operating activities</b>	<b><u>\$ (1,508,577)</u></b>	<b><u>\$ 4,562,745</u></b>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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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 net position. 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 corporate backed 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, 2018 and 2017**

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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 using a 75% confidence level. 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 2018 and 2017, 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. The receivable at June 30, 2018 was \$102,976.

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, 2018 and 2017**

**NOTE 2 – CASH & EQUIVALENTS**

The carrying amount of PACT's deposits with financial institutions at June 30, 2018 and 2017 are \$1,960,467 and \$2,663,598 respectively. The financial institution balances were \$2,280,356 and \$2,999,137 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, 2018</u>	<u>June 30, 2017</u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	753,238	577,291
Cash equivalents at brokerage firm	<u>1,277,118</u>	<u>2,171,846</u>
Total deposits at financial institutions	<u>\$ 2,280,356</u>	<u>\$ 2,999,137</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, 2018 is as follows:

	<u>Fair Value</u>	<b>Investment Maturities in Years</b>			
		<u>1 year or less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 6,153,373	\$ 601,524	\$ 3,079,119	\$ 2,472,730	\$ -
U.S. Government & Agencies	751,602	180,177	571,425	-	-
U.S. Mortgage-backed securities	33,332,588	1,033,529	1,466,205	3,889,565	26,943,289
U.S. Government backed securities	7,685,066	1,217,136	4,974,919	894,488	598,523
Corporate backed securities	6,476,829	-	-	6,476,829	-
Less pledged investments	(4,403,361)	(601,524)	(748,065)	-	(3,053,772)
Total investments	<u>\$ 49,996,097</u>	<u>\$ 2,430,842</u>	<u>\$ 9,343,603</u>	<u>\$ 13,733,612</u>	<u>\$ 24,488,040</u>

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 or 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	(4,093,790)	-	(617,836)	-	(3,475,954)
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>

Investment income receivable was \$209,396 on June 30, 2018 and \$264,696 on June 30, 2017.

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. Corporate securities have bond ratings from A- to AA.



**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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**NOTE 3 – INVESTMENT SECURITIES (continued)**

PACT categorizes 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 input 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 \$4,803,784 and \$10,819,452 for years ended June 30, 2018 and 2017 respectively are valued using quoted market prices (Level 1 inputs).
2. U.S. Government Agencies, U.S. back securities and Corporate Bonds of \$45,192,313 and \$49,869,026 for years ended June 30, 2018 and 2017 respectively are valued using a matrix pricing model (Level 2 inputs).

**NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE**

Member assessments receivable were \$3,421,951 and \$3,848,709 for the years ended June 30, 2018 and 2017. 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 \$700,000 excess of PACT's \$300,000 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 \$9,366,330 and \$9,434,838 for years ended June 30, 2018 and 2017 respectively. 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 nonprofit captive insurance companies in which PACT has a financial interest.

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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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 PACT 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, 2018 and 2017 were \$513,173 and \$490,136 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:

2019	<u>503,000</u>
Total minimum future payments	<u>\$ 503,000</u>

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 PACT, Wayne Carlson. PRI pays PARMS a management fee to provide operational and financial oversight of PRI. The PARMS payment to NPAIP includes the technological needs of PACT as well as PRM and PCM. This arrangement was approved in an effort to simplify the technology usage fees paid to NPAIP.

**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, 2018 and 2017 were \$4,561,006 and \$4,538,815. 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 deposits for years ended June 30, 2018 and 2017 were \$4,000,000 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, 2018</u>	<u>June 30, 2017</u>
Cash equivalents	\$ 137,577	\$ 427,100
Investments	4,403,361	4,093,790
Investment income receivable	<u>20,068</u>	<u>17,925</u>
Total	<u>\$ 4,561,006</u>	<u>\$ 4,538,815</u>

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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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 2018 and 2017 is \$24,052,539 and \$22,684,485 respectively.

**NOTE 10 – ALLOCATION AND RETURN 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.

PACT uncovered an inadvertent error in calculating the experience modification factor for Douglas County entities between fiscal years 2005-2006 and 2015-2016. To correct this error for Douglas County entailed a \$1,850,000 return of assessments to Douglas County. This payment was made in fiscal year 2017-2018 based upon a negotiated resolution between Douglas County and PACT and was approved by both parties.

**NOTE 11 – UNPAID LOSS LIABILITIES**

The current portion of the long term loss reserve for 2018 and 2017 is \$6,261,137 and \$6,371,948 with the long term portion for 2018 and 2017 being \$41,368,402 and \$40,061,537 respectively. Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year decreased from \$8,563,505 for 2017 to \$7,881,865 for 2018. The decrease in the provision for insured events of prior fiscal years for 2017 and 2018 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.

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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:

	<u>2018</u>	<u>2017</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 46,433,485</u>	<u>\$ 43,967,890</u>
Incurring losses and loss adjustment expenses:		
Provision for insured events of current year	8,445,372	9,065,505
Increase (decrease) in provision for insured events of prior fiscal years	<u>(563,507)</u>	<u>(502,000)</u>
Total incurred losses and loss adjustment	7,881,865	8,563,505
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,823,734)	(1,914,077)
Claims and claims adjustment expenses attributable to insured events of prior years	<u>(4,862,077)</u>	<u>(4,183,833)</u>
Total Payments	(6,685,811)	(6,097,910)
<b>Unpaid claims and claims adjustment expenses at end of fiscal year</b>	<u><b>\$ 47,629,539</b></u>	<u><b>\$ 46,433,485</b></u>

**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 PACT, Wayne Carlson and whose directors are Cash Minor, Paul Johnson and Curtis Calder. The cost of this grant was \$419,650 and \$407,400 for June 30, 2018 and 2017 respectively. The grant was renewed for five years beginning July 1, 2015 and amended July 1, 2018 with future costs being as follows:

Minimum future payments:		
	2019	\$ 428,050
	2020	<u>436,800</u>
	Total payments	<u>\$ 864,850</u>

PRI provides human resources management services to PACT members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

**NOTE 13 – SURPLUS CONTRIBUTION TO PUBLIC COMPENSATION MUTUAL COMPANY**

In May of 2007, PACT’s board of directors authorized the startup 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, 2018 was \$53,700,939 with accumulated amortization of \$26,645,207 for a net amount of \$27,055,732. Capitalization at June 30, 2017 was \$43,800,939 with accumulated amortization of \$22,171,779 for a net amount of \$21,629,160. Amortization expense for 2018 and 2017 was \$ 4,473,428 and \$3,212,594 respectively.

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 2018, 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 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.

Since the creation of the captive PCM, all transfers from PACT to PCM have been amortized. PACT’s investment advisor, Strategic Asset Alliance, and PACT’s money manager, New England Asset Management, developed an orderly transfer plan based on the appropriate selling and purchasing points for the designated assets. This helped accomplish the goals of providing PACT with profits of the sales and PCM with the purchase of more suitable investment assets. This enabled PACT and PCM to maintain the appropriate Net Position for their respective risk retention amounts. Contributions to the captive and amortization are as follows:

<b>Fiscal Year</b>	<b>Contribution</b>	<b>Total Capitalization</b>	<b>Amortization</b>	<b>Net Contributions</b>	<b>Accumulated Amortization</b>
2007	\$5,000,000	\$5,000,000	\$0	\$5,000,000	\$0
2008	4,000,000	9,000,000	566,667	8,433,333	566,667
2009	4,600,000	13,600,000	1,024,158	12,009,175	1,590,825
2010	4,500,000	18,100,000	1,530,700	14,978,475	3,121,525
2011	7,517,375	25,617,375	2,235,177	20,260,673	5,356,702
2012	1,542,062	27,159,437	2,666,095	19,136,640	8,022,797
2013	-	27,159,437	2,715,945	16,420,695	10,738,742
2014	-	27,159,437	2,715,944	13,704,751	13,454,686
2015	448,242	27,607,679	2,734,620	11,418,373	16,189,306
2016	1,093,260	28,700,939	2,769,879	9,741,754	18,959,185
2017	15,100,000	43,800,939	3,212,594	21,629,160	22,171,779
2018	9,900,000	53,700,939	4,473,428	27,055,732	26,645,207

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018 and 2017**

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**NOTE 14 –SUBSEQUENT EVENTS**

Management has evaluated the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2018. Management has evaluated subsequent events through October 11, 2018 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, 2018 and 2017:

	<u>2018</u>			<u>2017</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	\$ 23,749,000	\$ 22,684,485	\$46,433,485	\$23,397,000	\$20,570,890	\$43,967,890
Incurred losses and loss adjustment expenses:						
Provision for insured events of current year	6,995,000	1,450,372	8,445,372	6,759,686	2,305,819	\$9,065,505
Increase (decrease) in provision for insured events of prior fiscal year	(563,507)	-	(563,507)	(502,000)	-	(502,000)
Total incurred losses and loss adjustments	6,431,493	1,450,372	7,881,865	6,257,686	2,305,819	8,563,505
Payments:						
Claims and claim adjustment expense attributable to insured events of current year	(1,741,000)	(82,318)	(1,823,318)	(1,789,000)	(125,077)	(1,914,077)
Claims and claims adjustment expense Attributable to insured events of a prior period	(4,862,493)	-	(4,862,493)	(4,116,686)	(67,147)	(4,183,833)
Total payments	(6,603,493)	(82,318)	(6,685,811)	(5,905,686)	(192,224)	(6,097,910)
<b>Unpaid claims and claims adjustments expenses at end of fiscal year</b>	<b>\$23,577,000</b>	<b>\$24,052,539</b>	<b>\$47,629,539</b>	<b>\$23,749,000</b>	<b>\$22,684,485</b>	<b>\$46,433,485</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>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>	<u>2018</u>
Earned	\$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	\$11,270,837
Ceded	999,595	1,019,746	760,706	821,229	1,196,334	1,178,052	1,626,286	1,621,360	1,770,677	2,457,932
Net earned	\$17,382,622	\$15,836,753	\$13,427,182	\$15,408,648	\$12,853,607	\$15,242,614	\$15,931,544	\$16,887,547	\$12,803,219	\$8,812,905
Unallocated Expenses	3,888,708	4,372,365	5,196,331	6,075,535	6,580,620	6,167,162	6,167,162	6,130,390	7,370,873	8,345,504
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	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	8,020,826
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	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	8,020,826
Net Paid (cumulative) as of:										
End of policy year	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	1,734,359
One Year Later	3,630,752	3,121,442	3,604,503	3,460,736	3,221,497	2,848,563	2,901,684	3,378,486	4,153,214	
Two Years Later	4,050,129	4,039,612	4,245,842	4,582,100	3,754,301	3,434,826	3,545,887	4,117,819		
Three Years Later	4,496,682	4,357,378	5,004,699	5,268,006	4,110,874	3,859,081	3,855,565			
Four Years Later	4,714,495	4,448,046	5,153,264	5,447,815	4,169,758	3,989,877				
Five Years Later	4,975,855	4,558,563	5,490,173	5,654,308	4,189,790					
Six Years Later	4,989,534	4,654,519	5,746,369	5,754,247						
Seven Years Later	5,049,426	4,572,533	5,981,875							
Eight Years Later	5,123,852	4,851,262								
Nine Years Later	5,336,269									
Re-estimated ceded claims & Expenses	-	-	-	-	-	-	-	-	-	-
Re-estimated Claims & Expense										
End of policy year	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	8,020,826
One Year Later	7,100,338	7,767,000	8,156,000	8,599,083	8,064,886	8,461,944	8,035,685	8,841,127	9,105,595	
Two Years Later	6,892,000	8,507,000	8,204,000	8,412,083	7,583,886	7,991,944	7,921,685	8,772,127		
Three Years Later	7,010,000	7,930,000	8,855,000	8,590,083	7,436,886	7,991,944	7,702,685			
Four Years Later	6,902,000	7,826,904	8,367,000	8,416,083	7,138,886	7,754,944				
Five Years Later	7,172,000	7,903,000	8,626,000	8,594,083	6,984,886					
Six Years Later	6,789,000	7,928,904	8,678,000	8,412,083						
Seven Years Later	6,790,338	7,831,904	8,855,000							
Eight Years Later	6,800,338	7,826,904								
Nine Years Later	7,172,000									
Increase(Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year:	<b>\$473,000</b>	<b>\$222,000</b>	<b>\$1,629,000</b>	<b>\$19,083</b>	<b>(\$1,519,000)</b>	<b>(\$807,000)</b>	<b>(\$622,000)</b>	<b>(\$37,000)</b>	<b>200,000</b>	-

This information is required by the Governmental Accounting Standards Board



Claim Number	Date Of Loss	Location (Level B)	Status	Incurred Total	Paid Total	O/S Reserve Total	Accident Description
C143-97-00709 -01	5/24/1998	DOUGLAS COUNTY	O	\$ 562,483.60	\$ 244,880.37	\$ 317,603.23	BOAT CAPSIZED-DROWNED
C143-00-00055 -01	7/25/2000	WHITE PINE COUNTY	O	\$ 1,230,572.77	\$ 433,236.19	\$ 797,336.58	STRUCK BY LIGHTNING
C143-00-00347 -01	11/4/2000	STOREY COUNTY	O	\$ 1,006,537.10	\$ 531,110.58	\$ 475,426.52	ATRIAL FIBRILLATION
C143-00-00474 -01	12/29/2000	NYE COUNTY	O	\$ 419,036.07	\$ 401,206.11	\$ 17,829.96	MAKING "U" TURN ATTEMPTING TO MAKE TRAFFIC STOP STRUCK BY OTHER VEHICLE
C143-03-00159 -01	8/27/2003	CARSON TAHOE REGIONAL HEALTHCARE	O	\$ 366,222.80	\$ 357,442.60	\$ 8,780.20	LEFT & RIGHT HANDS/CARPAL TUNNEL SYNDROME--DOING COMPUTER WORK PROPERTY MANAGER
C143-03-00334 -01	10/27/2003	NYE COUNTY	O	\$ 611,988.27	\$ 405,940.56	\$ 206,047.71	HEART; CHEST PAIN--SEVERAL EPISODES OF ANGINA AT WORK DEPUTY SHERIFF
C143-03-00548 -01	1/9/2004	NORTH LAKE TAHOE FPD	R	\$ 1,841,562.30	\$ 250,708.61	\$ 1,590,853.69	PREPARING FOR TRAINING STANDING IN DAY ROOM
C143-03-00794 -01	2/20/2004	LYON COUNTY	O	\$ 970,277.20	\$ 517,612.24	\$ 452,664.96	WHILE TRANSPORTING A PRISONER
C143-03-01086 -01	6/8/2004	MINERAL COUNTY	O	\$ 776,278.10	\$ 54,815.79	\$ 721,462.31	WATCHING TV IN CLASS
C143-04-00298 -01	9/27/2004	PERSHING COUNTY	F	\$ 328,332.36	\$ 328,332.36	\$ -	RECD GUNSHOT WOUND FROM SUSPECT IN LINE OF DUTY
C143-04-00836 -01	3/3/2005	NORTH LAKE TAHOE FPD	O	\$ 1,612,933.61	\$ 574,939.83	\$ 1,037,993.78	ROUTINE ANNUAL HEART STRESS TEST- FAILED
C143-05-00348 -01	10/18/2005	BOULDER CITY HOSPITAL	F	\$ 545,968.57	\$ 545,968.57	\$ -	S/F ON SLIPPERY FLOOR
C143-05-01092 -01	6/28/2006	WHITE PINE COUNTY SCHOOL DISTRICT	R	\$ 426,509.03	\$ 407,389.88	\$ 19,119.15	S/F BACKWARDS OFF SINK WHILE STANDING ON SINK COUNTER CLEANING WALLS.
C143-06-00272 -01	7/28/2006	WHITE PINE COUNTY	O	\$ 1,734,213.85	\$ 655,210.45	\$ 1,079,003.40	HEART; ONGOING CHEST PAIN AND WEAKNESS
C143-06-00167 -01	8/23/2006	LINCOLN COUNTY SCHOOL DISTRICT	O	\$ 396,761.62	\$ 308,511.14	\$ 88,250.48	LIFTING BLOCKS TO MAKE A RETAINING WALL
C143-07-02238 -01	4/25/2007	SIERRA FPD	O	\$ 1,569,731.96	\$ 559,340.34	\$ 1,010,391.62	ANNUAL PHYSICAL 4-25-07 ABNORMAL TEST
C143-07-01932 -01	5/16/2007	SIERRA FPD	O	\$ 353,457.90	\$ 244,646.49	\$ 108,811.41	FELL 12 FEET DOWN OFF A RETAINING WALL WHILE FIGHTING A FIRE

## 5a PACT Large Loss.xlsx

C143-07-02169 -01	7/28/2007	FALLON (CITY OF)	F	\$ 405,823.93	\$ 405,823.93	\$ -	HIT BUMP WHILE DRIVING EQUIPMENT
C143-07-02353 -01	9/17/2007	CARSON TAHOE REGIONAL HEALTHCARE	F	\$ 496,807.17	\$ 496,807.17	\$ -	TWISTED KNEE LIFTING A PATIENT, STRAINED BACK
C143-08-02758 -01	2/4/2008	LYON COUNTY	O	\$ 1,278,437.41	\$ 644,902.26	\$ 633,535.15	OCC-DISEASE, HEART, CAREER POLICE OFFICER
C143-08-03379 -01	9/18/2008	SIERRA FPD	R	\$ 578,604.43	\$ 432,544.63	\$ 146,059.80	EXTRACTING A COMBATIVE PT FROM VEHICLE AND GOT CAUGHT BETWEEN PT AND CAR. LANDED ON KNEE.
C143-09-03932 -01	4/3/2009	STOREY COUNTY	F	\$ 397,773.02	\$ 397,773.02	\$ -	WALKING INTO THE BUILDING, SLIPPED ON STEPS AND FELL BACKWARDS.
C143-09-04509 -01	11/17/2009	DOUGLAS COUNTY	O	\$ 706,849.56	\$ 170,969.27	\$ 535,880.29	ATTEMPTING TO SUBDUE SUSPECT, FELL TO GROUND STRIKING LEFT SIDE ON GROUND.
C143-09-04533 -01	11/18/2009	CARSON CITY	O	\$ 1,406,443.66	\$ 402,920.06	\$ 1,003,523.60	EXPOSURE TO COMBUSTIVE MATERIALS AND OTHER HAZARDOUS CHEMICALS DURING NORMAL COURSE OF JOB DUTIES.
C143-10-04905 -01	4/26/2010	NYE COUNTY	O	\$ 1,572,829.43	\$ 335,367.06	\$ 1,237,462.37	RESPONDING TO A CALL AT A CASINO, GUN SHOTS WERE FIRED
C143-10-05305 -01	8/8/2010	PAHRUMP (TOWN OF)	O	\$ 459,214.72	\$ 395,384.73	\$ 63,829.99	ON AUGUST 8, 2010 NOTICED ISSUES REGARDING THROAT, GI AND RESPIRATORY
C143-10-05211 -01	8/11/2010	BOULDER CITY (CITY OF)	O	\$ 508,822.73	\$ 459,396.25	\$ 49,426.48	PICKING UP 50 GALLON GARGAGE BAGS FULL OF BUSHES, ROCKS AND BRANCHES UP TO 100 LBS+. HIP STARTED HURTING
C143-10-05247 -01	9/8/2010	DOUGLAS COUNTY	O	\$ 356,418.77	\$ 65,296.08	\$ 291,122.69	INSTRUCTING TRAINING IN DEFENSIVE TACTICS
C143-10-05293 -01	9/16/2010	BOULDER CITY (CITY OF)	O	\$ 925,287.70	\$ 379,255.31	\$ 546,032.39	WALKING DOWN THE FIRE STATION HALLWAY AND HAD A SEIZURE/STROKE
C143-11-05623 -01	2/24/2011	ELKO COUNTY	O	\$ 440,330.86	\$ 326,883.62	\$ 113,447.24	Shot during domestic violence call

## 5a PACT Large Loss.xlsx

C143-11-05791 -01	4/8/2011	LINCOLN COUNTY SCHOOL DISTRICT	O	\$ 350,605.40	\$ 127,032.10	\$ 223,573.30	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
C143-11-06342 -01	12/24/2011	LYON COUNTY	O	\$ 330,292.29	\$ 240,051.12	\$ 90,241.17	WHILE CHECKING WATER LEAK, SLIPPED ON WET FLOOR
C143-12-06618 -01	5/9/2012	NYE COUNTY	O	\$ 569,598.42	\$ 86,514.86	\$ 483,083.56	WHILE WALKING FELT PAIN IN CENTER OF CHEST, NUMBNESS IN LEFT ARM AND SHORTNESS OF BREATH
C143-13-07514 -01	6/21/2013	DOUGLAS COUNTY	O	\$ 348,114.16	\$ 296,811.98	\$ 51,302.18	WHILE ON A WILDERNESS TRIP WITH JUVENILES, A JUVENILE WAS CLIMBING DOWN OUT A TREE WHEN THE TRUNK BROKE AND JUVENILE AND TREE CAME DOWN ON TOP OF HEAD. WENT BACKWARDS INTO THE ROCK AND TALL SAGE BRUSH
C143-14-07974 -01	1/14/2014	CENTRAL LYON COUNTY FPD	O	\$ 1,836,657.94	\$ 289,470.34	\$ 1,547,187.60	AFTER PHYSICAL FITNESS, DIDN'T FEEL WELL AND COLOR WAS POOR
C143-15-09493 -01	12/17/2015	NYE COUNTY	F	\$ 351,184.99	\$ 351,184.99	\$ -	PHYSICAL ALTERCATION WITH SUSPECT
C143-16-10221 -01	10/10/2016	EAST FORK FIRE & PARAMEDIC DISTRICT	O	\$ 332,933.20	\$ 282,799.78	\$ 50,133.42	LIFTING A PATIENT
C143-17-10792 -01	7/9/2017	NORTH LAKE TAHOE FPD	O	\$ 603,029.78	\$ 370,337.05	\$ 232,692.73	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.
C143-18-11338 -01	5/21/2018	NYE COUNTY	O	\$ 768,740.56	\$ 519,501.11	\$ 249,239.45	WHILE DIRECTING TRAFFIC, EE WAS STRUCK BY A CAR
		Total: 39 claims; 6 closed		\$ 29,777,667.24	\$ 14,298,318.83	\$ 15,479,348.41	
		Status: O=open; R=reop; F=closed					

Claim Number	Date Of Loss	Location (Level B)	Status	Incurred Total	Paid Total	O/S Reserve Total	Accident Description	Incurred Ind/PD	Incurred Med/B/Loss	Incurred Expense	Incurred Legal	Paid Ind/pd	Paid Med/bi/loss	Paid Expense	Paid Legal	O/S Ind/pd	O/S Med/bi/loss	O/S Expense	O/S Legal
C143-97-00709 -01	5/24/1998	DOUGLAS COUNTY	O	\$ 562,483.60	\$ 244,880.37	\$ 317,603.23	BOAT CAPSIZED-DROWNED	\$ 563,620.84	\$ 6,147.66	\$ -	\$ 397.05	\$ 246,017.61	\$ 6,147.66	\$ -	\$ 397.05	\$ 317,603.23	\$ -	\$ -	\$ -
C143-00-00055 -01	7/25/2000	WHITE PINE COUNTY	O	\$ 1,230,572.77	\$ 433,236.19	\$ 797,336.58	STRUCK BY LIGHTNING	\$ 850,737.86	\$ 943,376.76	\$ 18,543.43	\$ 50,327.26	\$ 358,868.86	\$ 678,958.48	\$ 12,285.03	\$ 15,536.36	\$ 491,869.00	\$ 264,418.28	\$ 6,258.40	\$ 34,790.90
C143-00-00347 -01	11/4/2000	STOREY COUNTY	O	\$ 1,006,537.10	\$ 531,110.58	\$ 475,426.52	ATRIAL FIBRILLATION	\$ 1,026,233.21	\$ 158,760.00	\$ 6,710.41	\$ 20,608.19	\$ 554,587.37	\$ 155,229.32	\$ 6,460.41	\$ 20,608.19	\$ 471,645.84	\$ 3,530.68	\$ 250.00	\$ -
C143-00-00474 -01	12/29/2000	NYE COUNTY	O	\$ 419,036.07	\$ 401,206.11	\$ 17,829.96	MAKING "U" TURN ATTEMPTING TO MAKE TRAFFIC STOP STRUCK BY OTHER VEHICLE	\$ 229,421.46	\$ 123,124.47	\$ 251.36	\$ 66,238.78	\$ 216,182.50	\$ 123,124.47	\$ 251.36	\$ 61,647.78	\$ 13,238.96	\$ -	\$ -	\$ 4,591.00
C143-03-00159 -01	8/27/2003	CARSON TAHOE REGIONAL HEALTHCARE	O	\$ 366,222.80	\$ 357,442.60	\$ 8,780.20	LEFT & RIGHT HANDS/CARPAL TUNNEL SYNDROME--DOING COMPUTER WORK PROPERTY MANAGER	\$ 266,277.41	\$ 59,751.42	\$ 3,346.01	\$ 19,442.34	\$ 258,158.21	\$ 59,751.42	\$ 3,346.01	\$ 18,781.34	\$ 8,119.20	\$ -	\$ -	\$ 661.00
C143-03-00334 -01	10/27/2003	NYE COUNTY	O	\$ 611,988.27	\$ 405,940.56	\$ 206,047.71	HEART; CHEST PAIN--SEVERAL EPISODES OF ANGINA AT WORK DEPUTY SHERIFF	\$ 177,579.22	\$ 426,544.46	\$ 4,586.59	\$ 3,278.00	\$ 171,831.13	\$ 229,376.09	\$ 1,850.34	\$ 2,883.00	\$ 5,748.09	\$ 197,168.37	\$ 2,736.25	\$ 395.00
C143-03-00548 -01	1/9/2004	NORTH LAKE TAHOE FPD	R	\$ 1,841,562.30	\$ 250,708.61	\$ 1,590,853.69	PREPARING FOR TRAINING STANDING IN DAY ROOM	\$ 1,798,815.00	\$ 29,100.00	\$ 747.30	\$ 12,500.00	\$ 231,911.89	\$ 6,794.15	\$ 129.80	\$ 11,472.77	\$ 1,566,903.11	\$ 22,305.85	\$ 617.50	\$ 1,027.23
C143-03-00794 -01	2/20/2004	LYON COUNTY	O	\$ 970,277.20	\$ 517,612.24	\$ 452,664.96	WHILE TRANSPORTING A PRISONER	\$ 938,075.39	\$ 23,386.01	\$ 379.19	\$ 8,436.61	\$ 485,410.43	\$ 23,386.01	\$ 379.19	\$ 8,436.61	\$ 452,664.96	\$ -	\$ -	\$ -
C143-03-01086 -01	6/8/2004	MINERAL COUNTY	O	\$ 776,278.10	\$ 54,815.79	\$ 721,462.31	WATCHING TV IN CLASS	\$ 944,366.00	\$ 163,995.32	\$ 3,271.40	\$ 17,986.30	\$ 293,923.04	\$ 97,410.31	\$ 2,123.40	\$ 14,699.96	\$ 650,442.96	\$ 66,585.01	\$ 1,148.00	\$ 3,286.34
C143-04-00836 -01	3/3/2005	NORTH LAKE TAHOE FPD	O	\$ 1,612,933.61	\$ 574,939.83	\$ 1,037,993.78	ROUTINE ANNUAL HEART STRESS TEST- FAILED	\$ 1,562,440.27	\$ 3,087.00	\$ 10,591.43	\$ 36,814.91	\$ 528,200.47	\$ 3,087.00	\$ 7,055.45	\$ 36,596.91	\$ 1,034,239.80	\$ -	\$ 3,535.98	\$ 218.00
C143-05-01092 -01	6/28/2006	WHITE PINE COUNTY SCHOOL DISTRICT	R	\$ 426,509.03	\$ 407,389.88	\$ 19,119.15	S/F BACKWARDS OFF SINK WHILE STANDING ON SINK COUNTER CLEANING WALLS.	\$ 64,981.72	\$ 128,976.74	\$ 4,173.30	\$ 204,000.00	\$ 61,375.85	\$ 128,293.92	\$ 4,135.80	\$ 189,207.04	\$ 3,605.87	\$ 682.82	\$ 37.50	\$ 14,792.96
C143-06-00272 -01	7/28/2006	WHITE PINE COUNTY	O	\$ 1,734,213.85	\$ 655,210.45	\$ 1,079,003.40	HEART; ONGOING CHEST PAIN AND WEAKNESS	\$ 1,496,523.56	\$ 218,743.23	\$ 3,070.09	\$ 15,876.97	\$ 527,007.55	\$ 115,458.06	\$ 1,991.17	\$ 10,753.67	\$ 969,516.01	\$ 103,285.17	\$ 1,078.92	\$ 5,123.30
C143-06-00167 -01	8/23/2006	LINCOLN COUNTY SCHOOL DISTRICT	O	\$ 396,761.62	\$ 308,511.14	\$ 88,250.48	LIFTING BLOCKS TO MAKE A RETAINING WALL	\$ 197,081.22	\$ 132,980.69	\$ 2,441.00	\$ 20,000.00	\$ 118,707.30	\$ 130,938.69	\$ 1,341.84	\$ 13,264.60	\$ 78,373.92	\$ 2,042.00	\$ 1,099.16	\$ 6,735.40
C143-07-02238 -01	4/25/2007	SIERRA FPD	O	\$ 1,569,731.96	\$ 559,340.34	\$ 1,010,391.62	ANNUAL PHYSICAL 4-25-07 ABNORMAL TEST	\$ 1,486,104.12	\$ 61,088.34	\$ 2,539.50	\$ 20,000.00	\$ 487,343.32	\$ 53,975.69	\$ 1,314.50	\$ 16,706.83	\$ 998,760.80	\$ 7,112.65	\$ 1,225.00	\$ 3,293.17
C143-07-01932 -01	5/16/2007	SIERRA FPD	O	\$ 353,457.90	\$ 244,646.49	\$ 108,811.41	FELL 12 FEET DOWN OFF A RETAINING WALL WHILE FIGHTING A FIRE	\$ 315,868.12	\$ 29,308.28	\$ 1,032.50	\$ 7,249.00	\$ 207,056.71	\$ 29,308.28	\$ 1,032.50	\$ 7,249.00	\$ 108,811.41	\$ -	\$ -	\$ -
C143-08-02758 -01	2/4/2008	LYON COUNTY	O	\$ 1,278,437.41	\$ 644,902.26	\$ 633,535.15	OCC-DISEASE, HEART, CAREER POLICE OFFICER	\$ 1,029,275.00	\$ 218,025.00	\$ 3,091.50	\$ 28,045.91	\$ 473,399.48	\$ 143,996.27	\$ 1,887.50	\$ 25,619.01	\$ 555,875.52	\$ 74,028.73	\$ 1,204.00	\$ 2,426.90
C143-08-03379 -01	9/18/2008	SIERRA FPD	R	\$ 578,604.43	\$ 432,544.63	\$ 146,059.80	EXTRACTING A COMBATIVE PT FROM VEHICLE AND GOT CAUGHT BETWEEN PT AND CAR. LANDED ON KNEE.	\$ 317,990.31	\$ 221,017.10	\$ 2,477.85	\$ 2,119.17	\$ 232,581.20	\$ 182,634.16	\$ 1,987.35	\$ 2,119.17	\$ 85,409.11	\$ 38,382.94	\$ 490.50	\$ -
C143-09-04509 -01	11/17/2009	DOUGLAS COUNTY	O	\$ 706,849.56	\$ 170,969.27	\$ 535,880.29	ATTEMPTING TO SUBDUDE SUSPECT, FELL TO GROUND STRIKING LEFT SIDE ON GROUND.	\$ 161,516.68	\$ 540,414.99	\$ 2,108.00	\$ 2,809.89	\$ 62,365.59	\$ 103,895.29	\$ 1,898.50	\$ 2,809.89	\$ 99,151.09	\$ 436,519.70	\$ 209.50	\$ -
C143-09-04533 -01	11/18/2009	CARSON CITY	O	\$ 1,406,443.66	\$ 402,920.06	\$ 1,003,523.60	EXPOSURE TO COMBUSTIVE MATERIALS AND OTHER HAZARDOUS CHEMICALS DURING NORMAL COURSE OF JOB DUTIES.	\$ 1,395,720.40	\$ 10,679.26	\$ 44.00	\$ -	\$ 392,196.80	\$ 10,679.26	\$ 44.00	\$ -	\$ 1,003,523.60	\$ -	\$ -	\$ -
C143-10-04905 -01	4/26/2010	NYE COUNTY	O	\$ 1,572,829.43	\$ 335,367.06	\$ 1,237,462.37	RESPONDING TO A CALL AT A CASINO, GUN SHOTS WERE FIRED	\$ 1,530,285.61	\$ 42,505.32	\$ 38.50	\$ -	\$ 292,823.24	\$ 42,505.32	\$ 38.50	\$ -	\$ 1,237,462.37	\$ -	\$ -	\$ -
C143-10-05305 -01	8/8/2010	PAHRUMP (TOWN OF)	O	\$ 459,214.72	\$ 395,384.73	\$ 63,829.99	ON AUGUST 8, 2010 NOTICED ISSUES REGARDING THROAT, GI AND RESPIRATORY	\$ 195,871.17	\$ 6,900.00	\$ 6,443.55	\$ 250,000.00	\$ 140,722.78	\$ 6,150.51	\$ 6,003.65	\$ 242,507.79	\$ 55,148.39	\$ 749.49	\$ 439.90	\$ 7,492.21
C143-10-05211 -01	8/11/2010	BOULDER CITY (CITY OF)	O	\$ 508,822.73	\$ 459,396.25	\$ 49,426.48	PICKING UP 50 GALLON GARGAGE BAGS FULL OF BUSHES, ROCKS AND BRANCHES UP TO 100 LBS+. HIP STARTED HURTING	\$ 183,219.69	\$ 73,957.27	\$ 8,205.81	\$ 195,764.37	\$ 154,359.11	\$ 72,973.56	\$ 3,122.31	\$ 181,265.68	\$ 28,860.58	\$ 983.71	\$ 5,083.50	\$ 14,498.69
C143-10-05247 -01	9/8/2010	DOUGLAS COUNTY	O	\$ 356,418.77	\$ 65,296.08	\$ 291,122.69	INSTRUCTING TRAINING IN DEFENSIVE TACTICS	\$ 29,465.00	\$ 405,501.53	\$ 4,034.30	\$ 29,500.00	\$ 9,448.85	\$ 138,616.37	\$ 3,099.30	\$ 26,213.62	\$ 20,016.15	\$ 266,885.16	\$ 935.00	\$ 3,286.38
C143-10-05293 -01	9/16/2010	BOULDER CITY (CITY OF)	O	\$ 925,287.70	\$ 379,255.31	\$ 546,032.39	WALKING DOWN THE FIRE STATION HALLWAY AND HAD A SEIZURE/STROKE	\$ 408,704.89	\$ 582,738.00	\$ 10,730.40	\$ 93,957.56	\$ 361,064.29	\$ 102,134.22	\$ 4,537.65	\$ 82,362.30	\$ 47,640.60	\$ 480,603.78	\$ 6,192.75	\$ 11,595.26
C143-11-05623 -01	2/24/2011	ELKO COUNTY	O	\$ 440,330.86	\$ 326,883.62	\$ 113,447.24	Shot during domestic violence call	\$ 207,400.63	\$ 187,891.92	\$ 5,661.94	\$ 34,833.90	\$ 99,417.09	\$ 187,891.92	\$ 5,661.94	\$ 29,370.20	\$ 107,983.54	\$ -	\$ -	\$ 5,463.70
C143-11-05791 -01	4/8/2011	LINCOLN COUNTY SCHOOL DISTRICT	O	\$ 350,605.40	\$ 127,032.10	\$ 223,573.30	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	\$ 40,278.72	\$ 305,012.33	\$ 5,314.35	\$ -	\$ 39,499.02	\$ 85,510.58	\$ 2,022.50	\$ -	\$ 779.70	\$ 219,501.75	\$ 3,291.85	\$ -
C143-11-06342 -01	12/24/2011	LYON COUNTY	O	\$ 330,292.29	\$ 240,051.12	\$ 90,241.17	WHILE CHECKING WATER LEAK, SLIPPED ON WET FLOOR	\$ 151,850.54	\$ 164,879.55	\$ 11,336.00	\$ 1,602.00	\$ 141,132.93	\$ 87,390.22	\$ 9,301.77	\$ 1,602.00	\$ 10,717.61	\$ 77,489.33	\$ 2,034.23	\$ -
C143-12-06618 -01	5/9/2012	NYE COUNTY	O	\$ 569,598.42	\$ 86,514.86	\$ 483,083.56	WHILE WALKING FELT PAIN IN CENTER OF CHEST, NUMBNESS IN LEFT ARM AND SHORTNESS OF BREATH	\$ 86,200.00	\$ 474,569.27	\$ 8,829.15	\$ -	\$ -	\$ 84,292.31	\$ 2,222.55	\$ -	\$ 86,200.00	\$ 390,276.96	\$ 6,606.60	\$ -

C143-13-07514 -01	6/21/2013	DOUGLAS COUNTY	O	\$ 348,114.16	\$ 296,811.98	\$ 51,302.18	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	\$ 222,222.03	\$ 45,737.13	\$ 6,155.00	\$ 74,000.00	\$ 177,772.76	\$ 44,947.38	\$ 5,880.54	\$ 68,211.30	\$ 44,449.27	\$ 789.75	\$ 274.46	\$ 5,788.70	
C143-14-07974 -01	1/14/2014	CENTRAL LYON COUNTY FPD	O	\$ 1,836,657.94	\$ 289,470.34	\$ 1,547,187.60	AFTER PHYSICAL FITNESS, DIDN'T FEEL WELL AND COLOR WAS POOR	\$ 1,578,338.67	\$ 224,088.25	\$ 4,765.75	\$ 8,500.00	\$ 205,646.21	\$ 55,461.82	\$ 1,647.50	\$ 7,872.96	\$ 1,372,692.46	\$ 168,626.43	\$ 3,118.25	\$ 627.04	
C143-16-10221 -01	10/10/2016	EAST FORK FIRE & PARAMEDIC DISTRICT	O	\$ 332,933.20	\$ 282,799.78	\$ 50,133.42	LIFTING A PATIENT	\$ 149,774.35	\$ 72,000.00	\$ 3,605.00	\$ 10,000.00	\$ 149,774.35	\$ 45,373.43	\$ 3,270.06	\$ 6,593.39	\$ -	\$ 26,626.57	\$ 334.94	\$ 3,406.61	
C143-17-10792 -01	7/9/2017	NORTH LAKE TAHOE FPD	O	\$ 603,029.78	\$ 370,337.05	\$ 232,692.73	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.	\$ 253,668.06	\$ 329,361.72	\$ 10,000.00	\$ 5,000.00	\$ 139,495.39	\$ 222,878.54	\$ 7,362.48	\$ 64.00	\$ 114,172.67	\$ 106,483.18	\$ 2,637.52	\$ 4,936.00	
C143-18-11338 -01	5/21/2018	NYE COUNTY	O	\$ 768,740.56	\$ 519,501.11	\$ 249,239.45	WHILE DIRECTING TRAFFIC, EE WAS STRUCK BY A CAR	\$ 242,087.56	\$ 507,128.00	\$ 11,525.00	\$ 3,000.00	\$ 38,847.01	\$ 472,484.11	\$ 5,248.39	\$ 2,841.50	\$ 203,240.55	\$ 34,643.89	\$ 6,276.61	\$ 158.50	
Total: 34 claims				\$ 27,251,777.20	\$ 11,772,428.79	\$ 15,479,348.41														
Status: O=open; R=reop; F=closed																				

Claim Number	Date Of Loss	Location (Level B)	Status	Incurred Total	Paid Total	O/S Reserve Total	Accident Description	Incurred Ind/PD	Incurred Med/B/I/Loss	Incurred Expense	Incurred Legal	Paid Ind/pd	Paid Med/bi/loss	Paid Expense	Paid Legal	O/S Ind/pd	O/S Med/bi/loss	O/S Expense	O/S Legal
C143-04-00298 -01	9/27/2004	PERSHING COUNTY	F	\$ 328,332.36	\$ 328,332.36	\$ -	RECD GUNSHOT WOUND FROM SUSPECT IN LINE OF DUTY	\$ 88,539.10	\$ 234,833.23	\$ 861.00	\$ -	\$ 88,539.10	\$ 234,833.23	\$ 861.00	\$ -	\$ -	\$ -	\$ -	\$ -
C143-05-00348 -01	10/18/2005	BOULDER CITY HOSPITAL	F	\$ 545,968.57	\$ 545,968.57	\$ -	S/F ON SLIPPERY FLOOR	\$ 162,009.71	\$ 163,789.21	\$ 24,650.18	\$ 98,331.05	\$ 162,009.71	\$ 163,789.21	\$ 24,650.18	\$ 98,331.05	\$ -	\$ -	\$ -	\$ -
C143-07-02169 -01	7/28/2007	FALLON (CITY OF)	F	\$ 405,823.93	\$ 405,823.93	\$ -	HIT BUMP WHILE DRIVING EQUIPMENT	\$ 166,891.36	\$ 198,723.36	\$ 3,575.70	\$ 7,891.51	\$ 166,891.36	\$ 198,723.36	\$ 3,575.70	\$ 7,891.51	\$ -	\$ -	\$ -	\$ -
C143-07-02353 -01	9/17/2007	CARSON TAHOE REGIONAL HEALTHCARE	F	\$ 496,807.17	\$ 496,807.17	\$ -	TWISTED KNEE LIFTING A PATIENT, STRAINED BACK	\$ 252,970.97	\$ 68,111.84	\$ 12,286.29	\$ 74,794.02	\$ 252,970.97	\$ 68,111.84	\$ 12,286.29	\$ 74,794.02	\$ -	\$ -	\$ -	\$ -
C143-09-03932 -01	4/3/2009	STOREY COUNTY	F	\$ 397,773.02	\$ 397,773.02	\$ -	WALKING INTO THE BUILDING, SLIPPED ON STEPS AND FELL BACKWARDS.	\$ 265,860.74	\$ 44,215.17	\$ 2,444.95	\$ 85,252.16	\$ 265,860.74	\$ 44,215.17	\$ 2,444.95	\$ 85,252.16	\$ -	\$ -	\$ -	\$ -
C143-15-09493 -01	12/17/2015	NYE COUNTY	F	\$ 351,184.99	\$ 351,184.99	\$ -	PHYSICAL ALTERCATION WITH SUSPECT	\$ 199,097.17	\$ 149,974.22	\$ 1,537.00	\$ -	\$ 199,097.17	\$ 149,974.22	\$ 1,537.00	\$ -	\$ -	\$ -	\$ -	\$ -
Status: O=open; R=rep; F=closed				\$ 2,525,890.04	\$ 2,525,890.04	\$ -													
Total: 39 claims: 6 closed																			

## PACT BUDGET 2019-2020

Presented at Executive Committee April 2, 2019 Option 2 Adopted at Annual Meeting April 17, 2019	FY 2019-2020 Budget	% of Total Revenues	Notes
<b>Revenues</b>			
Assessments	\$ 13,182,146	87.0%	Overall 10% rate increase plus exposure changes
Assessments for Heart Lung	1,396,406	9.2%	Back to Prior Year Rate +\$1.00 rate to Police Fire Classification
PCM Risk Management Fee	575,000	3.8%	Fixed Amount from PCM
<b>Total Revenues</b>	<b>\$ 15,153,551</b>	<b>100.0%</b>	
<b>Loss Fund &amp; Insurance Expense</b>			
Claims and Adjustment Expenses	\$ 6,285,000	41.5%	Actuarial amount at 70% Confidence Interval
Heart Lung Loss Reserves Expenses	1,509,000	10.0%	Includes Cardiac Wellness Program Charges
Excess Insurance Premiums	462,468	3.1%	Carrier Renewal rates plus additional exposures
Reinsurance Premium (PCM)	2,237,200	14.8%	PCM Rate at 75% CL + Admin Expenses
<b>Total Loss Fund and Insurance Expenses</b>	<b>\$ 10,493,668</b>	<b>69.2%</b>	
<b>Program Expenses</b>			
Member Education and services	\$ 704,300	4.6%	PRI, Target Solution, 24/7/365, EAP, MSDS On-line, E-learning
Loss control expenses	406,000	2.7%	Willis Loss Control Services, Inspections, trainings
Underwriting and claims processing	885,363	5.8%	Third Party Administrator, ASC Claims Processing
<b>Total Program Expenses</b>	<b>\$ 1,995,663</b>	<b>13.2%</b>	
<b>Administration Expenses</b>			
Management Services	\$ 675,000	4.5%	Nevada Risk Pooling Management Team
Professional Fees	136,743	0.9%	Independent Audit, Payroll Audits
Administrative and Overhead	689,242	4.5%	Rent, Utilities, Copier, Phone, Training, Technology, Support
Insurance Division Fees	515,658	3.4%	State of Nevada mandated fees
Nevada Insolvency Fund and related expenses	19,855	0.1%	State of Nevada mandated fees
<b>Total Administrative Expenses</b>	<b>\$ 2,036,499</b>	<b>13.4%</b>	
<b>Operating Income (Loss)</b>	<b>\$ 627,721</b>	<b>4.1%</b>	Thin margins to mitigate rate increase to membership
Investment Income	1,369,121	9.0%	Earnings from Investment Portfolio managed by NEAM, SAA
<b>Net Gain (Loss)</b>	<b>\$ 1,996,843</b>	<b>13.2%</b>	
PCM Amortization Expense	3,835,096	25.3%	Board Policy: 10 Year Amortization of PCM Transfers: Non-cash
<b>Net Gain (Loss) including PCM Amortization Expense</b>	<b>\$ (1,838,253)</b>		
Other Expenses: Loss Control Grants: Paid from Surplus	\$ 500,000		Loss Control Grants Approved by Loss Control Committee

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	Cost 5 years	Annual Cost
	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	7/1/17- 6/30/18	7/1/17- 6/30/18	2013/2014- 2017/2018	2013/2014- 2017/2018	2013/2014- 2017/2018	2015/2016- 2017/2018
CARSON CITY (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CHURCHILL COUNTY	14	\$ 17,462	6	\$ 31,810	11	\$ 134,362	11	\$ 62,852	34	\$ 97,540	76	\$ 344,027	\$ 68,805	\$ 98,251
DOUGLAS COUNTY (No Longer Membe	82	\$ 596,927	81	\$ 411,173	121	\$ 271,942	119	\$ 353,489	1	\$ 4,155	404	\$ 1,637,685	\$ 327,537	\$ 209,862
ELKO COUNTY	34	\$ 239,854	45	\$ 175,071	56	\$ 105,152	36	\$ 74,014	41	\$ 72,430	212	\$ 666,520	\$ 133,304	\$ 83,865
ESMERALDA COUNTY	3	\$ 1,771	4	\$ 20,835	2	\$ 7,766	3	\$ 161,499	6	\$ 8,556	18	\$ 200,427	\$ 40,085	\$ 59,274
EUREKA COUNTY	13	\$ 213,226	2	\$ 197,931	5	\$ 7,885	9	\$ 20,392	5	\$ 2,648	34	\$ 442,081	\$ 88,416	\$ 10,308
HUMBOLDT COUNTY	9	\$ 2,758	18	\$ 150,804	19	\$ 139,985	14	\$ 72,569	15	\$ 32,017	75	\$ 398,134	\$ 79,627	\$ 81,524
LANDER COUNTY	10	\$ 45,525	5	\$ 157,121	10	\$ 40,997	13	\$ 96,162	8	\$ 22,675	46	\$ 362,480	\$ 72,496	\$ 53,278
LINCOLN COUNTY	3	\$ 797	3	\$ 53,931	3	\$ 1,100	1	\$ 231	4	\$ 5,070	14	\$ 61,129	\$ 12,226	\$ 2,134
LYON COUNTY	57	\$ 181,009	31	\$ 214,730	34	\$ 291,356	28	\$ 244,801	34	\$ 179,563	184	\$ 1,111,460	\$ 222,292	\$ 238,573
MINERAL COUNTY	11	\$ 288,053	20	\$ 15,940	16	\$ 122,018	10	\$ 63,147	6	\$ 13,276	63	\$ 502,434	\$ 100,487	\$ 66,147
NYE COUNTY	95	\$ 471,280	110	\$ 674,883	112	\$ 830,818	147	\$ 769,427	107	\$ 1,001,516	571	\$ 3,747,923	\$ 749,585	\$ 867,253
PERSHING COUNTY	10	\$ 72,029	6	\$ 59,072	7	\$ 45,015	3	\$ 15,034	2	\$ 1,320	28	\$ 192,470	\$ 38,494	\$ 20,456
STOREY COUNTY	9	\$ 309,698	12	\$ 27,617	11	\$ 162,782	10	\$ 18,572	8	\$ 18,543	50	\$ 537,213	\$ 107,443	\$ 66,633
WHITE PINE COUNTY	17	\$ 73,355	15	\$ 118,300	35	\$ 139,241	22	\$ 54,703	29	\$ 81,036	118	\$ 466,636	\$ 93,327	\$ 91,660
<b>TOTAL</b>	<b>367</b>	<b>\$ 2,513,746</b>	<b>358</b>	<b>\$ 2,309,218</b>	<b>442</b>	<b>\$ 2,300,417</b>	<b>426</b>	<b>\$ 2,006,892</b>	<b>300</b>	<b>\$ 1,540,346</b>	<b>1,893</b>	<b>\$ 10,670,620</b>	<b>\$ 2,134,124</b>	<b>\$ 1,949,219</b>



PACT Cities

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL		Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Claims	TOTAL	Annual Cost 5	Annual Cost
	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	7/1/17- 6/30/18	7/1/17- 6/30/18	2013/2014- 2017/2018	2013/2014- 2017/2018	years 2013/2014- 2017/2018	3 years 2015/2016- 2017/2018
BOULDER CITY	22	\$ 107,290	29	\$ 197,327	29	\$ 85,207	19	\$ 280,246	17	\$ 22,146	116	\$ 692,216	\$ 138,443	\$ 129,200
CALIENTE	4	\$ 2,635	1	\$ 12,286	1	\$ 820	1	\$ 356	0	\$ -	7	\$ 16,098	\$ 3,220	\$ 392
CARLIN CITY	14	\$ 12,619	6	\$ 17,409	6	\$ 11,776	3	\$ 5,404	5	\$ 1,288	34	\$ 48,495	\$ 9,699	\$ 6,156
CITY OF ELKO	40	\$ 105,789	30	\$ 6,342	38	\$ 9,179	37	\$ 333,111	32	\$ 136,956	177	\$ 591,377	\$ 118,275	\$ 159,749
ELY CITY	5	\$ 4,059	5	\$ 38,182	11	\$ 299,433	5	\$ 41,436	3	\$ 15,299	29	\$ 398,410	\$ 79,682	\$ 118,723
CITY OF FALLON (No Longer a Member)	11	\$ 11,153	11	\$ 7,853	0	\$ -	0	\$ -	0	\$ -	22	\$ 19,006	\$ 3,801	\$ -
CITY OF FERNLEY	5	\$ 1,655	3	\$ 1,473	5	\$ 4,368	4	\$ 2,165	3	\$ 9,757	20	\$ 19,418	\$ 3,884	\$ 5,430
CITY OF LOVELOCK	6	\$ 2,112	2	\$ 9,602	3	\$ 502	7	\$ 6,097	3	\$ 1,547	21	\$ 19,860	\$ 3,972	\$ 2,715
MESQUITE CITY (No Longer a Member)	25	\$ 18,023	35	\$ 62,055	15	\$ 39,330	0	\$ -	0	\$ -	75	\$ 119,408	\$ 23,882	\$ 13,110
WELLS CITY	4	\$ 1,563	3	\$ 892	2	\$ 349	2	\$ 605	3	\$ 11,504	14	\$ 14,913	\$ 2,983	\$ 4,153
CITY OF WEST WENDOVER	3	\$ 35,375	7	\$ 200,883	5	\$ 2,654	4	\$ 6,026	5	\$ 9,031	24	\$ 253,969	\$ 50,794	\$ 5,904
CITY OF WINNEMUCCA	9	\$ 70,835	6	\$ 5,061	7	\$ 159,273	8	\$ 7,100	9	\$ 4,923	39	\$ 247,192	\$ 49,438	\$ 57,099
CITY OF YERINGTON	0	\$ -	3	\$ 2,375	6	\$ 32,797	8	\$ 35,943	5	\$ 53,809	22	\$ 124,923	\$ 24,985	\$ 40,850
<b>TOTAL</b>	<b>148</b>	<b>\$ 373,109</b>	<b>141</b>	<b>\$ 561,739</b>	<b>128</b>	<b>\$ 645,689</b>	<b>98</b>	<b>\$ 718,488</b>	<b>85</b>	<b>\$ 266,260</b>	<b>600</b>	<b>\$ 2,565,285</b>	<b>\$ 513,057</b>	<b>\$ 543,479</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
	7/1/13- 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	7/1/17- 6/30/18	7/1/17- 6/30/18	2013/2014- 2017/2018	2013/2014- 2017/2018	2013/2014- 2017/2018	2015/2016- 2017/2018
ESMERALDA COUNTY SCHOOL DISTRICT	1	\$ -	3	\$ 433	3	\$ -	1	\$ -	1	\$ -	9	\$ 433	\$ 87	\$ -
EUREKA COUNTY SCHOOL DISTRICT	1	\$ 2,767	3	\$ 8,214	1	\$ 1,328	2	\$ 40,668	1	\$ 8,695	8	\$ 61,672	\$ 12,334	\$ 16,897
HUMBOLDT COUNTY SCHOOL DISTRICT(No longer	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY SCHOOL DISTRICT	3	\$ 3,041	3	\$ 26,457	5	\$ 22,673	2	\$ 14,086	4	\$ 43,622	17	\$ 109,881	\$ 21,976	\$ 26,794
LINCOLN COUNTY SCHOOL DISTRICT	16	\$ 5,576	5	\$ 4,651	20	\$ 48,383	5	\$ -	13	\$ 1,678	59	\$ 60,288	\$ 12,058	\$ 16,687
MINERAL COUNTY SCHOOL DISTRICT	16	\$ 52,441	16	\$ 3,457	23	\$ 7,170	8	\$ 229	12	\$ 27,635	75	\$ 90,932	\$ 18,186	\$ 11,678
NYE COUNTY SCHOOL DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY SCHOOL DISTRICT	4	\$ 6,936	6	\$ 7,693	5	\$ 14,417	2	\$ 881	4	\$ 33,110	21	\$ 63,037	\$ 12,607	\$ 16,136
WHITE PINE COUNTY SCHOOL DISTRICT	17	\$ 3,371	16	\$ 21,349	6	\$ 8,985	14	\$ 51,821	9	\$ 23,278	62	\$ 108,803	\$ 21,761	\$ 28,028
<b>TOTAL</b>	<b>58</b>	<b>\$ 74,132</b>	<b>52</b>	<b>\$ 72,254</b>	<b>63</b>	<b>\$ 102,957</b>	<b>34</b>	<b>\$ 107,684</b>	<b>44</b>	<b>\$ 138,018</b>	<b>251</b>	<b>\$ 495,045</b>	<b>\$ 99,009</b>	<b>\$ 116,220</b>

PACT Hospitals

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL Claims	TOTAL	Average	Average
	Frequency 7/1/13- 6/30/14	Costs 7/1/13- 6/30/14	Frequency 7/1/14- 6/30/15	Costs 7/1/14- 6/30/15	Frequency 7/1/15- 6/30/16	Costs 7/1/15- 6/30/16	Frequency 7/1/16- 6/30/17	Costs 7/1/16- 6/30/17	Frequency 7/1/17- 6/30/18	Costs 7/1/17- 6/30/18	Frequency 2013/2014- 2017/2018	Claims Costs 2013/2014- 2017/2018	Annual Cost 5 years 2013/2014- 2017/2018	Annual Cost 3 years 2015/2016- 2017/2018
BATTLE MOUNTAIN GENERAL HOSPITAL	9	\$ 5,377	8	\$ 8,152	9	\$ 20,110	11	\$ 11,712	12	\$ 104,829	49	\$ 150,179	\$ 30,036	\$ 45,550
BOULDER CITY HOSPITAL (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CARSON TAHOE HOSPITAL (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
GROVER C. DILS MEDICAL CENTER	0	\$ -	1	\$ 89	6	\$ 7,338	11	\$ 10,306	16	\$ 50,215	34	\$ 67,948	\$ 13,590	\$ 22,620
HUMBOLDT GENERAL HOSPITAL	12	\$ 37,481	19	\$ 127,067	19	\$ 241,326	19	\$ 113,167	8	\$ 14,464	77	\$ 533,504	\$ 106,701	\$ 122,986
MT. GRANT GENERAL HOSPITAL	12	\$ 39,869	15	\$ 29,459	10	\$ 17,193	7	\$ 34,872	11	\$ 16,579	55	\$ 137,970	\$ 27,594	\$ 22,881
PERSHING GENERAL HOSPITAL	8	\$ 6,932	6	\$ 11,758	5	\$ 16,636	11	\$ 47,054	11	\$ 20,882	41	\$ 103,263	\$ 20,653	\$ 28,191
SO. LYON MEDICAL CENTER (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	0	\$ -	0	\$ -	12	\$ 34,040	15	\$ 18,525	10	\$ 18,600	37	\$ 71,165	\$ 17,791	\$ 23,722
<b>TOTAL</b>	<b>41</b>	<b>\$ 89,658</b>	<b>49</b>	<b>\$ 176,524</b>	<b>61</b>	<b>\$ 336,643</b>	<b>74</b>	<b>\$ 235,635</b>	<b>68</b>	<b>\$ 225,569</b>	<b>293</b>	<b>\$ 1,064,029</b>	<b>\$ 216,364</b>	<b>\$ 265,949</b>

PACT Special Districts and Towns

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL Claims Frequency	TOTAL Claims Costs	Average Annual Cost 5 years 2013/2014- 2017/2018	Average Annual Cost 3 years 2015/2016- 2017/2018
	Frequency 7/1/13- 6/30/14	Claims Costs 7/1/13- 6/30/14	Frequency 7/1/14- 6/30/15	Claims Costs 7/1/14- 6/30/15	Frequency 7/1/15- 6/30/16	Claims Costs 7/1/15- 6/30/16	Frequency 7/1/16- 6/30/17	Claims Costs 7/1/16- 6/30/17	Frequency 7/1/17- 6/30/18	Claims Costs 7/1/17- 6/30/18				
<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	0	\$ -	0	\$ -	0	\$ -	5	\$ 15,865	1	\$ 855	6	\$ 16,720	\$ 3,344	\$ 5,573
<b>CLARK COUNTY:</b>														
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	1	\$ -	1	\$ -	2	\$ -	4	\$ -	\$ -	\$ -
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	0	\$ -	1	\$ 1,778	1	\$ 33,553	0	\$ -	0	\$ -	2	\$ 35,331	\$ 7,066	\$ 11,184
<b>CHURCHILL COUNTY:</b>														
CC COMMUNICATIONS	2	\$ 20,631	1	\$ 166	1	\$ 2,437	2	\$ 2,338	2	\$ 641	8	\$ 26,213	\$ 5,243	\$ 1,805
CHURCHILL COUNTY MOSQUITO & ABATEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 2,886	0	\$ -	0	\$ -	1	\$ 2,886	\$ 577	\$ 962
<b>DOUGLAS COUNTY:</b>														
DOUGLAS CO. MOSQUITO CONTROL DISTRICT	1	\$ -	1	\$ 610	0	\$ -	0	\$ -	0	\$ -	2	\$ 610	\$ 122	\$ -
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT	0	\$ -	1	\$ 241	1	\$ 367	0	\$ -	0	\$ -	2	\$ 608	\$ 122	\$ 122
EAST FORK FIRE & PARAMEDIC DISTRICT	36	\$ 196,736	33	\$ 67,822	21	\$ 106,838	28	\$ 568,699	26	\$ 278,166	144	\$ 1,218,261	\$ 243,652	\$ 317,901
EAST FORK SWIMMING POOL DISTRICT	5	\$ 4,495	10	\$ 12,969	6	\$ 2,282	6	\$ 13,953	4	\$ 4,746	31	\$ 38,445	\$ 7,689	\$ 6,994
GARDNERVILLE, TOWN OF (No Longer Member)	2	\$ 1,652	2	\$ 6,125	1	\$ 219	1	\$ 54,379	0	\$ -	6	\$ 62,375	\$ 12,475	\$ 18,199
GENOA, TOWN OF (No Longer Member)	0	\$ -	1	\$ -	1	\$ 2,814	0	\$ -	0	\$ -	2	\$ 2,814	\$ 563	\$ 938
INDIAN HILLS GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 617	1	\$ -	2	\$ 617	\$ 123	\$ 206
LAKERIDGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MINDEN, TOWN OF (No Longer Member)	4	\$ 3,510	16	\$ 6,763	3	\$ 1,510	2	\$ 1,824	0	\$ -	25	\$ 13,607	\$ 2,721	\$ 1,112
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	2	\$ 519	0	\$ -	2	\$ 519	\$ 104	\$ 173
NV TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 484	1	\$ 484	\$ 97	\$ 161
TAHOE DOUGLAS FIRE PROTECTION DISTRICT	6	\$ 38,005	15	\$ 138,510	18	\$ 251,779	13	\$ 92,919	12	\$ 105,313	64	\$ 626,527	\$ 125,305	\$ 150,004
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	\$ -	1	\$ -	0	\$ -	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	5	\$ 1,848,311	11	\$ 18,037	3	\$ 3,383	11	\$ 95,560	6	\$ 183,333	36	\$ 2,148,624	\$ 429,725	\$ 94,092
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	2	\$ 1,422	0	\$ -	0	\$ -	0	\$ -	2	\$ 1,422	\$ 284	\$ -
MASON VALLEY FIRE PROTECTION DISTRICT	2	\$ 24,999	2	\$ 6,162	5	\$ 1,211	0	\$ -	2	\$ 47,065	11	\$ 79,437	\$ 15,887	\$ 16,092
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -
NORTH LYON COUNTY FIRE PROTECTION DISTRICT	3	\$ -	1	\$ 242	8	\$ 33,507	1	\$ 10,332	2	\$ 1,734	15	\$ 45,816	\$ 9,163	\$ 15,191
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SMITH VALLEY FIRE PROTECTION DISTRICT	1	\$ 1,501	0	\$ -	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	\$ -	1	\$ 723	0	\$ -	1	\$ 10,043	0	\$ -	2	\$ 10,765	\$ 2,153	\$ 3,348
PAHRUMP, TOWN OF	10	\$ 7,227	8	\$ 237,760	19	\$ 32,606	23	\$ 264,334	22	\$ 16,743	82	\$ 558,670	\$ 111,734	\$ 104,561
ROUND MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	1	\$ 150	0	\$ -	1	\$ 150	\$ 30	\$ 50
TONOPAH, TOWN OF	3	\$ 2,986	0	\$ -	0	\$ -	2	\$ 19,866	0	\$ -	5	\$ 22,852	\$ 4,570	\$ 6,622
<b>PERSHING COUNTY:</b>														
PERSHING COUNTY WATER CONSERVATION DISTRICT	0	\$ -	3	\$ 73,407	2	\$ 37,043	1	\$ 4,241	0	\$ -	6	\$ 114,691	\$ 22,938	\$ 13,761
<b>STOREY COUNTY:</b>														
CANYON GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 2,230	0	\$ -	0	\$ -	1	\$ 2,230	\$ 446	\$ 743
<b>WASHOE COUNTY:</b>														
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	23	\$ 261,591	31	\$ 53,264	36	\$ 128,440	54	\$ 390,993	37	\$ 272,086	181	\$ 1,106,373	\$ 221,275	\$ 263,839
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	53	\$ 142,998	35	\$ 200,053	21	\$ 98,721	36	\$ 101,425	29	\$ 685,310	174	\$ 1,228,508	\$ 245,702	\$ 295,152
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -

PACT Special Districts and Towns

RTC OF WASHOE COUNTY	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,021	0	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 Member)	33	\$ 288,080	23	\$ 351,092	28	\$ 567,827	27	\$ 489,616	0	111	\$ 1,696,615	\$ 339,323	\$ 352,481
TRUCKEE MEADOWS REGIONAL PLANNING AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	0	\$ -	\$ -	\$ -
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	2	\$ 6,718	1	\$ 66	2	\$ 15,624	2	\$ 13,735	3	\$ 6,554	10	\$ 42,696	\$ 8,539
WHITE PINE COUNTY FIRE PROTECTION DISTRICT	0	\$ -	3	\$ 5,095	7	\$ 10,409	1	\$ 562	1	\$ 2,450	12	\$ 18,517	\$ 3,703
WHITE PINE COUNTY TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	1	\$ 11,988	0	\$ -	0	1	\$ 11,988	\$ 2,398	\$ 3,996
<b>TOTAL</b>	<b>191</b>	<b>\$ 2,849,441</b>	<b>202</b>	<b>\$ 1,182,306</b>	<b>189</b>	<b>\$ 1,347,676</b>	<b>222</b>	<b>\$ 2,152,992</b>	<b>152</b>	<b>\$ 1,605,479</b>	<b>956</b>	<b>\$ 9,137,893</b>	<b>\$ 1,827,579</b>
												<b>\$ 1,702,049</b>	

PACT Summary of All Claims  
as of 6/30/18

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 years
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	7/1/17-6/30/18	7/1/17-6/30/18	2013/2014-2017/2018	2013/2014-2017/2018	2013/2014-2017/2018	2015/2016-2017/2018
805	\$ 5,900,087	802	\$ 4,302,041	883	\$ 4,733,382	854	\$ 5,221,692	649	\$ 3,775,671	3,993	\$ 23,932,873	\$ 4,786,575	\$ 4,576,915

**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)
Mike Giles	2017-2019	City of Lovelock		X				
Josh Foli	2017-2019	Lyon County	Fiscal Officer		X			
Cash Minor	2017-2019	Elko County	Vice Chair		X			
Chris Mulkerns	2017-2019	Town of Tonopah					X	
Cindy Hixenbaugh	2018-2020	Pershing General Hospital						X
Elizabeth Francis	2018-2020	White Pine County		X				
Paul Johnson	2018-2020	White Pine Co. School District	Chair			X		

**Voting Special Districts/Towns:**

Tod Carlini	East Fork Fire Protection District	X
Gerry Eick	Incline Village GID	X
Chris Mulkerns	Town of Tonopah	X
Amy Hagan	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: Whitney Peak Hotel, 255 N. Virginia Street, Reno, Nevada  
Time: 10:30 a.m. or  
Upon adjournment of PACT Board Meeting  
Date: April 17, 2019**

**AGENDA**

**April 17, 2019**

**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:
    - i. Board Meeting April 20, 2018**
    - ii. Acceptance of Interim Financial Statements******
- 4. For Possible Action: Acceptance of Audit for June 30, 2018**
- 5. For Possible Action: Acceptance of Reports
  - a. Large Loss Report**
  - b. Legislative Report****
- 6. For Possible Action: Acceptance of Renewal Reinsurance and Insurance Proposals and Options**
- 7. For Possible Action: Acceptance of Budget for 2019-2020**



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:** Approval of Changes to POOL Form
  
10. **For Possible Action:** Election of Executive Committee for Two Year Terms from 2019-2021
  - a. Two Representatives from Counties and/or Cities with 35,000 or more Population
  - b. One Representative from Counties and/or Cities with less than 35,000 Population
  - c. One Representative of School Districts
  
11. **For Possible Action:** Election of Chair and Vice Chair
  
12. Public Comment
  
13. **For Possible Action:** Adjournment

This Agenda was posted at the following locations and on the State's Website [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 Administration  
 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

Balance Sheet  
February 28, 2019

## ASSETS

## Current Assets

Cash - Claims - Wells Fargo	(\$ 257,217.16)
Cash - Admin. - Wells Fargo	2,526,475.25
A/R PARMS	47.00
Building Accounts Receivable	<u>3,857.00</u>

Total Current Assets 2,273,162.09

## Property and Equipment

Land - 2nd & Roop Streets	466,653.05
Building - 2nd & Roop Streets	1,783,715.41
Building Depreciation	(724,154.77)
Equipment	60,528.00
Equip Accumulated Depreciation	(99,580.16)
Building Equipment	58,066.13
Building Equipment Acc. Depr.	(1,155.00)
Building Fixtures	1,323.00
Building Furniture	<u>6,520.65</u>

Total Property and Equipment 1,551,916.31

## Other Assets

Investment Cash Equivalents	34,889.90
Investments	21,620,191.82
Receivable From Invest. Broker	11.84
Public Risk Mutual- Investment	29,477,263.00
PRM Amortization	(17,352,684.54)
Investment Income Receivable	80,804.60
Assessments Receivable	49,166.61
Specific Recoverable	1,714,368.08
Maintenance Deductibles	13,074.45
Prepaid Reinsurance	2,055,898.00
Prepaid Commission - Current	352,985.95
Prepaid Willis Pooling	85,000.00
Prepaid ASC	50,229.77
Prepaid Loss Control Fees	83,336.00
Prepaid Schools Security Prog	8,772.00
Prepaid Other	556.00
Prepaid Casualty Insurance	<u>21,546.63</u>

Total Other Assets 38,295,410.11

Total Assets \$ 42,120,488.51

## LIABILITIES AND CAPITAL

## Current Liabilities

Payable For Risk Mgmt Grants	\$ 120,007.61
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NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2019

	Current Month		Year to Date	
<b>Revenues</b>				
Building Supplies Reimbursement	\$ 243.83	0.02	\$ 850.12	0.01
Copier Paper Reimbursement	100.13	0.01	690.32	0.01
Rental Income	21,006.00	1.55	185,876.88	1.64
Equipment Lease Reimbursement	912.36	0.07	5,187.46	0.05
Bldg Equip Maint Reimbursement	376.43	0.03	6,268.57	0.06
Phone Charges Reimbursement	25.14	0.00	175.70	0.00
Postage Reimbursement	100.75	0.01	1,281.81	0.01
Technology Services Reimbursement	13,435.60	0.99	55,933.54	0.49
Assessments Written	0.00	0.00	15,638,342.74	137.62
Taxes Written	0.00	0.00	7,113.86	0.06
Change in Unearned Assessments	1,303,069.00	96.21	(5,212,293.74)	(45.87)
Investment Interest Income	50,525.00	3.73	428,438.07	3.77
Investment Discount/Premium	1,700.35	0.13	(31,847.07)	(0.28)
Realized Gain/(Loss) Invest.	3.33	0.00	(28,270.56)	(0.25)
Invest. Unrealized Gain/(Loss)	(37,089.06)	(2.74)	252,929.70	2.23
Other Income	0.00	0.00	52,979.38	0.47
<b>Total Revenues</b>	<b>1,354,408.86</b>	<b>100.00</b>	<b>11,363,656.78</b>	<b>100.00</b>
<b>Cost of Sales</b>				
Reinsurance Ceded	513,971.00	37.95	3,903,425.00	34.35
Loss Fund Expense	471,113.00	34.78	3,768,904.00	33.17
Commission Expense - Current	73,023.00	5.39	669,465.95	5.89
Willis Pooling Fees	21,250.00	1.57	170,000.00	1.50
ASC Claims Admin. Fees	65,159.00	4.81	475,136.55	4.18
Tax Expense	0.00	0.00	18,656.08	0.16
Loss Control Fees	20,833.00	1.54	166,664.00	1.47
<b>Total Cost of Sales</b>	<b>1,165,349.00</b>	<b>86.04</b>	<b>9,172,251.58</b>	<b>80.72</b>
<b>Gross Profit</b>	<b>189,059.86</b>	<b>13.96</b>	<b>2,191,405.20</b>	<b>19.28</b>
<b>Expenses</b>				
Management Services	47,624.00	3.52	380,992.00	3.35
Sponsorship Fees	0.00	0.00	4,500.00	0.04
Counsel Opinions	3,876.50	0.29	12,977.00	0.11
Travel	4,222.88	0.31	30,860.23	0.27
Casualty Insurance	3,426.00	0.25	29,586.00	0.26
Due & Seminar Fees	7,305.00	0.54	14,549.91	0.13
Audit Expense	0.00	0.00	14,900.00	0.13
Printing/Copying/Subscriptions	0.00	0.00	3,727.83	0.03
Postage	0.00	0.00	141.34	0.00
Office Supplies	2,326.88	0.17	5,914.65	0.05
Communications Expense	50.27	0.00	400.92	0.00
Legal Expense	652.50	0.05	6,983.40	0.06
Board & Committee Meetings	631.54	0.05	20,078.12	0.18
Actuary Expense	9,390.00	0.69	18,600.00	0.16
Member Education & Services	32,068.33	2.37	286,556.49	2.52
Bank Charges	36.04	0.00	36.04	0.00

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2019

	Current Month		Year to Date	
Consultants Appraisals	0.00	0.00	83,860.00	0.74
PRI Contract Services	66,245.83	4.89	529,966.64	4.66
Loss Control Grants	5,702.21	0.42	73,849.26	0.65
Environmental Consultants	0.00	0.00	0.00	0.00
Technology Services	7,788.53	0.58	145,579.50	1.28
PRM Amortization Expense	188,977.00	13.95	1,522,092.00	13.39
Investment Expense	876.84	0.06	23,548.38	0.21
Building Maintenance & Repairs	4,664.40	0.34	25,643.89	0.23
Conference Room Expense	17.07	0.00	218.61	0.00
Custodial Services	2,249.94	0.17	15,558.55	0.14
Building Depreciation Expense	3,716.00	0.27	29,728.00	0.26
Building Equip. Depreciation	0.00	0.00	0.00	0.00
Bldg. Equipment Maintenance	1,568.67	0.12	8,699.00	0.08
Bldg Equipment Lease	731.47	0.05	6,786.46	0.06
Building Copier Paper	297.18	0.02	1,057.19	0.01
Building Insurance Expense	788.00	0.06	6,304.00	0.06
Building Office Supplies	0.00	0.00	1,161.08	0.01
Building Tax Expense	0.00	0.00	4,633.83	0.04
Postage for Meter	0.00	0.00	1,070.66	0.01
Building Utilities	1,529.34	0.11	13,946.54	0.12
	<u>396,762.42</u>	<u>29.29</u>	<u>3,324,507.52</u>	<u>29.26</u>
Total Expenses				
Net Income	<u>(\$ 207,702.56)</u>	(15.34)	<u>(\$ 1,133,102.32)</u>	(9.97)

**Nevada Public Agency Insurance Pool  
Budget Comparison to Actuals  
As of February 28, 2019**

Account Description	Budget Amount	YTD	Remaining Budget	Difference	
				This Month Last Year	Between Years
<b>INCOME:</b>					
Assessments Written	15,334,486	10,426,049	4,908,437	9,586,695	839,354
Taxes Written	7,500	7,114	386	7,065	49
Other Income	7,500	52,979	(45,479)	49,623	3,356
<b>TOTAL INCOME</b>	<b>15,349,486</b>	<b>10,486,142</b>	<b>4,863,344</b>	<b>9,643,384</b>	<b>842,758</b>
<b>LOSS FUND EXPENSES:</b>					
Loss Fund Expense	5,000,000	3,768,904	1,231,096	3,287,844	481,060
<b>TOTAL LOSS FUND EXPENSES</b>	<b>5,000,000</b>	<b>3,768,904</b>	<b>1,231,096</b>	<b>3,287,844</b>	<b>481,060</b>
<b>PROGRAM EXPENSES:</b>					
Reinsurance Ceded	5,829,147	3,903,425	1,925,722	3,504,043	399,382
Speical Insurance Programs		-	-	485,041	(485,041)
Commission Expense	910,000	669,466	240,534	636,937	32,529
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	728,043	475,137	252,906	464,316	10,821
Tax Expense	5,000	18,656	(13,656)	18,443	213
Loss Control Excellence Awards	10,000	-	10,000	3,605	(3,605)
Member Education, Training & Services	372,000	286,556	85,444	235,443	51,114
<b>Total Program Expenses</b>	<b>8,359,190</b>	<b>5,689,904</b>	<b>2,669,286</b>	<b>5,684,491</b>	<b>5,413</b>
<b>ADMINISTRATION EXPENSES:</b>					
Management Services	512,412	380,992	131,420	294,490	86,502
Sponsorship Fees	5,000	4,500	500	10,074	(5,574)
Counsel Opinions	45,000	12,977	32,023	19,300	(6,323)
Travel	55,000	30,860	24,140	28,471	2,389
Casualty Insurance	52,000	29,586	22,414	20,712	8,874
Dues & Seminar Fees	30,000	14,550	15,450	6,410	8,140
Audit Expense	18,000	14,900	3,100	12,000	2,900
Printing/Copying/Subscriptions	8,000	3,728	4,272	5,112	(1,384)
Postage	1,000	141	859	134	7
Office Supplies	4,000	5,915	(1,915)	4,215	1,700
Communications Expense	5,000	401	4,599	1,693	(1,292)
Legal Expense	25,000	6,983	18,017	16,816	(9,833)
Miscellaneous Expense	500	-	500	-	-
Board & Committee Meetings	28,000	20,078	7,922	7,486	12,592
Actuary Expense	20,660	18,600	2,060	12,210	6,390
Bank Charges	-	36	(36)	22	14
Consultants Appraisals	80,000	83,860	(3,860)	85,700	(1,840)
Bad Debt Expense	-	-	-	-	-
PRI Contract Services	794,950	529,967	264,983	454,621	75,346
Equip Depreciation Expense	1,200	-	1,200	-	-
Environmental Consultants	25,000	-	25,000	(858)	858
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>1,710,722</b>	<b>1,158,074</b>	<b>552,648</b>	<b>978,607</b>	<b>179,467</b>
<b>TOTAL LOSS FUND, PROGRAM &amp; ADMINISTRATION EXPENSES</b>	<b>15,069,912</b>	<b>10,616,882</b>	<b>4,453,030</b>	<b>9,950,943</b>	<b>665,939</b>
<b>NET INCOME</b>	<b>279,574</b>	<b>(130,740)</b>	<b>410,314</b>	<b>(307,559)</b>	<b>176,819</b>

**Nevada Public Agency Insurance Pool  
Budget Comparison to Actuals  
As of February 28, 2019**

**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	265,104	185,877	79,227	182,511	3,366
Technology Services Income	80,000	55,934	24,066	56,553	(620)
Equipment Lease Reimbursements	5,800	5,187	613	2,728	2,460
Bld Equip Maint Reimbursements	-	6,269	(6,269)	10,784	(4,516)
Phone Charges Reimbursement	-	176	(176)	126	50
Postage Reimbursement	2,000	1,282	718	1,346	(64)
<b>TOTAL BUILDING INCOME</b>	<b>352,904</b>	<b>254,724</b>	<b>98,180</b>	<b>254,048</b>	<b>676</b>
<b>BUILDING EXPENSES:</b>					
Building Maintenance & Repairs	50,000	25,644	24,356	28,311	(2,667)
Conference Room Expense	300	219	81	268	(50)
Custodial Services	27,000	15,559	11,441	15,220	338
Building Depreciation Expense	44,564	29,728	14,836	29,728	-
Building Equip. Depreciation		-	-		-
Bldg Equipment Maintenance	3,000	8,699	(5,699)	11,305	(2,606)
Technology Services Expense	120,000	145,580	(25,580)	72,505	
Building Equipment Lease	7,000	6,786	214	3,409	3,377
Building Copier Paper	-	367	(367)	291	76
Building Insurance Expense	9,000	6,304	2,696	6,024	280
Building Misc Expense	-		-		-
Building Office Supplies	-	311	(311)	596	(285)
Building Tax Expense	4,500	4,634	(134)	4,447	187
Postage for Meter	1,000	1,071	(71)	1,050	21
Building Utilities	25,000	13,947	11,053	15,627	(1,681)
<b>TOTAL BUILDING EXPENSES</b>	<b>291,364</b>	<b>258,847</b>	<b>32,517</b>	<b>188,781</b>	<b>70,065</b>
<b>NET BUILDING INCOME</b>	<b>61,540</b>	<b>(4,123)</b>	<b>65,663</b>	<b>65,267</b>	<b>(69,390)</b>
<b>OTHER INCOME:</b>					
Net Investment Revenues	-	621,250	(621,250)	(163,511)	784,761
Investment Expense	-	(23,548)	23,548	(26,529)	2,980
<b>TOTAL OTHER INCOME</b>	<b>-</b>	<b>597,702</b>	<b>(597,702)</b>	<b>(190,040)</b>	<b>787,741</b>
<b>OTHER EXPENSES:</b>					
Risk Management Grants	550,000	73,849	476,151	36,224	37,625
PRM Amortization Expense	2,946,893	1,522,092	1,424,801	1,591,818	(69,726)
<b>TOTAL OTHER EXPENSES</b>	<b>3,496,893</b>	<b>1,595,941</b>	<b>1,900,952</b>	<b>1,628,042</b>	<b>(32,101)</b>
<b>NET OTHER INCOME</b>	<b>(3,496,893)</b>	<b>(998,240)</b>	<b>(2,498,654)</b>	<b>(1,818,082)</b>	<b>819,842</b>
Net Income	279,574	(130,740)		(307,559)	
Net Building Income	61,540	(4,123)		65,267	
Net Other Income	(3,496,893)	(998,240)		(1,818,082)	
Income Statement Net Income	(3,155,779)	(1,133,102)		(2,060,374)	

## NEVADA PUBLIC AGENCY INSURANCE POOL

## General Ledger Trial Balance

As of Feb 28, 2019

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		257,217.16
1105	Cash - Admin. - Wells Fargo	2,526,475.25	
1107	Land - 2nd & Roop Streets	466,653.05	
1108	Building - 2nd & Roop Streets	1,783,715.41	
1110	Building Depreciation		724,154.77
1205	Investment Cash Equivalents	34,889.90	
1206	Investments	21,620,191.82	
1208	Receivable From Invest. Broker	11.84	
1210	Public Risk Mutual- Investment	29,477,263.00	
1212	PRM Amortization		17,352,684.54
1214	Investment Income Receivable	80,804.60	
1301	Assessments Receivable	49,166.61	
1310	Specific Recoverable	1,714,368.08	
1313	Maintenance Deductibles	13,074.45	
1325	A/R PARMS	47.00	
1401	Prepaid Reinsurance	2,055,898.00	
1411	Prepaid Commission - Current	352,985.95	
1413	Prepaid Willis Pooling	85,000.00	
1414	Prepaid ASC	50,229.77	
1417	Prepaid Loss Control Fees	83,336.00	
1418	Prepaid Schools Security Prog	8,772.00	
1420	Other Prepaid	556.00	
1463	Prepaid Casualty Insurance	21,546.63	
1500	Equipment	60,528.00	
1510	Equip Accumulated Depreciation		99,580.16
1600-BLD	Building Equipment	58,066.13	
1610-BLD	Building Equipment Acc. Depr.		1,155.00
1620-BLD	Building Fixtures	1,323.00	
1625-BLD	Building Furniture	6,520.65	
2005	Payable For Risk Mmgt Grants		120,007.61
2110	Loss Fund		78,173,970.62
2114	Loss Reserves - LAE		71,014.11
2200	Loss Payments	90,811,752.71	
2210	Loss Payments - LAE	40,196,157.60	
2310	Specific Recoverable		35,885,727.40
2311	Aggregate Recoverable		765,730.03
2312	Deductible Reimbursement		17,217,038.05
2320	Vouchers Within Deductible		9,836,762.76
2330	Unearned Assessment Reserve		5,212,293.74
3501	Retained Earnings		26,978,956.82
4000-BLD	Building Accounts Receivable	3,857.00	
4020-BLD	Building Supplies Reimbursement		850.12
4027-BLD	Copier Paper Reimbursement		690.32
4050-BLD	Rental Income		185,876.88
4060-BLD	Equipment Lease Reimbursement		5,187.46
4065-BLD	Bldg Equip Maint Reimbursement		6,268.57
4076-BLD	Phone Charges Reimbursement		175.70
4080-BLD	Postage Reimbursement		1,281.81
4090-BLD	Technology Services Reimburse		55,933.54
4110	Assessments Written		15,638,342.74
4115	Taxes Written		7,113.86
4330	Change in Unearned Assessments	5,212,293.74	
4401	Reinsurance Ceded	3,903,425.00	
5110	Loss Fund Expense	3,768,904.00	
5411	Commission Expense - Current	669,465.95	
5413	Willis Pooling Fees	170,000.00	
5414	ASC Claims Admin. Fees	475,136.55	
5415	Tax Expense	18,656.08	
5417	Loss Control Fees	166,664.00	
5450	Management Services	380,992.00	
5456	Sponsorship Fees	4,500.00	
5457	Counsel Opinions	12,977.00	
5462	Travel	30,860.23	
5463	Casualty Insurance	29,586.00	
5464	Due & Seminar Fees	14,549.91	
5465	Audit Expense	14,900.00	
5466	Printing/Copying/Subscriptions	3,727.83	
5467	Postage	141.34	



NEVADA PUBLIC AGENCY INSURANCE POOL

General Ledger Trial Balance

As of Feb 28, 2019

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>
5468	Office Supplies	5,914.65	
5469	Communications Expense	400.92	
5470	Legal Expense	6,983.40	
5472	Board & Committee Meetings	20,078.12	
5474	Actuary Expense	18,600.00	
5475	Member Education & Services	286,556.49	
5476	Bank Charges	36.04	
5478	Consultants Appraisals	83,860.00	
5482	PRI Contract Services	529,966.64	
5484	Loss Control Grants	73,849.26	
5486	Technology Services	145,579.50	
6100	Investment Interest Income		428,438.07
6102	Investment Discount/Premium	31,847.07	
6110	Realized Gain/(Loss) Invest.	28,270.56	
6111	Invest. Unrealized Gain/(Loss)		252,929.70
6112	PRM Amortization Expense	1,522,092.00	
6160	Other Income		52,979.38
6200	Investment Expense	23,548.38	
7100-BLD	Building Maintenance & Repairs	25,643.89	
7200-BLD	Conference Room Expense	218.61	
7275-BLD	Custodial Services	15,558.55	
7300-BLD	Building Depreciation Expense	29,728.00	
7400-BLD	Bldg Equipment Maintenance	8,699.00	
7450-BLD	Building Equipment Lease	6,786.46	
7475-BLD	Building Copier Paper	1,057.19	
7500-BLD	Building Insurance Expense	6,304.00	
7725-BLD	Building Office Supplies	1,161.08	
7750-BLD	Building Tax Expense	4,633.83	
7800-BLD	Postage for Meter	1,070.66	
7900-BLD	Building Utilities	13,946.54	
	<b>Total:</b>	<b>209,332,360.92</b>	<b>209,332,360.92</b>



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 20, 2018**

**1. Introductions and Roll**

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

**2. Public Comment**

Chair Minor opened the public comment period 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 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**

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

**4. For Possible Action: Acceptance of Audit for June 30, 2017**

Alan Kalt reviewed highlights of the audited financial statements noting that an unqualified opinion was received. He said the Audit Committee met and accepted the audit.

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**

a. Wayne Carlson commented about the large loss report noting the significant flood losses in 2017 and the large errors or omissions claims.

b. Wayne reviewed the summary letter from the actuary with recommendations for loss fund contributions at various confidence levels, noting that the POOL used the 70% confidence level

for funding. This means that there is a 70% likelihood that the funding level will be sufficient for future claims payments.

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

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

Mary Wray, Courtney Giesseman and Stephen Romero of WillisRe Pooling presented the results of their renewal marketing efforts. They reviewed the program cost structure and markets approached. Regarding the property reinsurance market, they noted that significant catastrophe losses had an impact on the worldwide property reinsurance profitability. However, the POOL's figures were moderated as a result of annual meetings with the underwriters since 2004 and staying with the markets over time to enable stable pricing. They noted that some underwriting syndicates had exited the market due to their own losses and that others were remaining with our program because of the long-term profitability of the relationship. Capacity will remain for our earthquake and flood exposures without reduction in limits. They also noted the ancillary programs including equipment breakdown, student accident medical, environmental liability and terrorism property and liability all produced favorable terms and options. Overall the program comparative results show an under 5% increase, the largest element being the property increase offset by casualty decreases. For the student accident coverage, an option to increase the limit from \$10,000 to \$25,000 was quoted.

On motion and second to approve the renewal as proposed with the \$25,000 student accident coverage option, the motion carried.

**7. For Possible Action: Acceptance of Budget for 2018-2019**

Wayne Carlson reviewed the budget noting that the reinsurance costs were not finalized at the time of the Executive Committee's approval for recommendation. These will be adjusted for the final figures presented. Mike Rebaleati commented about the changes in the technology services budget. He indicated that PARMS had owned the IT assets but had transferred them to the POOL and POOL in turn rents the use of the IT assets to PARMS and PRI. In this way, POOL has ownership of the needed IT assets, software and data critical to its operations.

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

**8. For Possible Action: Action regarding these topics:**

- a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**
- b. Review of the loss experience of each Member of the association - Claims Experience Report Summary**
- c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**

Wayne Carlson noted that these topics are not mandated by regulation as they are for PACT, but the POOL board opted to include them for consistency. Alan Kalt added that Nye County had been under fiscal watch, but likely soon will be relieved of the Department of Taxation's watch. The Board could see the comparative loss experience data for similar types of entities in the packet.

On motion and second to acknowledge the review, the motion carried.

**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**

- a. Wayne Carlson reviewed the proposed changes as clarifications to add the term “political subdivision” in the Member definition, to amend Article 30 to clarify that a vote of two-thirds of the Members present at a meeting would be needed for changes to the agreement, and to delete Article 34 as it no longer is required by statute to submit agreements to the Attorney General.
- b. Bylaws changes were discussed next. Article I, Section 1.04 “Maintenance Deductible” was proposed to be deleted and then made a policy or procedure. Article IV, Section 4.04, Paragraph (e) Vacancies clarifies that a majority of the Executive Committee may act to replace a vacancy as well as the Chair. Article VIII, Section 8.01 (a) was amended to be consistent with the ICA provision that amendment requires a two-thirds vote of the members present at a meeting. Article VIII, Section 8.01 (b) was deleted.

On motion and second to adopt the changes noted in a and b above, the motion carried.

Alan Kalt reviewed the proposed policy changes in c and d above. He commented that because of his assignment to complete the AGRiP recognition application he found the standards called for changes to these policies.

On motion and second to approve the policy changes in c and d above, the motion carried.

**10. For Possible Action: Approval of Changes to POOL Form**

Wayne Carlson indicated that no POOL Form changes had been anticipated until a couple of issues arose. The first issue was a Federal rule change requiring that a medical doctor sign off on first responder medical supplies orders. Some of the medical providers were willing to sign off, but only if the Member provided professional liability coverage. Such coverage has been provided by the POOL for Ambulance Medical Directors for their administrative roles and this situation appeared to be similar, thus the proposed change to include medical supplies approving authorities as covered.

The second change is in the form of endorsement 16-17 which provides professional liability to contracted psychologist and physician for \$1,000,000 in excess of their own coverage, and to include Douglas County social workers as covered. The endorsement is made necessary because the Douglas County China Spring Camp facility is being shifted under a State grant to focus on mental health for the youth. As with jail doctors, the endorsement provides excess coverage in case their own malpractice insurer decides to exclude coverage for this service.

On motion and second to approve both changes, the motion carried.

**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**

Chair Minor opened this item. Wayne noted that incumbents a. Ann Cyr, b. Bev Conley and c. Gerry Eick had expressed interest in continuing to serve. No other candidates had come forward.

On motion and second to re-elect the respective incumbents, the motion carried.

**12. For Possible Action: Election of Chair and Vice Chair**

In that the current Chair Cash Minor and the Vice Chair Josh Foli had one year remaining on their terms as Executive Committee Members, no action was deemed needed for them to continue their respective positions.

**13. Public Comment**

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

**14. For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

**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**



# NPAIP AUDIT OVERVIEW

Year Ending June 30, 2018

# KEY PLAYERS

---

Wayne Carlson, Executive Director POOL/PACT

---

Mike Rebaleati, Captive President, COO

---

Alan Kalt, CFO

---

Deb Connally, Controller

---

Cash Minor, Chair NPAIP, Chair PRM

---

Paul Johnson, Chair PACT, Chair PCM

---

Josh Foli, Audit Committee Member

---

Gerry Eick, Audit Committee Member

---

Michael Bertrand: Bertrand & Associates: Audit Firm

---

Steve Balkenbush, General Counsel

---

Donna Squires, ASC, Claims Management

---

Derek Burkhalter, Actuary



# KEY SECTIONS OF THE AUDIT REPORT

---

Executive Director's Letter

---

Management Discussion and Analysis

---

Independent Auditors Report

---

Financial Statements:

---

Statement of Net Position

---

Statements of Revenues, Expenses and Changes  
in Net Position

---

Statements of Cash Flows

---

Supplemental Schedule on Unpaid Loss Liabilities

---

Comparative Schedule of Claim Development

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**NEVADA PUBLIC AGENCY INSURANCE POOL**

**Statements of Net Position**

**June 30, 2018 and 2017**

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,254,893	\$ 625,884
Investments	18,107,946	26,229,345
Accrued interest	63,847	134,765
Deductibles receivable	336,162	146,244
Assessments receivable	10,520	26,170
Other Receivables	47	72,522
Specific and aggregate recoverables	2,794,407	2,712,750
Prepaid expense	220,453	83,691
<b>Total current assets</b>	<b>23,788,275</b>	<b>30,031,371</b>
<b>Capital assets:</b>		
Land, building & equipment, net	1,579,483	1,622,469
<b>Other assets:</b>		
Contributed Surplus Public Risk Mutual, net	13,646,670	10,420,230
<b>Total Assets</b>	<b>39,014,428</b>	<b>42,074,070</b>
<b>LIABILITIES</b>		
<b>Other current liabilities:</b>		
Accounts payable	124,741	165,724
Risk Management Grants payable	196,731	157,564
Deferred inflows of resources	-	5,104
Current portion of reserve for claims and claims adjustment expenses	5,047,158	4,581,556
<b>Total current liabilities</b>	<b>5,368,630</b>	<b>4,909,948</b>
<b>Noncurrent liabilities:</b>		
Reserve for claims and claims adjustment expenses	6,666,842	5,423,444
<b>Total non-current liabilities:</b>	<b>6,666,842</b>	<b>5,423,444</b>
<b>Total Liabilities</b>	<b>12,035,472</b>	<b>10,333,392</b>
<b>NET POSITION</b>		
Net Position, unrestricted	25,399,473	30,118,209
Net Position, invested in capital assets	1,579,483	1,622,469
<b>Total Net Position</b>	<b>\$ 26,978,956</b>	<b>\$ 31,740,678</b>

# NEVADA PUBLIC AGENCY INSURANCE POOL



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Premiums written	\$ 14,390,787	\$ 13,832,878
Rental income	261,643	258,326
Other Income	50,174	68,324
Total revenues	<u>14,702,604</u>	<u>14,159,528</u>
<b>PROGRAM EXPENSES</b>		
Losses and loss adjustment expenses	6,461,215	4,549,021
Excess insurance premiums	5,309,446	5,633,992
Special insurance programs	485,154	-
Pooling and loss control fees	505,000	505,000
Third party administrator fees	710,655	659,418
Agent commissions	955,653	905,483
Taxes written	18,443	2,166
Total program expenses	<u>14,445,566</u>	<u>12,255,080</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Management fees	513,174	490,136
Building maintenance and utilities	93,190	124,219
Depreciation	49,317	44,564
Amortization	2,473,560	1,946,893
Travel	54,981	48,662
Casualty insurance	31,075	51,553
Operating expenses	189,723	113,484
Legal expenses	45,788	85,109
Loss control awards and grants	240,525	320,627
Consultant appraisals	85,700	87,500
Environmental consultation	-	23,665
Technology services	12,483	81,967
Member education and training	1,177,977	1,310,767
Total pool administration expenses	<u>4,967,493</u>	<u>4,729,146</u>
Total program and administration expenses	<u>19,413,059</u>	<u>16,984,226</u>
<b>Decrease in operating net position</b>	<b>(4,710,455)</b>	<b>(2,824,698)</b>
Increase in non-operating net investment income	(51,267)	(297,011)
<b>(Decrease) increase in net position</b>	<b>(4,761,722)</b>	<b>(3,121,709)</b>
Net position, beginning of year	31,740,678	34,862,387
<b>Net position, end of year</b>	<b>\$ 26,978,956</b>	<b>\$ 31,740,678</b>

# NEVADA PUBLIC AGENCY INSURANCE POOL



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Cash Flows**  
**For Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Premiums written	\$ 14,211,415	\$ 13,941,954
Rental income	261,643	258,326
Other revenues	50,174	68,324
Payment for claims	(4,752,215)	(5,110,021)
Payment to vendors	(10,505,811)	(11,381,636)
Net Cash Used from Operating Activities	<u>(734,794)</u>	<u>(2,223,053)</u>
<b>Cash flows from investing activities:</b>		
Interest and dividend income, net of expenses	600,085	957,587
Purchases of investments	(17,538,308)	(7,595,831)
Proceeds from sales of investments	25,008,356	13,391,219
Net Cash Provided from Investing Activities	<u>8,070,133</u>	<u>6,752,975</u>
<b>Cash flows from capital activities:</b>		
Increase in capitalization of PRM	(5,700,000)	(4,300,000)
Equipment purchases	(6,330)	(23,090)
Net Cash Used for Capital Activities	<u>(5,706,330)</u>	<u>(4,323,090)</u>
Increase in Cash and Cash Equivalents	1,629,009	206,832
Cash and Cash Equivalents, beginning of fiscal year	625,884	419,052
<b>Cash and Cash Equivalents, year ended June 30</b>	<u><b>2,254,893</b></u>	<u><b>625,884</b></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating net loss	(4,710,455)	(2,824,698)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	49,316	44,564
Amortization expense	2,473,560	1,946,893
(Increase) decrease in deductibles and assessments receivable	(174,268)	103,972
(Increase)in prepaid expense	(136,762)	(60,863)
Decrease (increase) in other receivables	72,475	(72,472)
(Increase) in recoverables	(81,657)	(919,826)
Decrease in accrued interest	70,917	37,380
(Decrease) increase in accounts payable	(40,983)	77,893
Increase in Risk Management Grants liability	39,167	-
(Decrease) increase in deferred inflows of resources	(5,104)	5,104
Increase (decrease) in reserve for claims and loss adjustments	1,709,000	(561,000)
Net Cash Used by Operating Activities	<u><b>\$ (734,794)</b></u>	<u><b>\$ (2,223,053)</b></u>

# NEVADA PUBLIC AGENCY INSURANCE POOL



Total Capital Contributions to PRM	\$29,477,263
Net Contributed Surplus PRM	\$13,646,670
Investment Balance at 6-30-2018	\$18,107,946
Total Assets at 6-30-2018	\$39,014,428
Reserves for claims & CA Expenses	\$11,714,000
Net Investment Income for 2018	\$ (51,267)
Net Position June 30, 2018	\$26,978,956
Total Premium Revenues FY 2018	\$14,390,787
Member education and services	\$ 1,177,977
Total Loss Fund and program expenses	\$14,445,566
Total Administration Expenses	\$ 4,967,493,*

\* Includes Amortization on PRM Contribution \$2,473,560

See detailed financial statements and notes for more details.

## NEVADA PUBLIC AGENCY INSURANCE POOL

## KEY FINANCIAL FIGURES



## Mission Statement Financial Items:

*Financial Strength, security, and durability*

*Cost Effective risk sharing and financing*

*Stewards of Public Assets*

## Vision Statement:

*To sustain financial strength to meet our commitment to*

*Members*

Net Position to SIR (Target 20:1)                      54.0 to 1.0

SIR To Net Position    0.019 to 1.0

Cash/Investments to Current Liabilities              3.8 to 1.0

Total Assets/Total Liabilities                              3.24 to 1.0

Revenues to Net Position                                      0.54 to 1.0

Loss Reserves to Net Position                              0.43 to 1.0

See detailed financial statements and notes for more details.

# NEVADA PUBLIC AGENCY INSURANCE POOL

## KEY FINANCIAL BENCHMARK FIGURES





# NPAIP AUDIT QUESTIONS & ANSWERS

Year Ending June 30, 2018



**THANKS FOR YOUR FINANCIAL LEADERSHIP**

*Working Together  
We Achieve  
Superior Results*

**NEVADA PUBLIC AGENCY INSURANCE POOL**

**FINANCIAL STATEMENTS**

**June 30, 2018 and 2017**



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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, 2018 and 2017 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 controls 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 controls. 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, 2018 and 2017 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 28 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 25, 2018

## EXECUTIVE DIRECTOR'S LETTER

Members of Nevada Public Agency Insurance Pool;

As the Executive Director, I am pleased to present the NPAIP Annual Audited Financial Statements for the year ended June 30, 2018, the conclusion of our 31<sup>st</sup> full year of operations. As noted in part of NPAIP's Mission Statement, we excel in financial strength, security, and durability and cost-effective risk sharing and financing. This financial report will demonstrate our commitment to our Mission Statement.

In addition to the preparation of the audited financial statements in accordance with GASB pronouncements and other financial standards, this report includes a required Management Discussion and Analysis of the financial results during the years.

Over the years, the Board adopted fiscally responsible policies to retain net position to achieve long-term, stable financial results for members. In 2016, they adopted a Net Assets policy to target net position at a minimum of twenty times the highest self-insured retention. With a Net Position of \$26,978,956, we have significantly exceeded that goal for this year (54.0:1) and for the comparison year (63.5: 1) shown in the audit. Net position decreased during the year because of approved transfers to the Public Risk Mutual captive (PRM), an increase in the reserve for claims and claims adjustment expenses, and the reduction in assessments associated with two large members leaving the program. Since Fiscal Year 2004, NPAIP has contributed \$29,477,263 to the PRM captive to serve as one of the reinsurers for NPAIP for certain property and liability coverage during the year. The benefits of the captive are reduced administrative costs, reinsurance opportunities and a broader investment portfolio including risk assets. As PRM grows in financial strength, additional member services and program costs can be directly funded through the captive. See the separate annual audited financial statements of PRM for more details.

Through the oversight of the Audit Committee, Executive Committee and the Board of Trustees, coupled with the Nevada Division of Insurance regulatory review, NPAIP Members can be assured that NPAIP will remain financially sound. Members should be proud of the success we have achieved together.

NPAIP has been serving its membership for over 31 years. We are government risk experts with a passion for risk management services. We provide coverage and risk management solutions that are comprehensive and uncomplicated for our members. As the risk management arm for our members, NPAIP manages claims and provides a broad array of in-depth loss control services, training, and risk consultation. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive support services no one else offers. Our interactive loss control programs and resources guide our members' efforts toward reducing the probability of losses and the effect of losses that do occur.

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. Consistent with NPAIP board policy, funding at a 70% actuarial confidence level for pricing is 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. As described earlier in the Changes in Net Position discussion, Net Position is affected by amortization of transfers of funds to PRM consistent with the board's policy on Capitalization. NPAIP maintains an interest in PRM as its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PRM. The captive continues to enjoy financial success as a reinsurance option for NPAIP.

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

The table below shows some key financial ratios tracked by management and the board to benchmark NPAIP's financial condition and risk retention strategies:

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 2013/2014	POOL 2014/2015	POOL 2015/2016	POOL 2016/2017	POOL 2017/2018
<b>Total Revenue</b>	\$14,610,828	\$14,364,004	\$14,377,529	\$14,159,528	\$14,702,604
<b>Total Net Income</b>	\$1,752,247	\$1,225,208	\$699,263	(\$3,121,709)	(\$4,761,722)
<b>Net Operating Income</b>	\$1,266,150	\$537,007	(\$510,082)	(\$2,824,698)	(\$4,710,455)
<b>Net Investment Income</b>	\$486,097	\$688,201	\$1,209,345	(\$297,011)	(\$51,267)
<b>Total Assets</b>	\$43,758,612	\$44,345,129	\$45,516,218	\$42,074,070	\$39,014,428
<b>Total Liabilities</b>	\$10,820,696	\$10,182,005	\$10,653,831	\$10,333,392	\$12,035,472
<b>Net Position</b>	\$32,937,916	\$34,163,123	\$34,862,387	\$31,740,678	\$26,978,956
<b>Net Position to SIR (Board target: 20:1)</b>	65.9	68.3	69.7	63.5	54.0
<b>SIR to Net Position (Benchmark: captives &lt;.10; group captives &lt;.25)</b>	0.015	0.015	0.014	0.016	0.019
<b>% Assets attributable to Net Position</b>	75.3%	77.0%	76.6%	75.4%	69.2%
<b>Total assets/total liabilities</b>	4.04	4.36	4.27	4.07	3.24
<b>Revenues to Net Position (Benchmark: &lt;2.5:1 and &gt;0)</b>	0.44	0.42	0.41	0.45	0.54
<b>Loss Reserves to Net Position (discounted): Benchmark &lt;3:1 and &gt;0</b>	0.35	0.34	0.33	0.36	0.43
<b>Total liabilities to liquid assets: Benchmark &lt;100%</b>	35%	32%	32%	38%	59%
<b>Change in Net Position: &gt;-10%</b>	5.6%	3.7%	2.0%	-9.0%	-15.0%
<b>Return on Net Position: Net Operating Income/Net Position</b>	3.8%	1.6%	-1.5%	-8.9%	-17.5%
<b>Return on Net Position: Total Income/Net Position</b>	5.3%	3.6%	2.0%	-9.8%	-17.6%

We continue to provide stability in the mist of uncertainty, allowing members to focus on serving their communities. We will continue to be reliability and stability in a risky property and casualty world.

### Economic Factors:

For fiscal year ending June 30, 2018, economic conditions showed continued signs of improvement with some growth continuing for the nation and Nevada. NPAIP's investments, although showing improved results this year, have performed consistently with fixed income investment markets in light of the statutory requirements to invest in governmental securities. 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.

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, 2018 evidenced stable insurance market conditions for property and liability reinsurance. Rates in property coverage were stable with slight increases as were liability rates.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. The staff includes Wayne Carlson, Executive Director, Mike Rebaleati, Chief Operations Officer, Marshall Smith, Chief Risk Officer, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissia Melissa Mack, Administrative Technician, Zaria Hanses, Administrative Assistant and Mike Van Houten, e-learning Manager and Webmaster. Thanks also to the dedicated professional staff from Bertrand & Associates, LLC, our independent auditors, for their contribution and support throughout the audit process. Special thanks to the Executive Committee, Audit Committee and Board of Directors for their keen interest and support in the planning and conducting of the financial operations of NPAIP in a responsible and progressive manner.

Thank you for your participation in NPAIP and for having confidence in our ongoing ability to meet the Mission, Vision and Motto you set for our member services consortium. We welcome your comments and suggestions to further strengthen NPAIP's financial position, to provide you with additional information and to enhance Member services. I am honored to serve as Executive Director. Thank you for your continued active participation as a Member of NPAIP.

Sincerely,

**Wayne Carlson**

NPAIP Executive Director

NEVADA PUBLIC AGENCY INSURANCE POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018 AND 2017

Nevada Public Agency Insurance Pool's (NPAIP) 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 NPAIP'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 Executive Director's letter, financial statements and notes to gain a more complete understanding of the information presented.

**Organization Overview**

Nevada Public Agency 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 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 reinsurance insurance protection, the program provides risk management services with emphasis on loss control, claims administration, and management support services. NPAIP is fully funded by member participants. Members file claims with Alternative Services Concepts, LLC (ASC) which has been contracted to perform claims management services for NPAIP.

NPAIP provides property and casualty coverage to member governmental entities pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Directors composed of representatives of each member. Any member may withdraw from the program by giving 120 days' notice. NPAIP's independent actuary develops required NPAIP contributions needed to be assessed and collected.

**Background:**

NPAIP 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*. NPAIP's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since NPAIP 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 NPAIP using accounting methods similar to those used by private sector organizations, these statements offer short- and long-term financial information about NPAIP's activity. The financial statements show a comparison of two audited years ending June 30, 2018 and June 30, 2017 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all 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 solvency, 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 NPAIP's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of 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 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, capital and related financing activities and investing activities. 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**

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 controls 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 unqualified 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.

NPAIP 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 judgments 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. NPAIP uses the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

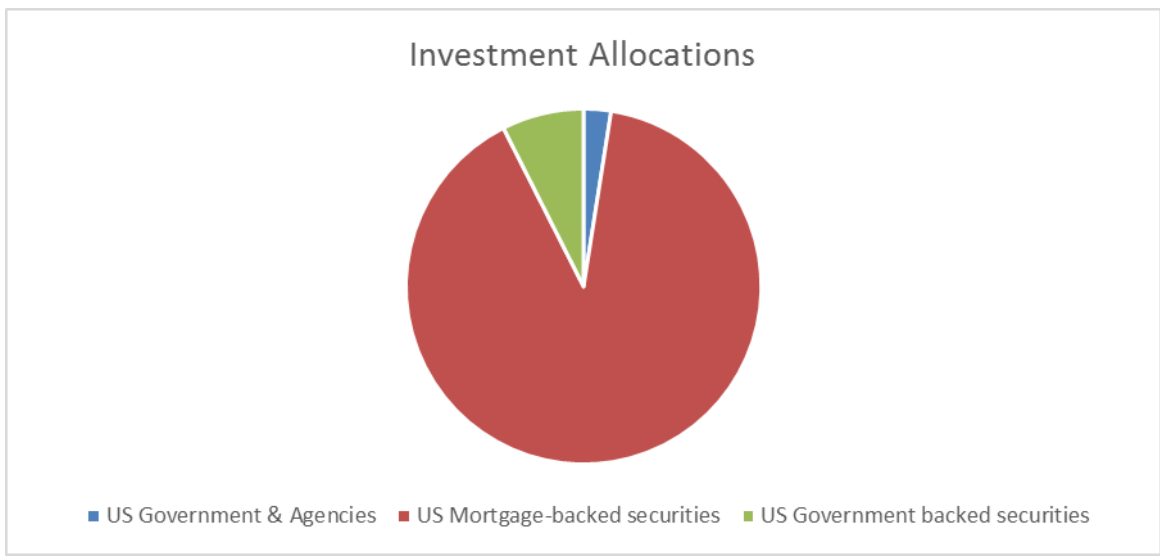
### **Investments**

One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and are reported at their fair value in the Statement of Net 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 Revenue, Expenses and Changes in Net Position. Nevada Revised Statutes and the Board approved Investment Policy outlines the restrictions on the types of allowed investments. NPAIP 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 corporate backed securities. NPAIP is authorized to purchase negotiable certificates of deposits issued by commercial banks or insured savings and loan associations.

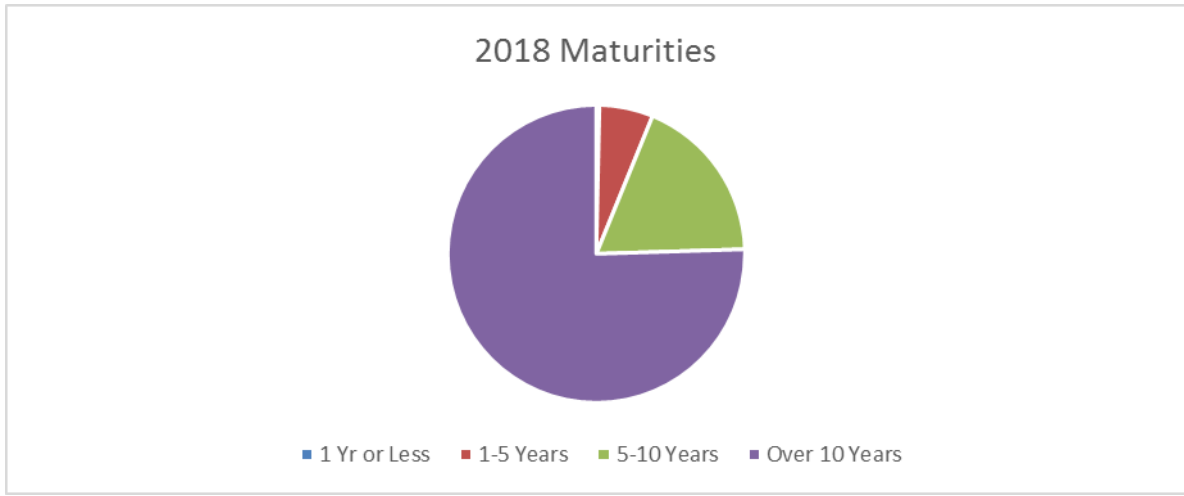
Cash and investments of \$20,362,839 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$5,368,630. Total current liabilities include accounts payable, risk management grants payable, specific recoverable and current portion of reserves for claims. This is a conservative measure of cash and investments available to pay current obligations. NPAIP's cash ratio is 3.8, meaning that the it has 3.8 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 5.5. The reduction in the cash ratio is due primarily to the transfer of \$5,700,000 to NPAIP's pure captive mutual insurance company, Public Risk Mutual, as contributed surplus during fiscal year ending June 30, 2018.

Investment balances as of June 30, 2018 were \$18,107,946 compared to the prior year amount of \$26,229,345. This represents a decrease of \$8,121,399 or 31.0%. The decrease is due primarily to the \$5,700,000 surplus contribution transferred to Public Risk Mutual and increased claim losses during the year. As noted in Note 3, the following is a summary of the fair value of investments as of June 30, 2018:





<b>Investment Descriptions</b>	<b>Fair Value 6-30-2018</b>	<b>Fair Value 6-30-2017</b>
U.S. Government & Agencies	449,799	2,875,432
U.S. Mortgage backed securities	16,307,593	18,710,223
U.S. Government backed securities	<u>1,350,554</u>	<u>4,643,690</u>
Total investments	<u>\$18,107,946</u>	<u>\$26,229,345</u>



**Accrued Interest**

The investment income receivable at June 30, 2018 is \$63,847 compared to \$134,765 in 2017. This is a change of \$70,918 or 52.6%. This is due primarily to the decrease in investment balances at year end and the timing of the payment of accrued interest on the investments.

**Specific and Aggregate Recoverables**

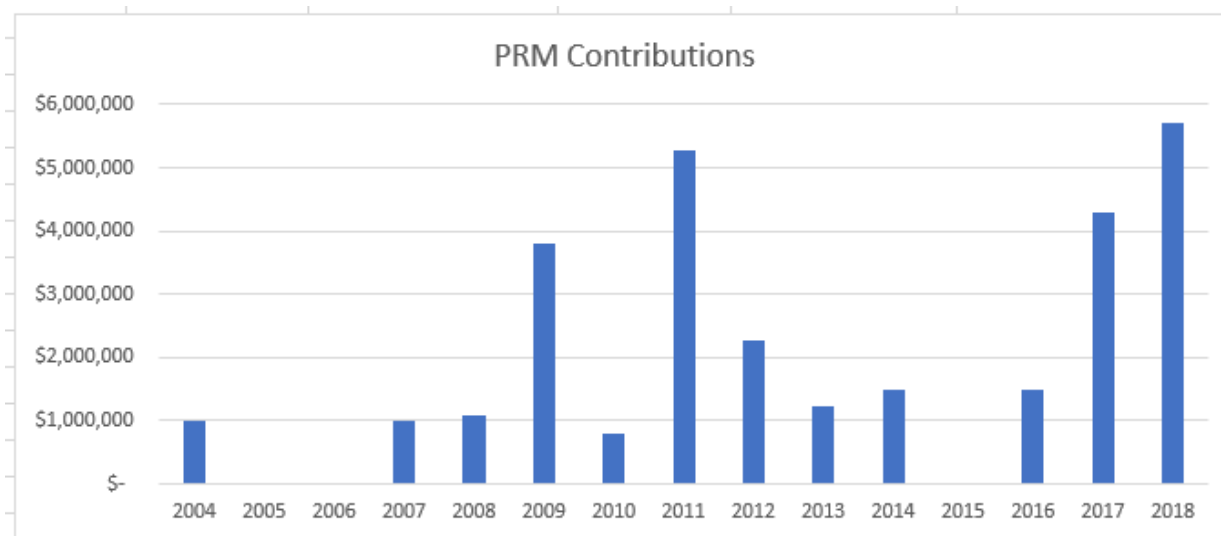
Specific and aggregate recoverables at June 30, 2018 are \$2,794,407, compared to \$2,712,750 in 2017. These recoverables remained relatively the same over the two-year period.

**Contributed Surplus Public Risk Mutual**

In May of 2004, NPAIP’s board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company. The company, named Public Risk Mutual, (“PRM”) is domiciled in Nevada. PRM subsequently converted from an association captive to a pure captive form owned

by NPAIP. PRM is one of the reinsurers for NPAIP. The benefits of the captive are reduced administrative costs, reinsurance opportunities, a broader investment portfolio which can include risk assets, and build equity to enable provision of coverage not obtainable elsewhere. 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 cost to NPAIP will recoup the contributed capital. As such, NPAIP's contributed surplus to PRM will be amortized over ten years. The net contributed surplus to PRM for fiscal year ending June 30, 2018 is \$13,646,670 compared to \$10,420,230 reflecting an increase of \$3,226,440 or 31.0%. During the current year, there was a capital contribution of \$5,700,000 offset by amortization of \$2,473,560. See note 9 for more details. The following chart indicates NPAIP's surplus contributions and related amortization to PRM since inception:

<b>Fiscal Year</b>	<b>Contributions</b>	<b>Amortization</b>	<b>Net Contributions</b>
2004	\$ 1,000,000	\$ -	\$ 1,000,000
2005	\$ -	\$ 100,000	\$ 900,000
2006	\$ -	\$ 100,000	\$ 800,000
2007	\$ 1,000,000	\$ 100,000	\$ 1,700,000
2008	\$ 1,100,000	\$ 291,667	\$ 2,508,333
2009	\$ 3,800,000	\$ 644,166	\$ 5,664,167
2010	\$ 808,416	\$ 757,368	\$ 5,715,215
2011	\$ 5,265,924	\$1,018,305	\$ 9,962,834
2012	\$ 2,276,619	\$1,506,033	\$10,733,420
2013	\$ 1,237,581	\$1,628,228	\$10,342,773
2014	\$ 1,500,000	\$1,786,354	\$10,056,419
2015	\$ -	\$1,698,854	\$ 8,357,565
2016	\$ 1,488,723	\$1,779,165	\$ 8,067,123
2017	\$ 4,300,000	\$1,946,893	\$10,420,230
2018	\$ 5,700,000	\$2,473,560	\$13,646,670



As noted above, NPAIP has contributed \$29,477,263 to PRM in accordance with NPAIP's Capitalization Strategy Policy which allows NPAIP's Executive Committee to distribute a portion of the Net Assets to provide additional capitalization of PRM to reduce reliance on other excess or reinsurance providers. PRM has increased its reinsurance capacity and thereby reduced NPAIP's retention as a result of the additional contributions to PRM's surplus.

## Reserves for Claim Losses

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 NPAIP'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 environment. Annually, NPAIP retains an outside independent actuary to provide a loss reserve opinion and establish a range for NPAIP's loss reserves. NPAIP's policy is to book reserves at the 75% confidence level as recommended by the actuary. The actuarial analysis for the current fiscal year revealed an overall increase in case reserves and IBNR reserves over prior years estimated incurred losses. See Note 6 Unpaid Claim Liabilities and the Supplemental Schedule of Claim Development in the financial statements for more details.

Reserves for current portion of claims increased from \$4,581,556 to \$5,047,158 in fiscal year ending June 30, 2018. The noncurrent reserve for claims and claims loss adjustment expenses increased from \$5,423,444 to \$6,666,842 in 2018. Total reserves increased to \$11,714,000 from \$10,005,000 an increase of \$1,709,000 or 17.1% based on claim payments and increased claims costs and development as calculated by the actuary. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years included in the financial statements for more details.

## Change in Net Position

NPAIP's Total Net Position decreased from \$31,740,678 to \$26,978,956 during the fiscal year ending June 30, 2018, a decrease of \$4,761,722 or 15.0%. This decrease primarily is due to the approved transfer to the PRM captive, an overall increase in claims and providing special insurance programs to members that previously were paid by the members.

The following is the comparative Statements of Net Position for NPAIP as of June 30, 2018 and 2017.

### CONDENSED STATEMENTS OF NET POSITON

	<u>2018</u>	<u>2017</u>
Cash and investments	\$ 20,362,839	\$ 26,855,229
Accrued interest	63,847	134,765
Receivables	3,141,136	2,957,686
Other assets	220,453	83,691
Capital assets, net	1,579,483	1,622,469
Contributed surplus PRM, net	13,646,670	10,420,230
<b>Total assets</b>	<b><u>39,014,428</u></b>	<b><u>42,074,070</u></b>
Accounts payable	124,741	165,724
Other liabilities and deferred revenues	196,731	162,668
Reserve for claims and claims related expense	11,714,000	10,005,000
<b>Total liabilities</b>	<b><u>12,035,472</u></b>	<b><u>10,333,392</u></b>
Net positon -unrestricted	25,399,473	30,118,209
Net positon -invested in capital assets	1,579,483	1,622,469
<b>Total net positon</b>	<b><u>\$ 26,978,956</u></b>	<b><u>\$ 31,740,678</u></b>

## Total Operating Revenues

NPAIP's primary revenue source comes from premiums written. Premium written increased from \$13,832,878 to \$14,390,787 during fiscal year ending June 30, 2018. This is an increase of \$557,909 or 4.0%. This increase is attributable to a rate increase needed to fund increased claims, changes in members deductible options and an offset by two members leaving the Pool.

### Program Expenses

Total program expenses increased to \$14,445,566 from \$12,255,080 in Fiscal Year 2017. This reflects an increase of \$2,190,486 or 17.9% in the current year. Losses and loss adjustment expenses increased \$1,912,194 due to adverse development during the year. The reinsurance/excess insurance premiums decreased \$324,546 from \$5,633,992 to \$5,309,446 because of increased risk transfers in the PRM and CRL reinsurance layer of coverage. Special insurance programs expenses were \$485,154 in Fiscal Year 2018 as the Board approved paying for the pollution coverage and the student accident coverage for the members directly without charging additional premiums. Slight increases were noted in Third party administrator fees of \$51,237 due to increase in claims, an increase of \$50,170 in agent commissions and \$16,277 increase in taxes written due to new special insurance programs.

### Administration Expenses

Total administrative expenses were \$4,967,493 in Fiscal Year ending June 30, 2018 compared to \$4,729,146 in FY 2017. This represents an increase of \$238,347 or 5.0%. There was an increase of \$526,667 in the amortization expense related to the Surplus Contribution to Public Risk Mutual. This increase is due to the amortization of the additional \$5,700,000 contribution to PRM. There was a reduction of \$80,102 in risk management grants. The management fees increased from \$490,136 to \$513,174 or 4.7% increase as provided for in the approved management contract. Member education and training reduced slightly from \$1,310,767 to \$1,177,977 as some services were paid directly from Public Risk Mutual.

### Non-operating Net Investment Income

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 NPAIP 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 NPAIP's investments are anticipated to be held to maturity. Non-operating net investment income was (\$51,267) for Fiscal Year end June 30, 2018 compared to (\$297,011) in 2017. The investment income was negative for NPAIP as a result of the mark to market value adjustment because of increasing interest rates in fiscal year 2018. See Note 3 Investment Securities for more details.

### CONDENSED STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>
Assessments revenues	\$ 14,702,604	\$ 14,159,528
Loss fund provision and program expenses	14,445,566	12,255,080
Administration expenses	4,967,493	4,729,146
Total expenses	<u>19,413,059</u>	<u>16,984,226</u>
<b>(Decrease) in operating net position</b>	<b><u>(4,710,455)</u></b>	<b><u>(2,824,698)</u></b>
Non-operating net investment income	(51,267)	(297,011)
<b>(Decrease) increase in net position</b>	<b><u>\$ (4,761,722)</u></b>	<b><u>\$ (3,121,709)</u></b>

### Capital Assets and Debt Administration:

NPAIP has land and the office building as the only physical assets and no borrowed funds. The capital assets of land, building and equipment net is \$1,579,483 as of June 30, 2018. This represents 4.0% of the total assets. This building generates rental income and diversifies NPAIP's investments. NPAIP remains debt free.

### 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 NPAIP'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.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Net Position**  
**June 30, 2018 and 2017**

<b>ASSETS</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Current assets:		
Cash and cash equivalents	\$ 2,254,893	\$ 625,884
Investments	18,107,946	26,229,345
Accrued interest	63,847	134,765
Deductibles receivable	336,162	146,244
Assessments receivable	10,520	26,170
Other Receivables	47	72,522
Specific and aggregate recoverables	2,794,407	2,712,750
Prepaid expense	220,453	83,691
Total current assets	<u>23,788,275</u>	<u>30,031,371</u>
Capital assets:		
Land, building & equipment, net	1,579,483	1,622,469
Other assets:		
Contributed Surplus Public Risk Mutual, net	13,646,670	10,420,230
<b>Total Assets</b>	<b><u><u>39,014,428</u></u></b>	<b><u><u>42,074,070</u></u></b>
 <b>LIABILITIES</b>		
Other current liabilities:		
Accounts payable	124,741	165,724
Risk Management Grants payable	196,731	157,564
Deferred inflows of resources	-	5,104
Current portion of reserve for claims and claims adjustment expenses	<u>5,047,158</u>	<u>4,581,556</u>
Total current liabilities	<u>5,368,630</u>	<u>4,909,948</u>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	<u>6,666,842</u>	<u>5,423,444</u>
Total non-current liabilities:	<u>6,666,842</u>	<u>5,423,444</u>
<b>Total Liabilities</b>	<b><u><u>12,035,472</u></u></b>	<b><u><u>10,333,392</u></u></b>
 <b>NET POSITION</b>		
Net Position, unrestricted	25,399,473	30,118,209
Net Position, invested in capital assets	<u>1,579,483</u>	<u>1,622,469</u>
<b>Total Net Position</b>	<b><u><u>\$ 26,978,956</u></u></b>	<b><u><u>\$ 31,740,678</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, 2018 and 2017**

<b>OPERATING REVENUES</b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Premiums written	\$ 14,390,787	\$ 13,832,878
Rental income	261,643	258,326
Other Income	50,174	68,324
Total revenues	<u>14,702,604</u>	<u>14,159,528</u>
 <b>PROGRAM EXPENSES</b>		
Losses and loss adjustment expenses	6,461,215	4,549,021
Excess insurance premiums	5,309,446	5,633,992
Special insurance programs	485,154	-
Pooling and loss control fees	505,000	505,000
Third party administrator fees	710,655	659,418
Agent commissions	955,653	905,483
Taxes written	18,443	2,166
Total program expenses	<u>14,445,566</u>	<u>12,255,080</u>
 <b>ADMINISTRATIVE EXPENSES</b>		
Management fees	513,174	490,136
Building maintenance and utilities	93,190	124,219
Depreciation	49,317	44,564
Amortization	2,473,560	1,946,893
Travel	54,981	48,662
Casualty insurance	31,075	51,553
Operating expenses	189,723	113,484
Legal expenses	45,788	85,109
Loss control awards and grants	240,525	320,627
Consultant appraisals	85,700	87,500
Environmental consultation	-	23,665
Technology services	12,483	81,967
Member education and training	1,177,977	1,310,767
Total pool administration expenses	<u>4,967,493</u>	<u>4,729,146</u>
Total program and administration expenses	<u>19,413,059</u>	<u>16,984,226</u>
<b>Decrease in operating net position</b>	<b>(4,710,455)</b>	<b>(2,824,698)</b>
 Increase in non-operating net investment income	 (51,267)	 (297,011)
<b>(Decrease) increase in net position</b>	<b>(4,761,722)</b>	<b>(3,121,709)</b>
 Net position, beginning of year	 31,740,678	 34,862,387
 <b>Net position, end of year</b>	 <b><u>\$ 26,978,956</u></b>	 <b><u>\$ 31,740,678</u></b>

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Cash Flows**  
**For Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Premiums written	\$ 14,211,415	\$ 13,941,954
Rental income	261,643	258,326
Other revenues	50,174	68,324
Payment for claims	(4,752,215)	(5,110,021)
Payment to vendors	(10,505,811)	(11,381,636)
Net Cash Used from Operating Activities	<u>(734,794)</u>	<u>(2,223,053)</u>
<b>Cash flows from investing activities:</b>		
Interest and dividend income, net of expenses	600,085	957,587
Purchases of investments	(17,538,308)	(7,595,831)
Proceeds from sales of investments	25,008,356	13,391,219
Net Cash Provided from Investing Activities	<u>8,070,133</u>	<u>6,752,975</u>
<b>Cash flows from capital activities:</b>		
Increase in capitalization of PRM	(5,700,000)	(4,300,000)
Equipment purchases	(6,330)	(23,090)
Net Cash Used for Capital Activities	<u>(5,706,330)</u>	<u>(4,323,090)</u>
Increase in Cash and Cash Equivalents	1,629,009	206,832
Cash and Cash Equivalents, beginning of fiscal year	625,884	419,052
<b>Cash and Cash Equivalents, year ended June 30</b>	<u><b>2,254,893</b></u>	<u><b>625,884</b></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating net loss	(4,710,455)	(2,824,698)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	49,316	44,564
Amortization expense	2,473,560	1,946,893
(Increase) decrease in deductibles and assessments receivable	(174,268)	103,972
(Increase)in prepaid expense	(136,762)	(60,863)
Decrease (increase) in other receivables	72,475	(72,472)
(Increase) in recoverables	(81,657)	(919,826)
Decrease in accrued interest	70,917	37,380
(Decrease) increase in accounts payable	(40,983)	77,893
Increase in Risk Management Grants liability	39,167	-
(Decrease) increase in deferred inflows of resources	(5,104)	5,104
Increase (decrease) in reserve for claims and loss adjustments	1,709,000	(561,000)
<b>Net Cash Used by Operating Activities</b>	<u><b>\$ (734,794)</b></u>	<u><b>\$ (2,223,053)</b></u>

See accompanying notes



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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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, 2018 and 2017**

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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 increasing 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 capitalization policy allows for the recording as an asset and depreciation for amounts of and in excess of \$5,000. 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 based on an evaluation prepared by management and an independent consulting actuary using a 75% confidence level. Although such estimates are 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.

Prior Year Reclassifications

Prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**NOTE 3 – CASH AND INVESTMENTS**

The carrying amount of NPAIP’s deposits with financial institutions at June 30, 2018 and 2017 was \$2,254,893 and \$625,884.

The financial institution balance at June 30, 2018 and 2017 was \$2,855,774 and \$886,860 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><b>2018</b></u>	<u><b>2017</b></u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	1,301,011	239,517
Cash equivalents at brokerage firm	<u>1,304,763</u>	<u>397,343</u>
 Total deposits at financial institutions	 <u>\$ 2,855,774</u>	 <u>\$ 886,860</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, 2018 is as follows:

	<u><b>Fair Value</b></u>	<b>Investment Maturities in Years</b>			
		<b>1 year or less</b>	<b>1-5</b>	<b>5-10</b>	<b>Over 10</b>
U.S. Government & Agencies	\$ 449,799	\$ 60,058	\$ 389,741	\$ -	\$ -
U.S. Mortgage-backed securities	16,307,593	-	330,410	2,709,509	13,267,674
U.S. Government backed securities	1,350,554	-	339,801	608,853	401,900
Total cash and investments	<u>\$ 18,107,946</u>	<u>\$ 60,058</u>	<u>\$ 1,059,952</u>	<u>\$ 3,318,362</u>	<u>\$ 13,669,574</u>

A summary of investments as of June 30, 2017 is as follows:

	<u><b>Fair Value</b></u>	<b>Investment Maturities in Years</b>			
		<b>1 year or less</b>	<b>1-5</b>	<b>5-10</b>	<b>Over 10</b>
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>

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. Government and government back securities of \$18,107,946 and \$26,229,345 for years ended June 30, 2018 and 2017 respectively are valued using a matrix pricing model (Level 2 inputs).

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**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, 2018 and 2017 was as follows:

Property and equipment activity for the year ended June 30, 2018 was as follows:

	<b>Estimated Useful Life</b>	<b>June 30, 2017</b>	<b>Additions</b>	<b>Dispositions</b>	<b>June 30, 2018</b>
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	117,947	6,331	-	124,278
		<u>2,368,315</u>	<u>6,331</u>	<u>-</u>	<u>2,374,646</u>
Less accumulated depreciation		(745,846)	(49,317)	-	(795,163)
Capital assets net accumulated depreciation		<u>\$ 1,622,469</u>	<u>\$ (42,986)</u>	<u>\$ -</u>	<u>\$ 1,579,483</u>

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>

**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>2017-2018</u></b>	<b><u>2016-2017</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, 2018 and 2017**

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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 2, 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>2018</u>	<u>2017</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 10,005,000</u>	<u>\$ 10,566,000</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	5,738,000	5,635,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>723,215</u>	<u>(1,085,979)</u>
Total incurred losses and loss adjustment	<u>6,461,215</u>	<u>4,549,021</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,232,000)	(988,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(3,520,215)</u>	<u>(4,122,021)</u>
Total Payments	<u>(4,752,215)</u>	<u>(5,110,021)</u>
<b>Unpaid claims and claims adjustment expenses At end of fiscal year</b>	<b><u><u>\$ 11,714,000</u></u></b>	<b><u><u>\$ 10,005,000</u></u></b>

In 2018 the current portion of the reserve, cash expected to be paid within 12 months, is \$5,047,158 and the long-term portion is \$6,666,842. At the end of 2017 the current portion was \$4,581,556 and the long term portion was \$5,423,444.

At June 30, 2018 and 2017, 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, 2018 and 2017.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 7 - RELATED PARTY TRANSACTIONS**

Public Agency Risk Management Services, Inc. (PARMS) is presently contracting with the NPAIP to provide management services from July 1, 2014 through June 30, 2019. PARMS serves as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees paid for years ended June 30, 2018 and 2017 were \$513,174 and \$490,136 respectively.

Minimum future payments:		
2019	\$	519,985

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 received in 2018 and 2017 were \$71,196 and \$69,781. The contract dated July 1, 2013 was for a five year lease period and includes a 2% per annum increase in the lease expenses which began on July 1, 2014 and was extended for one year until July 1, 2019 under the same terms.

Minimum future receipts:		
2019	\$	72,617

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, Paul Johnson and Curtis Calder. The cost of this grant was \$779,350 and \$756,000 for the years ended June 30, 2018 and 2017 respectively. PRI provides human resources management services to NPAIP members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI. PRI contract in 2016 allocation was changed for POOL to pay 65% and PACT 35%.

NPAIP is the sole policy holder of Public Risk Mutual Company which was formed as a non-profit captive mutual insurance company.

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 technological needs of NPAIP, PACT, PRM, (Public Risk Management), PCM (Public Compensation Mutual), and PRI (Public Resources, Inc). The PARMS payment to NPAIP includes the technological needs of PACT as well as PRM and PCM. This arrangement was approved in an effort to simplify the technology usage fees paid to NPAIP.

**NOTE 8 – POOLING RESOURCES, INC. GRANT**

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust 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, Paul Johnson and Curtis Calder. The cost of this grant was \$779,350 and \$756,600 for June 30, 2018 and 2017 respectively. The grant was renewed for five years beginning July 1, 2015 and amended July 1, 2018 with future costs being as follows:

Minimum future payments:		
2019	\$	794,950
2020		811,200
Total payments	\$	<u>1,606,150</u>

PRI provides human resources management services to PACT members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 9 –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 \$29,477,263 and \$23,777,263 as of year ended June 30, 2018 and 2017. 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 had been transferred from NPAIP to PRM and the remaining transfer of the remaining \$5,700,000 was completed October 25, 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. 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 \$2,473,560 and \$1,946,893 for fiscal years ended 2018 and 2017.

	<b>June 30, 2017</b>	<b>Additions</b>	<b>June 30, 2018</b>
Contributed surplus to Public Risk Mutual	\$ 23,777,263	\$ 5,700,000	\$ 29,477,263
Accumulated amortization	(13,357,033)	(2,473,560)	(15,830,593)
Contributed Surplus net of accumulated amortization	<u>\$ 10,420,230</u>	<u>\$ 3,226,440</u>	<u>\$ 13,646,670</u>
	<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>

Since the creation of the captive PRM, all transfers from NPAIP to PRM have been amortized. NPAIP’s investment advisor, Strategic Asset Alliance, and POOL’S money manager, New England Asset Management, developed an orderly transfer plan based on the appropriate selling and purchasing points for the designated assets. This helped accomplish the goals of providing NPAIP with profits of the sales and PRM with the purchase of more suitable investment assets. This enabled NPAIP and PRM to maintain the appropriate Net Position for their respective risk retention amounts.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**NOTE 9 – CONTRIBUTED SURPLUS TO PUBLIC RISK MUTUAL (continued)**

Contributions to the captive and amortization are as follows:

<i>Fiscal Year</i>	<i>Contributions</i>	<i>Total Capitalization</i>	<i>Amortization</i>	<i>Net Contributions</i>	<i>Accumulated Amortization</i>
2004	\$ 1,000,000	\$ 1,000,000		\$ 1,000,000	\$ -
2005	-	1,000,000	100,000	900,000	100,000
2006	-	1,000,000	100,000	800,000	200,000
2007	1,000,000	2,000,000	100,000	1,700,000	300,000
2008	1,100,000	3,100,000	291,667	2,508,333	591,667
2009	3,800,000	6,900,000	644,166	5,664,167	1,235,833
2010	808,416	7,708,416	757,368	5,715,215	1,993,201
2011	5,265,924	12,974,340	1,018,305	9,962,834	3,011,506
2012	2,276,619	15,250,959	1,506,033	10,733,420	4,517,539
2013	1,237,581	16,488,540	1,628,228	10,342,773	6,145,767
2014	1,500,000	17,988,540	1,786,354	10,056,419	7,932,121
2015	-	17,988,540	1,698,854	8,357,565	9,630,975
2016	1,488,723	19,477,263	1,779,165	8,067,123	11,410,140
2017	4,300,000	23,777,263	1,946,893	10,420,230	13,357,033
2018	5,700,000	29,477,263	2,473,560	13,646,670	15,830,593

**NOTE 10 – EXCESS INSURANCE OR REINSURANCE**

Nevada Public Agency Insurance Pool offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown on the table below. However, NPAIP obtains various excess or reinsurance policies from several excess or reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention.

	<u>2017 -2018</u>	<u>2016 - 2017</u>
<b><u>Property limits:</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	100,000,000
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



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 10 – EXCESS INSURANCE OR REINSURANCE (continued)**

NPAIP reinsurance is as follows:

Property 2017-2018: 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 2017-2018: 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

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

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 11 – LEASES**

On April 6, 2018 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 \$631 for 60 months.

NPAIP entered into a lease for a postage machine with Mailfinance in July 2018. The lease is an operating lease with minimum monthly payments of \$87.50 for 60 months.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

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**NOTE 11 – LEASES (continued)**

Minimum lease payments for leases are as follows for the following years ended June 30,

Minimum lease payments:		
	2019	\$ 8,622
	2020	8,622
	2021	8,622
	2022	8,622
	2023	8,622
		-
<b>Total minimum lease payments</b>		<b>\$ 43,110</b>

**NOTE 12 –SUBSEQUENT EVENTS**

Management has evaluated the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2018. Management has evaluated subsequent events through October 25, 2018 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>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>	<u>2018</u>
Required Contributions & Investment Income:										
Earned	\$15,184,061	\$15,721,731	\$14,964,155	\$16,331,984	\$16,331,984	\$14,843,453	\$15,129,697	\$15,659,967	\$13,926,199	\$14,701,651
Ceded	(3,919,235)	(4,388,536)	(4,642,512)	(5,019,808)	(5,019,808)	(4,812,711)	(5,253,026)	(5,044,561)	(5,633,992)	(5,794,600)
Net earned	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	8,907,051
Unallocated Expenses	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	7,157,245
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	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	5,738,000
Ceded	-	-	-	-	-	-	-	(87,500)	(1,427,141)	(201,000)
Net Incurred	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,080,500	4,207,859	5,537,000
Paid (cumulative) as of:										
End of policy year	397,000	417,000	833,000	722,000	652,000	788,000	551,000	485,000	988,000	1,232,000
One Year Later	1,078,000	1,546,000	1,736,000	1,538,000	1,670,000	1,538,000	1,681,000	2,291,000	2,367,000	
Two Years Later	1,767,000	2,386,000	2,083,000	2,331,000	1,937,000	2,142,000	2,061,000	3,272,000		
Three Years Later	2,443,000	2,827,000	3,053,000	2,601,000	2,548,000	2,656,000	2,277,000			
Four Years Later	2,594,000	3,401,000	3,306,000	2,723,000	2,797,000	2,973,000				
Five Years Later	2,641,000	3,799,000	3,324,000	3,003,000	2,894,000					
Six Years Later	2,837,000	3,632,000	3,370,000	3,078,000						
Seven Years Later	2,845,000	3,638,000	3,627,000							
Eight Years Later	2,845,000	3,638,000								
Nine Years Later	2,845,000									
Re-estimated ceded claims & Expenses	-	725,387	2,536,444	341,501	529,625	2,472,813	371,978	2,319,629	4,402,321	201,000
Re-estimated Claims & Expense										
End of policy year	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,080,500	4,207,859	5,738,000
One Year Later	4,793,000	4,953,000	4,973,000	4,461,000	4,425,000	4,159,000	3,864,000	4,769,000	5,269,000	
Two Years Later	3,921,000	4,185,000	4,827,000	3,780,000	3,650,000	3,713,000	3,134,000	5,406,000		
Three Years Later	3,272,000	3,618,000	4,051,000	3,297,000	3,137,000	3,285,000	3,140,000			
Four Years Later	3,054,000	3,712,000	4,048,000	3,265,000	3,350,000	3,229,000				
Five Years Later	3,000,000	3,925,000	3,972,000	3,308,000	3,235,000					
Six Years Later	2,923,000	3,743,000	3,491,000	3,262,000						
Seven Years Later	2,845,000	3,638,000	4,036,000							
Eight Years Later	2,845,000	3,638,000								
Nine Years Later	2,845,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(3,273,000)	(2,398,000)	(1,902,000)	(2,209,000)	(2,135,000)	(1,622,000)	(1,177,000)	325,500	1,061,141	-

This information is required by the Governmental Accounting Standards Board

Claim Number	Date Of Loss	Location (Level B)	Juris/stat	State	Status	Coverage	SIR	Incurrd Ind/PD	Incurrd Med/BI/Loss	Incurrd Expense	Incurrd Legal	Incurrd Total	Paid Ind/pd	Paid Med/bi/loss	Paid Expense	Paid Legal	Paid Total	Accident Description
P243-17-05362 -01	12/20/2017	RTC WASHOE COUNTY	NV	O	O	All Risks Building (RB)	\$200,000 POOL/\$300,000 PRM	\$ -	\$ 400,000.00	\$ 2,727.95	\$ -	\$ 402,727.95	\$ -	\$ 10,253.00	\$ 2,727.95	\$ -	\$ 12,980.95	HIGH WIND DAMAGE TO SOLAR PANELS, WATER HEATER VENTS AND ROOF
P243-18-05630 -01	8/11/2018	INCLINE VILLAGE GID	NV	O	O	All Risks Building (RB)		\$ -	\$ 333,771.17	\$ 20,000.00	\$ -	\$ 353,771.17	\$ -	\$ 97,741.98	\$ 1,695.40	\$ -	\$ 99,437.38	KITCHEN FIRE AND SMOKE/WATER DAMAGE
P243-17-05078 -01	4/11/2017	DOUGLAS COUNTY	NV	O	O	Crime, Money and Security (CM)		\$ -	\$ 500,000.00	\$ 25,000.00	\$ -	\$ 525,000.00	\$ -	\$ -	\$ 4,458.85	\$ -	\$ 4,458.85	ALLEGED EMPLOYEE DISHONESTY
P243-15-03924 -01	2/11/2015	DOUGLAS COUNTY	NV	R	R	Employment Practices Liability (EM)	\$500,000	\$ -	\$ 500,000.00	\$ -	\$ 220,000.00	\$ 720,000.00	\$ -	\$ -	\$ -	\$ 81,738.97	\$ 81,738.97	ALLEGED ADA VIOLATIONS AND RETALIATION
P243-07-00794 -01	6/14/2007	LYON COUNTY	NV	O	O	Errors and Omissions (EO)	\$500,000	\$ -	\$ 3,516,950.31	\$ -	\$ 870,682.08	\$ 4,137,632.39	\$ -	\$ -	\$ -	\$ 833,758.29	\$ 583,758.29	MULTIPLE CAUSES OF ACTION, BOTH FEDERAL AND STATE, IN CONNECTION W/ ACTIONS OF PUBLIC ADMINISTRATOR, ALLEGED BREACH OF FIDUCIARY DUTY/FAITHFUL PERFORMANCE
P243-14-03602 -01	4/28/2014	MESQUITE (CITY OF)	NV	O	O	Errors and Omissions (EO)	\$500,000	\$ -	\$ 2,300,000.00	\$ -	\$ 672,813.37	\$ 1,252,000.00	\$ -	\$ 1,800,000.00	\$ -	\$ 506,048.91	\$ 585,235.54	POTENTIAL EO CLAIMS FROM BUILDING HOUSES ON AN OLD LANDFILL
P243-15-04490 -01	7/1/2015	DOUGLAS COUNTY	NV	O	O	General Liability (GL)	\$500,000	\$ 500,000.00	\$ -	\$ -	\$ 750,000.00	\$ 1,250,000.00	\$ -	\$ -	\$ -	\$ 334,354.26	\$ 334,354.26	ALLEGED NEGLIGENCE, TRESPASS, NUISANCE, MISUSE OF EASEMENT AND INVERSE CONDEMNATION IN CONNECTION WITH ALLEGED FLOODING OF PROPERTIES BELOW JOHNSON LANE.
P243-17-05000 -01	2/9/2017	ELKO (CITY OF)	NV	R	R	General Liability (GL)	\$500,000	\$ 500,000.00	\$ -	\$ -	\$ 511,000.00	\$ 1,011,000.00	\$ -	\$ -	\$ -	\$ 179,933.18	\$ 179,933.18	CITIZENS ALLEGE CITY IS RESPONSIBLE FOR FLOODING
P243-11-02838 -01	8/1/2011	ELKO COUNTY	NV	O	O	Police Liability (PL)	\$500,000	\$ -	\$ 500,000.00	\$ -	\$ 427,709.71	\$ 847,167.73	\$ -	\$ 500,000.00	\$ -	\$ 427,709.71	\$ 847,167.73	ALLEGED ILLEGAL SEARCH IN VIOLATION OF 4TH & 14TH AMENDMENT AND STATE LAW CLAIMS.
P243-17-05180 -01	7/19/2017	MINERAL COUNTY	NV	O	O	Police Liability (PL)	\$500,000	\$ -	\$ 2,000,000.00	\$ -	\$ 50,000.00	\$ 1,595,478.83	\$ -	\$ 2,000,000.00	\$ -	\$ 24,006.43	\$ 1,569,485.26	IN CUSTODY DEATH
								\$ 1,000,000.00	\$ 10,050,721.48	\$ 47,727.95	\$ 3,502,205.16	\$ 12,094,778.07	\$ -	\$ 4,407,994.98	\$ 8,882.20	\$ 2,387,549.75	\$ 4,298,550.41	

Claim Number	Date Of Loss	Location (Level B)	Status	Coverage	Incurred Ind/F	Incurred Med/BI/Loss	Incurred Expe	Incurred Legal	Incurred Total	Accident Description
P243-89-00012	-01	6/2/1989 STOREY COUNTY	F	All Risks Building (F	\$ -	\$ 382,774.82	\$ 17,288.90	\$ -	\$ 400,063.72	FIRE DESTROYED PUBLIC WORKS BUILDING AND DAMAGED ATTACHED BUILDING.
P243-92-00019	-01	7/23/1992 WINNEMUCCA (CITY OF)	F	Fire - Building (FB)	\$ -	\$ 996,134.85	\$ 9,667.53	\$ -	\$ 1,005,802.38	TOTAL FIRE LOSS - NIXON HALL
P243-92-00098	-01	1/5/1993 LYON COUNTY	F	Errors and Omissio	\$ -	\$ 275,000.00	\$ 5,728.45	\$ 73,180.23	\$ 353,908.68	CLAIMANT ALLEGES CONSTRUCTIVE TERMINATION.
P243-93-00042	-01	10/20/1993 INCLINE VILLAGE GID	F	Errors and Omissio	\$ -	\$ 254,882.75	\$ 102,127.75	\$ 69,110.33	\$ 426,120.83	RECEIVED DEMAND LETTER FROM EMPLOYEE REPRESENTATION..CLAIMANT ALLEGES VIOLATION OF ADA AND WRONGFUL TERMINATION..DOL: 10/21/93
P243-94-00011	-01	7/12/1994 ELKO (CITY OF)	F	Errors and Omissio	\$ -	\$ 380,000.00	\$ 32,956.71	\$ 58,402.28	\$ 468,505.00	CLAIMANT ALLEGES JOB HARRASSMENT WITHOUT DUE CAUSE. SEXUAL DISCRIMINATION. ,Wrongful termination. Claim made: 9-12-94.
P243-94-00172	-01	3/6/1995 HUMBOLDT COUNTY	F	All Risks Building (F	\$ -	\$ 428,730.30	\$ 6,638.76	\$ 19,032.58	\$ 339,792.26	FIRE LOSS AT HOSPITAL.
P243-95-00246	-01	4/15/1996 NYE COUNTY	F	Errors and Omissio	\$ -	\$ 950,000.00	\$ 160,084.67	\$ 371,296.11	\$ 742,380.78	Clmt alleges sexual assault by County Manager while employed as an,Administra- tor at the Hospital.
P243-96-00013	-01	7/8/1996 NYE COUNTY	F	Errors and Omissio	\$ -	\$ 250,000.00	\$ 64,487.31	\$ 176,147.51	\$ 440,634.82	DOL: 1/1/92 (Loss date not within coverage effective date); Clmt alleges. sexual harassment by County Manager.
P243-99-00386	-01	5/25/2000 MESQUITE (CITY OF)	F	Police Liability (PL)	\$ -	\$ 2,400,000.00	\$ 3,031.78	\$ 107,724.11	\$ 2,509,754.69	PLAINTIFFS ALLEGE GROSS NEGLIGENCE AND VIOLATION OF 42U.S.C.A. 1983 IN. CONNECT ION W/LAW ENFORCEMENT PURSUING A NON-VIOLENT SUSPECT RESULTING IN .SERIOUS INJU RY AND ONE FATALITY.
P243-01-00153	-01	10/16/2001 CHURCHILL COUNTY	F	Errors and Omissio	\$ -	\$ 600,000.00	\$ 1,088.43	\$ 45,655.11	\$ 646,743.54	Alleged Federal wiretapping violations
P243-01-00160	-01	10/24/2001 LYON COUNTY	F	Errors and Omissio	\$ -	\$ 4,750,000.00	\$ 512.18	\$ 821,079.12	\$ 4,994,193.49	ALLEGED VIOLATION OF DUE PROCESS & INTERFERENCE WITH PROSPECTIVE ECONOMIC. ADVANTAGE
P243-02-00219	-01	1/1/2003 WEST WENDOVER (CITY OF	F	Errors and Omissio	\$ -	\$ 200,000.00	\$ 10,979.13	\$ 248,597.70	\$ 351,000.00	ALLEGED INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE, ETC. IN. CONNECTION WITH ATTEMPTS TO CHANGE WATER SERVICE OF STATE LINE HOTEL &, CASINO FROM UTAH TO NEVADA.
P243-05-00290	-01	2/14/2006 NYE COUNTY	F	Police Liability (PL)	\$ -	\$ 200,000.00	\$ 290.00	\$ 212,994.26	\$ 413,284.26	EXCESSIVE FORCE--CLAIMANT TASED FOUR TIMES BY SHERIFF DEPUTY
P243-06-00507	-01	10/19/2006 DOUGLAS COUNTY SCHOO	F	Auto Liability (AL)	\$ 40,320.45	\$ 445,779.80	\$ -	\$ 14,309.68	\$ 500,409.93	IV T-BONED OV
P243-06-00511	-01	10/19/2006 DOUGLAS COUNTY	F	Errors and Omissio	\$ -	\$ 300,000.00	\$ -	\$ 40,943.33	\$ 340,943.33	ALLEGED 5TH AND 14TH AMENDMENT VIOLATIONS IN CONNECTION WITH REQUIRED CONDITIONAL LETTER OF MAP REVISION FOR ISSUANCE OF PERMIT
P243-08-01890	-01	1/5/2008 LYON COUNTY	F	All Risks Building (F	\$ -	\$ 1,300,000.00	\$ -	\$ 961,280.15	\$ 502,000.00	CANAL BREACH
P243-08-01891	-01	1/5/2008 FERNLEY (CITY OF)	F	Errors and Omissio	\$ -	\$ 5,025,039.35	\$ 307.92	\$ 786,981.46	\$ 525,539.55	CANAL BREACH
P243-08-01060	-01	2/21/2008 ELKO COUNTY SCHOOL DIS	F	All Risks Building (F	\$ -	\$ 4,908,176.05	\$ -	\$ -	\$ 556,499.99	EARTHQUAKE
P243-08-01310	-01	9/11/2008 MESQUITE (CITY OF)	F	Police Liability (PL)	\$ -	\$ -	\$ -	\$ 313,047.11	\$ 313,047.11	ALLEGED SEXUAL MISCONDUCT BY POLICE OFFICER
P243-09-01542	-01	3/17/2009 NYE COUNTY	F	Errors and Omissio	\$ -	\$ 292,500.00	\$ -	\$ 162,333.72	\$ 454,833.72	ALLEGED 14TH AMENDMENT VIOLATION IN CONNECTION FOR NON-RENEWALOF BROTHEL LICENSE
P243-09-01751	-01	9/10/2009 CHURCHILL COUNTY SCHO	F	Errors and Omissio	\$ -	\$ 750,000.00	\$ -	\$ 159,343.31	\$ 510,000.00	ALLEGED SEXUAL MISCONDUCT BY CUSTODIAN
P243-10-01994	-01	4/9/2010 VIRGIN VALLEY WATER DIS	F	Errors and Omissio	\$ -	\$ 150,000.00	\$ -	\$ 678,780.96	\$ 782,444.95	DISPUTE OVER COMMUNICATION TOWER. SUIT ALLEGES BREACH OF CONTRACT, FRAUDULENT INDUCEMENT, DUE PROCESS AND CONSPIRACY.
P243-10-02006	-01	4/28/2010 HUMBOLDT COUNTY	F	Errors and Omissio	\$ -	\$ 50,000.00	\$ -	\$ 308,283.25	\$ 358,283.25	ALLEGED IMPROPER REVERSAL OF CUP
P243-10-02087	-01	6/7/2010 NYE COUNTY	F	Errors and Omissio	\$ -	\$ 225,000.00	\$ -	\$ 296,823.84	\$ 521,823.84	ALLEGED MALICIOUS PROSECUTION/ABUSE OF PROCESS CLAIMS AGAINST DA
P243-10-02379	-01	8/17/2010 VIRGIN VALLEY WATER DIS	F	Crime, Money and :	\$ -	\$ 500,000.00	\$ -	\$ -	\$ 500,000.00	ALLEGED EMPLOYEE DISHONESTY
P243-10-02259	-01	11/24/2010 NYE COUNTY SCHOOL DIST	F	Errors and Omissio	\$ -	\$ 1,095,000.00	\$ 195.00	\$ 990,401.36	\$ 505,000.01	ALLEGED ABUSE OF SPECIAL NEEDS CHILDREN
P243-10-02301	-01	12/6/2010 CHURCHILL COUNTY SCHO	F	Errors and Omissio	\$ -	\$ 712,500.00	\$ -	\$ 137,395.32	\$ 510,000.00	STUDENT WRESTLER WAS REPORTEDLY HAZED AND SEXUALLY ASSAULTED ON TRIP TO LAS VEGAS
P243-11-02381	-01	3/15/2011 NYE COUNTY	F	Errors and Omissio	\$ -	\$ 180,000.00	\$ -	\$ 147,071.78	\$ 327,071.78	ALLEGED FALSE ARREST, MALICIOUS PROSECUTION, DUE PROCESS VIOLATIONS, PROSECUTORIAL MISCONDUCT, ETC. AGAINST FORMER DA BECKETT
P243-12-02755	-01	1/17/2012 CHURCHILL COUNTY	F	Crime, Money and :	\$ -	\$ 480,818.00	\$ 13,715.20	\$ 6,512.46	\$ 501,045.66	EMPLOYEE DISHONESTY
P243-12-03061	-01	12/26/2012 ELKO COUNTY SCHOOL DIS	F	All Risks Building (F	\$ -	\$ 729,624.95	\$ -	\$ -	\$ 729,624.95	FREEZE LOSS/WATER DAMAGE
P243-14-03820	-01	11/12/2014 NYE COUNTY	F	Auto Liability (AL)	\$ 12,897.93	\$ 310,000.00	\$ -	\$ 7,223.95	\$ 330,121.88	VEHICLE ACCIDENT RESULTING IN 1 FATALITY AND 2 INJURED
P243-16-04494	-01	4/4/2016 VIRGIN VALLEY WATER DIS	F	Not Covered (NC)	\$ -	\$ 400,000.00	\$ -	\$ 23,948.69	\$ 423,948.69	DEC RELIEF ACTION/BOC CLAIM RELATING TO COVERAGE DETERMINATION
P243-17-05155	-01	6/21/2017 CARSON CITY SCHOOL DIS	F	Errors and Omissio	\$ -	\$ 1,950,000.00	\$ -	\$ 291,098.03	\$ 525,000.00	ALLEGED DISCRIMINATION IN VIOLATION OF THE ADA
P243-17-05331	-01	11/20/2017 YERINGTON (CITY OF)	F	Police Liability (PL)	\$ -	\$ 350,000.00	\$ -	\$ 71,900.60	\$ 421,900.60	ALLEGED RACIAL DISCRIMINATION/ HARASSMENT
					\$ 53,218.38	\$ 32,221,960.87	\$ 429,099.72	\$ 7,600,898.34	\$ 23,231,723.69	

**POOL BUDGET 2019-2020**

<i>Presented at Executive Committee April 2, 2019 at Annual Meeting April 17, 2019 Option2</i>	<i>Adopted</i>	<i>FY 2019-2020 Budget</i>	<i>% of Total Revenues</i>	<i>Notes</i>
<b>Revenues</b>				
Premiums Written		\$ 17,205,169	97.3%	11.6% Increase
PRM Risk Management Services Payment		475,000	2.7%	Fixed Amount from PRM
<b>Total Revenues</b>		\$ 17,680,169	100.0%	
<b>Loss Fund and Insurance Expenses</b>				
Losses and loss adjustment expenses		\$ 5,878,000	33.3%	Actuarial Amount at 70% CL
Excess Insurance Premiums		6,334,337	35.7%	Property, Liability Insurance
Special Insurance programs		498,662	2.8%	Environmental & Student Accident
Agent Commissions & Taxes Written		1,252,969	7.1%	Board Policy ... State Tax Regs
<b>Total Loss Fund and Insurance Costs</b>		\$ 13,963,969	78.9%	
<b>Program Expenses</b>				
Pooling and loss control fees		\$ 505,000	2.9%	Willis Pooling Broker & LC Services
Third party administrator fees		730,000	4.1%	ASC Claims Administration
Member education and training		1,544,200	8.8%	Members Services Dividend
<b>Total Program Expenses</b>		\$ 2,779,200	15.8%	
<b>Administrative Expenses</b>				
Management Services		\$ 525,000	3.0%	Nevada Risk Pooling Management Team
Casualty Insurance, Travel, Technology Services		102,000	0.6%	Insurance, Travel, Technology support
Operating expenses		150,000	0.9%	Copier, phones, utilities, meeting costs
Legal Expenses, Consultant appraisals		160,000	0.9%	Coverage Counsel, Asset Works Appraisals
<b>Total pool administration expenses</b>		\$ 937,000	5.3%	
<b>Total Loss Fund, Program and Administration Expenses</b>		\$ 17,680,169	100.0%	
<b>Net Operating Income (Loss)</b>		-	0.0%	Budget at Breakeven for rate mitigation
Non-Operating Investment Income		650,000	3.7%	Earnings from investment portfolio
<b>Net Gain (Loss)</b>		650,000	3.7%	
PRM Amortization Expense		2,190,358	12.4%	Board Policy: 10 yr. amortization: non-cash
<b>Net Gain (Loss) including PRM Amortization Expense</b>		(1,540,358)	-8.7%	
Other Expenses: Loss Control Grants Paid From Surplus		375,000		Board Policy: \$500K less \$125K Jail Audits

<b>Other : Building Ownership</b>				
Rental Income		\$ 231,815		Fair Market Value of Office Rents in Carson
Technology Services Income		75,000		Computers, Servers, Technology, Software
<b>Total Building Income</b>		\$ 306,815		
Building Utilities and Maintenance		100,000		Janitorial, utilities, maintenance, landscaping
Building Roof Repairs		200,000		Estimated cost of repair for leaking roof
Depreciation		50,000		Non-cash item based on life of building
<b>Total Building Expenses</b>		\$ 350,000		
<b>Net Building Income (Loss)</b>		\$ (43,185)		

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
	7/1/13- 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	7/1/17- 6/30/18	7/1/17- 6/30/18	TOTAL	TOTAL	2013/2014- 2017/2018	2015/2016- 2017/2018
CARSON CITY (No Long	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
CHURCHILL COUNTY	9	\$ 37,033	2	\$ 3,646	6	\$ 53,133	1	\$ -	5	\$ 7,743	23	\$ 101,554	\$ 20,311	\$ 20,292
DOUGLAS COUNTY	39	\$ 194,593	70	\$ 485,514	50	\$ 1,066,161	33	\$ 631,033	18	\$ 60,698	210	\$ 2,438,000	\$ 487,600	\$ 585,964
ELKO COUNTY	18	\$ 19,626	12	\$ 102,230	17	\$ 43,411	35	\$ 128,999	14	\$ 64,266	96	\$ 358,532	\$ 71,706	\$ 78,892
ESMERALDA COUNTY	8	\$ 41,548	2	\$ 34,075	3	\$ 52,539	6	\$ 25,701	8	\$ 244,856	27	\$ 398,718	\$ 79,744	\$ 107,698
EUREKA COUNTY	5	\$ 77,461	8	\$ 45,957	13	\$ 1,111	9	\$ 35,883	6	\$ 103,600	41	\$ 264,013	\$ 52,803	\$ 46,865
HUMBOLDT COUNTY	17	\$ 389,445	14	\$ 65,461	8	\$ 212,083	7	\$ 29,420	9	\$ 126,706	55	\$ 823,116	\$ 164,623	\$ 122,737
LANDER COUNTY	10	\$ 83,080	1	\$ 3,636	11	\$ 324,519	9	\$ 130,730	2	\$ 19,294	33	\$ 561,258	\$ 112,252	\$ 158,181
LINCOLN COUNTY	6	\$ 19,842	3	\$ 10,973	3	\$ 79,919	7	\$ 38,380	6	\$ 44,422	25	\$ 193,536	\$ 38,707	\$ 54,240
LYON COUNTY	21	\$ 412,864	17	\$ 293,018	17	\$ 442,150	10	\$ 107,561	15	\$ 140,972	80	\$ 1,396,564	\$ 279,313	\$ 230,227
MINERAL COUNTY	7	\$ 24,952	11	\$ 143,580	10	\$ 112,297	11	\$ 411,884	3	\$ 45,500	42	\$ 738,212	\$ 147,642	\$ 189,894
NYE COUNTY	14	\$ 252,720	39	\$ 774,813	40	\$ 733,382	70	\$ 419,973	42	\$ 353,839	205	\$ 2,534,728	\$ 506,946	\$ 502,398
PERSHING COUNTY	9	\$ 7,235	6	\$ 47,661	2	\$ 2,864	7	\$ 55,605	6	\$ 42,924	30	\$ 156,289	\$ 31,258	\$ 33,798
STOREY COUNTY	7	\$ 240,464	5	\$ 28,179	8	\$ 185,401	15	\$ 1,276,064	8	\$ 125,814	43	\$ 1,855,922	\$ 371,184	\$ 529,093
WHITE PINE COUNTY	10	\$ 54,879	15	\$ 46,244	16	\$ 87,711	14	\$ 24,144	3	\$ 5,514	58	\$ 218,491	\$ 43,698	\$ 39,123
<b>TOTAL</b>	180	\$ 1,855,741	206	\$ 2,084,988	204	\$ 3,396,681	234	\$ 3,315,376	145	\$ 1,386,147	969	\$ 12,038,933	\$ 2,407,787	\$ 2,699,401

POOL Cities

Member Name	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	Costs			Costs
	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	7/1/17- 6/30/18	7/1/17- 6/30/18	TOTAL	TOTAL	2013/2014- 2017/2018	2015/2016- 2017/2018
BOULDER CITY	36	\$ 170,076	31	\$ 104,156	30	\$ 120,437	17	\$ 6,356	14	\$ 5,831	128	\$ 406,855	\$ 81,371	\$ 44,208
CALIENTE	6	\$ 200,165	2	\$ 8,560	4	\$ 11,448	3	\$ -	0	\$ -	15	\$ 220,173	\$ 44,035	\$ 3,816
CARLIN CITY	2	\$ 9,248	4	\$ 7,783	3	\$ 34,296	0	\$ -	2	\$ 21,000	11	\$ 72,328	\$ 14,466	\$ 18,432
CITY OF ELKO	17	\$ 100,175	26	\$ 65,679	17	\$ 106,162	28	\$ 1,113,894	13	\$ 38,064	101	\$ 1,423,974	\$ 284,795	\$ 419,373
ELY CITY	6	\$ 43,931	5	\$ 47,847	9	\$ 15,340	6	\$ 18,732	6	\$ 2,690	32	\$ 128,540	\$ 25,708	\$ 12,254
CITY OF FERNLEY	8	\$ 6,539	8	\$ 29,821	6	\$ 83,029	3	\$ 42,859	5	\$ 61,954	30	\$ 224,202	\$ 44,840	\$ 62,614
CITY OF LOVELOCK	1	\$ -	3	\$ 10,010	0	\$ -	1	\$ -	1	\$ 13,189	6	\$ 23,199	\$ 4,640	\$ 4,396
MESQUITE CITY (No Long	16	\$ 3,123,113	13	\$ 7,275	13	\$ 49,681	0	\$ -	0	\$ -	42	\$ 3,180,069	\$ 636,014	\$ 16,560
WELLS CITY	0	\$ -	2	\$ 9,834	1	\$ 3,786	3	\$ 6,854	0	\$ -	6	\$ 20,474	\$ 4,095	\$ 3,547
WEST WENDOVER	4	\$ 2,099	3	\$ -	15	\$ 82,848	7	\$ 11,724	8	\$ 28,370	37	\$ 125,041	\$ 25,008	\$ 40,981
CITY OF WINNEMUCCA	1	\$ 20,462	5	\$ 7,917	6	\$ 23,998	2	\$ 10,591	4	\$ 29,608	18	\$ 92,577	\$ 18,515	\$ 21,399
CITY OF YERINGTON	3	\$ 32,520	2	\$ 3,189	1	\$ -	0	\$ -	3	\$ 112,500	9	\$ 148,209	\$ 29,642	\$ 37,500
<b>TOTAL</b>	<b>100</b>	<b>\$ 3,708,330</b>	<b>104</b>	<b>\$ 302,069</b>	<b>105</b>	<b>\$ 531,026</b>	<b>70</b>	<b>\$ 1,211,011</b>	<b>56</b>	<b>\$ 313,205</b>	<b>435</b>	<b>\$ 6,065,641</b>	<b>\$ 1,213,128</b>	<b>\$ 685,081</b>



POOL School Districts

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
	7/1/13- 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	7/1/17- 6/30/18	7/1/17- 6/30/18	TOTAL	TOTAL	2013/2014- 2017/2018	2015/2016- 2017/2018
CARSON CITY SCHOOL DISTRICT	10	\$ 760	11	\$ 272,015	11	\$ 91,541	15	\$ 1,026,744	7	\$ 136,766	54	\$ 1,527,826	\$ 305,565	\$ 418,350
CHURCHILL COUNTY SCHOOL DISTRICT	1	\$ 2,238	8	\$ 173,110	2	\$ 100,055	3	\$ 1,387	1	\$ 12,000	15	\$ 288,790	\$ 57,758	\$ 37,814
DOUGLAS COUNTY SCHOOL DISTRICT	20	\$ 27,616	45	\$ 83,828	37	\$ 22,647	178	\$ 278,835	12	\$ 57,959	292	\$ 470,885	\$ 94,177	\$ 119,814
ELKO COUNTY SCHOOL DISTRICT	20	\$ 46,544	14	\$ 42,600	34	\$ 144,227	37	\$ 478,833	13	\$ 272,309	118	\$ 984,514	\$ 196,903	\$ 298,456
ESMERALDA COUNTY SCHOOL DISTRICT	1	\$ 19,484	3	\$ 5,636	0	\$ -	0	\$ -	2	\$ 26,203	6	\$ 51,322	\$ 10,264	\$ 8,734
EUREKA COUNTY SCHOOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 212,327	0	\$ -	1	\$ 212,327	\$ 42,465	\$ 70,776
HUMBOLDT COUNTY SCHOOL DISTRICT	10	\$ 72,802	7	\$ 211,843	10	\$ 173,613	5	\$ 71,528	15	\$ 252,867	47	\$ 782,653	\$ 156,531	\$ 166,003
LANDER COUNTY SCHOOL DISTRICT	4	\$ 54,529	0	\$ -	10	\$ 49,332	14	\$ 61,448	3	\$ 23,500	31	\$ 188,809	\$ 37,762	\$ 44,760
LINCOLN COUNTY SCHOOL DISTRICT	3	\$ 13,188	1	\$ 10	11	\$ 537,379	2	\$ 13,365	3	\$ 125,644	20	\$ 689,587	\$ 137,917	\$ 225,463
LYON COUNTY SCHOOL DISTRICT	12	\$ 14,346	16	\$ 57,575	15	\$ 224,012	6	\$ 34,708	15	\$ 383,114	64	\$ 713,755	\$ 142,751	\$ 213,945
MINERAL COUNTY SCHOOL DISTRICT	10	\$ 248,766	4	\$ 215,130	5	\$ 45,778	8	\$ 489,373	4	\$ 43,825	31	\$ 1,042,873	\$ 208,575	\$ 192,992
NYE COUNTY SCHOOL DISTRICT	10	\$ 54,740	7	\$ 73,960	6	\$ 223,940	14	\$ 50,733	16	\$ 171,214	53	\$ 574,587	\$ 114,917	\$ 148,629
PERSHING COUNTY SCHOOL DISTRICT	2	\$ 75,287	1	\$ 2,787	1	\$ 2,136	1	\$ 1,032	0	\$ -	5	\$ 81,243	\$ 16,249	\$ 1,056
STOREY COUNTY SCHOOL DISTRICT	2	\$ 21,083	0	\$ -	2	\$ -	7	\$ 90,303	7	\$ 64,060	18	\$ 175,446	\$ 35,089	\$ 51,454
WHITE PINE COUNTY SCHOOL DISTRICT	7	\$ 28,080	2	\$ 5,055	4	\$ 212,183	3	\$ 28,694	4	\$ 14,015	20	\$ 288,027	\$ 57,605	\$ 84,964
<b>TOTAL</b>	<b>112</b>	<b>\$ 679,464</b>	<b>119</b>	<b>\$ 1,143,548</b>	<b>148</b>	<b>\$ 1,826,844</b>	<b>294</b>	<b>\$ 2,839,310</b>	<b>102</b>	<b>\$ 1,583,478</b>	<b>732</b>	<b>\$ 7,527,928</b>	<b>\$ 1,614,529</b>	<b>\$ 2,083,211</b>

POOL Special Districts, Towns Others

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/13-6/30/14	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	7/1/17-6/30/18	7/1/17-6/30/18	TOTAL	TOTAL	2013/2014-2017/2018	2015/2016-2017/2018
<b>CARSON CITY:</b>														
CARSON WATER SUBCONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSN OF COUNTIES	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
NEVADA COMMISSION FOR RECONSTRUCTION OF V&T	0	\$ -	0	\$ -	2	\$ 7,151	3	\$ 634	0	\$ -	5	\$ 7,785	\$ 1,557	\$ 2,595
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	1	\$ 4,883	3	\$ 102,781	2	\$ 5,604	2	\$ 2,778	5	\$ 4,240	13	\$ 120,286	\$ 24,057	\$ 4,207
NEVADA PUBLIC AGENCY INSURANCE POOL	1	\$ 5,399	0	\$ -	1	\$ 21,604	0	\$ -	0	\$ -	2	\$ 27,003	\$ 5,401	\$ 7,201
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>CLARK COUNTY:</b>														
MOAPA VALLEY WATER DISTRICT	0	\$ -	1	\$ 18,492	1	\$ -	0	\$ -	0	\$ -	2	\$ 18,492	\$ 3,698	\$ -
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 73,348	0	\$ -	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	\$ -	3	\$ 31,190	4	\$ 24,000	7	\$ 55,190	\$ 11,038	\$ 18,397
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	0	\$ -	2	\$ 69,218	1	\$ 198,949	0	\$ -	0	\$ -	3	\$ 268,166	\$ 53,633	\$ 66,316
<b>CHURCHILL COUNTY:</b>														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	1	\$ 10	0	\$ -	0	\$ -	1	\$ 211	0	\$ -	2	\$ 221	\$ 44	\$ 70
<b>DOUGLAS COUNTY:</b>														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 8,046	0	\$ -	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	\$ -	1	\$ 500	3	\$ 2	4	\$ 502	\$ 100	\$ 167
EAST FORK SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 5,395	0	\$ -	1	\$ 5,395	\$ 1,079	\$ 1,798
TOWN OF GARDNERVILLE	2	\$ 5,116	1	\$ 3,184	4	\$ 325	0	\$ -	1	\$ 1,357	8	\$ 9,982	\$ 1,996	\$ 561
GARDNERVILLE RANCHOS GID	0	\$ -	0	\$ -	0	\$ -	1	\$ 6,696	0	\$ -	1	\$ 6,696	\$ 1,339	\$ 2,232
TOWN OF GENOA	1	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
INDIAN HILLS GID	0	\$ -	1	\$ -	0	\$ -	1	\$ -	0	\$ -	2	\$ -	\$ -	\$ -
KINGSBURY GID	2	\$ 43,038	0	\$ -	1	\$ -	0	\$ -	5	\$ 46,518	8	\$ 89,556	\$ 17,911	\$ 15,506
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	1	\$ 17	9	\$ 161,291	3	\$ 24,020	3	\$ 85,696	2	\$ 18,925	18	\$ 289,949	\$ 57,990	\$ 42,880
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	2	\$ 2,664	1	\$ 1,176,754	2	\$ 1,157	0	\$ -	5	\$ 1,180,575	\$ 236,115	\$ 392,637
NEVADA TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	5	\$ 5,342	5	\$ 5,342	\$ 1,068	\$ 1,781
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	\$ -	1	\$ 5	0	\$ -	3	\$ 6,680	0	\$ -	4	\$ 6,685	\$ 1,337	\$ 2,227
TAHOE DOUGLAS DISTRICT	2	\$ 1,287	2	\$ 4,507	1	\$ -	1	\$ 11,648	0	\$ -	6	\$ 17,442	\$ 3,488	\$ 3,883
TAHOE DOUGLAS FIRE PROTECTION DIST	0	\$ -	0	\$ -	1	\$ 415	1	\$ -	0	\$ -	2	\$ 415	\$ 83	\$ 138
<b>ELKO COUNTY:</b>														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	1	\$ 3,718	0	\$ -	0	\$ -	1	\$ 3,718	\$ 744	\$ 1,239
ELKO CO. AGRICULTURAL ASSOCIATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 9,402	1	\$ 9,402	\$ 1,880	\$ 3,134
ELKO CONVENTION & VISITORS AUTHORITY	1	\$ 1,498	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,498	\$ 300	\$ -
ELKO TV DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	1	\$ -	1	\$ -	4	\$ 187,229	3	\$ 6,422	1	\$ -	10	\$ 193,651	\$ 38,730	\$ 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	\$ -	1	\$ 34,040	0	\$ -	0	\$ -	1	\$ 10,000	2	\$ 44,040	\$ 8,808	\$ 3,333
COYOTE SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>LYON COUNTY:</b>														
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	1	\$ 1,725	0	\$ -	1	\$ 7,000	0	\$ -	2	\$ 8,725	\$ 1,745	\$ 2,333
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	\$ -	1	\$ 3,330	0	\$ -	0	\$ -	1	\$ 3,330	\$ 666	\$ 1,110	
STAGECOACH GID	1	\$ -	0	\$ -	0	\$ -	1	\$ 23,396	0	\$ -	2	\$ 23,396	\$ 4,679	\$ 7,799	
US BOARD OF WATER COMMISSIONERS	1	\$ 3,299	1	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 3,299	\$ 660	\$ -	
WALKER RIVER IRRIGATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -	
WESTERN NEVADA REGIONAL YOUTH CENTER	2	\$ 17,024	1	\$ 2,795	0	\$ -	1	\$ 3,226	1	\$ -	5	\$ 23,045	\$ 4,609	\$ 1,075	
<b>NYE COUNTY:</b>															
AMARGOSA VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,143	1	\$ 2,143	\$ 429	\$ 714	
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
BEATTY WATER & SANITATION	2	\$ 3,462	2	\$ 18,880	0	\$ -	2	\$ 26,745	1	\$ -	7	\$ 49,087	\$ 9,817	\$ 8,915	
TOWN OF PAHRUMP	4	\$ 86,423	5	\$ 769	3	\$ 1,100	3	\$ 38,205	1	\$ 2,872	16	\$ 129,368	\$ 25,874	\$ 14,059	
PAHRUMP LIBRARY DISTRICT	1	\$ 1,885	0	\$ -	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	\$ -	1	\$ 2,442	0	\$ -	0	\$ -	1	\$ 2,442	\$ 488	\$ 814	
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
TOWN OF TONOPAH	1	\$ -	4	\$ 1,620	1	\$ 500	0	\$ -	1	\$ 11,070	7	\$ 13,190	\$ 2,638	\$ 3,857	
TONOPAH LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
<b>PERSHING COUNTY:</b>															
LOVELOCK MEADOWS WATER DISTRICT	0	\$ -	2	\$ 4,292	0	\$ -	0	\$ -	0	\$ -	2	\$ 4,292	\$ 858	\$ -	
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	\$ -	1	\$ 880,000	0	\$ -	1	\$ 880,000	\$ 176,000	\$ 293,333	
STOREY RTC (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
TAHOE RENO INDUSTRIAL GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3	\$ 141,312	3	\$ 141,312	\$ 28,262	\$ 47,104	
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	7	\$ 19,599	9	\$ 7,001	10	\$ 34,431	29	\$ 416,769	5	\$ 32,805	60	\$ 510,606	\$ 102,121	\$ 161,335	
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	2	\$ 17,174	0	\$ -	1	\$ 85,659	6	\$ 67,540	1	\$ 44	10	\$ 170,417	\$ 34,083	\$ 51,081	
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	1	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -	
RTC OF WASHOE COUNTY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3	\$ 403,228	3	\$ 403,228	\$ 80,646	\$ 134,409	
SIERRA FIRE PROTECTION DISTRICT	1	\$ 30	0	\$ -	1	\$ -	0	\$ -	0	\$ -	2	\$ 30	\$ 6	\$ -	
SUN VALLEY GID	2	\$ 45,642	2	\$ 1,550	2	\$ -	1	\$ -	2	\$ 4,324	9	\$ 51,515	\$ 10,303	\$ 1,441	
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	6	\$ 6,630	1	\$ 11,027	6	\$ 91,048	10	\$ 165,900	0	\$ -	23	\$ 274,606	\$ 54,921	\$ 85,650	
TRUCKEE MEADOWS REGIONAL PLANNING AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
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	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
WHITE PINE CO. TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	1	\$ 1,403	0	\$ -	1	\$ 5,000	2	\$ 6,403	\$ 1,281	\$ 2,134	
WILLIAM BEE RIRIE HOSPITAL (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
<b>TOTAL</b>	<b>44</b>	<b>\$262,413</b>	<b>53</b>	<b>\$ 445,839</b>	<b>51</b>	<b>\$ 1,853,729</b>	<b>82</b>	<b>\$ 1,861,136</b>	<b>49</b>	<b>\$ 722,583</b>	<b>279</b>	<b>\$ 5,145,700</b>	<b>\$ 1,029,140</b>	<b>\$ 1,479,149</b>	

POOL Summary of All Claims  
as of 6/30/18

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
7/1/13- 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	7/1/17- 6/30/18	7/1/17-6/30/18	TOTAL	TOTAL	2013/2014- 2017/2018	2015/2016- 2017/2018
436	\$ 6,505,948	482	\$ 3,976,445	508	\$ 7,608,281	680	\$ 9,226,832	352	\$ 4,005,413	2,458	\$ 31,322,918	\$ 6,264,584	\$ 6,946,842

# NEVADA PUBLIC AGENCY INSURANCE POOL (POOL)

## DATA SECURITY EVENT DECLARATIONS

FORM NUMBER	COVERAGE PERIOD	NAMED ASSURED	MAINTENANCE DEDUCTIBLE
NPAIP 2017 <del>9</del> 204 820	07/01/2017 <del>9</del> – 07/01/2018 20 Standard Time	Per Attachment A	none

### SECTION VII.

#### DATA SECURITY EVENT AND PRIVACY RESPONSE EXPENSE COVERAGE LIMITS:

	Limit per Named Assured Per <b>DATA SECURITY EVENT <u>including</u></b> <b>Privacy Response Expense</b>	Annual Aggregate Limit Per Named Assured
	32,000,000	23,000,000
<i>The Sublimit is a part of and not in addition to the Limits of Liability:</i>		
Privacy Response Expense Coverage	500,000	
Retroactive Date		July 1, 2013

*This Declarations Page, together with the Nevada Public Agency Insurance Pool (hereinafter referred to as POOL) Coverage Form, edition 2017~~9~~2048, outlines the coverage provided by POOL. In accepting coverage, the Named Assured agrees to pay an annual contribution, as determined by POOL.*

Countersigned:



Authorized Representative

Date: July 1, 2017~~9~~

## NEVADA PUBLIC AGENCY INSURANCE POOL (POOL) COVERAGE FORM

All terms or phrases in bold print or quotation marks in the body of the Coverage Form are defined terms.

**Section I. Named Assured:** The **Named Assured** means each member listed on Attachment A of this Coverage Form and all Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured** whether now or hereafter constituted.

It is agreed that the unqualified word **Assured** wherever used within this coverage includes not only the **Named Assured** but also:

1. (a) any official, trustee, director, officer, volunteer or employee of the **Named Assured** while acting within the course and scope of their duties as such, and  
  
(b) unless otherwise excluded under this Coverage Form, any person, organization, trustee or estate to whom the **Named Assured** is obligated by written contract or agreement to provide insurance or coverage such as is offered by this coverage, but only with respect to operations by or on behalf of the **Named Assured**; such coverage does not apply to any **Event** that takes place prior to the execution of such contract or agreement,
2. as respects Section VI. Liability Coverage and subject to the Definitions and Conditions therein, any person or organization specified in a written contract or agreement to be named an additional assured and who leases equipment to the **Named Assured** or whose land or premises is used by the **Named Assured**, but only with respect to liability for the use of the leased equipment, land or premises by the **Named Assured**, and not to exceed the limits of liability required in the written contract or agreement nor in any case to exceed \$2,000,000 per **Event**, such sublimit applying as part of and not in addition to the Section VI Limits of Liability available to the **Named Assured**.

Such coverage does not apply:

- (a) to any **Event** that takes place prior to the execution of such contract or agreement,
  - (b) to any **Event** which takes place after the equipment lease expires or use of the land or premises ceases;
  - (c) to any **Wrongful Act** or **Law Enforcement Activities**;
  - (d) to any **Event** arising out of the sole negligence of such person or organization;
  - (e) to structural alterations or new construction performed by or on behalf of such person or organization;
3. any person while using an owned automobile or a hired automobile, and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the **Named Assured** or with its permission, and any **Assured** with respect to the use of non-owned automobiles in the business of the **Named Assured**. This Coverage with respect to any person or organization other than the **Named Assured** does not apply:
    - (a) to any person or organization, or to any agent or employee thereof, operating an automobile sales agency, repair shop, service station, storage garage or public parking place, with respect to any accident arising out of the operation thereof;
    - (b) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured while such employment in an accident arising out of the maintenance or use of the automobile in the business of such employer;
    - (c) with respect to any hired automobile, to the owner or a lessor thereof, other than the **Named Assured**, nor to any agent or employee of such owner or lessor;
  4. the interest of the **Named Assured** in any joint venture or interlocal cooperation agreement to which the **Named Assured** is a party and any activities under the supervision or control of the **Named Assured** whether now or hereafter constituted, provided no separate independent legal entity is formed and subject to the Other Insurance or Coverage provisions contained herein.

## Section II. Property Limits, Liability Limits and Maintenance Deductible

### 1. PROPERTY LIMITS

- A. The Blanket Coverage Limit applies on a group basis to all Covered Property described in the Schedule of Locations.
- B. POOL's maximum Coverage Limit for direct physical loss or damage to Covered Property resulting from any one loss shall not exceed the Blanket Coverage Limit set forth in the Property Declarations, subject to any coverage extensions, sub-limits, exclusions, restrictions or limitations.
- C. All sub-limits apply as part of and not in addition to the Blanket Coverage Limit.

### 2. LIABILITY LIMITS

- A. The Limit of Liability applies separately to each **Named Assured** listed on Attachment A.
- B. POOL's maximum Limit of Liability for all loss resulting from any one **Event** shall not exceed the Per **Event** Limit of Liability set forth in the Liability Declarations nor the Annual Aggregate Limit of Liability, regardless of the number of persons, Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured**.
- C. The inclusion hereunder of more than one **Assured** shall not operate to increase the Pool's Limit of Liability for the **Named Assured**.
- D. All sub-limits apply as part of and not in addition to the Limit of Liability
- E. All expenses including related medical and legal costs are included when calculating appropriate deductible amounts and limits of liability within this coverage section.
- F. All defense costs, including attorney's fees, incurred by NPAIP in defense of an Assured reduce the deductible amounts and limits of liability within this coverage section.

### 3. MAINTENANCE DEDUCTIBLE

Pool will not be liable for loss or damage in any one loss/**Event** until the amount of loss or damage exceeds the Maintenance Deductible amount shown on the declarations page of this Coverage Form. If two or more Maintenance Deductibles apply to a single loss/**Event**, then the largest Maintenance Deductible amount will apply. However, this Coverage Form allows for application of (a) separate and distinct Maintenance Deductibles; and (b) Maintenance Deductibles for specific loss categories; as shown in the Declarations.

## Section III. General Conditions – All Sections

- 1. **SALVAGE AND RECOVERY CLAUSE:** All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this coverage shall be applied as if recovered or received prior to the settlement and all necessary adjustments shall be made by the parties hereto.
- 2. **CANCELLATION/NONRENEWAL:** If the **Assured** fails to pay the Contribution by the date specified by the POOL in its written invoice, 30 days written notice of cancellation will be given. This Coverage is otherwise cancelable only at the end of a coverage period. Either of the parties may cancel by giving written notice to the other party, provided notice is issued at least 120 days prior to the end of the current coverage period.
- 3. **BANKRUPTCY AND INSOLVENCY:** In **case of** bankruptcy or insolvency of the **Assured** or any entity comprising the **Assured**, POOL shall not be relieved of the payment of any claim to the **Assured** or its

liquidator, receiver or statutory successor under this Coverage Form without diminution because of the insolvency of the **Assured**.

4. **OTHER INSURANCE OR COVERAGE:** If any other coverage, bond or insurance is available that covers a loss covered herein, except for coverage, bond or insurance purchased to apply specifically in excess of this coverage, then this coverage will apply in excess of the other valid and collectable coverage, bond or insurance. When this coverage is excess over other coverage, bond or insurance, POOL will pay only the amount of loss, if any, that exceeds the sum of all deductibles (and self-funded amounts) and the amount all such other coverage, bond or insurance would pay for the loss in the absence of this coverage.
5. **MORTGAGE CLAUSE:** The interest of any creditor, lien holder or mortgagor on property covered hereunder is included as if a separate endorsement were attached hereto to the extent of the amount of the debt, lien or mortgage as of the date of loss subject to the limits of liability set forth in this coverage.
6. **SUBROGATION AND RECOVERIES:** POOL shall be subrogated to all rights which the **Assured** has against any person or other entity in respect to any claim or payment made under this coverage, and the **Assured** shall cooperate with POOL to secure the rights of POOL. In case any reimbursement is obtained or recovery made, the net amount of such reimbursement or recovery, after deducting the actual cost incurred by the **Assured** and/or POOL in obtaining or making the same, shall be applied in the following order: (a) to reduce the amount of loss which exceeds the applicable limit of liability; (b) to reduce POOL loss until POOL is fully reimbursed; (c) to reduce the **Assured**'s loss because of the application of the deductible.
7. **WAIVER OF SUBROGATION:** This coverage shall not be invalidated if the **Assured** by written agreement has waived or shall waive its right of recovery from any party for loss or damage covered hereunder; provided that any such waiver is made prior to the occurrence of said loss or damage.
8. **ASSIGNMENT/TRANSFER OF RIGHTS AND DUTIES:** The **Assured**'s rights, interests, benefits and/or duties (both pre-loss and post loss) under this Coverage Form may not be transferred or assigned without POOL's prior written consent. Any such transfer or assignment without POOL's prior written consent is void and invalid.
9. **CHANGES:** By acceptance of this coverage, the **Assured** agrees that it embodies all agreements existing between the **Assured** and POOL relating to this coverage. None of the provisions, conditions or other terms of this coverage shall be waived or altered except by written endorsement; nor shall notice to any agent or knowledge possessed by any agent or other person be held to effect a waiver or change in any part of this coverage.
10. **CONCEALMENT, MISREPRESENTATION OR FRAUD:** POOL will not pay for any loss or damage in any case of intentional concealment or misrepresentation or fraud committed by the **Assured** at any time and relating to a claim under this coverage.
11. **LIMITATION ON RIGHT TO SUE.** An **Assured** shall not sue or maintain any litigation or lawsuit for damages against POOL. By acceptance of this coverage, the **Assured** specifically agrees to waive any right to sue or maintain any litigation or lawsuit for damages against POOL. However, this Section does not prohibit any declaratory relief action seeking to interpret wording of this Coverage Form. Carson City County, Nevada shall be the sole venue for any and all disputes or declaratory relief litigation brought by an **Assured** relating to this Coverage Form or the POOL.



## Section IV. General Exclusions – All Sections

1. WAR AND TERRORISM EXCLUSION: Coverage does not apply herein for loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- (A) war, invasion, acts of foreign enemies, hostilities or warlike operations, (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (B) any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to an act by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), government(s), power(s), authority(ies) or military force(s),

- (i) that:
  - a. involves the use of force or violence and/or the threat thereof against human life or property;
  - b. is dangerous to human life or property; or
  - c. interferes with or disrupts an electronic or communication system; and
- (ii) the purpose or effect of which is to
  - a. intimidate, coerce or harm a government or the civilian population of a country, state or community;
  - b. disrupt the economy of a country, state or community; or
  - c. influence or affect the policy or conduct of the government of a country, state or community.

An act of terrorism includes but is not limited to an “act of terrorism” as defined by the Terrorism Risk Insurance Act of 2002, as amended, (“TRIA”) or any law enacted to reauthorize or succeed TRIA.

Coverage does not apply to loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (A.) and/or (B.) above.

2. NUCLEAR INCIDENT EXCLUSION:

**DEFINITIONS** - As used in this exclusion, “hazardous properties” include radioactive, toxic or explosive properties; “nuclear material” means source material, special nuclear material or by-product material; “source material”, “special nuclear material”, and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; “spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; “waste” means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility; “nuclear facility” means (a) any nuclear reactor, (b) any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing spent fuel, or handling, processing or packaging waste, (c) any equipment or device used for the processing, fabrication or alloying of special nuclear material if at any time the total amount of such material in the custody of the **Assured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235, or (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; “nuclear reactor” means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

PROPERTY- This coverage does not apply to any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however caused. But if Fire is covered and a Fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this Coverage Form) be covered. LIABILITY- This coverage does not apply under any Liability Coverage, to injury, sickness, disease, death or destruction:

- (A) with respect to which an **Assured** under the coverage is also an **Assured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an **Assured** under any such policy but for its termination upon exhaustion of its limit of liability; or
- (B) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the **Assured** is, or had this coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- (C) resulting from the hazardous properties of nuclear material if
  - (1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an **Assured** or (b) has been discharged or dispersed therefrom;
  - (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **Assured**; or
  - (3) the injury, sickness, disease, death or destruction arises out of the furnishing by an **Assured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion- 2 (C) (3) - applies only to injury to or destruction of property at such nuclear facility.

With respect to injury to or destruction of property, the words "injury" or "destruction" include all forms of radioactive contamination of property.

3. POLLUTION HAZARD - It is agreed that this coverage does not apply to:

- A) any loss or damages which would not have occurred in whole or in part but for the actual, alleged or threatened existence, discharge, dispersal, seepage, migration, release or escape of pollutants, irritants or hazardous substances at any time; "Pollutant" means any solid, liquid, gaseous or thermal irritant, corrosive or contaminant, including but not limited to smoke, vapors, soot, fumes, acids or alkalis, chemicals, metals and waste. Waste also includes materials to be recycled, reconditioned or reclaimed.
- B) any loss, cost or expense arising out of any:
  - (1) request, demand or order that any **Assured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any other way respond to, or assess the effects of pollutants; or
  - (2) claim or suit by or on behalf of a governmental authority or others for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of pollutants.

However, coverage does apply to any loss or damage arising out of:

- i) Heat, smoke or fumes from a hostile fire;
- ii) Backup or overflow of any sewer;
- iii) Use of teargas, mace, or similar substance by any public safety officer within the scope of employment for the **Named Assured**;
- iv) Collision, upset or overturn of any vehicle;

- v) Loss or damage caused by an employee or official of the **Named Assured** (but only while acting within the scope of duty and on behalf of the **Named Assured**) and where property or persons are in danger because of sudden and unexpected discharge, dispersal, release or escape of any pollutant. The onset of the discharge, dispersal, release or escape of pollutants must have occurred no more than 72 hours prior to any **Assured's** arrival at the site or location of the **Event**. POOL's Limit of Liability for all such loss will not exceed \$1,000,000 for any one **Event** or in the aggregate annually. This limit is part of Section VI limits and not in addition to any other limit provided by this coverage.
  - vi) Water **intended** for sale or use by an **Assured**, provided **the damages** arise out of pollution that was accidental, demonstrated as having commenced **during** the term of the Coverage Form, became known to the **Assured** within 120 hours, was reported by the **Named Assured** within 14 calendar days from the start of the **Event**, and efforts to terminate the **Event** were expended as soon as reasonably possible;
  - vii) Use of chemicals approved by the U.S. Environmental Protection Agency to disinfect or purify a swimming pool owned or operated by the **Assured**;
  - viii) Cost of cleanup at the premises of the **Assured** made necessary as a result of covered loss or damage to Covered Property.
  - ix) Weed spraying operations by or on behalf of any **Assured**; coverage is extended only for **Property Damage** liability; damage must manifest itself and be reported to POOL within 180 days of the spraying; POOL's Limit of Liability for all such loss will not exceed \$250,000 for any one **Event** or in the aggregate annually. This limit is part of Section VI limits and not in addition to any other limit provided by this coverage.
4. **LEAD**: This coverage does not apply to: any loss or damages arising out of lead or the hazardous properties of lead; any loss or damages for remedial investigations or feasibility studies or the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of lead or any item(s) containing lead; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
5. **SILICA DUST OR ASBESTOS**: This coverage does not apply to any loss or damages arising out of Asbestosis, Silicosis, Mesothelioma, Emphysema, Pneumoconiosis, Pulmonary Fibrosis, Pleuritis, Endothelioma or any lung disease or any ailment caused by or aggravated by asbestos in any form or by silica dust; any loss or damages arising out of the existence of asbestos in any form or of silica dust, including the costs of investigations or feasibility studies, or to the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of any property or substance; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
6. **MOLD/FUNGUS**: This coverage does not apply to any loss, cost or expense directly or indirectly arising out of, resulting from or in any manner related to Fungal Pathogens whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss. "Fungal Pathogens" as utilized herein shall mean any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to mold, mildew, mycotoxins, spores or any biogenic aerosols.

## Section V. PROPERTY COVERAGE

### A. Property Coverage Agreement

POOL agrees subject to the limits, exclusions, conditions and other terms of this Coverage Form to pay on behalf of the **Assured** for direct physical loss or damage to Covered Property except as excluded or limited in this Coverage Form.

### B. Covered Property

This Property Coverage Section covers property, unless excluded, as described in the Schedule of Locations, where ever located, agreed to and kept on file by POOL or its designees that the **Assured**:

- (i) Owns;
- (ii) Operates;
- (iii) Controls; or
- (iv) Contractually agrees to cover for physical loss or damage, to the extent of such contractual obligation.

Covered Property shall also include:

1. New construction, including property while in the course of construction;
2. Additions under construction;
3. Alterations and repairs to any building or structure;
4. Improvements and Betterments in which the **Assured** has a legal interest;
5. Materials, equipment and supplies for new construction, additions, buildings or structures;
6. Temporary structures;
7. **Electronic Data Processing Equipment** as defined in this Coverage Form;
8. Machinery, equipment, and fixtures that are permanently attached to the building;
9. **Automobiles** and mobile equipment as per schedule agreed to and kept on file by POOL or its designees;
10. Covered Property in transit;
11. Personal property of officers and employees of the **Named Assured**, while at a location described in the Schedule of Locations;
12. The **Assured's** interest in and legal liability for property of others, while at location described in the Schedule of Locations; and
13. **Valuable Papers and Records** as defined in this Coverage Form.

## C. Coverage Extensions

This Property Coverage Section includes the following Coverage Extensions for direct physical loss or damage. These Coverage Extensions:

- i. are subject to the applicable limit of liability;
- ii. will not increase the POOL limit of liability; and
- iii. are subject to POOL coverage provisions, including applicable exclusions, definitions and deductibles, all as shown in this section and elsewhere in the POOL Coverage Form.

### 1. Accounts Receivable

This Coverage Form is extended to cover all amounts due the **Named Assured** from customers, which the **Named Assured** is unable to collect, as a result of direct physical loss or damage to accounts receivable records.

Coverage includes:

- a. Interest charges on any loan to offset impaired collections pending repayment of sums that cannot be collected.
- b. Collection expenses in excess of normal collection costs.
- c. Other reasonable expenses incurred by the **Named Assured** in recreating records of accounts receivable.

However, there shall be no coverage under this extension for bookkeeping, accounting, or billing error or omission; or alteration, falsification, manipulation, concealment, destruction or disposal of accounts or records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, **securities** or other property.

### 2. Arson Reward

This Coverage Form is extended to cover payment of any reward offered on the **Named Assured's** behalf for information that leads to conviction of the perpetrator(s) of arson or vandalism to Covered Property that sustains direct physical loss or damage covered by this agreement.

POOL's total liability for any one award is ten percent (10%) of the physical loss or damage to Covered Property up to the sub-limit of liability shown in the declarations.

POOL's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.

### 3. Debris Removal:

POOL shall pay for the reasonable and necessary expense incurred to remove debris from a described location that remains as a result of direct physical loss or damage to Covered Property for which there is coverage under this Property Coverage Section. Subject to the Debris Removal – Mold/Asbestos sublimit shown in the Property Declarations, Debris Removal shall also include removal of mold and asbestos containing materials necessitated as a result of direct physical loss or damage to Covered Property caused by a covered loss including the costs of an environmental consultant.

### 4. Earthquake and Flood:

**Earthquake** and **Flood** are covered perils, as defined in this Coverage Form.

## 5. Equipment Breakdown

- A. Under Section V. F. Perils Excluded, items 4, 5 and 6 are deleted in their entirety with respect to Covered Property. However, there shall be no coverage under this extension for any of the following:
1. Insulating or refractory material; footing, foundation, mounting pad or settings, or piling.
  2. Vessel or vessel part not under pressure of its contents or under vacuum.
  3. Sewer piping, fire protection piping, or water piping; except piping solely supplying boiler feed water or boiler condensate.
  4. **Automobiles**, dragline, excavation or construction equipment.
  5. Products manufactured by the **Named Assured** unless permanently installed.
  6. Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace.
  7. Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification.
  8. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection.
  9. The functioning of any safety or protective device.
  10. The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
  11. Any loss or damage to any boiler, fired vessel, electric steam generator, or electrical or electronic equipment while undergoing a test which subjects such equipment to greater than maximum allowable operating conditions as identified by the manufacturer of such equipment.
- B. Under Section V. F. Perils Excluded, items 5 and 14 are deleted in their entirety with respect to **Electronic Data Processing Equipment, Media and Electronic Data**.
- C. The following is added to Section V. G. Property Conditions, item 4 Basis of Valuation:
- New Generation:  
If Covered Property damaged under this coverage extension is valued at replacement cost, cannot be repaired and requires replacement, the damaged Covered Property may be replaced with newer generation Covered Property of the same capacity which improves the environment, increases efficiency or enhances safety. POOL will pay up to an additional 50% of the damage amount for the Covered Property. This additional amount is included in, not in addition to, the applicable Equipment Breakdown coverage limit.
- D. This Coverage Extension is subject to the following limitations of coverage:
1. Loss of Income and Extra Expense:  
Coverage is extended to pay for actual **Loss of Income** and **Extra Expense** as defined in this Coverage Form sustained due to a loss covered by this coverage extension.
  2. Hazardous Substance Coverage:  
Coverage is extended to clean, repair, replace, or dispose of Covered Property that is damaged, contaminated or polluted by a substance declared to be hazardous by a governmental agency as a result of direct physical loss or damage covered by this extension of coverage. The coverage provided by this extension of coverage does not include loss to perishable goods due to contamination from the release of a refrigerant, including but not limited to ammonia.
  3. Spoilage Coverage:  
Coverage is provided for covered perishable goods due to spoilage resulting from direct physical loss or damage covered by this coverage extension, including damage to perishable goods due to contamination from the release of refrigerant, including but not limited to ammonia. Perishable goods are defined as Covered Property that is subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.



4. Data Restoration:

Coverage is extended to pay for the **Named Assured's** reasonable and necessary cost to research, replace or restore lost **Electronic Data** and any **Media** upon which it is stored. However, there shall be no coverage for a loss to media or data that results from any error in machine programming or machine instructions.

5. Electrical Risk Improvements:

When Covered Property sustains direct physical loss or damage under this coverage extension resulting from artificially generated electric current (including arcing) that necessitates its repair or replacement, POOL will pay up to an additional 10% of the amount actually paid for all loss or damage covered by this coverage extension, not to exceed \$10,000, for costs the **Named Assured** incurs to make material improvements to the electrical system at the location of the loss.

This coverage extension does not pay for:

- a. Stock, work in process, raw materials, finished goods or merchandise.
- b. Any personal property of the **Named Assured's** employees or officers.
- c. Any Covered Property that is repaired or replaced due to direct physical loss or damage as covered by this coverage extension.
- d. Any **Loss of Income** or **Extra Expense**.

These expenses must be reported in writing within 180 days of direct physical loss or damage covered by this coverage extension.

**6. Expediting Expenses:**

POOL shall pay for reasonable and necessary extra costs to expedite:

- a. Temporary repairs to; and
- b. Permanent repairs to or replacement of;

Covered Property sustaining direct physical loss or damage covered by this Coverage Section.

Expediting Expenses do not include:

- 1) Expenses payable elsewhere in the Property Coverage Section.
- 2) The cost of permanent repair or replacement.

**7. Unintentional Errors and Omissions:**

The property covered herein is based on the schedule of locations and values submitted by the **Named Assured** prior to the inception of this coverage. However, if any property and/or location is omitted or undervalued because of unintentional errors or omissions of the **Named Assured**, POOL will accept that property and/or location as being covered subject to the applicable limit of coverage shown in the Property Declarations for each loss, provided the property and/or location is the same in form and substance as other real and personal property which are scheduled.

The **Named Assured** agrees to report such errors or omissions as soon as reasonably possible after discovery of such, and to schedule the proper locations and values then and thereafter.

**8. Money and Securities**

**Money** and **securities** of the **Named Assured** only are Covered Property with respect to this coverage extension.

Under Section V. F., Perils Excluded, item 2 is deleted in its entirety but only for this coverage extension. This coverage extension shall apply to direct physical loss or damage resulting from:

- a. Dishonest or fraudulent acts including theft and forgery committed by an official, trustee, director, officer, volunteer or employee of the **Named Assured** acting alone or in collusion with others while in the **Named Assured's** service and who the **Named Assured** compensates directly with salary, wages or commissions; or who are furnished to the **Named Assured** by an employment agency or service and under the **Named Assured's** direct control while performing such services in substituting for a permanent employee on leave, or meeting seasonal or short-term workload conditions.

For purposes of this extension, direct physical loss or damage means loss or damage to tangible property, and does not include consequential, detrimental economic impact or a diminution of value to covered property. Tangible property means property that has physical form and characteristics.

- b. The actual destruction or disappearance of such property.
- c. A peril covered by this Property Coverage Section.

The following are added to Section V. F., Perils Excluded, but only for this coverage extension:

17. Misappropriation, conversion, infidelity, dishonest or fraudulent acts committed by any:

- a. Agent, broker, consignee, independent contractor, subcontractor or similar representatives;
- b. Employee of the **Named Assured** who has previously committed dishonest or fraudulent acts resulting in direct physical loss or damage to **money** and **securities**; or
- c. Person (excluding employees) to whom the property may be entrusted; Whether committed alone or in collusion with others at any time, on the part of the **Named Assured** or any additional interest.

18. The **Named Assured's** inability to realize income that would have been earned had there been no loss of **money** or **securities**; Loss or damage when the only proof of such loss or damage is an inventory computation, or a profit and loss computation.

19. Loss or damage to **money** or **securities** while in transit or at an unnamed location except for:

- a) Robbery while such property is in the care and custody of an employee of the **Named Assured**, or
- b) Actual destruction or disappearance while at a banking institution or similar safe depository.

20. Accounting or arithmetical errors or omissions.

#### 9. Protection and Preservation of Property:

POOL shall pay for the reasonable and necessary costs incurred to temporarily protect or preserve Covered Property at a described location in order to avoid or prevent immediately impending physical loss or damage from a peril covered by this Property Coverage Section.

#### 10. Ordinance or Law:

If at the time of direct physical loss or damage covered by this Coverage Form, there is in force any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures, POOL shall pay for increased claim costs that are the result of enforcement of such law or ordinance as a direct result of such loss or damage, including:

- a.) the cost to demolish any physically undamaged portion of the buildings or structures
- b.) the cost incurred to actually rebuild the physically damaged and the demolished portions of such buildings or structures with materials and in a manner to comply with the law or ordinance.



## 11. Loss of Income and Extra Expense:

POOL shall pay for actual **Loss of Income** and **Extra Expense** sustained by the **Named Assured** due to the necessary suspension of the **Named Assured's** operations during the **Period of Restoration** as defined in this Coverage Form. The suspension must be caused by direct physical loss of or damage to Covered Property at premises that are described in the Schedule of Locations agreed to and kept on file by POOL or its designees, such loss being caused by a covered peril.

Coverage shall also be provided for actual **Loss of Income** sustained and **Extra Expense** caused when access to the described location is prohibited by order of civil authority. This order must be given as a direct result of physical loss or damage from a peril of the type covered by this Property Coverage Section. POOL will be liable for the actual amount of loss sustained at such location for a period of up to 30 consecutive days from the date of this action.

In order to determine any **Loss of Income** and/or **Extra Expense** loss payable, POOL shall give consideration to the experience of the **Named Assured** before and the probable experience after the **Period of Restoration** and continuation of only those normal charges and expenses that would have existed had no interruption of or suspension of business operations or services occurred.

POOL will not be liable for any loss payable under this coverage extension to the extent that it can be reduced by the **Named Assured** through use of any suitable property or service owned or controlled by the **Named Assured**, or obtainable from other sources.

Any salvage value of such property remaining at the end of the period of interruption for property obtained above will be taken into consideration in the adjustment of any loss.

For purposes of determining the loss payable under this Coverage Extension, **Loss of Income** and **Extra Expense** will not include:

- a. Any loss during any period in which goods would not have been produced.
- b. Any loss during any period in which business operations or services would not have been maintained.
- c. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order.
- d. Any loss due to:
  - 1.) Fines or damages for breach of contract.
  - 2.) Late or non-compliance of orders or penalties of any nature whatsoever.
  - 3.) Any other consequential or remote loss.
- e. Any loss resulting from physical loss or damage to property in transit.

## 12. Transmission Facilities:

This Coverage Form is extended to cover direct physical loss or damage covered by this Property Coverage Section to electrical and telecommunication equipment; and electrical, telecommunication, fuel, water, steam, and, refrigeration transmission lines; all situated on or within 1000 feet of the described location.

Coverage is excluded for loss resulting from:

- a) The lack of incoming services described above; or
- b) Physical loss or damage to transmission facilities providing these services; that occurs beyond 1000 feet of the described location.

## 13. Security Threat Expenses

This coverage extension shall apply to expenses caused by a **Security Threat** against the **Named Assured** in the following ways:

- 1) for the reasonable and necessary costs incurred by the **Named Assured** within one year of the discovery of a **Security Threat** for the services of an expert designated by POOL to determine the scope, cost and cause of a **Security Threat**, and
- 2) for monies paid by the **Named Assured**, with the POOL's prior written consent and in the POOL's discretion, to person(s) reasonably believed to be responsible for the **Security Threat** to terminate or end a **Security Threat** that would otherwise result in harm to a **Named Assured**, and

- 3) for the cost, as determined by an expert designated by the POOL, of the extortion, corrupt or compromised or deceptive electronic funds transfer or distributed denial of service attack demanding money, securities or other items of value from a **Named Assured**.

For purposes of this extension, **Security Threat** means any threat or a series of continuous, repeated or interrelated threats to commit an intentional attack against a **Computer System** for the purpose of a criminal, dishonest, fraudulent, or malicious act, cyber extortion, corrupt or compromised or deceptive electronic funds transfer, or distributed denial of service attack demanding money, securities or other items of value from a **Named Assured**.

The following additional **Conditions** apply to this extension for **Security Threat**:

1. Notice to POOL:

The **Assured** will:

- a. give immediate notice to the POOL of any **Security Threat** or loss involving Covered Property via the POOL's designated claims service organization.
- b. cooperate with any expert assigned by the POOL to assist with any **Security Threat**.

2. This coverage extension applies only if the **Security Threat** commenced on or after the inception date and before the end of the Coverage period.

#### D. Property Definitions

**Actual Cash Value** is the replacement value of the property, at the time and place of the loss or damage, less proper deduction for depreciation.

**Automobile** means any land motor vehicle or trailer/semi-trailer) or mobile equipment owned by the **Named Assured** or for which the **Assured** has an obligation to provide coverage.

**Earthquake** shall mean earthquake, volcanic eruption, subterranean fire, landslide, subsidence, earth sinking, rising, shifting or any such convulsion of nature including a resulting tsunami. If more than one earthquake shock shall occur within one hundred sixty-eight (168) hours during the term of this coverage, such shocks shall be deemed to be a single earthquake.

**Electronic Data Processing Data** is defined as all information stored on media devices, including facts, concepts, or computer programs converted to a form usable in a data processing operation.

**Electronic Data Processing Equipment** is defined as data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic data processing equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Electronic data processing equipment does not mean property in the course of manufacture or property you hold for sale or demonstration.

**Electronic Data Processing Media** is defined as all materials on which data is recorded including magnetic tapes, disc packs, paper tapes, and cards used in data processing equipment. **Electronic Data Processing Media** does not include any memory bank attached to production machinery or any property you hold for sale or demonstration.

**Extra Expense** means necessary expenses incurred by the **Named Assured** during the Period of Restoration that would not have incurred been if there had been no direct physical loss or damage to property caused by or resulting from a covered loss.

**Flood** shall mean surface waters, tide and tidal water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water or spray, whether wind driven or not, from any of the foregoing or by water which backs up through sewers or drains; or mudslide.

**Loss of Income** means the Net Income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses incurred, including payroll.

**Money** means currency, coin, bank notes and bullion.

**Period of Restoration** is defined as the period from the time of direct physical damage covered by this Property Coverage Section to the time when, with due diligence and dispatch, physically damaged property could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to such damage.

**Securities** mean negotiable and nonnegotiable instruments or contracts representing money.

**Total Loss** means complete physical destruction of the tangible property and/or its function.

**Valuable Papers and Records** are inscribed, printed or written: documents; manuscripts or records including abstracts; and, books, deeds, drawings, films, maps, or mortgages. Valuable Papers are not: money, securities and stamps; converted data programs or instructions used in the **Named Assured's** data processing operations; or, materials on which data is recorded.

#### **E. Property Excluded**

There shall be no coverage for loss or damage to the following property unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section:

1. Land, water, or any substance in or on land, pavement and roadways, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.
2. Underground mines and mining property located below the surface of the ground.
3. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.
4. Docks, piers, and wharves which are not a structural part of the building.
5. Furs and fur garments, jewels, jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys for loss caused by theft.
6. Currency, **money**, notes, **securities**, accounts, bills, tickets, tokens, evidences of debt, **Electronic Data Processing Media and Data**.
7. Satellites, property undergoing insulation tests, aircraft, and watercraft over fifty (50) feet in length. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and unmanned aerial vehicles. "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft, including drones. This exclusion does not apply to "unmanned aerial vehicles" under 55 pounds in weight as equipped and as per the schedule agreed to and kept on file by POOL.
8. Personal property in the custody of the **Assured** acting as a warehouseman, bailee for hire, or carrier for hire.

#### **F. Perils Excluded**

There shall be no coverage for loss or damage caused by any of the following perils, unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section; however, if loss or damage not excluded results, then that resulting loss or damage is covered.

1. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a covered peril or otherwise; loss caused by any legal proceeding.
2. Misappropriation, conversion, infidelity or any dishonest act; whether committed alone or in collusion with others at any time, on the part of the **Assured** or any additional interest, employees, directors, officers, or agents of the **Assured**, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the **Assured**, without the knowledge of the **Assured**, resulting in physical damage, is covered.
3. Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee. There will be no coverage for the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretense.
4. Explosion, rupture, bursting, cracking, burning or bulging of steam boilers, steam turbines, gas turbines and steam engines; rupture, bursting, cracking, burning or, bulging of: pressure vessels, or piping or apparatus; attached to any steam boilers, steam turbines, gas turbines and steam engines; while all such property is owned, operated or controlled by the **Assured** or under the **Assured's** obligation to cover. This Coverage Form will cover physical loss or damage resulting from: the explosion of accumulated

combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines; or within the flues or passages which conduct the gases of combustion therefrom. Loss by fire ensuing from any of the above is covered by this Property Coverage Section.

5. Centrifugal force on rotating or moving parts of machinery; electrical, mechanical, or structural breakdown of machinery or equipment, including moving or stationary parts within or forming an integral part of such machinery or equipment.
6. The lack of power or other incoming service supplied from off the described location, however caused. If physical loss or damage covered herein results to Covered Property at a location described in the Schedule of Locations, the resulting damage is covered.
7. **Earthquake** as defined in this Property Coverage Section.
8. **Flood** as defined in this Property Coverage Section.
9. Wear and tear, gradual deterioration, inherent vice, latent defect, vermin or insects.
10. Defects in materials, faulty workmanship (whether the product or process), faulty construction or faulty design.
11. Dampness or dryness of atmosphere; changes of temperature; freezing, except damage to fire protective equipment caused by freezing; heating; shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion.
12. Settling, cracking, shrinkage, bulging, or expansion of foundations, walls, floors, roofs, or ceilings. This exclusion will not apply to loss or damage resulting from collapse of a building or structure or of a material part of a building or structure.
13. Exposure to rain, sleet, snow, sand or dust to personal property in the open.
14. Electronic or magnetic injury or disturbance of any kind.
15. Loss arising from errors in machine or systems programming or instructions to machines or systems, unless physical damage not excluded by this coverage results, and then only for direct loss or damage caused by such covered peril.
16. Direct physical loss or damage to tangible Covered Property resulting from seizure or destruction of property by order of governmental authority

#### **G. Property Conditions**

2. Notice to POOL:  
The **Assured** will:
  - a) give immediate notice to the POOL of any loss involving Covered Property via the POOL's designated claims service organization.
  - b) protect the property from further loss or damage
  - c) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, Actual Cash Value, replacement value and amount of loss claimed.
  - d) as often as may be reasonably required, permit the POOL to inspect the property proving the loss or damage and examine the books and records of the **Assured**.
  - e) cooperate as requested by POOL in the POOL's investigation, adjustment, and valuation of any claim for loss or damage to Covered Property.

2. No Benefit to Bailee:

No person or organization, other than the **Assured**, having custody of **Assured** property will benefit from this coverage.

3. Vacant and Unoccupied Locations:

Permission is given to cease operations and for locations to be vacant or unoccupied for:

- a. Sixty (60) consecutive days; or
- b. More than sixty (60) consecutive days with the written consent of POOL;

Provided that the **Assured** maintains the same degree of:

- 1) Fire protection; and
- 2) Watch and alarm service;

As existed prior to the discontinuance of normal operations. POOL shall reduce the loss payable by 15% on any vacant or unoccupied building. Buildings under construction or renovation are not considered vacant.

3. Loss Payment:

POOL has the sole right to adjust, value, evaluate and pay claims for loss or damage to covered property on behalf of the **Assured**.

- a. In the event of loss or damage to Covered Property, POOL, at its option, will either:

- 1) Pay the value of lost or damaged property;
- 2) Pay the cost of repairing or replacing the lost or damaged property;
- 3) Take all or any part of the property at an agreed or appraised value; or
- 4) Repair, rebuild or replace the property with other property of like kind and quality.

POOL will determine the value of lost or damaged property, or the cost of repair or replacement, in accordance with the applicable terms of paragraph 4, entitled "Basis of Valuation" or any applicable provision of this Coverage Form which amends or supersedes these valuation conditions.

- b. POOL will give notice under paragraph 3.a within a reasonable time after receiving written notice of loss from the **Assured**.

4. Basis of Valuation:

Adjustment of loss amount(s) under this Property Coverage Section will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

The following property, unless endorsed, will be valued at the time of loss as follows:

- a. On property of others: the amount for which the **Assured** is legally liable, but not exceeding the replacement cost.

- b. Fine Arts are valued at the lesser of:

- 1.) The cost to repair or restore the article to the condition that existed immediately prior to the loss;
- 2.) The cost to replace the article; or
- 3.) The value designated for the article on the schedule of fine arts on file with POOL.

In case of physical loss or damage to an article that is part of a pair or a set, POOL will pay the full amount of the value of such pair or set only if the damaged article cannot be repaired or restored to its condition before the loss and the **Assured** surrenders the remaining article or articles of the pair or set to POOL.

- c. Accounts receivable is valued at the sum due which the **Assured** is unable to collect from customers, and includes:

- 1.) Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected;
- 2.) Collection expenses in excess of normal collection cost; and
- 3.) Other reasonable expenses incurred by the **Assured** in recreating records of accounts receivable.



If the **Assured** is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:

- i. Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which loss occurs; and
- ii. Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.

Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted. After payment of loss by POOL, all amounts recovered by the **Assured** on accounts receivable for which the **Assured** has been indemnified will belong to and be paid to the POOL by the **Assured** up to the total amount of loss paid by the POOL. All recoveries in excess or such amounts will belong to the **Assured**.

- d. **Automobiles** and mobile equipment are valued at actual cash value at the time of loss or the cost to repair, whichever is less; autos hired under a short-term rental car agreement will be covered for replacement cost.
- e. **Emergency Operations Vehicles (Fire or Ambulance services):** If such vehicles are listed for replacement cost on the schedule of vehicles on file with the POOL and:
  - 1) at the time of loss, a vehicle is determined to be a **Total Loss**, or
  - 2) a physically damaged vehicle is inspected and cannot be certified by a professional mechanic, certified in evaluating emergency vehicles, to be in safe operating condition as an emergency vehicle,then the **Assured** may elect one of the following options:
  - a. The fair market value as defined by NRS 487.730 or
  - b. Only for a vehicle ten years old or less as of the effective date of this Coverage Form, the amount stated on the schedule of vehicles for replacement with a vehicle of like kind and quality, subject to payment of a **Maintenance Deductible** of 10% of the cost.
  - c. Only for a vehicle over ten years old, but not more than twenty years old, as of the effective date of this Coverage Form, the amount stated on the schedule of vehicles for replacement with a vehicle of like kind and quality, subject to payment of a **Maintenance Deductible** of 20% of the cost.
- f. **Valuable Papers and Records** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored with other of like kind or quality, POOL will pay the blank value of such **Valuable Papers and Records**.
- g. **Electronic Data Processing Media and Data** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored with other of like kind or quality, POOL will pay the blank value of such **electronic data processing media**.
- h. Property while in transit is valued as follows:
  - 1) For property shipped to or for account of the **Assured**: the actual invoice to the **Assured**, together with such costs and charges (including the commission of the **Assured** as selling agent) as may have accrued and become legally due on such property.
  - 2) For property that has been sold by the **Assured** and shipped to or for account of the purchaser (if covered by this Property Coverage Section): the amount of the **Assured's** selling invoice, including prepaid or advanced freight.
  - 3) For property not under invoice: the actual cash market value at point of destination on the date of disaster, less any charges saved which would have become due and payable upon delivery at destination.
- i. **Money and Securities** is valued as follows:

**Money** is valued in Canadian currency for locations situated in Canada and in United States of America currency for all other locations, unless specified otherwise. **Money** issued in currencies other

than Canadian and United States of America currency will be valued in United States dollar equivalent determined by the last rate of exchange quoted in the Wall Street Journal on the date of loss.

**Securities** are valued at:

- 1) The cost to replace or restore the security with other of like kind or quality including the cost of issuing duplicate **securities**, if replaced; or
  - 2) The value of each security as of the close of business on the date of loss, if the **securities** cannot be replaced or restored with other of like kind or quality;
- Provided the **Assured** must assign all rights, titles, and interest in such **securities** to POOL

j. Property in Transit is valued as follows:

- 1) Property in transit; Actual invoice value, plus costs and charges (including commission as selling agent) which have accrued and are legally due.
- 2) Property shipped to or for the account of the **Assured**; selling invoice value, including prepaid or advanced freight, for property which has been sold by the **Assured**.
- 3) Property shipped to or for the account of the purchaser; **Actual Cash Value** at the point of destination on the date of loss or damage, less any charges saved which would have become due and payable upon delivery at destination for property not under invoice.

k. The **Assured** may:

- 1) In the event POOL opts to rebuild, have the property rebuilt at another site, provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.
- 2) Give notice of claim to be calculated on **Actual Cash Value** of the property lost or damaged until repair or replacement has been completed. The **Assured** may still claim for the additional coverage which replacement cost provides if notification of intention to do so is received by POOL within 180 days after the loss or damage.

l. Replacement cost is subject to all the terms, conditions and limitations of the POOL Coverage Form (including any endorsements) and the following additional provisions:

- 1) In no event will payment exceed the actual repairs, replacement, or the limit of liability stated in this Coverage Form, whichever is the lesser.
- 2) If during the term of this Coverage Form, any **Assured** real property is offered for sale, the value of loss or damage will not exceed the lesser of:
  - a. The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or,
  - b. The cost to repair or replace. If the **Assured** fails to comply with any of the valuation provisions or does not elect replacement cost within two (2) years from the date of loss, the basis of valuation will be limited to the **Actual Cash Value** as defined in this Coverage Form.

m. Scheduled Property with an Agreed Value:

The POOL will pay the Agreed Value for property listed on the **Assured's** Agreed Value Schedule of Property, as agreed upon by the Assured and POOL, in the event of a **Total Loss** of the property which cannot be repaired or replaced. If the property can be repaired or replaced, the maximum liability shall not exceed the least of:

1. the cost to repair or restore the property to the condition that existed immediately before the loss; or
2. the cost to replace the property; or
3. the Agreed Value.

5. Appraisal:

If the **Assured** and POOL are unable to agree as to the amount necessary to rebuild, repair or replace the damaged or destroyed property or the actual value of loss, each party shall name a competent and disinterested appraiser and the two so chosen shall, before proceeding further, appoint a competent and disinterested umpire. The appraisers together shall obtain repair or replacement estimates, calculate the value of loss, and failing to agree shall submit their differences to the umpire. The award, in writing, duly verified by any two shall determine the points in question. Both parties shall pay the cost of their own appraisers and equally pro rate the cost of the umpire.

6. Suspension:

Upon discovery of a dangerous condition, POOL may immediately suspend the coverage with respect to any Covered Property by giving written notice to the **Assured**. The coverage that is suspended may be reinstated by POOL. If coverage is suspended, it will also be immediately suspended for any mortgagee, lender or additional named interest by written notice of suspension.

7. Conditions Applicable to Property Extension 8. Monies and Securities:

a. Cancellation as to Any Employee

1). This coverage is cancelled as to act of any employee immediately upon notice to or discovery by the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) of theft or any other dishonest act committed by that employee whether before or after becoming employed by the **Named Assured**.

b. Discovery

1) Coverage applies for **loss** sustained through acts committed or events occurring at any time and discovered by the **Named Assured**

a) during the coverage period; or

b) one year after the date of cancellation, termination or expiration of this coverage period.

2) Discovery of loss occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) first becomes aware of facts from which a reasonable person would know or should know that a loss covered by this coverage has been or will be incurred even though the exact amount or details of loss may not then be known. Discovery also occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) receives notice of an actual or potential claim against the **Named Assured** alleging facts that if true would constitute a covered loss under this Coverage Form.



## Section VI. LIABILITY COVERAGE

### A. Liability Coverage Agreement (Note: Claims-Made for Wrongful Acts)

In consideration of the payment of the Contribution and subject to the Limits of Liability, exclusions, conditions and other terms of coverage, POOL agrees with the **Assured** to pay on behalf of the **Assured** the total sum of damages which the **Assured** becomes legally obligated to pay as damages resulting from an **Event**, such sum (including related medical and legal costs) being reached either through adjudication or compromise after proper deductions for all recoveries and salvages.

Coverage applies to damages due to an **Event** taking place anywhere in the world, provided that the **Assured's** responsibility to pay damages arising out of such **Event** is determined in a suit on the merits in the United States of America or in a settlement of such suit agreed to by the POOL.

### B. Liability Definitions

1. **Automobile** means any land motor vehicle, mobile equipment, trailer/semi-trailer, and attached equipment.
2. **Bodily Injury** means physical injury to any person, including death, sickness, disease or any mental anguish, shock or disability associated with or arising from such physical injury.
3. **Employment-based Benefit Plan Administration** means giving counsel or coverage interpretation to active or prospective benefit plan participants, handling of related records, or effecting enrollment, notification, revision, termination or cancellation of coverage under any employment-based benefit plan. Employment-based benefit plan includes life insurance, accident or health insurance, profit sharing plans, pension plans, stock subscription plans, workers' compensation, unemployment insurance, social security, disability benefits, vacation plans and any other similar employment-based benefit plans.
4. **Event** means one or more of the following:
  - a. an accident that causes **Bodily Injury** or **Property Damage** during this coverage period, excluding consequential **Bodily Injury** that arises out of a **Personal Injury**;
  - b. **Personal Injury** caused by an offense committed during this coverage period;
  - c. **Law Enforcement Activities** during this coverage period which cause **Bodily Injury**, **Property Damage**, **Personal Injury** or the violation of civil rights; however, any damages arising out of employment practices of the **Named Assured** (including discrimination related to recruitment, hiring, evaluation, training, promotion, demotion, discipline or termination of an employee) will be considered a **Wrongful Act** herein;
  - d. any injury caused by errors or omissions arising out of **Employment-based Benefit Plan Administration** committed during this coverage period;
  - e. a **Wrongful Act** taking place during this coverage period or on or after the retroactive date shown in the declarations page of this Coverage Form and reported to POOL during this coverage period or reported to POOL during any extended reporting period added to this coverage by endorsement, but a **Wrongful Act** does not include damages arising out of an **Event** as defined in a., b., c. or d. above.
5. **Law Enforcement Activities** means performance while acting within the scope of duty, including policy making, supervisory and executive functions relating to law enforcement, (a) as a law enforcement officer or reserve officer, (b) as an officer of a jail, (c) as any **Assured** representing a law enforcement agency, and (d) including activities performed for other than the **Named Assured** which are approved in advance by an authorized representative of the **Named Assured**.

6. **Personal Injury** means injury, including consequential **Bodily Injury**, arising out of one or more of the following offenses: False arrest, detention, or imprisonment; malicious prosecution; false or improper service of process; publication or utterance of libel or slander or disparaging material or a publication or utterance in violation of an individual's right to privacy; violation of right of public occupancy; wrongful eviction, wrongful entry, or invasion of premises; assault and/or battery; discrimination; piracy and infringement of copyright of property.
7. **Property Damage** means physical injury to or loss of use of tangible property of others including damage to structures or portions thereof rented to or leased to the **Assured**, including fixtures permanently attached thereto.
8. **Wrongful Act** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including misfeasance, malfeasance, and nonfeasance by the **Assured**. **Wrongful Act** includes actual or alleged violations of the United States Constitution or any State constitution, or any law affording protection for civil rights, provided coverage is otherwise afforded hereunder for such **Wrongful Act**.
9. The term **Sexual Abuse** as used hereunder shall mean any actual, attempted or alleged sexual conduct towards or to another person or persons, whether intentional, expected or unintentional, which causes physical and/or mental injuries. **Sexual Abuse** includes, but is not limited to: sexual molestation, sexual assault, sexual contact or touching and/or sexual exploitation or sexual injury.
- Sexual Abuse** does NOT include **Sexual Harassment** as defined in this Coverage Form.
10. The term **Sexual Harassment** as used hereunder shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature towards or to another person or persons, which causes physical and/or mental injuries. **Sexual Harassment** includes:
- The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
  - The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

**Sexual Harassment** does NOT include **Sexual Abuse** as defined in this Coverage Form.

### C. Liability Exclusions

1. Coverage does not apply to any claim for damages, whether direct or consequential, which is covered under any other Section of this Coverage Form. Coverage does not apply to property owned by the **Assured**, or to loss of use of tangible property owned by the **Assured**.
2. Coverage does not apply to any claim brought about or contributed to by acts intended or expected by the **Assured** to cause **Bodily Injury** or **Property Damage**. Any act of any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.
3. Coverage does not apply to any claim made against any **Assured** flowing from or originating out of the **Assured** gaining any profit or advantage to which they were not legally entitled including, but not limited to, any wrongful or erroneous collection of taxes, fees or other charges, by whatever name called.
4. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to \$50,000 in the aggregate for reasonable attorney fees and costs when incurred in the defense of any criminal proceeding arising out of what would otherwise be within the scope of the **Assured's** employment, provided the **Assured** is exonerated from all charges or all charges are subsequently withdrawn or dismissed. When an **Assured** is a defendant represented by the same attorney or law firm representing other defendants in the same criminal proceeding who are not an **Assured** under this Coverage Form, payment hereunder shall be limited to the **Assured's** proportionate share of the total of the reasonable attorney fees.

If the **Named Assured** is required by law to provide for an employee's legal defense in a criminal proceeding, this coverage will reimburse the **Assured** in accordance with such law.

Whenever coverage under this Coverage Form would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent or malicious conduct by any person covered hereunder, it is agreed that coverage as would otherwise be afforded herein shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct.

5. Coverage does not apply to liability arising out of the ownership, maintenance, loading or unloading, use, operation or entrustment to others of any aircraft, airfields, runways, hangers, buildings, or other properties in connection with aviation activities. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and any "unmanned aerial vehicles." "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft including drones.

However, this exclusion does not apply to liability arising out of the use of **automobiles** of the **Assured** used in connection with the operation of an airport and on the premises of an airport owned, maintained, or operated by the **Assured**.

Also, this exclusion does not apply to **Wrongful Acts** arising out of airport ownership.

This exclusion does not apply to "unmanned aerial vehicles" under 55 pounds in weight as equipped and as per the schedule agreed to and kept on file by POOL.

6. Coverage does not apply to any obligation for which the **Assured** may be held liable: (a) to any employee under the Fair Labor Standards Act (FLSA) or under any similar laws, however, coverage is extended for costs of defense of actions alleging violation of such laws; (b) under any workers' compensation, unemployment compensation, disability benefits, uninsured or underinsured motorists law, or under any similar laws; or (c) for bodily injuries to any employee of an **Assured** arising out of and in the course of employment by the **Assured** or arising out of performing duties related to the conduct of the **Assured's** business or **Bodily Injury** to any family member of an employee arising out of such activities. The exclusion under (c) applies whether the **Assured** may be liable as an employer

or in any other capacity and to any liability for indemnity or contribution brought by any party for **Bodily Injury**.

7. Coverage does not apply to any liability arising out of or in any way connected with the operation of the principles of eminent domain, condemnation, inverse condemnation, or taking of any real property interest, by whatever name(s) called, whether such liability accrues directly against the **Assured** or by any agreement entered into by or on behalf of the **Assured**.

This exclusion also applies to any liability arising out of or connected with allegations that the **Assured's** actions constitute a taking of any real property interest in violation of substantive due process, including but not limited to any allegations that the **Assured's** actions lack any substantial relation to the public health, safety or general welfare and/or that the **Assured's** actions are arbitrary, capricious, irrational or unreasonable and/or not related to any legitimate governmental purpose.

8. Coverage does not apply to any liability arising out of the rendering of or failure to render the following professional services (including furnishing of food or beverages in connection therewith):
- a. medical, surgical, dental x-ray or nursing service or treatment except by forensic medical examiners or coroners;
  - b. furnishing or dispensing of drugs or medical, dental or surgical supplies;
  - c. services by any person as a member of a formal accreditation or similar professional board or committee of the **Assured**, or as a person charged with the duty of executing directives of any such board or committee, except the administrative, certification, and training duties of an ambulance services medical director (including law enforcement and firefighting agencies as required by law) 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.

9. Coverage does not apply to any liability arising out of any breach of or failure to perform a contractual obligation including warranties of any kind and including labor agreements. However, this exclusion does not apply to employment related contracts other than labor agreements.

This exclusion does not apply to any statutory implied agreement between law enforcement agencies, in the absence of interlocal or cooperative agreement, to defend, hold harmless, and indemnify claims or liability arising out of the act or omission of the **Assured's** employee while participating in a request for assistance, under NRS 277.035 or Nevada law.

10. Coverage does not apply to any claim based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if such opinion, treatment, consultation or service was rendered or failed to have been rendered while the **Assured** was engaged in any activity for which they received compensation from any source other than as **Named Assured**.
11. Coverage does not apply to any claim arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans.
12. Coverage does not apply to any claim for a **Wrongful Act** arising out of failure to supply a specific amount of electrical power or fuel due to interruption of the electrical power or fuel supply or transmission thereof.

However, an **Event** (other than a **Wrongful Act**) arising from interruption of the electrical power or fuel supply or transmission thereof is covered.

13. Coverage does not apply to any claim based upon or arising out of:
  - a. the issuance, modification or cancellation of debt instruments, including, but not limited to, loans or transfers, and interest payable, whether legal or illegal; the collection or payment of taxes, fees or other charges or the collection of or payment of taxes, fees or other charges, to or for any other entity, including, but not limited to, hospitals, schools, commissions, joint commissions, boards, agencies, internal or external funds, districts and authorities;
  - b. the failure or alleged failure to comply with any regulatory act or statute such as those governing Medicare or similar Federal programs, the Nevada State Indigent Accident Funds or similar State programs; or
  - c. any fiduciary obligation or duty imposed by the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefit Act, the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), or Section 89 of the Internal Revenue Code, or any amendments thereto or similar provisions of any federal, state, local, statutory, or common law.
14. Coverage does not apply to any liability arising out of the performance or non-performance of an investment.
15. Coverage does not apply to any damages, awards of interest, costs, civil fines, penalties, fees, including attorney's fees, or expenses that the **Assured** may become obligated to pay as a result of an adverse judgment for equitable, injunctive or declaratory relief. Coverage does not apply for any restitution, refund or reimbursement whether called damages or otherwise or to any cost or expense in processing such restitution, refund or reimbursement.
16. Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement action from any federal, state, or local government regulatory agency. However, defense costs related to such actions will be reimbursed for an amount not to exceed \$50,000 per **Event**.
17. Coverage does not apply to any criminal court sanctions, fines, penalties, fees, costs, expenses or interest awarded against an **Assured** or to any award of attorney's fees and litigation expenses to a prevailing party in a criminal case after a finding by the court that the **Assured's** position in pursuing the criminal action was vexatious, frivolous or in bad faith under NRS Chapter 41, state, or federal law.
18. Coverage does not apply to any liability arising out of:
  - a. Failure of performance of contract by any insurer;
  - b. Failure to procure insurance or the failure of such insurance to adequately cover risks.
19. Coverage does not apply to any liability with respect to **Employment Based Benefit Plan Administration** arising out of:
  - a. Insufficiency of funds to meet any obligations under any plan included in the employment-based benefit plan;
  - b. Errors in providing information on past performance of investment vehicles;
  - c. Advice given to any person with respect to that person's decision to participate or not participate in any plan included in the employment-based benefit plan;
  - d. Failure of any investment to perform as represented;
  - e. Investment or non-investment of funds or the performance or nonperformance of any investment;
  - f. Legal advice or investment advice given to an employee or beneficiary;
  - g. Any loss resulting from the termination of any plan included in the employment-based benefit plan or termination of the employment-based benefit plan;
  - h. Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law; or

- i. Any act or omission of a third-party administrator, or any person other than an employee, who administers an employment-based benefit plan.
20. Coverage does not apply to any damages for **Bodily Injury, Property Damage, Personal Injury**, or other injury that is continuous or progressively deteriorating, and that is first manifest prior to the effective date or after the expiration of this Coverage Form. This exclusion applies even if such injury or damage continues or deteriorates during the term of this Coverage Form.

The most POOL will pay for **Bodily Injury, Property Damage, Personal Injury** and any other injury that is continuous or progressively deteriorating, and that is first manifest during the period of this Coverage Form, is the applicable limit of coverage shown in the Declarations of this Coverage Form. This is the only limit that applies to all related **Bodily Injury, Property Damage, Personal Injury** or other injury, regardless of whether such injury or damage existed before, or continues or progressively deteriorates after, the period of this Coverage Form.

Within the meaning of this exclusion, injury or damage is manifest when appreciable harm occurs that is or should be known to the **Assured** or the person or organization harmed.

21. Coverage does not apply to any claim arising out of **Sexual Abuse** by the **Assured**. Any act pertaining to any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.

It is agreed that coverage as would otherwise be afforded under this Coverage Form shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such **Sexual Abuse**. However, coverage shall not exceed the limit shown in the Declarations.

22. Coverage does not apply to liability of any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.
23. Coverage does not apply to any **Data Security Event** and **Privacy Response Expense** as defined in Section VII **Data Security Event and Privacy Response Expense**.



#### D. Liability Conditions

1. Duties of the **Assured** – If there is an **Event**, loss, incident, occurrence, demand, notice, summons or claim that might involve this coverage, the **Assured** shall submit written notice to POOL as soon as reasonably practicable via POOL's designated claims service organization including particulars sufficient to identify parties involved, time, place, circumstances, nature of any injury or damage, witnesses and any other pertinent information.
2. Cooperation – The POOL has no duty to defend, but may at its sole discretion defend an **Assured** against any claim for damages. Where the POOL has exercised its discretion to defend an **Assured**, the POOL has the sole right to investigate, defend or settle any claim against an **Assured** for damages. The **Assured** shall cooperate with POOL, its claims representatives and investigators, and attorneys assigned by POOL to represent the **Assured**, and if requested, attend hearings and trials, assist in securing and obtaining evidence, and obtaining the attendance of witnesses. The **Assured** shall not admit to any liability, assume any obligation, voluntarily make any payment or incur any expense other than first aid to others at the time of an accident. The **Assured** agrees to comply with all terms and conditions in all sections of this Coverage Form. The **Assureds** shall not waive any immunities granted to local governments.
3. Records - The records as kept by the **Assured** shall be made available to POOL or its representatives as necessary to determine the amount of loss or damage covered hereunder.
4. Appeal – If the **Assured** and POOL are unable to agree to appeal a judgment, a disinterested attorney, mutually agreeable to POOL and the **Assured**, shall be retained to render a written opinion concerning such appeal. Such written recommendation shall be binding on both the **Assured** and POOL. Fees of such retained attorney shall be borne equally by both parties.
5. Opportunity to Associate - It is understood that, when so requested, POOL may afford the **Assured** an opportunity to associate, at the **Assured's** own expense, with the POOL in the defense or control of any claim, suit or proceeding.
6. Severability of Certain Interests: If liability is incurred by reason of injury suffered by an employee of one **Assured**, which does not arise out of the injured employee's employment, for which another **Assured** is liable, then this coverage shall pay on behalf of the **Assured** for such liability in the same manner as if separate coverage documents had been issued to each **Assured**. If liability is incurred because of **Property Damage** to property belonging to any **Assured** for which another **Assured** is liable, then this coverage shall pay on behalf of such **Assured** in the same manner as if separate coverage documents had been issued to each **Assured**. Nothing contained in this Condition shall operate to increase POOL limits of liability or to provide coverage for any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.
7. For the purpose of determining the limit of POOL's liability and the Maintenance Deductible of the **Named Assured**, all damages arising out of one or more related **Events** or arising out of a series of continuous, repeated or interrelated **Events** will be considered as arising out of one **Event**; furthermore, all such damages, whether attributable directly or indirectly to one **Event**, will be added together and the total amount of such damages shall be deemed one **Event**, regardless of the period of time or area over which the **Event** occurs.
8. If any **Event** other than a **Wrongful Act** includes allegations of and is associated with a **Wrongful Act** then all damages arising out of that **Event** and the **Wrongful Act** shall be deemed one **Event** at the time the claim is first made, and the only applicable coverage is that which is in effect at the time the claim is first made.
9. An **Event** with no associated **Wrongful Act** which takes place during more than one coverage period shall be deemed an **Event** during only one coverage period and only the most recent coverage period during which the **Event** took place shall apply.

10. If a **Wrongful Act** did not take place during this coverage period, but commenced on or after the retroactive date shown on the declarations page of this Coverage Form and prior to the beginning of this coverage period, and a claim because such **Wrongful Act** is made against the **Assured** and reported to POOL during this coverage period, this coverage is extended to damages resulting from such a **Wrongful Act**. Coverage does not apply to damages resulting from a **Wrongful Act** that commenced prior to the retroactive date.
11. Extended Reporting Periods:
- a. POOL will provide one or more reporting periods, as described below, if this coverage is cancelled or not renewed for any reason other than nonpayment of loss fund contributions or any other amount owed to POOL.
  - b. The reporting periods do not extend the coverage period or change the scope of coverage provided. The reporting periods apply only to claims first made against an **Assured** during the applicable reporting period for damages because of a **Wrongful Act** that occurred before the end of the coverage period.
  - c. The reporting periods do not reinstate or increase the limits of liability.
  - d. A Basic Reporting Period of 30 days from the effective date of cancellation or non-renewal of this form is automatically provided without an additional charge. Subject to the terms and conditions of this coverage, the Basic Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Basic Reporting Period.
  - e. An Optional Extended Reporting Period will take effect on the effective date of cancellation or non-renewal of this coverage and will remain in effect for a period of one to five years, depending on which Optional Extended Reporting Period is purchased. Subject to the terms and conditions of this coverage, the Optional Extended Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Optional Extended Reporting Period. The additional Contribution for this Optional Extended Reporting Period will depend upon which option is chosen. POOL must receive a written request from the **Assured**, together with payment of Contribution due, within 60 days after the effective date of cancellation or non-renewal of this coverage if purchase of one of the Optional Extended Reporting Periods is desired. Once POOL acknowledges receipt of the additional Contribution, the Optional Extended Reporting Period may not be cancelled and the Contribution for the Optional Extended Reporting Period is fully earned.
  - f. The Basic Reporting Period or the Optional Extended Reporting Period does not apply to claims covered under any other coverage purchased subsequent to or to replace this coverage.



**Section VII. DATA SECURITY EVENT  
AND PRIVACY RESPONSE EXPENSE COVERAGE**

THIS IS CLAIMS MADE AND REPORTED COVERAGE

**A. Data Security Event and Privacy Response Expense Coverage Agreement**

**1. Data Security Event**

- a. POOL will pay those sums an **Assured** becomes legally obligated to pay as damages because of a **Data Security Event**.

The amount POOL will pay for damages and **Claim Expenses** is limited as described in Section C., Limits of Liability.

- b. This coverage applies to damages only if:
- i. The **Data Security Event** commenced on or after July 1, 2013 and before the end of the Coverage Period;
  - ii. A **Claim** for damages because of the **Data Security Event** is first made against an **Assured** during the Coverage Period.
  - iii. The **Named Assured** gives written notice of the **Claim** to POOL in accordance with Section D, Conditions.
- c. A **Claim** seeking damages will be deemed to have been made when notice of the **Claim** is received by the **Named Assured** or by POOL, whichever occurs first.

**B. Privacy Response Expense**

1. POOL will pay for **Privacy Response Expense** incurred by the **Named Assured** in connection with a **Data Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to **Personal Information**.

~~The amount POOL will pay for **Privacy Response Expense** is limited as described in Section C., Limits of Liability.~~

2. This coverage applies only if:
- a. The **Data Security Event** commenced on or after July 1, 2013 and before the end of the Coverage Period; and
  - b. The **Named Assured** gives written notice of the **Data Security Event** to POOL in accordance with Section D., Conditions.

**C. Limits of Liability**

1. The limits of liability stated in the Declarations establish the most POOL will pay regardless of the number of **Data Security Events**, **Assureds**, **Claims** made, **Suits** brought or individuals or entities making **Claims** or bringing **Suits**.
2. For each **Named Assured**, any **Data Security Event** that is continuous or part of a series of repeated or related **Data Security Events** will be considered to be a single **Data Security Event** and will be considered to have commenced when the first such **Data Security Event** commenced regardless of:
- a. The number of Assureds, individuals or entities engaged in such **Data Security Events**;

- b. The number of Assureds, individuals or entities affected by such **Data Security Events**;
- c. The number of locations where such **Data Security Events** occurred; or
- d. The number of such **Data Security Events** occurring or period of time over which they occur, even if subsequent **Data Security Events** take place after the Coverage Period.

3. ~~The sublimit of~~ liability for **Privacy Response Expense** stated in the Declarations is part of and not in addition to the **Data Liability Event** limit and annual aggregate limit.

#### **D. CONDITIONS**

1. POOL has no duty to defend, but may at its sole discretion defend an **Assured** against any **Suit** seeking damages to which this coverage applies. POOL may at its sole discretion investigate or defend any **Data Security Event** and settle any **Claim** or **Suit** that may result.
2. As a condition precedent to the obligations of POOL under this coverage, a **Named Assured** must give written notice to POOL of any **Claim** made against an **Assured** as soon as practicable, but in no event later than the end of the Coverage Period.
3. If during the Coverage Period, any **Assured** becomes aware of a **Data Security Event** that may reasonably be expected to give rise to a **Claim** against any **Assured** for damages or **Privacy Response Expenses**, the **Named Assured** must give written notice to POOL of such **Data Security Event** as soon as practicable, but in no event later than the end of the Coverage Period. Notice must include:
  - a. A specific description of the **Data Security Event**, including all relevant dates;
  - b. The names of persons involved in the **Data Security Event**, including names of potential claimants and a specific description of any **Personal Information** actually or reasonably suspected to have been subject to theft, loss or unauthorized access or disclosure;
  - c. The specific reasons for anticipating that a **Claim** may result from such **Data Security Event**;
  - d. The specific nature of the alleged or potential damages arising from such **Data Security Event**; and
  - e. The specific circumstances by which an **Assured** first became aware of the **Data Security Event**.

Any **Claim** subsequently made against any **Assured** arising out of such **Data Security Event** shall be deemed to be a **Claim** made during the Coverage Period in which the **Data Security Event** was first reported to POOL.

#### **E. Data Security Event and Privacy Response Expense Coverage Exclusions**

This coverage does not apply to any **Claim**, **Suit**, damages, **Claim Expense** or **Privacy Response Expense**:

1. For, arising out of, or resulting from **Bodily Injury** or **Property Damage**;
2. For, arising out of, or resulting from any **Claim**, **Suit**, investigation, hearing, proceeding or legal action brought by or on behalf of any governmental entity including but not limited to any civil or criminal penalty for which an **Assured** is responsible or injunctive relief obtained or imposed by any governmental entity;
3. For, arising out of, or resulting from any employer-employee relations, policies, practices, acts or omissions, or any actual or alleged refusal to employ any person, or an **Assured's** conduct with respect to employees (including but not limited to wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related **Claim**), whether such **Claim** or

**Suit** is brought by an employee, former employee, applicant for employment, or relative or domestic partner of such person;

4. For, arising out of, or resulting from any contractual liability or obligation, or arising out of or resulting from breach of contract or agreement either oral or written; provided, however, that this exclusion shall not apply to the extent an **Assured** would have been liable in the absence of such contract or agreement;
5. For, arising out of, or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false or deceptive or misleading advertising or violation of the Sherman Anti-Trust Act, the Clayton Act, or the Robinson-Patman Act, as amended;
6. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to any **Claim** or loss covered under this endorsement that results from a theft, loss or unauthorized disclosure of or access to Personal Information;
7. For, arising out of or resulting from:
  - a. the actual or alleged unlawful collection or acquisition of **Personal Information** by or **on behalf of an Assured; or the failure to comply with a legal requirement to provide** individuals with the ability to assent to or withhold assent (i.e., opt-in or opt-out) from the collection, disclosure or use of **Personal Information**; or
  - b. the distribution of unsolicited email, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping, recording or telemarketing is done by or on behalf of an **Assured**;
8. For, arising out of or resulting from any of the following conduct by an **Assured**:
  - a. any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as the Racketeer Influenced and Corrupt Organizations Act or RICO), as amended, or any regulation promulgated thereunder or any similar federal law or law of any state, locality or foreign government, whether such law is statutory, regulatory or common law;
  - b. any actual or alleged violation of any securities law, regulation or legislation, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, any state blue sky or securities law, any other federal securities law or legislation, or any other similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws;
  - c. any actual or alleged violation of the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970, the Employee Retirement Security Act of 1974 or any similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws; or
  - d. any actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability or pregnancy;
9. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to \$50,000 in the aggregate for reasonable attorney fees and costs when incurred in the defense of any criminal proceeding arising out of what would otherwise be within the scope of the **Assured's** employment, provided the **Assured** is exonerated from all charges or all charges are subsequently withdrawn or dismissed. When an **Assured** is a defendant represented by the same attorney or law firm representing other defendants in the same criminal proceeding who are not an **Assured** under this Coverage Form, payment hereunder shall be limited to the **Assured's** proportionate share of the total of the reasonable attorney fees.

If the **Named Assured** is required by law to provide for an employee's legal defense in a criminal proceeding, this coverage will reimburse the **Assured** in accordance with such law.

Whenever coverage under this Coverage Form would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent or malicious conduct by any person covered hereunder, it is agreed that coverage as would otherwise be afforded herein shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct.

10. For, arising out of or resulting from any actual or alleged:
  - a. infringement of patent or patent rights or misuse or abuse of patent; or
  - b. infringement of copyright arising from or related to software code or software products; or
  - c. use or misappropriation of any ideas or trade secrets by an **Assured** or on behalf of, or in collusion with an **Assured**;
11. Arising out of or resulting from any of the following:
  - a. trading losses, trading liabilities or change in value of accounts;
  - b. any loss of monies, securities or tangible property of others in the care, custody or control of an **Assured**;
  - c. the monetary value of any electronic fund transfers or transactions by or on behalf of an **Assured** that is lost, diminished, or damaged during transfer from, to or between accounts; or
  - d. the value of coupons, price discounts, prizes awards, or any other valuable consideration given in excess of the total contracted or expected amount that is lost, diminished or damaged;
12. For damage to, destruction of, corruption of, or any loss of use by any **Assured** of any **Computer System** or data, including without limitation any costs or expenses to an **Assured** to repair or replace any **Computer System** or data;
13. For, arising out of or resulting from any threat, extortion or blackmail including but not limited to ransom payments.
14. Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement of action from any federal, state, or local government regulatory agency. However, defense costs related to such actions will be reimbursed for an amount not to exceed \$50,000 per **Event**.
15. For, arising out of, or resulting from any liability assumed by any **Assured** under any contract or agreement either oral or written.

#### **F. Data Security Event and Privacy Response Expense Coverage Definitions:**

The following definitions apply to this coverage:

1. **Bodily Injury** means physical injury, sickness or disease sustained by any person, including death resulting from these at any time. **Bodily Injury** also means mental illness, mental anguish or emotional distress, pain or suffering or shock sustained by any person, whether or not resulting from physical injury, sickness, disease or death of any person.
2. **Claim** means any demand or **Suit** for damages as the result of a **Data Security Event**. All **Claims** for damages because of a single **Data Security Event** will be deemed to be a single **Claim** and to have been made at the time the first such **Claim** is made against any **Assured**, regardless of the number of

individuals or entities making such **Claims** or the time period over which such **Claims** are made, even if subsequent **Claims** are made after the Coverage Period.

3. **Claim Expenses** means:

- a. Reasonable and necessary fees charged by attorneys designated by POOL to assist with the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** or **Suit**;
- b. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** or **Suit** and incurred by POOL; and
- c. Premiums on appeal bonds, attachment bonds or similar bonds; however, POOL is not obligated to apply for or furnish any such bond;

Provided, however, **Claims Expenses** do not include:

- a. any internal salary, administrative, overhead or other related expenses of any **Assured** or any charges by an **Assured** for time spent cooperating with the investigation and defense of any **Claim** or **Suit**; or
- b. **Privacy Response Expense**.

4. **Computer System** means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:

- a. operated by and either owned by or leased to an **Assured**; or
- b. operated by a third-party service provider and used to provide hosted computer application services to the **Named Assured** or for processing, maintaining, hosting or storing the **Named Assured's** electronic data pursuant to a written contract with the **Named Assured** for such services.

5. **Data Security Event** means:

- a. the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of an **Assured** or for which the **Assured** is legally responsible; or
- b. a violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial of service attack, or receipt or transmission of malicious code.

6. **Personal Information** means an individual's name in combination with one or more of the following:

- a. information concerning the individual that constitutes "nonpublic personal information" as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
- b. medical or health care information concerning the individual, including without limitation "protected health information" as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. the individual's Social Security number, driver's license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual's financial account information; or

- d. other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, **Personal Information** does not include information that is lawfully available to the public, including without limitation information lawfully available from any **Assured** or any local, state, federal or foreign governmental entity.

7. **Privacy Response Expense** means the following reasonable and necessary costs incurred by the **Named Assured** within one year of the discovery of a **Data Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of the **Named Assured** or for which the **Named Assured** is legally responsible:

- a. For the services of a computer security expert designated by POOL to determine the scope and cause of a Data Security Event and the extent to which Personal Information was disclosed to or accessed by unauthorized persons;
- b. For the services of consultants or attorneys designated by POOL to determine the **Named Assured's** obligations, if any, under applicable law to give notice to affected individuals;
- c. To notify affected individuals if required by applicable law or if the **Named Assured** voluntarily elects to give such notice, and for the services of a contractor designated by POOL to assist with providing such notice and responding to questions and concerns raised by individuals who are notified;
- d. For the services of a contractor designated by POOL to provide identity theft protection services to affected individuals if the **Named Assured** elects to provide such services; and
- e. For the services of a public relations consultant designated by POOL to avert or mitigate damage to the **Named Assured's** reputation as a result of the **Data Security Event**;
- f. Payment Card Industry penalties and assessments levied upon the **Named Assured** resulting from a **Data Security Event**.

Provided, however, **Privacy Response Expense** does not include:

- a. any internal salary, administrative, overhead or other related expenses of any **Assured** or any charges by an **Assured** for time spent cooperating with the investigation and response to any **Data Security Event**; or
- b. Claims Expenses.

8. **Property Damage** means physical injury to tangible property, including all resulting loss of use or loss of use of tangible property that is not physically injured. For purposes of this definition tangible property does not include information or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, compact disks, tapes, drives, cells, data processing devices or any other media that are used with electronically controlled equipment.

9. **Suit** means a civil proceeding in which damages are claimed arising out of a **Data Security Event** and includes an arbitration proceeding or other alternative dispute resolution proceeding in which such damages are claimed and to which an **Assured** must submit or does submit with the consent of POOL.



# NEVADA PUBLIC AGENCY INSURANCE POOL (POOL)

## LIABILITY DECLARATIONS

FORM NUMBER	COVERAGE PERIOD	NAMED ASSURED	MAINTENANCE DEDUCTIBLE
NPAIP 201 <del>98</del> 20 <del>2</del> <del>0</del> 19	07/01/201 <del>98</del> – 07/01/20 <del>20</del> 19 Standard Time	Per Attachment A	Per Attachment B

### SECTION VI. LIABILITY LIMITS

Coverage	Limit per <b>Named Assured</b>	Annual Aggregate Limit per <b>Named Assured</b>
<b>Per Event</b>	\$10,000,000	\$10,000,000
<i>All Sublimits are a part of and not in addition to the Limits of Liability.</i>		
<i>Liability Sublimits:</i>		
Criminal Defense Fees and Costs (Section VI, part C, item 4)	\$50,000	
Defense for Regulatory Agency Actions (Section VI, part C, item 16)	\$50,000	
Weed Spray Property Damage (Section IV, item 3.(B) (2) (ix))	\$250,000	
Emergency Response to Pollution (Section IV, item 3.(B) (2) (v))	\$1,000,000	
<b>Sexual Abuse</b> (Section VI, part C, item 21)	\$2,500,000	2,500,000
<i>Retroactive Date</i>		<i>May 1, 1987 except as shown in Attachment C</i>

*This Declarations Page, together with the Nevada Public Agency Insurance Pool (hereinafter referred to as POOL) Coverage Form, edition 201~~89~~20~~19~~20, outlines the coverage provided by POOL. In accepting coverage, the Named Assured agrees to pay an annual contribution, as determined by POOL.*

Countersigned:



Authorized Representative

Date: July 1, 201~~98~~

**NEVADA PUBLIC AGENCY INSURANCE POOL (POOL)**  
**PROPERTY DECLARATIONS**

FORM NUMBER	COVERAGE PERIOD	NAMED ASSURED	MAINTENANCE DEDUCTIBLE
NPAIP 20182019	07/01/201 <del>89</del> – 07/01/20 <del>19</del> <del>20</del> Standard Time	Per Attachment A	Per Attachment B

**SECTION V. PROPERTY LIMITS**

Coverage	Limit per Loss	
Blanket Property	300,000,000	Per Schedule of Locations
<p><b>The following sub-limits apply to Section V. C. Extensions of Property Coverage:</b></p> <p>Accounts Receivable \$5,000,000 per loss            Arson Reward 10% up to \$25,000 per loss            Debris Removal-Mold/Asbestos Sublimit \$100,000            Earthquake \$150,000,000 aggregate            Flood \$150,000,000 aggregate            \$25,000,000 aggregate, Flood Zone A            Equipment Breakdown \$100,000,000                • Loss of Income &amp; Extra Expense included                • Hazardous Substance Coverage \$250,000 per loss                • Spoilage Coverage \$250,000 per loss                • Data Restoration \$100,000 per loss                • Electrical Risk Improvements \$10,000            Expediting Expenses \$25,000            Unintentional Errors and Omissions \$5,000,000 per loss            Money and Securities \$500,000 per loss            Security Threat Expense \$500,000 per loss            Transmission Facilities \$100,000 per loss            Vehicle Replacement Per Attachment E, if applicable</p>		

*This Declarations Page, together with the Nevada Public Agency Insurance Pool (hereinafter referred to as POOL) Coverage Form, edition 201~~89~~20~~19~~~~20~~, outlines the coverage provided by POOL. In accepting coverage, the Named Assured agrees to pay an annual Contribution, as determined by POOL.*

Countersigned:

Authorized Representative

Date: July 1, 201~~89~~



**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 (not seeking election)	2017-2019	West Wendover		X			
Josh Foli	2017-2019	Lyon County	Vice Chair		X		
Dan Murphy appointed 10/9/18	2017-2019	Pershing Co. School District				X	
Bev Conley	2018-2020	Eureka County		X			
Ann Cyr	2018-2020	Carson City School District				X	
Gerry Eick	2018-2020	Incline Village GID	Fiscal Officer				X

Declared Candidates: 2019-2021 Churchill County X  
Geof Stark

**Voting Special Districts/Towns:**

Bob Reed	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