



**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/Trustees and of the Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: April 21, 2022 Time: 8:00 a.m.**

Virtual Only

Join Zoom Meeting

<https://us02web.zoom.us/j/85892154845?pwd=MXgyNOJwMC93eVlxTEV1c3pBd29EUT09>

Meeting ID: 858 9215 4845

Passcode: 554718

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Meeting ID: 858 9215 4845

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Find your local number: <https://us02web.zoom.us/u/kcrhDgowCQ>

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 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:**
 - 1) **Joint Board Meeting April 22, 2021**
 - b. **Acceptance of Minutes of Committee Meetings**
 - 1) **Joint Executive Committee April 12, 2022, March 22, 2022, January 5, 2022, October 7, 2021, August 24, 2021**
 - 2) **Loss Control Committee March 15, 2022, December 13, 2021, September 16, 2021**
 - 3) **HR Oversight Committee March 4, 2022, December 20, 2021, September 17, 2021**
4. **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**
5. **For Possible Action: Review and Approval of Changes to Investment Guidelines**
 - a. **POOL Investment Guidelines**
 - b. **PACT Investment Guidelines**
6. **For Possible Action: Employee Assistance Program Review and Approval of Extension of Joinder onto State of Nevada Contract with KEPRO**
7. **For Possible Action: Acceptance of Reports:**
 - 1) **Executive Director**
 - 2) **Chief Financial Officer**
 - a. **Public Risk Mutual Audit**
 - b. **Public Compensation Mutual Audit**
 - c. **Pooling Resources, Inc. Audit**
 - d. **Nevada Risk Pooling, Inc. Audit**
 - 3) **POOL/PACT HR General Manager**
 - 4) **Risk Management Report**
 - 5) **ELearning Report**
 - 6) **Member Relations Manager Report**
 - 7) **Davies Claims Solutions Report and Claims Overview**
8. **Public Comment**
9. **Adjournment**

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

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

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

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

**Churchill County 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 the Joint Meeting of
the Board of Directors/Trustees and of the Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust**

Virtual Only

Join Zoom Meeting

<https://us02web.zoom.us/j/88934020177?pwd=ZGEzdkVEUUVVVR1RRTUZZajZWUVndz09>

Meeting ID: 889 3402 0177

Passcode: 632020

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ALL AUDIO WILL BE TELEPHONE ONLY

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Meeting ID: 889 3402 0177

Passcode: 632020

Find your local number: <https://us02web.zoom.us/j/88934020177?pwd=ZGEzdkVEUUVVVR1RRTUZZajZWUVndz09>

Date: April 22, 2021 Time: 8:00 a.m.

1. Introductions and Roll

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

2. Public Comment

Chair Minor opened public comment. Wayne Carlson recognized the passing due to COVID-19 of Carol Ingalls of A & H Insurance, a long-time agent for the pools and self-described groupie of the pools. No other comments being heard, Chair Minor 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:

1) Joint Board Meeting April 17, 2020

b. Acceptance of Minutes of Committee Meetings.

1) Joint Executive Committee Meeting of May 27, 2020

2) Joint Executive Committee Meeting of September 28, 2020

3) Joint Executive Committee Meeting of October 19, 2020

4) Joint Executive Committee Meeting of December 7, 2020

- 5) **Joint Executive Committee Meeting of February 16, 2021**
- 6) **Joint Executive Committee Meeting of April 5, 2021**
- 7) **Loss Control Committee Meeting of July 13, 2020**
- 8) **Loss Control Committee Meeting of September 17, 2020**
- 9) **Loss Control Committee Meeting of December 15, 2020**
- 10) **Loss Control Committee Meeting of March 16, 2021**
- 11) **Human Resource Oversight Committee Meeting of June 5, 2020**
- 12) **Human Resource Oversight Committee Meeting of September 11, 2020**
- 13) **Human Resource Oversight Committee Meeting of December 4, 2020**
- 14) **Human Resource Oversight Committee Meeting of March 5, 2021**
- 15) **Audit Committee Meeting of October 19, 2020**

On motion to approve and accept the minutes by Ann Cyr, second by Geof Stark, the motion carried.

4. **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**

Patrick Scully of NEAM provided an overview of the investment market commenting on market trends, the effect of COVID-19 on the economy, employment, and investment performance of the portfolios of the captives and pools. Vaccine efficacy continues as an uncertainty for the economy. Presently, stocks performed well but how will they perform going forward remains a question. Inflation likely will remain contained in the future.

Kelly Sullivan of NEAM reviewed current portfolio performance for both the pools and captives. She commented on the Enterprise-based Asset Allocation (EBAA) analysis they perform each year which helps guide investment allocation decisions. The strategies deployed helped maintain performance results better than the market trends.

Dan Smereck of SAA commented on the performance results for the pools and captives relative to the market indices. He provided some insights into performance results considering the investment policies of the boards. He emphasized the need to understand that realized gains or losses are of greater importance than unrealized gains or losses. The overall programs book yield exceeds the market yields. Dan added that over the last ten years, SAA's market vision cup winners were Cash Minor, Josh Foli, Alan Kalt and this year, Wayne Carlson.

On motion to accept the reports and recommendations by Paul Johnson, second by Mike Giles, the motion carried.

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

Alan Kalt reviewed the changes proposed stating that they reflect investment governance factors to guide decisions including governance, environment, and social factors. He noted the proposed changes applied to both POOL and PACT guidelines. He cited one investment in which governance issues emerged and as a result, it was determined to sell that asset.

On motion to approve the changes to the investment guidelines for POOL and PACT by Paul Johnson, seconded by Ann Cyr and Mike Giles, the motion carried.

6. **For Possible Action: Employee Assistance Program Review and Approval of Extension of Joinder onto State of Nevada Contract with KEPRO**

Wayne Carlson noted that the pools had joined onto the State of Nevada contract with KEPRO effective July 1, 2020. The State contract was for a period of July 1, 2019-2021 and was extended. The proposed agreement amends the POOL/PACT contract for a two-year term from July 1, 2020 through June 30, 2022 with an option to extend one year.

On motion to approve the contract with KEPRO by Geof Stark, second by Cindy Hixenbaugh, the motion carried.

7. For Possible Action: Acceptance of Reports:

1) Executive Director

Wayne Carlson noted that Mike Rebaleati had resigned effective April 2, 2021. In addition, he noted that the remainder of his report would be addressed in other agenda items.

2) Chief Financial Officer

- a. Public Risk Mutual Audit**
- b. Public Compensation Mutual Audit**
- c. Pooling Resources, Inc. Audit**
- d. Nevada Risk Pooling, Inc. Audit**

Alan Kalt reviewed the highlights of each of the four audits highlighting the financial results and key ratios that are monitored regarding the performance of each organization. Each organization received an unqualified opinion and he suggested members focus on the management discussion and analysis portion of the audits for further explanation of the results and factors influencing the financial performance.

3) POOL/PACT HR General Manager

Stacy Norbeck reviewed her report of HR services delivered thus far during this fiscal year and an estimated value of each service category. Key adaptations were the conversion from in person training to virtual and ELearning delivery of services to members. In addition, she commented about the legislative tracking being done. Wayne Carlson commented that this year was the 15th anniversary of the formation of PRI and the 25th anniversary of the HR service creation. She announced that John Bates, a 17-year Senior Business Partner, retired effective April 15, 2021; however, he volunteered to come back in a couple of weeks to complete an additional training session previously scheduled. She is in the process of recruiting his replacement.

4) Risk Manager

Marshall Smith highlighted the programs and services in his report and additional planned programs. A significant focus this year and in the future is on law enforcement assessments including jail operations and patrol. These assessments have been both on site and virtual. Policy development and updating is ongoing and increasing. With several legislative bills pending to mandate certain policies and training, POOL services presently address most of these concerns. Swimming pool operators training and site assessments are planned. Involvement with member safety committees and school district development committees increased and will be ongoing.

5) ELearning Coordinator

Mike Van Houten provided an overview and data about utilization of the ELearning system. He highlighted that over 15,000 course completions occurred in recent months. He showed data about course enrollments and completions in rank order of popularity. He commented that he would be working with SpecialtyHealth staff as subject matter experts to develop courses for our Fit For Retirement program that also would be made available to other members via the portal. Mike also

oversees the KnowBe4 program and encouraged signups for this important cyber security loss prevention program.

6) Willis Re Pooling Stewardship Report

Mary Wray referred to the written report in the board packet and said she would address some of that information during later presentations on the renewal process.

7) Davies Claims Solutions Stewardship Report and Claims Overview

Donna Squires, Claims Manager, began the Davies presentation by highlighting the corporate changes since ASC was acquired by Davies Claims Solutions. She indicated Davies brought a robust enhancement of ASC capabilities. She commented about personnel changes due to retirements. Donna then discussed some unusual claims that came in during the year illustrating the variety of challenges members faced. Donna then described several cyber claims noting the importance of preventative actions by members.

Margaret Malzahn, Workers Compensation Supervisor, discussed the transitions in the workers compensation unit. She also highlighted the COVID-19 incidents (over 400) and claims (over 60) activity this year mostly from public safety employees. She expressed concerns about future delayed long-haul COVID-19 claims.

8) Legislative Update

Stacy Norbeck referred to the included HR bill tracking report and commented about key legislative measures her team was tracking. She invited members to review the report and contact her staff regarding questions. Wayne Carlson commented that the included risk management report showed status of bills he was tracking. He said that several bills focused on law enforcement policies and training requirements noting that the POOL has many of these already being addressed. He also commented that there are some workers compensation bills that will increase the costs of PPD and PTD claims and Bob Balkenbush provided written and oral testimony on these bills.

8. Public Comment

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

9. Adjournment

Chair Minor adjourned the meeting at 10:12 a.m.

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

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**Meeting of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: August 24, 2021
9:00 AM VIRTUAL ONLY**

Join Zoom Meeting

<https://us02web.zoom.us/j/86150787403?pwd=aHZEOUFSTzRac1lFaVhsZ3c4MUpmUT09>

Meeting ID: 861 5078 7403

Passcode: 749435

Roll

Meeting was called to order by PACT Chairman Paul Johnson at 9:02 am.

Members present: Paul Johnson, Cash Minor, Geof Stark, Josh Foli, Dan Murphy, Joe Westerlund, Cindy Hixenbaugh, and Elizabeth Frances.

Members Absent: Ann Cyr, Gina Rackley, Dee Carey, Mike Giles.

Others present: Wayne Carlson Alan Kalt, Marshall Smith, Stacy Norbeck, Mary Wray, Stephen Romero, Division of Insurance Commissioner Barbara Richardson, and Maurice Fuller.

1. Public Comment

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

2. For Possible Action: Approval of minutes of Joint Executive Committees Meeting of June 25, 2021

On motion by Cash Minor, second by Josh Foli, to approve the minutes, the motion carried.

3. Discussion Only: Insurance Commissioner Richardson Regarding Statutes and Regulations Project to Address Regulation of Self-insured Groups and Risk-based Solvency Issues in the Market

Insurance Commissioner Barbara Richardson provided an update regarding Chapters 616A and 616B noting that they are over 20 years-old and they need to be updated to reflect current risk-based measurements and business practices. The Division of Insurance is working on developing proposed legislation to address these outdated provisions for self-insured groups by focusing on a risk-based solvency issues within the market and organizations.

She indicated that she wanted to be respectful of entities' time and business strategy. She wants to focus on risk-based examinations and controls in the statutes without making undue burdens on the groups. She noted that a Risk Focused Examination should be performed based on the underlining business and type of business and the risk associated with their operations rather than on raw numbers or fixed dollar amounts. She advocates for identifying the risks of the organization, what they are doing to mitigate these risks and looking at the business model to address these financially which is a different approach from what has been done in the past. Thus,

they are looking at changing the statutes and regulations and to draft a BDR in the January/February timeframe.

The Division will be reaching out to the self-insured groups asking questions and seeking input to evaluate the risk-based solvency issue. She noted that Maurice Fuller would be PACT's and the captive point of contact. Member Foli asked how she anticipates connecting the reserves with the risk associated with the business. Richardson indicated that by changing the statutes and working with the groups they will address these with various financial models. Alan Kalt stated that PACT is a membership consortium made up of cities, counties, school districts, hospitals and special districts that are all local governments which are non-profit which is significantly different than other for-profit business within other self-insured groups. Richardson concurred and indicated that is why there are separate sections of the statutes that address these differences. She intends to work with PACT representatives to answer questions and use models to determine the solvency levels. Wayne Carlson asked if there are models specific to self-insured groups. Richardson indicated that the Division has lot of models that need to be evaluated and communicated to your staff, actuary, and finance folks to determine which model is most appropriate.

A brief discussion was held. This item was for discussion purposes only. Chairman Johnson thank the Commissioner and Mr. Fuller for attending our meeting and noted that we will work with them on this project.

4. For Possible Action: Approval of Termination of Willis Pooling Service Contract with POOL and PACT and to Authorize Nevada Risk Pooling Staff to Implement Alternatives

Executive Director Carlson reviewed his memo on the Willis Pooling Service Contract which was included in the meeting packet. A discussion of the AON-Willis merger, Alliant taking of Willis Re Pooling staff, impact to POOL/PACT on broker services in the current year, steps taken by Nevada Risk Pooling to address the service issues and steps to terminate the Willis Pooling Service Contract as of September 1st. It was noted that an agreement to terminate the contract and provide a 11-month refund of the combined fees to reflect the changes in services impacted was appropriate. The proposed termination agreement which was reviewed by legal counsel was included in the packet.

Josh Foli, board member and Chair of NRP, informed the Executive Committees that Wayne Carlson and Alan Kalt had contacted him early in the process and kept him informed of the action steps taken and he concurred with the offer of employment to Stephen Romero noting that funding was in the budget due to the gapping of the Chief Operations Officer in the current year. Member Elizabeth Frances asked about the loss of experience with the termination of the agreement with Willis. Carlson indicated that we have an excellent relationship with CRL and GEM which are current markets that we can deal directly without the use of a broker. He noted that he was the Chair of the CRL Underwriting committee and that Alan serves on the Underwriting and Audit committees. Furthermore, we are active with GEM and Alan serves on their Audit Committee. He explained that the addition of Stephen Romero will add additional broker and insurance expertise in-house. Wayne noted that we may consider a broker solution in the future whether that be by a formal or informal selection process. It was noted that POOL staff has extensive experience and interaction with AGRIP and AGRIP member pools which could assist in a collaborative discussion on various topics/issues if necessary. Paul Johnson mentioned that it may be appropriate to hold a work session on succession planning to give guidance and direction going forward to make sure there are no gaps in services.

Elizabeth Frances made a motion to terminate the Willis Pooling service contract with POOL and PACT, effective September 1st noting the pro-ration of one month of payment for services and authorizing Nevada Risk Pooling staff to implement alternatives as necessary. Motion was seconded by Cash Minor which carried.

5. For Possible Action: Amendment of Nevada Risk Pooling, Inc. Grant Amount to Fund Additional Staffing and Services

Based on the discussion held in the previous agenda item, Josh Foli made a motion to amend the Nevada Risk Pooling grant amount to provide the eleven months of funding from the Willis contract to be provided to NRP to fund additional staffing and services to the membership in the current year. Cash Minor second the motion that carried.

6. For Possible Action: Approval of Prospective POOL and PACT Member

a. POOL: Clark County Water Reclamation District

Wayne Carlson reviewed the underwriting information for the Clark County Water Reclamation District with the Board noting this is a large entity with an estimated \$2,400,000 in premiums. The property exposure is \$1.4 Billion with diverse locations within southern Nevada. They have two large losses within the last five years; otherwise, their losses are good. The markets are willing to allow them within the POOL coverage. They will have a \$100,000 property deductible and a \$50,000 liability deductible. Geof Stark asked what impact they would have on our member services. Stacy Norbeck indicated that we currently serve Southern Nevada Health District, and they are larger than the Reclamation District. Their organizational chart indicates they have a HR department, training staff, and environmental health, safety and security personnel on board. Paul Johnson asked what benefits they could provide to the POOL if they joined by sharing their expertise and knowledge to other POOL members. Wayne addressed their excellence in utility management, IT with a SCADA system and earthquake preparedness.

After a brief discussion on members helping members, Dan Murphy made a motion to approve Clark County Water Reclamation District as a prospective member which was seconded by Geof Stark. Motion carried.

7. Staff Report on Progress of Financial Audits

Chief Financial Officer Alan Kalt gave an update on the Financial Audits noting that the books were closed on August 20th and that the independent auditors have started their year-end fieldwork. Interim fieldwork and internal controls walk-through took place in June. The actuary is working on completing his loss reserve studies by the middle of September. The audits are on schedule to be completed within our normal timeline.

8. Public Comment

Stephen Romero from Willis Pooling wanted to thank POOL/PACT for all the years he has worked with the program going back to the mid-1990's. He has appreciated the relationship and is excited to come work with staff at NRP to support the Pools. The Executive Committee welcomed him and looked forward to working with him in his new role. The Committee thanked Mary Wray for her service and wished her well in retirement.

9. For Possible Action: Adjournment

Being no further business, the meeting was adjourned at 10:04 am.

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
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**Minutes of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: January 5, 2022
9:00 AM VIRTUAL ONLY**

Join Zoom Meeting

<https://us02web.zoom.us/j/81665166035?pwd=M0xveTJ3U0dEeThOU3JWZC85NU5TZz09>

1. Roll:

Meeting was called to order by PACT Chair Paul Johnson at 9:02 am.
Members present Paul Johnson, Geof Stark, Josh Foli, Dan Murphy, Joe Westerlund, Cindy Hixenbaugh, Ann Cyr, Gina Rackley, Mike Giles, Elizabeth Francis, and Josh Foli.
Members Absent: Cash Minor and Dee Carey.

Others present: Wayne Carlson, Alan Kalt, Debbie Connally, Jarrod Hickman, Stephen Romero, Mike Van Houten, and Tyler Ure and Tobi Caperon.

2. Public Comment

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

3. For Possible Action: Approval of minutes of Joint Executive Committees Meeting of October 7, 2021

On motion by Josh Foli, second by Ann Cyr, to approve the minutes, the motion carried.

4. For Possible Action: Approval of Settlement Agreement in Winters vs. NPAIP Mediation

Wayne Carlson reviewed the Report to the Executive Committee on the Settlement Agreement in Winters vs. NPAIP Mediation giving background information on the proposed settlement. The mediation was conducted virtually starting at 9 am and concluded at 3:00 pm. After significant back and forth throughout the day, the parties agreed to a compromise settlement in the amount of \$450,000 to be recommended to the Executive Committee for approval. The proposed settlement agreement was included in the Board packet. Payment is to be made within 15 days following the execution of the settlement agreement.

After a brief discussion, Josh Foli made a motion to authorize the Executive Director to sign the settlement agreement and process the payment as outlined in the agreement. The motion was seconded by Mike Giles. Motion carried.

5. Information Only: Staff Reports

a. Executive Director

Wayne Carlson gave an update on staffing and various projects being completed by Staff. He would let them give greater details to the Board.

b. Chief Financial Officer

Alan Kalt provided the board with a one-page summary of activities and the November 30, 2021 financial statements for POOL, PACT, PRM and PCM. Kalt noted the PACT payroll audits will be conducted by Strategic Premium Resources, (SPR) with the members deadline of February 15th to enter the information into the secured portal. A ZOOM training will take place on January 6th at 9:30 am. The current PACT Payroll Premium Collection Methodology was discussed and members are to provide Alan with feedback if we want to consider modifying the assessment calculation/timeframes. Douglas County School District Open Gate Pilot Project is proceeding well. January 18/19 school rollout is anticipated. The Procedures Manual Project update is going well with NRP and PRI completed. PACT is nearly 50% completed then on to do POOL and the captives. Alan has Financial/Budget training sessions for entity's senior staff and boards for several members in the next two months.

c. Risk Manager

d. Risk Management Specialist

Jarrod Hickman gave the update for Marshall and himself. They have completed the updated Loss Control Excellence Program and several members are completing the assessment. NRP is going through the process as well. Working with SCATS for safety consultation and training for the members. Marshall is in Mineral County working with the County, the Hospital and the School District on their Safety Committees. They will hold a meeting this afternoon. The Risk Management Team has been assisting Douglas County School District on their OpenGate Pilot project and will be on-site for the training and demonstration of the project. The Fit for Retirement Staff Committee has met several times. This program is expanding to address Mental Health issues for Police and Fire as required by recently approved Legislation. Mike Van Houten developed an eLearning class dealing with mental health and stress management for this program.

e. Member Relations Manager

Stephen Romero gave an update on the number of renewal applications received, the state of the insurance marketplace noting that property and liability coverage is likely to increase in the 5-15% range in the open market, looking at alternative carriers for United Educators for their coverage layer, and pricing impacts on Cyber coverage. He also gave an update on the Airport coverage noting that our three-year renewal period with Chubb is expiring on June 30th. He is working with the marketplace and our reinsurance partners (CRL and GEM) to get coverage at favorable rates and terms.

f. eLearning Administrator

Mike VanHouten presented a PowerPoint to highlight the activities over the past Quarter. He highlighted the extensive use of the e-Learning by the members with over 50,000 course completions in 2021. The Vector Solution library of over 275 courses have been brought into Absorb for our School District members. He noted that the master contract with the POOL was nearly 50% of the cost if the Districts would have bought it individually. He updated and refreshed several popular courses to keep them engaging and effective. He created interactive courses for Mental Health, bullying and others for the Members. Mike serves as Absorb Administrator for several members and is willing to assist all members in implementing and using this effective training tool.

6. Public Comment

There were no public comments.

7. For Possible Action: Adjournment

Being no further business, Chair Paul Johnson adjourned the meeting at 9:50 am.



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**Minutes of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Tuesday, March 22, 2022
9:00 AM
Virtual Meeting**

1. Roll

The meeting was called to order by PACT Chair Paul Johnson at 9:02 am.
Members present Paul Johnson, Geof Stark, Josh Foli, Dan Murphy, Joe Westerlund, Cindy Hixenbaugh, Ann Cyr, Gina Rackley, Mike Giles, and Elizabeth Francis.
Members Absent: Dee Carey.

Others present Wayne Carlson, Alan Kalt, Stephen Romero, Mike Van Houten, Stacy Norbeck, Donna Squires, and Margaret Malzahn.

2. Public Comment

Chairman Paul Johnson opened public comment and hearing none, he closed the comment period.

3. For Possible Action: Approval of Consent Agenda

- a. **Approval of minutes of Joint Executive Committee Meeting of January 5, 2022**
- b. **Acceptance of Interim Financial Statements for period ending December 30, 2021, for POOL PACT, PRM, PCM, NRP, PRI.**
- c. **Report on PRM and PCM 2021 Annual Audits**
- d. **Acceptance of Reports:**
 - i. **Executive Director**
 - ii. **Member Relations Manager**
 - iii. **Chief Financial Officer**
 - iv. **Risk Manager**
 - v. **POOL/PACT Human Resources General Manager**
 - vi. **Davies Claims Solutions**
 - vii. **E-Learning/Web Master**

On a motion by Josh Foli and a second by Ann Cyr, the consent agenda was approved as submitted.

- 4. For Possible Action: Review of Investment Performance and Enterprise-Based Asset Allocation Work by NEAM**
- a. **Investment Advisor SAA**
 - b. **Fixed Income Investment Manager NEAM**

Alan Kalt, CFO, gave an overview of the Enterprise-Based Asset Allocation work completed by NEAM. The goal of the EBAA work is to move along the efficient frontier wherein you achieve higher returns with less risk while maintaining compliance with the Investment Policy. This is

an annual service provided by NEAM to assist their clients to achieve greater investment results. Kalt quickly highlighted a couple of items in the monthly investment reports provided by SAA and NEAM. He thanked the Executive Committee members who participate on the monthly investment calls and encourage others to consider participating in the future.

A motion to accept the investment reports was made by Geof Stark and second by Elizabeth Francis which carried.

5. For Discussion and Possible Action: PACT's Payroll Assessment Methodology

Alan Kalt, CFO, gave a brief overview of the information in the meeting packet and suggested that a Task Force be established to review this item in more details and bring back a recommendation to the Executive Committee in the future. Member Josh Foli prepared a White Paper outlining the various issues of the current methodology and the technical issues associated with the retroactive application of the new rates on a calendar year basis. He appreciated the idea of the Task Force and was willing to Chair the Task Force. Gina Rackley volunteered to be on the Task Force along with Paul Johnson. Alan Kalt and Wayne Carlson will provide staff support to the Task Force.

Josh Foli made a motion to create a Task Force consisting of Paul Johnson, Gina Rackley, and himself to review PACT's Payroll Assessment Methodology and bring back their recommendations to the Executive Committee upon completion of their work. Mike Giles seconded the motion which was approved.

6. For Possible Action: Approval of Loss Control Committee Charter Change to Voting Member Eligibility

Wayne Carlson, Executive Director, reviewed the Loss Control Committee recommendation to change to Voting Member eligibility. The Loss Control committee amended its Charter to require members of the Loss Control Committee to achieve the Loss Control Excellence Program (LCEP) award every three years to maintain membership on the Loss Control Committee. This is an effort to have the member entities following best practices within their organization for loss control and safety. This is not intended to remove members from the committee rather strengthen the commitment to the goals and objectives of the committee.

Dan Murphy made a motion to approve the Loss Control Committee Charter change as recommended by the Loss Control Committee to have the members achieve the LCEP award every three years to maintain membership on the Loss Control Committee. It was seconded by Mike Giles and the motion carried.

7. For Possible Action: Review of Risk Management Programs, Insurance/Reinsurance Coverage:

a. Review of Risk Management Programs/Services

This item was discussed in connection with the POOL/PACT budget discussion below. The investment in member services is intended to assist the member in developing and implementing best practices within their entity. The programs and services also assist in developing a more efficient organization and a reduction of claims.

b. Review of POOL/PACT insurance/reinsurance coverage and risk management programs to determine what coverages and programs to offer for 2022/2023:

- i. Review of POOL and PACT Rate Indications**
- ii. Review of POOL, PACT, PRM and PCM Loss Fund Contribution Rate Indications by Actuary**
- iii. Selection of Retention Options for NPAIP and PACT Renewal and Reinsurance Strategies.**
- iv. Consider Changes in Cyber Limits of Liability**
- v. Review of Ancillary Programs Including Student Accident, Pollution Legal Liability, Employee Assistance Program, TULIP (GatherGard),**

and Airports Program.

Stephen Romero, Member Relations Manager, provided a market update which included renewal rates on a year of year comparison from the various markets. There are several markets that continue to work on their renewal quotes. It was noted that property rate increase is projected around 5% however, there was recently adverse claim development on a property claim that has the market concerned about the impact to settle the property damage claim. In addition, our property values have increase 6% due to inflation and will increase the cost of renewal. Liability increases will be larger especially for law enforcement liability due to national trends and our own loss experience. We are seeking alternative coverage for the United Educators portion. We expect to receive the alternative quote at the end of March. We continue to work with CRL and GEM on their renewal quotes. These programs are a Pool of Pools across the nation.

It was noted that cyber liability continues to experience volatility in pricing and terms. We have been advised of a potential overall pool aggregate limit of \$10,000,000 plus a rate increase from the reinsurer. We will have to consider putting an aggregate limit on the POOL retention and on the PRM excess layer consequently.

Workers' compensation is stabilizing at the excess levels; however, PACT's retained losses remain high due to former Members. We received the actuary funding projection which indicated a modest increase in PACT rates, excluding the former members losses. Stephen noted that the year over year comparisons will be updated as latest information is received. It is anticipated that the renewal options will be presented at the April 12th meeting of the Joint Executive Committee meeting.

c. Review Proposed 2022-2023 Draft Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards

Alan Kalt, CFO, walked the Joint Executive Committee through the PACT and POOL budget spreadsheet. He focused on the Budget Overview memos for each entity. The PACT budget overview addressed the projected PACT assessments, claims adjustment expense and loss fund contribution. Kalt prepared a spreadsheet that showed the Paid Loss Ratio (Total claims/total assessment) for the four audit periods from FY 2018 to FY 2021. It was noted that the lowest ratio was 92.4% and the highest was 96.7%. All four years had a reduction in Net Position during the period that totaled \$7.8M which is the approximate amount of the 6-30-2021 Net Position of PACT. This trend is having a negative impact on our financial benchmarks. In an effort to create financial stability to PACT, the Net Position needs to be stabilized and have slight increases over time. It was noted that PACT has contributed \$53.7M into Public Compensation Mutual (PCM) which ended its year on 12-31-2021 with a Total Surplus of \$88.5M. This strategic move has built financial resources in the captive to allow it to take on additional risks as we as participate in additional investments in risk assets. It has worked effectively for both entities. Now is the time to evaluate if we should transfer some of this Total Surplus back to PACT to assist in the pay claims runoff of a large member who left PACT in the past year without impacting the existing member's rates. Kalt suggested that PCM transfer \$2.5M before June 30, 2022, and an additional \$2.0M before December 31, 2022, to provide financial resources and fiscal stability to PACT. Josh Foli asked if this was a one-time transfer or if it is intended to be happen on a regular basis. Kalt indicated that this is intended to be a one-time practice as it is hoped that there will be stability in the rates and claims over the next couple of years. The volatility of the claims of the departed large entity had a negative impact on the Net Position of PACT.

A brief discussion on the PACT Loss Fund contribution at the 75% Confidence Level (CL) in the upcoming year as calculated by the independent actuary was necessary to stabilize the operations. The current year was funded at 70% and losses will exceed the projections having a negative impact on the Net Position. The reinsurance with CRL and Safety National are at favorable rates, however, the actuary is projecting an increase in the required rate for PCM as several large losses have been paid by the captive. Kalt noted that the projected Program expenses were reduced by \$126K or -4.4% from the prior year as well as the administration expenses down \$15K as part of our expense mitigation plan.

The overall general budget observations for PACT was that Loss Fund & Insurance expense will make up 65.25% of the budget, Program expenses 16%, Admin expenses 13.5% and Net Income/Contingency at 5.25% for the upcoming year. This tentative budget will be updated and presented at the April 12th meeting to reflect the necessary changes in the renewal quotes.

As for the POOL renewal, a discussion was had on the property rates, school, and law enforcement liability and cyber. The tentative budget included funding at the 75% CL as determined by our actuary. The reduction to the 70% CL would be a savings of \$453,000. The budget included an additional funding of \$50,000 for the cyber loss from contribution from \$250K to \$300K in the upcoming year due to the increased number of claims during the year. Kalt went over the Reinsurance options/PRM funding, Program expenses, administrative expenses, building ownership and non-operating net income. It was noted that 74.2% of the POOL budget was related to Loss Fund/Insurance expense, 6.8% agent commissions, TPA 3.3%, Member Services at 8.9%, Admin 5.0% and Net Investment income at 1.8% for the upcoming year. The tentative budget will be updated and presented at the April 12th meeting with updated numbers from the marketplace.

No formal board action was taken at this time.

d. Approval of Correction of PARMS Lease Term to Expire in 2024

The approval of the correction of the lease was to properly account for the 60-month period in the original lease.

Ann Cyr made a motion to change the agreement to reflect the term of the lease to be 60 months commencing on July 1, 2019 and terminating on July 1, 2024. Second by Mike Giles which carried.

8. For Possible Action: Approval of Proposed POOL Form Amendments/Endorsements for Fiscal Year 2022-2023 for Adoption by the POOL Board at its Annual Meeting

Wayne Carlson, Executive Director, explained the proposed change to POOL P&C Form Section VI. C. Liability Exclusion to strike the word “real” property in the following phrase and adding “any:” “... or taking of **any** property interest by whatever name called...” This is needed to provide better clarity in the form language.

On a motion by Geof Stark, second by Mike Giles, the motion to strike the word ‘any’ was approved.

9. For Possible Action: Approval of Prospective Members

a. POOL:

- i. Washoe County School District (excluding liability)**
- ii. City of Sparks (excluding liability)**
- iii. City of Reno (excluding liability)**
- iv. Truckee Meadows Water Reclamation Facility (excluding liability)**
- v. Washoe County (excluding liability)**

Wayne Carlson discussed the POOL prospective member underwriting review, the claims history and a modeling report provided by the broker. He noted their ten year positive loss ratio. In response to questions, Stephen Romero commented that he had discussed this account with the London broker and was advised that the markets received the information favorably. Concerns were expressed about this size of the school district property values relative to the combined POOL values and Stephen indicated that is was about an additional one-third.

On a motion by Gina Rackley and a second by Geof Stark, the approval of Washoe County School District (excluding liability) as a prospective member was approved.

Wayne Carlson discussed the POOL prospective member underwriting review, the claims history and commented that the Executive Committee had approved this prospective member in 2021 but the quote was too late for full consideration that year. The broker advised him that they were very interested this year and there was time for full consideration.

On a motion by Geof Stark and a second by Gina Rackley, Washoe County's application as a prospective member excluding liability was approved.

10. For Possible Action: Review of Candidates for Executive Committee for Election at the Annual Meeting

Wayne Carlson reviewed the POOL and PACT Executive Committee election schedule. It was noted that POOL has the following position up for consideration: Cash Minor, Large entity member over 35,000 in population, Gina Rackley, entity with less than 35,000 in population, Ann Cyr, School District member and a vacant Special District representative previously held by Dee Carey of IVGID. PACT members up for re-election include Cash Minor Large entity with over 35,000 in population, Cindy Hixenbaugh, Hospital District representative, Elizabeth Frances, City/County under 35,000 population and Paul Johnson, White Pine County School District. It was noted that Cindy Hixenbaugh and Elizabeth Frances will be moving on from their organizations and will not seek re-election. The other members are willing to serve if elected. There was a brief discussion of names of possible candidates. Members were encouraged to reach out to perspective members to see if they would be willing to serve on the various Executive Committee slots.

11. For Possible Action: Review and Revise Drafts of Agendas Including Joint Board Agenda, POOL Board Agenda, and PACT Board Agenda for Annual Meeting on Thursday, April 21, 2022

Wayne Carlson reviewed the draft agendas. No recommended changes were made at this time.

12. For Possible Action: Approve Date for Next Joint Executive Committee Meeting on April 12, 2022

Chairman Paul Johnson asked if this date was good for the next meeting. There were no objections so the next meeting of the Joint Executive Committee will be held on Tuesday, April 12th.

13. Public Comment

Wayne Carlson gave a brief update on Debbie Connally's husband medical condition. Chuck has been transferred to ICU with complications from COVID. Everyone expressed warm thoughts and prayers for Chuck and the family.

There were no other public comments.

14. Adjournment

Being no further business, Chair Paul Johnson adjourned the meeting at 11:35 am.



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**Minutes of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: October 7, 2021
11:00 AM VIRTUAL ONLY**

Minutes

1. Roll

Meeting was called to order by PACT Chairman Paul Johnson at 11:05 am.

Members present Paul Johnson, Geof Stark, Josh Foli, Dan Murphy, Jason Westerlund, Cindy Hixenbaugh, Ann Cyr, Gina Rackley, Mike Giles, and Josh Foli joined in at 11:45 am.

Members Absent: Cash Minor, Elizabeth Francis, and Dee Carey.

Others present: Wayne Carlson Alan Kalt, Debbie Connally, Melissa Mack, Marshall Smith, Jarrod Hickman, Stephen Romero, and Michael Bertrand.

2. Public Comment:

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

3. For Possible Action: Approval of minutes of Joint Executive Committees Meeting of August 24, 2021

On motion by Josh Foli, second by Geof Stark, to approve the minutes, the motion carried.

4. For Possible Action: Acceptance of Financial Audit for PACT

- a. Acceptance of Auditors Report and Recommendations for PACT**
- b. Staff Reports: PACT Audit Overview and Actuary Report Review**
- c. Acceptance of Audit for PACT**

Michael Bertrand, CPA, Independent Auditor, reviewed the letter to the Audit Committee. He reviewed the prior year comments and action taken by management to implement the recommendations. He provided a summary of disbursement testing, noting the dollar percentage of items tested were 94.58% for Admin Expenses, 98.43% for Claims Expenses and 40.17% for Claims Payments. It was noted there was an assessment calculation error of \$86, an issue with a voided check in a bank reconciliation and the recording of interest receivable in the Division of Insurance refund. Mr. Bertrand let the Board know that Debbie and Melissa showed continued improvement in the quality of work, providing requested items timely and quick to response to subsequent requests throughout the audit. He congratulated management and staff on there being no significant or material control weaknesses or deficiencies noted in the audit.

Alan Kalt, Chief Financial Officer, presented the PACT audit results with a PowerPoint presentation. Highlights include the following items: Total investment balance at 6-30-2021 was \$51,221,911 and total assets were \$66,665,348 compared to total liabilities of \$59,210,265 leaving a Net Position of

\$7,455,083. Net Position decreased during the year by \$3,237,099. Total revenues were \$17,423,464 up from the prior year of \$14,741,181. The Loss Fund and Program expenses totaled \$18,202,512 and total Administration expenses were \$2,160,742 resulting in total expenses of \$20,363,254. As such, the Loss Fund and Program expenses accounted for 89.4% and 10.6% for the administration cost. Claim cost increased \$1,819,004 or 20% during the year due to an increase in the amount and severity of the claims. Administration cost we down \$357,684 or 14.2% during the year as budget mitigation and COVID steps were implemented. Non-operating net investment income reflected a loss of \$297,309 due to the unrealized losses on the fixed income investments due to changes in the interest rate environment. Kalt noted that earned interest income was \$1,004,293 during the year. He went over various benchmarks that are consistent with the Vision Statement "To sustain financial strength to meet our commitment to Members." It was noted that the past three years have been challenging to PACT because of increases in claim costs. During the discussion, Kalt noted that Nye County had significant claim development during the year. He reminded the Board that they left the program on July 1st to be self-insured. Given their mod-rate of 1.7 this should be beneficial to other PACT members over a period of time. Kalt reminded the Board of the financial strength of the captive PCM which has an audited Total Surplus of \$85,066,480 as of December 31, 2020.

Alan Kalt presented the Actuarial Review of the Worker's Compensation program. Derek Burkhalter, Bickmore Actuarial Services, prepared the review and valuation of the outstanding liabilities as of June 30, 2021, used in the financial statements. The report indicated that at the expected level (50% Confidence Level CL) the outstanding claims liabilities is estimated at \$54,784,000. At the 70% CL it is \$57,222,000 and at the 75% CL it is \$58,300,00 which is the amount used in the financial statement by Board policy. The difference between the 70% vs. 75% funding rate is \$1,078,000. So, when the Board approves the lower Confidence Level for rate setting, it has a negative impact on our financial operations. Kalt reviewed the Loss rate per \$100 of payroll noting it was \$2.15 in FY21 compared to \$2.27 in FY 20 and a low of \$1.48 in FY 14. In looking at the Claim Severity, we are experiencing an upward trend as the Dollar of Loss per claims has risen from a low of \$7,400 to a high of \$14,600 during the ten-year period of review. It was noted that individual claim costs are capped at \$100,000 per occurrence for actuarial purposes. The number of claims per \$1M of payroll has remained stable over the past four years. FY 21 was 1.65 compared to FY 20 of 1.56 and 1.76 in FY 19. These compared to the high of 2.06 claims per \$1M in payroll in FY 16. During the 2021 fiscal year, the Actual Incurred Claim development exceeded the expected by \$4,968,000 and the Actual Claims paid exceeded the expected paid development by \$2,523,000 during the year. As such, the loss and loss adjustment expense and total claims liability significantly increased during the year as noted in the financial statements. He reviewed the claims development schedule included in the notes to the financial statements to show the adverse trend in claim development cost over the past ten years.

After a general discussion of the audit and the actuarial information, a motion was made by Cindy Hixenbaugh and second by Josh Foli to accept the financial audit for PACT. Motion carried.

5. For Possible Action: Acceptance of Financial Audit for NPAIP

- a. Acceptance of Auditors Report and Recommendations for NPAIP**
- b. Staff Reports: NPAIP Audit Overview and Actuary Report Review**
- c. Acceptance of Audit for NPAIP**

Michael Bertrand, CPA, Independent Auditor, reviewed the letter to the Audit Committee. He reviewed the prior year comments and action taken by management to implement the recommendations. He provided a summary of disbursement testing, noting the dollar percentage of items tested were 78% for Admin Expenses and 45% for Claims Payments. A couple of exceptions were noted in the claim's payments by Davies. Mr. Bertrand thanked management and staff for their cooperation throughout the audit and commended them for continues improvement each year in the quality of the work processed and their efficiency, which has allowed them to finish the audit in just over 30 days after the close of the books. There were no significant or material deficiencies observed in the system of internal controls. He congratulated management and staff on a job well done.

Alan Kalt, Chief Financial Officer, presented the POOL audit results with a PowerPoint presentation. Highlights include the following items: Total investment balance at 6-30-2021 was \$26,500,122 and total assets were \$31,413,137 compared to total liabilities of \$12,003,491 leaving a Net Position of \$19,409,646. Net Position increased during the year by \$1,863,749. Total revenues were \$19,077,614 up from the prior year of \$17,925,920. The Loss Fund and Program expenses totaled \$15,911,499 and total Administration expenses were \$1,118,014 resulting in total expenses of \$17,029,513. As such, the Loss Fund and Program expenses accounted for 93.4% and 6.6% for the administration cost. Claim cost increased \$564,160 or 15.2% during the year due to an increase in the amount and severity of the claims. Administration cost we down \$151,547 or 12.0% during the year as budget mitigation and COVID steps were implemented. Non-operating net investment income reflected a loss of \$184,352 due to the unrealized losses on the fixed income investments due to changes in the interest rate environment. Kalt noted that earned interest income was \$604,705 during the year. It was noted that the POOL had a successful fiscal year of financial operations.

Alan Kalt presented the Actuarial Review of the Worker's Compensation program. Derek Burkhalter, Bickmore Actuarial Services, prepared the review and valuation of the outstanding liabilities as of June 30, 2021, used in the financial statements. The report indicated that at the expected level (50% Confidence Level CL) the outstanding claims liabilities is estimated at \$10,009,000. At the 70% CL it is \$11,241,000 and at the 75% CL it is \$11,245,00 which is the amount used in the financial statement by Board policy. The difference between the 70% vs. 75% funding rate is \$551,000. So, when the Board approves the lower Confidence Level for rate setting, it has a negative impact on our financial operations. Kalt reviewed the Loss rate per \$100 of payroll for *liability* noting it was \$0.37 in FY21 compared to \$0.38 in FY 20 and a low of \$0.29 in FY 15. In looking at the *liability* Claim Severity, we are experiencing an upward trend as the Dollar of Loss per claims has risen from a low of \$13,700 to a high of \$22,900 in FY 21. It was noted that individual claim costs are capped at \$100,000 per occurrence for actuarial purposes. The number of *liability* claims per \$1M of payroll has remained stable over the past four years. FY 21 was 0.16 compared to FY 20 of 0.23 and 0.24 in FY 19. These compared to the high of 0.27 claims per \$1M in payroll in FY 13. Next, Kalt reviewed the Loss rate per \$100 of payroll for *property* noting it was increasing over the past three years. The rate moved from 0.025 to 0.032 and 0.035 in FY 2021. In looking at the *property* Claim Severity, we are experiencing an upward trend as the Dollar of Loss per claims has risen over the past three years as the Loss per Claim was \$13,800 in FY 19, \$16,700 in FY 20 and \$19,500 in FY 21. It was noted that individual claim costs are capped at \$100,000 per occurrence for actuarial purposes. The number of *property* claims per \$1M of payroll has remained stable over the past three years. FY 21 was 0.018 compared to FY 20 of 0.019 and 0.018 in FY 19. These compared to the high of 0.021 claims per \$1M in payroll in FY 17.

During the 2021 fiscal year, the Actual Incurred Claim development was lower than the expected by \$1,191,000 and the Actual Claims paid was lower than the expected paid development by \$946,000 during the year. As such, there was favorable claim development during the year as noted in the financial statements. He reviewed the claims development schedule included in the notes to the financial statements to show the adverse trend in claim development cost over the past ten years.

After a general discussion of the audit and the actuarial information, a motion was made by Josh Foli and second by Dan Murphy to accept the financial audit for PACT. Motion carried.

6. **For Possible Action: Approval of Applications for Recognition from AGRiP**
 - a. **NPAIP**
 - b. **PACT**

Executive Director Wayne Carlson reviewed the NPAIP and PACT applications for recognition from AGRIP. The comprehensive application reviews all aspects of the POOL's operations. The responses must be policy specific and undated on a regular basis to qualify for the recognition. The completion of the applications was a Team effort with Marshall, Alan, and Wayne. Next time, Stephen and Jarrod will be tasked with completing the application as a learning tool to better understand our operations. Once the applications have been approved by the governing board it will be forwarded to AGRIP for their review and comments. Any recommended changes need to be implemented to achieve the AGRIP award. Paul Johnson thanked staff for completing the application and suggested that a brief overview

be provided at the Annual Meeting, so the membership is aware of the process and quality control used in the awarding of the AGRIP Recognition Program. Josh Foli made a motion to approve the NPAIP and PACT applications for the AGRIP recognition program. Geof Stark seconded the motion which carried.

7. **Information Only: Interim Financial Report**
 - a. **PACT August 2021 Financial Reports**
 - b. **POOL August 2021 Financial Reports**

Alan Kalt noted that the interim financial reports were included in the meeting packet. He suggested that if you have any questions or concerns, please let him know and he will answer your questions.

8. **Information Only: Staff Updates**

Wayne Carlson gave a brief staff update noting the hiring of Stephen Romero and Jarrod Hickman. He outlined some of the projects that they are working on, and the success achieved in a short period of time.

9. **Public Comment**

There were no public comments.

10. **For Possible Action: Adjournment**

Being no further business, Chair Paul Johnson adjourned the meeting at 12:25 pm.



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Public Agency Compensation Trust**
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**Joint Meeting and Minutes of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Tuesday, April 12, 2022
8:30 AM or immediately following the NRP, PRI, PRM and PCM Meetings
Virtual Meeting**

Join Zoom Meeting

<https://us02web.zoom.us/j/87225703199?pwd=QWwrdFJWa2sraHBEVFhCcjFla0lJZz09>

Minutes

Roll

The meeting was called to order by PACT Chair Paul Johnson at 8:30 am.
Members present Paul Johnson, Geof Stark, Josh Foli, Dan Murphy, Joe Westerlund, Cindy Hixenbaugh, Ann Cyr, Gina Rackley, Mike Giles, and Elizabeth Francis.
Members Absent: Dee Carey.

Others present Wayne Carlson, Alan Kalt, Stephen Romero, Marshall Smith, Jarrod Hickman, Mike Van Houten, Debbie Connally, Stacy Norbeck, Donna Squires, Margaret Malzahn, Curtis Calder, Alicia Heiser, Jack Angram, and Joseph Tacason.

Chairman Johnson indicated that we would recess the meeting to conduct the meetings of PRI, NRP, PCM and PRM. Afterwards, we will reconvene the meeting of the Joint Executive Committee.

At 9:21 am, the Meeting of the Joint Executive Committee was reconvened.

1. Public Comment

Chairman Paul Johnson opened public comment and hearing none, he closed the comment period.

2. For Possible Action: Approval of Consent Agenda

- a. **Approval of Minutes of Joint Executive Committee Meeting of March 22, 2022**
- b. **Approval of POOL and PACT February 28, 2022 Financial Report**

On a motion by Josh Foli and a second by Ann Cyr, the consent agenda was approved as submitted.

3. For Possible Action: Adopt Investment Policy Proposed Changes

- a. **POOL**
- b. **PACT**

Alan Kalt reviewed the investment compliance exception report as noted by NEAM. The exception was the average life of one of our Agency MBS holdings extended beyond the 10-year maximum per our investment guidelines. Wayne Carlson allowed for a waiver to the policy and not sell the security at this time. The compliance issue happened given there is no incentive to refinance given relatively higher current rates. It was noted that when the security was purchased it complied with our policy. The next logical step is to look at what changes could be proposed to the investment policy to address this issue. The changes are in section 8. Investment Guidelines and Limitations section B. Maximum Durations. The recommended change is to read as follows: *“The average duration of the portfolio will not exceed +/- one year of the benchmark duration.”* It was noted that this would allow us greater investment flexibility and the ability to implement the EBAA work performed by NEAM. The other proposed change in the policy included changes to the NEAM Fixed Income Benchmark guidelines to reflect the updated allocation requests in section D. These changes were reviewed and approved by NEAM and SAA.

After a brief discussion, Josh Foli made a motion to approve the recommended changes to the investment policy. A second by Gina Rackley. Motion carried.

4. **For Possible Action: Review of Risk Management Programs, Insurance/Reinsurance Coverage:**

- a. **Review of POOL/PACT Insurance/Reinsurance Coverage and Risk Management Programs to Offer for 2022-2023:**
 - i. **Review of POOL and PACT Rate Indications**
 - ii. **Review of POOL, PACT, PRM and PCM Loss Fund Contribution Rate Indications by Actuary**
 - iii. **Selection of Retention Options and Reinsurance Strategies for NPAIP and PACT Renewal**
 - iv. **Review of Ancillary Programs Including Student Accident, Pollution Legal Liability, Employee Assistance Program, TULIP (GatherGard), and Airports Program**

Stephen Romero provided an overview of the Year over Year rate comparison for PACT and POOL. The PACT coverage is recommended to keep the same coverage structure as expiring. It was noted that the PCM, CRL and Safety National rate increases we in the low-single digits. The PACT base rate for the \$300,000 SIR coverage as determined by the independent actuary is \$8,094,000 at the 75% confidence level (CL). It was recommended to keep the same structure graph for the Workers Compensation Coverage for FY 2022-23 the same.

After a discussion, a motion by Josh Foli and a second by Cindy Hixenbaugh to present the upcoming PACT renewal option as the same as the expiring structure to the full Board at the Annual Meeting.

Stephen reviewed the Year over Year rate comparison for the POOL. He noted the changes as well as the property coverage has not been finalized. There has been some adverse development in a southern Nevada flood claim in Nye County. The property pricing will likely come in right before the Annual Meeting scheduled for April 21.

Stephen reviewed the 2022 Liability Renewal Options noting two layers have options to be considered by the Board. The School Liability coverage is currently with United Educators and PRM. The renewal rates for this coverage are \$878,241 with UE's share at \$531,420 and PRM funding at \$348,815. Old Republic, who quoted last year, quote was \$780,000 which would represent a cost savings of \$98,241. It was noted that we still have the Elko

County School District Claim as a recoverable for UE's portion as it has not been resolved. This is going to mediation to seek a resolution. The other issue is that Old Republic has an Exclusion for Cannabis that we are working through with the underwriters. A discussion ensued about the two options, impact on e-learning, risk management services and overall pricing. It was noted that POOL is providing the Vector Solution e-learning platform to our school members. This is a more robust training that what was being offered by UE. Furthermore, the in-house Risk Control services provides the necessary safety services and training. The next layer of coverage \$7m excess of \$3M that currently has GEM at 35%, Brit at 40% and PRM at 25% is projected at \$901,027 with the expiring carriers. Options with GEM at 75% and PRM at 25% is projected at \$889,996. An option with GEM and PRM at 50/50 would cost \$999,123 and the final option of GEM at 100% would be the most cost effective at \$777,527. A discussion was held regarding the impacts on PRM, GEM and Brit. The 100% GEM option would provide a savings of \$123,500 over the expiring quilt. It was noted that we have a long-term relationship with GEM. GEM is a pool of pools and has provided a favorable quote that would allow us to retain capacity for PRM to provide other layers if necessary. It was noted that if Old Republic was selected for the school coverage and that we accept 100% of GEM coverage for the \$7M excess \$3M coverage, the savings would be greater than the savings associated with reducing the Confidence Level on the POOL funding to 70%. By keeping the POOL layer at a 75% Confidence Level, it increases the likelihood of having the necessary funding to paid subsequent claims. It was noted that any underwriting gain or loss on the POOL and PRM layers would accrue to the bottom lines of the programs.

After a lengthy discussion on the various options, Josh Foli made a motion which was seconded by Ann Cyr to provide two options to the full board at the Annual meeting. Option 1 would be the expiring structure with the existing carriers and the second option would be to place the school coverage with Old Republic and the excess layer at 100% with GEM to create financial savings to the members. The Joint Executive Committee is recommending to the full Board that the Old Republic school liability coverage should be selected and go with GEM at a 100% of the \$7M excess of \$3M coverage for all entities. The motion carried.

b. Review Proposed 2022-2023 Draft Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards

Alan Kalt reviewed PACT budget walking through the Budget Overview Summary. It was noted that management staff is recommending at the PACT class code rates increase by 8% across all classes for Fiscal Year 2022-2023 rather than the projected increase of 13.2% as noted in the formal budget. Alan reviewed the PACT historical claims adjustment expense plus the Loss Fund contribution to the Assessment ratio over the past four years noting a loss ratio between 92.4% to 96.7% during the period. This has resulted in a reduction of nearly \$8M in Net Position since FY 2018. To address PACT's financial stability, it would appear appropriate to transfer some of the Total Surplus from PCM back to PACT. Alan commented that PACT transferred \$53.7M to PCM over the years which has grown to a Total Surplus of \$88.5M in PCM as of December 31, 2022. This strategic move could bolster PACT's Net Position and be used to pay off the claims runoff of a large member who left PACT in the last year without impacting existing members' rate. The budget reflected a \$2.5M transfer by June 30, 2022 and \$2.0M by December 31, 2022. The projected premium was calculated using the 75% Confidence Level as determined by the independent actuary. The program expenses and administration expenses are projected at a reduced level in FY 22-23. Net investment income is projected lower than prior year due to lower overall yields. It was noted that as interest rises and securities mature, NEAM will invest in securities with a higher market yield thus earning additional interest income. As with past practices, no net realized or unrealized gains or losses are calculated in the budget.

After a brief discussion, Josh Foli made a motion with a second by Cindy Hixenbaugh to accept the proposed PACT 2023 budget. Motion carried.

Alan Kalt reviewed POOL budget walking through the Budget Overview Summary. It was noted that the projected POOL written premiums will increase by 12.0% over the expiring rates. The actual increases will depend on each entity's exposures, payroll, and loss ratings. This assessment is based on the expiring structure and a 75% CL for POOL SIR funding. He reviewed the impacts of the various renewal options discussed by Stephen Romero for the liability structure and property structure. It was noted that the program expenses showed a 3.8% increase and administrative expense up 3.6%. The operating income of \$728,310 reflects the investment income projected from the fixed income portfolio.

A discussion was held on the fiscal impacts of the various options presented. The expiring coverage would be a 12.0% base increase, with the option of Old Republic and 100% GEM on the excess layer, keeping the POOL layer funded at 75% CL would be 11.08% increase. The fiscal impact of reducing the POOL layer to the 70% would be a 9.8% increase but could result in an underwriting loss if claims and cost exceed the projected assessments.

After a lengthy discussion, a motion was made by Josh Foli to approve the Fiscal Year 2022-2023 POOL budget as submitted with the understanding that automatic adjustments would be made to the budget to reflect the approved coverage selections at the Annual Meeting. Mike Giles second the motion which carried.

5. **For Possible Action: Review of Proposed POOL Cyber Risk Coverage Form and Limits Amendments/Endorsements for Fiscal Year 2022-2023 for Adoption by the POOL Board at its Annual Meeting**

Wayne Carlson provided an overview of the proposed changes to the Cyber Risk Coverage form. Coverage counsel, Jack Angaran, reviewed the draft Cyber Risk Coverage Form and Limits, Amendments/Endorsements for Fiscal Year 2022-23 that will be presented at the Annual Board meeting. The red-lined copies were provided in the meeting materials. The changes on the Declaration page reflected the change of \$3,000,000 coverage per member up to a \$15M aggregate all POOL members combined. Jack reviewed the red-lined changes proposed in the new form.

After a discussion, Josh Foli made a motion to approve the proposed changes to the POOL Cyber Risk Coverage Form and Limits Amendments/Endorsements for Fiscal Year 2022-23 for final adoption by the POOL Board at its Annual Meeting. The second was by Ann Cyr. Motion carried.

6. **For Possible Action: Approval of Prospective Members**

a. **POOL:**

- i. **City of Sparks (excluding liability)**
- ii. **Truckee Meadows Water Reclamation Facility (excluding liability)**
- iii. **Las Vegas Clark County Library District**
- iv. **Reno-Sparks Convention Authority**
- v. **Eighth Judicial District Court**
- vi. **City of Reno (excluding liability)**

b. **PACT:**

- i. **Reno-Sparks Convention Authority**

ii. Eighth Judicial District Court

Wayne Carlson noted that the only entities that had completed the application process at this time were the City of Sparks and Truckee Meadows Water Reclamation Facility (excluding liability). If the other entities submit their application as a prospective member it would be presented at a subsequent meeting.

Wayne reviewed the underwriting and claims history for the City of Sparks and Truckee Meadows Water Reclamation Facility. It was noted that they had an excellent loss ratio, good policies and procedures, effective governance and establish risk management and safety programs at the entities. He explained the unique relationship that the Truckee Meadows Water Reclamation Facility to the entities within Washoe County.

After a discussion, Josh Foli made a motion to approve the City of Sparks (excluding liability) as a member of POOL. Second by Elizabeth Francis. Motion carried.

Josh Foli made a motion to approve Truckee Meadows Water Reclamation Facility (excluding liability) as a member of POOL. A second by Mike Giles which carried the motion.

7. **For Possible Action: Review of Candidates for Executive Committee for Election at the Annual Meeting**

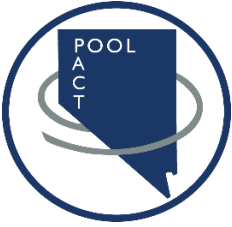
Wayne Carlson reviewed the election schedule for members of the Executive Committee at the annual meeting. It was noted that there will be open seats available due to the retirements of Elizabeth Francis and Cindy Hixenbaugh. Members are encouraged to submit names of members who may be interested in serving on the Executive Committees.

8. **Public Comment**

Chair Paul Johnson called for Public Comment and there was none.

9. **For Possible Action: Adjournment**

The meeting adjourned at 11:05 am.



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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, March 15, 2022

Time: 9:00 A.M.

Place: POOL/PACT Office, 201 S. Roop, Carson City NV via Zoom and teleconference

1. Roll:

Members Present: Dan Murphy (Chair), Geof Stark, Alicia Heiser, Paul Sikora, John Dollar,
Darren Wagner, Shannon Harris

Absent: Ann Cyr

Others Present: Wayne Carlson, Alan Kalt, Jarrod Hickman, Stephen Romero, Stacy Norbeck,
Joyce Jeppsen (Eureka County), Marshall Smith

2. Public Comment:

No public Comment

3. For Possible Action: Approval of Minutes of Committee Meeting of December 21, 2021

Darren Wagner moved and Alicia Heiser seconded the Motion to approve the minutes. After discussion, the Motion carried.

4. For Discussion:

- a) Recognition and thanks to Cash Minor for his years of serving as the Chair for the Loss Control Committee.
 - i. Marshall Smith noted that representatives of POOL/PACT will attend the Elko County Commission meeting and express gratitude for Cash Minor's many contributions to POOL/PACT, including his service as Chair of the Loss Control Committee.
- b) Notice of Appointment of Loss Control Committee Chair: Dan Murphy, Pershing County School District.
- c) Notice of Appointment of Loss Control Committee member: Shannon Harris: Director, East Fork Swimming Pool District.
- d) Risk Management Report. No questions or comments were presented regarding the Report.
- e) Whether to continue Loss Control meetings as Zoom, in-person, or hybrid.
 - i. Dan Murphy said that he would like to see hybrid so those who can attend in person may do so. Alicia Heiser advanced the idea of hybrid meetings and to rotate the meetings to different member locations. There was general approval for this idea. Dan Murphy will work with staff to develop this plan.
- f) Review of Loss Control Committee Member LCEP status:

- i. Pershing County School District: Dan Murphy indicated that PCSD has submitted the School District portion of the LCEP and will be submitting the core sections shortly.
 - ii. Churchill County: Geof Stark indicated that he is working on it.
 - iii. Boulder City: Paul Sikora indicated that it should be submitted within the next 3 weeks.
 - iv. City of Yerington: Darren Wagner indicated that he is working on it.
 - v. City of Winnemucca: Alicia Heizer indicated that she is working on it.
 - vi. Carson City School District: Ann Cyr (not present)
 - vii. IVGID: John Dollar (Awarded 12/20) indicated that the process was very helpful, not difficult, and appreciated the input and interaction with POOL/PACT.
 - viii. Carson Valley Swim Center: Shannon Harris (Awarded 3/22) indicated that the process was helpful, not difficult, and appreciated the input and interaction with POOL/PACT.
- e) Other staff items. None.

5. **For Possible Action:** Discussion and possible approval of Risk Management Grant Application submitted by Eureka County for interior and exterior surveillance system for the Eureka Swimming Facility. Joyce Jeppesen, Eureka Public Works presented the grant to the Committee noting that Tom Griffiths (who conducts aquatic assessments for POOL/PACT) as well as Kevin Post reviewed and recommended the system.

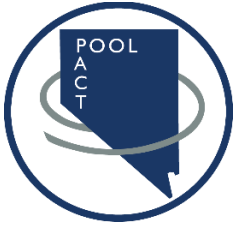
Geof Stark correctly noted that typically, grants are not approved if the subject of the grant has already been paid for by a member. In this case, because Joyce Jeppeson obtained the recommendation of POOL/PACT's aquatic expert, Tom Griffiths, Geof Stark made a motion to approve which was seconded by John Dollar. After discussion, the Motion carried.

6. **For Possible Action:** Discussion and possible approval of Loss Control Excellence Program Awards:
- a. Carson Valley Swim Center (East Fork Swimming Pool District). Marshall Smith detailed the process by which Carson Valley Swim Center successfully completed the program and recommended that the Committee approve the LCEP Award. Alicia Heizer made a motion to approve which was seconded by Darren Wagner. After discussion, the Motion carried.
 - b. Nevada Risk Pooling. Marshall Smith indicated that NRP was independently audited by Committee member Paul Sikora, who recommended that the Committee approve the LCEP Award. Geof Stark made a motion to approve which was seconded by Alicia Heizer. After discussion, the Motion carried.
 - c. Paul Sikora suggested that it may be helpful to perspective LCEP applicants to attend part of the review process with active applicants to get a better feel for the process. Dan Muphy suggested some type of document or flyer. Staff to work on this.

7. **Public Comment:** No public comment

8. **For Possible Action:** Adjournment.

Darren Wagner made a motion to adjourn which was seconded by Geof Stark.



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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 16, 2021

Time: 9:00 A.M.

Place: POOL/PACT Office, 201 S. Roop, Carson City NV via Zoom and teleconference

1. Roll:

Members Present: Cash Minor (Chairman) Geof Stark, Dan Murphy, Alicia Heiser, John Dollar
Ann Cyr, Darren Wagner, Paul Sikora
Others Present: Wayne Carlson, Alan Kalt, Donna Squires, Jarrod Hickman, Mike Van Houten,
Stephen Romero, Margaret Mazlan, Donna Squires, Andy Giddings (NV
SCATS), Pahrnagat Fire Dept (Brittany Smallwood, Ryan Rhodes, Lori Welch),
Marshall Smith

2. Public Comment:

No public Comment

3. For Possible Action: Approval of Minutes of Committee Meeting of March 16, 2021. (Note: The June 2021 Meeting was canceled).

Dan Murphy moved and Geof Stark seconded the Motion to approve the minutes. After discussion, the Motion carried.

4. For Discussion: Risk Management Report:

The Committee was presented with the following updates: Introduction of new POOL/PACT employees Stephen Romero and Jarrod Hickman; Update on Loss Control Excellence Program. Mike Van Houten showed how members can now access each section of the LCEP. Moving forward each of the Committee members will provide summary of the status of their entity's pursuit of the Award at each Loss Control Committee Meeting. The POOL/PACT – Nevada Safety Consultation and Training Section program was reviewed as an effective and efficient method to obtain site-safety and related assessments for members. Andy Giddings (Director of NV SCATS) presented a short power point presentation about the program. Andy indicated that it typically takes approximately 60 days to schedule the assessment. Andy said that a member could limit the scope of any assessment and probably a good idea if a large entity where many departments are involved. Marshall Smith indicated that POOL/PACT staff would be involved with the members to explain the program and assist members with follow-up. A review of upcoming POOL/PACT webinars was presented and status of the Risk Management Grant allocations.

5. **For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Carson Valley Swim Center for interior and exterior video surveillance cameras. Total: \$32,939.00, Applicant Contribution (25%) \$8,234.75, POOL/PACT: \$24,704.25.

Alicia Heizer moved and Ann Cyr seconded the Motion to approve the grant. After discussion, the Motion carried.

6. **For Possible Action:** Consideration and approval of Risk Management Grant Application submitted by Pahrnagat Valley Fire District for Stryker *PowerPro* and *PowerLoad* under the modified Stryker Grant Program. Total: \$39,041.96, Applicant Contribution: (50% of grant) \$19,520.98, POOL/PACT Funding Amount: \$19,520.98

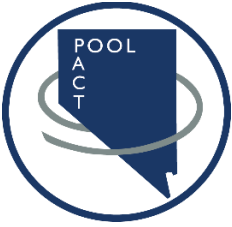
Ann Cyr moved and Dan Murphy seconded the Motion to approve the grant. After discussion, the Motion carried.

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

Geof Stark inquired whether POOL/PACT would be providing information regarding proposed federal OSHA vaccinations/testing requirements. POOL/PACT is watching and preparing for any proposed rule or Emergency Temporary Standard and will be reporting to members. .

8. **For Possible Action:** Adjournment.

Geof Stark moved and Dan Murphy seconded the Motion to adjourn. 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: Monday, December 13, 2021

Time: 9:00 A.M.

Place: POOL/PACT Office, 201 S. Roop, Carson City NV via Zoom and teleconference

1. Roll:

Members Present: Geof Stark (Meeting Chairperson), Dan Murphy, Alicia Heiser,
Ann Cyr, Paul Sikora

Absent: Cash Minor, Darren Wagner, John Dollar

Others Present: Wayne Carlson, Alan Kalt, Jarrod Hickman, Stephen Romero, Margaret Mazlan,
Stacy Norbeck, Marshall Smith

2. Public Comment:

No public Comment

3. For Possible Action: Approval of Minutes of Committee Meeting of September 16, 2021

Dan Murphy moved and Alicia Heiser, seconded the Motion to approve the minutes. After discussion, the Motion carried.

4. For Discussion:

Risk Management Report:

The following staff reports were provided:

- a. Detention Facility Assessment update: Completed the first follow up, on-site assessment for Lincoln County SO, White Pine County SO, initial on-site assessment completed.
- b. Upcoming presentations. December: Roll-Call Webinar: Search Warrants and Prison Rape Elimination Act; OSHA ETS, What POOL/PACT Members Need to Know. Encouraged members to participate in these presentations.
- c. POOL/PACT SCATS program status: Review of members currently in the process.
- d. Workplace Safety Program update. Did not discuss.
- e. Other staff items: Update on Loss Control Excellence Program completion status for recent Risk Management Grant Applicants (Carson Valley Swim Center, Pahranaagat VFD)

5. For Possible Action: Review and Annual Appointment of voting members of the Loss Control Committee. Geof Stark noted that Cash Minor was not listed as a member and suggested that staff add Cash Minor's name to the list.

Alicia Heiser made a Motion to add Cash Minor's name to the list. The motion was seconded by Ann Cyr. After discussion, the Motion carried.

6. **For Possible Action:** Discussion and possible approval of amending LCC's Risk Management Grant Review of \$10,000+ grant requests from bi-yearly to quarterly.

This change would allow Loss Control Committee review of risk management grant applications in excess of \$10,000 at every meeting instead of only at the March and September meetings. This would allow for time sensitive grant requests. There was discussion relating to concerns of review of applications taking too much time at committee meetings and exhausting the funding budget. Wayne Carlson provided summary and review of status of funding budget, indicating that at this time, there is no concern regarding challenging the funding budget.

After discussions, Dan Murphy moved to approve Loss Committee Review of \$10,000+ grant applications at each meeting. The Motion was seconded by Paul Sikora. The Motion carried.

- a. **For Possible Action:** Consideration of Risk Management application submitted by Nye County School District for Funding for purchase and installation of one year subscription costs for Synovia GPS positive student/vehicle.

After discussion, Dan Murphy moved to approve the grant funding amount. The motion was seconded by Alicia Heiser. Motion carried.

- b. **For Possible Action:** Consideration of Risk Management application submitted by Douglas County School District for the purchase of two portable metal detectors and four handheld metal detectors, and training.

There was general approval of this grant based on the current dangers presented at schools. One member expressed reluctance to participate in this program because of (1) opposition by the public and (2) concern that the metal detector system was presented by a vendor at a recent International School Safety Institute conference. Alan Kalt informed the Committee of the research he has completed and work with Jeff Kaye on how to effectively implement this program. Further that Douglas County School District could serve as a pilot district in developing the use of and training for of the metal detectors for other POOL members.

Dan Murphy moved to approve the grant funding amount. The motion was seconded by Paul Sikora. After discussion, the Motion carried.

7. **For Possible Action:** Selection of LCC member(s) to perform assessment of Nevada Risk Pooling, Inc.'s Loss Control Excellence application.

Nevada Risk Pooling, Inc. requested appointment of a Loss Control Committee member to conduct the audit for it's LCEP submission, as it should not audit its own submission. It was

noted that there would be no financial award to Nevada Risk Pooling, Inc. for the completing the program. Paul Sikora volunteered to conduct the audit. Dan Murphy volunteered to assist if necessary.

Ann Cyr moved to approve the selection of Paul Sikora as primary auditor with Dan Murphy to provide additional assistance as needed. Alicia Heizer seconded the Motion. The Motion carried.

8. **For Possible Action:** Discussion and possible approval a Loss Control Committee recommendation to the Joint Executive Committee to amend Loss Control Committee Charter to require members of the Loss Control Committee to achieve the LCEP award every three years to maintain membership on the Loss Control Committee.

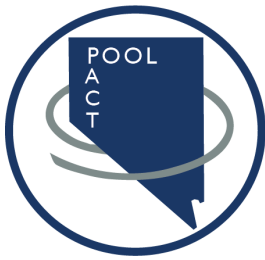
Currently, the only criteria for membership on the LCC is achieving the LCEP award. There is no requirement that a member's entity maintain current LCEP award status. As the LCEP has undergone significant modifications, each member's entity will have three years from the date of approval to achieve current LCEP award status.

Dan Murphy moved to submit the recommendation to the Executive Committee. Ann Cyr seconded the Motion. After discussion, the Motion carried.

9. **Public Comment** No public comment.

10. **For Possible Action: Adjournment**

Alicia Heiser moved to adjourn the meeting. The Motion was seconded by Dan Murphy. Motion carried.



**APPROVED MINUTES OF THE
POOLING RESOURCES, INC
OVERSIGHT COMMITTEE MEETING
Date: December 20, 2021 Time: 10:00 a.m.
Place: Virtual Meeting via Zoom**

1. Oversight Committee (OSC) Roll Call

Members participating via Zoom: Chairman Curtis Calder, Abel Del Real-Nava; Jose Delfin; Cindy Hixenbaugh; Scott Lindgren; Erin Feore; Austin Osborne; Geof Stark. Member(s) not participating: Elona Goldner; Dawn Huckaby; Robert Quick. Pooling Resources, Inc. (PRI) Staff participating via Zoom: Stacy Norbeck; Heather Evans; Ashley Creel; Jeff Coulam; Lessly Monroy. Called to order at 10:02 a.m.

Note: This meeting was rescheduled from the original date of December 10, 2021, where a quorum could not be established.

2. Item: Public Comment

Chairman Curtis Calder opened public comment.

Curtis closed the public comment period.

3. For Possible Action: Approval of Minutes of Meeting September 17, 2021

On motion and second to approve the minutes of September 17, 2021, the motion carried.

4. For Possible Action: Report on Current Activities

a. 21/22 Strategic Plan to date

Stacy Norbeck, POOL/PACT HR General Manager, reviewed the 21/22 Strategic Plan as follows:

New Trainings — Five new classes will be developed this year: One online *Essential Management Skills in the Public Sector (EMS)* module (topic to be determined), *Creating an Inclusive Work Environment* is 100% complete, *Managing Conflict Through Shared Values and Teamwork* is 100% complete, *Addressing Inappropriate Conduct in a School Environment (Title IX/Misconduct) eLearning* is 100% complete, and *Creating an Inclusive Work Environment eLearning* is 50% completed.

Revisions — Six courses have been revised so far this year.

Regional Trainings — Eleven regional trainings are scheduled this year: *EMS* is scheduled five times, two are complete; the next session beginning in January has 30 people registered; *Advanced Human Resources Representative (AHRR)* was scheduled for November 17-18, 2021, but was rescheduled for May due to low enrollment; *Human Resources Representative (HRR)* is scheduled for February 2022; *Influential Leadership* is scheduled for March 9, 2022; *Advanced Essential Management Skills in the Public Sector* is scheduled for

April 2022; and *So You Want to be a Supervisor?* is scheduled for May 19, 2022. A virtual FRISK has been added for May 17, 2022.

Regional Training Workshops Utilizing Outside Resources — Attorney Joel Locke presented *Negotiations, Overtime, and 2021 HR Legislative Updates* in Elko and Carson City in September. In addition, the first two segments of the *Bridging the Gap* series for law enforcement HR were presented by Becky Bruch on July 16, 2021, via Zoom and October 20, 2021, as a preconference session. The next segment, *HR Bridging the Gap Series with Becky Bruch: NRS 289 Deconstructed, Part I*, is scheduled for January 25, 2022.

2021 HR Leadership Conference — The annual leadership conference was conducted in-person and live-streamed on October 21-22, 2021, with a preconference session on October 20, 2021.

New Briefings — One new briefing, *Remote Working*, is 50% complete.

Updated Briefings — 41 HR briefings will be updated this year: 20 are complete and one is in process.

HR Briefing Videos — To be determined.

Webinars — Nine webinars are scheduled; five have been conducted. Eight are Employee Assistance Program (EAP) sessions with four first-responder specific. One HR webinar, *OSHA ETS – What POOL/PACT Members Need to Know*, was held on December 15, 2021.

Post Member Pay Plan/Scale on Website — These are being added as received.

Sample Personnel Policy Update — The sample policy manuals will be updated by the end of the fiscal year. Stacy noted two sample policies to comply with the Federal OSHA Emergency Temporary Standard (ETS) mandate were developed and available for membership.

Alerts — Two alerts have been issued to date: *Masks Mandated for Employees in Certain Counties 7/30/21*, and *Federal OSHA Emergency Temporary Standard Released 11/4/21*. A third alert is coming out this morning: *Federal OSHA Emergency Temporary Standard Survives Challenges 12/20/2021*. Two Notices have been issued: *Revised C-4 Forms 8/18/21*, and *Biden's New Action Plan 9/9/21*.

Trainings — As of December 16, 2021, 71 trainings have been conducted with 1060 participants, with 4.47 course content average; and 4.8 instructor evaluation average. One HR Briefing has been conducted with 3 total participants.

Phase I HR Compliance Assessment Program — There are seven interested members this FY; one has been conducted. There are 11 rollovers from previous years; one of which is complete (Sun Valley General Improvement District).

Phase II HR Compliance Assessment Program — There are two interested members this FY. There are seven rollovers from previous years; three of which are complete (Eureka County, Humboldt County and Lincoln County School District).

b. Member Contact Tracking

Stacy reported 967 total contacts through the end of November 2021. The top categories not including General Contact and Program Planning/Services were Employee Relations/Fair Employment Practices (e.g., Title VII, ADA) at 18%; COVID-19 at 14%; and Personnel Administration (e.g., policies, job descriptions, records) at 12%. A discussion ensued about the large amount of time member HR representatives are spending on COVID-related issues, and the potential impacts of the OSHA ETS including expected turnover.

5. For Possible Action: General Manager Report

a. OSHA ETS

Stacy shared the OSHA ETS Webinar held last week is available on the POOL/PACT website. She then reviewed the status of the OSHA ETS. As of Friday, December 17, 2021, the Sixth Circuit overturned the Fifth Circuit's stay in a 2-to-1 vote which reinstated the Federal ETS; OSHA will enforce policy requirements by January 10, 2022, and testing requirements by February 9, 2022. The Federal OSHA does not apply to public-sector employers. However, Nevada has a State Plan which requires the state to adopt standards at least as stringent as Federal OSHA's ETS and apply them to private-sector, state, and local government employees. The Federal OSHA ETS is applicable to employers with 100 employees or more, but Nevada could adopt stricter standards. Stacy made the observation that typically Nevada adopts the exact standards that OSHA adopts without making modifications or changes. If that is the case, then the State Plan would only impact employers which have 100 or more total employees at all locations which includes part time, seasonal, or anyone on the payroll; independent contractors are not counted. Entities with 100 employees from the specified date or which obtain 100 employees any time after that date will have to comply. There have been challenges to the Supreme Court; the Court could refuse to hear the appeal, reimpose the stay, or delay the implementation among other things. Right now, the Federal OSHA ETS is in effect and only delayed by days. This does not leave much time for private-sector employers to be ready to implement it. Federal OSHA gave State Plan states 15 days after promulgation of the Standard to inform Federal OSHA of their plans and 30 days to implement it. It is the current assumption that the specified date for promulgation is December 17, 2021. This means that 15 days after would be January 1, 2022, and 30 days after would be January 16, 2022. POOL/PACT HR has created sample policies that comply with the Federal ETS which are on the POOL/PACT website. The only changes to expect are if Nevada OSHA creates stricter requirements. Also, the National Labor Relations Board (NLRB) issued a memo on November 10, 2021, saying that the policy option (mandate, or test and mask) and its effects will have to be bargained with unions. POOL/PACT will be monitoring this and will update membership as soon as any changes are made.

Austin Osborne asked what could happen if the parties are not able to come to an agreement for a Collective Bargaining Agreement (CBA). Stacy stated a similar question was asked at the webinar where Becky Bruch advised sticking to the current CBA. Stacy added that the memo is from the NLRB, not the Government Employee-Management Relations Board (EMRB) but the EMRB tends to adopt NLRB standards. Austin asked if the state would allow at-home testing. Stacy stated the Federal ETS allows home tests as long as they are not both self-administered and self-read. They can be one or the other so long as it is observed by a telehealth proctor or the employer. Stacy added the employer is not obligated under the Federal ETS to pay for the test or the time to take the test. Employers will be required to keep a record of every test; vaccine status; whether they are vaccinated, partially vaccinated, or not vaccinated and the reason why including if

they lost their proof of vaccination. Stacy stated MedCore, whom POOL/PACT uses for their 24/7/365 program, offers a free tracking service. Jose Delfin commented that Carson City School District is trying to figure out how much work it is going to take to track everyone, including their test results and vaccination status. He asked if there was any funding for these positions due to the employment shortage. Stacy said there is nothing specifically in the Federal ETS that discusses funding.

4. For Possible Action: Report on Current Activities (cont.)

b. Legal Opinion

Stacy explained that a member requested information on whether action can be taken against an elected official's employees if the elected official refuses to act. The example depicted a Deputy, who reports to the Sheriff, refuses to comply with the mandate, and the Sheriff refuses to discipline the Deputy for failure to comply. The question is, can the employer (county administration) take action against that elected official's employee? POOL/PACT HR requested a legal opinion from Allison Mackenzie, Ltd. The legal opinion's short answer is no: county administration does not have the authority to take action against an elected official's employees. A county's board does have the authority to change that department's budget and a writ of mandamus under NRS 34 could be filed which could direct an elected official to comply or face personal fines that would not be covered by the employer's insurance. Curtis mentioned that a writ of mandamus was filed against him as City Manager at the City of Elko and failed. A discussion ensued with Austin about whether elected officials' offices could be considered separate entities (no, because employees are paid by the county); whether board members are counted as employees (depends on whether they are paid like employees; i.e., W-2); and what can administration do if board members refuse to comply with the mandate (employer may file writ of mandamus, but the employer, not board members, would be subject to OSHA penalties).

c. Report on Employment Related Claims

As of October 31, 2021, there were nine claims, all of which are open. Of the nine claims, five are Equal Employment Opportunity (EEO) related including one Americans with Disabilities Act (ADA); one age discrimination; one record request; one bullying; and one administrative investigation. Of the nine, six are from a county, one from a city/town, one from a school, and one from a special district.

d. HR Problem-Solving Reports

Stacy reminded the OSC that at the last meeting, POOL/PACT HR was asked to recreate the HR Problem-Solving Report so the Committee could review it and determine its feasibility. She stated the reports were produced for several years but were stopped in March of 2014; the minutes from that meeting did not indicate the reason for the change, but it is believed it was determined that the report was not worth the time it took to produce. For the new report, each of POOL/PACT HR's Business Partners submitted scenarios which took an average of six hours per Business Partner to produce. Stacy stated that she believes in the future it should not take as much time with practice to produce. A discussion ensued to determine whether the reports should be continued. Members agreed the reports were valuable and should be continued quarterly, with five or so scenarios included. A motion and second to continue the HR Problem-Solving Report on a quarterly basis was made; motion carried.

5. For Possible Action: General Manager Report (cont.)

b. Quarterly Newsletter- HR Perspective

Stacy reviewed the articles in the quarterly newsletter that was published in November 2021: *POOL/PACT HR Rolls Out New "Creating an Inclusive Work Environment" Class, Inclusive Work Celebrations, Weathering the COVID-19 Storm, Creating an Alliance Between Human Resources and Safety, Dear POOL/PACT HR, and Upcoming HR Events*. Stacy also shared the December POOL/PACT Risk Management newsletter included some HR information as well.

6. 2021 HR Conference Recap

Ashley Creel, POOL/PACT HR Senior Business Partner, provided a review of the 2021 HR Leadership Conference which took place October 20-22, 2021. The first-ever preconference "Law Enforcement for HR" presented by Becky Bruch was held on Wednesday, October 20, 2021, from 1 p.m. to 4 p.m. with 20 attendees in-person and 5 virtually. The evaluation scores for the preconference were 4.3 out of 5 for content and 4.7 out of 5 for the facilitator. The main conference sessions on Thursday and Friday had 76 registered members and 79 for overall attendance. Day 1 and 2 had 79 attendees with 59 in-person and 20 virtually. Compared year-to-year, it was on par with the average for the past four years (between 70-80 people). Session ratings out of five for Day 1: Patrick Ibarra wowed with a 4.9, Michael Edwards had a 3.72, Round Tables by Entity was second with a 4.25, and Rebecca Bruch and Todd Shipley tied for third with a 4.15. For Day 2 session ratings: Erica Olsen received third with a 4.08, Dora Lane and Jordan Walsh got first with 4.87, Round Tables received a 4.03, and Stump the Attorney hosted by Ann Alexander pulled second place with 4.51. The overall conference rating for this year was a 4.7 which is also right on average with the previous four years. The Reception & Expo went really well this year with the vendors attending it rather than at breakfast and lunch. Notable comments and suggestions for future topics were reviewed. Curtis asked if anyone got sick by coming to the conference; Ashley responded that to POOL/PACT's knowledge, no one reported illness. Jose shared those who attended from Carson City School District really enjoyed themselves. Curtis commented that it could potentially be opened up to others like students from UNR who have an interest in HR. Scott Lindgren agreed. Curtis suggested adding a CBA 101 breakout group conducted by a labor attorney. Ashley stated next year's conference will be a hybrid event held on October 12-14, 2022, at the Atlantis, pending a signed contract.

7. EMS Evaluation & Testing

a. Evaluation

Jeff Coulam, POOL/PACT HR Senior Business Partner and Training Manager, reviewed the different levels of evaluation currently being used. POOL/PACT HR recently re-implemented a Level 3 evaluation which analyzes the transfer of knowledge to the workplace. This evaluation has been in use previously but was no longer used because of difficulties with attaining responses. For this session, a pre-assessment was sent prior to the July session to all participants and their supervisors to determine how participants felt about their knowledge and skill level based on what would be taught in the class. A post-assessment was sent three months after the session to both individuals and supervisors to identify whether the information attained in the class was applied. Ultimately, 29 participants and 19 supervisors completed the pre-assessment, while only 10 participants and 5 supervisors completed the post-assessment. This limited data found participants

rated their job performance 13.16% higher and supervisors rated the job of participants at 7.89% higher after the completion of the training. The challenge is getting an accurate idea of whether participants are taking, retaining, and implementing the knowledge into their jobs based on the low number of responses. POOL/PACT HR is looking for possible direction on whether to continue Level 3 evaluations. Curtis opined that because of the low participation that it is not worth effort. Geof Stark and Erin Feore agreed. A motion and second was made to direct POOL/PACT HR staff to no longer conduct Level 3 evaluations for the EMS class; motion carried.

b. Testing

Stacy reviewed the Level 2 pre- and post-test analysis reports for EMS stating these analyses had been conducted since 2005-2006 for both EMS and HRR. When the switch was made from in-person to virtual sessions, there was a noticeable difference between the platforms' test scores. Due to these differences, in February, Stacy had asked Dr. Monica Miller, who works for the University of Nevada, Reno, to do a statistical analysis on the difference between the two virtual sessions compared to the prior two years of in-person sessions. Dr. Miller concluded the test scores were statistically significant. As three more virtual sessions were presented since Dr. Miller's analysis, a non-statistical analysis was conducted internally of the five virtual sessions completed to date compared to the last five in-person sessions conducted between July 2019 and January 2020. Overall, the average increase for virtual graduates was 9.89% and the in-person increase average was 21.03% with a difference of -11.15%. Graduates with either no increase in scores or a decrease were also analyzed finding the percentage of grads with no increase virtually was at 25.58% compared to the in-person average of 3.66%, a difference of 21.92%. Another analysis was conducted with the first virtual session removed finding the percent of grads with no increase went from 25.58% with the first virtual session to 20.63% showing a -4.95% change. An additional analysis compared the first two virtual sessions to the latest three sessions as two changes were implemented after the first two sessions: for the March session, POOL/PACT HR requested participants turn on their cameras; for the July session, participants were asked to limit distractions in order to focus during the sessions. This analysis found the average number of graduates with no increase decreased by 20% and the average test score increase was at 25.86% indicating the changes worked to a degree.

Ultimately, both the statistical and non-statistical analyses showed participants are still learning, and their learning is statistically significant, however, POOL/PACT HR is dissatisfied with decreases, and are actively trying to get virtual scores up to in-person levels. POOL/PACT HR staff had discussed methods to increase scores including requiring (verses requesting) cameras to be turned on throughout the duration of each session; changing the format to pass/fail; conducting a post-test for each session, rather than at the conclusion of the program, and conducting mandatory pop quizzes to ensure participation. POOL/PACT HR is looking for the OSC's ideas and direction on how to proceed. Curtis commented that he would support requiring the cameras be on to create more engagement and the idea of pop quizzes. He does not want to set a false expectation that virtual numbers could go up to in-person levels because in-person is just better for most people. Erin agreed the in-person trainings create camaraderie of natural engagement as opposed to virtual stating Incline Village General Improvement District moved a lot of their required trainings to virtual formatting, and they found that chapter pop quizzes helped and made sure participants were remaining engaged. Stacy asked if pop quizzes were implemented, would they count towards participation. Curtis, Erin and Austin agreed that the pop quizzes should count. Geof suggested if participants miss a pop quiz and do not get credit, there is a risk of them dropping out and not getting the knowledge needed from

this training. Stacy noted that these are valid concerns and without some of these changes implemented, it could not be determined if the individuals were participating or not. Abel Del Real-Nava suggested a gradual change with cameras on might reduce the need for a pop quiz. Cindy Hixenbaugh commented that during some webinars, individuals have to complete a certain number of polls/questions in order to receive credit. A discussion ensued regarding cameras and exceptions. Geof mentioned members can apply for grants from POOL/PACT to get cameras for their office. A motion and second to approve to include requiring cameras (no exceptions) and pop quizzes throughout the training starting in March 2022 was made; motion carried.

8. For Possible Action: Employee Assistance Plan (EAP)

Stacy reviewed the quarterly Kepro EAP report. She stated the Individual Utilization Rate was 1.4% for Quarter 1 (July-September). The highest member utilization was Mount Grant Hospital at 8.3% and Storey County at 5.6%. The top assessed problems for the first quarter: *Emotional Wellbeing; Work Life; and Anxiety* which were the same as Quarter 1 of last year. For Utilization Highlights, there were 49 EAP cases for Quarter 1 of 2022 and no Management Consultations. For Legal Consultation, Family Law – Custody, General Legal, and Family Law – Divorce/Separation were the most utilized topics. Under the onsite hours of trainings summary, POOL/PACT HR has nine services scheduled. Lessly Monroy, POOL/PACT HR Business Partner, alerted the OSC members that POOL/PACT HR is working on getting the utilization rate higher by: coordinating critical incident stress debriefings for school districts; determining the feasibility of covering substitute teachers; adding school-specific quarterly webinars; and increasing marketing.

9. For Possible Action: HR Assessment Grant Application Approval

There were no grant applications submitted for this quarter.

10. For Possible Action: HR Scholarship Application Approval

Stacy reported both Megan McCarthy and Jacqueline Cassinelli of Carson City are each requesting \$920 (test & class) for the HR Certification Institute (HRCI) Professional in Human Resources (PHR). On motion and second to approve the two HR scholarship applications, the motion carried.

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

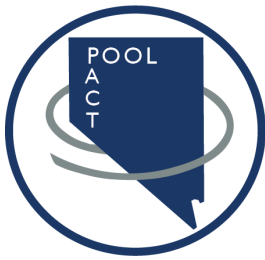
Next meeting is scheduled for March 4, 2022, at 10 a.m. via Zoom and in-person (Carson City).

12. Public Comment

Chairman Curtis Calder opened public comment and Jose mentioned he would not be available on the March 4, 2022, for the next meeting. Curtis closed the public comment period.

13. For Possible Action: Adjournment

Meeting adjourned at 11:59 a.m.



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**APPROVED MINUTES OF THE
NEVADA PUBLIC AGENCY INSURANCE POOL AND
PUBLIC AGENCY COMPENSATION TRUST
HUMAN RESOURCES
OVERSIGHT COMMITTEE MEETING
Date: September 17, 2021 Time: 10:00 a.m.
Place: Virtual Meeting via Zoom**

1. Oversight Committee (OSC) Roll Call

Member(s) participating in person: Chairman Curtis Calder. Members participating via Zoom: Abel Del Real-Nava; Jose Delfin; Erin Feore; Elona Goldner; Dawn Huckaby; Scott Lindgren; Robert Quick; Austin Osborne; Geof Stark. Member(s) not participating: Cindy Hixenbaugh. Pooling Resources, Inc. (PRI) Staff participating in person: Stacy Norbeck. Staff participating via Zoom: Sandra Schooler. Risk Management Staff participating via Zoom: Wayne Carlson; Marshall Smith; Stephen Romero.

2. Item: Public Comment

Chairman Curtis Calder opened public comment. Austin Osborne said that he joined after the meeting started.

Curtis closed the public comment period.

3. For Possible Action: Approval of Minutes of Meeting June 25, 2021

On motion and second to approve the minutes of June 25, 2021, the motion carried.

4. For Possible Action: Report on Current Activities

a. 21/22 Strategic Plan to date

Stacy Norbeck reviewed the 21/22 Strategic Plan as follows:

New Trainings — Four new classes will be developed this year: One online *Essential Management Skills in the Public Sector (EMS)* module (topic to be determined), *Creating an Inclusive Work Environment* is 75% complete, *Managing Conflict Through Shared Values and Teamwork* is 100% complete, and *Addressing Inappropriate Conduct in a School Environment (Title IX/Misconduct) eLearning* is 15% complete.

Revisions — Three courses will be revised this year; one of which is complete.

Regional Trainings — Nine regional trainings are scheduled this year: *EMS* is scheduled five times, one is complete, one in process. The *Advanced Human Resources Representative (AHRR)* is scheduled for November 17-18, 2021, *Human Resources Representative (HRR)* is scheduled for February 2022, *Influential Leadership* is scheduled for March 2, 2022, *Advanced Essential Management Skills in the Public Sector* is scheduled for April 2022, and *So You Want to be a Supervisor?* is scheduled for May 19, 2022.

Regional Training Workshops Utilizing Outside Resources — Attorney Joel Locke will present *Negotiations, Overtime, and 2021 HR Legislative Updates* in Elko on September 21, 2021, and in Carson City on September 23, 2021, in person and via livestream.

2021 HR Leadership Conference — The annual leadership conference is scheduled at the Atlantis on October 21-22, 2021, with a preconference session scheduled on October 20, 2021.

New Briefings — One new briefing, *Remote Working*, is 25% complete.

Updated Briefings — 42 HR briefings will be updated this year: 13 are complete and one is in process.

HR Briefing Videos — To be determined.

Webinars — Eight webinars are scheduled; one has been conducted. All are Employee Assistance Program (EAP) with four first responder specific.

Post Member Pay Plan/Scale on Website — These are being added as received.

Sample Personnel Policy Update — The sample policy will be completed by the end of the fiscal year. Stacy noted they are also working on a sample mandatory vaccination policy.

Alerts — One alert has been issued to date: *Masks Mandated for Employees in Certain Counties 7/30/21*. Three Notices were issued but not included on the Strategic Plan: *Juneteenth Holiday 6/28/21*, *Revised C-4 Forms 8/18/21*, and *Biden's New Action Plan 9/9/21*.

Trainings — As of September 7, 2021, 41 trainings have been conducted with 489 participants, with 4.5 course content average; 4.8 instructor evaluation average.

Phase I HR Compliance Assessment Program — There are seven interested members this FY; one has been conducted. There are 11 rollovers from previous years; one of which is complete (Sun Valley General Improvement District).

Phase II HR Compliance Assessment Program — There are two interested members this FY. There are seven rollovers from previous years; one of which is complete (Eureka County).

b. Member Contact Tracking

Stacy reported 388 total contacts through the end of August 2021. The top categories not including Other Services were Personnel Administration (e.g., policies, job descriptions, records) at 18%, Employee Relations/Fair Employment Practices (e.g., Title VII, ADA) at 17%, Other Topics (e.g., inquiries about developing certain trainings; mandatory reporter; ACA training; legislation questions; HR Conference) at 14%; Hiring at 11%; and COVID-19 at 9%.

c. Report on Employment Related Claims

As of July 31, 2021, there were three claims, all of which are open. Of the three claims, one is alleging sex and race discrimination and retaliation, one is race only, and one is a record request. Of the three, one is from a city/town, one from a school, and one from a special district.

A discussion ensued about reinstating HR Problem Solving Reports for the Committee so that managers and department heads could see some of the consequences of not properly training people, not properly dealing with issues, and/or not following policy. It was decided a report would be produced for the December meeting to be reviewed and determine how to proceed.

5. For Possible Action: General Manager Report

a. Biden's Action Plan

Stacy reported on the Notice that was sent out the prior week regarding President Biden's "Path Out of the Pandemic" COVID-19 Action Plan. She reported the three prongs of the six-prong plan that could affect POOL/PACT membership are:

- Directs the Occupational Safety and Health Administration (OSHA) to issue an Emergency Temporary Standard (ETS) which will require:
 - All employers with 100 or more employees to ensure their workforce is fully vaccinated or require any workers who remain unvaccinated to produce a negative test result on at least a weekly basis before coming to work.
 - Employers with more than 100 employees to provide paid time off for the time it takes for workers to get vaccinated or to recover if they are under the weather post-vaccination.
- Requires, by Executive Order, all federal workers and employees of federal contractors to be vaccinated (no testing option).
- Directs the Centers for Medicare & Medicaid Services (CMS) to take action to require COVID-19 vaccinations for workers in most healthcare settings that receive Medicare or Medicaid reimbursement, including hospitals.

Stacy stated it was unclear at the time whether the OSHA-mandated ETS would apply to public-sector agencies because federal OSHA does not apply to public sector. Since then, it was learned Nevada has a "State Plan" which means Nevada agreed to adopt a minimum of federal standards and apply them to all private, as well as local, and state government employers. Thus, once the federal ETS comes out, Nevada has 15 days to adopt or adapt it. If they adopt it as is (most likely), POOL/PACT members with at least 100 employees will be required to mandate vaccines. Nevada OSHA can also adapt a stricter standard which could impact more members.

Robert Quick asked if POOL/PACT has given any thought to those entities that may not comply believing it to be a constitutional violation. Stacy said Risk Management has an Alert coming out soon and asked Marshall to speak to the Alert. Marshall reported they have obtained and synthesized the legal opinions relating to school boards, county commissions, or city councils that are public record. The Alert will address the likely outcomes if a board member or a board vote to support a resolution that is in opposition or in conflict with the law and provide some guidance to members. Robert said his county commission is very adamant about their local governing rights. Jose Delfin said the latest school board meetings across the state have been vitriolic. Marshall said the information in the Alert is meant to primarily reinforce to public officials that they take an oath to uphold the law, both federal and the constitution of the State of Nevada, and that neither POOL/PACT nor the authors of the legal opinions are taking a position on the politics; POOL/PACT provides guidance on best practices and assistance to members in their very difficult jobs of public service.

Jose asked if employees who refuse to get vaccinated can be removed. Stacy said the federal ETS allows weekly testing as an alternative to vaccination, and if an employee does not comply then he or she would be excluded from the workplace and that could mean termination, absent reasonable accommodation.

Discussion ensued about workplace safety, Collective Bargaining Agreements, and concerns about weekly testing and resources available. Stacy said the ETS may answer some of those questions.

Curtis asked whether the new ETS will implicate a workers' compensation claim if the employee says they contracted it at work. Wayne said it would not necessarily be a workers' compensation claim except for public safety. For regular employees, they would have to provide evidence as to the facts to determine whether the claim is potentially compensable. Marshall stated the Alert will review the protections afforded entities through SB4 which is essentially a summary judgment motion requiring the plaintiff show (in order to move forward) the entity was grossly negligent in not complying with directives. If an entity takes a position that it will defy the directives, then that protection is gone.

Erin Feore asked how POOL/PACT HR will provide further guidance. Stacy said COVID-19 will be covered at the HR Conference and, once the ETS is released, an Alert and possibly an FAQ or webinar will be provided. She reminded the Committee to not hesitate to call their POOL/PACT HR Business Partner with questions.

Stacy reported on the next items on the Biden Action Plan. Stacy explained the federal contractor's requirement is to be completely vaccinated with no weekly test option, and that employers who receive federal grants are not necessarily federal contractors. She suggested having grants reviewed by legal counsel. She then stated the CMS will supply guidance for hospitals in October.

b. COVID-19 Updates

Stacy reported that the on-site training/meeting agreement and the internal COVID-19 policy were updated to comply with the governor's Directive 047.

c. In-Person Trainings/Certificate Programs Update

Stacy reported the current *EMS* class was originally planned for in-person and the initial registration email indicated masks were required without proof of vaccination. After Directive 047 was released, a second email was sent to the *EMS* participants letting them know face masks would be required regardless of vaccination status, that the training room does not provide for physical distancing, and they would be alerted no later than September 1, 2021, if the class would be converted to a virtual format with alternative virtual dates. On August 31, 2021, after discussing the current COVID-19 restrictions, lack of physical distancing, and concerns about hotel room availability due to the Caldor Fire evacuations with Wayne and Curtis, it was decided to convert the program to virtual out of an abundance of caution. Participants were then notified.

d. HR Conference

Stacy reported that unless restrictions change, the October conference will be held in person and live streamed at the Atlantis in Reno. A preconference session on Law Enforcement Human Resources will be presented by Rebecca Bruch the day before the conference. She said, at this time, masks will be required, and lunch will be buffet style to allow for adequate physical distancing and ventilation. She then reviewed the agenda.

Stacy reported of 79 currently registered, 11 had registered for virtual only.

Curtis asked if the Atlantis has enough hotel rooms available; Stacy said a block of rooms was reserved; Wednesday night block had filled up, Thursday night block still had rooms available.

e. New Hires

Stacy reported that Nevada Risk Pooling has hired two new employees, Stephen Romero (present) and Jarrod Hickman. Wayne said Jarrod has been hired as the Risk Management Specialist and will extend the reach of what Marshall is doing on the risk management front. Steven, formally of Willis, has been hired as the Member Relations Manager and will be working on all coverage and renewals, as well as working with our agents and members.

f. Newsletter

Stacy reviewed the quarterly newsletter that was published in August 2021. It included the following articles: *Is Employee Morale Affecting your Organization?*, *Is Your Open-Door Policy a Policy or an Undefined Practice?*, *How to Retain Knowledge Learned in Training*, *OSHA Reporting for Employee Fatalities and Serious Injuries*, *Dear POOL/PACT HR*, *Save The Date! POOL/PACT HR Conference*, and *Register for HR for Law Enforcement 101 & NRS 289*.

6. For Possible Action: Employee Assistance Plan (EAP)

Stacy reported that beginning October 1, 2021, EAP services will be extended to volunteers.

Stacy reviewed the quarterly Kepro EAP report. She stated the individual utilization rate was 1.7% which was down from 3.1% the third quarter; the year-to-date was 2.3% for Individuals and 17.4% for Overall Utilization. The Kepro summary indicated the year-to-date was lower than their 4-Session Model average of 4.7%. Kepro made suggestions on how to improve that by targeted orientations and trainings, implementation of their "Did You Know" promotional campaign, and some promotional teasers highlighting EAP services. Lessly Monroy, POOL/PACT HR Business Partner, is working with Kepro to get these items implemented. The report also lists utilization by entities who have at least 100 employees; White Pine County and Storey County had the highest utilization rates. The top information sources of EAP services available were Human Resources at 35.5%, Literature/Posters at 24.4%, Family/Friends at 12.2%, and the Intranet at 10%. There were 249 EAP cases for 2021 and 30 Management Consultations. Critical Incidents totaled 9.5 hours used last year (26 attended). There were 1,652 pages viewed on their website using POOL/PACT's login last quarter and 7,999 total views. Stacy indicated the utilization report contains more detailed information about the services.

Curtis mentioned they had received a complaint from an employee who reached out to the EAP and could not get in to see anyone for two weeks. Curtis asked if anyone else had experienced the same problem. Stacy said she has not received any concerns. Curtis said Kepro probably has some of the same issues with the network that the previous EAP had and that it may be harder for the rural areas. Geof Stark asked if it is an issue with the network or just an issue of not enough mental health providers anywhere. Stacy agreed there are not enough providers to go around. Curtis said American Rescue Plan Act (ARPA) money is eligible to be spent on behavioral health. He said the City of Elko is working with Nevada Health Centers (NHC) to

stand up a behavioral health clinic in Elko which would supplement what is already in Elko. NHC has clinics throughout the state, and it might be a good way to make an investment using ARPA funds.

Dawn Huckaby asked if in the future, substitute teachers could be covered by the EAP. Stacy asked Wayne to address the question. Wayne said they would have to survey the counts and talk to the EAP provider. One of the challenges is getting an accurate count so they have information to base their pricing on. Stacy said they can look into it further.

7. For Possible Action: HR Assessment Grant Application Approval

Fernley Swimming Pool District completed the Phase I Assessment and is requesting \$1,000 for two laptops for training, timecard submittal, and file access. Patrick Daniel was previously approved for the \$500 individual grant.

Sun Valley General Improvement District completed the Phase I Reassessment and is requesting \$250 for the individual grant (Erin Dowling) and \$500 for the organizational grant which will be used to expand its electronic HR-file on the network with appropriate user security levels, to include all recruitment and employment-related forms, grids, and documents.

Eureka County completed the Phase II Assessment and is requesting \$500 for the individual grant (Kim Todd), and \$1,250 for the organizational grant which will be used to purchase a fireproof cabinet for payroll files.

On motion and second to approve all three grant award applications as submitted, the motion carried.

8. For Possible Action: HR Scholarship Application Approval

Stacy reported Brad Baekel (field supervisor at Sun Valley General Improvement District) has not been able to register for the IPMA-CP class this calendar year as was required in the contingent approval at the June 25, 2021, OSC meeting.

Acacia Ennis, HR Generalist at Nevada Rural Housing Authority is requesting \$749 (class \$349, app \$100, exam \$200) for her aPHR.

Brandy Grimm, Administrative Assistant II at the City of Winnemucca is requesting \$690 (class \$275, app \$100, exam \$300) or \$985 (includes practice exam \$45, second chance insurance \$250) for her aPHR.

Marcia Gardner, HR Director at Grover C. Dils Medical Center for six months is requesting \$1,553.39 for her SHRM-CP (SHRM Learning System \$934.39, SHRM Membership Fee \$219, Non-member app fee \$400). Stacy said Marcia was informed the scholarship may cover the member exam prep fee and the SHRM membership for \$1,453.39, or the nonmember and non-membership for \$1,334.39.

On motion and second to approve the scholarship application requests from Acacia Ennis for \$749, Brandy Grimm for \$690, and Marcia Gardner for \$1,334.39, the motion carried.

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

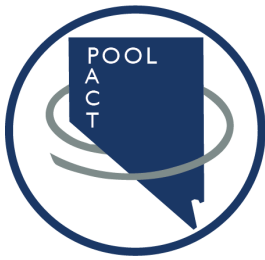
Next meeting is scheduled for December 10, 2021, via Zoom and in person (Carson City).

10. Item: Public Comment

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

11. For Possible Action: Adjournment

Meeting adjourned at 11:33 a.m.



**UNAPPROVED MINUTES OF THE
POOLING RESOURCES, INC
OVERSIGHT COMMITTEE MEETING
Date: March 4, 2022 Time: 10:00 a.m.
Place: Virtual Meeting via Zoom and In Person**

1. Oversight Committee (OSC) Roll Call

Members participating in person: Chairman Curtis Calder; Members participating via Zoom: Abel del Real-Nava; Erin Feore; Elona Goldner; Cindy Hixenbaugh; Scott Lindgren; Austin Osborne; Robert Quick; Geof Stark. Member(s) not participating: Jose Delfin; Dawn Huckaby. Pooling Resources, Inc. (PRI) Staff participating via Zoom: Lessly Monroy; Stacy Norbeck; Sandra Schooler. Called to order at 10:00 a.m.

2. Item: Public Comment

Chairman Curtis Calder opened public comment.

Curtis closed the public comment period.

3. For Possible Action: Approval of Minutes of Meeting December 20, 2021

On motion and second to approve the minutes of December 20, 2021, the motion carried.

4. For Possible Action: Report on Current Activities

a. 21/22 Strategic Plan to date

Stacy Norbeck, POOL/PACT HR General Manager, reviewed the 21/22 Strategic Plan as follows:

New Trainings — Five new classes scheduled to be developed this year: One online *Essential Management Skills in the Public Sector (EMS)* module is on hold (to be discussed along with the 22/23 Strategic Plan), *Creating an Inclusive Work Environment (CIWE)* is 100% complete, *Managing Conflict Through Shared Values and Teamwork* is 100% complete, *Addressing Inappropriate Conduct in a School Environment (Title IX/Misconduct) eLearning* is 100% complete, and *CIWE eLearning* is 100% complete.

Revisions — Five courses have been revised so far this year. *Safe and Sober Workplace* and *Effective Recruitment* are in process.

Regional Trainings — Eleven regional trainings are scheduled this year: *EMS* is scheduled five times, two are complete; *Advanced Human Resources Representative (AHRR)* was scheduled for November 17-18, 2021, but was rescheduled due to low enrollment for May; *Human Resources Representative (HRR)* is 100% complete; *Influential Leadership (IL)* is 100% complete; *Advanced Essential Management Skills in the Public Sector (AEMS)* is scheduled for April 2022; *So You Want to be a Supervisor? (SYWTBAS)* is scheduled for May 19, 2022; and *FRISK* has been added for May 17, 2022.

Regional Training Workshops Utilizing Outside Resources — Five sessions have been presented with one more currently scheduled (*HR Bridging the Gap Series with Becky Bruch: NRS 289 Deconstructed, Part II*, scheduled for March 8, 2022).

2021 HR Leadership Conference — The annual leadership conference was conducted in-person and live-streamed on October 21-22, 2021, with a preconference session on October 20, 2021.

New Briefings — One new briefing, *Remote Working*, is 50% complete.

Updated Briefings — 41 HR briefings will be updated this year: 21 are complete and five are in process. The remainder will be done by the end of the fiscal year.

HR Briefing Videos — To be determined.

Webinars — Ten webinars are scheduled; seven have been conducted. Eight are Employee Assistance Program (EAP) sessions with four first-responder specific. One HR webinar, *OSHA ETS – What POOL/PACT Members Need to Know*, was held on December 15, 2021. One *Kepro EAP Orientation/Round Table* is scheduled for April 28, 2022.

Post Member Pay Plan/Scale on Website — These are being added as received.

Sample Personnel Policy Update — The sample policy manuals will be updated by the end of the fiscal year. Stacy noted two sample policies to comply with the Federal OSHA Emergency Temporary Standard (ETS) mandate were developed and available for membership. The OSHA Centers for Medicare & Medicaid Services (CMS) policy will be covered later in the meeting.

Alerts — Four alerts have been issued to date.

Notices — Seven notices have been issued.

Trainings — As of February 17, 2022, 85 trainings have been conducted with 1369 participants, with 4.47 course content average; and 4.8 instructor evaluation average. Six HR Briefings have been conducted with 65 total participants. No FRISK conducted to date; one session scheduled for May 17, 2022.

Phase I HR Compliance Assessment Program — There are seven interested members this FY; three are in process. There are 11 rollovers from previous years; one of which is complete (Sun Valley General Improvement District).

Phase II HR Compliance Assessment Program — There are two interested members this FY; one has been conducted (Nevada Tahoe Conservation District). There are seven rollovers from previous years; three of which are complete (Eureka County, Humboldt County and Lincoln County School District).

Curtis asked about attendance at in-person trainings conducted to date this year. Stacy indicated that while there have been no in-person regional trainings, those done specifically for individual members have been well attended.

b. Member Contact Tracking

Stacy reported 1,275 total contacts as of January 31, 2022. The top categories not including General Contact and Program Planning/Services were Employee Relations/Fair Employment Practices (e.g., Title VII, ADA) at 17%; Personnel Administration (e.g., policies, job descriptions, records) at 17%; COVID-19 and Leave Plans at 14% each.

c. Report on Employment Related Claims

As of January 31, 2022, there were 15 claims, 13 of which are open. Of the 15 claims, seven are Equal Employment Opportunity (EEO) related including three Americans with Disabilities Act (ADA); two Age Discrimination Act (ADEA); one record request; one bullying; three administrative investigations; four retaliations; one drug test; and one Workers' Compensation Return to Work. Of the 15, seven are from a county, three from a city/town, two from a school, and three from a special district.

d. HR Problem-Solving Reports

Stacy presented the HR Problem-Solving Report reflecting unique member issues addressed in the last quarter and invited any questions. Curtis asked if it is okay for OSC members to share these within their organizations. Stacy recollected it was part of the conversation at the December 2021 meeting. She reminded the OSC that the reports are written generically in a way that protects the identities of the organizations. Curtis said the real value is in being able to share it with his managers as well as human resources. Scott Lindgren, Elona Goldner, and Austin Osborne agreed. No action needed.

5. For Possible Action: Approval of FY 22/23 Strategic Plan

Stacy reviewed the 22/23 Strategic Plan as follows:

New Trainings — Develop two new Online Management Modules (TBD). It was decided at the PRI Strategic Planning session that eLearning modules for *EMS* will not be developed because it may take away the opportunity to provide the training in person and virtually, and the current learning management system may not be able to track attendance of different formats. Instead, modules will be created based on the topics covered in *SYWTBAS*.

Curtis and Scott liked the idea. Scott stated the training quality and participants' focus is better in person.

Note: Meeting was interrupted by hacker. Stacy requested that PRI support staff set up a Zoom waiting room for the June OSC meeting.

Geof Stark agreed in-person training is effective and encourages participation. Elona shared their organization recently did a hybrid manager training and found having people in person seemed to better engage those on Zoom as well.

Update and revise three courses annually — Three courses will be revised. *HRR* is scheduled to be reformatted. *Harassment* and *Safe and Sober eLearning* courses are scheduled for revision.

Regional Trainings — Twelve regional trainings will be scheduled: *EMS* - five times (three in person and two virtual); *AHRR* (in person) - one time; *AEMS* - two times (in person); *HRR* - one time (in person); *IL* - one time (in person); *SYWTBAS* - one time (tentatively virtual); and *Dear HR* - one time (tentatively virtual).

Regional Training Workshops Utilizing Outside Resources — *HR Bridging the Gap Series with Becky Bruch* is scheduled to continue, and a *Preconference Session* is scheduled separate from the Conference. Additional workshops to be determined.

2022 HR Leadership Conference — The annual leadership conference is scheduled for October 13-14, 2022, with the preconference session scheduled for October 12, 2022. (More to be covered in the General Manager's Update)

New Briefings — One new briefing, *Documentation*, is scheduled. Others to be determined.

Updated Briefings — 34 HR briefings are scheduled to be updated.

HR Briefing Videos — To be determined.

Webinars — To be determined. Under consideration: Employee Assistance Program (EAP) for all employees, EAP for first responders, and EAP for schools. A survey was sent out to members requesting input on which webinars they would like to see offered.

Post Member Pay Plan/Scale on Website — These will be added as received.

Sample Personnel Policy Update — The sample policy manuals will be updated by the end of the fiscal year.

Alerts — As needed.

Notices — As needed.

Phase I HR Compliance Assessment Program — Interested members to be determined during service plan meetings.

Phase II HR Compliance Assessment Program — Interested members to be determined during service plan meetings.

Additional Services — Quarterly Virtual Round Tables will continue to be offered as long as there are members in attendance.

HR Excellence Program — Stacy reported PRI would like to create a program that is going to identify and recognize POOL/PACT members who utilize POOL/PACT HR services to build and maintain their HR program. It would be similar in concept to the Loss Control Excellence Program in that a survey would be completed with very specific criteria. Upon submission, a thorough, comprehensive review of the self-assessment would be conducted and, if needed, supporting documentation requested. If a member meets the criteria, they would be recognized at the HR Conference with a plaque and possibly a cash award.

Stacy proposed the program would ensure the member's personnel policies include all the legally-compliant policies, and confirm policies and job descriptions have been reviewed and/or updated within the last two years; at least one of their HR representatives has a nationally-recognized HR certification; employees have

completed certificate trainings from POOL/PACT HR; staff has attended one or more POOL/PACT HR annual conferences in the last two years; staff has attended virtual round table sessions; member utilizes POOL/PACT eLearning system or have a similar one in place; employees attend compliance trainings within the first 30 days of employment and every two years; member actively promotes the EAP program; salary schedules have been shared on POOL/PACT's website; service plans are created annually; and the member has participated in an HR assessment. Stacy suggested the member also submit a testimonial on how POOL/PACT HR has assisted them in their organization to become an excellent organization.

Curtis asked if this would replace HR Assessments or would it be another level above HR Assessments. Stacy responded that it would be separate but assessments can be included as one of the criteria.

Curtis recalled Risk Management had a gold, silver, and bronze award sometime in the past that required the risk assessment team go through all of the member's safety policies, including trainings and other requirements, before given an award. Stacy was unfamiliar with the different levels, but states they have a comprehensive survey which reviews best practices; this HR program would include best practices and utilization of services.

Robert Quick said it is an excellent idea to have this program. It would encourage entities to come in compliance with a lot of things they may not be in compliance with now, to make sure they are updated, and to give them a goal to work towards. Erin Feore agreed.

The cash award was discussed. It was decided no cash award would be provided.

Components of the program were discussed including having levels. Robert cautioned to not do more than two award levels, because that would dilute the program.

On motion and second to approve next year's strategic plan inclusive of developing an HR Excellence Program. Motion carries.

6. For Possible Action: General Manager Report

Open OSC Seat — Stacy reported that Jose Delfin left Carson City School District. Curtis asked if it must be filled by someone from a school district. Stacy responded that the bylaws state to have representation but do not specify type of entity or position. Curtis expressed he would prefer a school representative since there is so much liability in the insurance pool on the school district side. Stacy said her understanding was the school district did not yet know if they would be replacing that position. Curtis suggested to wait and if they do replace Jose, offer it to his replacement. If that individual is not interested, other school districts can be considered. Robert, Geof, and Austin agreed.

OSHA ETS Update— Stacy reported on January 13, 2022, SCOTUS halted enforcement of the Federal OSHA's ETS; January 19, 2022, Nevada OSHA released updated COVID-19 Guidance for Nevada businesses; January 25, 2022, the Biden administration announced the withdrawal of the OSHA ETS but made it clear they withdrew the temporary standards, but the ETS did and does serve as their notice-and-comment period for their permanent standard. On February 10, 2022, Governor Sisolak issued Emergency Directive 052 which rescinded the mask mandate statewide effective immediately. On February 14, 2022, Nevada OSHA issued new guidance for employers. On February 25, 2022, the CDC changed their face mask recommendations.

CMS — Unlike ETS, SCOTUS allowed the CMS to continue. The CMS requires healthcare facilities at the Medicare and Medicaid programs to have mandatory vaccinations. By request of a member, a sample policy was developed, but was not pursued as a legally reviewed policy was attained from member hospitals. Geof appreciated Stacy's help with that since it is new for them as they are headed toward a public health district. Cindy Hixenbaugh offered Pershing General Hospital's assistance to Geof if needed. Cindy said it was her understanding that all the rural hospitals are now in compliance with the mandate.

FRISK — Stacy reported FRISK training has been provided by POOL/PACT HR for more than a decade. It is a costly program to provide, and the return on investment is relatively low as there are only a handful of members who apply the FRISK program after training. After many internal discussions, it was agreed to discontinue FRISK because existing POOL/PACT HR training is similar, and the FRISK contract is restrictive requiring use of their PowerPoint with no ability to modify it. Stacy reached out to Steve Andelson, the attorney who developed the program, and found out they are offering virtual classes. She also spoke with Keesha Clark, Mr. Andelson's assistant, and discussed the possibility of providing their "Master's Series" certificate program (three parts) virtually as a Trainings Utilizing Outside Resources, but Keesha has not replied back to her. Alternatively, members could potentially use one of POOL/PACT's education grants to attend training offered by Mr. Andelson's firm. Stacy asked for direction from the Committee. Curtis said his FRISK materials are packed away and never referenced. He asked about the cost; Stacy said the books are \$34 each. Geof noted Churchill County uses it fairly extensively and many employees have taken it; quite a few were referring back to their books, but as time has gone on they do not necessarily go back to them. Robert shared that Lander County Sheriff's Office uses the FRISK model exclusively, and he would not be opposed to POOL/PACT HR moving away from it but would like to see the ability for agencies who are still using it to send their staff to it using the education grants. Austin agreed with having the education grants available to cover the cost. Erin mentioned all her supervisory staff went through FRISK training; she anticipated their administrative staff utilizing the FRISK program more, but they do not.

On motion and second to discontinue FRISK as of July 1, 2022, with members able to apply for grant funding through POOL/PACT; motion carried.

EMS Update — Stacy stated that at the last Committee meeting it was decided to require cameras to be on during virtual trainings. As such, the Attendance Policy was updated and changed to a Participation and Attendance Policy which states, in part, "*participants are expected to have their own workstation with a functioning camera that remains on during the entirety of each training session, have access to a microphone to engage in group activities, and participate in all activities. Failure to meet these expectations may disqualify participants from receiving a certificate of completion/attendance and continuing education units (CEUs). The technology and workstation requirements do not apply to entity-specific policy compliance trainings.*"

The changes also include, "*POOL/PACT Risk Management Grants may be available to defray costs of webcams and/or microphones for member-owned equipment for staff unable to attend this training due to budget constraints.*"

On motion and second to adopt the policy as drafted; motion carried.

HR Conference — Stacy stated the HR Conference is scheduled for October 12-14. Topics for the Preconference session, scheduled for October 12, 2022, are still being selected. Sessions for the full

conference include: Jeffrey Benjamin presenting "From Surviving to Thriving: A Proven System for Self-Motivation" as the keynote; Cheri Hill presenting on "Upskilling/Reskilling Employees/Resources to fill Talent Gaps"; Alison Gaulden presenting "Take the Cry out of CRISIS"; Round table groups by entity type; and Round Table groups by topic (EAP, workers' comp, PACT, Donna Squires). The remaining sessions will include Employment Law presented by attorney(ies), a general HR topic, and something fun at the end of the day on Friday, possibly Stump the Attorney. She said Ashley Creel is working on getting those sessions filled, and an update will be given at the next meeting.

Quarterly Newsletter — HR Perspective

Stacy reviewed the articles in the quarterly newsletter that was published in February 2022: *POOL/PACT Updates Virtual Attendance & Participation Policy, EAP Update, Ready to get an HR Certification?, POOL/PACT HR Can Help!, The Power of the POOL: An HR Perspective, Dear POOL/PACT HR, and Upcoming HR Events.*

7. For Possible Action: Employee Assistance Plan (EAP)

Stacy reviewed the quarterly Kepro EAP report. She stated the Individual Utilization Rate was 1.6% for Quarter 2 (October-December) which is lower than Kepro's 4-Session Model average of 3.9%. Management Cases increased from 0 to 8 with half being drug and alcohol abuse. Members with the highest utilization were Storey County at 5.6% and Lyon County School District at 5.3%. The top three assessed problems were *Emotional Wellbeing; Work Life; and Relationships* which were the same as Quarter 1 of last year. For Utilization Highlights, there were 52 EAP cases and 8 Management Consultations. For Legal Consultation, Family Law – Divorce/Separation, Elder Law – Probate and Estates, and Family Law – Custody were the most utilized topics. There were 1213 pages viewed on the website using POOL/PACT's login. One webinar was held. Lander County had one Critical Response (CISM) with 14 attendees.

Stacy asked Lessly Monroy, POOL/PACT HR Business Partner assigned to work with the EAP, to give an update. Lessly stated more employees are accessing online services as indicated by the overall utilization rate. In order to assist employees in attaining virtual counseling sessions, Kepro is adding emphasis in their script describing the availability of teletherapy and telehealth providers. A webinar will be conducted by Alexandra Rosa from Kepro on April 28, 2022, to provide an overview of EAP services and answer questions. A survey was sent to members for input on FY 22/23 EAP webinars; there are 33 respondents to date. Kepro is open to and researching additional providers recommended by members.

Curtis stated no action would be needed on this item.

8. For Possible Action: HR Assessment Grant Application Approval

There were no grant applications submitted for this quarter.

9. For Possible Action: HR Scholarship Application Approval

Stacy reported Abel del Real-Nava, Assistant County Manager/HR Director, Humboldt County, is requesting \$2298.74 (academy & travel) for the CLRP Certification. Stacy stated POOL/PACT has not traditionally covered travel expenses and asked for the committee's input. Abel clarified there are three online academies, but a required elective is onsite at the annual conference in Austin. In order for him to finish the program, he needs the elective and that is why he included it as part of his application. Curtis stated that

since it is part of the program then it should be rolled into the scholarship, but also acknowledged it is unique since many of the programs do not require travel. He would be okay with it being included with the understanding that it is considered on a case-by-case basis and that it has to be required as part of the certification. Geof asked if there is a dollar limit on the scholarships. Stacy said there is a \$3,000 per fiscal year per entity. The cap was implemented in case a member had multiple employees apply for scholarships in the same fiscal year (average scholarship is \$1,500). Humboldt County is below that cap and Abel is the only HR person at the county currently. Curtis said he is comfortable approving it and asked for the committee's input. Geof said the education grants could be used but due to the specificity of it towards HR certification and being a requirement of the program, he is comfortable approving it. On motion and second to approve the application in the amount of \$2,298.74 as discussed, with Abel abstaining, the motion carried.

Stacy reported Cheri Bickham, Deputy Clerk Treasurer, Esmeralda County, is requesting \$1,024 for the aPHR, including \$100 application fee, \$300 exam fee, \$349 online class, \$45 practice exam, and \$275 study material (print and online edition). The total is \$1,069 if the practice exam is included. Stacy said the scholarship has not covered practice exams in the past, but it may be something the committee wants to consider. Curtis was comfortable with the \$1,024 since practice exams have not been covered in the past. Abel agreed and added the study materials usually include at least one practice exam. On motion and second to approve the application for \$1,024 as discussed, without including the practice test, the motion carried.

Stacy reported Diana Garcia, HR Generalist I, Nye County, is requesting \$2,920 for the SHRM-CP including the \$300 Application/exam fee, \$229 SHRM membership, \$1,495 3-day in-person class, and \$895 self-study class. Stacy told Diana she did not think the scholarship had covered two different classes for an individual in the past. Abel said the self-study is very in-depth and includes the books, an online learning module, practice review questions, mock quizzes for each section, and a practice exam at the end of it. Geof did not think it had been the past practice to pay for both classes and would support one or the other. Stacy had asked Diana what her preference would be if she had to just choose one; Diana preferred the 3-day in-person class. Elona said she would be abstaining from voting on this and stated that POOL/PACT HR paid for both classes for her when she applied for the scholarship. On motion and second to approve the application for \$2,024 as discussed, with Elona abstaining, the motion carried.

Stacy summarized, in the future, the scholarship will pay for travel if the certification requires in-person attendance, and will cover the cost for one prep class, whether in person, virtual, or another teaching method.

Scott asked whether funds were available for scholarships; Stacy indicated they were.

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

Next meeting is scheduled for June 3, 2022, at 10 a.m. via Zoom and in-person (Carson City).

11. Public Comment

Chairman Curtis Calder opened public comment. Curtis closed the public comment period.

12. For Possible Action: Adjournment

Meeting adjourned at 11:46 a.m.



Partnership at Work®

Annual Meeting



April 21, 2022

The image features a decorative background with two overlapping wavy lines. The lower line is a dark blue color, and the upper line is a vibrant green color. They meet in the center, creating a smooth transition. The text 'Economic Update' is positioned in the center, overlapping the junction of these two lines.

Economic Update

Oil and Commodities



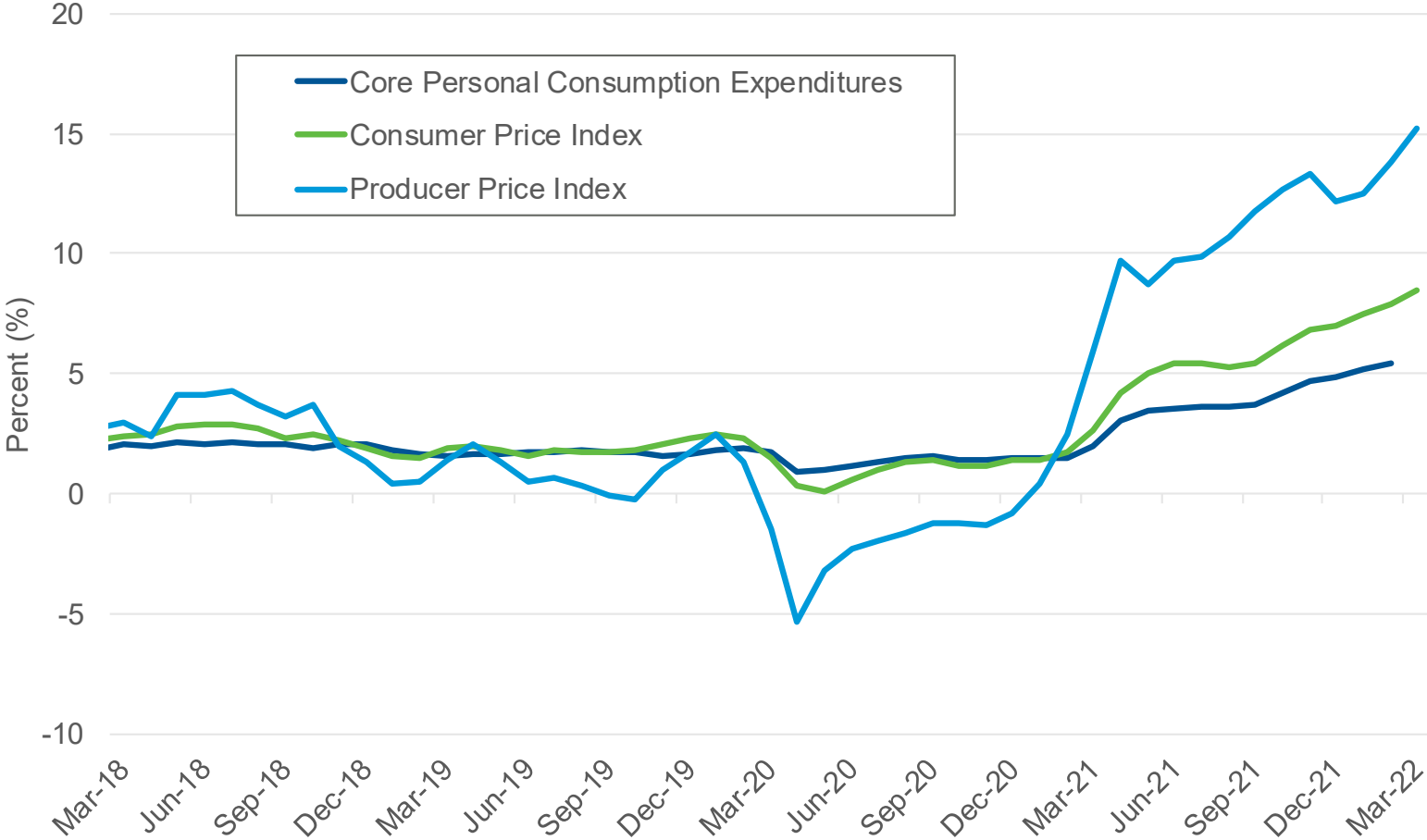
Source: Bloomberg, NEAM

Consumer & Producer Price Inflation

Showing No Signs of Peaking Yet



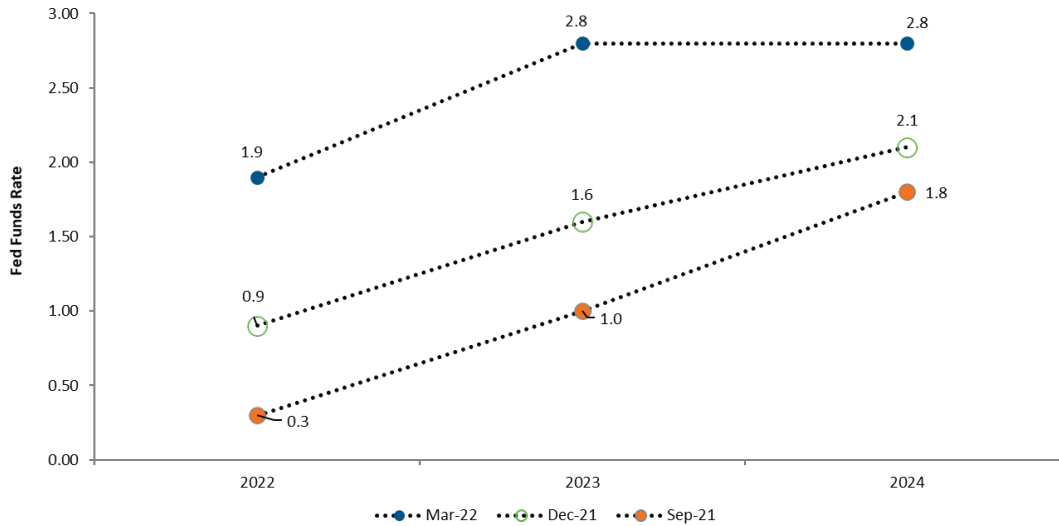
Inflation Measures



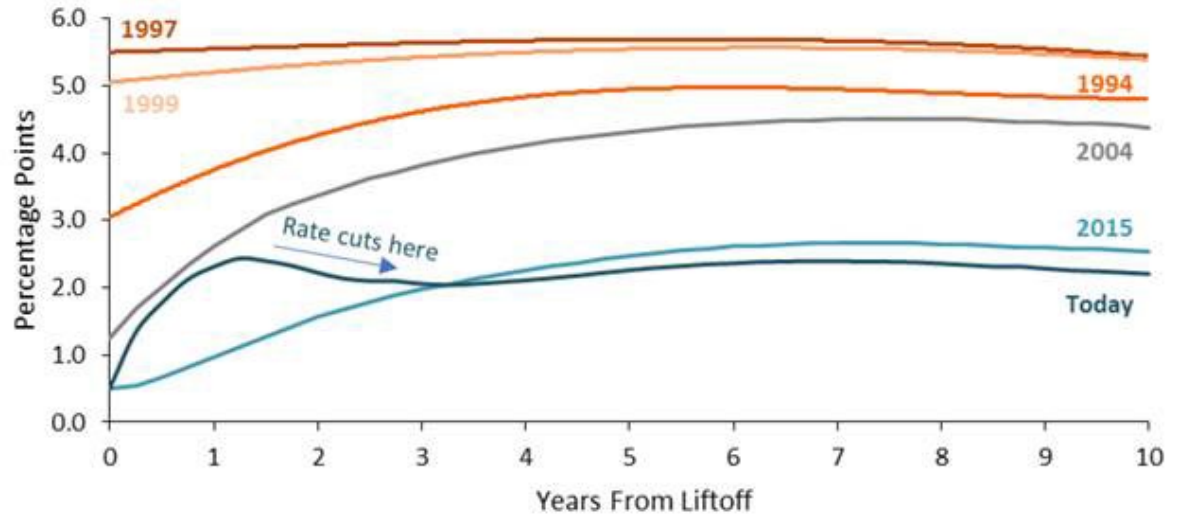
Source: Bloomberg, Bureau of Labor Statistics, Bureau of Economic Analysis

The Fed Forced to Be More Aggressive

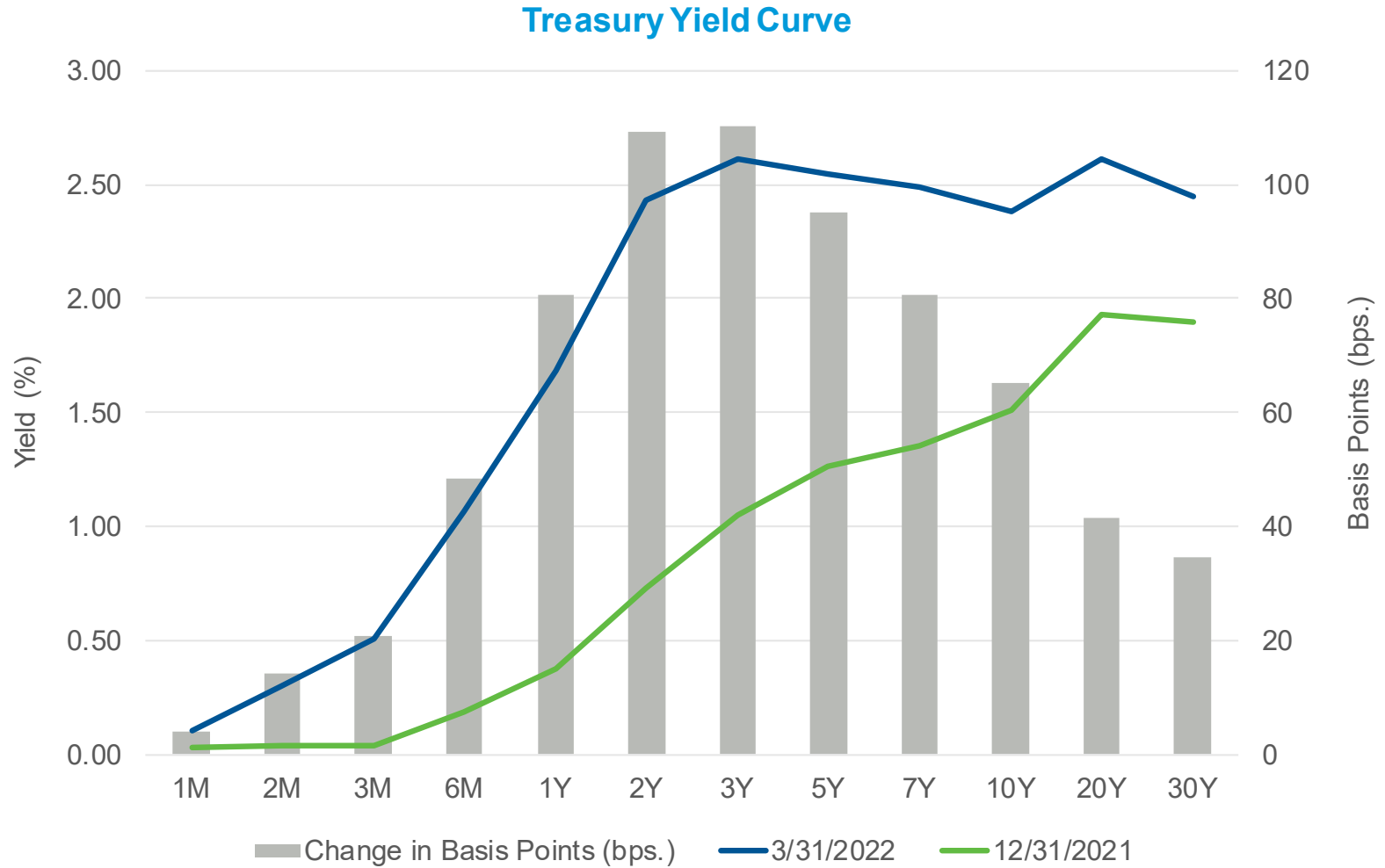
Median Fed Funds Rate



Market Expectations for the Fed Funds Rate vs. Historical Fed Tightening Cycles



Year to Date Change in Treasury Rates

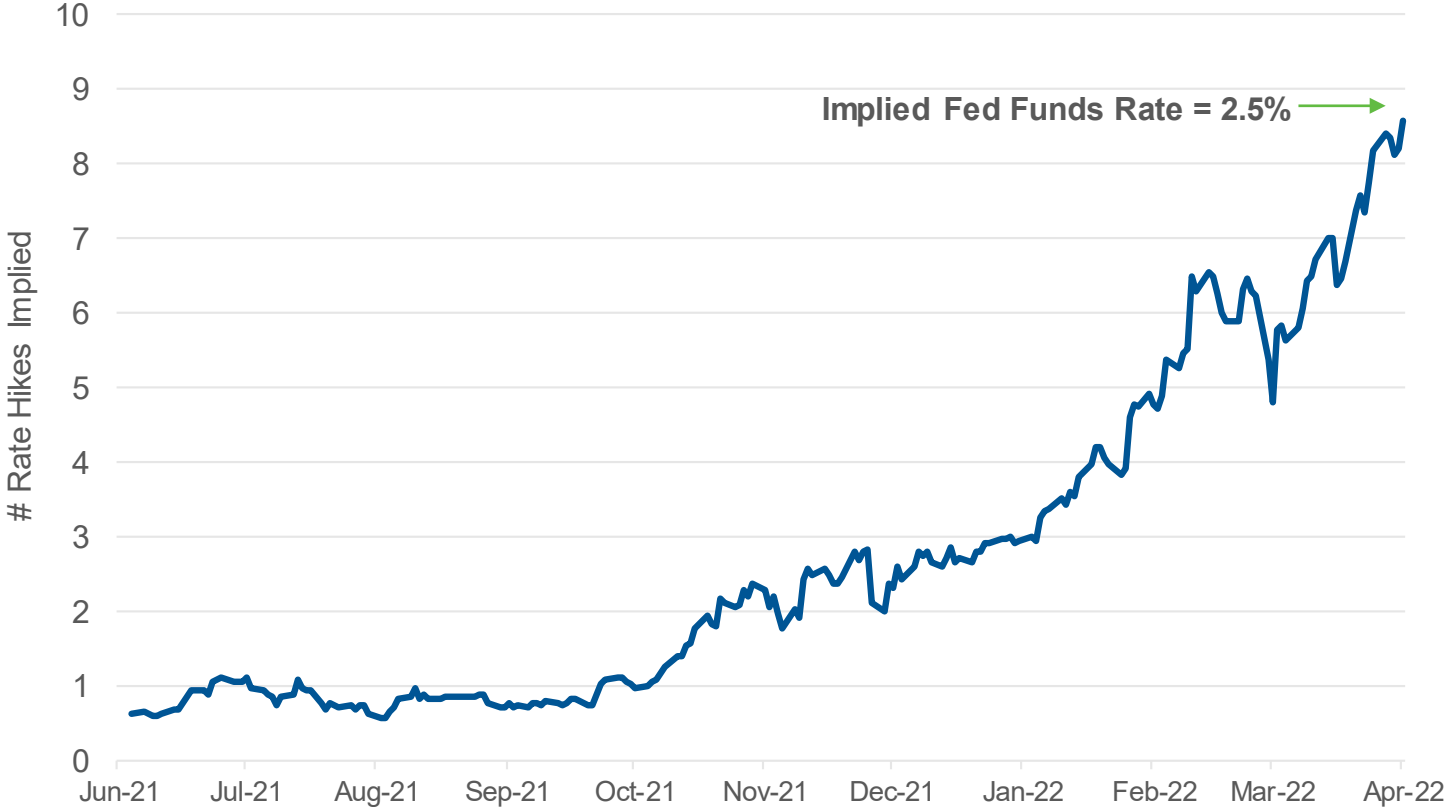


Source: Bloomberg

Market Expectations for Fed Rate Hikes



Fed Futures Derived Probabilities: # of Rate Hikes by Year-End 2022



Source: Bloomberg



**POOL/PACT
Fixed Income Portfolio
Review**

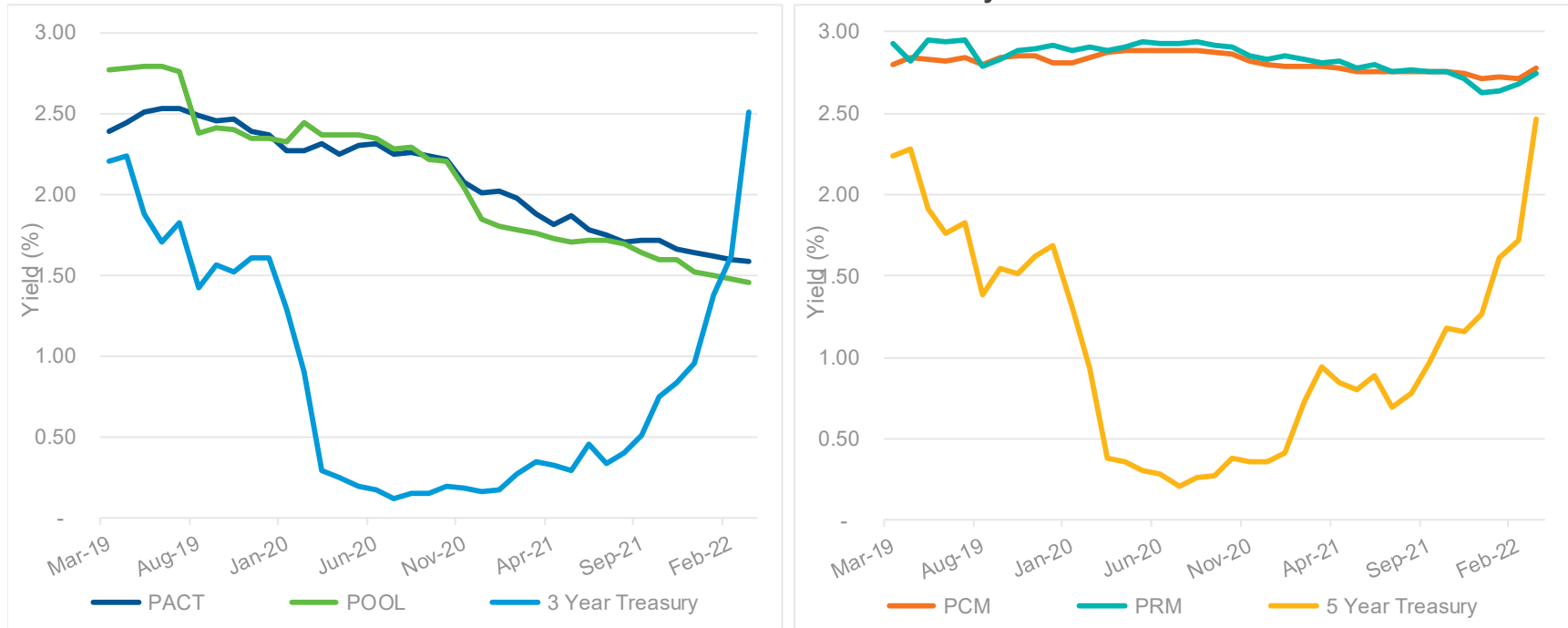
Fixed Income Portfolio Overview



As of 3/31/2022

	PACT	POOL	PCM	PRM
Book Yield	1.58%	1.46%	2.78%	2.74%
Market Yield	2.40%	2.41%	3.19%	3.14%
3 Year Treasury	2.51%		--	
5 Year Treasury	--		2.46%	

POOL / PACT Portfolio Book Yield vs. Treasury Yield



Source: NEAMAnalytics

- Real (and possibly nominal) returns from fixed income likely to be negative and mean expectations for equity returns are mid-single digits.
- Maximize yield in fixed income portfolio at risk level. Every basis point counts.
 - Higher Treasury yields and wider spreads have resulted in more attractive reinvestment rates which should be supportive of portfolio book yield and income generation.
- Take advantage of pockets of value in fixed income markets:
 - Taxable Municipal Bonds
 - Structured Securities
 - High Yield
- Optimize use of “risk assets” in asset allocation.
- Proactively manage risks and be prepared to take advantage of volatility.



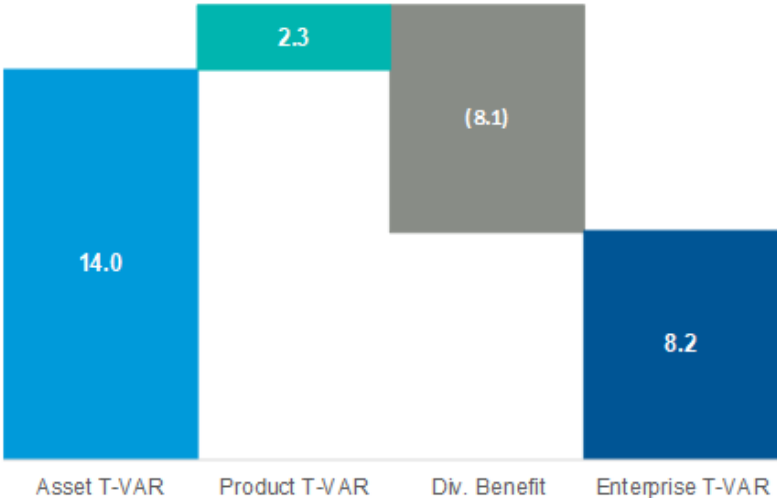
**Enterprise Based Asset
Allocation (EBAA)TM**

Enterprise Risk Decomposition – 99.5% T-VaR



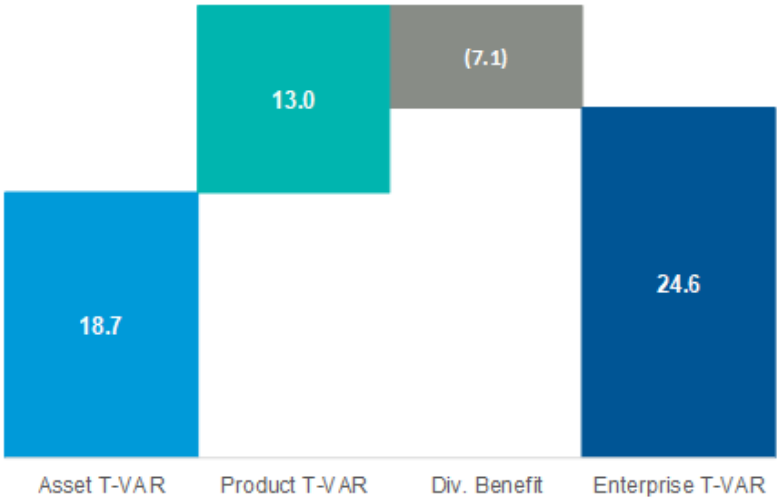
POOL/PRM

T-VAR Decomposition
(Percent of Capital Surplus)



PACT/PCM

T-VAR Decomposition
(Percent of Capital Surplus)

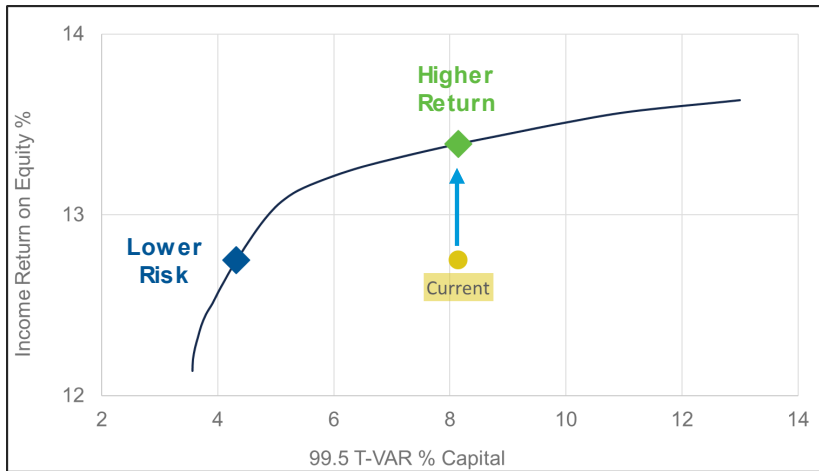


Source: NEAM Analytics

EBAA Results – Key Takeaways

- The results show that the **POOL/PACT portfolios are relatively efficient**, with some opportunities to improve income return while maintaining the current risk profile
- Decisions made by Management over the years to optimize portfolio asset allocation have resulted in **enhanced risk-adjusted returns and income generation**
- Potential **income return pickup opportunities** driven by:
 - Tactical duration extension
 - Increased allocations to:
 - Corporate Bonds
 - Taxable Municipals
 - High Yield
- On an ongoing basis, we continue to **pursue tactical opportunities consistent with POOL/PACT's investment guidelines and primary objective of maximizing investment income**

EBAA Results Detail – POOL/PRM



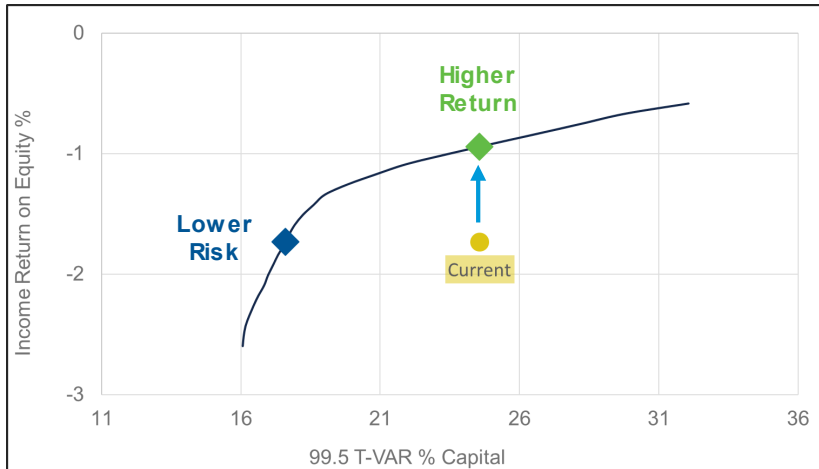
Results	Current	Lower Risk	Higher Return	Hghr Rtrn vs Curr
Enterprise Statistics (%)				
Income Return on Equity	12.8	12.8	13.4	0.6
Proj. Price Return on Equity	0.6	(1.1)	(2.0)	(2.6)
99.50 T-VAR % Capital	8.2	4.3	8.2	0.0
Add. Return/Risk Metrics				
Income Return on Assets(\$)	1.8	1.8	2.2	0.5
Book Yield (FI)	2.30	2.29	2.93	0.63
Market Yield (OAY FI)	1.70	1.84	2.41	0.71
Duration (OAD)	4.1	4.0	6.1	2.0
Default Loss (\$)	0.1	0.1	0.2	0.1
Average Rating	AA-	AA	A+	1 notch dn
BBB (%)	7.0	3.7	12.8	5.8
<BBB (%)	5.6	3.0	8.8	3.1
Non-FI (%)	20.5	13.2	12.5	(8.0)
Sector Distribution				
ST/Govt/Agency	11.5	10.0	2.5	(9.1)
IG US Corp	24.3	18.4	33.0	8.8
Muni-Tax	5.9	3.9	12.0	6.2
<u>Structured Sec.</u>	<u>32.2</u>	<u>51.4</u>	<u>31.2</u>	<u>(0.9)</u>
<i>Core Fixed-Income</i>	<i>73.8</i>	<i>83.7</i>	<i>78.7</i>	<i>4.9</i>
High Yield/Bank Loans	5.6	3.0	8.8	3.1
<u>Equity</u>	<u>20.5</u>	<u>13.2</u>	<u>12.5</u>	<u>(8.0)</u>
<i>Risk Assets</i>	<i>26.2</i>	<i>16.3</i>	<i>21.3</i>	<i>(4.9)</i>
Total	100.0	100.0	100.0	0.0
Risk Assets % of Captive Cptl	41.3	25.7	33.6	(7.8)

Key Observations (Higher Return vs. Current):

1. Potential pre-tax income return on assets (\$) improvement of \$450K (\$1.8MM to \$2.2MM)
2. Book yield pick-up of 63bps (2.30% to 2.93%) driven by increased allocation in Corp, Taxable Munis, and High Yield
3. Fixed income duration extended by 2 yr.; average credit rating down by 1 notch; marginal change in default loss
4. Risk assets capped at 50% of captive's capital (PRM), 32% of combined invested assets (POOL & PRM)

Source: NEAM Analytics

EBAA Results Detail – PACT/PCM



Key Observations (Higher Return vs. Current):

1. Potential pre-tax income return on assets (\$) improvement of \$760K (\$3.5MM to \$4.3MM)
2. Book yield pick-up of 53bps (2.35% to 2.88%) driven by increased allocation in Corp, Taxable Munis, and High Yield
3. Fixed income duration extended by 1.8 yr.; average credit rating down by 1 notch; default loss increases by 0.2MM
4. Risk assets capped at 50% of captive's capital (PCM), 29% of combined invested assets (PACT & PCM)

Results	Current	Lower Risk	Higher Return	Hghr Rtrn vs Curr
Enterprise Statistics (%)				
Income Return on Equity	(1.7)	(1.7)	(0.9)	0.8
Proj. Price Return on Equity	(1.1)	(1.6)	(2.9)	(1.9)
99.50 T-VAR % Capital	24.6	17.6	24.6	0.0
Add. Return/Risk Metrics				
Income Return on Assets(\$)	3.5	3.5	4.3	0.8
Book Yield (FI)	2.35	2.33	2.88	0.53
Market Yield (OAY FI)	1.74	1.87	2.39	0.65
Duration (OAD)	4.2	3.7	6.0	1.8
Default Loss (\$)	0.2	0.2	0.4	0.2
Average Rating	AA-	AA	A+	1 notch dn
BBB (%)	6.7	1.7	9.4	2.6
<BBB (%)	5.0	3.2	8.9	3.8
Non-FI (%)	19.2	11.8	11.6	(7.6)
Sector Distribution				
ST/Govt/Agency	14.0	10.0	5.6	(8.3)
IG US Corp	22.8	14.2	34.0	11.1
Muni-Tax	6.0	6.0	11.5	5.5
<u>Structured Sec.</u>	<u>33.0</u>	<u>54.7</u>	<u>28.6</u>	<u>(4.4)</u>
<i>Core Fixed-Income</i>	<i>75.8</i>	<i>85.0</i>	<i>79.6</i>	<i>3.8</i>
High Yield/Bank Loans	5.0	3.2	8.8	3.8
<u>Equity</u>	<u>19.2</u>	<u>11.8</u>	<u>11.6</u>	<u>(7.6)</u>
<i>Risk Assets</i>	<i>24.2</i>	<i>15.0</i>	<i>20.4</i>	<i>(3.8)</i>
Total	100.0	100.0	100.0	(0.0)
Risk Assets % of Captive Cptl	41.9	26.0	35.3	(6.6)



Investment Program Annual Review

April 21, 2022

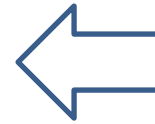
Dan Smereck

Managing Director

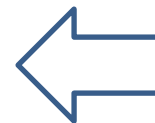


STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Risk Management – Realistic Version



Risks of which we are aware and actively measure and monitor.



Risks of which we are currently unaware or aware of and underestimate.



Member Contributions (\$)



Investment Portfolio (\$)
INVEST & PROTECT

FLOAT



Claims Payments (\$)





PERFORMANCE REVIEW – YEAR 2021



	<u>2020</u>	<u>2021</u>
● POOL	+5.08%	-1.63%
● PRM	<u>+8.64%</u>	<u>+5.37%</u>
● TOTAL	+7.61%	+2.81%



	<u>2020</u>	<u>2021</u>
● PACT	+4.62%	-1.27%
● PCM	<u>+9.35%</u>	<u>+5.18%</u>
● TOTAL	+7.36%	+2.69%

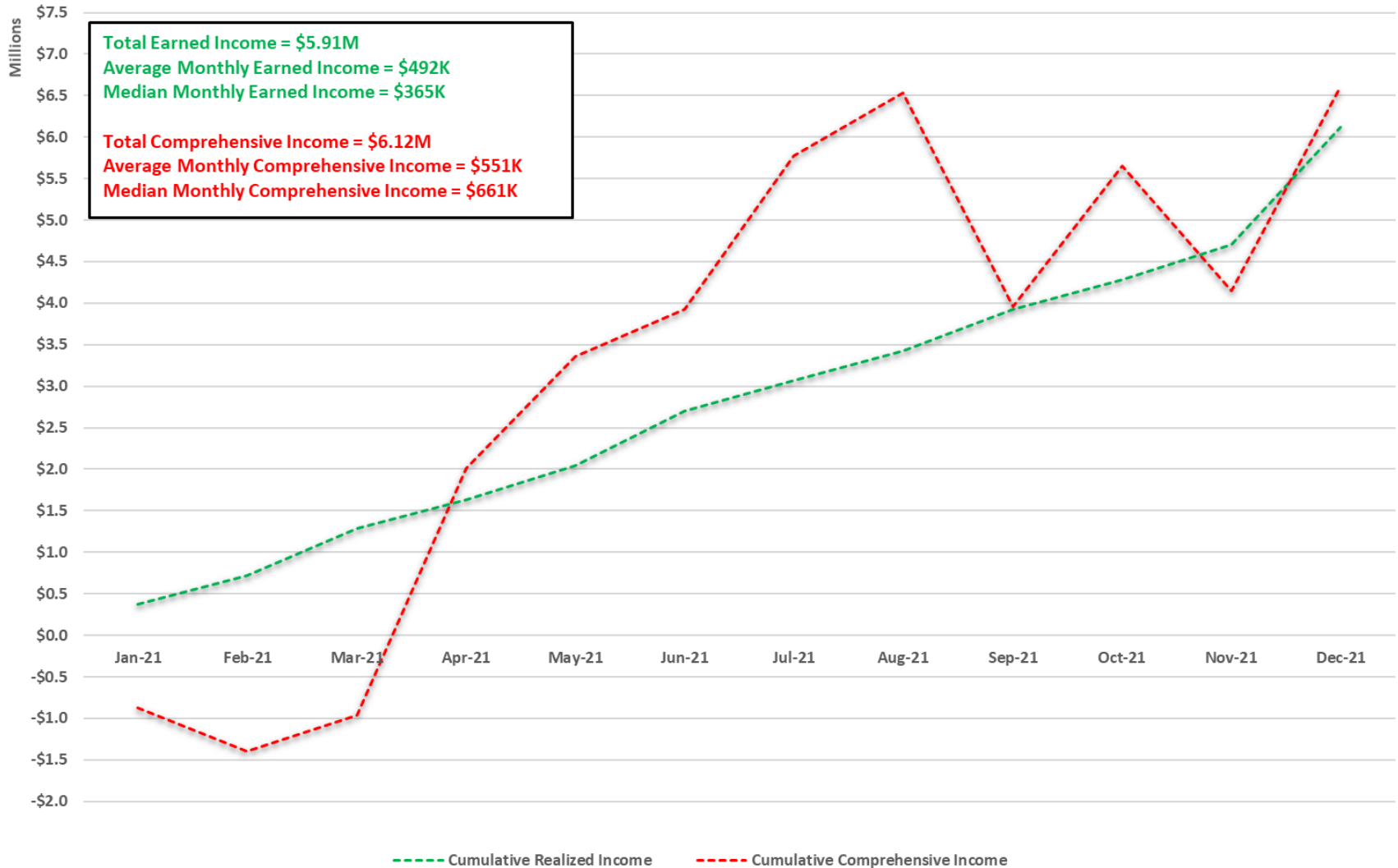


	<u>2020</u>	<u>2021</u>
● RETURN	+7.43%	+2.75%
● TOTAL INCOME	+\$15.5M	+\$6.1M
● REAL INCOME	+\$5.3M	+\$5.9M



CONSOLIDATED – ALL PROGRAMS

POOL/PACT/PCM/PRM Consolidated Investment Income - Year 2021





PERFORMANCE REVIEW – 1ST QTR 2022



Q1 2022

● RETURN

-4.17%

● TOTAL INCOME

-\$9.8M

● REAL INCOME

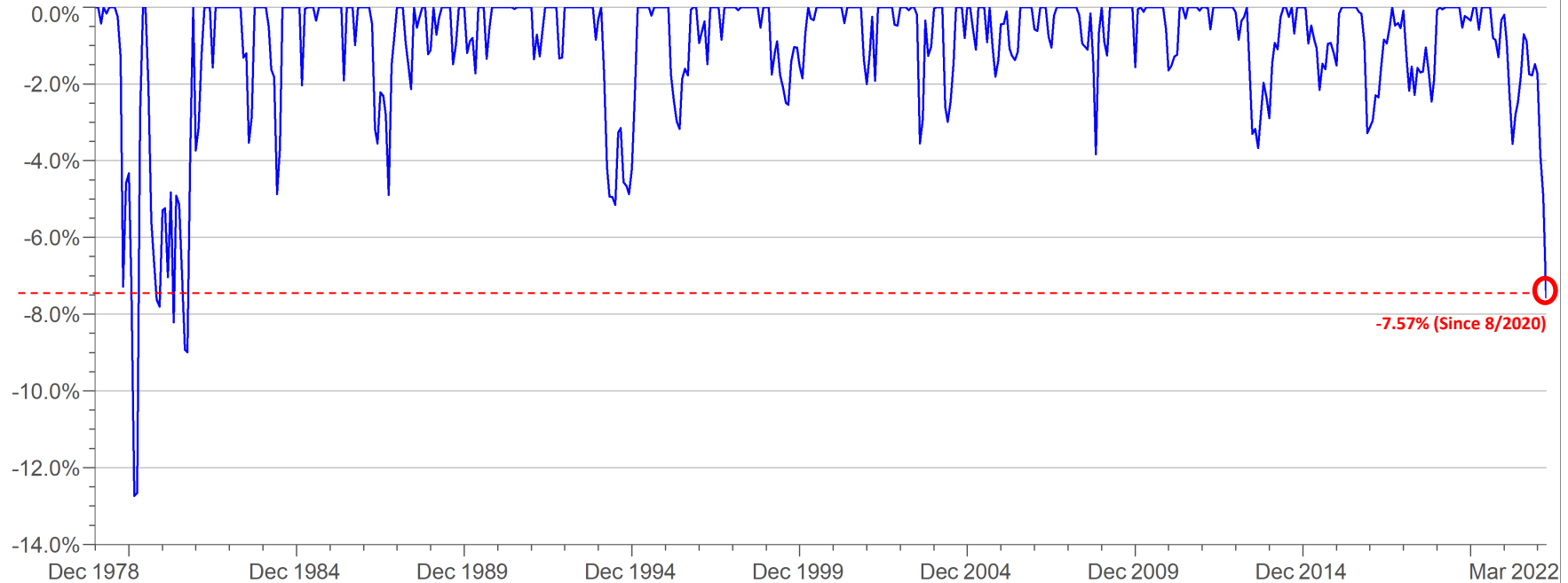
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Worst Fixed Income Market Drawdown Since 1979

Drawdown

January 1979 - March 2022



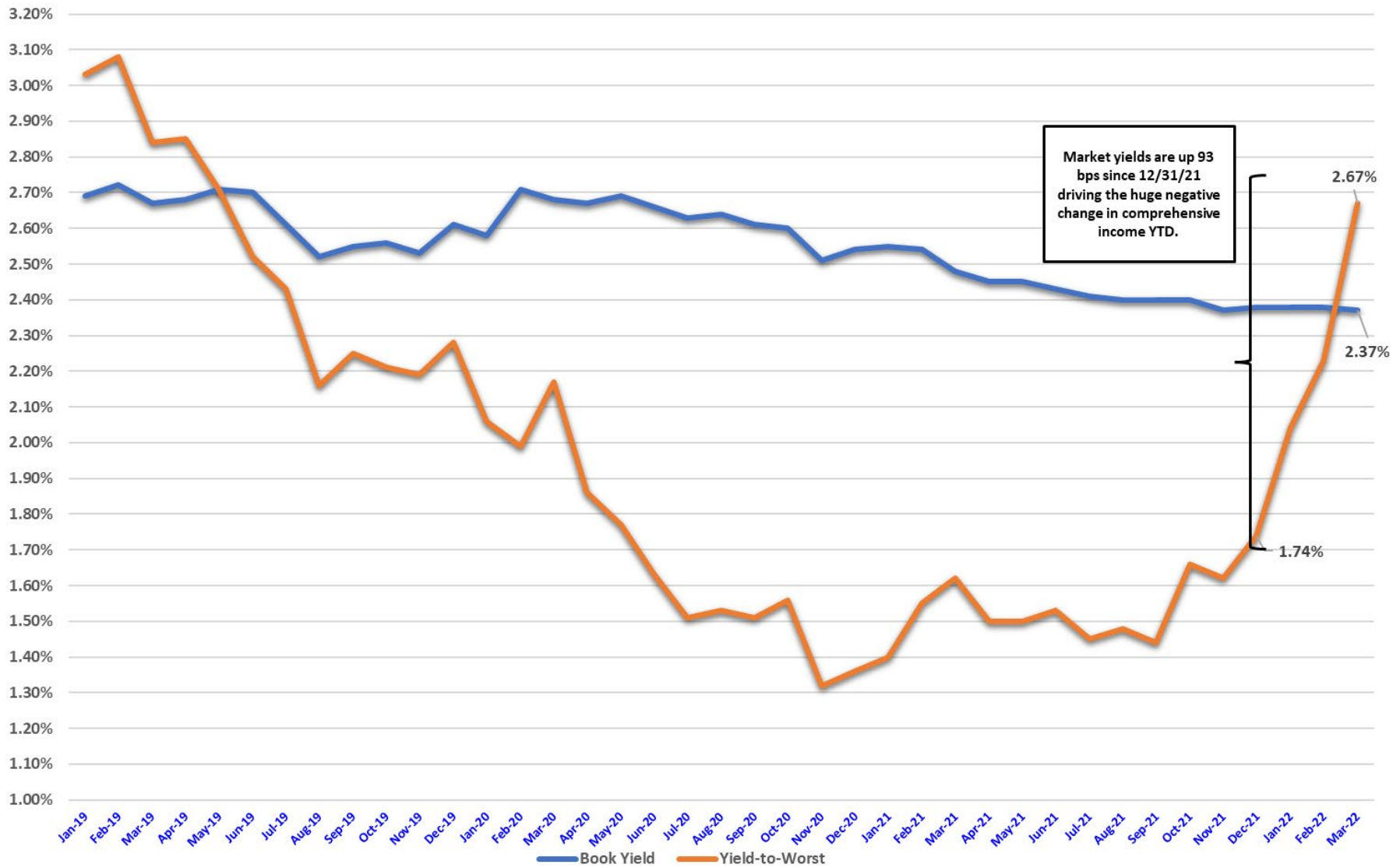
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Key Take Aways:

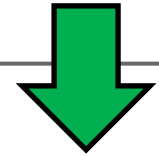
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CONSOLIDATED – ALL PROGRAMS

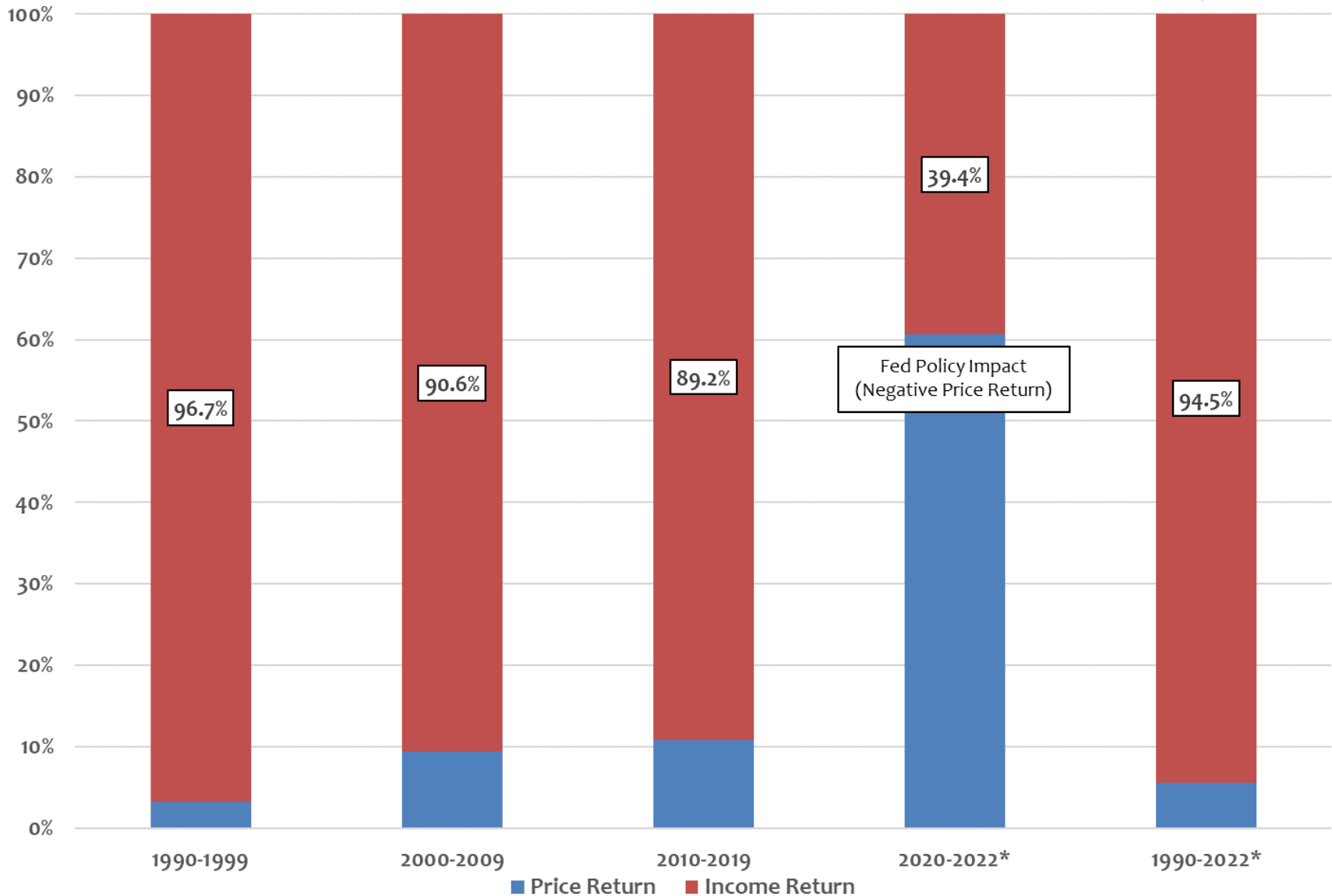
POOL/PACT/PCM/PRM Consolidated - Yield Trends



Bond Math & Expected Performance



Price & Income Returns As % of Total Return - US Broad Fixed Income





STRATEGIC OUTLOOK

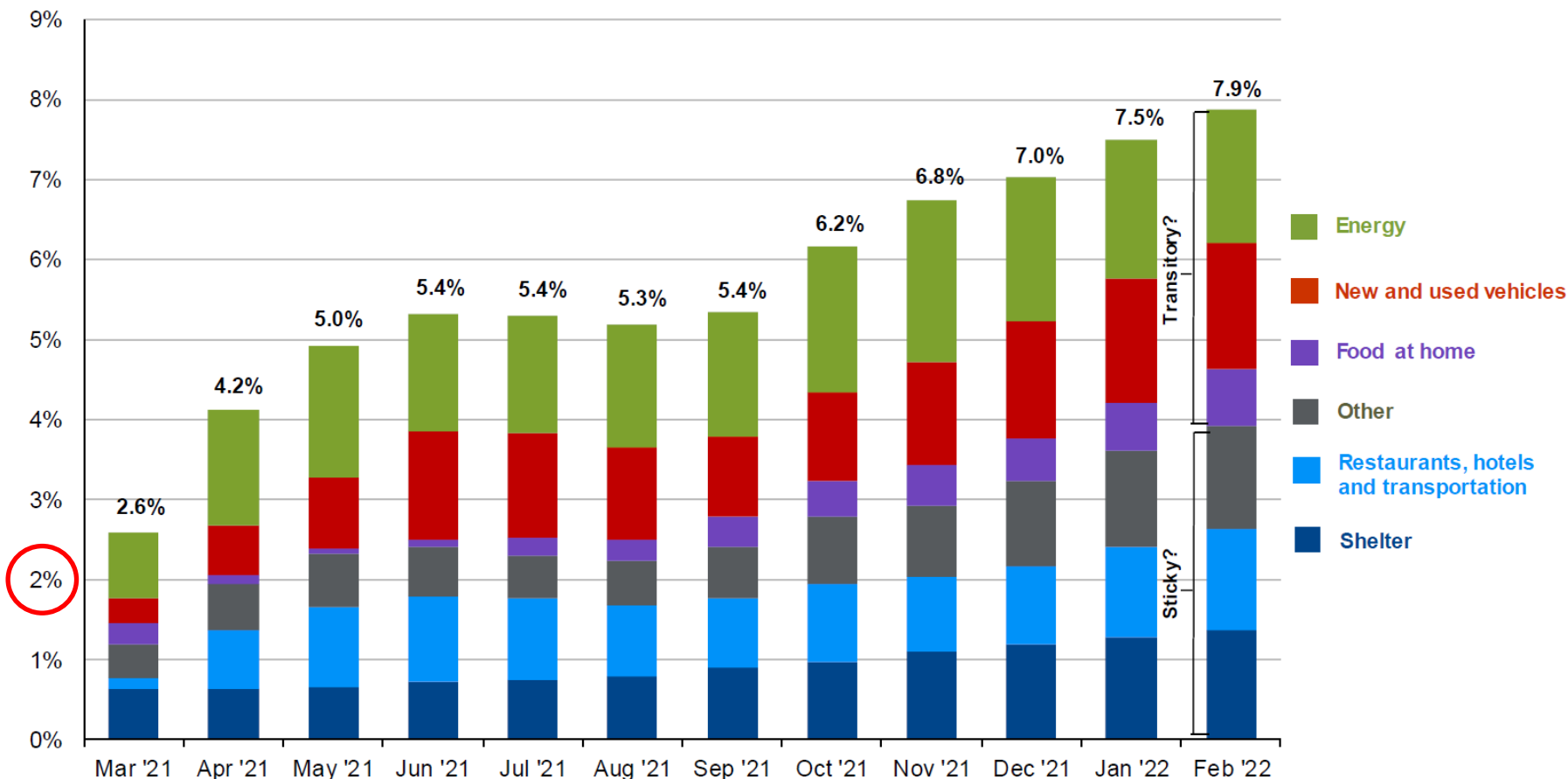


Inflation Components



Contributors to headline inflation

Contribution to y/y % change in CPI, non seasonally adjusted



Key Take Aways:

- Inflation continues to accelerate for both “sticky” and “transitory” components and far exceeds the Fed’s 2% average inflation target as surging consumer demand continues to collide with supply chain disruptions even more exacerbated by the Russian invasion of Ukraine. U.S. consumers still possess excess spending potential as they continue to emerge from the Covid hibernation, and SAA expects strong demand for goods to continue in 2022-23 and for consumers to shift spending back toward services as Covid is now more endemic than pandemic.

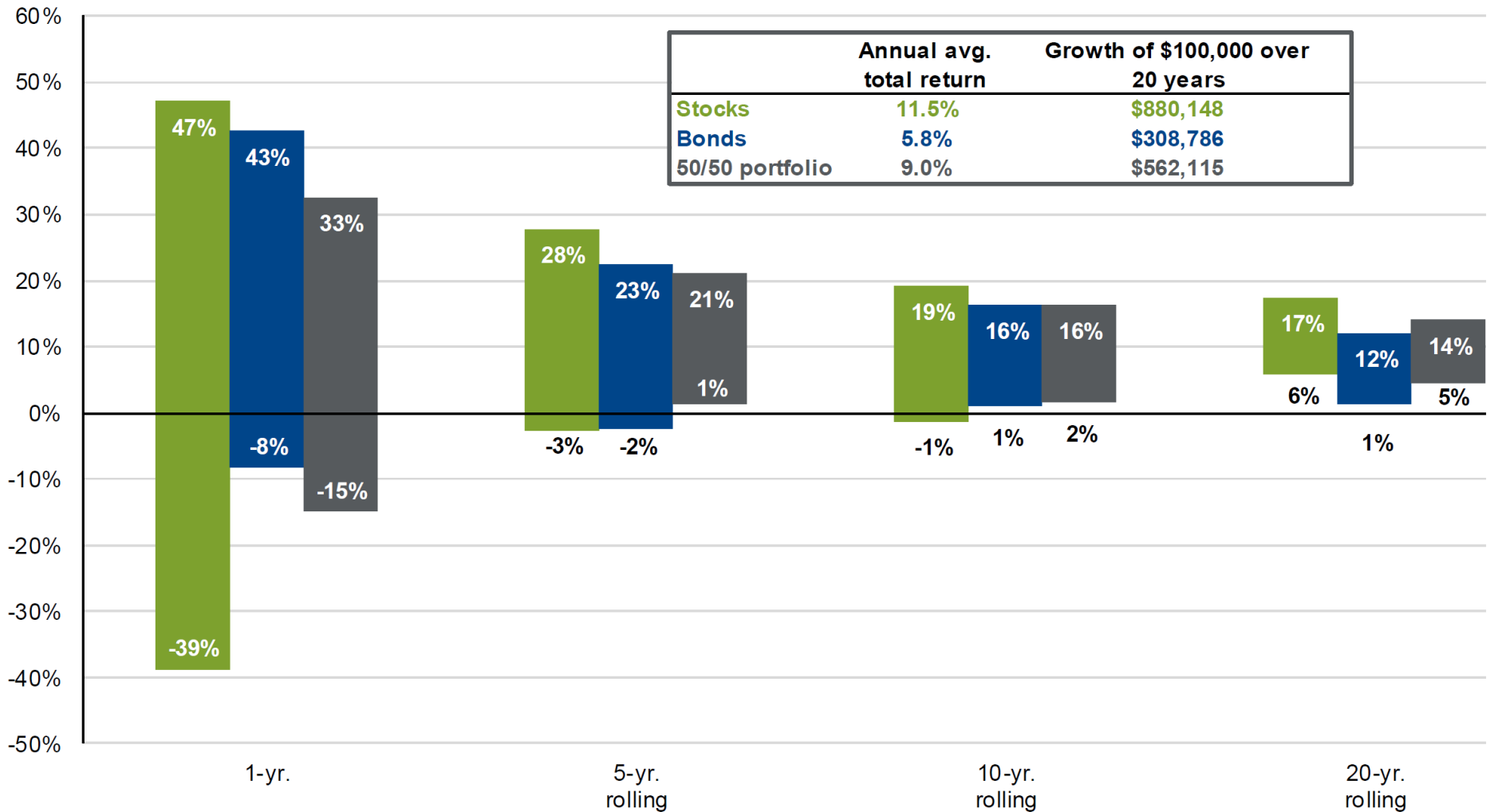
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Time, Diversification and the Volatility of Returns

Range of stock, bond and blended total returns

Annual total returns, 1950 - 2021



	Annual avg. total return	Growth of \$100,000 over 20 years
Stocks	11.5%	\$880,148
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50/50 portfolio	9.0%	\$562,115





How to Help Your Trustees Fulfill Their Investment Responsibilities

What Are a Trustee's Investment Responsibilities?

Trustees for government risk pools carry numerous duties as part of their overall responsibilities for the pool's investment operations:

- **To act with 'reasonable' skill and care**
Dependent upon the trustee's personal knowledge.
- **To take advice where appropriate**
If not fluent with investments, trustees should get proper advice unless the cost of advice is prohibitive relative to the size of the risk pool. Any advice being truly considered should also carry a suitable level of risk and diversification.
- **To keep investments under review**
Investments should be reviewed regularly by trustees in conjunction with appointed advisors, as applicable.

Overview:
Trustee Responsibilities
Typical Errors
Putting It All Together
Appendix

Trustees must also include these key elements into their decision-making process as it relates to their investment responsibilities:

- **Suitability**
Trustees must take into account the needs of the policyholders, the purpose of the trust and type of existing investments. Trustees must also determine whether it would be more appropriate to invest in other investment classes.
- **Diversification**
Trustees should be mindful of maintaining a spread of investments with a view to reducing the overall risk profile of the pool.
- **Delegation, not abdication, of investment management functions**
While trustees may appoint a discretionary manager, the manager must provide a written investment policy statement, with trustees periodically reviewing that statement. The manager should advise how they incorporate the Trustees' adopted investment policy when the manager makes investment decisions or recommendations.

Given these considerations, it is important that trustees understand their risk pool's investment process in order to correctly apply these elements and fulfill their overall investment responsibilities.





How to Help Your Trustees Fulfill Their Investment Responsibilities

What are typical errors Trustees make?

Trustees are often unaware of investment decisions that could have provided an opportunity for improvement, but are never shown on your financial statements:

- Not considering **all possible asset classes or investments** within that asset class can result in lower investment income
- Not considering the possibility and the potential impact from a **more diversified portfolio** can result in lower portfolio investment returns, adjusted for risk.
- Not reviewing your pool's **investment process periodically** can result in poorer investment results.
- Not reviewing **investment management fees** can result in lower investment income and returns.

Another common error Trustees make is applying practices that are typical for personal investments, but are not applicable to a risk pool's investment process.

- Personal investment portfolios differ greatly from a risk pool's, for example objectives, time horizon, constraints, and tax situation.
- Likewise, trustees can also mistakenly apply investment practices they've seen for endowments, foundations, pension funds, etc. However, a risk pool's practices greatly differ.
- Trustees should always consider enterprise risk factors specific to risk pools when making investment decisions.

Finally, many Trustees do not receive investment advice from a true Fiduciary, which may result in actions that are not in the best interest of your risk pool.

What is Opportunity Cost?

The loss of potential gain from other alternatives when one alternative is chosen.

What is a Fiduciary?

A fiduciary is legally and ethically held to ensuring any financial/investment services and expertise they provide your risk pool is solely in the best interest of your organization.





How to Help Your Trustees Fulfill Their Investment Responsibilities

Key Considerations and Next Steps

Understanding Regulatory Constraints on Allowable Asset Classes:

Regulations can impose constraints on potential allocations to certain asset classes. Thus, a review of the applicable regulatory framework is an integral part of any asset allocation modeling.

Determining Risk Appetite:

Risk tolerance is vital to the strategic asset allocation process. The amount of risk an insurer or risk pool is comfortable taking on within the portfolio will shape the overall investment program.

A short questionnaire to staff, Board members and trustees can help put some constraints around any asset allocation models being reviewed.

Most importantly, scenario-based impact analyses can be helpful in identifying and adopting an appropriate asset allocation framework.

Review Current Asset Allocation and Potential Alternatives:

Insurers and risk pools can compare their current asset allocation to other potential models in various ways. Potential asset allocation models can be focused on the asset side of the balance sheet or can also include the impact of reserves.

Many also model asset allocations by considering reserves, surplus, and other financial considerations. Because risk pools already have leverage built into their financial statements, evaluating the additional leverage from investment allocation decisions is important to manage the enterprise risk.

It may also be beneficial to test how your portfolio may perform by simply changing the allocated amount to certain asset classes.

Understanding Risk Tolerance:
[Learn More >>](#)

Model Different Allocations:
Easily model various allocation scenarios to determine your company's expected portfolio return

[Test Asset Allocation >>](#)

For More Information:

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Director
Strategic Asset Alliance
nsimon@saai.com

About Strategic Asset Alliance

SAA is an independent investment consulting firm that works exclusively with insurance companies and pooling organizations. Founded in 1994 by our President Alton Cogert, our experience and focus enables us to help our clients improve their investment process and enhance the value added by their portfolios which are critical components of their business.

We provide insurers and pools with independent investment consulting services to aid their board members and senior executives in meeting fiduciary responsibilities, along with strengthening their investment program.





How to Help Your Trustees Fulfill Their Investment Responsibilities

Appendix

What is a Risk Pool's Investment Process?	Page 5
Fiduciary or Not?	Page 6
Overview of Hidden Costs	Page 6
Risk Management of Investments	Page 7 - 8
Battling Low Rates	Page 9
Questions Trustees Should Ask	Page 9





How to Help Your Trustees Fulfill Their Investment Responsibilities

What is a Risk Pool's Investment Process?

For government risk pools to achieve strong investment results, a strong investment process is required.

The investment process goes beyond choosing the right investment manager and consists of these six components:



- **Allocate: Strategic Asset Allocation**
Essentially, asset allocation is your risk pool's investment strategy; the types and quantity of investments your risk pool selected based on desired return, tolerable (potential) risk of loss and organization goals, and risk enterprise considerations.
- **Policy: Investment Policy & Guidelines**
An investment policy clearly identifies a pool's investment objectives and the role/restrictions of all parties involved in the process. The policy also helps prevent any problematic actions from happening.
- **Implement: Investment Manager Evaluation**
Any third-parties managing your portfolio must also be aligned with your risk pool from a philosophical and personnel perspective, not just performance.
- **Monitor: Portfolio Monitoring**
Beyond monitoring what your manager(s) has been doing, it is important for pools to track how the portfolio is acting in accordance with compliance, risk exposures, stress testing, etc.

- **Measure: Performance Analysis**
Aside from reviewing your level of return, risk pools should also analyze "why" their portfolio performed the way it did and adjust performance to the level of risks being taken.
- **Peer: Peer Group Analysis & Comparison**
It is important for risk pools to compare their portfolio to similar public entities as a measure of performance and identify potential improvements.

Of course, each of these components consists of several requirements that trustees should be mindful of (see Appendix). As mentioned previously, trustees may utilize outside investment advice to ensure they are fulfilling their responsibilities to their risk pool. For those who utilize outside advice, it is important to understand if the party providing investment advice is a true fiduciary or not.





How to Help Your Trustees Fulfill Their Investment Responsibilities

Investment Professional as a Fiduciary or Not?

Trustees can ask these simple questions to identify if the investment professional they are receiving advice from is a Fiduciary (or not):

- **Are they registered as an investment advisor with the SEC?**
If “Yes,” then they are a fiduciary
- **Are they a broker/dealer who is responsible for determining suitability of investments?**
If “Yes,” then they are NOT a fiduciary
- **Are they an Internal investment professional?**
If “Yes,” then they are probably not a fiduciary as they are held to standards of employment
- **If you are unsure, ASK this professional and get assurances in writing.**

What is a Fiduciary?

A fiduciary is legally and ethically held to ensuring any financial/investment services and expertise they provide your risk pool is solely in the best interest of your organization.

Hidden Costs

Here are some hidden costs that your risk pool may be subject to, but are often difficult to know without being advised to check for it.

- **Fixed Income Bonds have no trading commissions, but Stocks do.**
- **The cost of trading bonds is higher than trading stocks:**
Stock trading commissions were deregulated in the 1970s and have since come down severely with the advent of electronic exchanges.

Bond trading incurs bid/ask differences and is subject to a generally inefficient market (less so with US Treasuries).

Some broker/dealers will buy a bond for their inventory and then sell the same bond to your pool, potentially benefiting on the trade twice.



How to Help Your Trustees Fulfill Their Investment Responsibilities

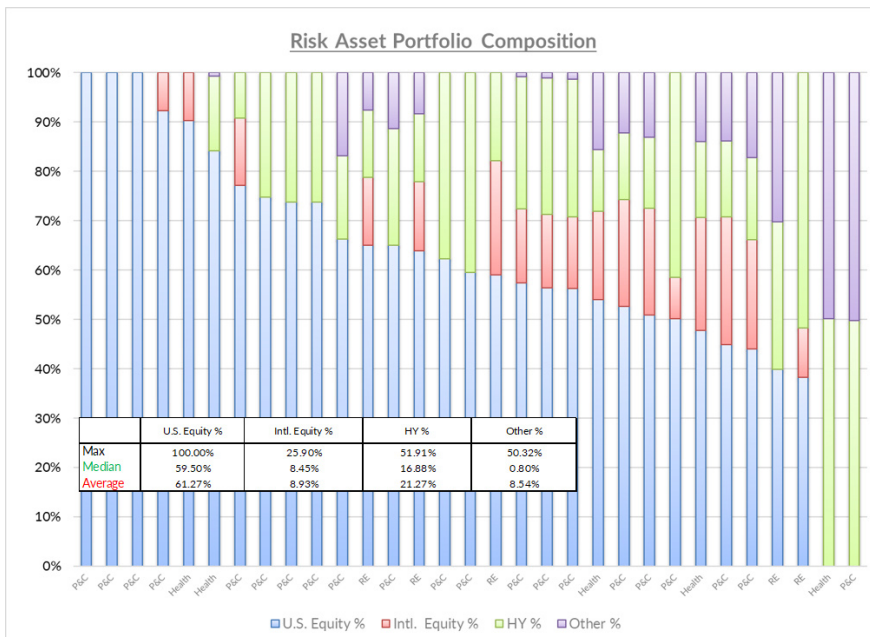
Risk Management of Investments

One key aspect of a trustee’s investment responsibilities is understanding where potential portfolio losses may come from and what level of investment risk the pool is comfortable taking, including:

- **Risk Assets:**
What is Our Risk Appetite Level? How Might Our Surplus Be Affected?

Risk Assets-to-Surplus Ratio	Net Assets/Surplus	Risk Assets	Risk Assets As % of Total Portfolio	Surplus Level (\$): Worst negative return trend	Downside Impact: As % of Surplus	Surplus Level (\$): Worst Calendar Year Decline	Downside Impact: As % of Surplus
100%	\$35MM	\$35.0MM	43.80%	\$17.8MM	-49.00%	\$22.0MM	-37.00%
85%	\$35MM	\$29.8MM	37.20%	\$20.4MM	-41.60%	\$24.0MM	-31.40%
75%	\$35MM	\$26.2MM	32.80%	\$22.1MM	-36.70%	\$25.3MM	-27.70%
50%	\$35MM	\$17.5MM	21.90%	\$26.4MM	-24.50%	\$28.5MM	-18.50%
40%	\$35MM	\$14.0MM	17.50%	\$28.1MM	-19.60%	\$29.8MM	-14.80%
35%	\$35MM	\$12.2MM	15.20%	\$29.0MM	-17.20%	\$30.5MM	-12.90%
30%	\$35MM	\$10.5MM	13.10%	\$29.9MM	-14.70%	\$31.1MM	-11.10%
25%	\$35MM	\$8.8MM	11.00%	\$30.7MM	-12.30%	\$31.8MM	-9.30%
20%	\$35MM	\$7.0MM	8.80%	\$31.6MM	-9.80%	\$32.4MM	-7.40%
15%	\$35MM	\$5.2MM	6.50%	\$32.4MM	-7.30%	\$33.1MM	-5.60%
10%	\$35MM	\$3.5MM	4.40%	\$33.3MM	-4.90%	\$33.7MM	-3.70%
5%	\$35MM	\$1.8MM	2.20%	\$34.1MM	-2.50%	\$34.4MM	-1.90%

- **Diversification: SAA’s Pool Peer Group (as of 6.30.21)**
What Asset Class Should We Consider? How Much?



What Are Risk Assets?

Risk assets are any investment outside of investment-grade fixed income.

These assets provide greater potential yields, but with greater risk of loss and/or return volatility.

Portfolio Diversification?

Diversification is an investment strategy meant to mitigate various risks by utilizing various asset classes within a portfolio.





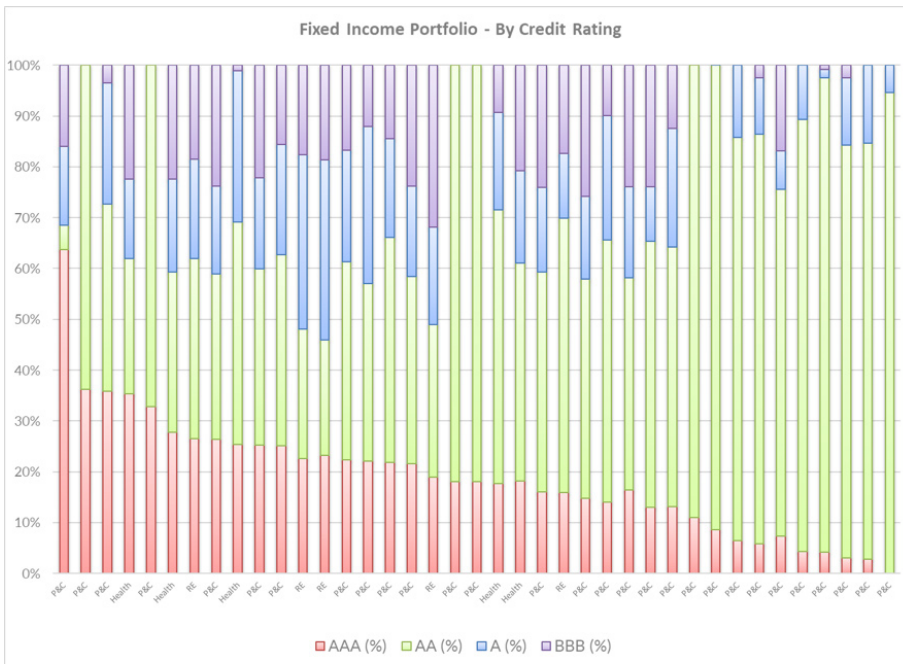
How to Help Your Trustees Fulfill Their Investment Responsibilities

- Fixed Income Duration vs. Duration of Reserves (Liabilities):**
 How sensitive is our bond portfolio to interest rates? How does that tie into our pool's liabilities?
- Credit Risk of Fixed Income Portfolio:**
 What is the credit quality of our overall fixed income portfolio? How comfortable are we with the current quality? Is our risk pool comfortable reducing credit quality for higher, potential yields?

What Is Credit Risk?

The likelihood that the issuer of the bond could default on the commitment and be unable to repay investors of the bond.

SAA's Pool Peer Group - Credit Quality Composition (as of 6.30.21):



	AAA (%)	AA (%)	A (%)	BBB (%)
Max	63.75%	94.60%	34.24%	31.44%
Median	17.79%	43.94%	15.80%	11.98%
Average	18.47%	51.09%	14.63%	11.37%





How to Help Your Trustees Fulfill Their Investment Responsibilities

Battling “Lower Rates for Longer”

Given the current environment, interest rates are expected to remain low for the foreseeable future. Thus, risk pools will experience lower investment yield on their bond portfolio going forward. For trustees of a risk pool, here are a few ideas to consider when considering how your risk pool might navigate this low interest rate environment:

- **Re-review Duration of Reserves (Liabilities):**
Can we be rewarded by increasing investment portfolio duration? Is that worth the risk?
- **Review ‘Risk Asset’ Allocation:**
Percentage of asset limitations are OK for investment policy purposes, but can be misleading
- **Determine ‘Downside Risk’ of a Given Risk Asset Allocation:**
How does this compare with your pool’s overall risk appetite?
- **Review Investment Benchmarks, Especially Fixed Income Benchmarks**
Are they incenting the investment manager not to act in the best interests of your pool? How do they fit within a strategy of ‘battling low rates for longer’

Putting It All Together - Initial Questions for Trustees to Ask

- Do your pool’s trustees feel comfortable with the **depth** of their investment responsibilities? Do they still feel comfortable knowing they **can delegate, but not abdicate** those responsibilities?
- Have your pool’s trustees considered **all parts** of the Investment Process in their deliberations about investments?
- Are your pool’s trustees aware of both **hidden costs and opportunity costs** within the investment process? Those costs could be seriously **degrading the interests** of pool members.
- Are your pool’s trustees comfortable with the **overall level of risk** within the investment portfolio? Are they familiar with and comfortable with the ongoing efforts to monitor and manage those risks?
- Are your pool’s trustees comfortable with the **current level of portfolio monitoring, including performance measurement and comparisons to other pools?**





Investment Program Annual Review

April 21, 2022

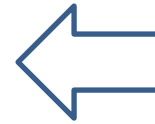
Dan Smereck

Managing Director

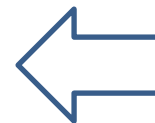


STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Risk Management – Realistic Version



Risks of which we are aware and actively measure and monitor.



Risks of which we are currently unaware or aware of and underestimate.



Member Contributions (\$)



Investment Portfolio (\$)
INVEST & PROTECT

FLOAT



Claims Payments (\$)





PERFORMANCE REVIEW – YEAR 2021



	<u>2020</u>	<u>2021</u>
● POOL	+5.08%	-1.63%
● PRM	<u>+8.64%</u>	<u>+5.37%</u>
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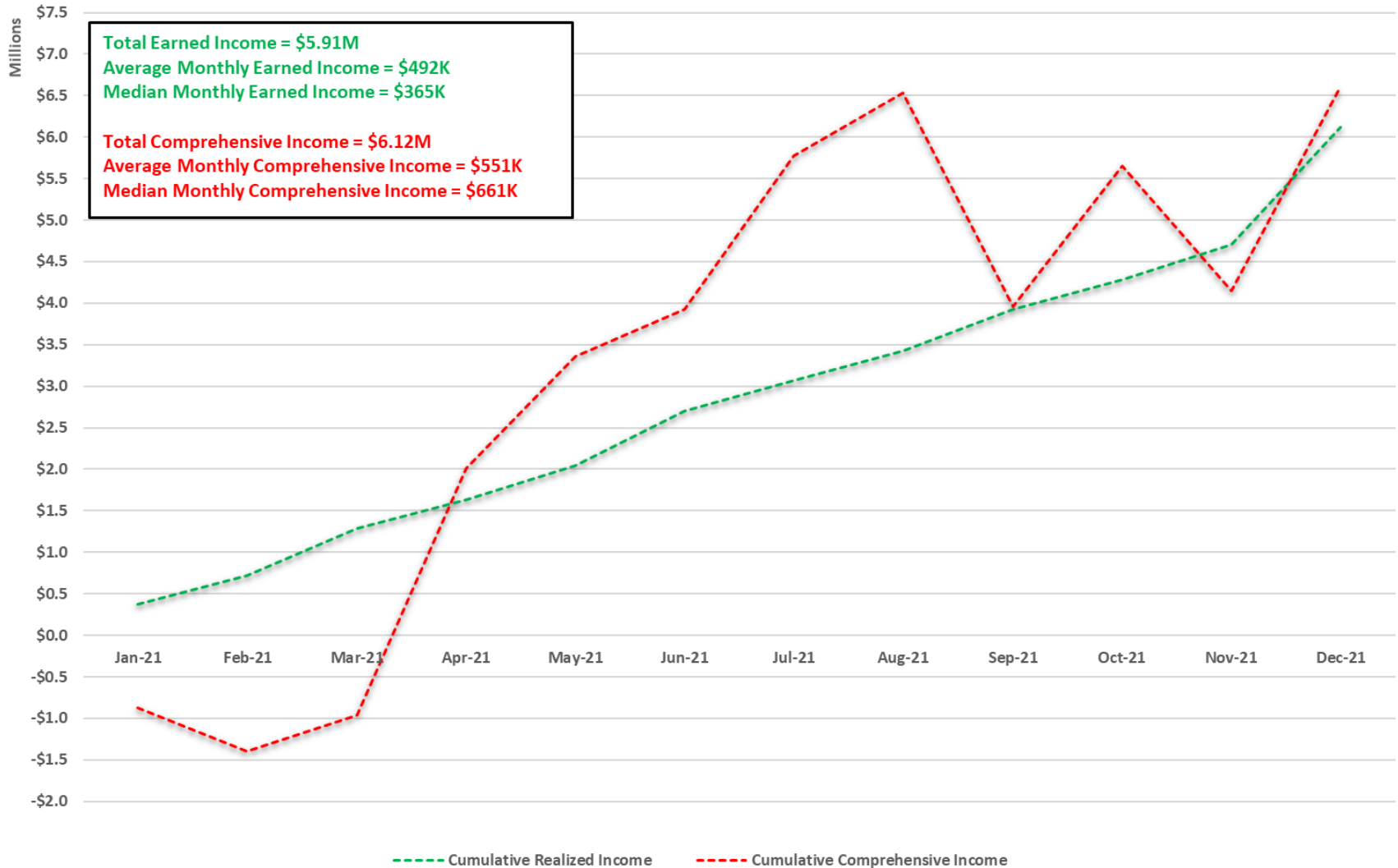


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CONSOLIDATED – ALL PROGRAMS

POOL/PACT/PCM/PRM Consolidated Investment Income - Year 2021





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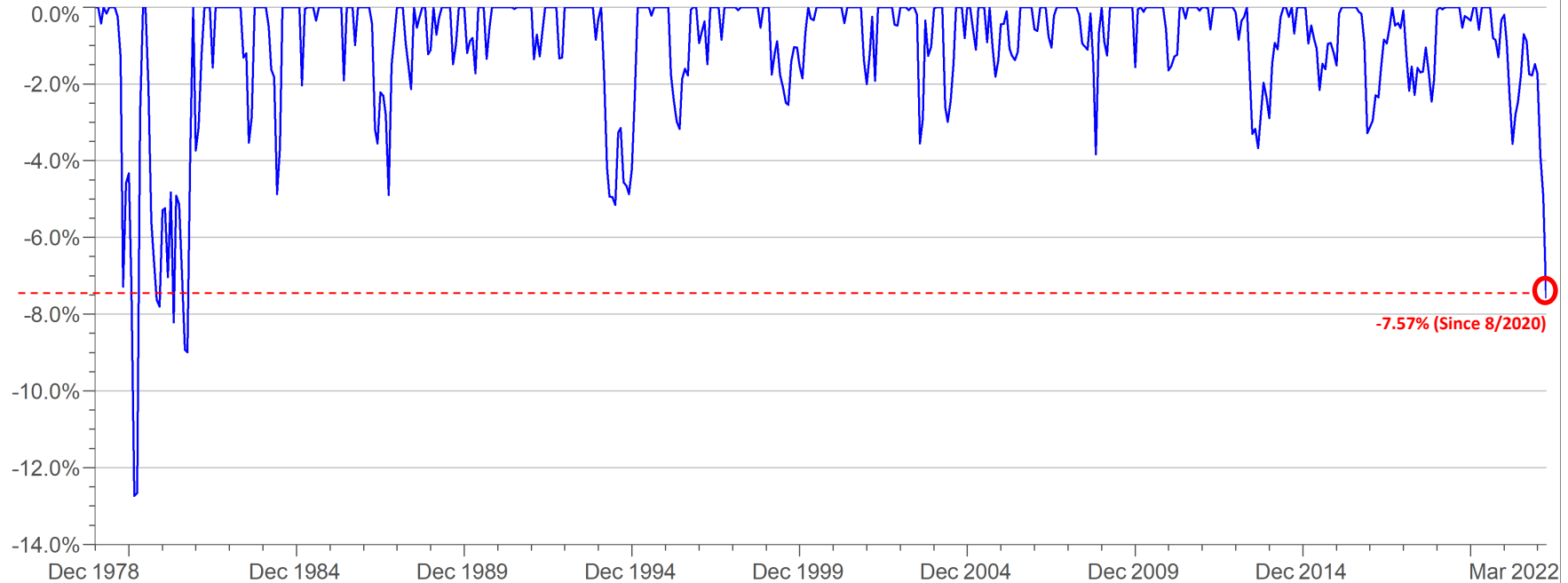
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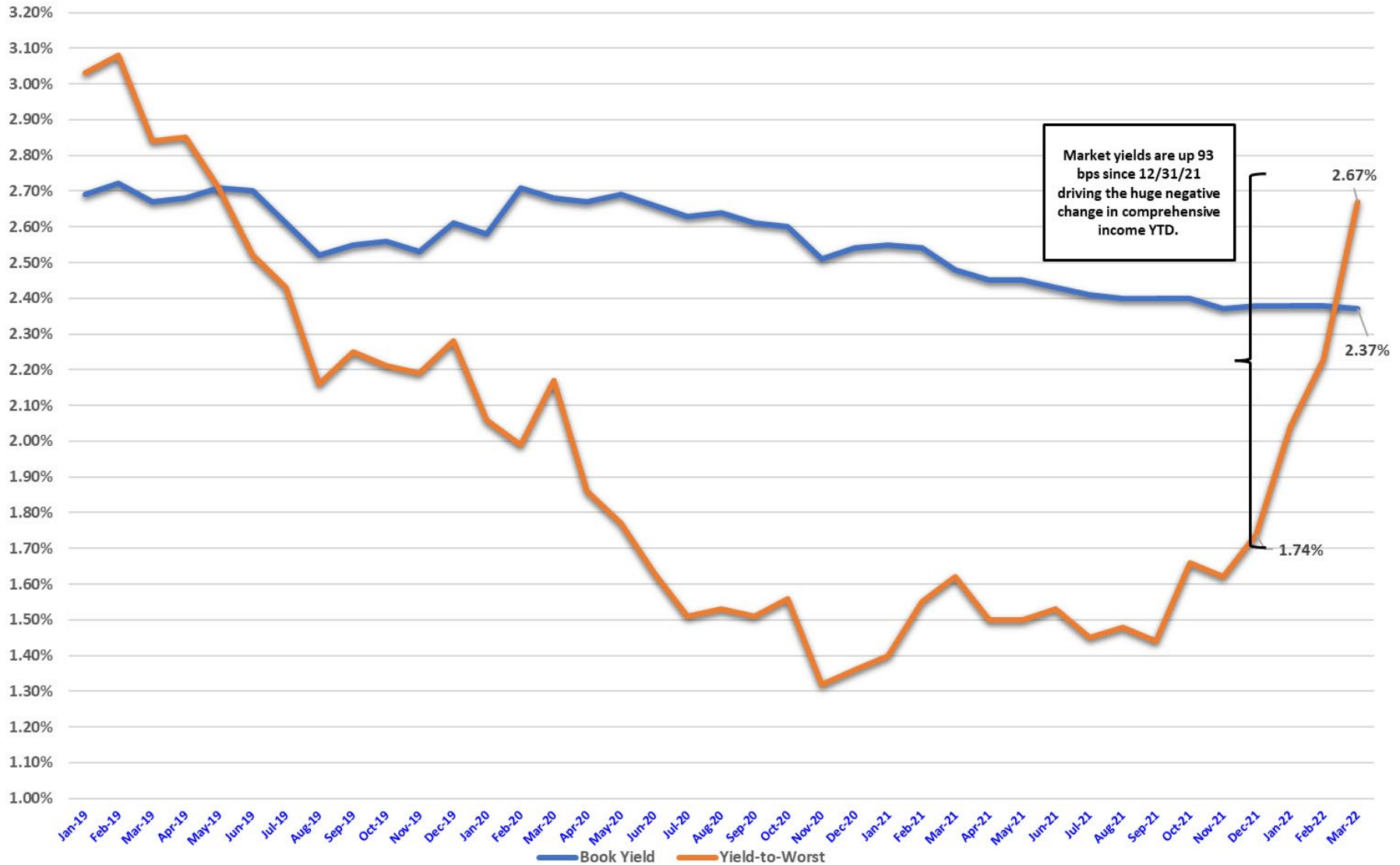
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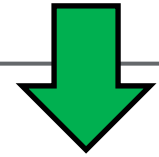
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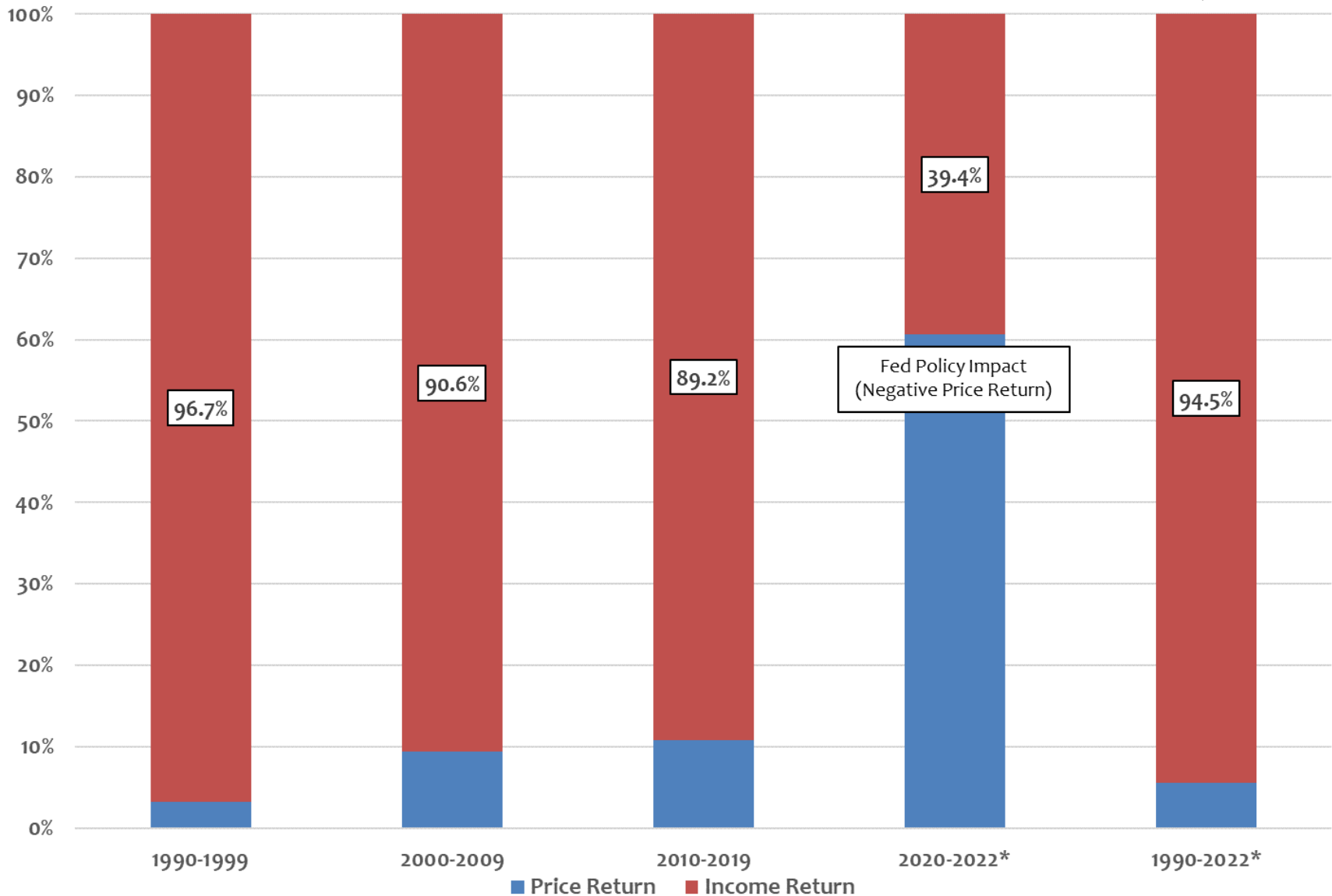
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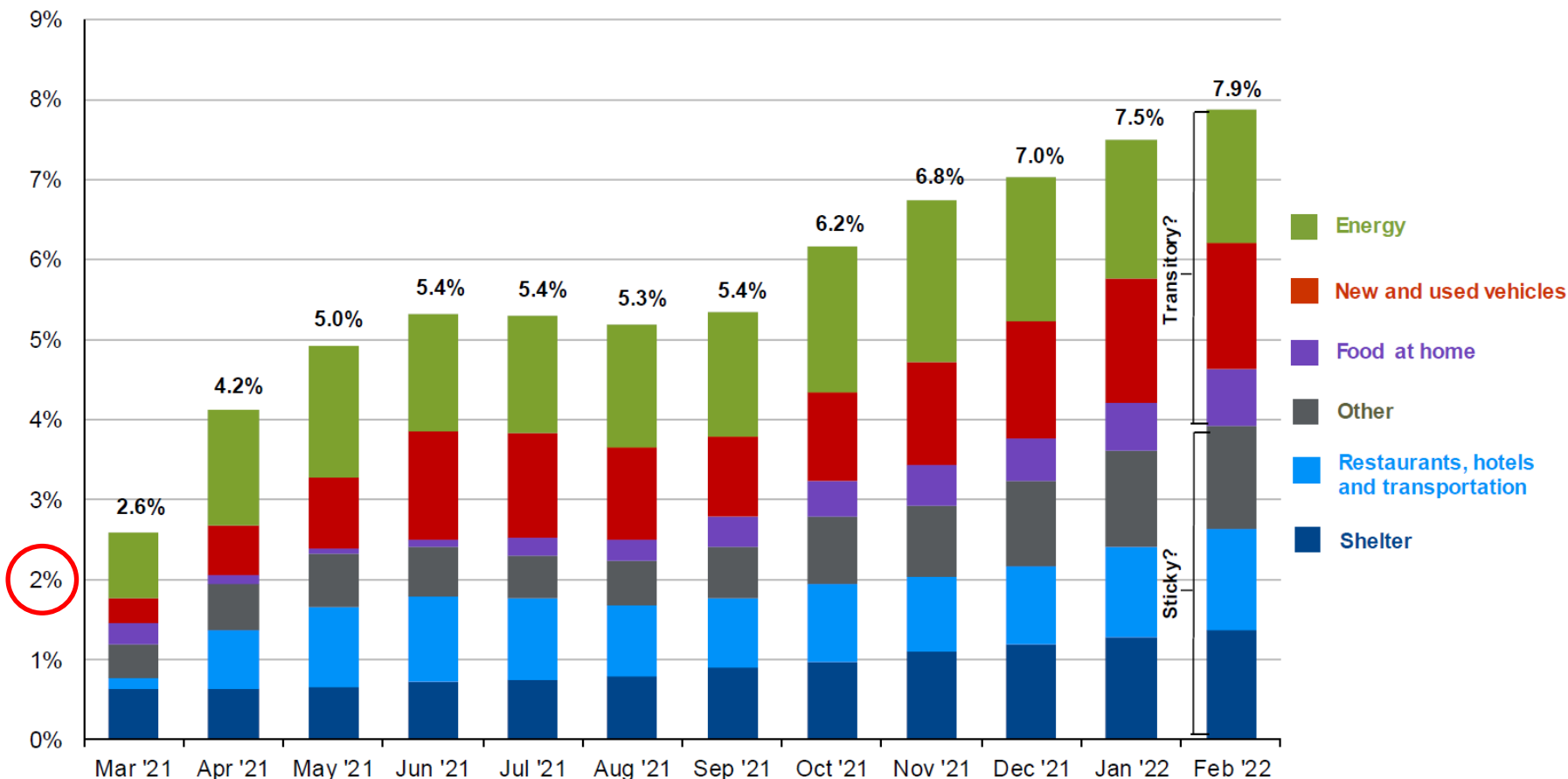


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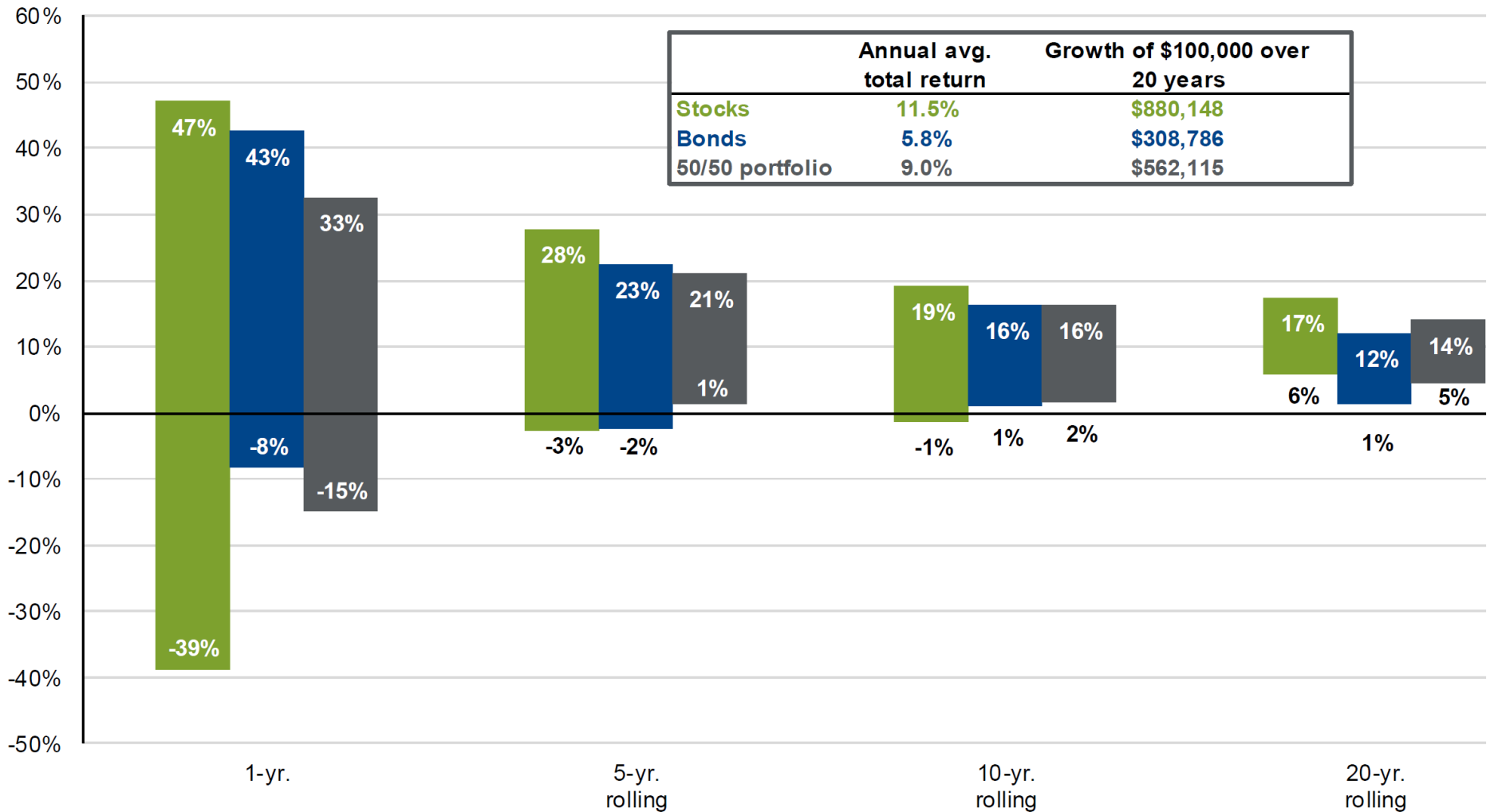
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Investment Policy Update

April 12, 2022

Agenda Item 4

4a. POOL 4b PACT

Summary: Compliance Exception Average Life of Agency MBS holding extending beyond the 10-year maximum per investment guidelines.

On Thursday, March 24th NEAM Investment advisor, Kelly Sullivan, provided us with the following information on a Compliance Exception. As noted in our policy, the exceptions and the resolution should be brought forward at the next meeting for notification.

Hi Wayne & Alan –

We had a compliance exception trigger in the PACT portfolio related to the average life of one of your Agency MBS holdings extending beyond the 10 year maximum per guidelines (cusip 3133KH5H5 at 10.45 year average life, details below).

Given the increase in Treasury rates this month (2 year +72 bps, 10 year +53 bps), we have seen mortgages extend (i.e. duration and average life increase). This extension has been more pronounced among your lower coupon MBS holdings as there is no rate incentive to refinance given relatively higher current mortgage rates.

There are two options to address this compliance exception:

- 1.) We could sell this position and reinvest the proceeds. This MBS holding has a 1.60% book yield which we can replace given the current yield environment, however selling would result in realizing a loss of ~\$40k.
- 2.) You could grant a waiver until the earlier of sale or maturity for us to continue to hold this position and close out the exception.

PUBLIC AGENCY COMPENSATION TRUST (PLPPACgrp)

Exposure to Fixed Income Securities with an Average Life greater than 10 years

CUSIP	Description	2/28/2022	3/23/2022
		Average Life (years)	
3133KH5H5	UMBS - POOL RA2648	8.55	10.45

Please let us know how you would like to proceed. Thanks.

Upon consultation with Kelly and Dan, it was noted that the bond was compliant at the time of purchase and the exception was triggered by the recent rate move. It was recommended that we continue to hold the security and grant the waiver. **Wayne provided them with the waiver and not to sell the security at this time.**

The next logical step is to look at our investment policy to see if changes are necessary given this situation and the strategic asset allocation to enhance our yields.

Kelly noted that we have plenty of cash in the PACT (and POOL) portfolios to invest, however given that the duration of both portfolios is greater than +120% of the current benchmark's duration (due to the MBS extension), we have not been able to invest cash in the POOL or PACT portfolios since this would only extend their durations further. The recent EBAA work suggested the capacity to extend duration (at both the Pooling Company and Captive levels), so we can revisit their current benchmarks if you would like us to move in that direction.

Working with Dan at SAA and Kelly at NEAM, the proposed changes in the Investment Policy is being recommended for approval.

The following is the feedback received to support the investment policy change.

POOL/PACT Duration and Policy (SAA Dan Recommendations)

- a. In reviewing the MBS duration extension (see exhibit below from NEAM CARA) since year-end, might we consider recommending to the Committee that we revise the POOL/PACT portfolios' duration limitation to +/- one year as opposed to the current +/- 20% of benchmark limitation. Why? When the benchmark was changed in Sept 2020, the MBS component was removed and now drives the duration disparity for both portfolios. Moving to a +/- one year range provides both flexibility and acknowledgment of the strategic out-of-benchmark allocation to MBS. There are certainly other options, but I thought this one allowed a straight-forward explanation without recommending a change in benchmark. I look forward to hearing your thoughts on this suggestion.
- (Kelly's Comments) If the desire is not to change the POOL and PACT fixed income benchmark and to keep things simple, we agree with the recommendation of modifying the duration guideline limit from +/- 20% of benchmark duration to +/- 1 year of benchmark duration. This change would give us some additional flexibility to invest cash relative to the revised upper duration limit.
 - As you noted, the reason for the duration exceptions for POOL and PACT was driven by the duration extension of the portfolio's MBS holdings (in response to the rise in rates YTD) which are not similarly represented in the benchmark.
 - Down the road, if there is an interest in extending the POOL and PACT portfolio durations in line with the results of the recent EBAA work (while still respecting the overarching NRS maturity/average life limitations of 5 years or less for Corporates and 10 years or less for Treasuries and MBS), we could always revisit a benchmark modification to a longer duration profile at that time.

Staff Recommendation:

Approve the recommended changes in the attached investment policy for A. POOL and B. PACT as presented. We are able to answer any questions that you may have prior to approving the changes.

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.

Deleted:

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. Further, it is becoming increasingly important to consider environmental, social and governance risks within the investment decision process.
- 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 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 it 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 +/- one year 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 and benchmarks listed below:

1. Goal - to outperform over a 4-to-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 BB US Government-Credit 1-5 Index (currently trading as BC1031) over a 1 to 5-year period.

Commented [SG1]: SAA/NEAM recommended and revised to reflect Committee directive on 3/28/2022 based on MBS extension discussion.
Deleted: 20%

Deleted:
Deleted: Year Treasury Bond Fund
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Commented [SG2]: Clarification as the official index is currently the Bloomberg Barclays Gov/Credit 1-5 YR Index
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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 POOL Board.

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
Revised 9/28/2020
Revised 4/22/2021
Revised 4/XX/2022

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.

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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. Further, it is becoming increasingly important to consider environmental, social and governance risks within the investment decision process.
- 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 ("NRSRC") 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.

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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.

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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.
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The Executive Director shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Audit Committee and with the independent auditor. The controls shall be designed to prevent the loss of 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.

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- 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 PACT.

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

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

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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
 Revised 9/28/2020
 Revised 4/22/2021
 Revised 04/XX/2022

Executive Director's Report 4-2022

Year in Review:

AGRiP Recognition: AGRiP Recognition is a method for member pools to conduct a comprehensive self-assessment of internal operational procedures against industry best practices. Any pool that meets the Advisory Standards is granted Recognition for three years, helping assure its governing body and members it is operating as effectively as they expect. [Approximately a quarter of AGRiP member pools have achieved AGRiP Recognition.](#) Both POOL and PACT received letters advising that they have been granted AGRiP Recognition for another three-year period until October 2024. Recognition has been achieved every three years for POOL since 1993 and PACT since 1996.

Leadership Changes:

- Cash Minor resigned from Elko County effective 3/1/2022. He served in leading roles for POOL, PACT, PRM, PCM, PRI and NRP. Replacing him will be challenging because of his many years of service and knowledge of the pools and captives. Josh Foli moved from Vice Chair to Chair of POOL.
- Members of the PACT Executive Committee announcing they will not be seeking reelection include: Elizabeth Frances, Cindy Hixenbaugh and Dee Carey

Broker/Staff Changes:

- Willis Towers Watson Pooling, our broker and loss control services provider since the beginning of the POOL, contract terminated effective 9/1/2022. Historical files were downloaded and are in the POOL/PACT files.
- Nevada Risk Pooling, Inc. took on all responsibilities from WTW Pooling in-house and hired new staff Jarrod Hickman as Risk Management Specialist and Stephen Romero as in-house broker and Member Relations Manager. In addition, NRP hired Jennifer Turner as an Administrative Data Analyst who started 4/18/2022.
- Markets were notified of the broker change and accepted Stephen Romero to serve as broker.

Market conditions:

- Indications are likely for property rate increase up to 5%; however, appraised valuations are up 5-7% due to inflation thus increasing overall program costs.
- Liability increases came in higher especially for law enforcement liability due to national trends and our own loss experience.
- Cyber liability continues to experience volatility in pricing and terms. We reviewed our cyber policy language for some changes for the current year and have an action item on this. We will do a further review for the subsequent policy year.
- Workers compensation continues its adverse trend due to large losses in both excess and PACT's retained losses in large part due to former Members. We received the actuary funding projection which indicated a modest increase in PACT retention rates, excluding the former members losses. We propose a capital transfer from PCM to PACT to strengthen its net position because of the former members' large loss tail.

Renewal issues:

- POOL Cyber Coverage limits likely will be changed. CRL will impose a \$10,000,000 pool-wide aggregate for its limits of \$2,000,000 excess of POOL SIR due to the potential for multiple entity cyber attacks. PRM's \$1,000,000 limit excess of CRL should be changed to a pool-wide aggregate only limit of \$5,000,000 excess of CRL. This is a complicated issue, but financially important with the potential of cyber attacks via a single vendor that serves multiple members. CRL has a member that had a single vendor managing a PII database for 20 counties and the vendor was hacked. While the estimated loss turned out less than the limits, it reveals the potential liability issues.
- PACT's financial performance continues to be hit with large claims and development of claims from former members for which PACT remains responsible. This puts pressure on the PACT rates and raises an issue about the present year over year plus or minus 10% change in the experience mod. Should the range be increased? Should the individual \$50,000 dollar cap on a single loss for experience mod purposes be increased? Changes such as these increase volatility year over year, but also redistribute how much affect there is on both good and bad performers.
- Changes to clarify coverage is proposed for the POOL Coverage Form. One is to clarify the exclusion for takings includes real property and adds personal property specifically. The case law clearly indicates that both types of property are excluded so the language change affirms the case law.

Prospective New Members:

- We have received inquiries from several larger entities in Northern Nevada requesting quotes for property, cyber and pollution legal liability. We are in discussions with our London broker regarding what effect adding these entities would have on the current property program. Likewise, we are discussing the impact on our cyber and pollution providers. The combined total insured values if these entities joined would be nearly \$5 billion which is near the total of our current \$5.9 billion values for current members. These are urban entities within Washoe County. In addition, we have received inquiries from a few Southern Nevada entities and are awaiting completed applications.

Notices of Withdrawal: As of 3/2/2022

POOL: Storey County, Nye County, Town of Pahrump

PACT: none

February 28, 2022

Wayne Carlson
Executive Director
Public Agency Compensation Trust
201 South Roop Street, Suite 102
Carson City, NV 89701

Dear Wayne,

The Membership Practices Committee (MPC) and I are pleased to inform you that Public Agency Compensation Trust (PACT) has earned AGRiP Recognition. AGRiP Recognition is a significant achievement. I commend the pool's effort and dedication to industry best practices.

PACT's Recognition will be effective for three years, reflecting compliance with the Advisory Standards defined for 2021. The renewal date for PACT's next application cycle is October 1, 2024.

PACT will receive a plaque honoring its accomplishment, either by mail or at an upcoming AGRiP conference of your choice:

- Fall Forum 2022: October 2 to 4, 2022 in San Diego, CA
- Governance Conference 2023: March 5 to 8, 2023 in TBD

Please communicate your preference to [Sarah Hall](#) at your earliest convenience and she will coordinate with you on logistics.

We hope the Recognition process helped improve PACT's operations and perspective. As a reminder AGRiP Recognition is not a guarantee PACT is appropriately managed or financially solvent and should not be represented as such.

Again, congratulations!



Ann Gergen
Executive Director

February 28, 2022

Wayne Carlson
Executive Director
Nevada Public Agency Insurance Pool
201 South Roop Street, Suite 102
Carson City, NV 89701

Dear Wayne,

The Membership Practices Committee (MPC) and I are pleased to inform you that Nevada Public Agency Insurance Pool (POOL) has earned AGRiP Recognition. AGRiP Recognition is a significant achievement. I commend the pool's effort and dedication to industry best practices.

POOL's Recognition will be effective for three years, reflecting compliance with the Advisory Standards defined for 2021. The renewal date for POOL's next application cycle is October 1, 2024.

POOL will receive a plaque honoring its accomplishment, either by mail or at an upcoming AGRiP conference of your choice:

- Fall Forum 2022: October 2 to 4, 2022 in San Diego, CA
- Governance Conference 2023: March 5 to 8, 2023 in TBD

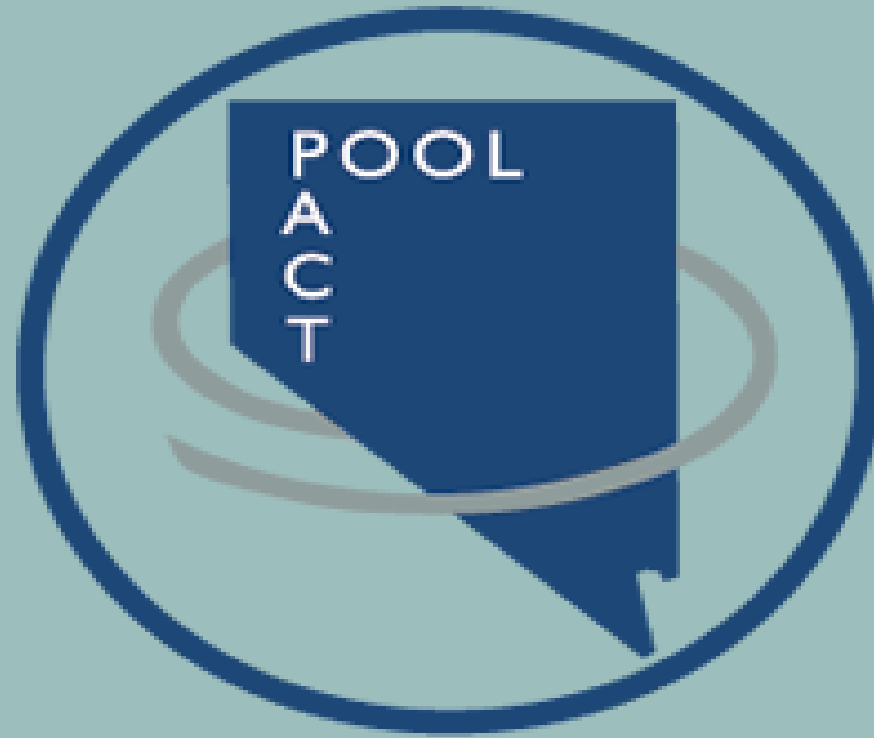
Please communicate your preference to [Sarah Hall](#) at your earliest convenience and she will coordinate with you on logistics.

We hope the Recognition process helped improve POOL's operations and perspective. As a reminder AGRiP Recognition is not a guarantee POOL is appropriately managed or financially solvent and should not be represented as such.

Again, congratulations!



Ann Gergen
Executive Director



CHIEF FINANCIAL OFFICER REPORT
OVERVIEW OF INDEPENDENT AUDITS |

AUDITORS REPORT

- ❖ PRM and PCM audited by Casey Neilon
- ❖ PRI and NRP audited by Michael Bertrand & Associates
- ❖ Clean Audit Opinions



BERTRAND & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS
Members American Institute of Certified Public Accountants

SUMMARY OF FINANCIAL RESULTS

PRM & PCM 12-31-2021

PRM Total Assets	\$53,887,237
PRM Reserves for losses	\$ 2,791,851
PRM Total Surplus	\$50,082,077
PRM Net Income	\$ 4,425,825

PCM Total Assets	\$99,240,351
PCM Reserve for Losses	\$ 9,398,850
PCM Total Surplus	\$88,508,108
PCM Net Income	\$ 5,923,056

See Audits for Specific Details

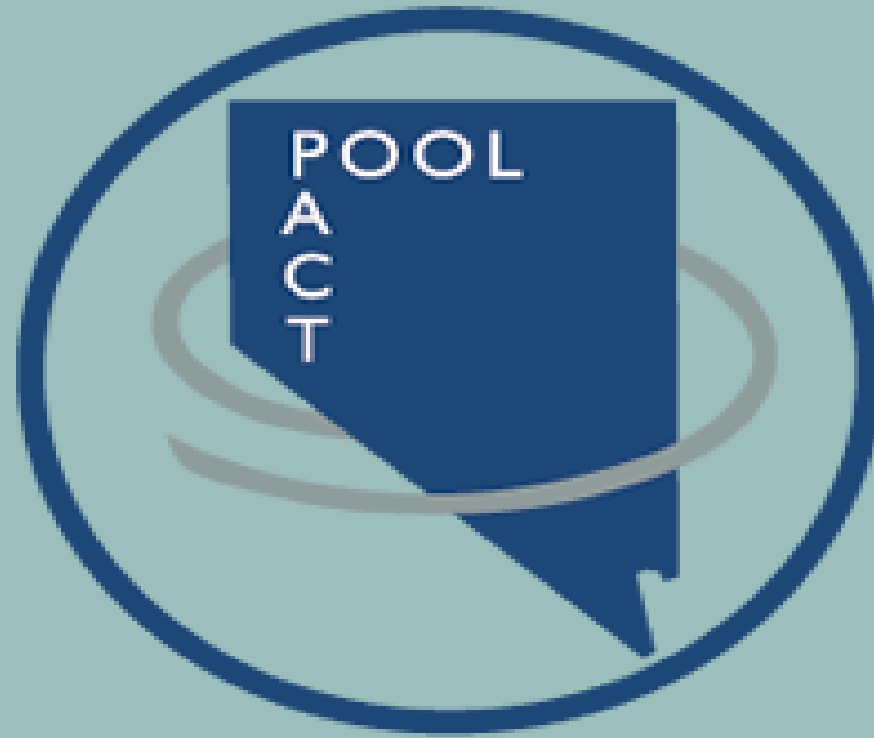
PRI & NRP 6-30-2021

PRI Total Assets	\$1,646,320
PRI Total Net Assets	\$1,571,210
PRI Total Expenses	\$1,159,970
PRI Change in Net Assets	\$ 227,491

NRP Total Assets	\$1,125,536
NRP Total Net Assets	\$1,022,534
NRP Total Expenses	\$1,308,397
NRP Change in Net Assets	\$327,501

See Audits for Specific Details

Public Risk
Mutual



PRM CAPTIVE AUDIT OVERVIEW

Year Ending December 31, 2021

KEY PLAYERS

Wayne Carlson, Executive Director POOL/PACT

Alan Kalt, CFO

Deb Connally, Controller

Josh Foli, Chair PRM, Director PCM:

Paul Johnson, Chair PCM, Director PRM

Josh Foli, Director, Audit Committee Member

Gina Rackley, Vice Chair PCM, Audit Committee

Niki Neilon: Casey, Neilon & Associates: Audit Firm

Kathy Parks, General Counsel

Willis Towers Watson, Brokers: **Now In House**

Derek Burkhalter, Actuary



**PUBLIC RISK MUTUAL
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,465,195	\$ 776,833
Fixed maturity securities at fair value	29,640,364	31,906,097
Equity securities at fair value	20,603,776	17,451,227
Investment income receivable	172,899	173,125
Deposits	<u>5,000</u>	<u>5,000</u>
 Total Assets	 <u>\$ 53,887,234</u>	 <u>\$ 50,312,282</u>
 LIABILITIES AND SURPLUS		
Accrued expenses	\$ 30,111	\$ 17,896
Unearned premium	983,195	794,738
Reserve for loss and loss adjustment expenses	<u>2,791,851</u>	<u>2,497,242</u>
 Total Liabilities	 <u>3,805,157</u>	 <u>3,309,876</u>
 Surplus	 48,840,585	 44,414,760
Accumulated other comprehensive income	<u>1,241,492</u>	<u>2,587,646</u>
 Total Surplus	 <u>50,082,077</u>	 <u>47,002,406</u>
 Total Liabilities and Surplus	 <u>\$ 53,887,234</u>	 <u>\$ 50,312,282</u>

Public Risk Mutual



PUBLIC RISK
MUTUAL



PUBLIC RISK MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES		
Premiums earned	\$ 1,777,933	\$ 1,498,263
Net investment income	1,514,230	1,207,879
Net realized and unrealized gains and (losses) on investments	2,469,768	873,467
Total Income	5,761,931	3,579,609
EXPENSES		
Administrative expenses	156,359	113,952
Membership services expense	475,000	475,000
Loss and loss adjustment expenses	704,747	(529,354)
Total Expenses	1,336,106	59,598
Net Income Before Income Taxes	4,425,825	3,520,011
Provision for income taxes	-	-
Net Income	\$ 4,425,825	\$ 3,520,011
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ (1,265,861)	\$ 1,806,571
Less: Reclassification adjustment for (gains) losses recognized in net income	(80,293)	(26,557)
Other Comprehensive Income	(1,346,154)	1,780,014
Comprehensive Income	\$ 3,079,671	\$ 5,300,025

Public Risk Mutual



PUBLIC RISK
MUTUAL



Five Year Benchmark Data 2016-2021

	2016	2017	2018	2019	2020	2021
Total Assets/Total Liabilities Ratio	12.6	13.6	9.9	9.9	15.2	14.2
Change In Net Surplus Ratio	9.0%	39.9%	-5.8%	12.1%	12.7%	6.6%
Reserve Leverage (Claims Reserves/Total Surplus) Ratio	6.8%	6.3%	9.7%	9.5%	5.3%	5.6%
Loss Ratios (Losses/Premiums) Ratio	49.4%	171.4%	175.8%	129.5%	-35.3%	39.6%
Expense Ratio (Admin Expenses/Premiums) Ratio	7.5%	31.5%	46.4%	49.2%	39.3%	35.5%
Surplus to Retention Ratio (Surplus/Blended Retentions)	10.3	13.9	13.9	15.4	15.3	10.4

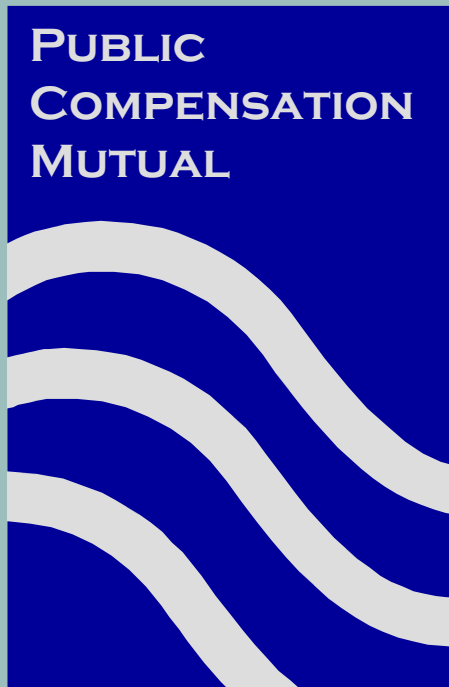
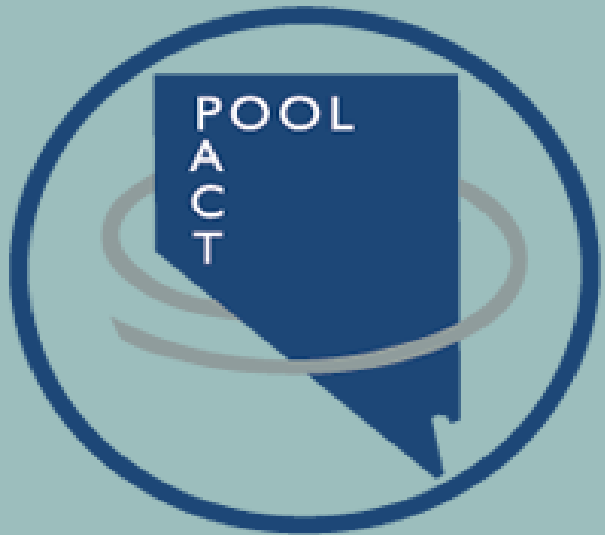
Public Risk Mutual



**PUBLIC RISK
MUTUAL**

**KEY FINANCIAL
BENCHMARKS**





PCM CAPTIVE AUDIT OVERVIEW

Year Ending December 31, 2021

**PUBLIC COMPENSATION MUTUAL
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,021,189	\$ 1,417,608
Fixed maturity securities at fair value	58,842,277	60,457,895
Equity securities at fair value	37,008,550	31,297,907
Investment income receivable	368,335	366,797
	<u> </u>	<u> </u>
Total Assets	<u>\$ 99,240,351</u>	<u>\$ 93,540,207</u>
LIABILITIES AND SURPLUS		
Accounts payable	\$ 41,576	\$ 29,366
Reserve for loss and loss adjustment expenses	9,398,850	7,182,924
Unearned premiums	1,291,817	1,261,437
	<u> </u>	<u> </u>
Total Liabilities	<u>10,732,243</u>	<u>8,473,727</u>
Surplus	86,256,002	80,332,946
Accumulated other comprehensive income	2,252,106	4,733,534
	<u> </u>	<u> </u>
Total Surplus	<u>88,508,108</u>	<u>85,066,480</u>
	<u> </u>	<u> </u>
Total Liabilities and Surplus	<u>\$ 99,240,351</u>	<u>\$ 93,540,207</u>

**PUBLIC
COMPENSATION
MUTUAL**



**PUBLIC
COMPENSATION
MUTUAL**



**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
INCOME		
Premiums	\$ 2,553,255	\$ 2,380,287
Net investment income	2,820,658	2,203,921
Net realized and unrealized gains (losses) on investments	4,436,755	1,817,683
Total Income	9,810,668	6,401,891
EXPENSES		
Administrative fees	799,611	836,128
Loss and loss adjustment expenses	3,088,001	1,641,001
Total Expenses	3,887,612	2,477,129
Net Income Before Income Taxes	5,923,056	3,924,762
Provision for income taxes	-	-
Net Income	\$ 5,923,056	\$ 3,924,762
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ (2,391,155)	\$ 3,331,125
Less: Reclassification adjustment for (gains) losses recognized in net income	(90,273)	(44,231)
Other Comprehensive Income	(2,481,428)	3,286,894
Comprehensive Income	\$ 3,441,628	\$ 7,211,656

**PUBLIC
COMPENSATION
MUTUAL**

NSATION



Six Year Benchmark Data 2016-2021

	2016	2017	2018	2019	2020	2021
Total Assets/Total Liabilities						
Ratio	12.0	18.1	13.8	12.3	11.0	9.3
Change In Net Surplus						
Ratio	8.3%	75.8%	-1.5%	13.3%	9.3%	4.0%
Reserve Leverage (Claims Reserves/Total Surplus)						
Ratio	7.5%	4.4%	6.6%	7.4%	8.4%	10.6%
Loss Ratios (Losses/Premiums)						
Ratio	41.6%	7.7%	82.9%	90.1%	68.9%	120.9%
Expense Ratio (Admin Expenses/Premiums)						
Ratio	5.5%	4.3%	9.8%	28.6%	35.1%	31.3%



**PUBLIC
COMPENSATION
MUTUAL**

**KEY FINANCIAL
BENCHMARKS**

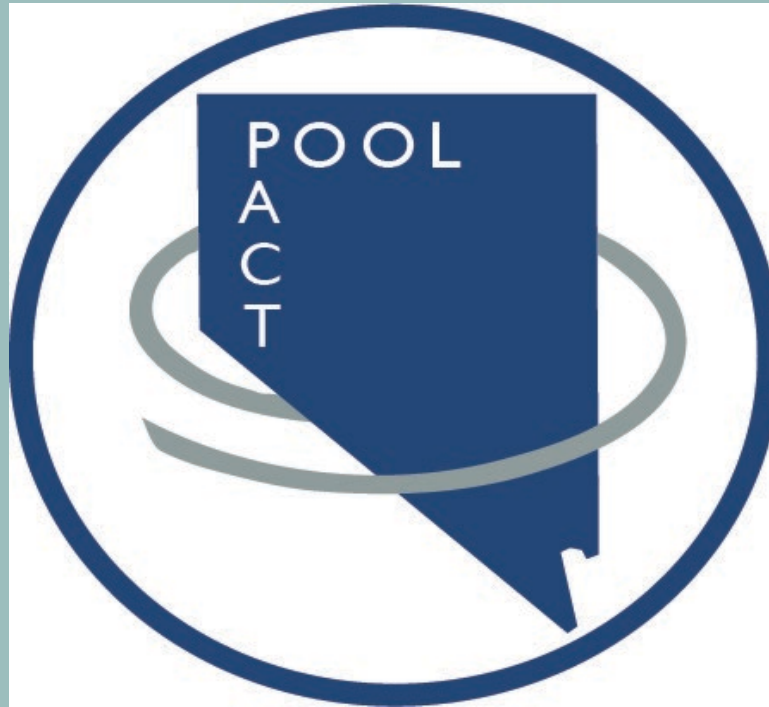




QUESTIONS &
ANSWERS
ON PRM AND PCM
CAPTIVE AUDITS

Thanks for your support!





**POOLING
RESOURCES
INC. (PRI)**

PRI AUDIT OVERVIEW

Year Ending June 30, 2020

KEY PLAYERS

Wayne Carlson, Executive Director POOL/PACT

Stacy Norbeck, General Manager PRI

Alan Kalt, Chief Finance Officer POOL/PACT

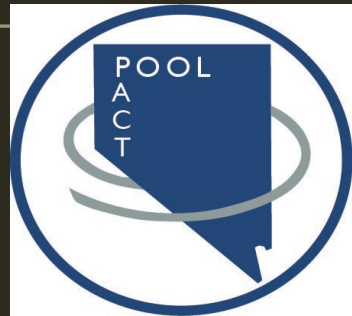
Curtis Calder, Chair PRI Board of Directors

Paul Johnson, PRI Board of Directors

Geof Stark, PRI Board of Directors

Michael Bertrand: Bertrand & Associates: Audit Firm

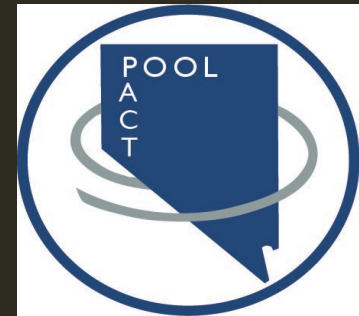
Kathy Parks, General Counsel



POOLING RESOURCES INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 498,908	\$ 365,088
Investments	1,024,874	927,455
Grant receivable	108,160	104,000
Total current assets	<u>1,631,942</u>	<u>1,396,543</u>
Other assets:		
Prepaid expenses	14,378	14,468
Total other assets	<u>14,378</u>	<u>14,468</u>
Total assets	<u><u>1,646,320</u></u>	<u><u>1,411,011</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	27,587	18,030
Accrued payroll	8,376	-
Compensated absences	39,147	49,262
Total current liabilities	<u>75,110</u>	<u>67,292</u>
Net assets -without donor restrictions	<u>1,571,210</u>	<u>1,343,719</u>
Total net assets	<u>1,571,210</u>	<u>1,343,719</u>
Total liabilities & net assets	<u><u>\$ 1,646,320</u></u>	<u><u>\$ 1,411,011</u></u>

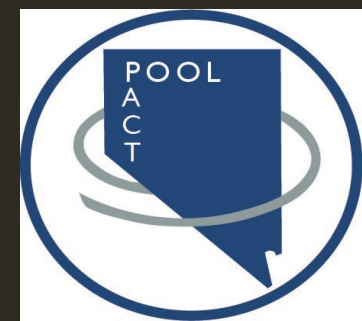
**POOLING
RESOURCES
INC**



POOLING RESOURCES INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Grant income	\$ 1,297,920	\$ 1,248,000
Other income	15	-
Total revenues	<u>1,297,935</u>	<u>1,248,000</u>
EXPENDITURES		
Program activities:		
Salaries and payroll taxes	673,280	732,748
Retirement	120,451	119,338
Health insurance costs	102,814	107,314
Conference expenses	11,807	-
Member education services	18,635	33,450
Professional development	5,234	3,778
Travel	5,925	25,639
Total program activities	<u>938,146</u>	<u>1,022,267</u>
General activities:		
Casualty insurance	9,181	8,468
Dues and subscriptions	1,898	8,003
Legal and professional	16,047	12,820
Management Services	25,752	25,000
Office supplies	8,553	6,467
Rent	78,348	76,812
Technology expenses	56,955	55,289
Other operating expenses	25,090	27,563
Total supporting activities	<u>221,824</u>	<u>220,422</u>
Total expenses	<u>1,159,970</u>	<u>1,242,689</u>
Increase in operating net assets - without donor restrictions	137,965	5,311
Non-operating net investment income (loss)	89,526	(728)
Change in net assets - without donor restrictions	<u>227,491</u>	<u>4,583</u>
Net assets at beginning of year	1,343,719	1,339,136
Net assets at end of year - without donor restrictions	<u>\$ 1,571,210</u>	<u>\$ 1,343,719</u>

**POOLING
RESOURCES
INC**



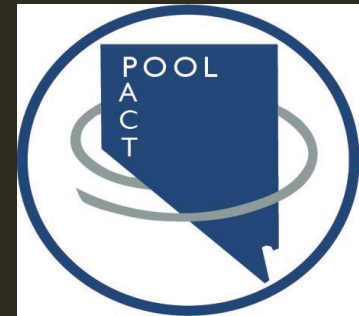
POOLING RESOURCES INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the years ended June 30, 2021 and 2020

	2021			2020		
	Program	General	Total	Program	General	Total
Salaries & related taxes	\$ 572,288	\$ 100,992	\$ 673,280	\$ 622,836	\$ 109,912	\$ 732,748
Pension plan contributions	102,383	18,068	120,451	101,437	17,901	119,338
Health insurance	87,392	15,422	102,814	91,217	16,097	107,314
Conference expenses	11,807	-	11,807	-	-	-
Member education services	18,635	-	18,635	33,450	-	33,450
Professional development	5,234	-	5,234	3,778	-	3,778
Travel	5,925	-	5,925	25,639	-	25,639
Casualty insurance	-	9,181	9,181	-	8,468	8,468
Dues & subscriptions	-	1,898	1,898	-	8,003	8,003
Legal & professional	9,397	6,650	16,047	7,507	5,313	12,820
Management services	-	25,752	25,752	-	25,000	25,000
Office supplies	7,270	1,283	8,553	5,497	970	6,467
Rent	66,596	11,752	78,348	65,290	11,522	76,812
Technology expenses	48,412	8,543	56,955	46,996	8,293	55,289
Other operating expense	-	25,090	25,090	-	27,563	27,563
Total expenses	\$ 935,339	\$ 224,631	\$ 1,159,970	\$ 1,003,647	\$ 239,042	\$ 1,242,689

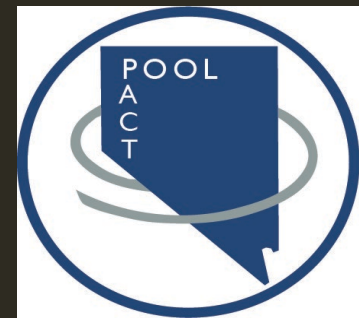
**POOLING
RESOURCES
INC**



Total Assets	\$1,631,942
Investment Balance at 6-30-2021	\$1,024,874
Compensated Absences	\$ 39,147
Net Assets without donor restrictions	\$1,571,210
Total Grant Income 6-30-2021	\$1,297,920
Total Program Activities	\$ 938,146
Total Supporting Activities	\$ 221,824
Total Expenses	\$1,159,970
Change in Net Assets	\$ 227,491

POOLING RESOURCES INC.

See detailed financial statements and notes for more details.





NRP AUDIT OVERVIEW

Year Ending June 30, 2021

NEVADA RISK POOLING, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 638,414	\$ 416,772
Investments	339,648	301,674
Accounts receivable	31,897	3,000
Grant receivable	103,500	43,750
Total current assets	<u>1,113,459</u>	<u>765,196</u>
Other assets:		
Prepaid expenses	11,077	6,689
Total other assets	<u>11,077</u>	<u>6,689</u>
Total assets	<u><u>1,124,536</u></u>	<u><u>771,885</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	47,513	23,008
Accrued payroll liability	4,587	4,660
Accrued payroll taxes	1,742	-
Compensated absences	48,160	49,184
Total current liabilities	<u>102,002</u>	<u>76,852</u>
Net assets without donor restrictions	<u>1,022,534</u>	<u>695,033</u>
Total net assets	<u>1,022,534</u>	<u>695,033</u>
Total liabilities & net assets	<u><u>\$ 1,124,536</u></u>	<u><u>\$ 771,885</u></u>

**NEVADA RISK
POOLING**



NEVADA RISK POOLING, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Grant income	\$ 1,242,000	\$ 1,700,000
Management contracts	334,764	325,000
Bookkeeping fees	24,000	24,000
Total revenues	<u>1,600,764</u>	<u>2,049,000</u>
EXPENDITURES		
Salaries and payroll taxes	659,440	715,558
Retirement	120,762	119,402
Health insurance costs	87,441	106,494
Management Services	309,000	300,000
Casualty insurance	6,690	7,706
Rent	52,764	51,732
Technology expenses	46,601	45,237
Other operating expenses	25,699	11,088
Total expenses	<u>1,308,397</u>	<u>1,357,217</u>
Increase in operating net assets - without donor restrictions	292,367	691,783
Increase in non-operating net investment income	35,134	3,250
Change in net assets - without donor restrictions	<u>327,501</u>	<u>695,033</u>
Net assets at beginning of year	695,033	-
Net assets at end of year - without donor restrictions	<u><u>\$ 1,022,534</u></u>	<u><u>\$ 695,033</u></u>

NEVADA RISK POOLING



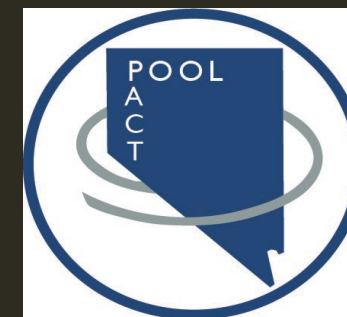
NEVADA RISK POOLING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the years ended June 30, 2021 and 2020

	2021			2020		
	Program	General	Total	Program	General	Total
Salaries and payroll taxes	\$ 494,580	\$ 164,860	\$ 659,440	\$ 536,668	\$ 178,890	\$ 715,558
Retirement	90,571	30,191	120,762	89,551	29,851	119,402
Health insurance costs	65,581	21,860	87,441	79,870	26,624	106,494
Management Services	-	309,000	309,000	-	300,000	300,000
Casualty insurance	-	6,690	6,690	-	7,706	7,706
Rent	39,573	13,191	52,764	38,799	12,933	51,732
Technology expenses	34,951	11,650	46,601	33,928	11,309	45,237
Other operating expenses	-	25,699	25,699	-	11,088	11,088
Total expenses	\$ 725,256	\$ 583,141	\$ 1,308,397	\$ 778,816	\$ 578,401	\$ 1,357,217

NEVADA RISK
POOLING



Total Assets	\$1,113,459
Investment Balance at 6-30-2021	\$ 339,648
Compensated Absences	\$ 48,160
Net Assets without donor restrictions	\$1,022,534
Total Grant Income 6-30-2021	\$1,242,000
Total Program Expenses	\$ 725,256
Total General Expenses	\$ 583,141
Total Expenses	\$1,308,397
Change in Net Assets	\$ 327,501

NEVADA RISK POOLING

See detailed financial statements and notes for more details.



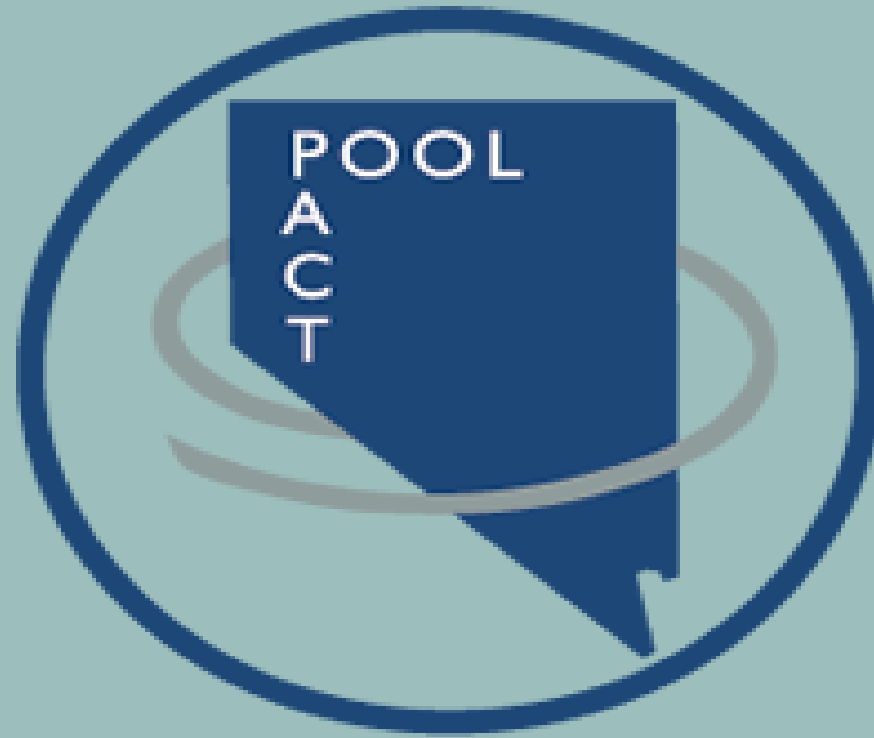


QUESTIONS &
ANSWERS
ON PRI AND NRP
AUDITS

Thanks for your support!



Public Risk
Mutual



PRM CAPTIVE AUDIT OVERVIEW

Year Ending December 31, 2021

KEY SECTIONS OF THE AUDIT REPORT

President's Letter

Management Discussion and Analysis

Independent Auditors Report

Financial Statements:

Balance Sheets

Statements of Income & Comprehensive Income

Statements of Changes in Surplus

Statements of Cash Flows

Compliance Section

Report on Internal Controls and NAC 694C.210



KEY PLAYERS

Wayne Carlson, Executive Director POOL/PACT

Alan Kalt, CFO

Deb Connally, Controller

Melissa Mack, Accounting Technician

Cash Minor, Chair PRM, Director PCM

Paul Johnson, Chair PCM, Director PRM

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Niki Neilon: Casey, Neilon & Associates: Audit Firm

Kathy Parks, General Counsel

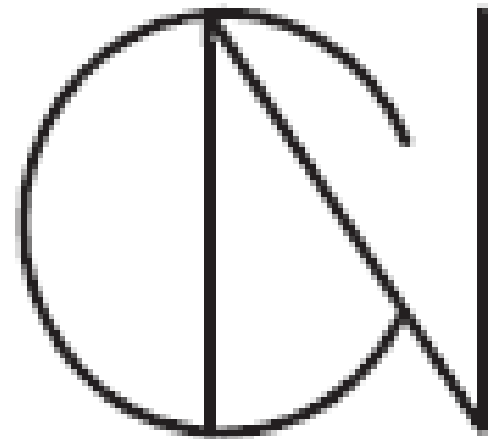
Willis Towers Watson, Brokers

Derek Burkhalter, Actuary



AUDITORS REPORT

1. Review of Communications with those in charge of Governance
2. Auditor's Qualification Letter
3. Review of the Audit Opinion



CASEY NEILON

**PUBLIC RISK MUTUAL
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 3,465,195	\$ 776,833
Fixed maturity securities at fair value	29,640,364	31,906,097
Equity securities at fair value	20,603,776	17,451,227
Investment income receivable	172,899	173,125
Deposits	5,000	5,000
Total Assets	\$ 53,887,234	\$ 50,312,282
LIABILITIES AND SURPLUS		
Accrued expenses	\$ 30,111	\$ 17,896
Unearned premium	983,195	794,738
Reserve for loss and loss adjustment expenses	2,791,851	2,497,242
Total Liabilities	3,805,157	3,309,876
Surplus	48,840,585	44,414,760
Accumulated other comprehensive income	1,241,492	2,587,646
Total Surplus	50,082,077	47,002,406
Total Liabilities and Surplus	\$ 53,887,234	\$ 50,312,282

Public Risk Mutual



PUBLIC RISK
MUTUAL



PUBLIC RISK MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUES		
Premiums earned	\$ 1,777,933	\$ 1,498,263
Net investment income	1,514,230	1,207,879
Net realized and unrealized gains and (losses) on investments	2,469,768	873,467
Total Income	5,761,931	3,579,609
EXPENSES		
Administrative expenses	156,359	113,952
Membership services expense	475,000	475,000
Loss and loss adjustment expenses	704,747	(529,354)
Total Expenses	1,336,106	59,598
Net Income Before Income Taxes	4,425,825	3,520,011
Provision for income taxes	-	-
Net Income	\$ 4,425,825	\$ 3,520,011
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ (1,265,861)	\$ 1,806,571
Less: Reclassification adjustment for (gains) losses recognized in net income	(80,293)	(26,557)
Other Comprehensive Income	(1,346,154)	1,780,014
Comprehensive Income	\$ 3,079,671	\$ 5,300,025

Public Risk Mutual



PUBLIC RISK
MUTUAL



Total Capital Contributions From POOL	\$29,477,263
Investment Balance at 12-31-2021	\$50,244,140
Reserves for losses and loss adjustments	\$ 2,791,851
<i>(Compared to \$2,497,242 in 2020 +\$294,609)</i>	
Net Investment Income for 2021	\$ 3,983,998
<i>(Compared to \$2,081,346 in 2020 +\$1,902,652)</i>	
Unrealized Gains (losses) on investments	(\$1,265,861)
<i>(Compared to Gain \$ 1,806,571 in 2020 -\$3,072,432)</i>	
Membership Services Expense	\$ 475,000
Surplus Balance at 12-31-2021	\$50,082,077
<i>(Compared to \$47,002,406 + \$3,080,179)</i>	

See detailed financial statements and notes for more details.

Public Risk Mutual



PUBLIC RISK
MUTUAL

KEY FINANCIAL
FIGURES



Five Year Benchmark Data 2016-2021

2016 2017 2018 2019 2020 2021

Total Assets/Total Liabilities

Ratio 12.6 13.6 9.9 9.9 15.2 14.2

Change In Net Surplus

Ratio 9.0% 39.9% -5.8% 12.1% 12.7% 6.6%

Reserve Leverage (Claims Reserves/Total Surplus)

Ratio 6.8% 6.3% 9.7% 9.5% 5.3% 5.6%

Loss Ratios (Losses/Premiums)

Ratio 49.4% 171.4% 175.8% 129.5% -35.3% 39.6%

Expense Ratio (Admin Expenses/Premiums)

Ratio 7.5% 31.5% 46.4% 49.2% 39.3% 35.5%

Surplus to Retention Ratio (Surplus/Blended Retentions)

10.3 13.9 13.9 15.4 15.3 10.4

Public Risk Mutual



PUBLIC RISK
MUTUAL

KEY FINANCIAL
BENCHMARKS

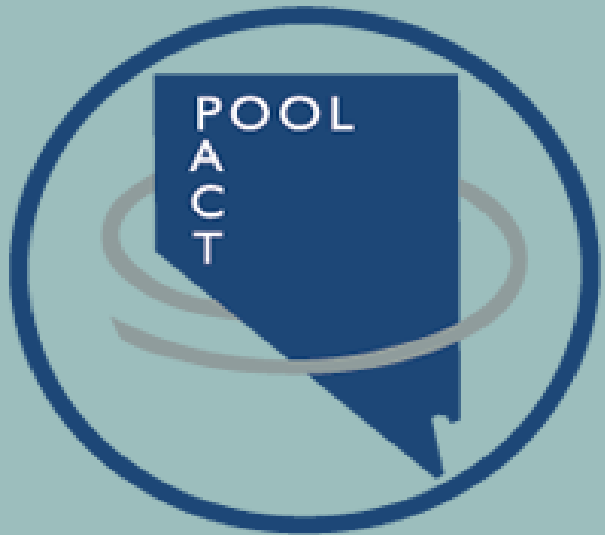




QUESTIONS & ANSWERS

Thanks for your support!





PCM CAPTIVE AUDIT OVERVIEW

Year Ending December 31, 2021

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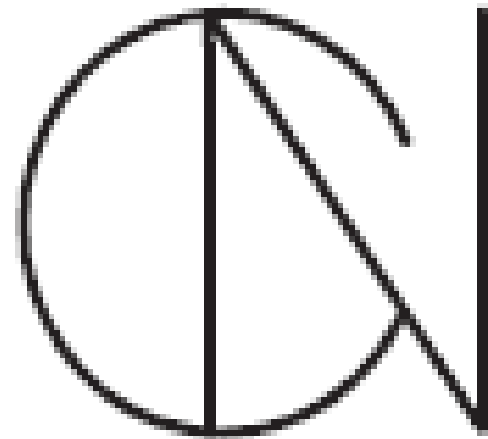
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CASEY NEILON

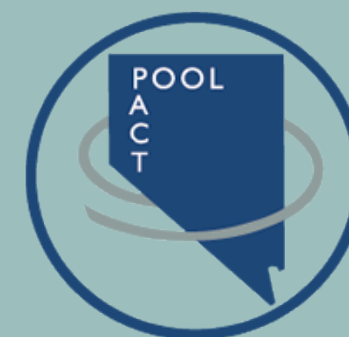
**PUBLIC COMPENSATION MUTUAL
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,021,189	\$ 1,417,608
Fixed maturity securities at fair value	58,842,277	60,457,895
Equity securities at fair value	37,008,550	31,297,907
Investment income receivable	<u>368,335</u>	<u>366,797</u>
 Total Assets	 <u><u>\$ 99,240,351</u></u>	 <u><u>\$ 93,540,207</u></u>
LIABILITIES AND SURPLUS		
Accounts payable	\$ 41,576	\$ 29,366
Reserve for loss and loss adjustment expenses	9,398,850	7,182,924
Unearned premiums	<u>1,291,817</u>	<u>1,261,437</u>
 Total Liabilities	 <u><u>10,732,243</u></u>	 <u><u>8,473,727</u></u>
Surplus	86,256,002	80,332,946
Accumulated other comprehensive income	<u>2,252,106</u>	<u>4,733,534</u>
 Total Surplus	 <u><u>88,508,108</u></u>	 <u><u>85,066,480</u></u>
 Total Liabilities and Surplus	 <u><u>\$ 99,240,351</u></u>	 <u><u>\$ 93,540,207</u></u>

**PUBLIC
COMPENSATION
MUTUAL**



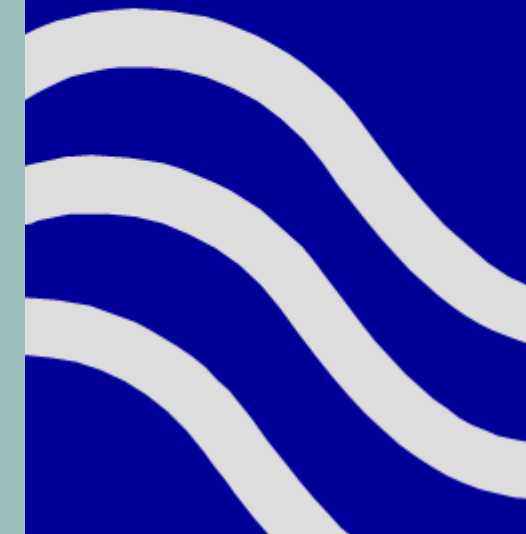
**PUBLIC
COMPENSATION
MUTUAL**



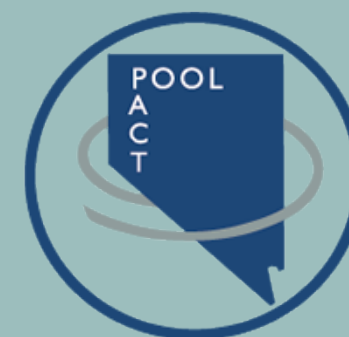
**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
INCOME		
Premiums	\$ 2,553,255	\$ 2,380,287
Net investment income	2,820,658	2,203,921
Net realized and unrealized gains (losses) on investments	<u>4,436,755</u>	<u>1,817,683</u>
Total Income	<u>9,810,668</u>	<u>6,401,891</u>
EXPENSES		
Administrative fees	799,611	836,128
Loss and loss adjustment expenses	<u>3,088,001</u>	<u>1,641,001</u>
Total Expenses	<u>3,887,612</u>	<u>2,477,129</u>
Net Income Before Income Taxes	5,923,056	3,924,762
Provision for income taxes	<u>-</u>	<u>-</u>
Net Income	<u>\$ 5,923,056</u>	<u>\$ 3,924,762</u>
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ (2,391,155)	\$ 3,331,125
Less: Reclassification adjustment for (gains) losses recognized in net income	<u>(90,273)</u>	<u>(44,231)</u>
Other Comprehensive Income	<u>(2,481,428)</u>	<u>3,286,894</u>
Comprehensive Income	<u>\$ 3,441,628</u>	<u>\$ 7,211,656</u>

**PUBLIC
COMPENSATION
MUTUAL**

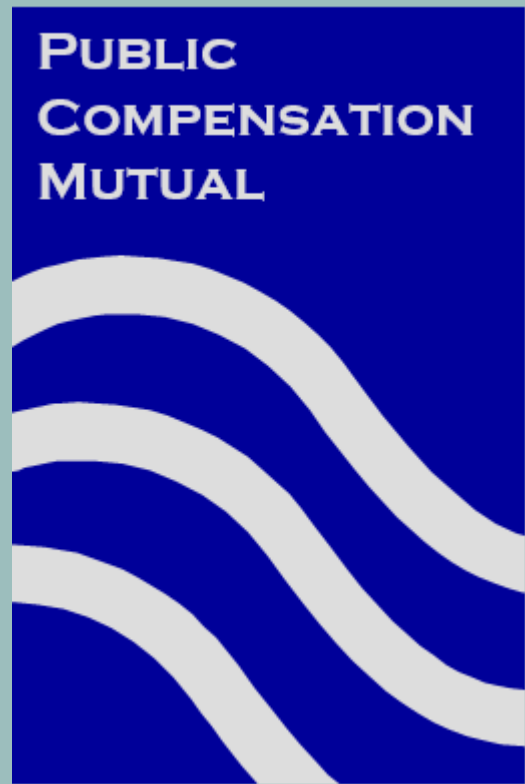


**PUBLIC
COMPENSATION
MUTUAL**



Total Capital Contributions From PCM	\$53,700,939
Investment Balance at 12-31-2021	\$95,850,827
<i>(Compared to \$91,755,802 in 2020 +\$4,095,025)</i>	
Reserves for losses and loss adjustments	\$9,398,850
<i>(Compared to \$ 7,182,924 in 2020 +\$2,215,926)</i>	
Net Investment Income for 2021	\$5,923,056
<i>(Compared to \$4,021,604 in 2020 +\$1,901,452)</i>	
Unrealized Gains (losses) on investments	(\$2,391,155)
<i>(Compared to \$ 3,331,125 in 2020 -\$5,722,280)</i>	
Membership Services Expense	\$ 575,000
Surplus Balance at 12-31-2021	\$88,508,108
<i>(Compared to \$85,066,480 +\$3,441,628)</i>	

See detailed financial statements and notes for more details.

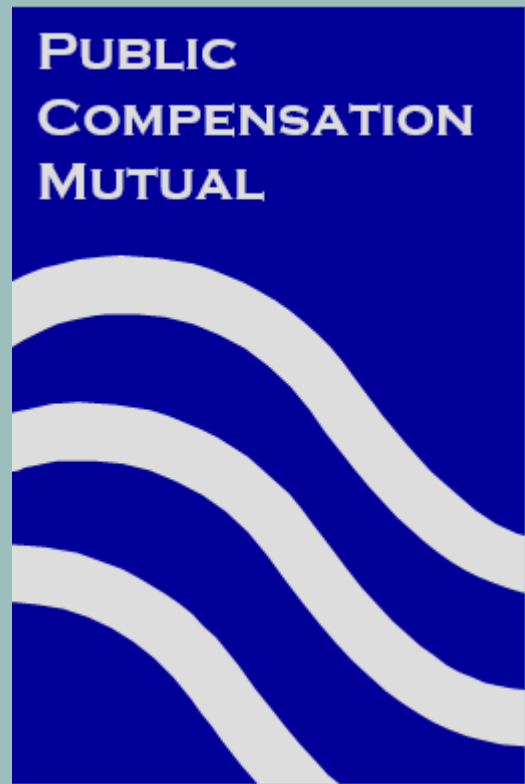


PUBLIC
COMPENSATION
MUTUAL



Six Year Benchmark Data 2016-2021

	2016	2017	2018	2019	2020	2021
Total Assets/Total Liabilities						
Ratio	12.0	18.1	13.8	12.3	11.0	9.3
Change In Net Surplus						
Ratio	8.3%	75.8%	-1.5%	13.3%	9.3%	4.0%
Reserve Leverage (Claims Reserves/Total Surplus)						
Ratio	7.5%	4.4%	6.6%	7.4%	8.4%	10.6%
Loss Ratios (Losses/Premiums)						
Ratio	41.6%	7.7%	82.9%	90.1%	68.9%	120.9%
Expense Ratio (Admin Expenses/Premiums)						
Ratio	5.5%	4.3%	9.8%	28.6%	35.1%	31.3%



PUBLIC
COMPENSATION
MUTUAL

KEY FINANCIAL
BENCHMARKS



QUESTIONS & ANSWERS

Thanks for your support!





POOL/PACT Human Resources FY 21/22 ACCOMPLISHMENTS TO DATE

TRAINING DEVELOPMENT:

- 2 new instructor-led courses:
 - Creating an Inclusive Work Environment
 - Managing Conflict Through Shared Values and Teamwork
- 2 new eLearning courses:
 - Addressing Inappropriate Conduct in a School Environment (Title IX/Misconduct)
 - Creating an Inclusive Work Environment
- 7 courses revised:
 - Addressing Inappropriate Conduct in a School Environment (Title IX/Misconduct)
 - Advanced Human Resources Representative Session 1 (legislative updates; in-person and virtual versions)
 - Essential Management Skills in the Public Sector Session 3 (legislative updates; in-person and virtual versions)
 - Human Resources Representative Session 1 (legislative updates; in-person and virtual versions)
 - Human Resources Representative Session 4 (legislative updates; in-person and virtual versions)
 - Safe and Sober Workplace (Parts I & II)
 - Techniques for Effective Recruitment (legislative updates)
- 1 new Video HR briefing developed: 2022 Service Plan Video
- 1 new HR Briefing being developed: Remote Work
- 30 existing HR Briefings reviewed/revised; 11 more to be reviewed/revised

TRAINING DELIVERY:

- 101 instructor-led training sessions with 1,611 participants to date
- 10 Regional Trainings - 6 complete; 2 in process; 2 scheduled
 - Essential Management Skills (4 full-day sessions): 4 complete; 1 in process
 - AEMS (2 full-day sessions): 1 in process
 - HRR (5 full-day sessions): 1 complete
 - AHRR (2 full-day sessions): 1 scheduled
 - Influential Leadership (1 full-day session): 1 complete
 - So, You Want to Be a Supervisor? (1 full-day session): 1 scheduled

**Full-day sessions are conducted in two half-days when presented virtually.*



POOL/PACT Human Resources FY 21/22 ACCOMPLISHMENTS TO DATE

- 6 Regional Trainings Using Outside Resources conducted:
 - Negotiations, Overtime, and 2021 HR Legislative Updates: Joel Locke, Allison Mackenzie (2 sessions)
 - Fundamentals of Law Enforcement Human Resources - Bridging the Gap: Rebecca Bruch, Lemons, Grundy, and Eisenberg (LGE)
 - HR Bridging the Gap Series: NRS 289 Deconstructed, Part I: Rebecca Bruch, LGE
 - HR Bridging the Gap Series: NRS 289 Deconstructed, Part II: Rebecca Bruch, LGE
 - HR Bridging the Gap Series: NRS 289 Deconstructed, Part III: Rebecca Bruch, LGE
 - FRISK Documentation Model: Barbara Ginsberg, Atkinson, Andelson, Loya, Ruud & Romo : 1 scheduled
- 10 Webinars - 7 conducted; 3 more scheduled:
 - Healthy Mind Toolkit - Boosting Your Mental Health (EAP) – completed
 - Feeling the Impact of Trauma - Reach Out for Help (EAP) – completed
 - Reaching My Limit - When do I Reach Out for Help? (EAP) – completed
 - Moving More - Ways to Combat a Sedentary Lifestyle (EAP) – completed
 - "This One Got to Me" - Emotional Triggers (EAP) – completed
 - OSHA ETS – What POOL/PACT Members Need to Know – completed
 - Maximizing Your Day: Effective Time Management (EAP) – completed
 - Mindfulness and Meditation for First Responders (EAP) – scheduled
 - Creating a Strategy for Career Progression (EAP) – scheduled
 - Kepro EAP Overview with Q&A – scheduled
- 14 Virtual Round Tables by Entity Type: 12 sessions conducted; 2 scheduled
- 10 HR Briefings with 114 participants conducted to date

ANNUAL HR CONFERENCE:

- 1 Preconference session - Law Enforcement HR 101 and NRS 289: Rebecca Bruch, LGE with 25 participants total (20 in person; 5 virtual)
- 9 full-conference sessions with 79 participants total: (59 in person; 20 virtual)
 - We've Always Done It That Way Is Over: What's Next? (Patrick Ibarra, Mejorando Group)
 - 2021 Legislative Updates (Michael Edwards, Messner Reeves, LLP)
 - Round Tables by Entity Type (POOL/PACT HR staff)
 - Effective Investigations (Rebecca Bruch, Lemons, Grundy, and Eisenberg)
 - Hacking HR (Todd Shipley, cybersecurity expert)
 - Strategic Planning Overview & Best Practices (Erica Olsen, OnStrategy)



POOL/PACT Human Resources FY 21/22 ACCOMPLISHMENTS TO DATE

- FMLA, ADA, & COVID-19 Issues (Dora Lane & Jordan Walsh, Holland & Hart, LLP)
- Round Tables by Topic (POOL/PACT HR staff and various speakers)
- “Stump the Attorney” Legal Panel with Ann Alexander, Charity Felts, Kathy Parks, & Rebecca Bruch
- Overall rating: 4.7 out of 5.0

ALERTS/NOTICES:

- 4 Alerts issued to date:
 - Masks Mandated for Employees in Certain Counties, 7/30/21
 - Federal OSHA Emergency Temporary Standard Released, 11/4/21
 - OSHA ETS Survives Challenges, 12/20/21
 - SCOTUS Blocks Vaccine-or-Test Mandate for Most Employers, 1/13/22
- 9 Notices issued to date:
 - Revised C-4 forms, 8/18/21
 - Biden’s New Action Plan, 9/9/21
 - Nevada OSHA Enforcement Updates Regarding COVID-19, 12/27/21
 - Nevada OSHA Released Updated COVID-19 Guidance on the Vaccinate and Testing ETS, 1/19/22
 - Nevada OSHA Releases Guidance on Voluntary Use of K95/N95 Masks, 1/24/22
 - OSHA ETS Withdrawn, 1/26/22
 - Governor Sisolak Lifts Mask Mandate Effective Immediately, 2/10/22
 - Nevada OSHA Released Updated COVID-19 Guidance for Nevada Businesses (Effective Date: 2/14/22), 2/15/22
 - Minimum Wage Increase Not Applicable to Public Sector, 4/4/22

LEGISLATIVE TRACKING:

- 35 HR-Related bills tracked during 81st (2021) Session
- 1 summary report released

SALARY SCHEDULE DATABASE:

- 12 Cities and Towns
- 10 Counties
- 1 Hospital
- 13 School Districts
- 6 Special Districts



POOL/PACT

POOL/PACT Human Resources FY 21/22 ACCOMPLISHMENTS TO DATE

The Power of the POOL

POLICY DEVELOPMENT AND REVIEW

- Sample COVID Vaccination Policy (no test option) and Sample COVID Vaccination, Testing, and Face Covering Policy created to comply with the Federal OSHA ETS
- Annual updates in review
- Sample Large, Small, School, and CDL policies will be revised and released by June 30, 2022

HR ASSESSMENTS:

- 11 PHASE I's - 9 in process; 2 complete this FY:
 - Smoky Valley Library District
 - Sun Valley General Improvement District
- 8 PHASE II's - 5 in process; 3 complete this FY:
 - Humboldt County
 - Lincoln County School District
 - Eureka County

HR SCHOLARSHIPS: 6 new scholarships awarded this FY:

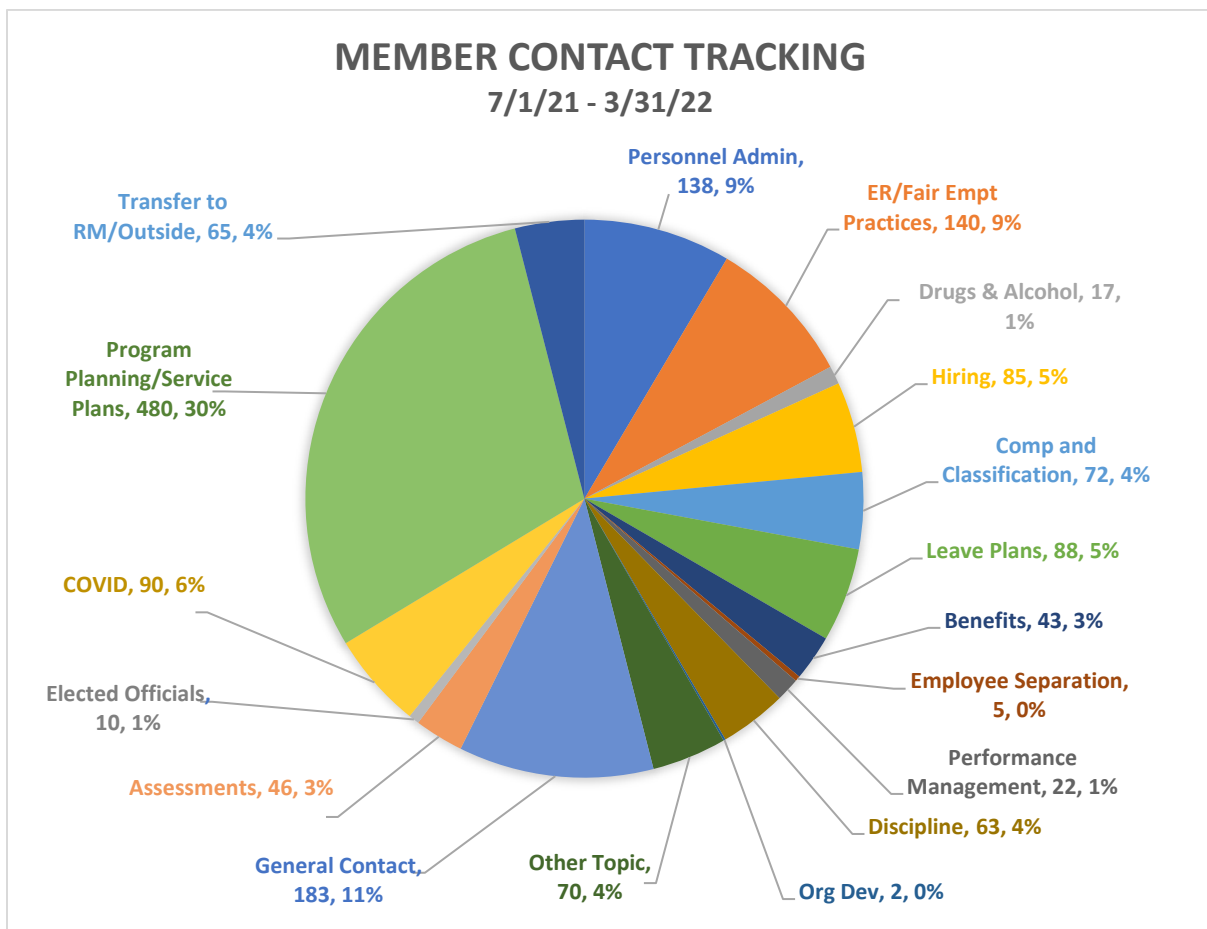
- 3 aPHR
- 2 SHRM-CP
- 1 CLRP



POOL/PACT Human Resources FY 21/22 ACCOMPLISHMENTS TO DATE

The Power of the POOL

POOL/PACT HR Business Partners recorded 1,619 contacts with members between July 1, 2021, and March 31, 2022, as shown below. The top topics (excluding Program Planning/Service Plans and General Contact) were Employee Relations (ER)/Fair Employment Practices, Personnel Administration, COVID, Hiring, and Leave Plans.



MEMBER CONTACT CODES

(created 11/19/19)

revised 2/11/2022

Personnel Administration	
A1	Human Resources Policies/Procedures
A2	Job Descriptions/Class Specifications
A3	Personal Records/Recordkeeping
A4	Collective Bargaining Agreements

Employee Relations/Fair Employment Practices	
B1	Harassment/Discrimination
B2	Employee Bullying
B3	School Bullying
B4	Investigations/Internal Inquiries
B5	Employee dating
B6	ADA
B7	Pregnancy
B8	Domestic Violence
B9	Workplace Violence
B10	Nepotism
B11	Ethical Standards
B12	Political Activity
B13	Solicitation
B14	Social Networking
B15	Outside Employment
B16	Children/Animals in the Workplace
B17	Whistleblower
B18	Telecommuting
B19	Workplace Safety
B20	Grievance/Conflict Resolution
B21	Employee Assistance Program
B22	Title IX
B23	ADA Accommodation
B24	Religious Accommodation

Drugs and Alcohol	
C1	General
C2	Pre-employment Testing
C3	Reasonable Suspicion Testing
C4	Random Testing
C5	CDL Testing
C6	Post-accident Testing

Hiring	
D1	Recruitment
D2	Interviewing
D3	Background/Reference Checks
D4	Hiring (includes offer letters)
D5	NEO/Onboarding
D6	Volunteer Programs

Compensation and Classification	
E1	Classification/Reclassification
E2	Employment Status (temp/contract/at-will/volunteer)
E3	Exemption Status
E4	Wage and Hour Practices/FLSA

Leave Plans	
F1	Holidays
F2	Annual
F3	Sick
F4	FMLA
F5	LWOP
F6	Court Leave
F7	Bereavement Leave
F8	Catastrophic leave
F9	Military Leave
F10	Bermuda triangle
F11	Other Leave

Benefits	
G1	Retirement/PERS
G2	Workers' Compensation
G3	Other Benefits
G4	Health Insurance
G5	Unemployment Claims

Employee Separation	
H1	Resignation
H2	Job Abandonment
H3	Reduction in Force/Layoffs

Performance Management	
I1	Coaching/Counseling (pre-discipline)
I2	Performance Evaluations
I3	Performance Improvement/PIPs

Discipline	
J1	Discipline Procedures/Due Process
J2	Termination/Discharge
J3	Last Chance Agreement

Organization development	
K1	Organization Planning and Design
K2	Succession Planning
K3	Values/Mission/Goals

Other topic	
L1	Other topic not listed (list on back of tracking sheet)

Other contact/services	
M1	Program Planning (includes confirmation of trainings)
M2	Service Plans
M3	HR Scholarships
M4	Checking In
M5	Training
M6	Transfer to Risk Management
M7	Transfer to Outside Entity
M8	eLearning

Assessments	
N1	Phase I
N2	Phase II

Elected officials	
O1	Concerns/issues
O2	Open Meeting Law

COVID	
P1	COVID General
P2	COVID Leave
P3	COVID Policy
P4	OSHA ETS
P5	COVID ADA Accommodation
P6	COVID Religious Accommodation

Retaliation	
Q1	Harassment/Discrimination Retaliation
Q2	Employee Bullying Retaliation
Q3	School Bullying Retaliation
Q4	ADA Retaliation
Q5	Parental School Leave Retaliation
Q6	Pregnancy/Nursing Retaliation
Q7	Ethical Standards Retaliation
Q8	Political Activity Retaliation
Q9	Social Networking Retaliation
Q10	Whistleblower Retaliation
Q11	Workplace Safety Retaliation
Q12	Grievance/Conflict Resolution Retaliation
Q13	Title IX Retaliation
Q14	Drug/Alcohol Testing Retaliation
Q15	Wage & Hour Retaliation
Q16	FMLA Retaliation
Q17	Military Leave Retaliation
Q18	Workers' Compensation Retaliation
Q19	Performance Evaluations Retaliation
Q20	Discipline Procedures/Due Process Retaliation
Q21	COVID Retaliation
Q22	Other Retaliation

Risk Manager's Annual Report

Marshall Smith, Risk Manager

March 7, 2022

We are pleased to have Jarrod Hickman (Risk Management Specialist) join the POOL/PACT Risk Management team.

I. Law Enforcement

- a. Jail and Road Operations policies have been updated by the Legal Liability Risk Management Institute (LLRMI).
 - i. Provided update to model Inmate Welfare policy and Monthly Roll-Call Webinar following *Gordon v. County of Orange*, a Ninth Circuit Court of Appeals case finding that pre-trial detainees have a constitutional right to direct view welfare checks.
- b. The Detention Facility Assessments are continuing, which consists of a comprehensive two-day (on-site) assessment of jail/detention facility policies/procedures, training in best practices, and 4 POST certified credits for all attending detention staff. The Assessment includes 2, on-site follow-up Assessments to monitor recommendation implementation.
 - i. 225 Nevada POST credits regarding high-risk/critical tasks have been award through the Assessment program.
 - ii. Status of Assessments:
 1. Completed:
 - a. Elko County
 - b. Humboldt County
 - c. Churchill County
 - d. Lincoln County
 2. Follow-Up Assessments Scheduled:
 - a. Mineral County SO second assessment: 3/22/22
 - b. Storey County SO second assessment: 3/21/22
 - c. Lyon County SO second assessment: 3/23/22
 - iii. Board of County Commissioners Quarterly Jail Inspection Checklist and Guide
 1. Provided current checklist and guide to assist county commissioners in performing statutorily required quarterly jail inspections. See NRS 211.020.

- c. Monthly-Roll Call Webinars. A series of webinars which focus on two high-risk/critical tasks for both road and detention facility operations.
 - i. 24 Nevada POST credits provided through the program. All webinars are available on-line.
- d. In conjunction with POOL/PACT Human Resources, providing the *Bridging the Gap* training series focusing on connecting HR professionals with law enforcement administrative staff. See NRS Chapter 289.

II. **SAFETY PROGRAM UPDATES**

- a. NV OSHA Safety Consultation and Training Section (SCATS).
 - i. POOL/PACT Risk Management informs and encourages members to take advantage of the comprehensive site-safety assessment provided by the Nevada Safety Consultation and Training Section. Several members (including NRP and PRI) have successfully completed the assessment and/or scheduled assessments.
- b. Written Workplace Safety Plan (WWSP) and Safety Committee Templates
 - i. Provides WWSP and Safety Committee templates based on current Nevada statute and state and federal OSHA regulations and guidance.
 - ii. Large Entity WWSP, Small Entity WWSP, School District WWSP, and COVID-19 Prevention Plan templates available.
 - iii. Templates for other written programs required by OSHA regulations (*i.e.*, Bloodborne Pathogen Exposure Control, Permit Required Confined Spaces, Hazardous Communications, *etc.*).
 - iv. Risk/Hazard Assessment Tool Templates to assist identification and evaluation of workplace hazards.
 - v. Safety Committee formation templates including roles and responsibilities, organization, meeting agendas, and minutes.
- c. *Fire Extinguisher Training Program*. POOL/PACT Risk Management provides on-site fire extinguisher training.
- d. *Workplace Violence Site Assessments* to provide recommendations for workplace violence control measures in light of increased threats and violence toward public bodies.

///

III. Cybersecurity Training and Response Plan Templates

- a. Quarterly webinars covering latest cybersecurity trends, topics, and statutory requirements.
- b. Creation of statutorily required *Cybersecurity Incident Response Plan* Templates. This includes both a Baseline and Detailed Plan template.
- c. KnowB4 program that informs every person with access to a member's network on how to protect phishing and social engineering attacks. This program can be set up and administered by POOL/PACT staff.

IV. On-Line Training Platforms

- a. TargetSolutions (state of the art fire and EMS training). Currently deployed to 26 member agencies.
- b. MSDSonline (Safety Data Sheet control. Currently deployed to 8 member entities.

V. School District Assessments

- a. *School Safety Operations* is continuing its review and updates of School District Emergency Operations Plans and Hazard Vulnerability Assessments.
- b. School District Workplace Safety Plans, Safety Committee, and Development Committee updated program and policy development.
- c. Development and deployment of the first of the district *Open gate, Weapons Detection System*. This is a portable weapons detection system similar to those used at stadiums, arenas, and theme parks. Douglas County School District, through a POOL/PACT Risk Management Grant, is the first district to develop and deploy the system. In conjunction with *School Safety Operations*, POOL/PACT developed the policy, program justification, and procedure guide for the district.

VI. Aquatic Facility Assessment Program

POOL/PACT partners with Aquatic Safety Research Group to provide comprehensive on-site aquatic risk management assessments for each of our member aquatic facilities. These Assessments are conducted by member every 4 years.

- a. 2021 Completed Assessments
 - i. Beatty, Boulder City, Fernley, Hawthorne, Pahrump, Virginia City, Town of Tonopah
- b. 2022 Assessments:

- i. Austin, Eureka, Ely, McGill, Round Mountain, Pioche, Caliente

VII. Fit For Retirement Wellness Program

POOL/PACT has significantly updated and expanded this program to include more intensive nutrition, exercise, wellness programs for fire and law enforcement personnel pursuant to the Nevada Heart and Lung statutory responsibilities. We have updated the program to include *Mental Health Services for Firefighters, Law Enforcement, and EMS Dispatchers* for occupation and non-occupational mental health services and related statutory training requirements. Importantly, we have also put in place an Oversight Committee to assist with monitoring and program improvement.

VIII. POOL/PACT Loss Control Committee

- a. The LCC has been very active, holding four meetings during the past year. It has carefully reviewed and approved \$221,984.17 in risk management grant funding (FY2021). The LCC continues its mission to encourage and develop the most effective risk management mitigation programs available.
- b. Updated *Loss Control Excellence Program*. This program involves a rigorous review of the member's policies and procedures relating to employee engagement, employee and public safety and best practices. Members who complete the program receive a cash grant and a plaque representing their commitment to implementing effective risk management measures.
 - i. Members who have achieved the award under the new program: Incline Village General Improvement District, Nevada Risk Pooling (independently audited by the Boulder City Risk Manager), Carson Valley Swim Center.
 - ii. Members who have submitted applications: Public Risk Incorporated, Pershing County, Douglas County School District, Nye County School District, Pahrangat Valley Fire Protection District.

IX. 24-7-365 Workers Comp Nurse Triage Program

- a. Risk management staff in conjunction with SpecialtyHealth is continuing to improve this program and encourage greater utilization of this program.

X. Member Valuation and Performance (MVP) Reviews

- a. A comprehensive member review by POOL/PACT senior staff. Review includes
 - i. Coverages provided.
 - ii. Understandable breakdown of premium (or assessment) calculation.
 - iii. Retention and retention options.
 - iv. The services available through POOL/PACT including those in which a member is utilizing as well as services not used.
 - v. An analysis of the member's claim history with concrete recommendations for reduction of claims.

XI. Dynamics 365 Implementation

- a. Implementation of Customer Relations Management (CRM) system to centralize, manage, and improve member data, provide data governance processes, increase effective internal/external communication and productivity, and provide detailed analytics pertaining to member services.

XII. Planned or Pending Webinars/Seminars

- a. *Quarterly CyberSecurity Webinars*: presented by Tony Rucci to inform IT/network member personnel of current and anticipated cyber threats, best practices, and hypotheticals
- b. *Aquatics Risk Management Seminar*. This conference is open to all POOL/PACT aquatic facilities and provides a comprehensive review of high-risk/critical tasks facing aquatic facilities. This seminar will be held in June.
- c. *Litigation Strategy Conference*: This conference will be held this summer or fall and brings POOL/PACT's litigation counsel, member counsel, and member risk managers together to discuss and address current litigation topics, concerns, and claims.
- d. *POOL/PACT Cop/Prosecutor Webinar Series*. This conference will be held this summer or fall and brings member law enforcement professionals (cops, prosecutors, and city attorneys) together to discuss and address current topics and concerns.
- e. Ongoing monthly *Roll-Call Webinars* for law enforcement.



eLearning

UPDATE 3-7-22



absorb

2021 USAGE

ROUNDING OUT THE YEAR

ASSIGNMENTS

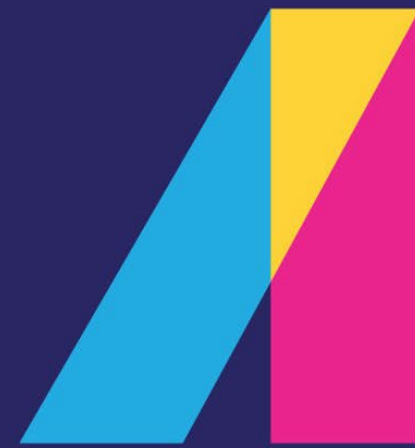
62145

COMPLETIONS

53580

IN PROGRESS (DIDN'T COMPLETE)

8565



absorb

2021 USAGE

Q4

ASSIGNMENTS

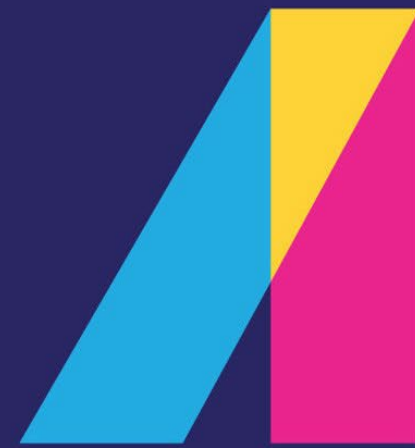
9317

COMPLETIONS

7821

IN PROGRESS (DIDN'T COMPLETE)

1496



absorb

2022 USAGE

JANUARY 1 – MARCH 7, 2022

ASSIGNMENTS

7558

COMPLETIONS

5978

IN PROGRESS

1580



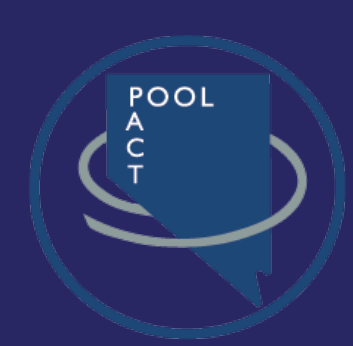
COURSE POPULARITY

2021



absorb

POOL/PACT - Nevada Anti-harassment Training for Employees	50d 13h 44m 44s	HUMAN RESOURCES (HR)	3693	3628	65
POOL/PACT - Safe and Sober Workplace for Employees	37d 10h 00m 40s	HUMAN RESOURCES (HR)	2582	2517	65
POOL/PACT - Nevada Anti-Harassment Training for Employees 2021	32d 88h 46m 07s	HUMAN RESOURCES (HR)	2109	1880	229
POOL/PACT - Bullying in the Workplace	40d 77h 19m 06s	HUMAN RESOURCES (HR)	2073	1991	82
POOL/PACT - Bullying in the Workplace - 2021	39d 53h 11m 42s	HUMAN RESOURCES (HR)	2041	1813	228
--	25d 19h 02m 29s		1864	399	1465
POOL/PACT - HIPAA Privacy Rule	62d 07h 21m 54s	RISK MANAGEMENT	1646	1491	155
POOL/PACT - Bloodborne Pathogens Awareness 2021	30d 31h 09m 03s	SAFETY	1604	1464	140
POOL/PACT - Whistleblower Protections - What When and How	7d 75h 33m 22s	HUMAN RESOURCES (HR)	1553	1533	20
POOL/PACT - Mandatory Child Abuse Reporting Laws - 2021	26d 36h 35m 02s	SCHOOL TOPICS	1423	1286	137
POOL/PACT - Employee Assistance Program - KEPRO	0d 00h 00m 00s	HUMAN RESOURCES (HR)	1203	1068	135
--	45d 97h 50m 54s		1200	756	444
--	67d 20h 40m 12s		1157	810	347
POOL/PACT - Mandatory Child Abuse Reporting Laws	24d 95h 29m 31s	SCHOOL TOPICS	1131	1066	65
--	36d 67h 57m 09s	HEALTH & WELLNESS	1124	904	220
POOL/PACT - COVID-19: Protectig Yourself and Others	11d 68h 23m 06s	HEALTH & WELLNESS	1072	1036	36
POOL/PACT - Safe and Sober Workplace for Employees - 2021	15d 67h 46m 52s	HUMAN RESOURCES (HR)	1042	855	187
POOL/PACT - Nevada Ethics in Government	21d 25h 38m 22s	RISK MANAGEMENT	1041	982	59
POOL/PACT - COVID quick-tips by CDC	1d 42h 24m 47s	HEALTH & WELLNESS	1016	993	23
POOL/PACT - COVID-19: Your Workplace	5d 21h 47m 31s	HEALTH & WELLNESS	1015	978	37
POOL/PACT - Students in Transition	12d 97h 41m 13s	SCHOOL TOPICS	960	944	16
POOL/PACT - Workplace Violence Awareness	26d 30h 42m 31s	HUMAN RESOURCES (HR)	944	899	45
POOL/PACT - Cyber Security - Data Security: Phishing	15d 73h 16m 12s	CYBER SECURITY	918	900	18



COURSE POPULARITY

2022 (Jan 1 – Mar 7)



absorb

Course Name	Total Time Spent	# Assigned	# Completed
Lyon County - 2022 - All Employees Annual e-learning	36d 65h 25m 30s	419	384
POOL/PACT - Workplace Violence Awareness - 2022	11d 76h 59m 46s	415	405
POOL/PACT - Nevada Anti-Harassment Training for Employees 2022	6d 55h 29m 23s	405	396
POOL/PACT - Safe and Sober Workplace for Employees - 2022	7d 90h 21m 23s	401	392
POOL/PACT - Ethics in Nevada Government - 2022	9d 22h 45m 49s	398	390
POOL/PACT - Whistleblower Protections - What, When and How - 2022	2d 54h 15m 38s	394	388
POOL/PACT - Nevada Anti-harassment Training for Employees	2d 62h 14m 38s	196	190
POOL/PACT - Safe and Sober Workplace for Employees	2d 59h 52m 46s	146	139
NCSO Rifle Suppressor Training	0d 13h 37m 38s	137	59
POOL/PACT - Bullying in the Workplace	2d 68h 09m 17s	118	115
POOL/PACT - OSHA Rights and Responsibilities - English Version	0d 16h 33m 30s	111	106
POOL/PACT - Customer Service in the Public Sector	5d 20h 24m 18s	98	93
POOL/PACT - Bullying in the Workplace - 2021	1d 32h 58m 34s	83	74
POOL/PACT - HIPAA Privacy Rule	3d 80h 24m 29s	79	68
POOL/PACT - Bloodborne Pathogens Awareness	1d 37h 02m 29s	78	73
EFFPD Nevada Anti-Harassment Training for Employees	0d 07h 50m 59s	77	19
POOL/PACT - Mandatory Child Abuse Reporting Laws	2d 60h 07m 23s	76	74
POOL/PACT - Nevada Anti-Harassment Training for Employees 2021	1d 28h 32m 08s	76	73
POOL/PACT - Whistleblower Protections - What When and How	0d 10h 03m 20s	75	72
POOL/PACT - Back Safety in the Workplace	0d 06h 44m 05s	73	70
Lyon County - 2022 - Supervisor Learning Track	1d 40h 22m 25s	67	57
POOL/PACT - Cyber Security - Ransomware	0d 18h 47m 09s	65	65
LCSD 20/21 All Staff eLearning	0d 04h 01m 48s	63	2
POOL/PACT - Nevada Ethics in Government	1d 38h 46m 12s	62	48
POOL/PACT - Workplace Violence Awareness	1d 37h 44m 03s	60	58
POOL/PACT - Nevada Anti-harassment Training for Supervisors - 2022	1d 37h 59m 34s	59	57
West Wendover Courses 5	0d 16h 30m 44s	59	59
Safe and Sober Workplace - Supervisor Supplement - 2022	0d 12h 07m 06s	58	57
POOL/PACT - Cyber Security - KnowBe4 Security Awareness Training - 2021	2d 62h 51m 19s	55	48
POOL/PACT - Employee Assistance Program - KEPRO	0d 00h 00m 00s	53	46
POOL/PACT - Slips, Trips and Falls	1d 24h 11m 36s	50	47
POOL/PACT - Bloodborne Pathogens Awareness 2021	1d 24h 09m 40s	48	47
POOL/PACT - Fire Extinguisher Safety Training	0d 01h 44m 37s	46	43
POOL/PACT - Safe and Sober Workplace for Employees - 2021	0d 14h 06m 24s	44	42
POOL/PACT - Workplace Violence Awareness - 2021	1d 26h 00m 56s	43	40
POOL/PACT - Surviving an Active Shooter - caution: violent and graphic	0d 10h 02m 46s	43	41
DCSD 2021-22 Annual Mandatory eLearning	1d 42h 27m 54s	42	18
LASO - PREA - UPLOAD	0d 00h 00m 00s	41	3



MANAGING A CAREER FILLED WITH STRESS

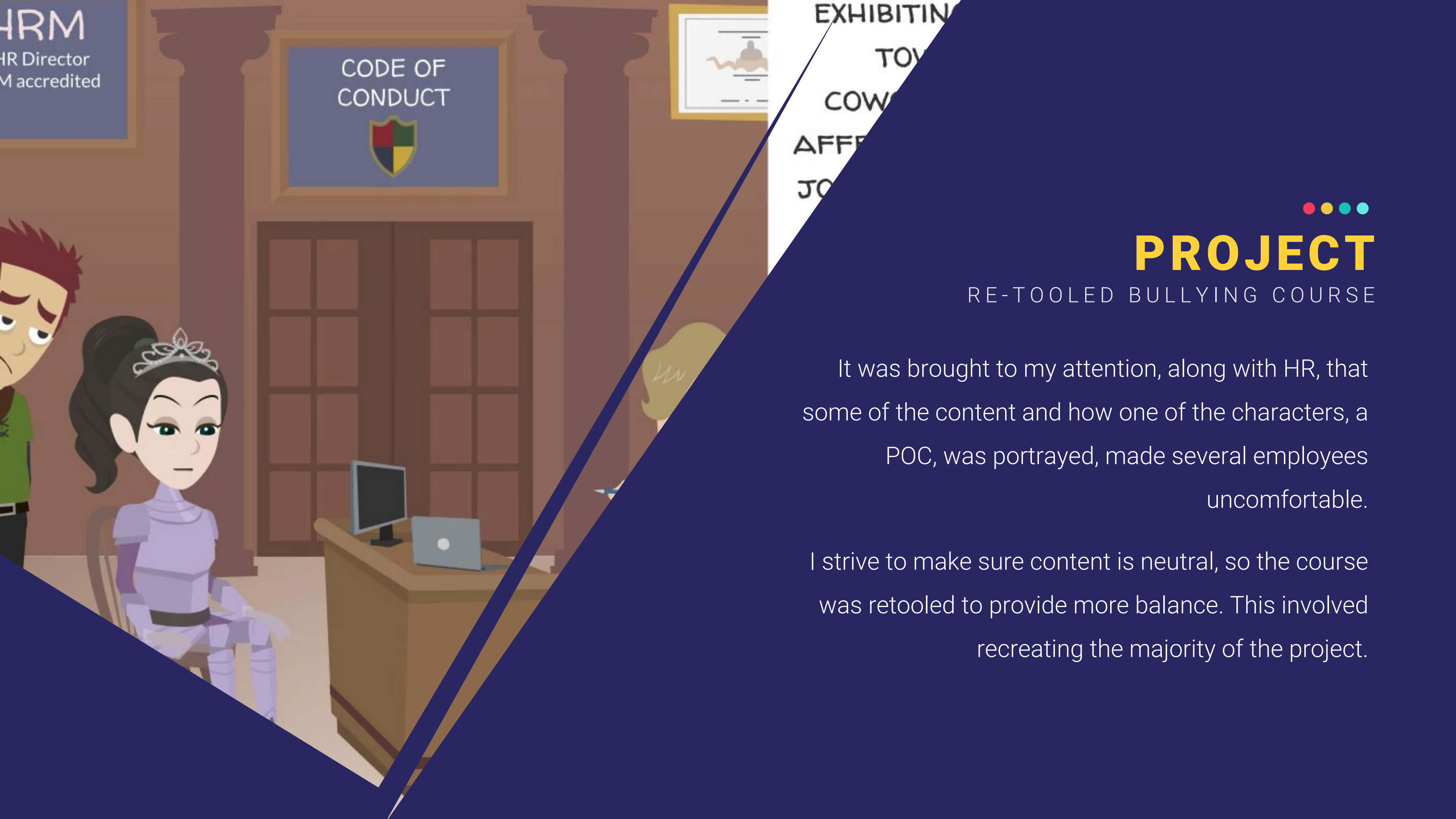


PROJECT

MANAGING CAREER FILLED WITH STRESS

Developed immersive, full-featured eLearning course on how to manage stress, both acute and chronic. The course includes interactions on how stress affects the body, exploring nutrition, warning signs and more. It took approximately 2.5 months to develop.

Course Launched and has been adopted by
City of Boulder City



HRM
HR Director
M accredited

CODE OF
CONDUCT

EXHIBITING
TO
COW
AFFE
JO



PROJECT

RE-TOOLED BULLYING COURSE

It was brought to my attention, along with HR, that some of the content and how one of the characters, a POC, was portrayed, made several employees uncomfortable.

I strive to make sure content is neutral, so the course was retooled to provide more balance. This involved recreating the majority of the project.

🔍 people



PROJECT

Added 250+ Safe Schools/Vector Solutions Library to Absorb

Vector Solutions, formerly Safe Schools, entire library was added to Absorb, complete with runtimes and descriptions.

USAGE:

Assignments since launch: 333

Completions since launch: 232

for "people"

turnov

Type

Rating

Video Lesson

Online Course

Online Course

Online Course

Online Course

Online Course



absorb

ANALYZE



PROJECT

Absorb Analyze

On December 31, 2022, Absorb's 'Inform' product will be retired and unavailable. Their new ad-hoc reporting tool, Absorb Analyze will replace it.

It will allow NRP/PRI to create custom reports on hundreds of data points and filters.

Currently extensively beta-testing product.



- Details
- Enrollments
- Metrics
- Delete
- Duplicate

- Enrollments**
- View
- Modify
- Enroll Anyone

- Ratings**
- View
- Modify

- Venues**
- View
- Modify

- Comments**
- View
- Modify

- Resources**
- View
- Modify

- Roles**
- View
- Modify



PROJECT
ENROLL ANYONE

It was discovered in Q3 2021 by a member, that a method I was using in Absorb to restrict admin assigning access to only users in their organization had unintended side effects. So A new method had to be developed, or we had to find a new LMS, and the 'Enroll Anyone' feature in Absorb was born from this need. I worked closely with Absorb devs to add this feature which they felt was important enough for all their clients, thus we weren't charged for it.



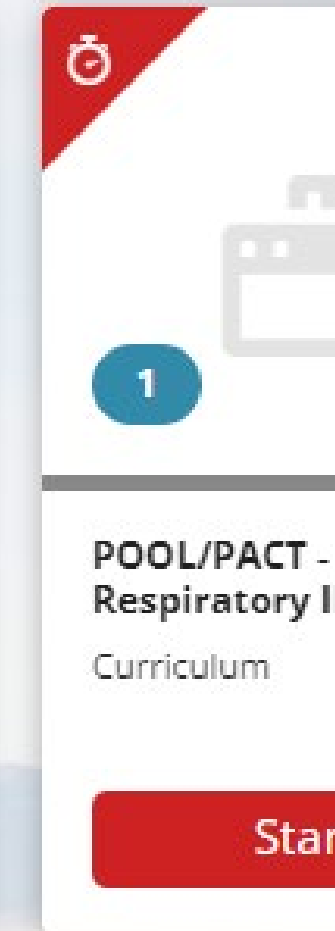
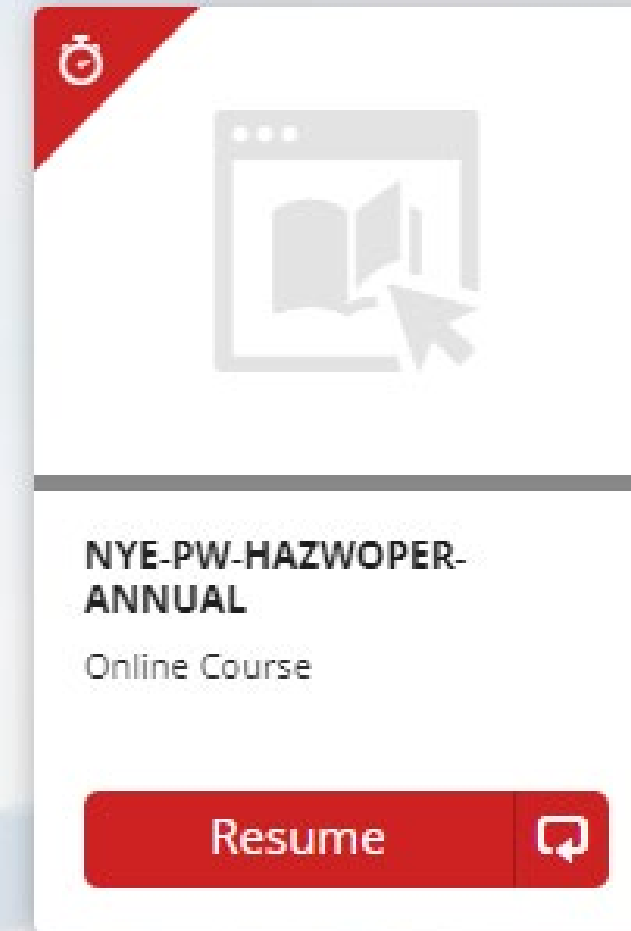
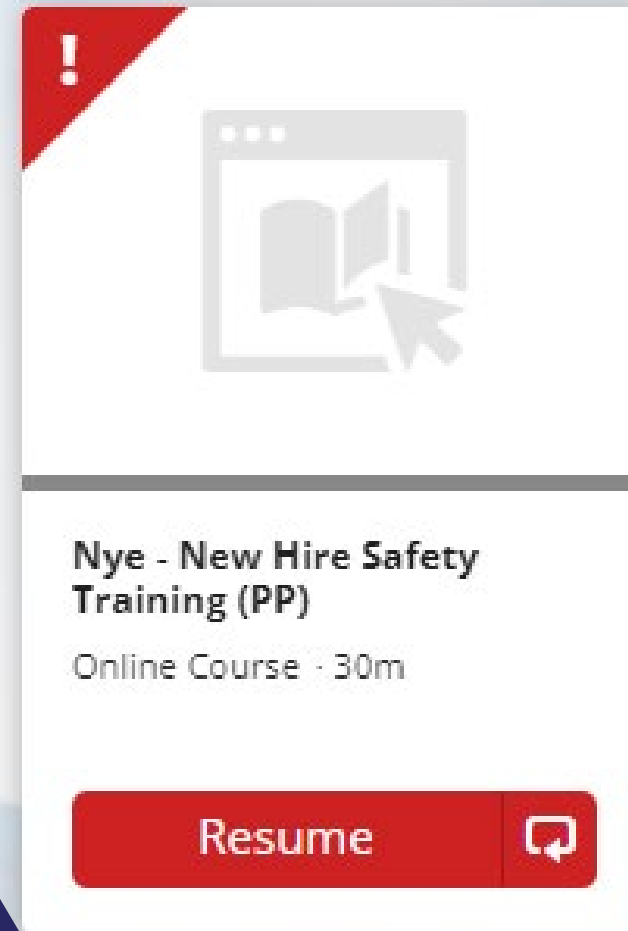
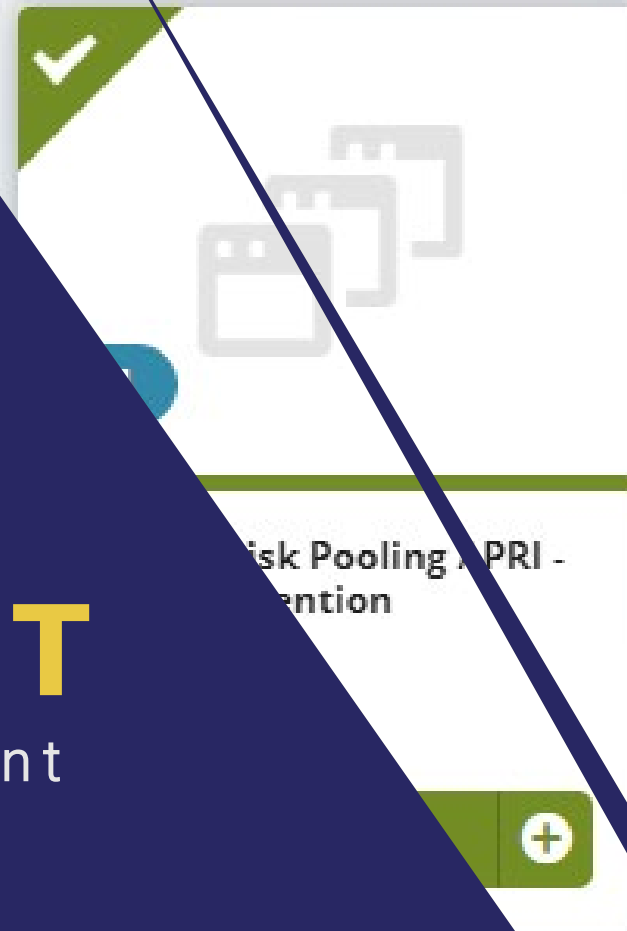
MEMBER SUPPORT

Individualized help and management

- Full LMS Management for several entities
- Direct support to member employees
- Creating new training videos for added features.

Received great feedback on existing vids, so expanding

- Recent support example would be the new NRS Statute for cyber-security training for city and county clerks, I helped ensure they were trained, either in KnowBe4 through Tony or in Absorb.





INTERNAL PROJECTS

Risk Management Support

- Convert and post Monthly Roll Call videos – Available in resource library. Fascinating topics
- Content management on the web site
 - 80% of the minor changes are done
 - Currently over-hauling resource library
 - Overhauled LCEP
 - Integrating e-Risk Hub new API
 - Home-page overhaul (on list)
- Overall tech support

ROLL CALL

Roll Call Webinar

JANUARY 19

- RISK MANAGEMENT
- HUMAN RESOURCES
- CYBER SECURITY
- ROLL CALL SERIES
- LAW ENFORCEMENT
- SCHOOLS

knowledge base ...

RESOURCE LIBRARY

Member Resource Library

Updated: 10/25/2021 9:16:14 AM

resources, please follow these simple steps:

locate resources for that topic or browse the of

same search page. Please click



PROJECT WEB SITE

- Created 'Member Portal' link at top of web site, where members can go to view Open and Submitted risk and education grants.
- 'Split up' resource libraries so Law Enforcement and Cyber Security resources were on their own pages. All top-level Resource Library links can be linkable now
- Additional mods to resource libraries, 24-7-365 Program docs, LCEP surveys, and Producers page



2022 WHAT'S NEXT

NEW HARASSMENT / SAFE SOBER COURSES – by request

NEW GHS / BLOODBORNE PATHOGENS

NEW INSULIN RESIST COURSE

ROADMAP

Explore xAPI / Learning Record Store (eventually eliminating LMS)

Course development technology (including virtual reality)

Member Relations Manager Report – April 21, 2022

At the start of September, to provide a clear understanding of the Willis Re Pooling transition over to me working in-house at POOL/PACT, meetings and phone calls were scheduled with all the local insurance agencies to discuss the change. At these meetings, we discussed POOL/PACT services and the role of the newly formed role of Member Relations Manager. All member applications were released to the insurance agencies on November 29th.

Early December an Agency/Producer Teams meeting was held to review how to navigate through the POOL/PACT website and to discuss the completing of renewal applications for all members, including the showing of our ELearning trainings for assistance.

The majority of member applications were received back from the Agencies by the due date of January 12th, with the exception of a few that had requested an extension. All information was reviewed and compiled for placement in our market submission documents and was released to the markets during the second week in February. This timing remains in-line with the schedule used in past years.

Future projects will include reviewing and discussing the renewal/application process with Agency/Producer, so there is a better understanding as to we collection of information and accuracy we request to achieve.

Renewal Marketing Report

Marketing meetings/indications/state of the markets:

Property – In the first week of February, we had ten meetings with our London Broker and Underwriters. The meetings provided insight to the market of our program and how we have been a great partner for them throughout the years. There was concern from the markets about how inflation values were managed in the renewal process, and we discussed that with our longtime use of AssetWorks, all values are reviewed annually via onsite and trended appraisals with this year's total property value being up just under 6% over expiring. We also discussed the ongoing wildfire mitigation being performed by our communities and fire districts, showing them examples of clearing of underbrush and deadfall eliminate the laddering effect. We also include information on the winter burning of the slash piles in and around the Nevada Tahoe Basin. The property market continues to experience losses due to what they are considering claimant changes, and the Reinsurance that they are purchasing, is now having an impact. Though, even with these pressures on the markets, NPAIP, with its ongoing risk management, mitigation projects and appraisal programs, received favorable pricing over other purchasers.

Liability – We had marketing meetings with Old Republic (a possible market for NPAIP), GEM and CRL.

Our Old Republic meeting was to discuss their review of and quoting of the School Liability piece, currently with United Educators. Last year, Old Republic offered a quotation as we sought alternatives to United Educators due to changes in the United Educators form and the additional PRM funding to make up for these changes. Old Republic was extremely competitive and is a large market for Pooling School risks. We have received a competitive quote and will be provided as an option to the full board.

The GEM meeting was to catch up on their membership as they continue to grow by adding an additional member bringing their membership to 20, over 16 states. GEM will continue to review

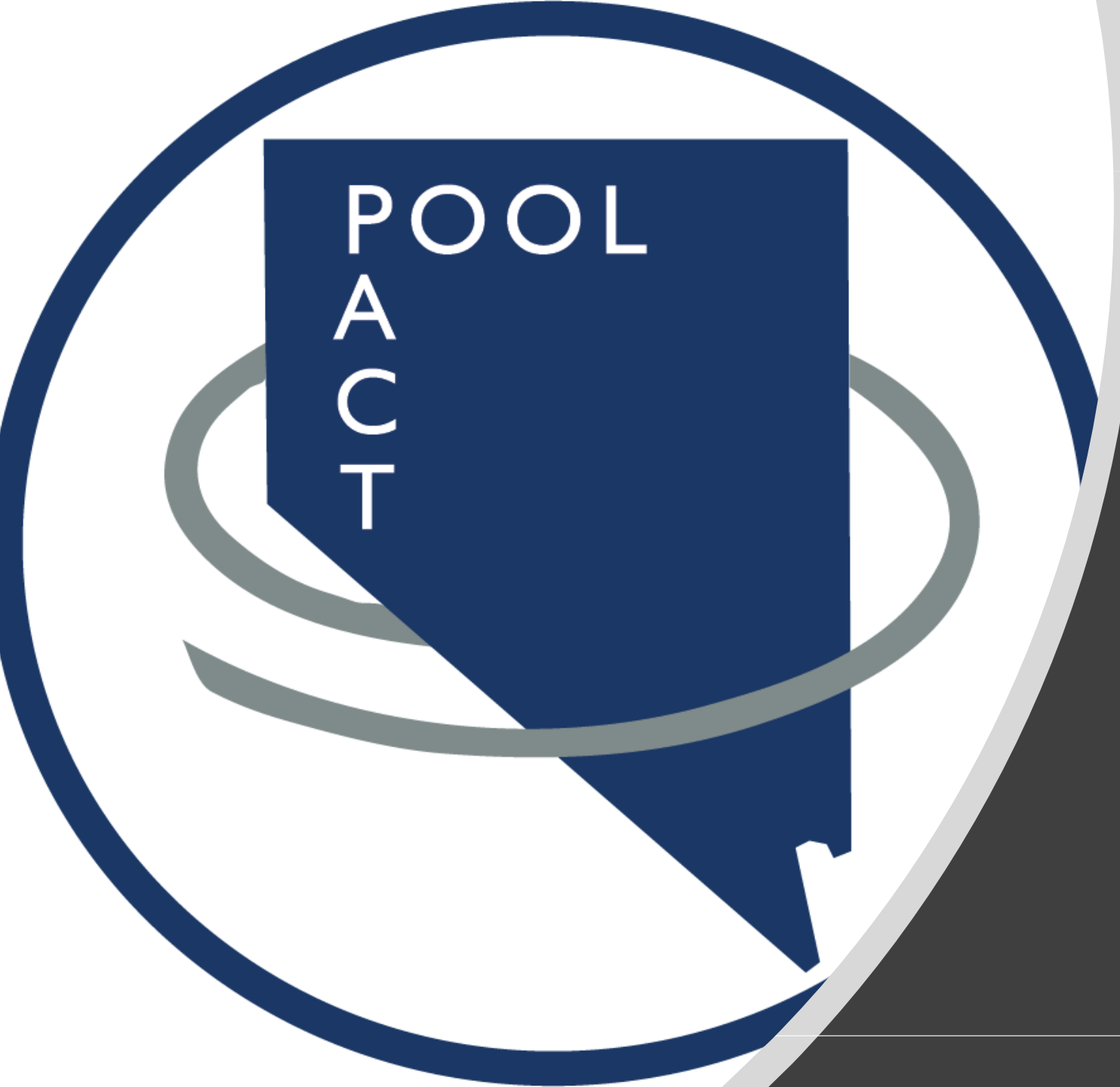
prospective new members but is focused only on exceptional Pools. They have grown from 2016 with written premium of \$11M to \$27M in written premium for 2022, with a total surplus of \$42M. We have received an alternate option from GEM for the \$7M X \$3M placement and will be provided as an option to the full board.

Our CRL meeting discussed a CRL Pool wide increase between 10% - 20% in rates due to the law enforcement losses and mega verdicts that have impacted their program. We were provided our renewal quotation at the bottom end of this range due in part by our loss history. In the CRL liability program, they include the POOL's Cyber Liability, which has been an ever-changing market and with the developments/attacks due to the war, is now a very hard. Even with the hard market conditions, CRL was able to keep the rate flat, but has applied an aggregate limit for the POOL at \$10M. For Workers Compensation, CRL and Safety National have both provided their renewals and will be discussed during the PACT renewal presentation.

Brit/Ambridge has offered renewal terms to NPAIP. During the prior term, Ambridge requested changes to their Reinsurance Agreement, which were push back on and not accepted by NPAIP, due to timeliness and concurrency issues. In receiving the renewal terms, we were notified that their once again would be changes to the Reinsurance Agreement, which to date we have not received a copy of to review. As noted above, GEM has provided full commitment in providing additional capacity and will be proposed as an option to the full board.

Equipment Breakdown – Boiler Re – It was requested that they review our rate for the renewal, as we have excellent loss history with them. The underwriter was able to provide a decreased rate for the renewal terms and this will be shown during the renewal presentation.

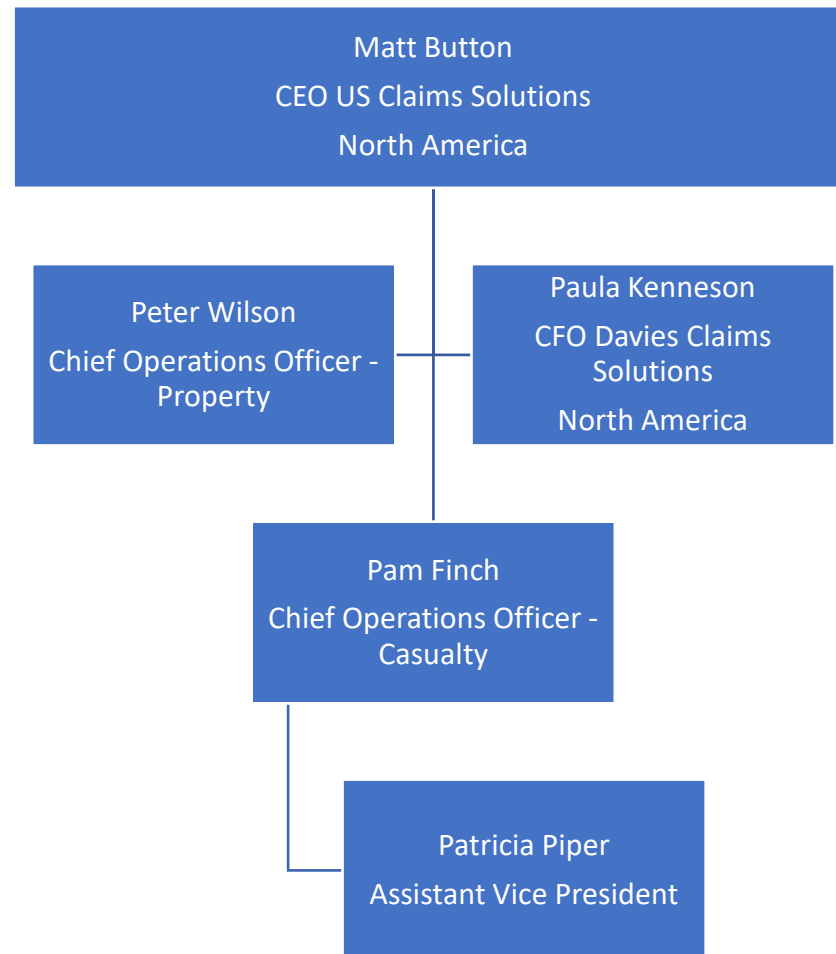
For other lines over coverage for POOL, these will be discussed during the renewal presentation.



Davies Happenings



Davies Claims Solutions U.S.

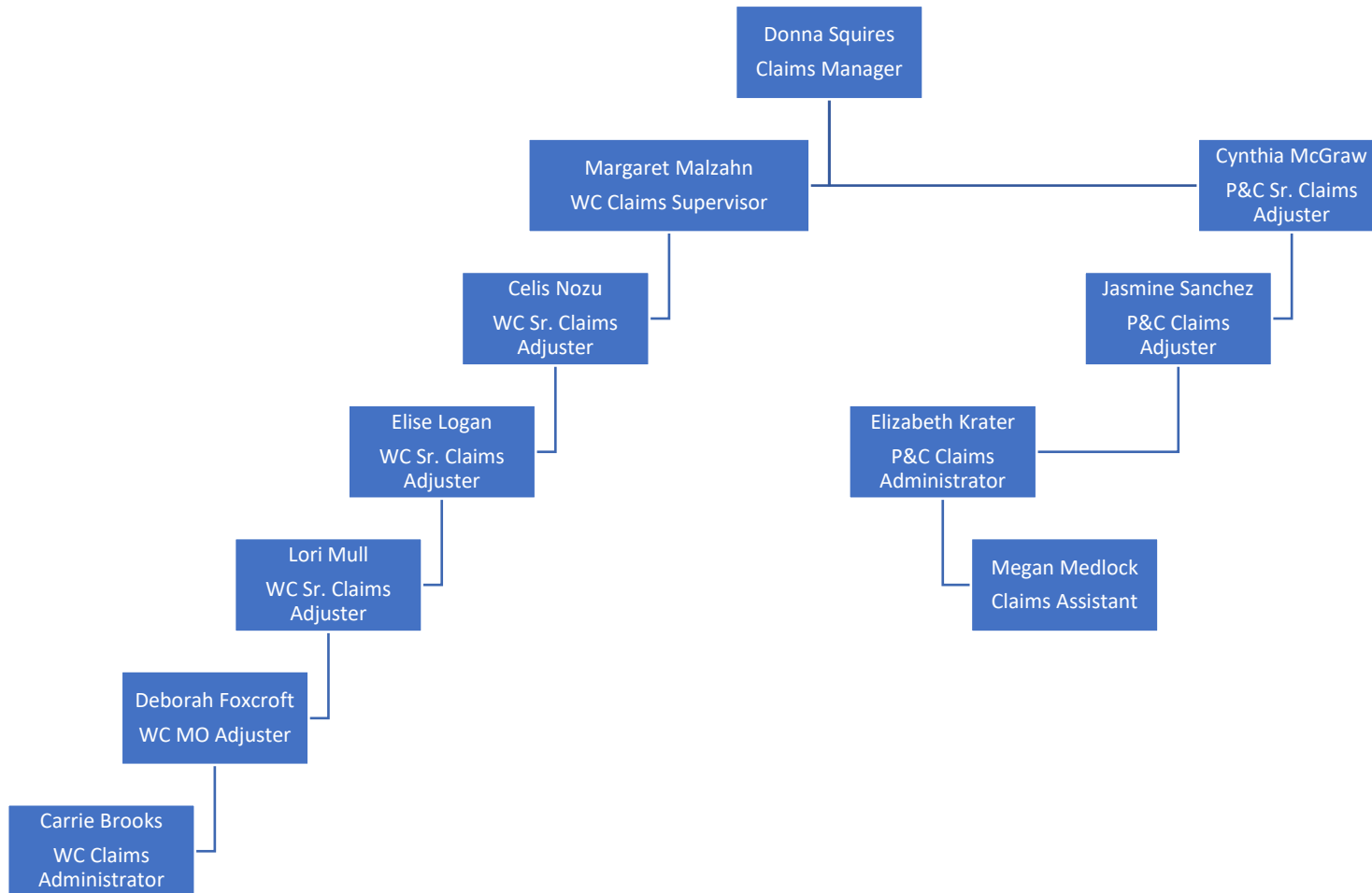


Nashville updates

- Carolyn Adkins, CFO, retired October 1, 2021
- Glenn Backus, Chief Business Development Officer, has announced he will be retiring this Spring.

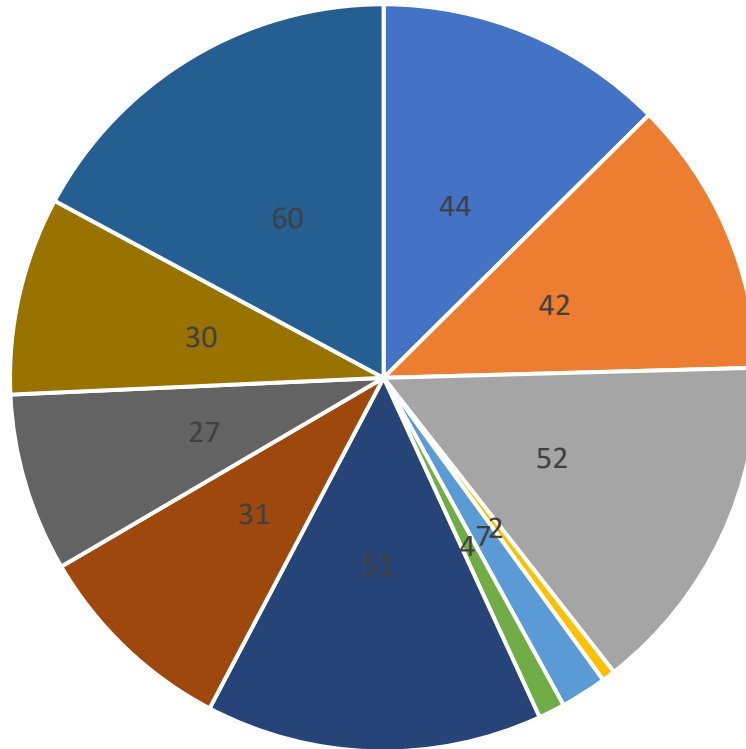


Davies Claims Solutions Nevada



Property & Casualty claims

350 Open claims



- Property
- Auto Liab
- Auto Phys Dmg
- Equip BD
- Crime
- Cyber
- Employment
- EO
- GL
- NC
- Police Liab



Property & Casualty Claims

Largest property loss

Flash flood in July 2021

Affected Nye County, Nye County School District and the Town of Pahrump

Total incurred: \$2.2M

Total paid: \$983K



Property & Casualty Claims

Largest Liability Loss

Occurred March 27, 2021

Police liability case where it is alleged an individual who was intoxicated and/or on drugs was released after questioning rather than being arrested. An hour and a half after being released, the individual caused an auto accident that took the lives of three people, one a 12 year old child.

Total Incurred: \$1.13M

Total Paid: \$ 23K



Workers' Compensation

Current Claim Count (March 11, 2022):

There were 416 open claims.

Trending this Winter:

Uptick in slip/fall claims due to snowy and icy conditions.

COVID claims have trickled off.



Davies resuming member visits

With the lifting of COVID-19 mandates, Davies has plans to resume member visits in 2022.

Will be corroborating with POOL/PACT HR and Risk Management for trainings, round tables, and claims reviews.



Workers' Compensation

Workers' Compensation 101

Taking the Confusion Out of the Collaborative Claims Experience

- ✓ Basic claims forms explained
- ✓ Claim investigation process; how can you help
- ✓ Claims flow and what to expect
- ✓ Occupational diseases
 - Program can be tailored to meet your Workers' Compensation needs
 - Presentation in person or via Zoom



Workers' Compensation

Member Visits and/or Training in 2022:

City of Boulder City

White Pine County

Incline Village GID

Tahoe-Douglas FPD

Mineral County

Battle Mountain General Hospital

City of West Wendover

Humboldt County

Mount Charleston FPD

Esmeralda County

Lyon County

City of Ely

East Fork FPD

Tahoe Transportation District

Mineral County School District

Storey County

City of Carlin

City of Elko

City of Winnemucca

Southern NV Health District

City of Yerington





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

**Notice of Meetings and Agendas for the Meeting of
the Board of Directors and of the Executive Committee of
Public Agency Compensation Trust**

Date: April 21, 2022

Time: upon adjournment of Joint Board and Executive Committee Meeting which starts at 8:00am

Join Zoom Meeting

<https://us02web.zoom.us/j/85892154845?pwd=MXgyNOJwMC93eVlxTEV1c3pBd29EUT09>

Meeting ID: 858 9215 4845

Passcode: 554718

One tap mobile

+13462487799,,85892154845#,,,,*554718# US (Houston)

+16699006833,,85892154845#,,,,*554718# US (San Jose)

Dial by your location

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

Meeting ID: 858 9215 4845

Passcode: 554718

Find your local number: <https://us02web.zoom.us/j/85892154845?pwd=MXgyNOJwMC93eVlxTEV1c3pBd29EUT09>

AGENDA

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 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 of April 22, 2021**
 - b. **Acceptance of Interim Financial Statements**
4. **For Possible Action: Acceptance of Audit for June 30, 2021**
5. **For Possible Action: Approval of PACT Retention and Renewal Reinsurance Proposals**
6. **For Possible Action: Approval of Budget for 2022-2023 including Actuarial Overview**
7. **For Possible Action: Approval of Renewal Contract with Davies Claims Solutions**
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 2022-2024**
 - a. **One Representative from Counties and/or Cities with less than 35,000 Population**
 - b. **One Representative from Hospitals**
 - c. **One Representative of School Districts**
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:

**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

**Minutes of the Meeting of
the Board of Directors and of the Executive Committee of
Public Agency Compensation Trust**

Join Zoom Meeting

<https://us02web.zoom.us/j/88934020177?pwd=ZGEzdkVEUVVVR1RRTUZZajJzWUVndz09>

Meeting ID: 889 3402 0177

Passcode: 632020

One tap mobile

+16699006833,,88934020177#,,,,*632020# US (San Jose)

+12532158782,,88934020177#,,,,*632020# US (Tacoma)

ALL AUDIO WILL BE TELEPHONE ONLY

Dial by your location

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Meeting ID: 889 3402 0177

Passcode: 632020

Find your local number: <https://us02web.zoom.us/j/88934020177?pwd=ZGEzdkVEUVVVR1RRTUZZajJzWUVndz09>

Date: April 22, 2021

**Time: upon adjournment of Joint Board and Executive Committee Meeting
which starts at 8:00am**

1. Introductions and Roll

A quorum being present, Chair Johnson called the meeting to order at 10:18 a.m.

2. Public Comment

Chair Johnson announced that this is the 25th anniversary of PACT. Wayne Carlson congratulated both Paul Johnson as current chair and Alan Kalt as past chair of PACT.

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

- a. Approval of Minutes of Board Meetings of April 17, 2020
- b. Acceptance of Interim Financial Statements
- c. Actuarial Overview of PACT Reserve Liabilities as of June 30, 2020

On motion to approve the consent agenda by Cindy Hixenbaugh, second by Mike Giles, the motion carried.

4. For Possible Action: Acceptance of Audit for June 30, 2020

Alan Kalt complimented Deb Connally for her 25 years with PACT and her contributions to the audit process along with Melissa Mack and Zaria Hanses. He then reviewed highlights of the audit noting the key performance ratios over several years. The audit had an unqualified opinion from the auditor. He reminded the board of the restatement of the prior year because of a board policy to eliminate amortization of contributions to PCM. He commented on various aspects of the financial statements.

On motion to accept the audit by Cash Minor, second by Josh Foli, the motion carried.

5. For Possible Action: Approval of PACT Retention Options and Renewal Reinsurance Proposals and Options

Stephen Romero presented the Willis Re Pooling report on the PACT renewal. He commented on market trends. He noted that PACT retains \$300,000 with PCM bearing \$700,000 before CRL takes the 75% of next \$2,000,000 and PCM takes 25%, then Safety National takes the excess amounts to statutory limits. He reviewed the year-over-year comparison of the costs of reinsurance by layer with an overall comparative increase of 2.15%. Mary Wray added comments about the success of these results given market conditions.

On motion and second to approve the renewal proposal by Josh Foli, second by Carol Shank, the motion carried.

6. For Possible Action: Approval of Budget for 2021-2022

- a. Budget Narrative
- b. Actuarial Overview

Alan Kalt reviewed the budget spreadsheet showing the current fiscal year and the 2021-2022 fiscal year budgets. He described the class code changes that resulted from the actuary conducting a once in ten year class code relativities study. Specifically highlighted was the elimination of several classifications and the blending of the Code 9999 Heart/lung into the respective codes for law enforcement and firefighters. He also discussed the effect of experience rating factors on the individual members would apply to all codes. He noted that the actuary provided funding indications at both 75% and 70% confidence levels. The executive committee recommended using the 75% confidence level. Alan showed these options in the loss fund portion of the budget. He noted that PCM contributed \$575,000 toward the risk management programs of PACT.

On motion to approve the budget by Josh Foli, second by Cash Minor, the motion carried.

7. For Possible Action: Approval of SpecialtyHealth Fit For Retirement Program Agreement

Wayne Carlson referred to his memo in the packet describing the background of the proposed contract. He discussed the staff analysis done on the existing contract and the changes to the proposed contract which included a not-to-exceed monthly and annual amount, 50 hours of subject matter expertise for ELearning content development, and participant access to the SpecialtyHealth patient portal. He noted the efforts by Marshall Smith and Alan Kalt to do an in-depth analysis of the services and development of the contract.

Alan Kalt added comments that from his analysis, he realized that adding a staff driven oversight committee for the Fit For Retirement Program to include SpecialtyHealth and member participants would help ensure the program achieves what the members want. He noted the value of enhancing the ELearning approach to reach more participants at any time. He emphasized the new participant portal as a tool for participants to monitor their health status.

Marshall Smith said the reviewing the contract was part of an ongoing process for all vendors. He said Alan Kalt and Mike Rebaleati conducted a deep dive into the analysis of the services and costs. He said SpecialtyHealth staff is highly motivated to deliver continued improvements for the member participants.

Paul Johnson indicated support for the services and welcomed assistance with expanding member utilization of the program.

On motion to approve the SpecialtyHealth agreement by Mike Giles, second by Elizabeth Frances, the motion carried.

- 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**

Wayne Carlson noted that there were no members in hazardous financial condition. Alan Kalt commented that some were being taken off fiscal watch but none are in hazardous financial condition. Wayne then reviewed the loss experience of PACT as a whole and by member category noting that there were a few very large claims for some. He said he did not think there were members who should be considered for removal.

Chair Johnson indicated that no action was deemed needed.

- 9. For Possible Action: Election of Executive Committee for Two Year Terms 2021-2023**
- a. One Representative from Counties and/or Cities with less than 35,000 Population**
 - b. One Representative from Hospitals**
 - c. One Representative of School Districts**

Chair Johnson opened the election discussion. Wayne Carlson noted that the positions up to reelection were those with current terms from 2019-2021 and the new terms would be from 2021-2023. Incumbents indicated interest in continuing to serve were: Mike Giles, Cash Minor, Josh Foli and Chris Mulkerns. Chair Johnson asked if there were any other candidates.

On motion to approve reelection of the incumbents by Elizabeth Frances, second by Cindy Hixenbaugh, the motion carried.

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

On motion to reelected the current Chair Paul Johnson and Vice Chair Cash Minor by Mike Giles, second by Elizabeth Frances, the motion carried.

11. Public Comment

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

12. For Possible Action: Adjournment

Chair Johnson adjourned the meeting at 11:07 a.m.

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

**201 S. Roop Street, Suite 102
Carson City, NV 89701**

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

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

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

DRAFT

PUBLIC AGENCY COMPENSATION TRUST
Statement of Assets, Liabilities and Equity
March 31, 2022

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
ASSETS			
Cash and Equivalents	4,168,874.15	4,346,096.79	8,514,970.94
Pledged Account Cash Equivalents		905,057.68	905,057.68
Investments	10,315,619.29	34,085,962.06	44,401,581.35
Investments - State of Nevada		3,918,715.78	3,918,715.78
Investments Interest Receivable	33,051.71	127,819.99	160,871.70
Member Assessments Receivable	3,401,293.28		3,401,293.28
Agent Compensation Receivable			-
Interfund Account	(2,691,688.35)	2,691,688.35	-
Suspense			-
Specific Recoverable		1,170,038.16	1,170,038.16
Prepaid Expenses	9,748.50	828,863.00	838,611.50
	15,236,898.58	48,074,241.81	63,311,140.39
TOTAL ASSETS	15,236,898.58	48,074,241.81	63,311,140.39
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	-	-	-
Payable To Investment Brokers	-	-	-
Payable For Risk Management Grants	79,759.43	-	79,759.43
Agent Compensation Payable	-	-	-
Specific Recoverable		1,170,038.16	1,170,038.16
Loss Reserves		176,168,143.71	176,168,143.71
Claims Payments		(120,313,462.49)	(120,313,462.49)
Voucher Payments		2,423,865.50	2,423,865.50
Fund Balances:			
Fund Balance	15,157,139.15	(11,374,343.07)	3,782,796.08
	15,236,898.58	48,074,241.81	63,311,140.39
TOTAL LIABILITIES AND FUND BALANCES	15,236,898.58	48,074,241.81	63,311,140.39

Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST

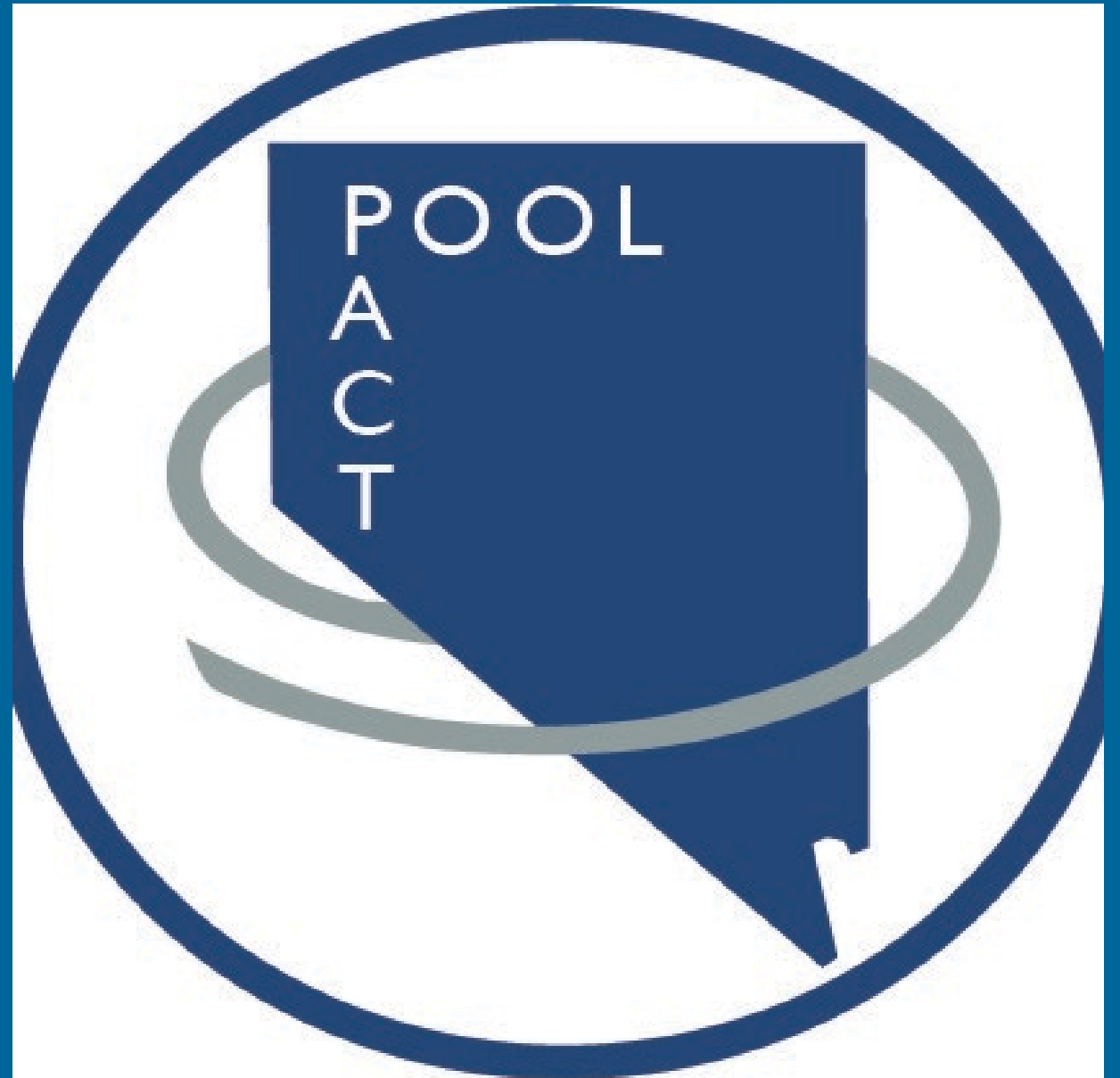
Income Statement

For The Nine Months Ending March 31, 2022

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
REVENUES			
Assessments	2,669,846.07	8,009,538.18	10,679,384.25
Agent Compensation	176,142.00	-	176,142.00
PCM Risk Mitigation Services	575,000.00	-	575,000.00
Investment Interest Income	197,601.21	678,629.54	876,230.75
Bank Interest Income	1.02	2,226.91	2,227.93
Investment Realized Gains/(Losses)	-	275.93	275.93
Investment Unrealized Gains/(Losses)	(652,095.23)	(2,348,066.82)	(3,000,162.05)
Premium/Discount Investments	(47,765.19)	(150,202.77)	(197,967.96)
Total Revenues	2,918,729.88	6,192,400.97	9,111,130.85
LOSS RESERVES & INSURANCE EXPENSES			
Claims and Adjustment Expenses	-	6,783,054.54	6,783,054.54
Excess Insurance Premiums	-	368,318.00	368,318.00
Reinsurance Premium (PCM)	-	1,879,000.00	1,879,000.00
Total Loss Reserves & Insurance Expenses	-	9,030,372.54	9,030,372.54
PROGRAM EXPENSES			
Member Education and Services	297,974.79	-	297,974.79
PRI Grant	350,919.00	-	350,919.00
Spec. Health-Cardiac Wellness	391,257.08	-	391,257.08
Loss Control Expense (Willis Pooling)	33,834.00	-	33,834.00
Risk Management Grants	43,731.29	-	43,731.29
Claims TPA Fees (Davies)	-	619,258.11	619,258.11
Underwriting Fees (Willis Pooling)	-	2,500.00	2,500.00
Specialty Health MCO Contract	-	47,123.67	47,123.67
Total Loss Fund and Program Costs	1,117,716.16	668,881.78	1,786,597.94
ADMINISTRATION EXPENSES			
Sponsorship Fees	6,579.00	-	6,579.00
Travel	10,741.59	-	10,741.59
Casualty Insurance	29,214.00	-	29,214.00
Dues & Seminar Fees	9,423.07	-	9,423.07
Audit Expense	18,900.00	-	18,900.00
Printing & Copying Expense	2,792.92	-	2,792.92
Postage	79.46	-	79.46
Office Supplies	9,282.00	-	9,282.00
Telephone Expense	32.09	-	32.09
Legal Expense	1,170.00	-	1,170.00
Board & Committee Meetings	-	-	-
Actuary Expense	37,630.00	-	37,630.00
Bank Service Charges	17,788.05	-	17,788.05
Agent Compensation	115,844.00	-	115,844.00
NRP Grant	693,972.25	-	693,972.25
Insurance Division Fees	599,203.79	330,809.47	930,013.26
Nevada Insolvency Fund	-	24,330.00	24,330.00
Investment Expense	52,740.16	5,915.99	58,656.15
Total Administrative Expenses	1,605,392.38	361,055.46	1,966,447.84
REVENUES OVER EXPENSES	195,621.34	(3,867,908.81)	(3,672,287.47)

PACT AUDIT OVERVIEW

Fiscal Year Ending
June 30, 2021



KEY PLAYERS

Wayne Carlson,
Executive Director
POOL/PACT

Alan Kalt, CFO

Deb Connally,
Controller

Melissa Mack,
Accounting
Technician

Cash Minor, Chair
NPAIP, Chair PRM

Paul Johnson,
Chair PACT, Chair
PCM

Josh Foli, Audit
Committee
Member

Gina Rackley,
Audit Committee
Member

Michael Bertrand:
Bertrand &
Associates: Audit
Firm

Kathy Parks,
Bob Balkenbush,
General Counsel

Donna Squires,
Davies, 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



PUBLIC AGENCY COMPENSATION TRUST



PUBLIC AGENCY COMPENSATION TRUST STATEMENTS OF NET POSITION June 30, 2021 and 2020

ASSETS	2021	2020
Current assets:		
Cash and cash equivalents	\$ 4,679,886	\$ 3,218,851
Investments	51,221,911	52,795,859
Investment income receivable	157,647	206,305
Member assessments receivable	4,557,165	4,011,409
Specific recoverable	626,101	727,097
Commissions receivable	62,378	56,931
Receivable from State of Nevada	306,927	34,795
Prepaid expenses	-	37,355
Total current assets	61,612,015	61,088,602
Noncurrent assets:		
Pledged investments	5,053,333	5,066,106
Total noncurrent assets	5,053,333	5,066,106
TOTAL ASSETS	66,665,348	66,154,708
 LIABILITIES		
Current liabilities:		
Accounts payable	139,852	279,269
Commissions payable	60,449	56,405
Specific recoverable	626,102	727,097
Risk Management Grants payable	83,862	114,015
Current portion of reserve for claims losses	6,884,447	6,166,355
Total current liabilities	7,794,712	7,343,141
Noncurrent liabilities:		
Reserve for Worker's Compensation claims losses	22,292,553	21,022,645
Reserve for Heart & Lung claims losses	29,123,000	27,096,740
Total noncurrent liabilities	51,415,553	48,119,385
TOTAL LIABILITIES	59,210,265	55,462,526
 NET POSITION - unrestricted		
Net position -unrestricted	2,401,750	5,626,076
Net position -restricted for pledged securities	5,053,333	5,066,106
TOTAL NET POSITION	\$ 7,455,083	\$ 10,692,182

PUBLIC AGENCY COMPENSATION TRUST



Public Agency Compensation Trust							
Statement of Net Position							
Fiscal Years Ending June 30th							
Description	2017	2018	2019	2020	2021	\$ Difference	% Difference
ASSETS							
<i>Current Assets:</i>							
Cash and cash equivalents	2,663,598	1,960,467	1,646,579	3,218,851	4,679,886	1,461,035	45.4%
Investments	60,688,478	49,996,097	51,640,578	52,795,859	51,221,911	(1,573,948)	-3.0%
Investment income receivable	264,696	209,396	196,908	206,305	157,647	(48,658)	-23.6%
Members assessments receivable	3,848,709	3,421,951	3,879,593	4,011,409	4,557,165	545,756	13.6%
Specific recoverables	97,495	186,908	519,192	727,097	626,101	(100,996)	-13.9%
Commissions receivable	64,381	56,800	60,208	56,931	62,378	5,447	9.6%
Receivable from State of Nevada	-	102,976	-	34,795	306,927	272,132	782.1%
Prepaid expenses	30,647	-	-	37,355	-	(37,355)	-100.0%
Total Current Assets	67,658,004	55,934,595	57,943,058	61,088,602	61,612,015	523,413	0.9%
<i>Noncurrent assets:</i>							
Pledged investments	4,538,815	4,561,006	4,827,144	5,066,106	5,053,333	(12,773)	-0.3%
Contributed surplus PCM, net							
Total noncurrent assets	4,538,815	4,561,006	4,827,144	5,066,106	5,053,333	(12,773)	-0.3%
TOTAL ASSETS	72,196,819	60,495,601	62,770,202	66,154,708	66,665,348	510,640	0.8%
LIABILITIES							
<i>Current Liabilities:</i>							
Accounts Payable	153,261	149,389	542,772	279,269	139,852	(139,417)	-49.9%
Commissions payable	59,990	56,800	65,639	56,405	60,449	4,044	7.2%
Specific recoverable	97,495	186,908	519,191	727,097	626,102	(100,995)	-13.9%
Risk Management Grant payable	293,164	154,577	140,149	114,015	83,862	(30,153)	-26.4%
Current portion of reserve for claims losses	6,371,948	6,261,137	6,125,301	6,166,355	6,884,447	718,092	11.6%
Total Current Liabilities	6,975,858	6,808,811	7,393,052	7,343,141	7,794,712	451,571	6.1%
<i>Noncurrent liabilities:</i>							
Reserve for Worker Comp claims losses	17,377,052	17,315,863	19,101,699	21,022,645	22,292,553	1,269,908	6.0%
Reserve for Heart Lung claim losses	22,684,485	24,052,539	25,554,567	27,096,740	29,123,000	2,026,260	7.5%
Total Noncurrent liabilities	40,061,537	41,368,402	44,656,266	48,119,385	51,415,553	3,296,168	6.8%
TOTAL LIABILITIES	47,037,395	48,177,213	52,049,318	55,462,526	59,210,265	3,747,739	6.8%
NET POSITION							
Net position-unrestricted	20,620,609	7,757,382	5,893,740	5,626,076	2,401,750	(3,224,326)	-57.3%
Net position-restricted for pledged securities	4,538,815	4,561,006	4,827,144	5,066,106	5,053,333	(12,773)	-0.3%
TOTAL NET POSITION	25,159,424	12,318,388	10,720,884	10,692,182	7,455,083	(3,237,099)	-30.3%
Proof total: Difference	-	-	-				

PUBLIC AGENCY COMPENSATION TRUST



PUBLIC AGENCY COMPENSATION TRUST STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years ended June 30, 2021 and 2020

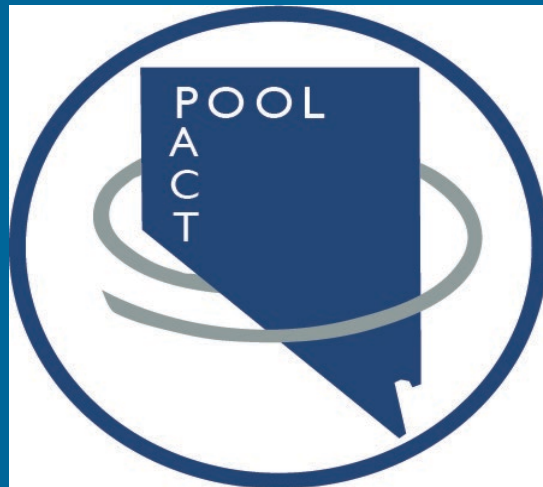
REVENUES	2021	2020
Assessments for workers compensation	\$ 14,834,560	\$ 12,675,642
Assessments for heart and lung	2,013,904	1,490,539
PCM risk management services	575,000	575,000
Total Revenues	<u>17,423,464</u>	<u>14,741,181</u>
LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	10,922,746	9,103,742
Heart and Lung loss expenses	2,113,304	1,601,459
Excess insurance premium	467,538	432,826
Re-insurance premium	2,522,875	2,237,700
Member education and services	710,800	705,854
Risk management grants	76,400	105,412
Loss control expense	406,000	406,000
Underwriting and claims processing	982,849	1,045,382
Total loss fund and program expenses	<u>18,202,512</u>	<u>15,638,375</u>
ADMINISTRATION EXPENSES		
Management fees	698,625	675,000
Professional services	108,586	142,130
Administrative and overhead	863,260	974,374
Insurance Division fees	469,371	706,022
Nevada insolvency fund and related expenses	20,900	20,900
Total administration expenses	<u>2,160,742</u>	<u>2,518,426</u>
Decrease in operating net position	<u>(2,939,790)</u>	<u>(3,415,620)</u>
Non-operating net investment income	(297,309)	3,386,918
Decrease in net position	<u>(3,237,099)</u>	<u>(28,702)</u>
Beginning net position	10,692,182	10,720,884
Net position, end of year	<u>\$ 7,455,083</u>	<u>\$ 10,692,182</u>

PUBLIC AGENCY COMPENSATION TRUST



Public Agency Compensation Trust							
Stmts of Revenues, Expenses, and Changes in Net Position							
For Years Ended June 30th							
Description	2017	2018	2019	2020	2021	\$ Change	% Difference
REVENUES							
Assessments for Worker Comp	13,036,187	10,083,799	11,792,275	12,675,642	14,834,560	2,158,918	18.3%
Assessments for Heart Lung	2,113,595	1,104,106	1,109,118	1,490,539	2,013,904	523,365	47.2%
PCM risk management services				575,000	575,000	-	
Total Revenues	15,149,782	11,187,905	12,901,393	14,741,181	17,423,464	2,682,283	20.8%
LOSS FUND AND PROGRAM EXPENSES							
Claims and adjustment expenses	6,257,686	6,431,493	8,822,730	9,103,742	10,922,746	1,819,004	20.6%
Heart Lung Loss expenses	2,305,819	1,450,372	1,506,637	1,601,459	2,113,304	511,845	34.0%
Excess Insurance premium	524,612	526,516	537,133	432,826	467,538	34,712	6.5%
Re-insurance Premium	1,246,065	1,931,416	1,607,000	2,237,700	2,522,875	285,175	17.7%
Member education and services	578,476	629,804	652,803	705,854	710,800	4,946	0.8%
Risk Management Grants	657,230	186,174	314,076	105,412	76,400	(29,012)	-9.2%
Loss Control expenses	406,000	406,000	406,000	406,000	406,000	-	0.0%
PCM Contribution Expense	15,100,000	9,900,000	-	-	-	-	
Underwriting and claims processing	846,380	863,769	1,011,041	1,045,382	982,849	(62,533)	-6.2%
Total Loss Fund and Program Expenses	27,922,268	22,325,544	14,857,420	15,638,375	18,202,512	2,564,137	17.3%
ADMINISTRATION EXPENSES							
Management Fees	490,136	513,174	821,488	675,000	698,625	23,625	2.9%
Professional services	110,534	110,407	107,961	142,130	108,586	(33,544)	-31.1%
Administrative and Overhead	597,859	659,562	984,475	974,374	863,260	(111,114)	-11.3%
Insurance Division Fees	453,233	469,353	696,933	706,022	469,371	(236,651)	-34.0%
Insolvency fund and related expenses	19,500	33,833	20,000	20,900	20,900	-	0.0%
Amortization expense							
Total Administration Expenses	1,671,262	1,786,329	2,630,857	2,518,426	2,160,742	(357,684)	-13.6%
Decrease in operating net position	(14,443,748)	(12,923,968)	(4,586,884)	(3,415,620)	(2,939,790)	475,830	-10.4%
Non-operating net investment income	(574,816)	82,932	2,989,380	3,386,918	(297,309)	(3,684,227)	-123.2%
(Decrease) Increase in net position	(15,018,564)	(12,841,036)	(1,597,504)	(28,702)	(3,237,099)	(3,208,397)	200.8%
Net Position, beginning of year	40,177,988	25,159,424	12,318,388	10,720,884	10,692,182	(28,702)	-0.2%
Net Position, end of year	25,159,424	12,318,388	10,720,884	10,692,182	7,455,083	(3,237,099)	-30.2%

PUBLIC AGENCY COMPENSATION TRUST



PUBLIC AGENCY COMPENSATION TRUST STATEMENTS OF CASH FLOWS For Years Ended June 30, 2021 and 2020

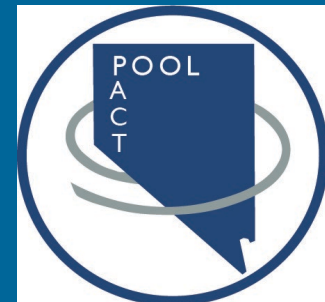
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and risk management services	\$ 16,872,261	\$ 14,612,642
Payment for claims	(9,021,790)	(7,201,028)
Payment to vendors	<u>(7,727,505)</u>	<u>(7,822,621)</u>
Net cash provided (used) from operating activities	122,966	(411,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,004,293	1,753,319
Sale of investments	19,556,554	14,119,359
Purchases of investments	<u>(19,222,778)</u>	<u>(13,889,399)</u>
Net cash provided for investing activities	<u>1,338,069</u>	<u>1,983,279</u>
Increase in cash and cash equivalents	1,461,035	1,572,272
Cash and cash equivalents, beginning of fiscal year	3,218,851	1,646,579
Cash and cash equivalents, year ended June 30	<u><u>4,679,886</u></u>	<u><u>3,218,851</u></u>
RECONCILIATION FOR OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net loss	(2,939,790)	(3,415,620)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) in member assessments receivable	(545,756)	(131,816)
(Increase) Receivable from State of Nevada	(272,132)	(34,795)
Decrease (increase) in specific recoverable	100,996	(207,906)
Decrease (increase) in prepaid expenses	37,355	(37,355)
(Increase) decrease in agent compensation receivable	(5,447)	3,277
(Decrease) in accounts payable	(139,417)	(263,502)
Increase (decrease) in agent compensation payable	4,045	(9,235)
(Decrease) increase in specific recoverable	(100,995)	207,906
(Decrease) in Risk Management Grants payable	(30,153)	(26,134)
Increase in loss reserves	4,014,260	3,504,173
Net cash provided (used) by operating activities	<u><u>\$ 122,966</u></u>	<u><u>\$ (411,007)</u></u>

Total Capital Contributions to PCM	\$53,700,939
PCM Total Surplus 12-31-2020 Audit	\$85,066,480
Investment Balance at 6-30-2021	\$51,221,911
Total Assets at 6-30-2021	\$66,665,348
Reserves for claim losses WC	\$29,177,000
Reserves for claim losses Heart Lung	\$29,123,000
Net Investment Income for 2021	(\$ 297,309)
Net Position June 30, 2021	\$ 7,455,083
Total Assessment Revenues FY 2021	\$17,423,464
Member education and services	\$ 710,800
Total Loss Fund and program expenses	\$18,202,512
Total Administration Expenses	\$ 2,160,742

PUBLIC AGENCY COMPENSATION TRUST

KEY FINANCIAL FIGURES

See detailed financial statements and notes for more details.



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) 24.85 to 1.0

SIR To Net Position 0.01 to 1.0

Cash/Investments to Current Liabilities 7.2 to 1.0

Total Assets/Total Liabilities 1.13 to 1.0

Revenues to Net Position 2.3 to 1.0

Loss Reserves to Net Position 7.8 to 1.0

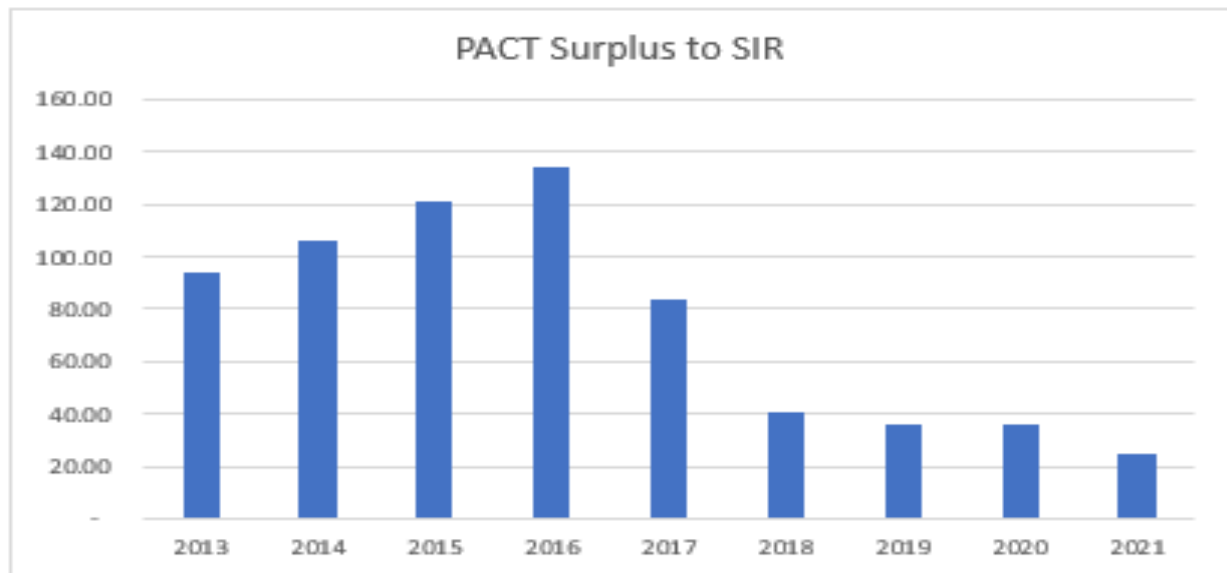
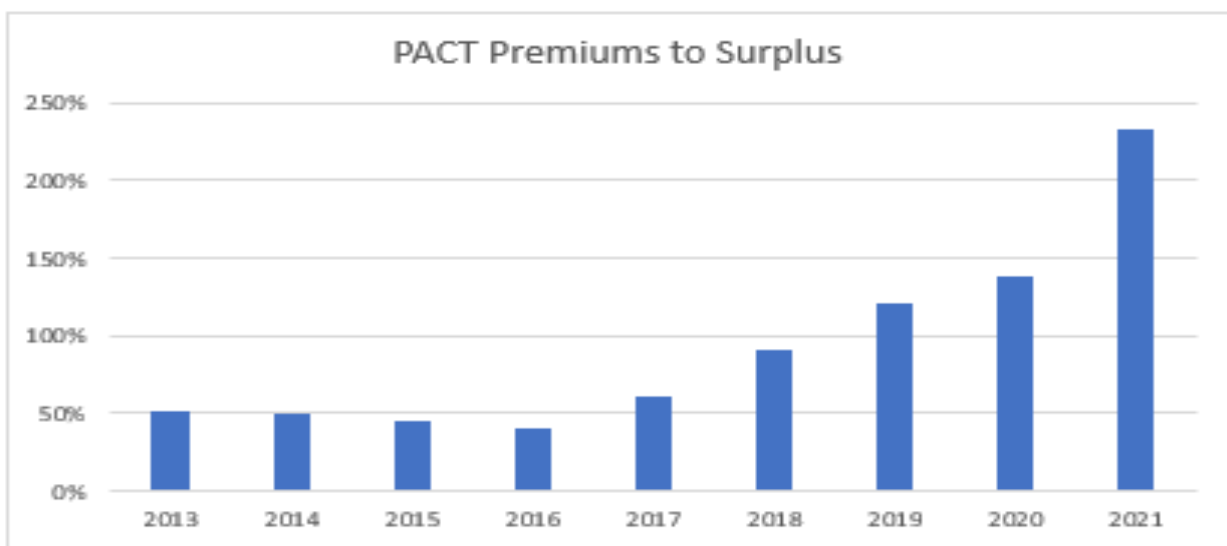
See detailed financial statements and notes for more details.

PUBLIC AGENCY COMPENSATION TRUST

KEY FINANCIAL BENCHMARK FIGURES

Bench Mark Data Analysis									
PACT									
	2013	2014	2015	2016	2017	2018	2019	2020	2021
PACT Premiums to Surplus	50.63%	49.22%	45.33%	40.66%	60.22%	90.82%	120.34%	137.87%	233.71%
PACT Surplus to SIR	94.29	106.33	121.24	133.93	83.86	41.06	35.74	35.64	24.85
PACT Pure Loss and Loss Adjustment Ratio	56.65%	52.09%	45.55%	52.81%	56.53%	70.45%	80.06%	72.62%	74.82%
PACT Program Expense Ratio including Reinsurance	24.58%	19.05%	25.03%	28.85%	127.78%	129.10%	35.10%	33.47%	29.65%
PACT Admin Expense Ratio (Excluding Depreciation/Amort)	10.77%	10.43%	8.78%	8.33%	11.03%	15.97%	20.39%	17.08%	12.40%
Total Combined Ratio	91.99%	81.57%	79.37%	89.99%	195.34%	215.52%	135.55%	123.17%	116.87%





PUBLIC AGENCY COMPENSATION TRUST

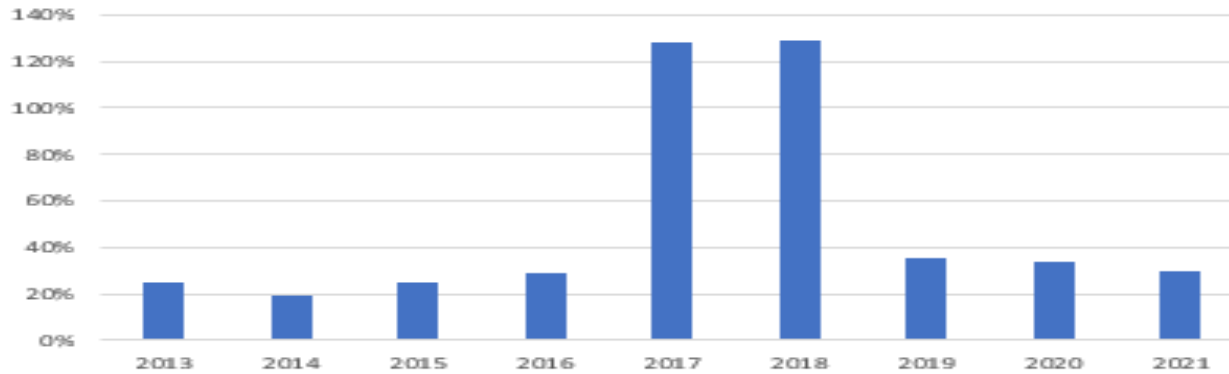
KEY FINANCIAL BENCHMARK FIGURES



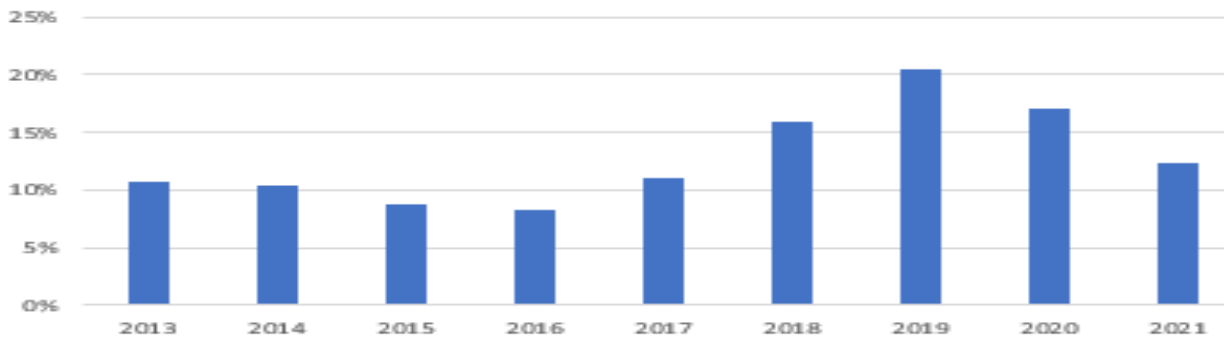
PACT Pure Loss and Loss Adjustment Ratio



PACT Program Expense Ratio including Reinsurance

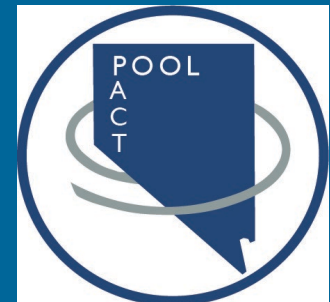


PACT Admin Expense Ratio (Excluding Depreciation/Amort)



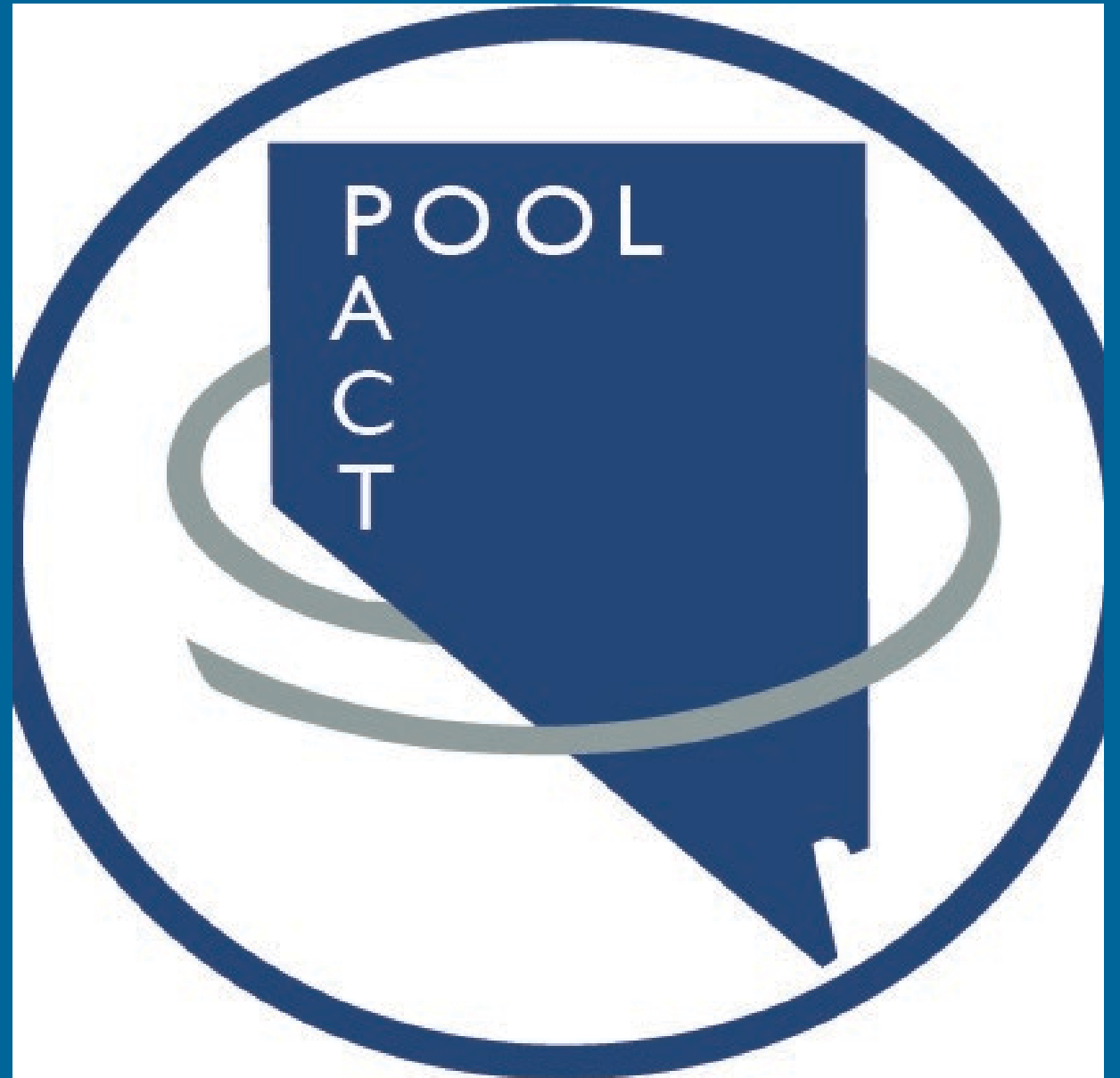
PUBLIC AGENCY COMPENSATION TRUST

KEY FINANCIAL BENCHMARK FIGURES



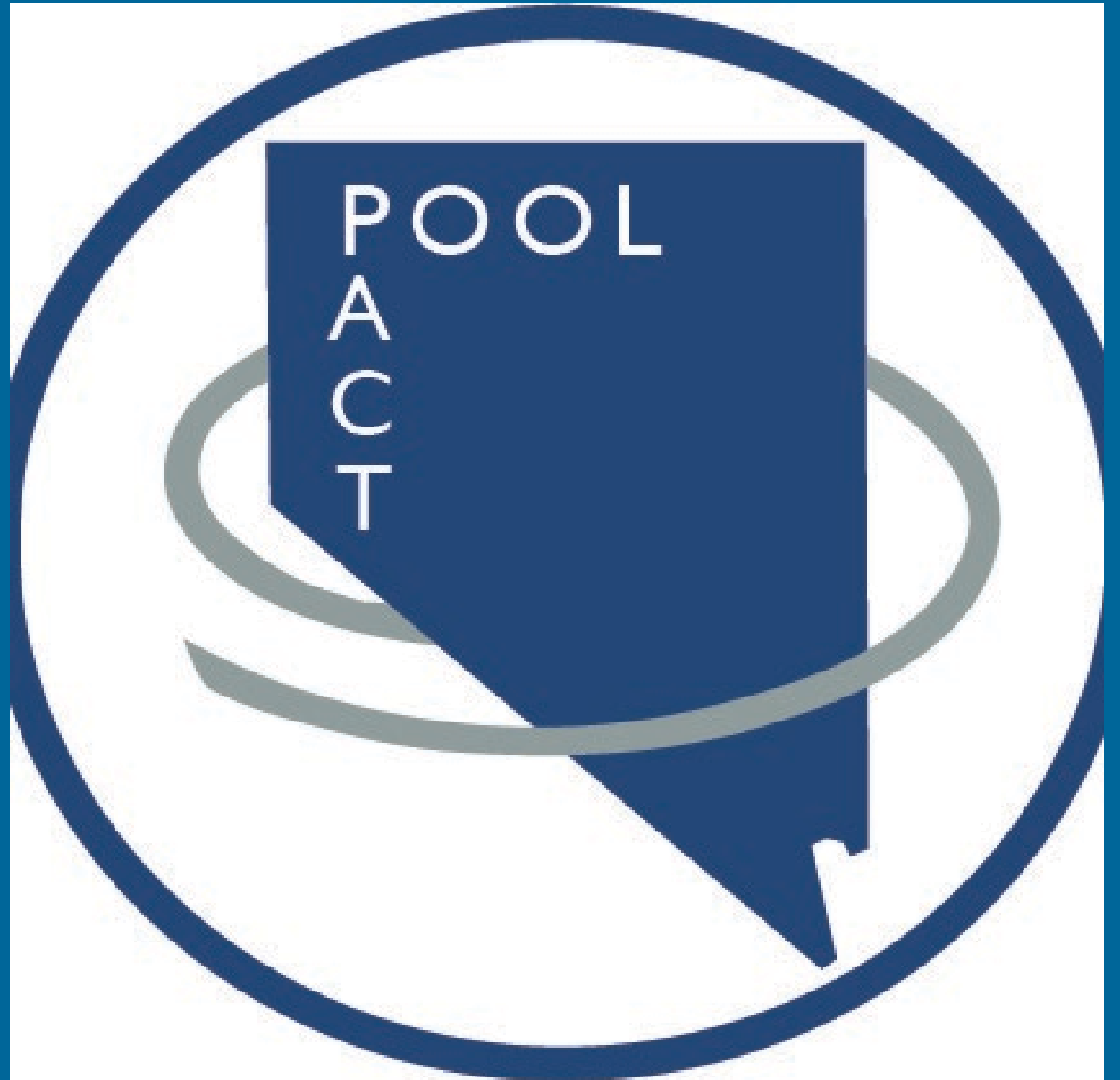
PACT AUDIT
QUESTIONS &
ANSWERS

Fiscal Year Ending
June 30, 2021



THANK YOU FOR
YOUR FINANCIAL
LEADERSHIP

*Working Together
We Achieve Superior Results*





PACT
ACTUARIAL REVIEW
OF SELF-INSURED
WORKERS'
COMPENSATION
PROGRAM

October 7, 2021
Executive Committee
Presented by Alan Kalt

BICKMORE ACTUARIAL STUDY

- Derek Burkhalter, ACAS, MAAA Senior Manager, Bickmore Actuarial
- Outstanding Liabilities as of June 30, 2021
- Data used to calculate the reserves for PACT Audited Financial Statements
- Report Format
 - Conclusions & Recommendations
 - Liability for Outstanding Claims as of 6-30-2021
 - Program Funding: Goals & Objectives
 - Historical Trends
 - Comparison with Previous Results
 - Data Provided for the Analysis
- Report complies with GASB #10 and #30

CONCLUSIONS & RECOMMENDATIONS

- Best Estimate of PACT's Outstanding Claims Liabilities for **Workers' Compensation** as of June 30, 2021

Confidence

Levels	Expected	70%	75%	85%	90%
Undiscounted	\$54.784M	\$57.222M	\$58.300M	\$61.122M	\$63.175M

- PACT Uses 75% Confidence Level
PACT NO Discount Factor

PROGRAM FUNDING



A liability for unpaid claim cost, included all loss adjustment expenses, should be accrued at the time the self-insured events occur. IBNR included.



GASB #10 and #30 do not address funding requirements, rather, a range of funded amounts to be recognized as a funding margin for unexpectedly adverse loss experience. May use discounting for investment income.



The uncertainty in any estimate of outstanding liability should take into account funding policy to have adequate reserves for unexpected adverse loss experience.



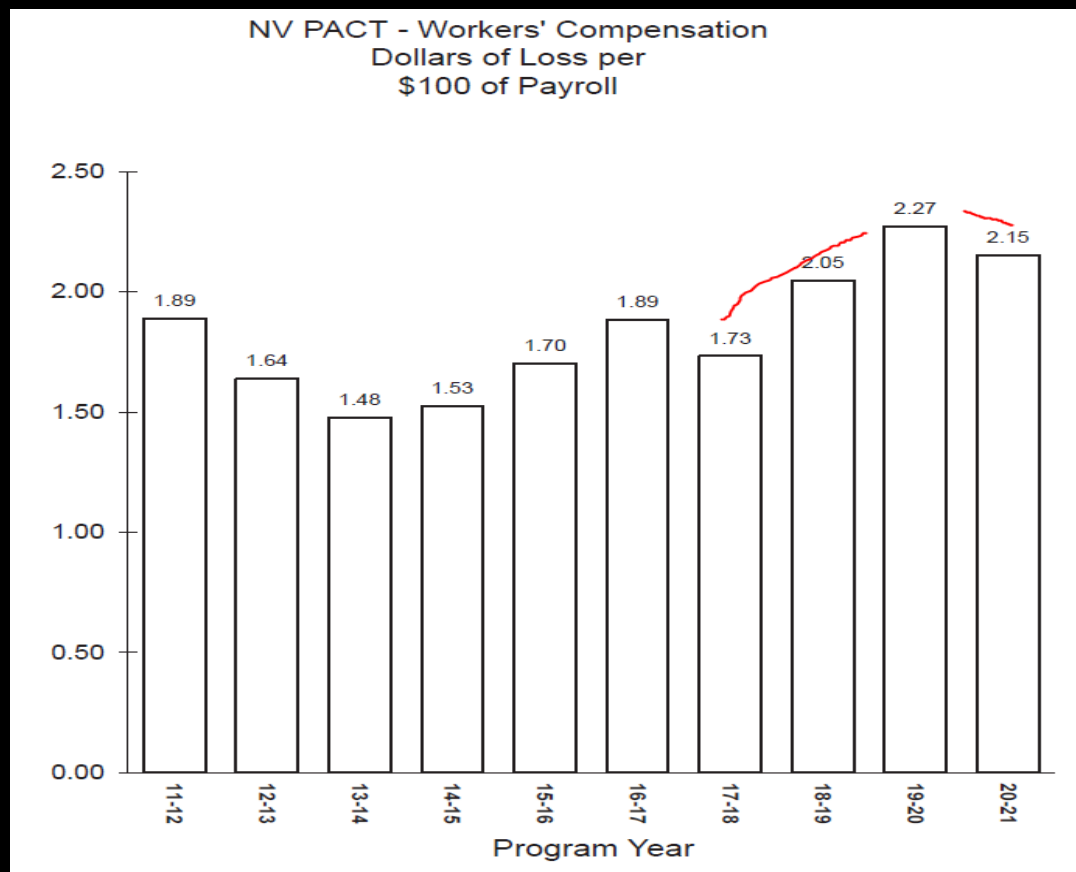
Key Factor in Funding Policy: Degree of Stability in level of Contributions
Higher the Confidence Level less likely to need additional contributions should adverse claim development occur in past years as well as current yr.

FUNDING GOALS & OBJECTIVES

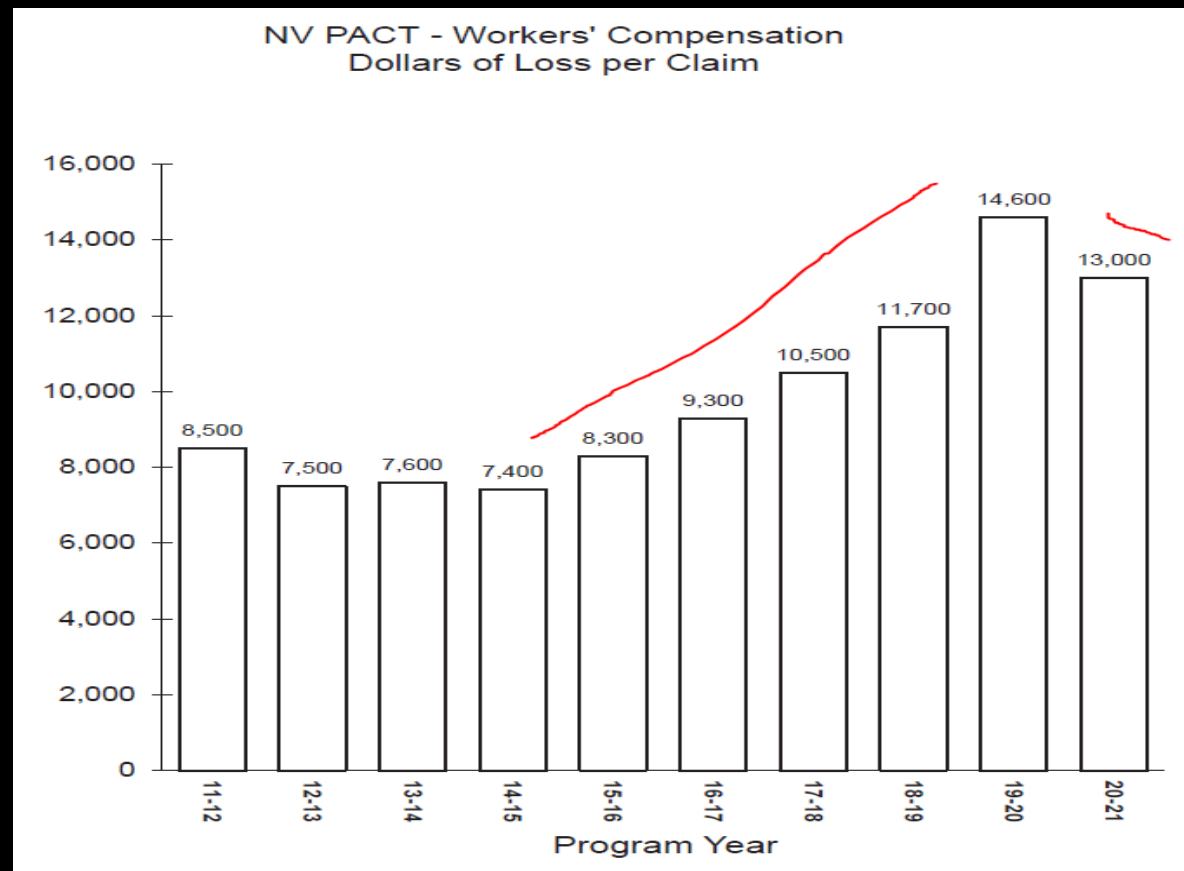
- Bickmore recommends program funding at the 80% CL after recognition of investment income, with a recommended range of the 75% to 80% CL
- They recommend this as the resulting funding will be sufficient to meet claim liabilities, yet not too large to have the entity experience undue \$ hardship.
- Need to fund each year's claims cost in that year.
- When surpluses or deficiencies have developed and funding adjustments are necessary, these should be clearly identified.
- Recommend that you reduce surplus funding more slowly than you would accumulate funding to make up a deficiency.

HISTORICAL TRENDS

Dollars of Loss Per \$100 of Payroll 10 Year Trend



Dollars of Loss per Claim 10 Year Trend

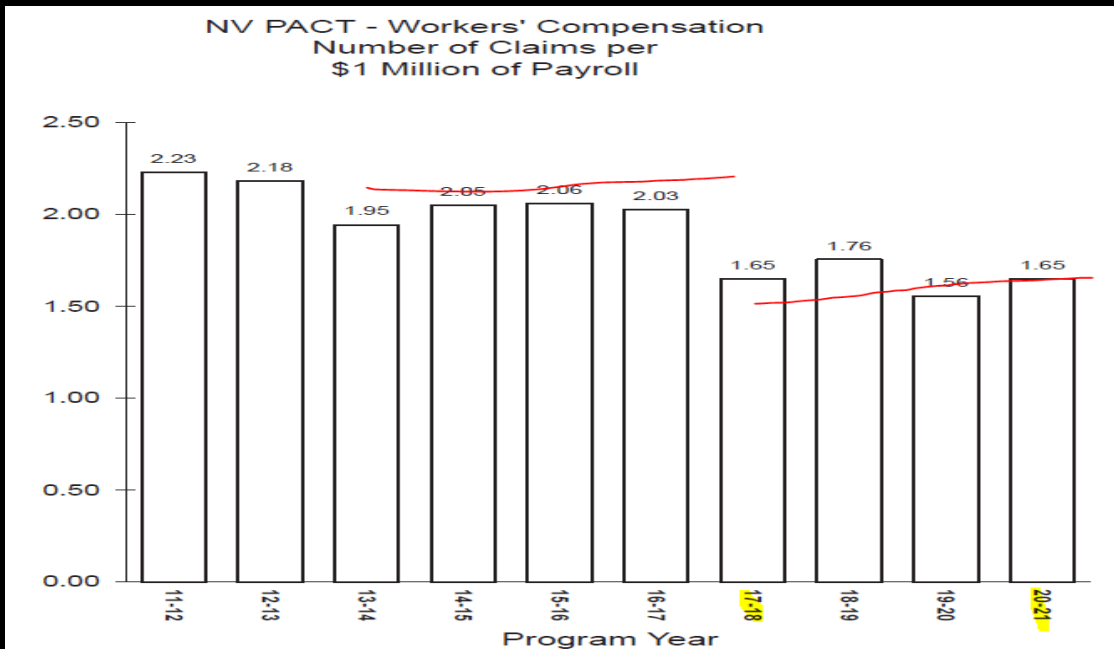


Number of Claims per \$1 Million of Payroll

HISTORICAL TRENDS

Summary of Key Trends

- Dollar of Loss per \$100 of Payroll is INCREASING 😞
- Dollars of Loss per Claim is INCREASING 😞
- Number of Claims per \$1M Payroll is STABLE 😊



COMPARISON WITH PREVIOUS RESULTS

ACTUAL VS. EXPECTED INCURRED LOSS AND ALAE DEVELOPMENT

Prior Year Report 9-4-2020

Current Year Claim
Development 9 -8- 2021 Report

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
1995-2001	\$13,000	\$0	(\$13,000)
2001-2002	9,000	0	(9,000)
2002-2003	3,000	0	(3,000)
2003-2004	6,000	27,000	21,000
2004-2005	9,000	99,000	90,000
2005-2006	11,000	0	(11,000)
2006-2007	7,000	61,000	54,000
2007-2008	12,000	74,000	62,000
2008-2009	20,000	(21,000)	(41,000)
2009-2010	7,000	215,000	208,000
2010-2011	9,000	(259,000)	(268,000)
2011-2012	13,000	(34,000)	(47,000)
2012-2013	19,000	245,000	226,000
2013-2014	94,000	446,000	352,000
2014-2015	143,000	392,000	249,000
2015-2016	205,000	888,000	683,000
2016-2017	257,000	380,000	123,000
2017-2018	290,000	356,000	66,000
2018-2019	522,000	969,000	447,000
2019-2020	869,000	1,953,000	1,084,000
2020-2021	3,718,000	5,413,000	1,695,000
Total	\$6,236,000	\$11,204,000	\$4,968,000

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
1995-2001	\$61,000	\$33,000	(\$28,000)
2001-2002	6,000	1,000	(5,000)
2002-2003	12,000	12,000	0
2003-2004	107,000	93,000	(14,000)
2004-2005	33,000	105,000	72,000
2005-2006	11,000	1,000	(10,000)
2006-2007	33,000	102,000	69,000
2007-2008	24,000	30,000	6,000
2008-2009	44,000	(8,000)	(52,000)
2009-2010	87,000	270,000	183,000
2010-2011	138,000	(12,000)	(150,000)
2011-2012	233,000	52,000	(181,000)
2012-2013	126,000	191,000	65,000
2013-2014	168,000	143,000	(25,000)
2014-2015	183,000	108,000	(75,000)
2015-2016	186,000	359,000	173,000
2016-2017	279,000	473,000	194,000
2017-2018	178,000	499,000	321,000
2018-2019	780,000	1,481,000	701,000
2019-2020	1,834,000	2,819,000	985,000
2020-2021	1,890,000	2,184,000	294,000
Total	\$6,413,000	\$8,936,000	\$2,523,000

OUTSTANDING CLAIM LIABILITY FOR LOSS AND LAE

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2020	Current Report at June 30, 2021	Change
(A) Case Reserves:	\$11,438,000	\$13,706,000	\$2,268,000
(B) IBNR Reserves:	8,522,000	8,109,000	(412,000)
(C) Corridor Deductible Reserves:	2,850,000	2,719,000	(131,000)
(D) Heart and Lung Reserves:	27,097,000	29,123,000	2,026,000
(E) Claims Administration Reserves:	1,103,000	1,127,000	24,000
(F) Total Undiscounted Reserves:	\$51,010,000	\$54,784,000	\$3,775,000

COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT

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 In:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Earned	\$16,229,877	\$14,049,941	\$16,420,666	\$17,557,830	\$18,508,907	\$14,573,896	\$11,270,837	\$15,890,773	\$14,712,479	\$17,126,155
Ceded	821,229	1,196,334	1,178,052	1,626,286	1,621,360	1,770,677	2,457,932	2,144,133	2,670,526	2,990,413
Net earned	\$15,408,648	\$12,853,607	\$15,242,614	\$15,931,544	\$16,887,547	\$12,803,219	\$8,812,905	\$13,746,640	\$12,041,953	\$14,135,742
Unallocated Expenses	6,075,535	6,580,620	6,167,162	6,114,625	6,130,390	7,370,873	7,370,873	9,336,538	4,781,074	4,336,791
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050
Net Paid (cumulative) as of:										
End of policy year	1,875,562	1,861,690	1,564,723	1,512,648	1,581,898	1,788,670	1,734,359	2,245,351	2,453,286	2,271,045
One Year Later	3,460,736	3,221,497	2,848,563	2,901,684	3,378,486	4,153,214	3,738,335	4,193,000	5,213,000	
Two Years Later	4,582,100	3,754,301	3,434,826	3,545,887	4,117,819	5,062,121	4,341,000	5,674,000		
Three Years Later	5,268,006	4,110,874	3,859,081	3,855,565	4,541,756	5,478,000	4,840,000			
Four Years Later	5,447,815	4,169,758	3,989,877	3,929,559	4,769,000	5,950,000				
Five Years Later	5,654,308	4,189,790	4,064,157	3,985,000	5,127,000					
Six Years Later	5,754,247	4,274,071	4,151,000	4,092,000						
Seven Years Later	5,810,088	4,385,000	4,293,000							
Eight Years Later	5,873,000	4,576,000								
Nine Years Later	5,925,000									
Re-estimated ceded claims & Expenses	-	-	-	-	-	-	298,366	42,595	-	91,161
Re-estimated Claims & Expense										
End of policy year	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050
One Year Later	8,599,083	8,064,886	8,461,944	8,035,685	8,841,127	9,105,595	7,561,826	8,059,118	9,665,459	
Two Years Later	8,412,083	7,583,886	8,171,944	7,921,685	8,772,127	9,173,595	9,460,826	8,553,118		
Three Years Later	8,590,083	7,436,886	7,991,944	7,702,685	8,638,127	9,173,595	7,509,826			
Four Years Later	8,416,083	7,138,886	7,754,944	7,570,685	8,499,127	9,467,595				
Five Years Later	8,594,083	6,984,886	7,637,944	7,411,685	9,092,127					
Six Years Later	8,412,083	6,986,886	7,562,944	7,419,685						
Seven Years Later	8,554,083	7,007,886	7,782,944							
Eight Years Later	8,686,083	7,247,886								
Nine Years Later	8,529,083									
Incurred Claims & Expenses from End of Policy Year:	\$136,083	(\$1,256,000)	(\$779,000)	(\$905,000)	\$283,000	\$562,000	(\$511,000)	\$499,000	(\$926,742)	-

This information is required by the Governmental Accounting Standards Board

ASSUMPTIONS & LIMITATIONS

- Based on loss experience, exposure data and info provided by PACT
- Relied on statistics and historical loss development patterns of PACT
- Assumed PACT's historical development patterns form a reasonable basis to predict PACT's Future Loss Development
- Cannot predict impact of future law changes and court rulings on WC Claim Costs... reasonable now but perhaps not in the future
- Assumed loss rate trend with claim cost increases at 2.5% per year. Claim severity increases at 3.5% per year and claim frequency decreases 1.0% per year. Based in part on PACT data and recent study by the National Council on Compensation Insurance (NCCI)
- Does NOT include provisions for catastrophic events: earthquakes, flooding, mass civil disorder or mass occupational disease.
- Assumes all excess insurance is valid and collectible.

QUESTIONS & REFLECTIONS

Working Together We Achieve Superior Results

The background features a dark, almost black, gradient. In the lower half, there are dynamic, flowing shapes. On the left, a vibrant red wave-like form curves upwards. On the right, a bright cyan wave-like form curves downwards, meeting the red form in the center. The overall effect is one of movement and energy.

September 17, 2021

Board of Directors
Public Agency Compensation Trust
201 S. Roop St., Suite 102
Carson City, NV 89701

777 E. William St. Suite 206
Carson City, NV 89701
Tel 775.882.8892
Fax 775.562.2667
Email: Michael@bertrandcpa.com

Dear Board members,

We have audited the financial statements of the business-type activities of Public Agency Compensation Trust (PACT) for the years ended June 30, 2021 and 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I – Required Communications with those Charged with Governance

Section II – Other Recommendations and Related Information

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the Board in our Audit Committee Letter.

Section II presents recommendations related to internal controls, procedures, and other matters during our current audit year. These comments are offered in the interest of helping the Board in its efforts toward continuous improvement, not just in the areas of internal controls and accounting procedures, but also in operations and administrative efficiency and effectiveness.

Section I – Communications Required under AU 260

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 9, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter regarding planning matters dated November 9, 2020.

Significant Audit Findings:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by PACT are described in Note 1 to the financial statements. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting PACT's financial statements were for the unpaid claims loss liability and accounts receivable.

Management's estimate of the loss reserves is based on a study prepared by an independent actuary. Accounts receivable is based on management's estimate of what they believe is collectible derived from known facts.

We evaluated the key factors and assumptions used to develop the loss reserves and accounts receivable balance in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was in Notes 9 and 11 regarding the unpaid loss liability.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no material or significant misstatements discovered during our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representation letter dated September 17, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Section II – Other Recommendations and Related Information

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We provided an audit committee recommendations letter dated September 30, 2020 to the Audit Committee. In this letter we identified exceptions noted and recommendations.

This information is intended solely for the use of the Board of Directors charged with governance and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Bertrand & Associates LLC

PUBLIC AGENCY COMPENSATION TRUST
FINANCIAL STATEMENTS
June 30, 2021 and 2020

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Public Agency Compensation Trust
Carson City, Nevada

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, 2021 and 2020 and the related statements of revenues, expenses and changes in net position, and statements of 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, 2021 and 2020 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 at page 27. 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 is also provided at page 26 to provide additional detail on Note 11. 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

September 17, 2021
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, 2021, the conclusion of our 24th 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 Position policy to target net position at a minimum of twenty times the highest self-insured retention. In 2021, the Board updated the Net Position policy to target at least ten times with a goal of twenty times the highest self-insured retention. In 2020, they approved a change in the accounting policy related to the transfer of capital to PCM to expense 100% in the year of transfer effective retroactively to July 1, 2018, noting that the unamortized balances will be a reduction in PACT's Net Position as Contributed Surplus to PCM would be eliminated in the restatement of the 2019 financial statement.

As of July 1, 2018, Contributed Surplus from PACT was \$53,700,939 with accumulated amortization of \$26,645,207 resulting in Contributed Surplus, net of accumulated amortization, of \$27,055,732 which was eliminated in the July 1, 2018 Net Position. Even with this accounting change, a Net Position of \$7,455,083, we have exceeded the Net Assets to Retention goal for this year (14.9:1) and for the comparison year (21.4: 1) shown in the audit. Net position decreased during the year because of an increase in claim reserves for both the worker's compensation and heart lung long-term claims as calculated by our independent actuary by \$1,269,908 and \$2,026,260, respectively. Additionally, claims adjustment expenses increased from \$9,103,742 to \$10,922,746 in Fiscal Year 2020/2021, an increase of \$1,819,004 or 20.0% over the prior year.

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.

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 24 years. We are government risk experts with a passion for risk management services. As the risk management arm for our members, PACT manages claims and provides a broad array of in-depth loss control services, training, risk consultation and programs and resources to guide our members' efforts toward reducing the probability of losses and the effect of losses that do occur. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive support services no one else offers.

Other factors that set PACT apart include the following:

- 1) Davies Claims Solutions (DCS - PACT's claims administrator) experienced adjusters manage claims efficiently and effectively and maintain quality as evidenced by external claims audits.
- 2) SpecialtyHealth, the managed care organization, and MCMC, the bill reviewer, for PACT helped the adjusters manage claims and costs effectively,
- 3) Loss control efforts 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, and
- 4) The continuing Fit for Retirement Program 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 75% actuarial confidence level as a prudent level to keep PACT Board's goals of creating and sustaining a durable financial position. 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:

Financial Ratios	2016/2017	2017/2018	2018/2019 As restated	2019/2020	2020-2021
Total Revenue	\$ 15,149,782	\$ 11,187,905	\$ 12,901,393	\$ 14,741,181	\$ 17,423,464
Revenue over (under) Expenses	\$ (3,131,158)	\$ (7,414,464)	\$ (4,586,884)	\$ (3,415,620)	\$ (2,939,790)
Operating Net Position	\$ (2,556,342)	\$ (7,497,396)	\$ (4,586,884)	\$ (3,415,620)	\$ (2,939,790)
Non-operating Net Investment Income	\$ (574,816)	\$ 82,932	\$ 2,989,380	\$ 3,386,918	\$ (297,309)
Total Assets	\$93,825,979	\$ 87,551,333	\$ 62,770,202	\$ 66,154,708	\$66,665,348
Total Liabilities	\$47,037,395	\$ 48,177,213	\$ 52,049,318	\$ 55,462,526	\$59,210,265
Net Position	\$46,788,584	\$ 39,374,120	\$ 10,720,884	\$ 10,692,182	\$ 7,455,083
Net Position to SIR (Board Target 20:1); Benchmark >5:1	93.58	78.75	21.44	21.38	14.91
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.01	0.01	0.05	0.05	0.07
% Assets attributable to Net Position	49.9%	45.0%	17.1%	16.2%	11.2%
Total assets/total liabilities	1.99	1.82	1.21	1.19	1.13
Revenues to Net Assets (Benchmark: <2.5:1 and >0)	0.32	0.28	1.20	1.38	2.34
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.50	0.55	4.17	4.50	4.50
Total liabilities to liquid assets: Benchmark <100%	74%	86%	90%	91%	97%
Change in members' Net Position: >- 10%	-6.3%	-15.8%	-72.8%	-0.3%	-30.3%
Return on Net Position: Net Operating Income/Net Position	-5.5%	-19.0%	-42.8%	-31.9%	-39.4%
Return on Net Position: Total Income/Net Position	-6.7%	-18.8%	-42.8%	-31.9%	-39.4%

We continue to provide stability in the mist of uncertainty, allowing members to focus on serving their communities. We will continue to provide reliability and stability in a risky workers compensation world.

Economic Factors:

For fiscal year ending June 30, 2021, 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 5th Edition of the AMA guide to rating impairments, which increased costs overall. The 2009 Legislature fixed the 5th Edition into statute rather than having the most current edition be implemented by regulation.

The 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. PACT undertook an actuarial study to estimate the lifetime cost of risk associated with this decision. That study 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.

A legislative change in the 2017 session increased 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 effect on disability claims valuations for all types of claims beginning in fiscal year ending June 30, 2019.

In the 2019 Legislative session, several bills will impact PACT's future financial picture. For firefighters, a bill expanding the list of cancers that are reasonably associated with employment also added language to include substances reasonably anticipated to be a human carcinogen. Further it extends coverage for up to lifetime similar to the heart-lung provisions. Another bill expanded vocational rehabilitation programs which will increase costs. Post-traumatic stress disability claims coverage was expanded to include all first responders including dispatchers related to mass casualty events directly witnessed or heard. Two bills added an inflationary increase in the PTD benefits for open claims and for new claims after July 1, 2019. PACT reviewed the actuarial rate implications of these bills for funding beginning July 1, 2020 and increased the heart lung rate by \$1.00. In addition, PACT reduced the rate discount by half in anticipation of earlier impact of these legislative changes.

The heart/lung assessments collected for fiscal year ended June 30, 2021 totaled \$2,013,904 compared to June 30, 2020 \$1,490,539 based upon an increase in the manual rate assessment with a relatively flat change in payroll basis.

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.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. Staff includes Wayne Carlson, Executive Director, Marshall Smith, Chief Risk Officer, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissa Mack, Accounting 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. 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, 2021 AND 2020

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 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. Approved by the Division of Insurance on March 20, 1996, the Trust began operations on 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 composed of representatives of each member. Any member may withdraw from the program by giving 120 days' notice in advance of the next renewal date. PACT's independent actuary is an approved Rate Service Organization and develops PACT loss 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, 2021 and June 30, 2020 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 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

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 to determine IBNR and overall loss reserve adequacy.

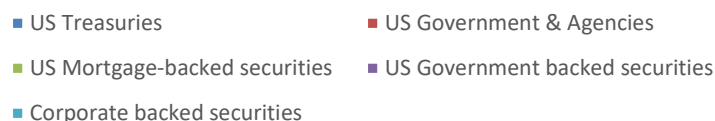
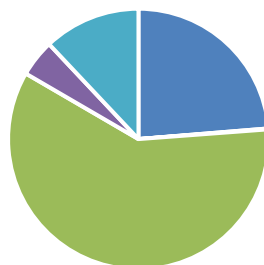
Investments

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 outline 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 deposits issued by commercial banks or insured savings and loan associations.

Cash and investments of \$55,901,797 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$7,794,712. Total current liabilities include accounts payable, risk management grants payable, specific recoverable and current portion of reserves for workers compensation claims. This is a conservative measure of cash and investments available to pay current obligations. PACT's cash ratio is 7.2, meaning that it has 7.2 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 7.6. The decrease in the cash ratio is due primarily to the decrease in Cash in the current year due to the timing of receipts and related payments.

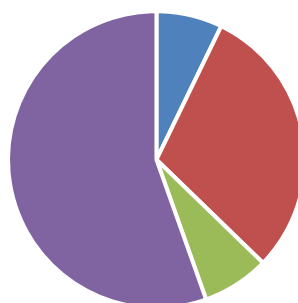
Investment balances as of June 30, 2021 were \$51,221,911 compared to the prior year amount of \$52,795,859. This represents a decrease of \$1,573,948 or 3.0%. The decrease is due a reduction in investments to pay claims. As stated in Note 3, the following is a summary of the fair value investments as of June 30, 2021:

Investment Allocations



Investment Descriptions	Fair Value 6-30-2021	Fair Value 6-30-2020
U.S. Treasuries	\$ 13,192,963	\$10,413,404
U.S. Government & Agencies	61,595	239,287
U.S. Mortgage-backed securities	33,172,369	32,085,743
U.S. Government backed securities	2,557,150	4,298,152
Corporate backed securities	6,691,552	10,526,477
Less pledged investments	<u>(4,453,718)</u>	<u>(4,767,204)</u>
Total investments	<u>\$51,221,911</u>	<u>\$52,795,859</u>

2021 Maturities



Investment Income Receivable

Investment income receivable on June 30, 2021 is \$157,647 compared to \$206,305 in 2020. This is a change of (\$48,658) or 23.6%. This is due primarily to the decrease in investment balances at year end and lower investment yields as well as the timing of the payment of accrued interest on the investments.

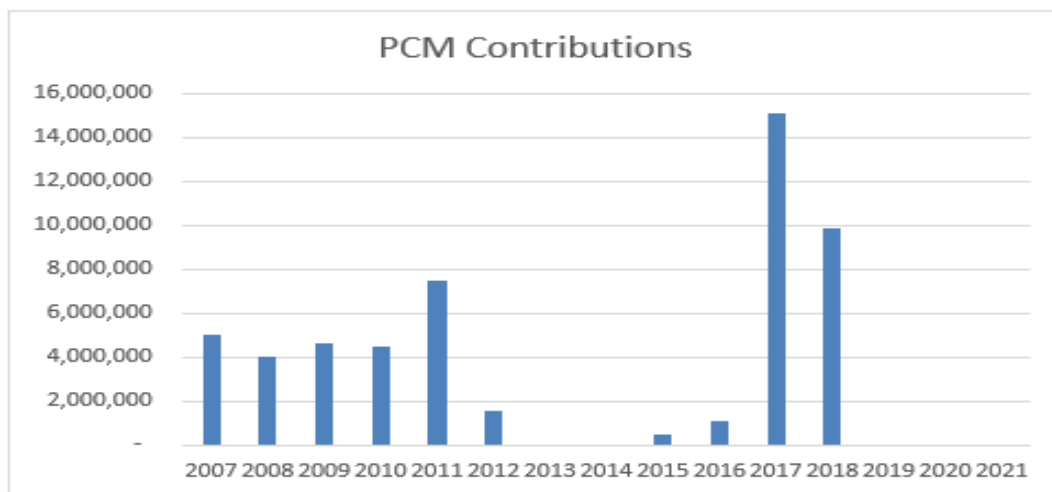
Pledged Investments

Pledged investments on June 30, 2021 are \$5,053,333 compared to \$5,066,106 in 2020. Restricted investments are those investments pledged to the Nevada Division of Insurance as solvency assurance for future claims as required by statutes. The amount pledged exceeds the statutory requirement.

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 to PCM 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. At the annual board meeting held on April 17, 2020, the Board approved a change in the accounting policy related to the transfer of capital to PCM to expense 100% in the year of transfer effective retroactively to July 1, 2018 noting that the unamortized balances will reduce PACT’s Net Position and Contributed Surplus to PCM would be eliminated in the restatement of the 2019 financial statement. As of July 1, 2018, Contributed Surplus from PACT was \$53,700,939. As of June 30, 2018, the accumulated amortization was \$26,645,207 resulting in Contributed Surplus, net of accumulated amortization of \$27,055,732 and the same reduction in PACT’s Net Position as of July 1, 2018. This accounting change will impact PACT’s financial benchmarks and make PACT more comparable with our peers in years without the transfers. The following chart indicates PACT’s contributions to PCM since inception:

Fiscal Year	Contributions	Total Contributions
2007	\$ 5,000,000	\$ 5,000,000
2008	\$ 4,000,000	\$ 9,000,000
2009	\$ 4,600,000	\$13,600,000
2010	\$ 4,500,000	\$18,100,000
2011	\$ 7,517,375	\$25,617,375
2012	\$ 1,542,062	\$27,159,437
2013	-	\$27,159,437
2014	-	\$27,159,437
2015	\$ 448,242	\$27,607,679
2016	\$ 1,093,260	\$28,700,939
2017	\$15,100,000	\$43,800,939
2018	\$ 9,900,000	\$53,700,939
2019	-	\$53,700,939
2020	-	\$53,700,939
2021	-	\$53,700,939



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 to PCM to reduce reliance on other excess or reinsurance providers. PCM 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 significantly affect PACT's reserve levels and related future operations. Assumptions include PACT's 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. 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 Workers Compensation and Heart Lung. See Note 11 Unpaid Loss Liabilities and the Supplemental Schedule on Unpaid Loss Liabilities for Workers Compensation and Heart Lung in the financial statements for more details.

Reserves for current portion of claims increased from \$6,166,355 to \$6,884,447 in fiscal year ending June 30, 2021. The noncurrent reserve for workers compensation claims increased from \$21,022,645 to \$22,292,553 in 2021, an increase of \$1,269,908 or 6.0%. There was an increase in the reserve for heart and lung claims from \$27,096,740, to \$29,123,000 an increase of \$2,026,260 or 7.5% during the year. These reserves are set at 100% of the heart lung assessments by board policy due to the long-term 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 \$10,692,182 to \$7,455,083 during the fiscal year ending June 30, 2021, a decrease of \$3,237,099 or 30.3%. This decrease primarily is due to the increase in loss reserves and the increase in loss expense during the year.

The following is the comparative Statements of Net Position for PACT as of June 30, 2021 and 2020.

CONDENSED STATEMENTS OF NET POSITION

	<u>2021</u>	<u>2020</u>
Cash and investments	\$ 55,901,797	\$ 56,014,710
Receivables	5,710,218	5,073,892
	<hr/>	<hr/>
Total current assets	61,612,015	61,088,602
Pledged investments	5,053,333	5,066,106
	<hr/>	<hr/>
Total noncurrent assets	5,053,333	5,066,106
Total assets	<u>66,665,348</u>	<u>66,154,708</u>
Payables	910,265	1,176,786
Current portion of reserve for claims	6,884,447	6,166,355
Total current liabilities	<u>7,794,712</u>	<u>7,343,141</u>
Reserve for Worker's Compensation claims	22,292,553	21,022,645
Reserve for Heart & Lung claims	29,123,000	27,096,740
Total noncurrent liabilities	51,415,553	48,119,385
Total liabilities	<u>59,210,265</u>	<u>55,462,526</u>
Net position -unrestricted	2,401,750	5,626,076
Net position -restricted for pledged securities	5,053,333	5,066,106
Total net position	<u>\$ 7,455,083</u>	<u>\$ 10,692,182</u>

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 increased from \$12,675,642 to \$14,834,560 during fiscal year ending June 30, 2021. This is an increase of \$2,158,918 or 17.0% due to an increased in members' assessment payroll and an increase in manual rates.

During fiscal year 2021, the heart lung assessments increased from \$1,490,539 to \$2,013,904 during the year. The increase of \$523,365 or 35.1% primarily was due to an increase in the assessment rate from \$3.85 to \$5.13 during the year.

During fiscal years 2020 and 2021, PCM provided \$575,000 both years to PACT to support risk management services to the membership.

Loss Fund and Program Expenses

Overall Loss and Program expenses increased from \$15,638,375 to \$18,202,512 in FY 2021, an increase of \$2,564,137 or 16.4%. This increase primarily resulted from an increase in the claims and adjustment expense of \$1,819,004 or 20.0% due to adverse claim development during the year from \$9,103,742 compared to \$10,922,746 in 2021. Heart and Lung loss expenses increased from \$1,601,459 to \$2,113,304 due to increases in the assessment rate. Per board policy, that reserves assume 100% of the assessment revenues will be spent on claims in the future. Reinsurance premiums increased \$285,175 from \$2,237,700 to \$2,522,875 because of increased pricing in the reinsurance layers of coverage due to increased claims activity. PACT continues to increase the investment in Member education and services as \$710,800 was expensed in Fiscal Year 2021 compared to \$705,854 in Fiscal Year 2020. 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 \$2,160,742 in Fiscal Year ending June 30, 2021 compared to \$2,518,426 in FY 2020, a decrease of \$357,684 or 14.2%. There was an increase of \$23,625 in management fees as provided for in contracts. There was a decrease in the Insurance Division fees of \$236,651 or a reduction of 33.5%. Administrative and overhead expenses decreased from \$974,374 to \$863,260 due to less travel and budget mitigation measures due to COVID.

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 (\$297,309) for Fiscal Year end June 30, 2021 compared to \$3,386,918 in 2020. The investment income was impacted of the mark to market value adjustment because of decreasing interest rates in fiscal year 2021. See Note 3 Investment Securities for more details.

Revenues, Expenses and Changes in Net Position:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>
Assessments revenues	\$ 17,423,464	\$ 14,741,181
Loss fund provision and program expenses	18,202,512	15,638,375
Administration expenses	2,160,742	2,518,426
Total expenses	20,363,254	18,156,801
(Decrease) in operating net position	(2,939,790)	(3,415,620)
Non-operating net investment income	(297,309)	3,386,918
(Decrease) in net position	\$ (3,237,099)	\$ (28,702)

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, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 4,679,886	\$ 3,218,851
Investments	51,221,911	52,795,859
Investment income receivable	157,647	206,305
Member assessments receivable	4,557,165	4,011,409
Specific recoverable	626,101	727,097
Commissions receivable	62,378	56,931
Receivable from State of Nevada	306,927	34,795
Prepaid expenses	-	37,355
Total current assets	<u>61,612,015</u>	<u>61,088,602</u>
Noncurrent assets:		
Pledged investments	<u>5,053,333</u>	<u>5,066,106</u>
Total noncurrent assets	<u>5,053,333</u>	<u>5,066,106</u>
TOTAL ASSETS	<u>66,665,348</u>	<u>66,154,708</u>
LIABILITIES		
Current liabilities:		
Accounts payable	139,852	279,269
Commissions payable	60,449	56,405
Specific recoverable	626,102	727,097
Risk Management Grants payable	83,862	114,015
Current portion of reserve for claims losses	<u>6,884,447</u>	<u>6,166,355</u>
Total current liabilities	7,794,712	7,343,141
Noncurrent liabilities:		
Reserve for Worker's Compensation claims losses	22,292,553	21,022,645
Reserve for Heart & Lung claims losses	<u>29,123,000</u>	<u>27,096,740</u>
Total noncurrent liabilities	<u>51,415,553</u>	<u>48,119,385</u>
TOTAL LIABILITIES	<u>59,210,265</u>	<u>55,462,526</u>
NET POSITION - unrestricted		
Net position -unrestricted	2,401,750	5,626,076
Net position -restricted for pledged securities	<u>5,053,333</u>	<u>5,066,106</u>
TOTAL NET POSITION	<u>\$ 7,455,083</u>	<u>\$ 10,692,182</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2021 and 2020

REVENUES	<u>2021</u>	<u>2020</u>
Assessments for workers compensation	\$ 14,834,560	\$ 12,675,642
Assessments for heart and lung	2,013,904	1,490,539
PCM risk management services	<u>575,000</u>	<u>575,000</u>
Total Revenues	<u>17,423,464</u>	<u>14,741,181</u>
 LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	10,922,746	9,103,742
Heart and Lung loss expenses	2,113,304	1,601,459
Excess insurance premium	467,538	432,826
Re-insurance premium	2,522,875	2,237,700
Member education and services	710,800	705,854
Risk management grants	76,400	105,412
Loss control expense	406,000	406,000
Underwriting and claims processing	<u>982,849</u>	<u>1,045,382</u>
Total loss fund and program expenses	18,202,512	15,638,375
 ADMINISTRATION EXPENSES		
Management fees	698,625	675,000
Professional services	108,586	142,130
Administrative and overhead	863,260	974,374
Insurance Division fees	469,371	706,022
Nevada insolvency fund and related expenses	<u>20,900</u>	<u>20,900</u>
Total administration expenses	2,160,742	2,518,426
Decrease in operating net position	<u>(2,939,790)</u>	<u>(3,415,620)</u>
Non-operating net investment income	<u>(297,309)</u>	<u>3,386,918</u>
Decrease in net position	<u>(3,237,099)</u>	<u>(28,702)</u>
Beginning net position	10,692,182	10,720,884
Net position, end of year	<u>\$ 7,455,083</u>	<u>\$ 10,692,182</u>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF CASH FLOWS
For Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and risk management services	\$ 16,872,261	\$ 14,612,642
Payment for claims	(9,021,790)	(7,201,028)
Payment to vendors	(7,727,505)	(7,822,621)
Net cash provided (used) from operating activities	<u>122,966</u>	<u>(411,007)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,004,293	1,753,319
Sale of investments	19,556,554	14,119,359
Purchases of investments	(19,222,778)	(13,889,399)
Net cash provided for investing activities	<u>1,338,069</u>	<u>1,983,279</u>
Increase in cash and cash equivalents	1,461,035	1,572,272
Cash and cash equivalents, beginning of fiscal year	3,218,851	1,646,579
Cash and cash equivalents, year ended June 30	<u>4,679,886</u>	<u>3,218,851</u>
RECONCILIATION FOR OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net loss	(2,939,790)	(3,415,620)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) in member assessments receivable	(545,756)	(131,816)
(Increase) Receivable from State of Nevada	(272,132)	(34,795)
Decrease (increase) in specific recoverable	100,996	(207,906)
Decrease (increase) in prepaid expenses	37,355	(37,355)
(Increase) decrease in agent compensation receivable	(5,447)	3,277
(Decrease) in accounts payable	(139,417)	(263,502)
Increase (decrease) in agent compensation payable	4,045	(9,235)
(Decrease) increase in specific recoverable	(100,995)	207,906
(Decrease) in Risk Management Grants payable	(30,153)	(26,134)
Increase in loss reserves	4,014,260	3,504,173
Net cash provided (used) by operating activities	<u>\$ 122,966</u>	<u>\$ (411,007)</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 20% 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 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.

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 were not discounted in the years ending June 30, 2021 and 2020. On November 4, 2019 the Board adopted the policy to no longer discount the reserves beginning in the year ended June 30, 2020 and going forward as the investment earnings will be used to offset administrative costs of the program rather than being held for future claim payments.

Insurance Division Annual Fees

The Insurance Division annually assesses fees to the Trust based on prior year's claims expenditures. It is the policy of management to record the invoice or credit received each year as the expense or credit to the expense for that year as these invoices cannot be reasonably estimated and therefore accrued.

Supplementary development schedule - Unaudited

The statements and development schedule reports claims paid on a reported year basis. Loss reserves shown on the financial statements are discounted for the year ending June 30, 2020 but undiscounted for the year ending June 30, 2021. The development schedule reflects undiscounted loss reserves for the 10 years reported.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies

During the prior fiscal year, the Board decided to change the accounting policy to no longer discount the loss reserve which had been the policy since inception.

Contributions to Public Compensation Mutual Company, a captive insurance company, have been amortized over a period of 10 years since inception. This policy was changed to expense in the year made contributions to the captive and the remaining unamortized costs were removed as a prior period adjustment. This policy change is described in greater detail in Note 12.

NOTE 2 – CASH & EQUIVALENTS

The carrying amount of PACT’s deposits with financial institutions on June 30, 2021 and 2020 are \$4,679,886 and \$3,218,851 respectively. The financial institution balances were \$5,396,992 and \$3,474,945 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, 2021</u>	<u>June 30, 2020</u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	3,240,139	1,475,260
Cash equivalents at brokerage firm	<u>1,906,853</u>	<u>1,749,685</u>
Total deposits at financial institutions	<u>\$ 5,396,992</u>	<u>\$ 3,474,945</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

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 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

PACT has the following recurring fair value measurements as of June 30:

1. U.S. Treasuries and U.S. Government guaranteed securities of \$12,210,256 and of \$10,431,404 for years ended June 30, 2021 and 2020 respectively are valued using quoted market prices (Level 1 inputs).
2. U.S. Government Agencies, U.S. Backed securities and Corporate Backed securities of \$39,011,655 and \$42,364,455 for years ended June 30, 2021 and 2020 respectively are valued using a matrix pricing model (Level 2 inputs).

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 3 – INVESTMENT SECURITIES (continued)

A summary of investments as of June 30, 2021 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries	\$ 13,192,963	\$ 326,066	\$ 10,491,764	\$ 2,375,133	\$ -
U.S. Government & Agencies	61,595	61,595	-	-	-
U.S. Mortgage-backed securities	33,172,369	8,337	291,400	1,374,449	31,498,183
U.S. Government backed securities	2,557,150	2,033,277	158,305	-	365,568
Corporate backed securities	6,691,552	1,579,016	5,112,536	-	-
Less pledged investments	(4,453,718)	(326,066)	(656,641)	-	(3,471,011)
Total investments	<u>\$ 51,221,911</u>	<u>\$ 3,682,225</u>	<u>\$ 15,397,364</u>	<u>\$ 3,749,582</u>	<u>\$ 28,392,740</u>

A summary of investments as of June 30, 2020 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries	\$ 10,413,404	\$ 325,660	\$ 6,130,197	\$ 3,957,547	\$ -
U.S. Government & Agencies	239,287	-	239,287	-	-
U.S. Mortgage-backed securities	32,085,743	22,227	301,535	2,296,305	29,465,676
U.S. Government backed securities	4,298,152	1,415,641	2,427,804	-	454,707
Corporate backed securities	10,526,477	2,213,774	8,312,703	-	-
Less pledged investments	(4,767,204)	(325,660)	(496,180)	-	(3,945,364)
Total investments	<u>\$ 52,795,859</u>	<u>\$ 3,651,642</u>	<u>\$ 16,915,346</u>	<u>\$ 6,253,852</u>	<u>\$ 25,975,019</u>

Investment income receivable was \$ 157,647 on June 30, 2021 and \$206,305 on June 30, 2020.

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.

NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE

Member assessments receivable were \$4,557,165 and \$4,011,409 for the years ended June 30, 2021 and 2020. 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.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 6 – REINSURANCE & EXCESS INSURANCE

Public Agency Compensation Trust retains a portion of claims prior to the application of coverage provided by its reinsurance and excess insurance contracts. The retention amounts per event are as follows:

Workers Compensation	2020-2021	2019-2020
PACT Retention	\$300,000	\$300,000

PACT Coverage Limits and Reinsurance

Public Agency Compensation Trust offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown on the table below. However, PACT obtains various reinsurance and excess insurance policies from several reinsurance companies to bear a portion of the risks not retained by PACT under its retention. The limits shown below include the PACT retention.

COVERAGE LIMITS:

Workers Compensation	2020-2021	2019-2020
Workers Compensation Coverage Limit	Statutory	Statutory
Employers Liability Limit	\$2,000,000	\$2,000,000

REINSURANCE:

	2020-2021	2019-2020
Public Risk Mutual Worker Compensation and Employers Liability	\$700,000 excess of Retention plus 25% of \$2,000,000 excess of \$1,000,000	\$700,000 excess of Retention plus 25% of \$2,000,000 excess of \$1,000,000
Public Risk Mutual Aggregate Excess Limit	50% of \$3,000,000 Quota Share excess of Loss Fund* subject to a minimum of \$10,000,000 aggregate retention	50% of \$3,000,000 Quota Share excess of Loss Fund* subject to a minimum of \$10,000,000 aggregate retention
County Reinsurance Ltd.	75% of \$2,000,000 excess of \$1,000,000 workers compensation plus 75% of \$1,000,000 excess of \$1,000,000 employers liability	75% of \$2,000,000 excess of \$1,000,000 workers compensation plus 75% of \$1,000,000 excess of \$1,000,000 employers liability
Safety National Casualty Company	Statutory plus 50% of \$3,000,000 Quota Share excess of Loss Fund* subject to a minimum of \$10,162,500 aggregate retention	Statutory plus 50% of \$3,000,000 Quota Share excess of Loss Fund* subject to a minimum of \$10,000,000 aggregate retention
*Note	Loss Fund: \$3.68 per \$100 Payroll	Loss Fund: \$3.68 per \$100 Payroll

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, 2021 and 2020

NOTE 7 - RELATED PARTY TRANSACTIONS

PARMS Contract

Public Agency Risk Management Services, Inc. (PARMS) began to contract with the Nevada Risk Pool (NRP) to provide management services from July 1, 2020 through June 30, 2022. PARMS serves as the Executive Director/Administrator.

Nevada Risk Pooling Grant

Effective July 1, 2020, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a five-year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of PACT, Wayne Carlson, and whose directors are Josh Foli, Cash Minor, Paul Johnson and Geof Stark. The cost of this grant is \$1,200,000 for the first year, \$1,242,000 in Fiscal Year 2020-2021, \$1,285,470 in Fiscal Year 2021-2022, \$1,330,461 for Fiscal Year 2022-2023 and \$1,377,028 in Fiscal Year 2023-2024. NRP manages all administrative and risk management duties for NPAIP and PACT. The NRP contract allocation is for NPAIP to pay 43.75% and PACT 56.25%.

Grant costs to PACT for the years ending June 30, 2021 and 2020 were \$698,625 and \$675,000 respectively. PACT's minimum future payments of the contract are as follows:

2022	\$	723,077
2023		748,384
2024		<u>774,578</u>
Total minimum future payments	\$	<u><u>2,246,039</u></u>

Pooling Resources, Inc. Grant

Effective July 1, 2015, 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. PRI provides human resources management services to NPAIP members. PRI pays NRP a management fee to provide operational and financial oversight of PRI. In 2020-2021, PRI's grant cost allocation for POOL is to pay 65% and PACT 35%. Grant costs to PACT for the years ended June 30, 2021 and 2020 were \$454,272 and \$436,800.

Effective July 1, 2021, the grant provided to PRI was renewed for a period of five years. Minimum future payments of the contract are as follows:

2022	\$	467,900
2023		481,937
2024		496,395
2025		<u>511,287</u>
Total minimum future payments	\$	<u><u>1,957,519</u></u>

PRI paid Nevada Risk Pooling a management fee for years ending June 30, 2021 and 2020 to provide operational and financial oversight of PRI. The NRP contract commenced on July 1, 2019 and runs until June 30, 2024. The agreement is for \$25,000 for fiscal year 2019 with a 3% increase for the subsequent four fiscal years.

Public Compensation Mutual

PACT is the sole owner and policy holder of Public Compensation Mutual which was formed by PACT as a non-profit pure captive mutual insurance company. PCM provided \$575,000 for the years ending June 30, 2021 and 2020 to PACT to provide risk management services to the membership. Since 2007, PACT has contributed \$53,700,939 into PCM. No contributions were made in fiscal year 2021 or 2020.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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, 2021 and 2020 were \$5,053,333 and \$5,066,106. 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, 2021 and 2020 was \$4,180,000 for both years. 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.

	June 30, 2021	June 30, 2020
Cash equivalents	\$ 587,146	\$ 281,371
Investments	4,453,718	4,767,204
Investment income receivable	12,469	17,531
Total	<u>\$ 5,053,333</u>	<u>\$ 5,066,106</u>

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 2021 and 2020 is \$29,123,000 and \$27,096,740 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.

NOTE 11 – UNPAID LOSS LIABILITIES

The current portion of the long-term loss reserve for 2021 and 2020 is \$6,888,447 and \$6,166,355 with the long-term portion for 2021 and 2020 being \$51,415,553 and \$48,119,385 respectively. Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year increased from \$10,592,201 for 2020 to \$10,164,050 for 2021. The increase in the provision for insured events of prior fiscal years of \$113,000 and \$2,872,00 for 2020 and 2021 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.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – UNPAID LOSS LIABILITIES (continued)

The following represents changes in those aggregate liabilities:

	<u>2021</u>	<u>2020</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 54,285,740</u>	<u>\$ 50,781,567</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	10,164,050	10,592,201
Increase (decrease) in provision for insured events of prior fiscal years	<u>2,872,000</u>	<u>113,000</u>
Total incurred losses and loss adjustment	13,036,050	10,705,201
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(2,271,045)	(2,453,286)
Claims and claims adjustment expenses attributable to insured events of prior years	<u>(6,750,745)</u>	<u>(4,747,742)</u>
Total Payments	(9,021,790)	(7,201,028)
Unpaid claims and claims adjustment expenses at end of fiscal year	<u>\$ 58,300,000</u>	<u>\$ 54,285,740</u>

NOTE 12 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2021. Management has evaluated subsequent events through September 17, 2021 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, 2021 and 2020:

	2021			2020		
	Workers Compensation	Heart & Lung	Total	Workers Compensation	Heart & Lung	Total
Unpaid losses and loss adjustment expenses at beginning of the year	\$ 27,189,000	\$ 27,096,740	\$ 54,285,740	\$ 25,227,000	\$ 25,554,567	\$ 50,781,567
Incurred losses and loss adjustment expenses:						
Provision for insured events of current year	8,050,746	2,113,304	10,164,050	8,990,742	1,601,459	10,592,201
Increase in provision for insured events of prior fiscal year	2,872,000	-	2,872,000	113,000	-	113,000
Total incurred losses and loss adjustments	10,922,746	2,113,304	13,036,050	9,103,742	1,601,459	10,705,201
Payments:						
Claims and claim adjustment expense attributable to insured events of current year	(2,184,000)	(87,045)	(2,271,045)	(2,394,000)	(59,286)	(2,453,286)
Claims and claims adjustment expense Attributable to insured events of a prior period	(6,750,745)	-	(6,750,745)	(4,747,742)	-	(4,747,742)
Total payments	(8,934,745)	(87,045)	(9,021,790)	(7,141,742)	(59,286)	(7,201,028)
Unpaid claims and claims adjustments expenses at end of fiscal year	\$29,177,001	\$29,122,999	\$58,300,000	\$27,189,000	\$27,096,740	\$54,285,740

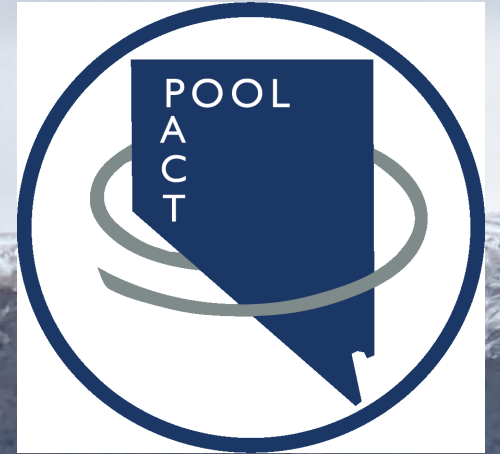
PUBLIC AGENCY COMPENSATION TRUST

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 In	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Earned	\$16,229,877	\$14,049,941	\$16,420,666	\$17,557,830	\$18,508,907	\$14,573,896	\$11,270,837	\$15,890,773	\$14,712,479	\$17,126,155
Ceded	821,229	1,196,334	1,178,052	1,626,286	1,621,360	1,770,677	2,457,932	2,144,133	2,670,526	2,990,413
Net earned	\$15,408,648	\$12,853,607	\$15,242,614	\$15,931,544	\$16,887,547	\$12,803,219	\$8,812,905	\$13,746,640	\$12,041,953	\$14,135,742
Unallocated Expenses	6,075,535	6,580,620	6,167,162	6,114,625	6,130,390	7,370,873	7,370,873	9,336,538	4,781,074	4,336,791
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050
Net Paid (cumulative) as of:										
End of policy year	1,875,562	1,861,690	1,564,723	1,512,648	1,581,898	1,788,670	1,734,359	2,245,351	2,453,286	2,271,045
One Year Later	3,460,736	3,221,497	2,848,563	2,901,684	3,378,486	4,153,214	3,738,335	4,193,000	5,213,000	
Two Years Later	4,582,100	3,754,301	3,434,826	3,545,887	4,117,819	5,062,121	4,341,000	5,674,000		
Three Years Later	5,268,006	4,110,874	3,859,081	3,855,565	4,541,756	5,478,000	4,840,000			
Four Years Later	5,447,815	4,169,758	3,989,877	3,929,559	4,769,000	5,950,000				
Five Years Later	5,654,308	4,189,790	4,064,157	3,985,000	5,127,000					
Six Years Later	5,754,247	4,274,071	4,151,000	4,092,000						
Seven Years Later	5,810,088	4,385,000	4,293,000							
Eight Years Later	5,873,000	4,576,000								
Nine Years Later	5,925,000									
Re-estimated ceded claims & Expenses	-	-	-	-	-	-	298,366	42,595	-	91,161
Re-estimated Claims & Expense										
End of policy year	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050
One Year Later	8,599,083	8,064,886	8,461,944	8,035,685	8,841,127	9,105,595	7,561,826	8,059,118	9,665,459	
Two Years Later	8,412,083	7,583,886	8,171,944	7,921,685	8,772,127	9,173,595	9,460,826	8,553,118		
Three Years Later	8,590,083	7,436,886	7,991,944	7,702,685	8,638,127	9,173,595	7,509,826			
Four Years Later	8,416,083	7,138,886	7,754,944	7,570,685	8,499,127	9,467,595				
Five Years Later	8,594,083	6,984,886	7,637,944	7,411,685	9,092,127					
Six Years Later	8,412,083	6,986,886	7,562,944	7,419,685						
Seven Years Later	8,554,083	7,007,886	7,782,944							
Eight Years Later	8,686,083	7,247,886								
Nine Years Later	8,529,083									
Incurred Claims & Expenses from										
End of Policy Year:	\$136,083	(\$1,256,000)	(\$779,000)	(\$905,000)	\$283,000	\$562,000	(\$511,000)	\$499,000	(\$926,742)	-

This information is required by the Governmental Accounting Standards Board

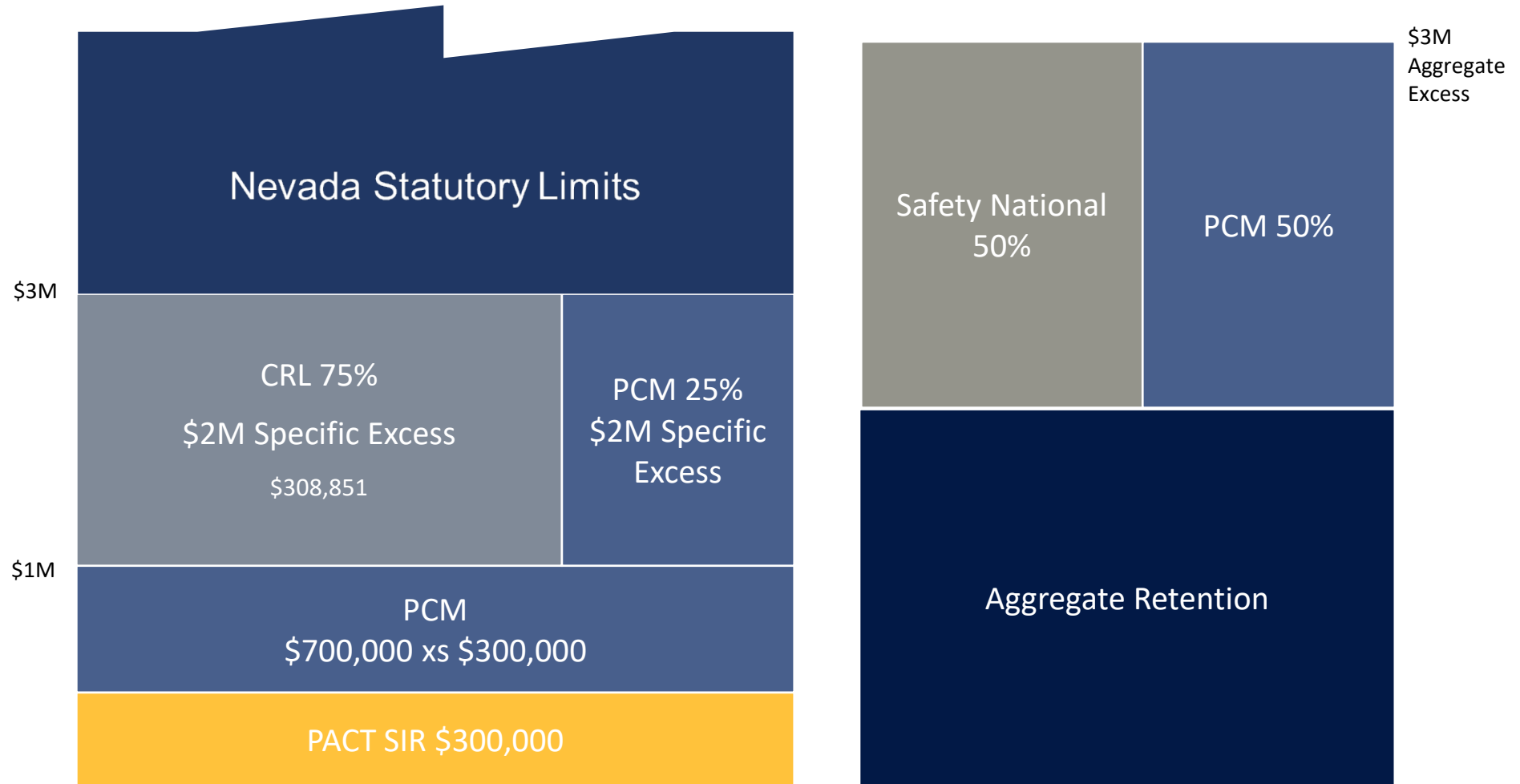


2022 – 2023 PACT Renewal Presentation

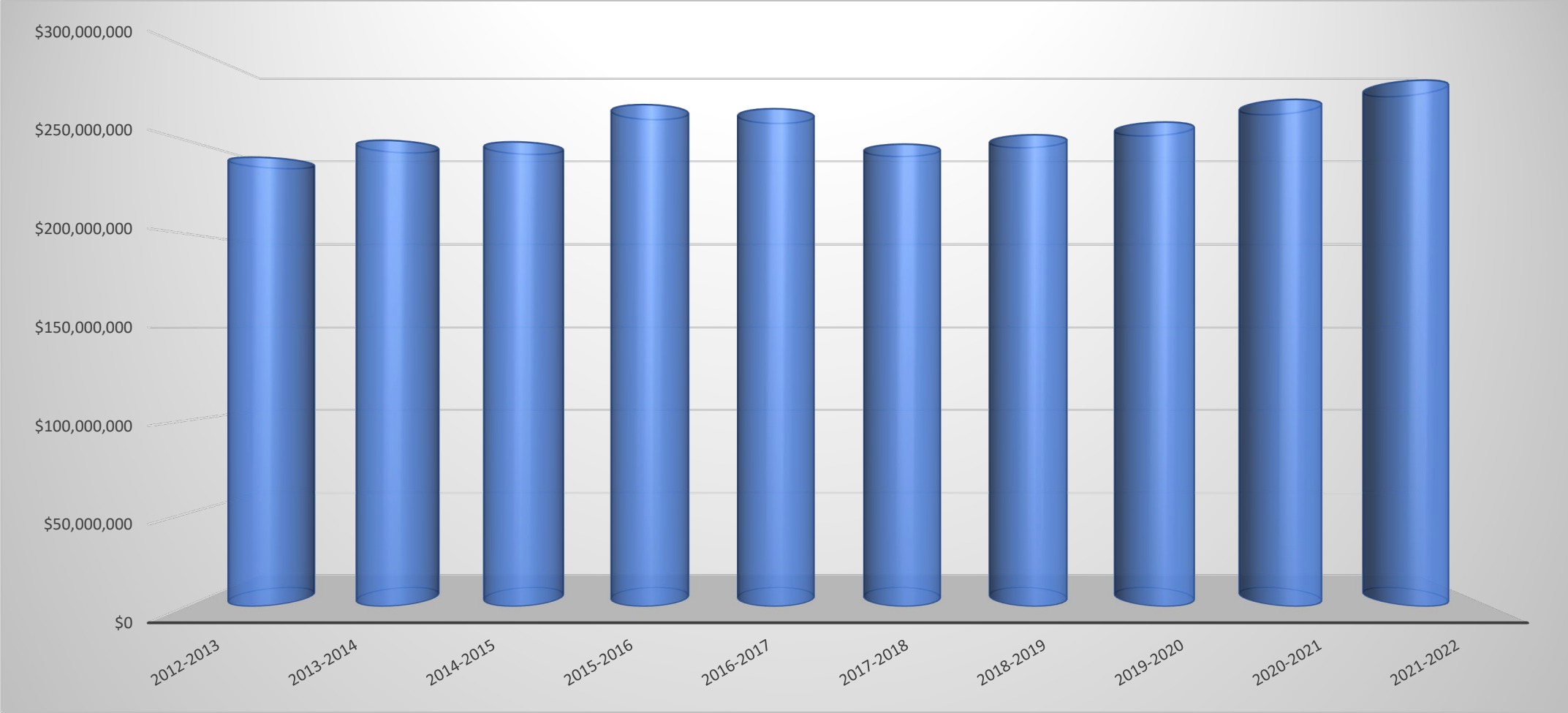
April 21, 2022

Public Agency Compensation Trust 2022-2023

Workers Compensation Structure



PACT Historical Payroll



2022 – 2023 PACT Renewal Quotes

2022 - 2023 PACT Renewal Quotes & Indications				
	Premium with 2021 Rates applied to 2022 Exposures	Premium with 2022 Rates and 2022 Exposures		
Insurance Market	CRL/Safety National	CRL/Safety National		
	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	% Change	\$ Change
Premium				
PCM	\$2,528,565	\$2,601,409	2.88%	\$72,844
CRL	\$334,548	\$343,969	2.82%	\$9,421
Safety National	\$151,743	\$151,743	0.00%	\$0
Total Premium	\$3,014,856	\$3,097,121	2.73%	\$82,265
Program Limits				
PACT SIR	\$300,000	\$300,000	No Change	No Change
PCM Primary Layer	\$700k xs \$300k	\$700k xs \$300k	No Change	No Change
PCM 25% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
CRL 75% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
Excess of \$3M	Statutory	Statutory	No Change	No Change
PCM 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
CRL 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
Payroll	\$260,147,990	\$254,602,970	-2.13%	-\$5,545,020



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
Carson City NV 89701
Phone: (775) 885-7475
Fax (775) 883-7398

April 21, 2022

Mr. Wayne Carlson, MBA, CPCU
Executive Director
Public Agency Compensation Trust

Re: 2022-2023 PCM Reinsurance Proposal - PACT

Based on the same coverage structure as 2020-2021, PCM will provide excess insurance in the layer \$700,000 excess of \$300,000 and a 25% quota share of the layer \$2,000,000 excess of \$1,000,000. PCM will also continue to provide \$1.5 million aggregate excess with a 50% quota share of a \$3,000,000 layer above an approximate attachment point of \$10,000,000

The PCM premium charge for the coverage beginning July 1, 2022 to June 30, 2023 is **\$2,403,000** at a 75% confidence level. PCM's chargeable administrative expenses are **\$198,409**. Thus, the total cost of coverage will be **\$2,601,409**.

Thank you for your continued patronage.

Regards,

Alan Kalt
Public Compensation Mutual

Cc: Deb Connally
Melissa Mack
Willis Pooling staff



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
 Carson City NV 89701
 Phone: (775) 885-7475
 Fax (775) 883-7398

Summary of Reinsurance Cost

Public Compensation Mutual Self-Insured Workers' Compensation Program Funding Guidelines for 2022-23

Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$700K xs \$300K	\$1,642,000					
\$2M xs \$1M*	193,000					
\$3M xs Aggregate**	95,000					
Total	\$1,930,000	\$2,268,000	<b style="background-color: yellow;">\$2,403,000	\$2,555,000	\$2,740,000	\$2,985,000

*25% Quota Share
 **50% Quota Share

PCM	2019	2020	2021	2022			Notes
				Renewal 75% CL			
	Audit	Audit	Audit	Budget	\$ Difference	% Difference	
REVENUES							
Premiums earned	\$ 1,922,350	\$ 2,380,287	\$ 2,553,255	\$ 2,601,409	\$ 48,154	1.9%	75% CL + Admin Expenses
Net Investment Income	2,218,272	2,203,921	2,820,658	1,619,584	\$ (1,201,074)	-42.6%	Kelly's est @ 95% - investment fees
Net Realized and Unrealized G/L on invest	4,070,504	1,817,683	4,436,755	-	\$ (4,436,755)	-100.0%	No adjustment for Realized/Unrealized Gains/Losses
Total Revenues	8,211,126	6,401,891	9,810,668	4,220,993	\$ (5,589,675)	-57.0%	
EXPENSES							
Administration expenses							
NRP Contract	157,944	228,378	193,551	163,909	(29,642)	-15.3%	New Apportionment: Pending Board Approval
Actuary	6,650	6,780	6,910	8,000	1,090	15.8%	Consistent with Prior Year
Audit	17,500	19,000	19,000	19,500	500	2.6%	Increase consistent with Prior Years
Insurance Division Audit/Fees	5,550	6,970	5,150	7,000	1,850	35.9%	
Technology Agreement	-	-	-	-	-	-	
Meeting and Training	459	-	-	-	-	-	
Total Administration expenses	188,103	261,128	224,611	<b style="border: 1px solid red;">198,409	(26,202)	-11.7%	
Program/Member Services expenses							
RM Payment to PACT: for Target Solutions	74,250	-	-	-	-	-	
Risk Management Services Payment to PACT	287,500	575,000	575,000	575,000	-	0.0%	Transfer to pay for member services
Associations, Conferences, Training & Education	-	-	-	-	-	-	Final Amounts determined by Board
Total Program/ Member Services	361,750	575,000	575,000	575,000	-	0.0%	
Total Combined expenses	549,853	836,128	799,611	773,409	(26,202)	-3.3%	
Loss and Loss Adjustment Expenses	1,748,999	1,641,001	3,088,001	2,338,000	(750,001)	-24.3%	Actuarial Loss Calculations
Total Expenses	\$ 2,298,852	\$ 2,477,129	\$ 3,887,612	\$ 3,111,409	\$ (776,203)	-24.3%	
Revenues over Expenses	\$ 5,912,274	\$ 3,924,762	\$ 5,923,056	\$ 1,109,584	\$ (4,813,472)	-41.2%	
Proposed Transfer of Capital TO PACT				\$ 2,500,000			Provide Cash/Net Position to PACT for Financial Strength

**PACT/PCM Renewal Considerations
2022-2023 Budget Overview
April 21, 2022**

The following is a summary of the proposed Fiscal Year 2022-23 Budget for the Public Agency Compensation Trust (PACT) and Public Compensation Mutual (PCM Captive). This is the result of input from staff, actuaries, auditors, regulators, strategic business partners, executive committee members and members. The tentative budget was discussed at the March 22nd Executive Committee and will be finalized at the April 12th Executive Committee meeting to bring to the Annual Meeting as a recommendation for the full Board on April 21st.

PACT Assessments

Management staff is recommending that the PACT class code rates increase by a FLAT RATE increase of 8% in Fiscal Year 2022-2023 rather than the projected increase of 13.22% as noted in the budget. Given the projected payroll increases, it is reasonable that the flat rate increase will be enough to secure the projected Assessments of \$16,050,150.

The actual increases that the entities will experience will depend on their modification rates and covered payroll during the year. The assessment increased is based on 75% Confidence Level (CL) and the related PACT administration cost. There is NO ASSESSMENT CHARGE related to the COVID-19 virus built into these rates.

PACT: Claims Adjustment Expense + Loss Fund to Assessment Ratio

The following information is taken from the past four years audit reports. As noted, the Paid Loss Ratio calculated by taking the Total Loss and Claims Expense cost divided by the Total Assessments (Assessments + Heart/Lung assessments). The Paid Loss ratio is increasing over the period from 92.5% to 95.1% in the most recent audit. It also highlights the reduction in Net Position for the past four years. (The amortization of the PCM contributions have been adjusted out for consistency.) Over the past 4 years, Net Position has reduced by \$7,804,341. This is having a negative impact on our financial benchmarks.

Description	FY 2018	FY 2019	FY 2020	FY 2021
Assessments	10,083,799	11,792,275	12,675,642	14,834,560
Heart Lung Assessments	1,104,106	1,109,118	1,490,539	2,013,904
Total Assessments	11,187,905	12,901,393	14,166,181	16,848,464
Loss Fund and Claims Expense				
Claims and adjustment Expenses	6,431,493	8,822,730	9,103,742	10,922,746
Heart Lung loss expenses	1,450,372	1,506,637	1,601,459	2,113,304
Excess insurance premiums	526,516	537,133	432,826	467,538
Re-insurance premiums (PCM)	1,931,416	1,607,000	2,237,700	2,522,875
Total Loss/Claims Expenses	10,339,797	12,473,500	13,375,727	16,026,463
Paid Loss Ratio (Total Claims/Total Assessments)	92.4%	96.7%	94.4%	95.1%
Reduction in Net Position During Fiscal Year	\$ (2,941,036)	\$ (1,597,504)	\$ (28,702)	\$ (3,237,099)

PACT Financial Stability:

In an effort to create financial stability to PACT, the Net Position needs to be stabilized and show slight increases over time. PACT has contributed Surplus to Public Compensation Mutual starting in May 2007 with a \$5,000,000 contribution, subsequent contributions with the latest being \$9,900,000 in FY 2018 for a total transfer of \$53,700,939 into PCM. Based on the most recent audit of PCM for the year ending December 31, 2021, these contributions have grown to a Total Surplus of \$88,508,108 in the captive. This strategic move has built financial resources in the captive to allow it to take on additional risks as well as participate in additional investment options. It has served the combined entities well. Now, it may be appropriate to evaluate the need to transfer some of the Total Surplus back to PACT. This strategic move could bolster PACT's Net Position and be used to pay off the claims runoff of a large member who left PACT in the last year without impacting existing member's rate.

PACT: Claims and Claims Adjustment Expense (61.3% of Revenues)

1. PACT's Loss Fund Contribution at 75% Confidence Level \$8,094,000
A move to 80% Confidence Level \$8,401,000 **Fiscal Impact:** = +\$307,000
(Note: Actuarial Report updated to better reflect projected FY 22-23 payroll)

Discussion: PACT used the 75% Confidence Level (Marginally Acceptable) from the Bickmore Actuarial Reports in the current year. This means that 75% of the time, it will result in adequate funding and 25% of the time it would be underfunded. To improve underwriting reserves, an increase to 80% CL would provide additional funds to pay claims. A lower confidence rate is likely to continue having underwriting losses. The Worker's Compensation Funding at 75% as projected by the Actuary would be a reserve of \$8,094,000. It was noted in the Actuarial Report that the total estimated claims cost has decreased by \$484,000 due to a decrease in the payroll. Moving to 80% CL funding of \$8,401,000 would require an additional \$307,000 funding an adds about 2% to the overall rate increase.

Recommendation: Due to the financial situation of PACT experiencing a reduction in Net Position over the past 5 years, it is important to promote the 80% Confidence Level. However, given the current year was at 70% it is recommended to go with the 75% CL.

Board Direction:

Go with Flat Rate renewal of 8% increase on class code rates.

Reinsurance Options / PCM (17.5% of Revenues)

2. Keep 75% Confidence Level at PCM
WC Rates Only 75% \$2,403,000 Difference of \$17,774 in the current year,

Discussion: The higher the confidence level the more likely the reserve is adequate to for the actual claim results. A higher CL could result in an Underwriting Gain. Lower rate could result in an Underwriting Loss for the year. As noted by our Auditor, we have

experienced underwriting losses in some of the previous years. Fiscal Year 21-22 the 75% CL funding rate was \$2,389,000 compared to of \$2,403,000 an increase of \$14,000 or 0.6%. The slight increase is due to large claims hitting this level of coverage as calculated by the actuary over the past several years.

Recommendation: 75% Confidence Level at the Captive Layer. It is a difficult to cut the Confidence Level during a period where claims are hitting the PCM level.

Board Direction:

Go with Flat Rate renewal of 8% increase on class code rates.

Other Budget Items

3. **Program Expenses** (12.1% of Revenues) **Fiscal Impact:** -\$132,699 or -4.67% CY

Discussion: Underwriting and claims processing projected decrease is due to a reduction in the number of claims being processed by the TPA under the proposed contract. Member Education and services showed a slight increase as the result of contracted increases.

4. **Administration Expenses** (12.4% of Revenues) **Fiscal Impact:** -\$15,418 under CY

Discussion: PACT must pay fees to support the Insurance Division and the Nevada Insolvency Fund as required by statutes. Our fee is formula based primarily on the amount of claims paid during a rolling 3-year period. Since our PACT claims have decreased due to loss of members so has our Insurance Division assessment. As our average claims go down, so will the assessment fees. The NRP management contract has increased 3.5% or \$22,496 as per the contract agreement.

5. **Operating Income (Loss)** (3.2% of Revenues) **Fiscal Impact:** \$897,262

Discussion: PACT is projected to have budgeted operating income of \$897,262 which equals the projected investment earnings during the year.

Investment Income: **Fiscal Impact:** \$897,262

Discussion: This reflects a lower market rate from the prior year. The amount budgeted is the projected interest earned on fixed rate investments during the year. Given the volatility of the market, it is likely to come in less than budgeted. This would reduce any possible underwriting gains incurred during the year.

Loss Control Grants: Paid from Surplus **Fiscal Impact:** \$425,000

Discussion: These are grants provided to members for loss control measures to improve their organization's safety and wellness. Staff has earmarked \$75,000 for Loss Control

Excellence Incentive Awards during the year. These are service/project dividends awarded to members to improve their Safety and Loss Prevention Programs.

6. **Return of Capital from PCM to PACT** for financial stability and payoff of runoff claims from a large member that left effective 7-1-2021.

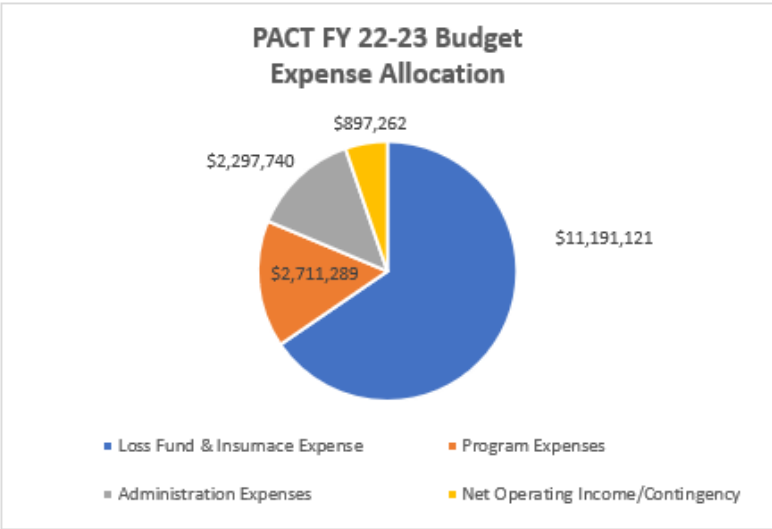
Discussion: It is proposed to transfer \$2,500,000 from PCM to PACT prior to June 30, 2022, and an additional \$2,000,000 prior to June 30, 2023 to build up Net Position and reduce operating losses in PACT. The statutes allow for this transfer and there will be adequate Total Surplus remaining in the PCM Captive after the transfers.

General Budget Observations

A special thanks to all who have assisted in developing a ***“Very Basic Budget”*** that addresses the needs of the PACT and members for the upcoming year. The budget increase reflects the realities of the insurance marketplace continue to be hard. The PACT and PCM has taken on more risk over the years to smooth out the rates overtime to benefit the membership.

The budget could change given payroll levels at the member entities. Once the budgets are adopted at the Annual Meeting and the actuary completes the member’s rating analysis, the estimated premiums will be provided to the entities by the May 30th budget filing deadline. Some of the projected increase will be mitigated by the projected increase in covered payroll.

The PACT’s commitment to membership services and education programs has been a hallmark of our program to assist members to more effective serve their organization, employees, and citizens. Staff works diligently to keep rates and expenses as low as possible for our pooled programs. This budget continues to provide for these services as well as the Loss Control Grant program to assist our members in making a difference in their organization and community. We encourage members to take advantage of these programs and services. Successful members who use and implement these services see a positive impact on their employees, organization, and claims experience.

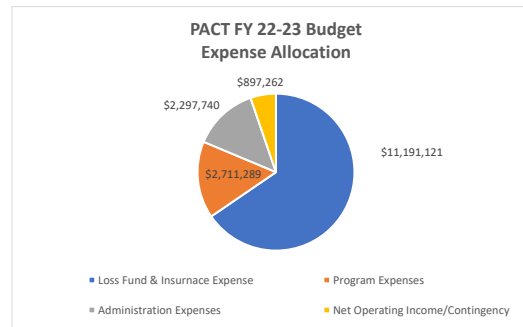


PACT FY 22 Budget Allocation	Total Budget	% Total
Loss Fund & Insurnace Expense	\$ 11,191,121	65.46%
Program Expenses	\$ 2,711,289	15.86%
Administration Expenses	\$ 2,297,740	13.44%
Net Operating Income/Contingency	\$ 897,262	5.25%
Total	\$ 17,097,412	100.0%

PACT BUDGET 2022-2023

Presented at Executive Committee April 5 at Annual Meeting April 22, 2021	Adoption	FY 2019-2020 Audit	FY 2020-2021 Audit	FY 2021-22 REVISED Budget	FY 2022-23 Budget	Dollar Change	Percentage Change	% of Total Revenues	Notes
Revenues									
Assessments		\$ 12,675,642	\$ 14,834,560	\$ 14,175,601	\$ 16,050,150	\$ 1,874,549	13.22%	96.1%	8% Fixed Rate Increase New Rates with New X-Mods
Assessments for Heart Lung		1,490,539	2,013,904	-	-	-		0.0%	Blending with 7720 LEF & 7704 Fire Classifications
PCM Risk Management Fee		575,000	575,000	575,000	575,000	-	0.00%	3.9%	Fixed Amount from PCM
Total Revenues		\$ 14,741,181	\$ 17,423,464	\$ 14,750,601	\$ 16,625,150	\$ 1,874,549	12.71%	100.0%	
Loss Fund & Insurance Expense									
Claims and Adjustment Expenses including HL		\$ 9,103,742	\$ 10,922,746	\$ 9,044,072	\$ 8,094,000	\$ (950,072)	-10.50%	61.3%	The actuarial adjustment for reduced payroll was \$484,000
Heart Lung Loss Reserves Expenses		1,601,459	2,113,304	-	-	-		0.0%	Listed at 75% Confidence Level: Not Confident on the \$\$
Excess Insurance Premiums		432,826	467,538	539,247	495,712	\$ (43,535)	-8.07%	3.7%	Blending with 7720 LE Classification 7704 Fire Code
Reinsurance Premium (PCM)		2,237,700	2,522,875	2,583,635	2,601,409	\$ 17,774	0.69%	17.5%	Carrier Renewal rates plus additional exposures
Total Loss Fund and Insurance Expenses		\$ 13,375,727	\$ 16,026,463	\$ 12,166,954	\$ 11,191,121	\$ (975,833)	-8.02%	92.0%	PCM Rate at 75% CL + Admin Expenses
Program Expenses									
Member Education and services		\$ 705,854	\$ 710,800	\$ 1,437,437	\$ 1,439,437	\$ 2,000	0.14%	9.7%	PRI, Target Solution, 24/7/365, CWP,EAP, MSDS On-line, E-learning
Loss control expenses		406,000	406,000	406,000	406,000	-	0.00%	2.8%	Former Willis Loss Control Services, Inspections, trainings by NRP
Underwriting and claims processing		1,045,382	982,849	1,000,551	865,852	\$ (134,699)	-13.46%	6.8%	Third Party Administrator, Davies Claims Processing
Total Program Expenses		\$ 2,157,236	\$ 2,099,649	\$ 2,843,988	\$ 2,711,289	\$ (132,699)	-4.67%	12.1%	
Administration Expenses									
Management Services		\$ 675,000	\$ 698,625	\$ 642,735	\$ 665,231	\$ 22,496	3.50%	4.4%	Nevada Risk Pooling Management Team; Updated Apportionment 50/50
Professional Fees		142,130	108,586	145,683	149,325	\$ 3,642	2.50%	1.0%	Independent Audit, Payroll Audits, Actuarial
Administrative and Overhead		974,374	863,260	725,518	761,794	\$ 36,276	5.00%	4.9%	Rent, Utilities, Copier, Phone, Training, Technology, Support
Insurance Division Fees		706,022	469,371	778,322	700,490	\$ (77,832)	-10.00%	5.3%	Reg Assessment for FY 22 Bud less 10% decrease
Nevada Insolvency Fund and related expenses		20,900	20,900	20,900	20,900	-	0.00%	0.1%	State of Nevada mandated fees
Total Administrative Expenses		\$ 2,518,426	\$ 2,160,742	\$ 2,313,158	\$ 2,297,740	\$ (15,418)	-0.67%	12.4%	
Operating Income (Loss)		\$ (3,310,208)	\$ (2,863,390)	\$ (2,573,499)	\$ 425,000	\$ 2,998,499	-116.51%	-17.4%	Allows for legislative impacts on claims cost
Investment Income		3,386,918	(297,309)	1,202,700	897,262	\$ (305,438)	-25.40%	8.2%	Earnings from Investment Portfolio managed by NEAM, SAA
Net Gain (Loss)		\$ 76,710	\$ (3,160,699)	\$ (1,370,799)	\$ 1,322,262	\$ 2,693,061	-196.46%	-18.1%	
Net Gain (Loss) After Loss Control Grants		\$ (28,702)	\$ (3,237,099)	\$ (1,870,799)	\$ 897,262	\$ 2,768,061	-148.0%		
Other Expenses: Loss Control Grants: Paid from Surplus		\$ 105,412	\$ 76,400	\$ 500,000	\$ 425,000	\$ (75,000)	-15.0%		Loss Control Grants & LCEPs Approved by Loss Control Committee
Transfer/Return of Capital from PCM To PACT				\$ 2,500,000.00	\$ 2,000,000.00				

PACT FY 22 Budget Allocation	Total Budget	% Total
Loss Fund & Insurance Expense	\$ 11,191,121	65.46%
Program Expenses	\$ 2,711,289	15.86%
Administration Expenses	\$ 2,297,740	13.44%
Net Operating Income/Contingency	\$ 897,262	5.25%
Total	\$ 17,097,412	100.0%



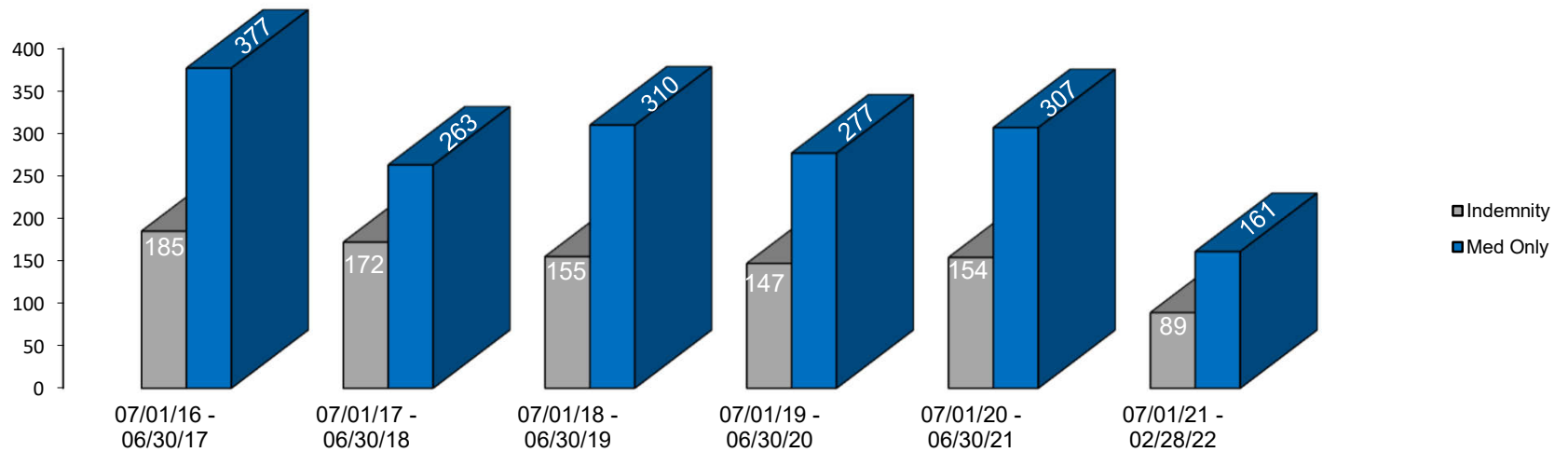


Worker's Compensation Report



Claim Frequency excluding Incidents 07/01/2016 - 02/28/2022

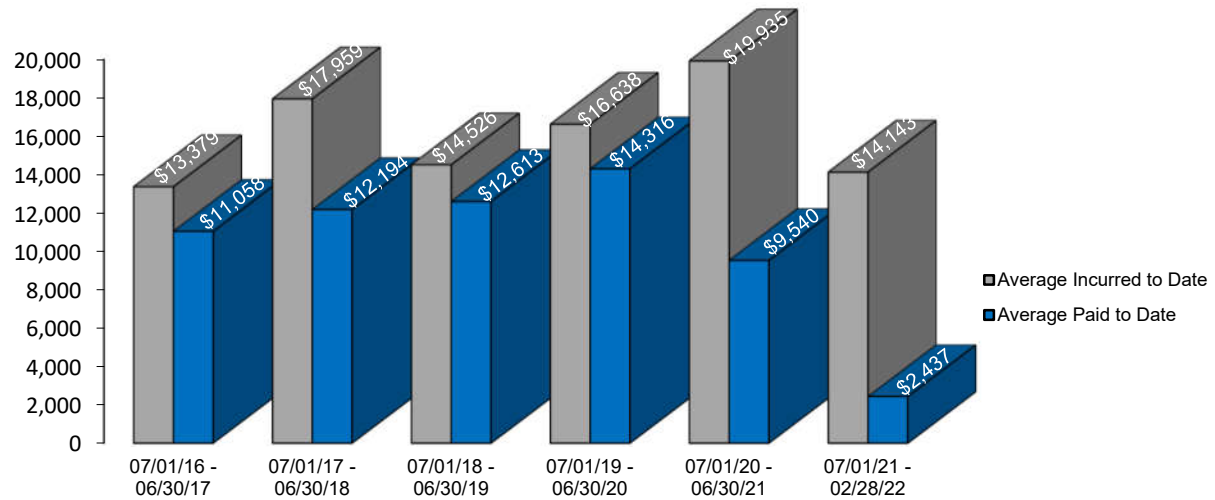
Policy Year	Indemnity		Medical Only		Total Claims
	Open	Closed	Open	Closed	
07/01/16 - 06/30/17	14	171	0	377	562
07/01/17 - 06/30/18	9	163	1	262	435
07/01/18 - 06/30/19	13	142	1	309	465
07/01/19 - 06/30/20	21	126	0	277	424
07/01/20 - 06/30/21	45	109	22	285	461
07/01/21 - 02/28/22	73	16	94	67	250
					2,597





Average Incurred & Paid by Policy Year 07/01/2016 - 02/28/2022

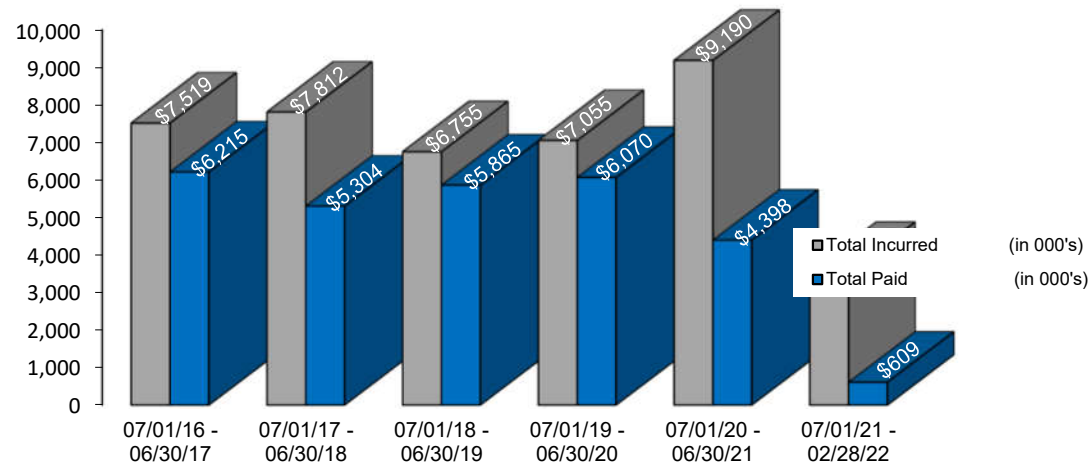
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/16 - 06/30/17	\$13,379	\$11,058
07/01/17 - 06/30/18	\$17,959	\$12,194
07/01/18 - 06/30/19	\$14,526	\$12,613
07/01/19 - 06/30/20	\$16,638	\$14,316
07/01/20 - 06/30/21	\$19,935	\$9,540
07/01/21 - 02/28/22	\$14,143	\$2,437





Incurred vs Paid by Policy Year 07/01/2016 - 02/28/2022

Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/16 - 06/30/17	\$7,519	\$6,215
07/01/17 - 06/30/18	\$7,812	\$5,304
07/01/18 - 06/30/19	\$6,755	\$5,865
07/01/19 - 06/30/20	\$7,055	\$6,070
07/01/20 - 06/30/21	\$9,190	\$4,398
07/01/21 - 02/28/22	\$3,536	\$609





Lag Time Average by Location 07/01/2016 - 02/28/2022

Location	Avg. Days
Eureka County School District	50
Wells (City Of)	40
Truckee Meadows Fpd	32
Caliente (City Of)	29
Tahoe-Douglas Fpd	25
West Wendover (City Of)	23
Churchill County Communications	23
East Fork Fire & Paramedic District	22
Tonopah (Town Of)	20
Eureka County	19
White Pine County	19
Tahoe Transportation	18
Elko (City Of)	18
Rtc Washoe County	18
Battle Mountain General Hospital	18
Beatty Water & Sanitation District	17
Lincoln County School District	17
Pershing County School District	16
Storey County	16
Winnemucca (City Of)	15
Humboldt General Hospital	15
Lander County School District	15
Grover C. Dils Medical Center	14
Elko County	14
Carlin (City Of)	14
Pahrump (Town Of)	14
Nye County	14
Pershing County Water Conservation Distr	14
Esmeralda County	14



Lag Time Average by Location 07/01/2016 - 02/28/2022

Location	Avg. Days
Churchill County	13
Humboldt County	13
White Pine County School District	13
Central Lyon County Fpd	12
Lander County	12
Douglas County	12
White Pine Historical Railroad Foundatio	11
Pershing County	11
Mineral County School District	11
Douglas County Mosquito Abatement Distri	11
Mineral County	11
Boulder City (City Of)	10
Mount Grant General Hospital	9
Esmeralda County School District	9
Lincoln County	9
Lyon County	9
Ely (City Of)	9
Lovelock (City Of)	8
Incline Village General Improvement Dist	8
Nevada Rural Housing Authority	8
North Lyon County Fire Protection District	8
North Lake Tahoe Fpd	8
Smith Valley Fpd	8
Pershing General Hospital	7
Round Mountain (Town Of)	7
Mt Charleston Fire Protection District	7
Fernley (City Of)	7
Pahrump Library District	6
White Pine County Fp District	6



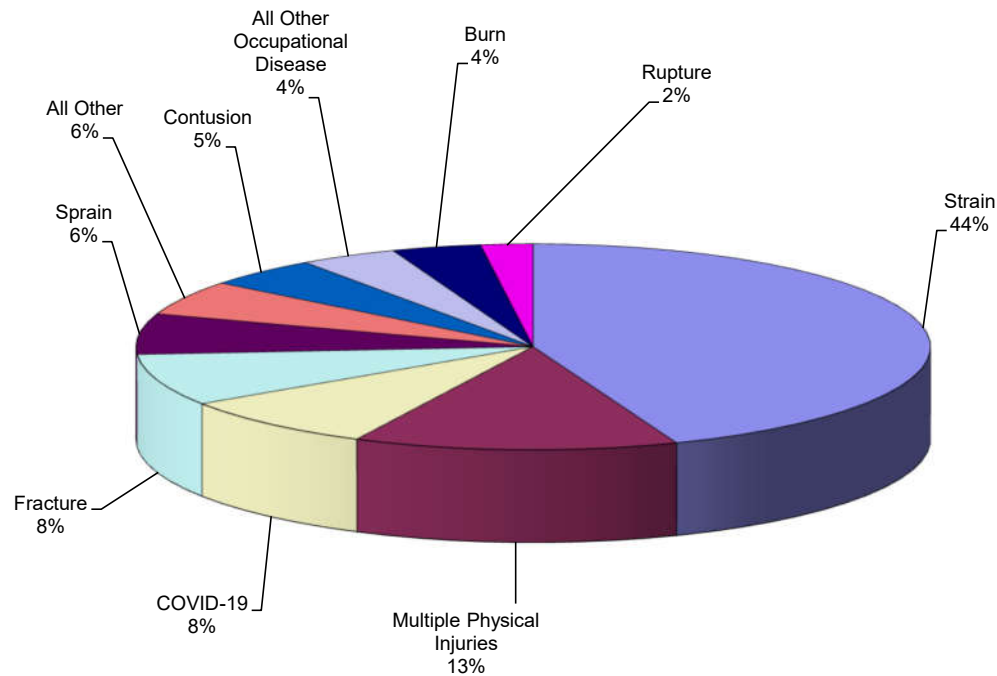
Lag Time Average by Location 07/01/2016 - 02/28/2022

Location	Avg. Days
Indian Hills Gid	6
Pahranagat Valley Fd	5
Palomino Valley Gid	5
Southern Nevada Health District	5
Douglas Co Sewer Improvement District #1	5
Yerington (City Of)	4
Mason Valley Fpd	4
East Fork Swimming Pool District	4
Washoe Co Fire Suppression Dist	3
Walker River Irrigation	3
Minden Garnerville Sanitation District	3
Nv Association Of Conservation Districts	2
Minden (Town Of)	2
Topaz Ranch General Improvement District	2
Churchill County Mosquito & Weed Abatement Distric	1
Nevada-Tahoe Conservation District	1
Gardnerville (Town Of)	1
Tahoe Reno Industrial Gid	1



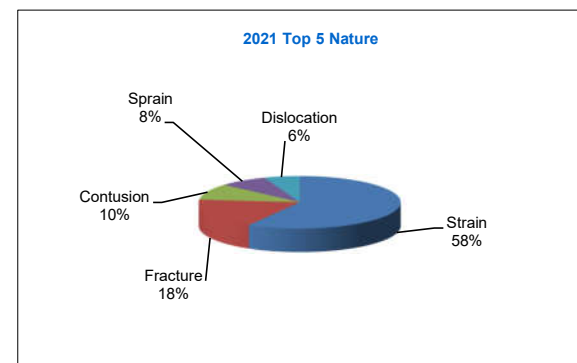
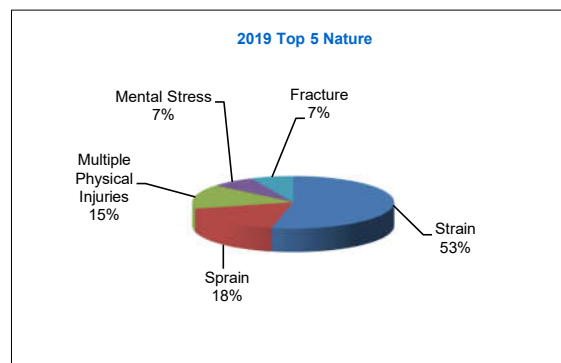
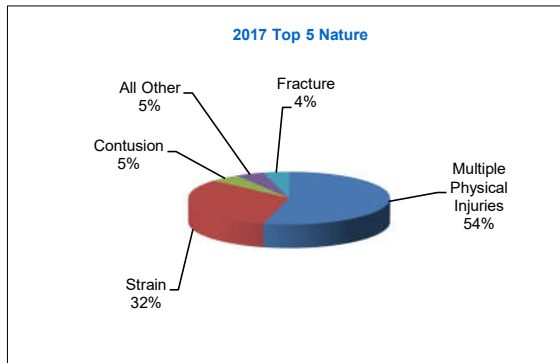
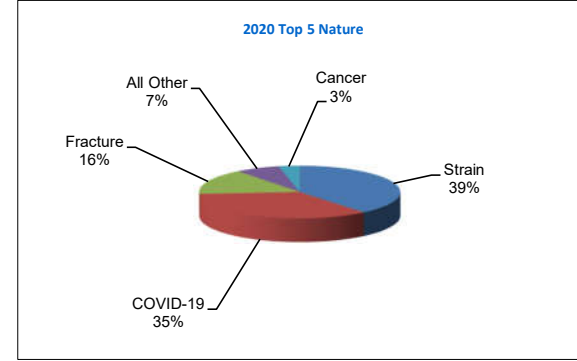
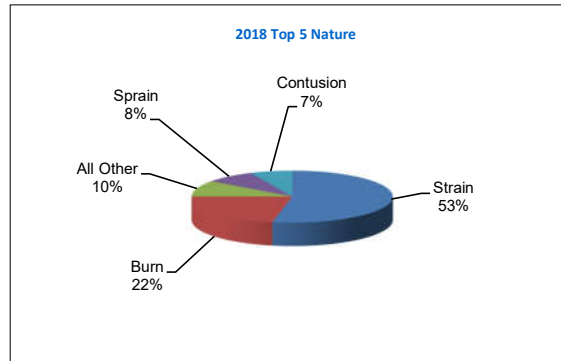
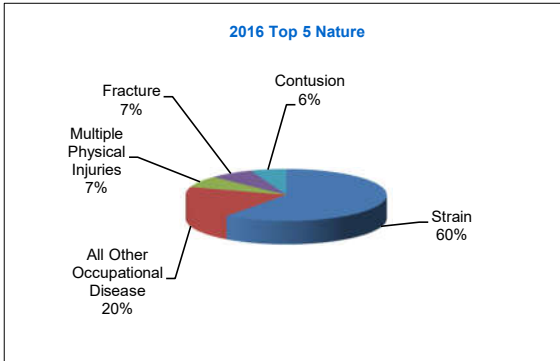
Top Ten Nature of Injury 07/01/2016 - 02/28/2022

Nature of Injury	# of Claims	Total Incurred
Strain	782	\$ 15,841,242
Multiple Physical Injuries	114	\$ 4,729,951
COVID-19	87	\$ 2,999,638
Fracture	83	\$ 2,919,821
Sprain	213	\$ 2,287,854
All Other	177	\$ 1,957,179
Contusion	274	\$ 1,670,263
All Other Occupational Disease	16	\$ 1,432,795
Burn	34	\$ 1,301,183
Rupture	10	\$ 762,245





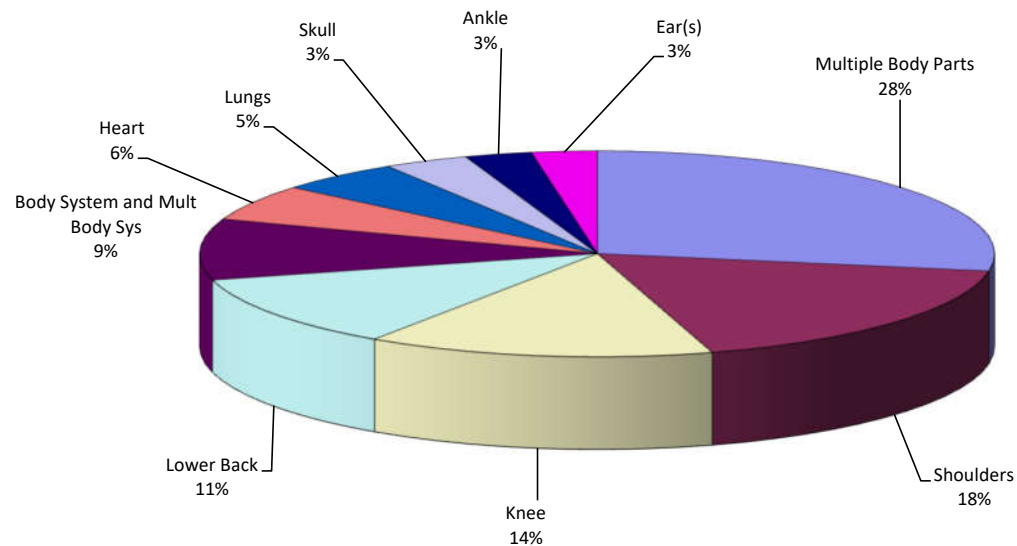
Nature of Injury Trends for 07/01/2016 - 02/28/2022





Top Ten Part of Body 07/01/2016 - 02/28/2022

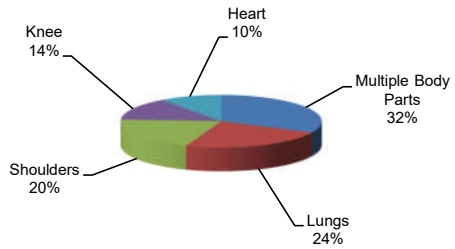
Part of Body	# of Claims	Total Incurred
Multiple Body Parts	268	\$ 9,269,259
Shoulders	174	\$ 5,901,527
Knee	248	\$ 4,717,651
Lower Back	202	\$ 3,821,338
Body System and Mult Body Sys	117	\$ 3,206,390
Heart	45	\$ 1,898,169
Lungs	110	\$ 1,683,588
Skull	31	\$ 1,156,366
Ankle	89	\$ 909,966
Ear(s)	36	\$ 892,702



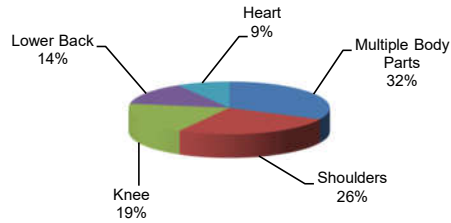


Body Part Trends for 07/01/2016 - 03/31/2022

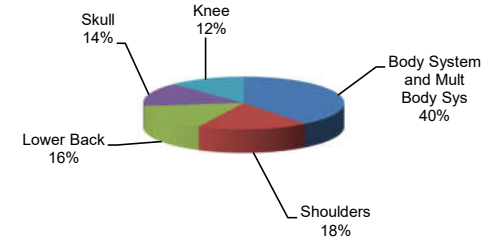
2016 Top 5 Body Part



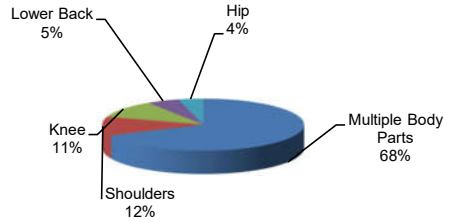
2018 Top 5 Body Part



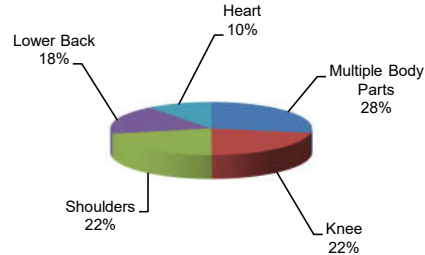
2020 Top 5 Body Part



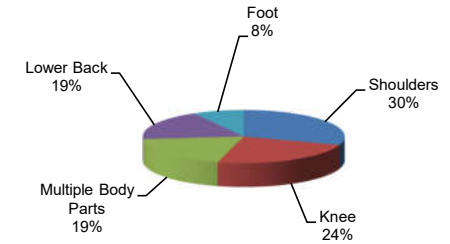
2017 Top 5 Body Part



2019 Top 5 Body Part



2021 Top 5 Body Part

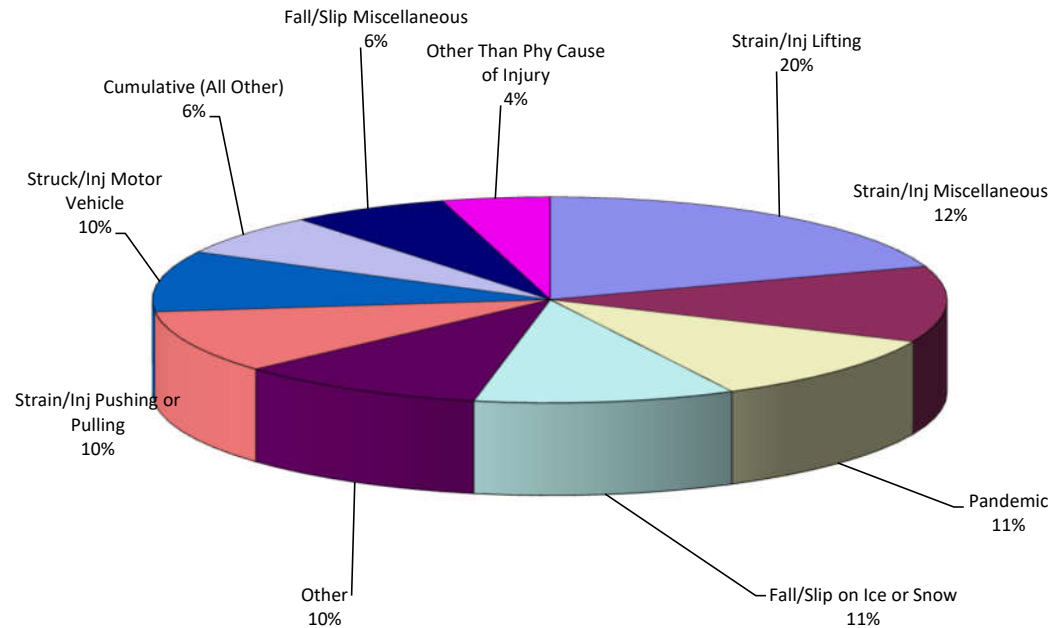




Top Ten Cause of Injury

07/01/2016 - 02/28/2022

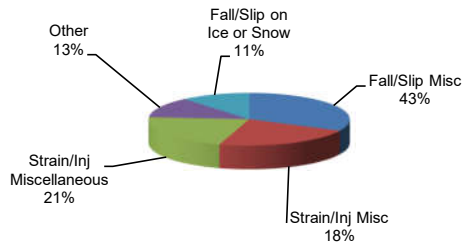
Cause of Injury	# of Claims	Total Incurred
Strain/Inj Lifting	208	\$ 5,501,360
Strain/Inj Miscellaneous	218	\$ 3,321,594
Pandemic	92	\$ 3,003,177
Fall/Slip on Ice or Snow	111	\$ 2,953,899
Other	164	\$ 2,827,043
Strain/Inj Pushing or Pulling	128	\$ 2,751,025
Struck/Inj Motor Vehicle	11	\$ 2,662,262
Cumulative (All Other)	17	\$ 1,821,498
Fall/Slip Miscellaneous	89	\$ 1,784,430
Other Than Phy Cause of Injury	58	\$ 1,221,483



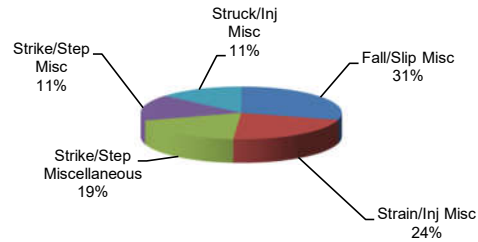


Cause of Injury Trends for 07/01/2016 - 02/28/2022

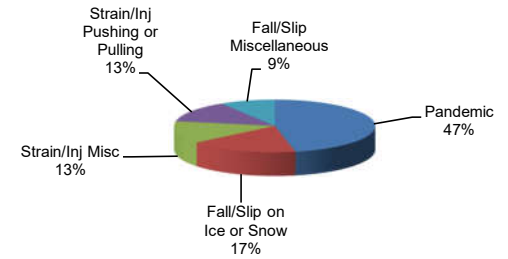
2016 Top 5 Cause of Injury



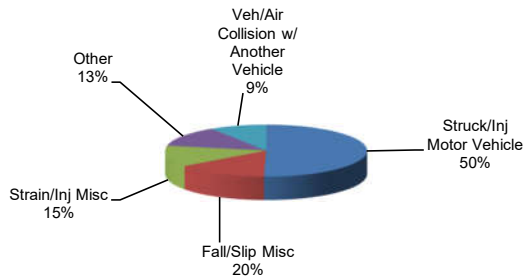
2018 Top 5 Cause of Injury



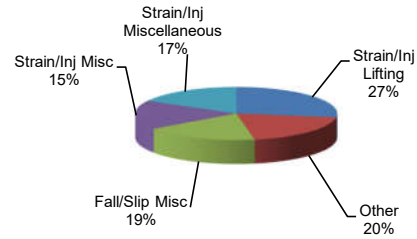
2020 Top 5 Cause of Injury



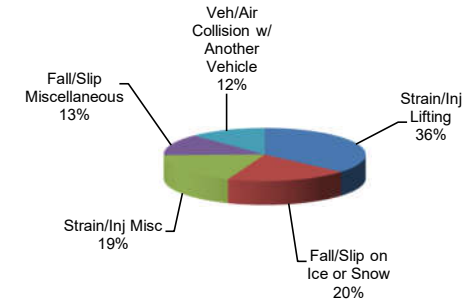
2017 Top 5 Cause of Injury



2019 Top 5 Cause of Injury



2021 Top 5 Cause of Injury





Historical Data Excluding Incidents 07/01/2016 - 02/28/2022

	07/01/16 - 06/30/17	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 02/28/22
Nbr of Claims						
Indemnity	185	172	155	147	154	89
Med Only	377	263	310	277	307	161
Total	562	435	465	424	461	250
Total Incurred						
Indemnity	\$7,105,433	\$7,390,119	\$6,322,214	\$6,671,847	\$8,474,841	\$3,103,549
Med Only	\$413,782	\$422,262	\$432,518	\$382,805	\$715,397	\$432,234
Total	\$7,519,216	\$7,812,381	\$6,754,733	\$7,054,653	\$9,190,238	\$3,535,783
Total Paid						
Indemnity	\$5,801,001	\$4,913,744	\$5,436,606	\$5,687,149	\$3,851,426	\$468,485
Med Only	\$413,782	\$390,617	\$428,408	\$382,805	\$546,641	\$140,670
Total	\$6,214,783	\$5,304,361	\$5,865,014	\$6,069,954	\$4,398,066	\$609,155
Average Incurred						
Indemnity	\$38,408	\$42,966	\$40,788	\$45,387	\$55,031	\$34,871
Med Only	\$1,098	\$1,606	\$1,395	\$1,382	\$2,330	\$2,685
Average Incurred	\$13,379	\$17,959	\$14,526	\$16,638	\$19,935	\$14,143
Open Claims						
Indemnity	14	9	13	21	45	73
Med Only	0	1	1	0	22	94
Total	14	10	14	21	67	167



Summary by Location

07/01/2016 - 02/28/2022

Location	# of Claims	# Open Claims	Total Incurred
Nye County	356	41	\$10,307,379
East Fork Fire & Paramedic District	124	18	\$4,418,076
Lyon County	149	15	\$2,494,192
North Lake Tahoe Fpd	134	14	\$2,171,314
Lander County	56	5	\$1,858,084
Elko County	121	13	\$1,763,455
Tahoe-Douglas Fpd	79	13	\$1,726,594
Elko (City Of)	111	9	\$1,546,033
Incline Village General Improvement Dist	144	16	\$1,528,416
Boulder City (City Of)	84	8	\$1,516,946
Pershing County	29	6	\$1,340,929
Pahrump (Town Of)	57	5	\$1,204,236
Storey County	41	7	\$896,674
Central Lyon County Fpd	47	5	\$880,386
Humboldt County	49	4	\$708,104
Truckee Meadows Fpd	28	4	\$640,436
Ely (City Of)	28	5	\$583,606
Churchill County	66	6	\$522,703
White Pine County	42	8	\$468,723
Humboldt General Hospital	71	12	\$448,212
Douglas County	44	0	\$314,939
Pershing County School District	21	3	\$288,743
Eureka County	23	4	\$263,224
Esmeralda County School District	9	5	\$253,301
Mineral County	41	5	\$232,691
Mount Grant General Hospital	78	10	\$231,753
Winnemucca (City Of)	28	3	\$231,042
Esmeralda County	15	1	\$211,175
Tahoe Transportation	2	1	\$208,687
Tonopah (Town Of)	9	1	\$192,510
Tahoe Reno Industrial Gid	1	1	\$188,000



Summary by Location

07/01/2016 - 02/28/2022

Location	# of Claims	# Open Claims	Total Incurred
Caliente (City Of)	4	1	\$177,275
Grover C. Dils Medical Center	43	5	\$169,446
Lander County School District	21	3	\$147,502
White Pine County School District	41	4	\$147,089
Pershing General Hospital	36	2	\$145,506
Battle Mountain General Hospital	30	2	\$143,118
Southern Nevada Health District	60	6	\$123,975
Mt Charleston Fire Protection District	3	2	\$98,380
North Lyon County Fire Protection District	18	3	\$98,179
Yerington (City Of)	19	1	\$91,785
Eureka County School District	6	0	\$90,008
Lovelock (City Of)	15	0	\$81,895
Gardnerville (Town Of)	1	0	\$68,871
Lincoln County School District	16	3	\$61,862
Lincoln County	15	2	\$60,513
West Wendover (City Of)	24	0	\$57,708
Mason Valley Fpd	7	0	\$53,700
Wells (City Of)	9	1	\$52,293
White Pine Historical Railroad Foundatio	19	4	\$45,924
Pershing County Water Conservation Distr	7	0	\$42,770
Mineral County School District	16	1	\$42,301
East Fork Swimming Pool District	18	1	\$39,004
Carlin (City Of)	12	1	\$27,784
Nevada Rural Housing Authority	10	0	\$25,180
Rtc Washoe County	5	0	\$24,622
Churchill County Communications	8	0	\$22,403
Indian Hills Gid	2	0	\$19,374
Fernley (City Of)	16	2	\$16,860
White Pine County Fp District	5	0	\$11,047
Beatty Water & Sanitation District	1	0	\$10,043
Round Mountain (Town Of)	5	0	\$6,424



Summary by Location

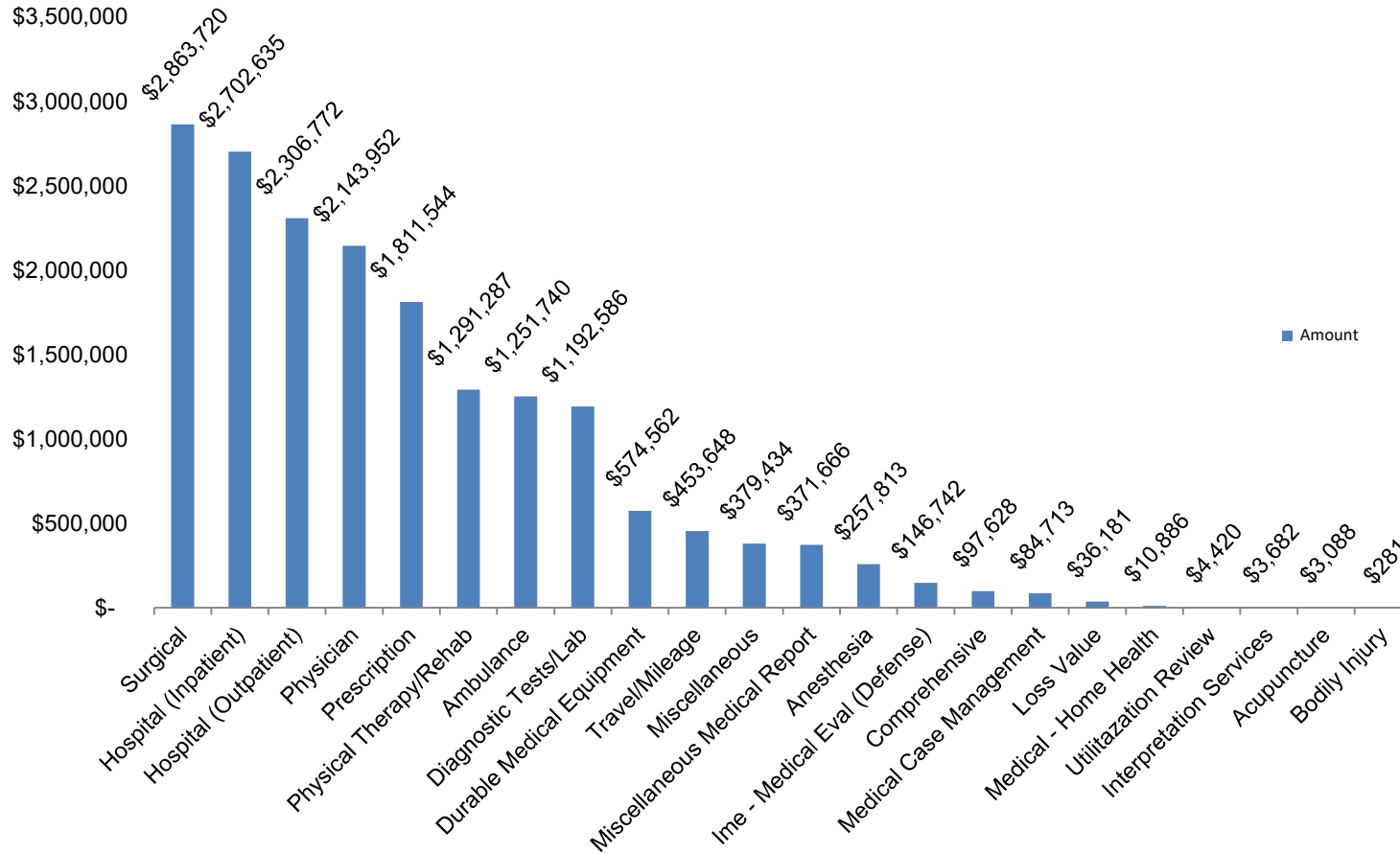
07/01/2016 - 02/28/2022

Location	# of Claims	# Open Claims	Total Incurred
Pahrump Library District	1	1	\$3,650
Washoe Co Fire Suppression Dist	1	0	\$3,245
Douglas Co Sewer Improvement District #1	2	0	\$2,742
Walker River Irrigation	1	0	\$2,453
Nv Association Of Conservation Districts	1	0	\$2,381
Smith Valley Fpd	1	0	\$1,875
Minden (Town Of)	2	0	\$1,824
Douglas County Mosquito Abatement Distri	1	0	\$1,333
Minden Garnerville Sanitation District	2	0	\$1,171
Palomino Valley Gid	1	0	\$908
Topaz Ranch General Improvement District	2	0	\$765
Pahrnagat Valley Fd	1	0	\$485
Nevada-Tahoe Conservation District	1	0	\$484
Churchill County Mosquito & Weed Abatement Distric	1	0	\$284
Total	2597	293	\$41,867,002



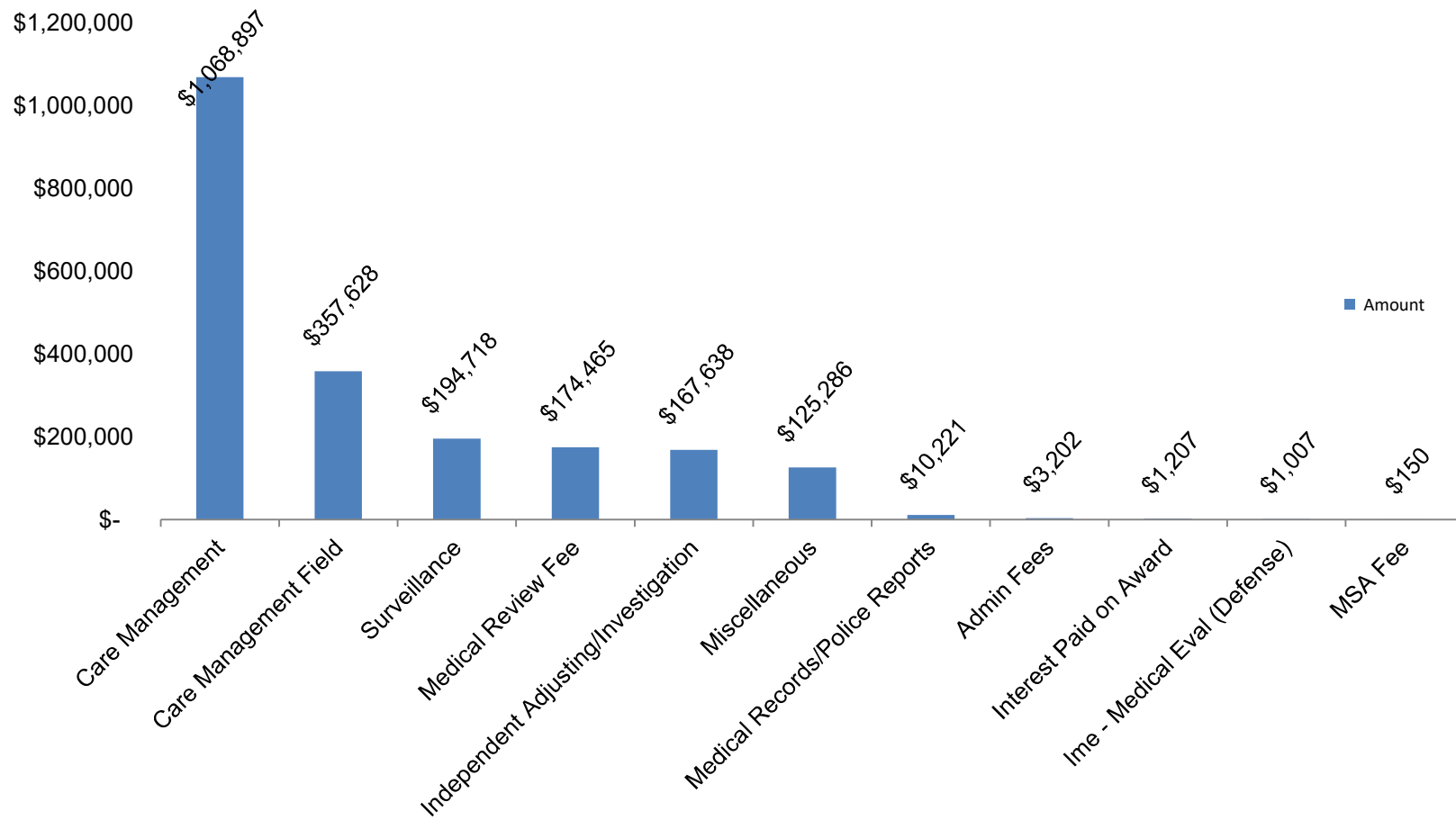
Medical Payments by Type

07/1/2016 - 02/28/2022





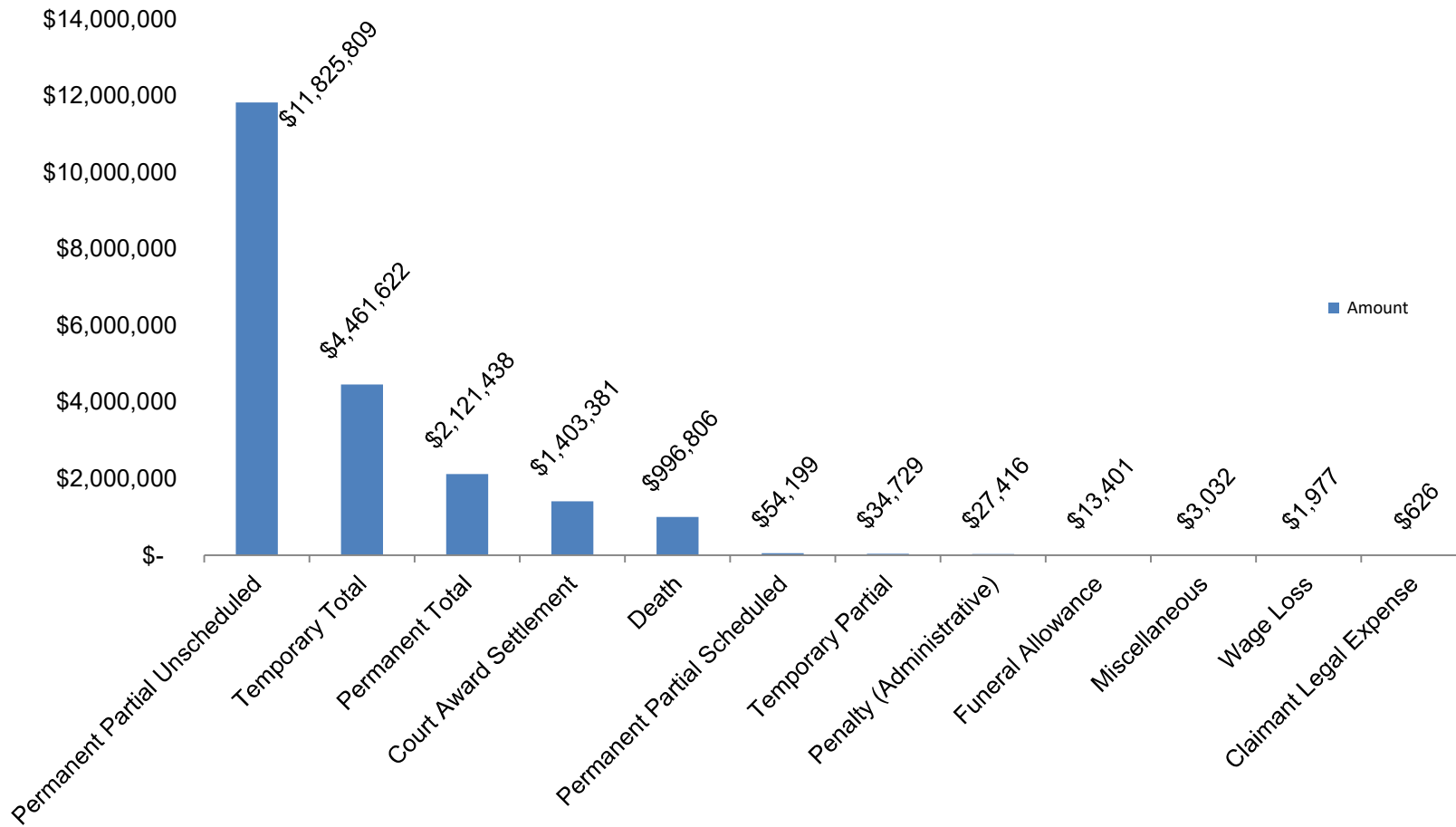
Expense Payments by Type 07/01/2016 - 02/28/2022





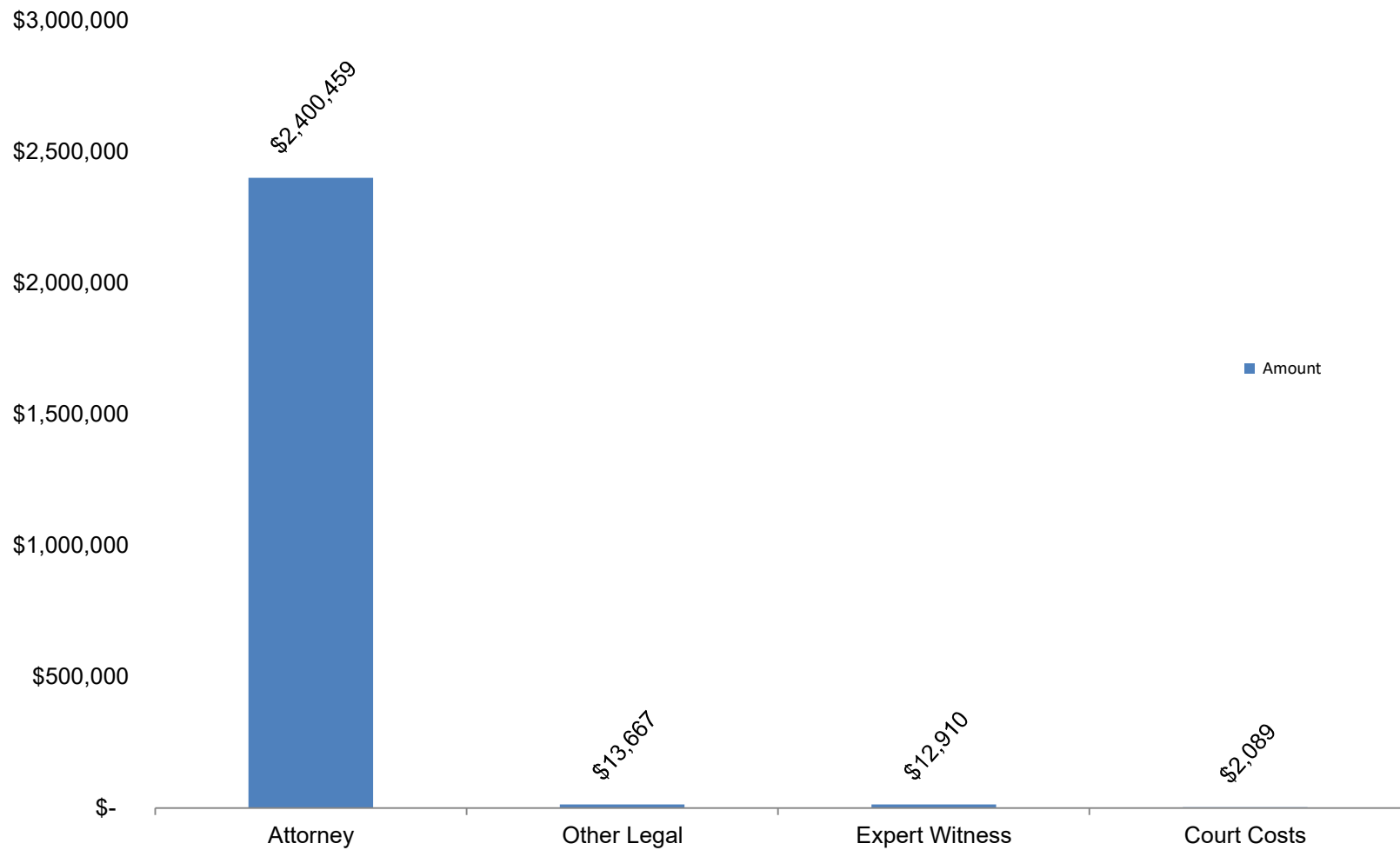
Indemnity Payments by Type

07/01/2016 - 02/28/2022



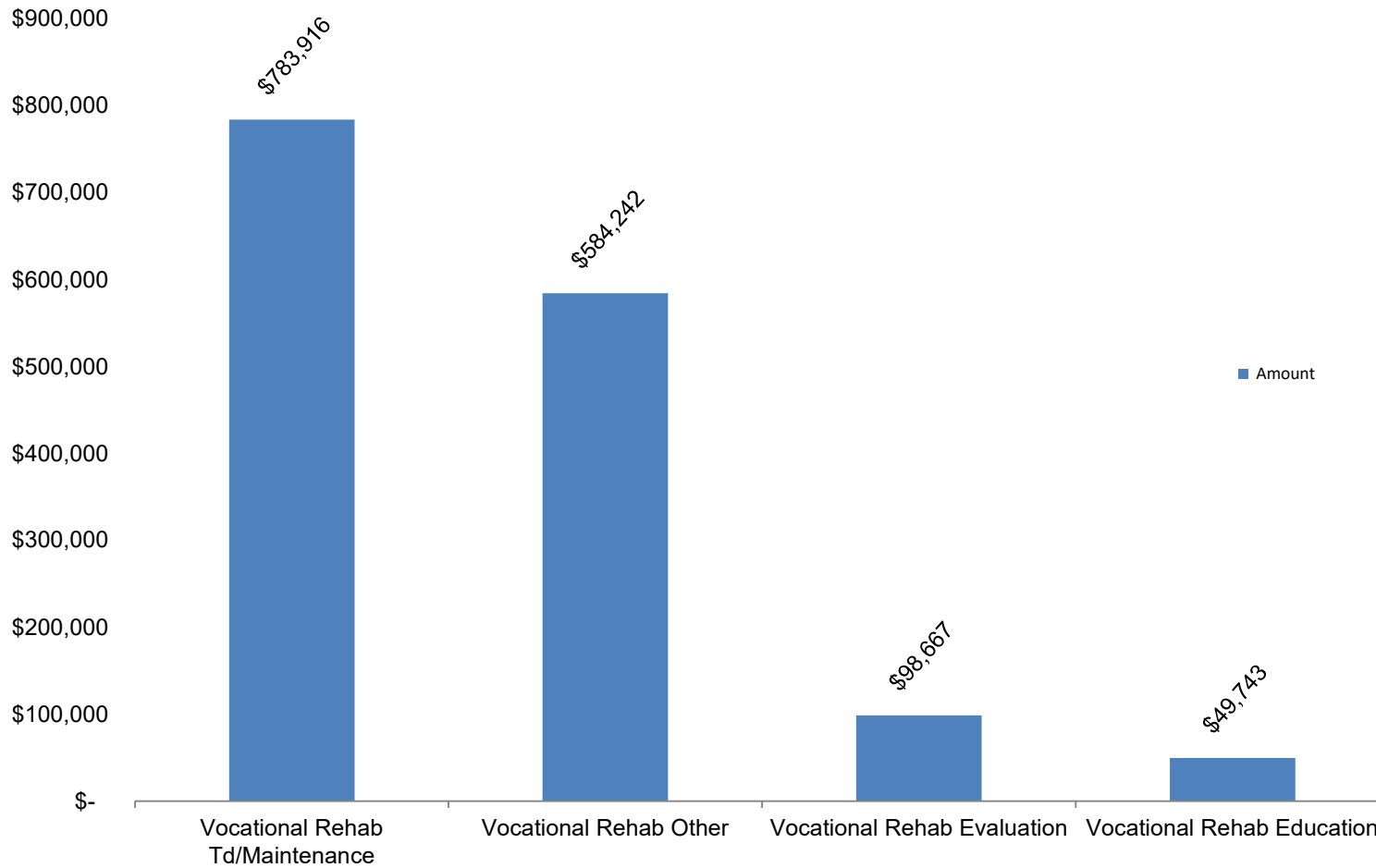


Legal Payments by Type 07/01/2016 - 02/28/2022





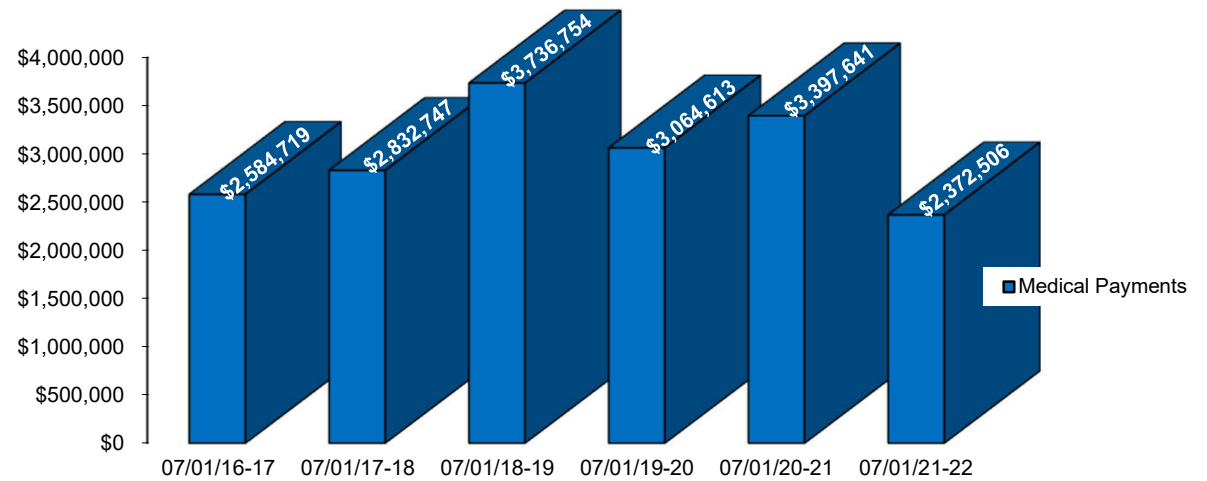
Voc Rehab Payments by Type 07/01/2016 - 02/28/2022





Medical Payment Trends 07/01/2016 - 02/28/2022

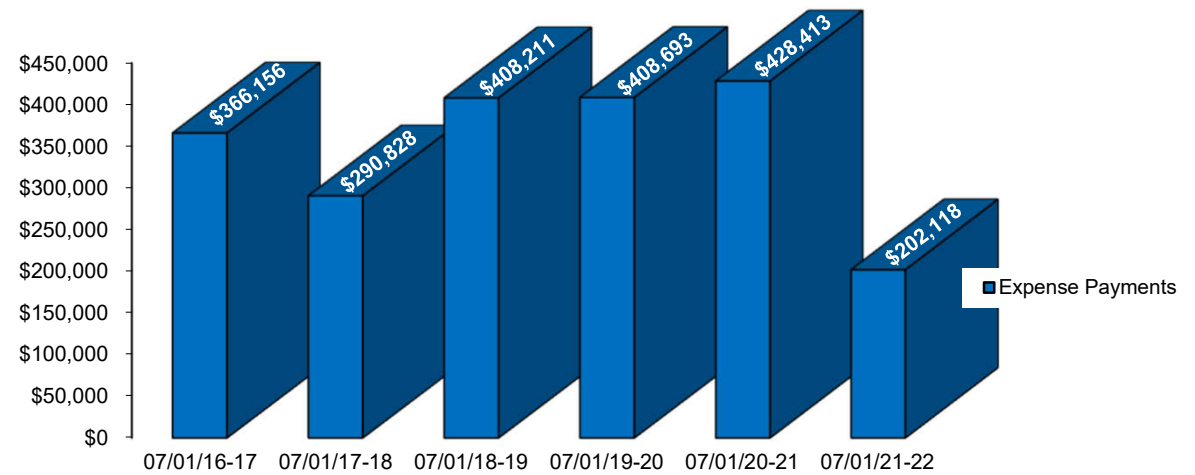
Policy Year	Medical Payments
07/01/16-17	\$2,584,719
07/01/17-18	\$2,832,747
07/01/18-19	\$3,736,754
07/01/19-20	\$3,064,613
07/01/20-21	\$3,397,641
07/01/21-22	\$2,372,506
Total	\$17,988,979





Expense Payment Trends 07/01/2016 - 02/28/2022

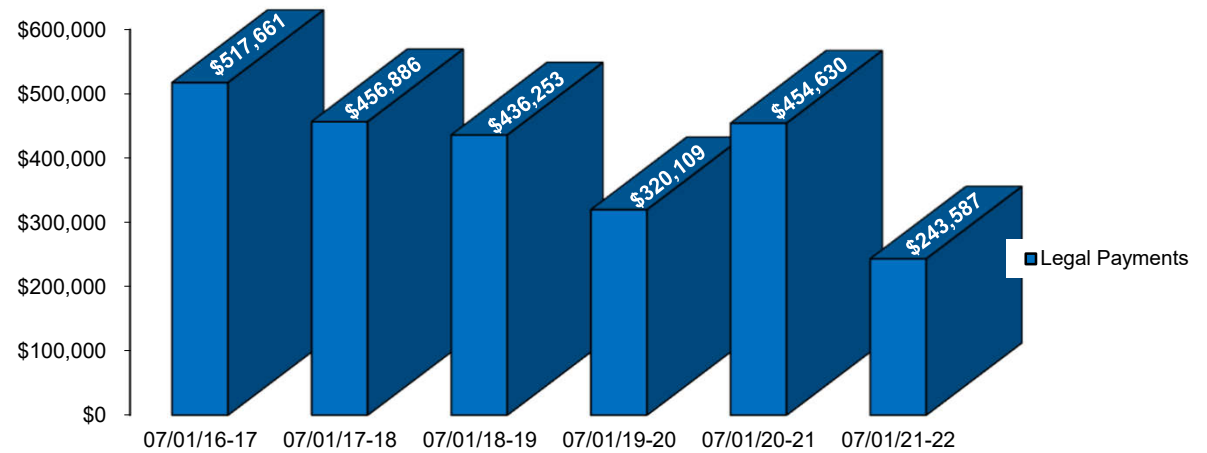
Policy Year	Expense Payments
07/01/16-17	\$366,156
07/01/17-18	\$290,828
07/01/18-19	\$408,211
07/01/19-20	\$408,693
07/01/20-21	\$428,413
07/01/21-22	\$202,118
Total	\$2,104,419





Legal Payment Trends 07/01/2016 - 02/28/2022

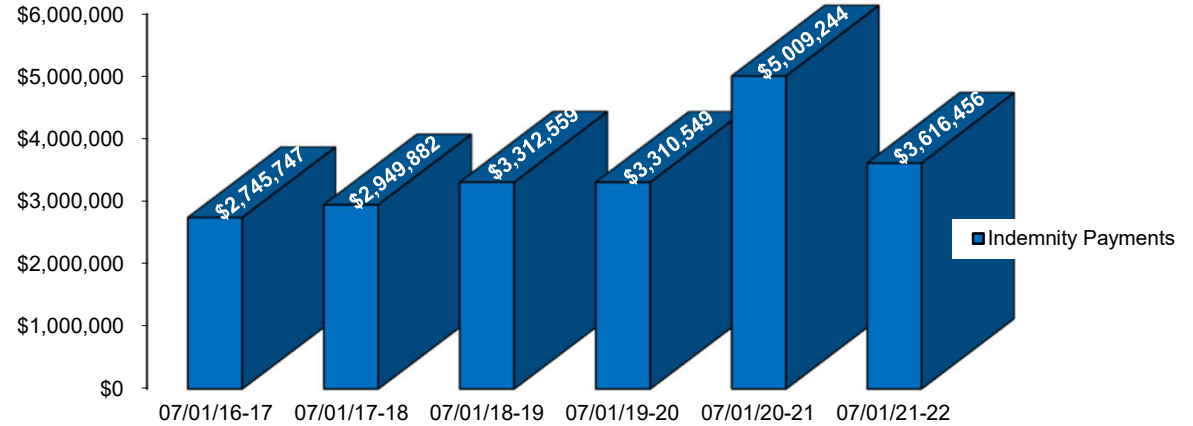
Policy Year	Legal Payments
07/01/16-17	\$517,661
07/01/17-18	\$456,886
07/01/18-19	\$436,253
07/01/19-20	\$320,109
07/01/20-21	\$454,630
07/01/21-22	\$243,587
Total	\$2,429,125





Indemnity Payment Trends 07/01/2016 - 02/28/2022

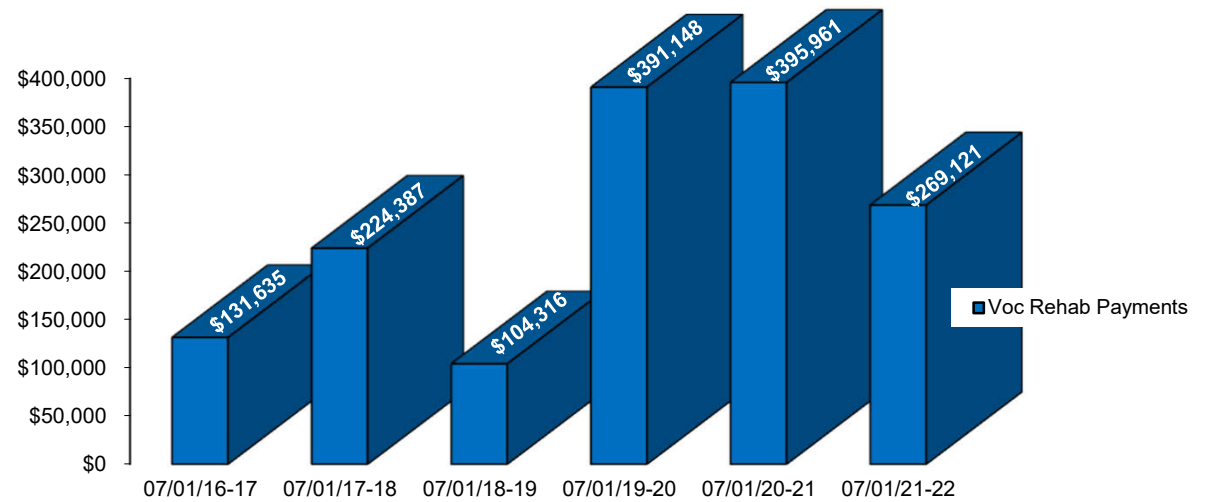
Policy Year	Indemnity Payments
07/01/16-17	\$2,745,747
07/01/17-18	\$2,949,882
07/01/18-19	\$3,312,559
07/01/19-20	\$3,310,549
07/01/20-21	\$5,009,244
07/01/21-22	\$3,616,456
Total	\$20,944,437





Voc Rehab Payment Trends 07/01/2016 - 02/28/2022

Policy Year	Voc Rehab Payments
07/01/16-17	\$131,635
07/01/17-18	\$224,387
07/01/18-19	\$104,316
07/01/19-20	\$391,148
07/01/20-21	\$395,961
07/01/21-22	\$269,121
Total	\$1,516,568



CLAIMS SERVICE CONTRACT

THIS AGREEMENT is made and entered into with an effective date of July 1, 2022 between **DAVIES CLAIMS SOLUTIONS, LLC**, formed in Delaware, with principal offices at 26 Century Boulevard, Suite NT 350, P.O. Box 305148 Nashville, Tennessee 37214, hereinafter referred to as "Davies", and the **PUBLIC AGENCY COMPENSATION TRUST** with principal offices at 201 S. Roop Street, Suite 102, Carson City, Nevada, hereinafter referred to as "Client".

WITNESS:

WHEREAS, "Davies" is in the claims service business; and

WHEREAS, "Client" desires to contract with "Davies" as its claims service company to provide Claim Administration Services related to a self-insurance program for workers' compensation.

NOW, THEREFORE, "Davies" and "Client" contract as follows:

"DAVIES" AGREES:

1. (a) To review all claims and/or losses reported during the term of this Contract which involve Workers' Compensation claims against any member of "Client".
(b) To investigate, adjust, settle or resist all such losses and/or claims only with specific prior approval of "Client".
2. To furnish all claim forms necessary for proper claims administration.
3. To establish claim and/or loss files for each reported claim and/or loss. Such files shall be the exclusive property of "Client". Such files are available for review by "Client" at any reasonable time, with notice.
4. To furnish reports as outlined in the attached Schedule of Reports.
5. To maintain General Liability, Automobile Liability, and Errors and Omissions insurance coverage in an amount not less than Five Million Dollars (\$5,000,000) per occurrence and to maintain Workers' Compensation and Fidelity Bond insurance coverage as required by Nevada law.

6. To indemnify and hold "Client" harmless from any and all liability, costs, claims and expenses, including reasonable attorneys' fees and related costs and expenses, which "Client" may incur or sustain by reason of any negligent act or negligent failure to act or intentional wrongful act or intentional wrongful failure to act by "Davies", its officers, employees and agents, in or relating to the performance of this Agreement.
7. To pay on behalf of "Client" Allocated Claims Expenses including the fees of attorneys and paralegals who appear in any Workers' Compensation related administrative proceedings, including but not limited to, Department of Administration, Hearings Division, and Appeals Office, and in proceedings before the courts of the State of Nevada, on behalf of any member of "Client" on account of injuries to employees or members of "Client". Said attorneys and paralegals shall be selected by the Executive Director of "Client" and employed by "Client".
8. To maintain and staff its offices with employees who are trained, experienced, and competent in the administration of Workers' Compensation claims. "Davies" further agrees to assign work to any organization for managed care or provider of health care with whom "Client" has entered into a contract in accordance with the provisions of Nevada Revised Statutes 616.297.
9. To notify the Executive Director of "Client" when an employee of any member of "Client" receives an injury for which compensation is payable pursuant to the provisions of Chapter 616 or 617 of the Nevada Revised Statutes and which was caused under circumstances creating a legal liability or the potential for same in some person, other than the employer or a person in the same employ, to pay damages in respect thereof.
10. To notify the Executive Director of "Client" when an injured employee of a member of "Client" initiates a legal proceeding or action to recover damages, in connection with an injury which is compensable under the provisions of Chapter 616 or 617 of the Nevada Revised Statutes, against some person, other than the employer or a person in the same employ.

11. To report excess claims to "Client's" excess carrier only if "Client" fulfills its obligations under "Client Agrees" Section, 4(c).
12. "Davies" agrees that at no time during the term of this Agreement or for a period of one year immediately following the termination of this Agreement will it engage in the provision of any of the services set forth in this Agreement in a manner which competes with "Client" and the services provided to "Client" by its current service providers. "Davies" further agrees it will not directly or indirectly, solicit or attempt to solicit business or patronage of any public entity in Nevada which is a member of "Client" for the purpose of selling pooling, association risk sharing or similar insurers' group products or providing similar services.
13. "Davies" agrees all records resulting from services under this Agreement and held by "Davies" on behalf of "Client" shall be maintained and preserved in accordance with the provision of NRS 239.005 et seq. and shall remain the property of "Client" at all times and will be surrendered to "Client" upon termination or expiration of this Agreement. "Davies" shall be permitted to copy, at its own expenses, such portions of the files as may be necessary.
14. This Agreement is one for personal services to be rendered by "Davies" and may not be assigned by "Davies" without the prior written consent of "Client".
15. Conflicts of Interest. "Davies" shall conform with Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
16. "Davies" agrees to provide copies of operating statements on a quarterly basis.

"CLIENT" AGREES:

1. To make funds available that "Davies" may draw from at any time and from time to time for claim and/or loss payments and for associated allocated expense.
2. To pay "Davies" fees in accordance with the Fee Schedule attached to this Contract.
3. To pay "Davies" within thirty (30) days of the effective date of all invoices. All past due invoices are subject to an interest penalty of one and one-half percent (1 1/2%) per month. In the event "Davies" brings any action or proceeding to recover any part or all of an outstanding indebtedness, "Davies" shall be entitled to recover as additional damages reasonable attorney fees not to exceed twenty percent (20%) of the outstanding indebtedness.

4. (a) To pay all Allocated Loss Expenses in addition to the claim service fee to be paid to "Davies" as prescribed in this Contract.
- (b) "Allocated Loss Expenses" shall include but not be limited to attorneys' fees and paralegal fees; commercial photographers' fees; experts' fees (i.e. engineering, physicians, chemists, etc.); fees for independent medical examinations; witnesses' travel expenses; extraordinary travel expenses incurred by "Davies" at the request of "Client"; court reporters' fees; transcript fees; the cost of obtaining public records; witness fees; medical cost containment services, such as utilization review, preadmission authorization, hospital bill audit, provider bill audit and medical case management; all outside expense items; and any other similar fees, cost or expenses associated with the investigation, negotiation, settlement or defense of any claim hereunder or as required for the collection of subrogation on behalf of "Client".
- (c) To provide "Davies" with complete copies of all excess policies which apply to the claims reported during the Contract period.
5. To indemnify and hold "Davies" harmless from any and all liability, costs, claims and expenses, including reasonable attorneys' fees and related costs and expenses, which "Davies" may incur or sustain by reason of any negligent act or negligent failure to act or intentional wrongful act or intentional wrongful failure to act by "Client", its officers, employees and agent, in or relating to the performance of this Agreement.

"DAVIES" AND "CLIENT" MUTUALLY AGREE AS FOLLOWS:

1. The term of this Contract is continuous from its effective date for five (5) years. This Contract may be terminated by either "Davies" or "Client" with cause by providing ninety (90) days' prior written notice by certified mail.
2. This Contract covers Claim Service for "Client" in the United States of America.
3. In the event any one or more of the provisions of this Contract shall be determined to be invalid or unenforceable by any court or other appropriate authority, the remainder of this Contract shall continue in full force and effect, as if said invalid and unenforceable portion had not been included in this Contract.

4. This Contract shall be construed and interpreted in accordance with the laws of the state of Nevada.
5. This Contract represents the entire understanding of "Davies" and "Client" and supersedes all prior oral and written communications between "Davies" and "Client" as to the subject matter. Neither this Contract nor any provisions of it may be amended, modified or waived except in writing signed by a duly authorized representative of "Davies" and "Client".
6. The failure or delay of either "Davies" or "Client" to take action with respect to any failure of the other party to observe or perform any of the terms or provisions of this Contract, or with respect to any default hereunder by such other party, shall not be construed as a waiver or operate as a waiver of any rights or remedies of either "Davies" or "Client" or operate to deprive either "Davies" or "Client" of its right to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies.
7. To not employ a person who has been employed by the other party at any time during the term of this Contract, unless the person to be employed shall not have been employed by the other party during the immediately preceding six (6) months or unless the hiring party shall have the other party's prior written consent, such consent shall not be withheld unreasonably. This provision shall survive the termination of this Contract for a period of three (3) years.
8. During the term of this Contract, "Davies" will store, at its expense, closed files for a period of three (3) years from the date of closure or the date of the last compensation, whichever is latest. After this period, files will either be returned to "Client" or stored by "Davies" at "Client's" option and expense. If stored by "Davies", "Client" will be charged a one-time inventory fee and monthly storage fees at "Davies's" outside vendor's then prevailing rates.
9. "Davies" will query and transmit information under MMSEA requirements to CMS.

10. This Contract is binding on any and all successors to the parties and assignable, in whole or any part, only with the written consent of the non-signing party.

IN WITNESS WHEREOF, "Davies" and "Client" have caused this Contract to be executed by the person authorized to act in their respective names.

DAVIES CLAIMS SOLUTIONS, LLC

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____

PUBLIC AGENCY COMPENSATION TRUST

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____

**Public Agency Compensation Trust
Pricing Quotation and Terms
Cost Plus Program
07/01/2022 – 06/30/2027**

"Client" agrees to pay an amount equal to actual expenses at cost, plus an annual mark up to create a 15% profit margin for "DCS" for years 1 through 5.

"DCS" will invoice the "Client" quarterly based on the expense estimates below and the suggested quarterly deposit. Actual costs will be reconciled quarterly.

Fees are payable upon receipt of the invoice. DCS reserves the right to charge 1 1/2% per month or the maximum legal rate on unpaid invoice balances after 30 days.

**Nevada
PACT
Estimated Expenses 7/1/2022-6/30/2023**

(Estimated Claim Load at 40.35%)

Operating Expenses Alloc by Claim Load	\$218,598.66
Expenses Allocated to Funds by Other Methods:	
Salaries, Bonuses, etc	\$398,154.64
Benefits/Taxes	\$119,220.89
Subcontracting: NV	\$ 0.00
Total Expenses Allocated by Other Methods	<u>\$517,375.53</u>
Total Estimated Expenses	<u><u>\$735,974.19</u></u>
Revenue Needed for 15% Margin	\$865,851.99
Maximum Quarterly Cost Plus Deposit	\$216,463.00
Suggested Quarterly Cost Plus Deposit (95% of amount above)	\$205,639.85

MMSEA-Annual Transmission Fees (includes quarterly query & submissions) \$1,050.00

Medical Cost Management

Fee Scheduling..... \$5.50/Bill

DAVIES CLAIMS SOLUTIONS, LLC

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____

PUBLIC AGENCY COMPENSATION TRUST

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____

NEVADA ADDENDUM

NRS 683A.087 Advertising. An administrator may advertise the insurance which he administers only after he received the approval of the insurer who underwrites the business involved.

(Added to NRS by 1977, 731; A 1999, 2795)

NRS 683A.0873 Records of administrators: Retention: examination by commissioner and insurer.

1. Each administrator shall maintain at his principal office adequate books and records of all transactions between himself, the insurer and the insured. The books and records must be maintained in accordance with prudent standards of record keeping for insurance and with regulations of the commissioner for a period of 5 years after the transaction to which they respectively relate. After the 5-year period, the administrator may remove the books and records from the state, store their contents on microfilm or return them to the appropriate insurer.
2. The commissioner may examine, audit and inspect books and records maintained by an administrator under the provisions of this section to carry out the provisions of NRS 679B.230 to 679B.300, inclusive.
3. The names and addresses of insured persons and any other material which is in the books and records of an administrator are confidential except when used in proceedings against administrator.
4. The insurer may inspect and examine all books and records to the extent necessary to fulfill all contractual obligations to insured person, subject to restrictions in the written agreement between the insurer and administrator.

(Added to NRS by 1977, 730; A 1983, 462; 1999, 2795)

NRS 683a.0877 Fiduciary accounts: Deposits; records; withdrawals.

1. All insurance charges and premiums collected by an administrator on behalf of an insurer and return premiums received from an insurer are held by the administrator in a fiduciary capacity.

2. Money must be remitted within 15 days to the person or persons entitled to it, or to be deposited within 15 days in one or more fiduciary accounts established and maintained by the administrator in a bank, credit union, or other financial institution in this state. The fiduciary accounts must be separate from the personal or business accounts of the administrator.
3. If charges or premiums deposited in an account have been collected for or on behalf of more than one insurer, the administrator shall cause the bank, credit union or other financial institution where the fiduciary account is maintained to record clearly the deposits and withdrawals from the account on behalf of each insurer.
4. The administrator shall promptly obtain and keep copies of the records of each fiduciary account and shall furnish any insurer with copies of the records which pertain to him upon demand of the insurer.
5. The administrator shall not pay any claim by withdrawing money from his fiduciary account in which premiums or charges are placed.
6. Withdrawals must be made as provided in the agreement between the insurer and the administrator for:
 - (a) Remittance to the insurer.
 - (b) Deposit in an account maintained in the name of the insurer.
 - (c) Transfer to and deposit in an account for the payment of claims.
 - (d) Payment to a group policyholder for remittance to the insurer entitled to the money.
 - (e) Payment to the administrator of his commissions, fees, or charges.
 - (f) Remittance of return premiums to persons entitled to them.
7. The administrator shall maintain copies of all records relating to deposits or withdrawals and, upon the request of an insurer, provide the insurer with copies of those records.

(Added to NRS by 1977, 731; A 1999, 1549, 2795)

NRS 683A.0879 Approval or denial of claims; payment of claims and interest; requests for additional information; award of costs and attorney's fees; compliance with requirements.

1. Except as otherwise provided in subsection 2, an administrator shall approve or deny a claim relating to health insurance coverage within 30 days after the administrator receives the claim. If the claim is approved, the administrator shall pay the claim within 30 days after it is approved. Except as otherwise provided in this section, if the approved claim is not paid within that period, the administrator shall pay interest on the claim at a rate equal to the prime rate at the largest bank in Nevada, as ascertained by the commissioner of financial institutions, on January 1 or July 1, as the case may be, immediately preceding the date on which the payment was due, plus 6 percent. The interest must be calculated from 30 days after the date on which the claim is approved until the date on which the claim is paid.
2. If the administrator requires information to determine whether to approve or deny the claim, he shall notify the claimant of his request for the additional information within 20 days after he receives the claim. The administrator shall notify the provider of health care of all specific reasons for the delay in approving or denying the claim. The administrator shall approve or deny the claim within 30 days after receiving the additional information. If the claim is approved, the administrator shall pay the claim within 30 days after he received the additional information. If the approved claim is not paid within that period, the administrator shall pay interest on the claim in the manner prescribed in subsection 1.
3. An administrator shall not request a claimant to resubmit information that the claimant has already provided to the administrator, unless the administrator provides a legitimate reason for the request and the purpose of the request is not to delay the payment of the claim, harass the claimant or discourage the filing of claims.

4. An administrator shall not pay only part of a claim that has been approved and is fully payable.
5. A court shall award costs and reasonable attorney's fees to the prevailing party in an action brought pursuant to this section.
6. The payment of interest provided for in this section for the late payment of an approved claim may be waived only if the payment was delayed because of an Act of God or another cause beyond the control of the administrator.
7. The commissioner may require an administrator to provide evidence which demonstrates that the administrator has substantially complied with the requirements set forth in this section, including, without limitation, payment within 30 days of at least 95 percent of approved claims or at least 90 percent of the total dollar amount for approved claims. If the commissioner determines that an administrator is not in substantial compliance with the requirements set forth in this section, the commissioner may require the administrator to pay an administrative fine in an amount to be determined by the commissioner.

(Added to NRS by 1999, 1646; A 2001, 2796)

NRS 683A.088 Payment on claims by check or draft. Each claim paid by the administrator from money collected for or on behalf of an insurer must be paid by a check or draft upon and as authorized by the insurer.

(Added to NRS by 1977, 791; A 1999, 2796)

NRS 683A.0883 Basics for compensation of administrator.

1. The compensation paid to an administrator for his services may be based upon premiums or charges collected, on number of claims paid or processed or on any other basis agreed upon by the administrator and the insurer, except as provided in subsection 2.
2. Compensation paid to an administrator may not be based upon or contingent upon:
 - (a) The claim experience of the policies that he handles; or
 - (b) The savings realized by the administrator by adjusting, settling or paying the losses covered by an insurer.

(Added by NRS by 1977, 731; A 1999, 2796)

“DAVIES” AND “CLIENT” MUTUALLY AGREE AS FOLLOWS:

1. To adhere to the provisions of NRS 683A.087 to NRS 683A.0883, which are incorporated herein, whether applicable at this signing or in the future.

DAVIES CLAIMS SOLUTIONS, LLC

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____

PUBLIC AGENCY COMPENSATION TRUST

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____

PACT Summary of All Claims
as of 6/30/21

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
7/1/16-6/30/17	7/1/16-6/30/17	7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	2016/2017-2020/2021	2016/2017-2020/2021	2016/2017-2020/2021	2018/2019-2020/2021
855	\$ 7,283,578	672	\$ 7,679,341	746	\$ 7,587,501	883	\$ 7,016,409	936	\$ 6,829,847	4,092	\$ 36,396,677	\$ 7,279,335	\$ 7,144,586

PACT Counties

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average Annual Cost 5 years 2016/2017-2020/2021	Average Annual Cost 3 years 2018/2019-2020/2021
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims Frequency	Claims Costs		
	7/1/16-6/30/17	7/1/16-6/30/17	7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	2016/2017-2020/2021	2016/2017-2020/2021		
CARSON CITY (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CHURCHILL COUNTY	11	\$ 111,795	35	\$ 106,323	26	\$ 85,435	20	\$ 174,025	29	\$ 30,442	121	\$ 508,019	\$ 101,604	\$ 96,634
DOUGLAS COUNTY (No Longer Membe	119	\$ 326,490	1	\$ 6,011	0	\$ -	0	\$ -	0	\$ -	120	\$ 332,501	\$ 66,500	\$ -
ELKO COUNTY	36	\$ 142,377	46	\$ 148,402	55	\$ 436,666	53	\$ 684,744	41	\$ 125,658	231	\$ 1,537,847	\$ 307,569	\$ 415,690
ESMERALDA COUNTY	3	\$ 161,505	6	\$ 10,085	3	\$ 1,394	3	\$ 7,448	3	\$ 10,925	18	\$ 191,357	\$ 38,271	\$ 6,589
EUREKA COUNTY	9	\$ 20,392	6	\$ 2,413	6	\$ 1,616	12	\$ 130,762	17	\$ 47,974	50	\$ 203,157	\$ 40,631	\$ 60,117
HUMBOLDT COUNTY	14	\$ 72,569	15	\$ 160,867	13	\$ 396,388	27	\$ 62,514	9	\$ 5,112	78	\$ 697,451	\$ 139,490	\$ 154,672
LANDER COUNTY	13	\$ 95,089	9	\$ 257,822	14	\$ 1,859,924	12	\$ 284,251	7	\$ 12,012	55	\$ 2,509,096	\$ 501,819	\$ 718,729
LINCOLN COUNTY	1	\$ 231	4	\$ 3,711	5	\$ 25,937	6	\$ 7,066	2	\$ 24,061	18	\$ 61,006	\$ 12,201	\$ 19,021
LYON COUNTY	28	\$ 186,926	35	\$ 192,700	73	\$ 697,069	118	\$ 1,120,680	63	\$ 73,548	317	\$ 2,270,923	\$ 454,185	\$ 630,432
MINERAL COUNTY	10	\$ 63,147	6	\$ 18,547	6	\$ 5,242	8	\$ 51,469	6	\$ 13,689	36	\$ 152,094	\$ 30,419	\$ 23,467
NYE COUNTY (No Longer Member)	147	\$ 946,650	108	\$ 3,148,469	113	\$ 868,855	160	\$ 1,344,886	229	\$ 790,135	757	\$ 7,098,995	\$ 1,419,799	\$ 1,001,292
PERSHING COUNTY	3	\$ 15,430	3	\$ 2,903	2	\$ 159,794	6	\$ 6,485	11	\$ 1,777,305	25	\$ 1,961,916	\$ 392,383	\$ 647,861
STOREY COUNTY	10	\$ 18,572	8	\$ 26,136	3	\$ 5,992	12	\$ 14,165	8	\$ 364,078	41	\$ 428,944	\$ 85,789	\$ 128,079
WHITE PINE COUNTY	22	\$ 55,109	29	\$ 180,019	15	\$ 11,717	20	\$ 19,881	10	\$ 15,415	96	\$ 282,140	\$ 56,428	\$ 15,671
TOTAL	426	\$ 2,216,281	311	\$ 4,264,407	334	\$ 4,556,027	457	\$ 3,908,376	435	\$ 3,290,355	1,963	\$ 18,235,446	\$ 3,647,089	\$ 3,918,253

PACT Cities

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims	Claims Costs	Annual Cost 5	Annual Cost
	7/1/16- 6/30/17	7/1/16- 6/30/17	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	2016/2017- 2020/2021	2016/2017- 2020/2021	2016/2017- 2020/2021	2018/2019- 2020/2021
BOULDER CITY	19	\$ 281,071	17	\$ 19,128	34	\$ 214,323	29	\$ 266,899	25	\$ 318,035	124	\$ 1,099,457	\$ 219,891	\$ 266,419
CALIENTE	1	\$ 356	0	\$ -	2	\$ 31,671	1	\$ 145,248	0	\$ -	4	\$ 177,275	\$ 35,455	\$ 58,973
CARLIN CITY	3	\$ 5,404	5	\$ 1,288	1	\$ 3,516	7	\$ 2,473	12	\$ 9,447	28	\$ 22,128	\$ 4,426	\$ 5,146
CITY OF ELKO	37	\$ 347,098	33	\$ 350,607	49	\$ 195,208	36	\$ 283,158	69	\$ 314,256	224	\$ 1,490,327	\$ 298,065	\$ 264,207
ELY CITY	5	\$ 25,016	4	\$ 16,869	10	\$ 29,624	5	\$ 304,374	3	\$ 37,268	27	\$ 413,150	\$ 82,630	\$ 123,755
CITY OF FALLON (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CITY OF FERNLEY	4	\$ 2,165	3	\$ 6,131	2	\$ 265	2	\$ 1,543	2	\$ 1,555	13	\$ 11,659	\$ 2,332	\$ 1,121
CITY OF LOVELOCK	7	\$ 6,097	3	\$ 1,071	6	\$ 57,887	5	\$ 4,783	5	\$ 14,712	26	\$ 84,550	\$ 16,910	\$ 25,794
MESQUITE CITY (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WELLS CITY	2	\$ 605	3	\$ 11,504	4	\$ 605	4	\$ 39,162	0	\$ -	13	\$ 51,876	\$ 10,375	\$ 13,256
CITY OF WEST WENDOVER	4	\$ 34,348	5	\$ 7,752	6	\$ 9,773	2	\$ 1,529	7	\$ 9,529	24	\$ 62,932	\$ 12,586	\$ 6,944
CITY OF WINNEMUCCA	8	\$ 7,100	10	\$ 40,125	4	\$ 46,552	9	\$ 2,444	11	\$ 12,333	42	\$ 108,554	\$ 21,711	\$ 20,443
CITY OF YERINGTON	8	\$ 36,038	5	\$ 43,737	0	\$ -	4	\$ 3,968	1	\$ 1,473	18	\$ 85,216	\$ 17,043	\$ 1,814
TOTAL	98	\$ 745,298	88	\$ 498,211	118	\$ 589,423	104	\$ 1,055,583	135	\$ 718,609	543	\$ 3,607,124	\$ 721,425	\$ 787,872

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
	7/1/16- 6/30/17	7/1/16- 6/30/17	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	2016/2017- 2020/2021	2016/2017- 2020/2021	2016/2017- 2020/2021	2018/2019- 2020/2021
ESMERALDA COUNTY SCHOOL DISTRICT	1	\$ -	1	\$ -	3	\$ 5,544	3	\$ 9,835	7	\$ 299,217	15	\$ 314,596	\$ 62,919	\$ 104,865
EUREKA COUNTY SCHOOL DISTRICT	2	\$ 40,668	2	\$ 9,341	1	\$ 37,538	1	\$ 2,461	0	\$ -	6	\$ 90,008	\$ 18,002	\$ 13,333
HUMBOLDT COUNTY SCHOOL DISTRICT(No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY SCHOOL DISTRICT	2	\$ 10,480	4	\$ 34,581	7	\$ 42,367	3	\$ 2,280	3	\$ 50,422	19	\$ 140,130	\$ 28,026	\$ 31,690
LINCOLN COUNTY SCHOOL DISTRICT	5	\$ -	13	\$ 1,773	9	\$ 44,838	10	\$ 3,390	3	\$ 1,844	40	\$ 51,846	\$ 10,369	\$ 16,691
MINERAL COUNTY SCHOOL DISTRICT	8	\$ 229	12	\$ 27,497	28	\$ 4,358	7	\$ 4,575	10	\$ -	65	\$ 36,660	\$ 7,332	\$ 2,978
NYE COUNTY SCHOOL DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY SCHOOL DISTRICT	2	\$ 881	4	\$ 16,156	8	\$ 209,943	9	\$ 1,700	8	\$ 32,755	31	\$ 261,435	\$ 52,287	\$ 81,466
WHITE PINE COUNTY SCHOOL DISTRICT	14	\$ 51,821	9	\$ 48,202	8	\$ 14,253	7	\$ 9,191	9	\$ 10,653	47	\$ 134,119	\$ 26,824	\$ 11,366
TOTAL	34	\$ 104,078	45	\$ 137,550	64	\$ 358,841	40	\$ 33,434	40	\$ 394,891	223	\$ 1,028,793	\$ 205,759	\$ 262,389

PACT Hospitals

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL Claims	TOTAL	Average	Average	
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Frequency	Claims Costs	Annual Cost	Annual Cost	
	7/1/16- 6/30/17	7/1/16- 6/30/17	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	2016/2017- 2020/2021	2016/2017- 2020/2021	2016/2017- 2020/2021	2018/2019- 2020/2021
BATTLE MOUNTAIN GENERAL HOSPITAL	11	\$ 11,712	12	\$ 88,716	3	\$ 32,336	0	\$ -	1	\$ 4,400	27	\$ 137,165	\$ 27,433	\$ 12,245
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	11	\$ 7,375	16	\$ 58,106	7	\$ 33,063	7	\$ 4,521	6	\$ 63,996	47	\$ 167,060	\$ 33,412	\$ 33,860
HUMBOLDT GENERAL HOSPITAL	19	\$ 112,971	9	\$ 31,103	13	\$ 23,578	8	\$ 52,946	12	\$ 205,401	61	\$ 426,000	\$ 85,200	\$ 93,975
MT. GRANT GENERAL HOSPITAL	7	\$ 39,553	11	\$ 11,183	7	\$ 9,517	11	\$ 56,823	32	\$ 42,163	68	\$ 159,239	\$ 31,848	\$ 36,168
PERSHING GENERAL HOSPITAL	11	\$ 63,829	11	\$ 13,532	4	\$ 3,980	20	\$ 2,978	9	\$ 6,410	55	\$ 90,729	\$ 18,146	\$ 4,456
SO. LYON MEDICAL CENTER (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	15	\$ 18,525	10	\$ 55,508	13	\$ 12,538	13	\$ 16,249	4	\$ 9,892	55	\$ 112,712	\$ 28,178	\$ 12,893
TOTAL	74	\$ 253,964	69	\$ 258,148	47	\$ 115,012	59	\$ 133,516	64	\$ 332,262	313	\$ 1,092,903	\$ 224,216	\$ 193,597

PACT Special Districts and Towns

Member Name	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
	7/1/16-6/30/17	7/1/16-6/30/17	7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	2016/2017-2020/2021	2016/2017-2020/2021	2016/2017-2020/2021	2016/2017-2020/2021	2016/2017-2020/2021	2018/2019-2020/2021
CARSON CITY:																
NEVADA ASSOCIATION OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RISK POOLING, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	5	\$ 14,595	1	\$ 777	1	\$ 302	2	\$ 677	4	\$ 7,212	13	\$ 23,563	\$ 4,713	\$ 2,731		
POOLING RESOURCES, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
CLARK COUNTY:																
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	1	\$ -	2	\$ -	1	\$ -	5	\$ 72,500	6	\$ -	15	\$ 72,500	\$ 14,500	\$ 24,167		
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
CHURCHILL COUNTY:																
CC COMMUNICATIONS	2	\$ 2,338	2	\$ 641	1	\$ 5,593	2	\$ 5,563	1	\$ 19,892	8	\$ 34,026	\$ 6,805	\$ 10,349		
CHURCHILL COUNTY MOSQUITO & ABATEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 284	0	\$ -	1	\$ 284	\$ 57	\$ 95		
DOUGLAS COUNTY:																
DOUGLAS CO. MOSQUITO CONTROL DISTRICT	0	\$ -	0	\$ -	1	\$ 1,333	0	\$ -	0	\$ -	1	\$ 1,333	\$ 267	\$ 444		
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	2	\$ 2,742	0	\$ -	0	\$ -	2	\$ 2,742	\$ 548	\$ 914		
EAST FORK FIRE & PARAMEDIC DISTRICT	29	\$ 1,982,632	26	\$ 745,707	27	\$ 476,969	22	\$ 639,925	26	\$ 342,151	130	\$ 4,187,384	\$ 837,477	\$ 486,348		
EAST FORK SWIMMING POOL DISTRICT	6	\$ 13,953	4	\$ 3,213	4	\$ 3,106	4	\$ 5,232	0	\$ -	18	\$ 25,504	\$ 5,101	\$ 2,779		
GARDNERVILLE, TOWN OF (No Longer Member)	1	\$ 68,871	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 68,871	\$ 13,774	\$ -		
GENOA, TOWN OF (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
INDIAN HILLS GENERAL IMPROVEMENT DISTRICT	1	\$ 617	1	\$ -	0	\$ -	0	\$ -	1	\$ 6,300	3	\$ 6,917	\$ 1,383	\$ 2,100		
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)	2	\$ 1,824	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 1,824	\$ 365	\$ -		
MINDEN GARDNERVILLE SANITATION DISTRICT	2	\$ 519	0	\$ -	1	\$ 652	1	\$ -	0	\$ -	4	\$ 1,171	\$ 234	\$ 217		
NV TAHOE CONSERVATION DISTRICT	0	\$ -	1	\$ 484	0	\$ -	0	\$ -	0	\$ -	1	\$ 484	\$ 97	\$ -		
TAHOE DOUGLAS FIRE PROTECTION DISTRICT	13	\$ 37,897	12	\$ 115,489	11	\$ 305,063	9	\$ 230,968	21	\$ 570,013	66	\$ 1,259,430	\$ 251,886	\$ 368,681		
TAHOE TRANSPORTATION DISTRICT	0	\$ -	0	\$ -	1	\$ 206,411	0	\$ -	1	\$ 5,300	2	\$ 211,711	\$ 42,342	\$ 70,570		
TOPZA RANCH ESTATES GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 339	1	\$ 426	0	\$ -	2	\$ 765	\$ 153	\$ 255		
ELKO COUNTY:																
ELKO CENTRAL DISPATCH	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
ESMERALDA COUNTY:																
GOLDFIELD TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
SILVER PEAK TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LANDER COUNTY:																
AUSTIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
AUSTIN VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
BATTLE MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
BATTLE MOUNTAIN VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
KINGSTON TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
KINGSTON VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LINCOLN COUNTY:																
ALAMO SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
NEVADA ASSOC OF CONSERVATION DISTRICTS	0	\$ -	0	\$ -	1	\$ 2,381	0	\$ -	0	\$ -	1	\$ 2,381	\$ 476	\$ 794		
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	5	\$ 485	1	\$ -	1	\$ -	7	\$ 485	\$ 97	\$ 162		
PANACA VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
PIOCHE, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
PIOCHE VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LYON COUNTY:																
CENTRAL LYON COUNTY FIRE PROTECT	11	\$ 189,995	6	\$ 172,809	5	\$ 13,192	10	\$ 289,450	13	\$ 354,772	45	\$ 1,020,217	\$ 204,043	\$ 219,138		
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MASON VALLEY FIRE PROTECTION DISTRICT	0	\$ -	2	\$ 40,490	0	\$ -	5	\$ 13,209	0	\$ -	7	\$ 53,700	\$ 10,740	\$ 4,403		
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -		
NORTH LYON COUNTY FIRE PROTECTION DISTRICT	1	\$ 10,332	2	\$ 1,734	1	\$ 3,054	6	\$ 3,655	11	\$ 43,292	21	\$ 62,068	\$ 12,414	\$ 16,667		
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
SMITH VALLEY FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,875	0	\$ -	1	\$ 1,875	\$ 375	\$ 625		
WALKER RIVER IRRIGATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,340	1	\$ 2,340	\$ 468	\$ 780		
MINERAL COUNTY:																
HAWTHORNE FIRE & VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
HAWTHORNE UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MINERAL CO. CARE & SHARE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
NYE COUNTY:																
BEATTY WATER & SANITATION DISTRICT	1	\$ 10,043	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 10,043	\$ 2,009	\$ -		
NORTHERN NYE HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		

PACT Special Districts and Towns

PAHRUMP, TOWN OF (No Longer Member)	23	\$ 516,327	23	\$ 25,973	33	\$ 461,308	76	\$ 49,103	112	\$ 117,569	267	\$ 1,170,281	\$ 234,056	\$ 209,327
ROUND MOUNTAIN, TOWN OF	1	\$ 150	0	\$ -	2	\$ 2,376	0	\$ -	2	\$ 3,898	5	\$ 6,424	\$ 1,285	\$ 2,091
TONOPAH, TOWN OF	2	\$ 19,866	0	\$ -	3	\$ 61,059	3	\$ 74,655	2	\$ 1,030	10	\$ 156,609	\$ 31,322	\$ 45,581
PERSHING COUNTY:														
PERSHING COUNTY WATER CONSERVATION DISTRICT	1	\$ 4,241	0	\$ -	3	\$ 20,361	1	\$ 1,147	1	\$ 15,575	6	\$ 41,323	\$ 8,265	\$ 12,361
STOREY COUNTY:														
CANYON GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TRI GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 17,000	1	\$ 17,000	\$ 3,400	\$ 5,667
WASHOE COUNTY:														
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	54	\$ 445,456	39	\$ 326,697	45	\$ 157,171	30	\$ 190,160	24	\$ 238,650	192	\$ 1,358,134	\$ 271,627	\$ 195,327
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	36	\$ 77,449	31	\$ 1,010,225	27	\$ 234,847	36	\$ 294,101	29	\$ 228,352	159	\$ 1,844,974	\$ 368,995	\$ 252,433
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	1	\$ -	1	\$ 908	0	\$ -	0	\$ -	2	\$ 908	\$ 182	\$ 303
RTC OF WASHOE COUNTY	1	\$ 1,021	0	\$ -	1	\$ 1,773	2	\$ 2,716	1	\$ 112,500	5	\$ 118,010	\$ 23,602	\$ 38,996
SIERRA FIRE PROTECTION DISTRICT (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SUN VALLEY GENERAL IMPROVEMENT DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT (No Longer Membe	27	\$ 551,536	1	\$ 68,900	0	\$ -	0	\$ -	0	\$ -	28	\$ 620,436	\$ 124,087	\$ -
TRUCKEE MEADOWS REGIONAL PLANNING AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WASHOE FIRE SUPPRESSION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,245	0	\$ -	1	\$ 3,245	\$ 649	\$ 1,082
WHITE PINE COUNTY:														
MCGILL RUTH CONSOLIDATED SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA NORTHERN RAILWAY FOUNDATION	2	\$ 13,735	3	\$ 6,371	2	\$ 2,243	3	\$ 3,813	3	\$ 6,239	13	\$ 32,401	\$ 6,480	\$ 4,098
WHITE PINE COUNTY FIRE PROTECTION DISTRICT	1	\$ 562	1	\$ 1,516	3	\$ 4,529	1	\$ 2,795	1	\$ 1,644	7	\$ 11,047	\$ 2,209	\$ 2,990
WHITE PINE COUNTY TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY TV DISTRICT #1	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOTAL	223	\$ 3,963,957	159	\$ 2,521,025	183	\$ 1,968,197	223	\$ 1,885,500	262	\$ 2,093,730	1050	\$ 12,432,410	\$ 2,486,482	\$ 1,982,476

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)
			Candidates					
Mike Giles	2021-2023	City of Lovelock	Vice Chair	X				
Josh Foli	2021-2023	Lyon County	Vice Chair		X			
Amanda Osborne	2021-2023	Elko County			X			
Joe Westerlund	2021-2023	Town of Tonopah					X	
<hr/>								
Cindy Hixenbaugh (not seeking reelection)	2020-2022	Pershing General Hospital						X
Elizabeth Frances (not seeking reelection)	2020-2022	White Pine County		X				
Paul Johnson	2020-2022	White Pine Co. School District	Chair			X		
Daphe Hooper (Candidate)	2022-2024	City of Fernley		X				
Robyn Dunckhorst (Candidate)	2022-2024	Humboldt General Hospital						X
Amanda Osborne	2021-2023	Elko County			X			

Voting Special Districts/Towns:

Tod Carlini or Lisa Owen	East Fork Fire Protection District	X
vacant	Incline Village GID	X
Joe Westerlund	Town of Tonopah	X
Scott Carls or Heather Anderson-Fintak	Southern Nevada Health District	X
Scott Lindgren	Tahoe Douglas Fire Protection District	X

Voting Hospitals:

Marla Sam or James Matheus	Battle Mountain General Hospital	X
Missie Rowe	Grover C Dils Hospital	X
Robyn Dunckhorst	Humboldt General Hospital	X
Jonalee Roberts or Hunter Balanos	Mt Grant General Hospital	X
Cindy Hixenbaugh or Lynn Broyles	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

**Notice of Meetings and Agendas for the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool**

Date: April 21, 2022

**Time: upon adjournment of Joint Board and Executive Committee Meeting, which starts at 8:00am,
and the Public Agency Compensation Trust meeting.**

Please click this URL to view meeting documents.

Virtual Only

Join Zoom Meeting

<https://us02web.zoom.us/j/85892154845?pwd=MXgyN0JwMC93eVksTEV1c3pBd29EUT09>

Meeting ID: 858 9215 4845

Passcode: 554718

One tap mobile

+13462487799,,85892154845#,,,,*554718# US (Houston)

+16699006833,,85892154845#,,,,*554718# US (San Jose)

Dial by your location

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

Meeting ID: 858 9215 4845

Passcode: 554718

Find your local number: <https://us02web.zoom.us/j/85892154845?pwd=MXgyN0JwMC93eVksTEV1c3pBd29EUT09>

AGENDA

Notices:

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 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 Meeting of April 22, 2021**
 - b. **Acceptance of Interim Financial Statements**
4. **For Possible Action: Acceptance of Audit for June 30, 2021**
5. **For Possible Action: Approval of Renewal Reinsurance and Insurance Proposals and Options**
6. **For Possible Action: Approval of Budget for 2022-2023 including Actuarial Funding Update**
7. **For Possible Action: Approval of Renewal Contract with Davies Claims Solutions**
8. **For Possible Action: Approval of POOL Coverage Form Changes for 2022-2023**
9. **For Possible Action: Approval of POOL Cyber Risk Coverage Form Changes for 2022-2023**
10. **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**
11. **For Possible Action: Election of Executive Committee for Two Year Terms from 2022-2024**
 - a. **One Representative from Special Districts**
 - b. **One Representative from Counties and/or Cities with less than 35,000 Population**
 - c. **One Representative of School Districts**
12. **For Possible Action: Election of Chair and Vice Chair**
13. **Public Comment**
14. **For Possible Action: Adjournment**

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

**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

**Minutes of the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Date: April 22, 2021**

Please click this URL to view meeting documents.

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Date: April 22, 2021

**Time: upon adjournment of Joint Board and Executive Committee Meeting,
which starts at 8:00am, and the Public Agency Compensation Trust meeting.**

1. Introductions and Roll

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

2. Public Comment

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

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

- a. Approval of Minutes of Board Meeting of April 17, 2020
- b. Acceptance of Interim Financial Statements
- c. Actuarial Overview of POOL Reserve Liabilities as of June 30, 2020

On motion to approve the consent agenda as a whole by Josh Foli, second by Paul Johnson, the motion carried.

4. For Possible Action: Acceptance of Audit for June 30, 2020

Alan Kalt presented an overview of the audit noting the key performance ratios over several years. The audit had an unqualified opinion from the auditor. He reminded the board of the restatement of the prior year because of a board policy to eliminate amortization of contributions to PRM. He commented on various aspects of the financial statements.

On motion to accept the audit by Josh Foli, second by Mike Giles, the motion carried.

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

Mary Wray reviewed the Willis Re Pooling report. She discussed current market conditions in property as seeing some reductions in capacity with moderating rate increases because of named storms and wildfire disasters. She said liability trends were more adverse this year for the public sector, particularly for school districts. Overall even though several alternative markets and retention were sought, the current structure and retentions work out best for the POOL. She described the renewal process and meetings for property and liability including new reinsurance companies and structures. She then reviewed the year-over-year comparison of the program coverages.

Property reinsurance is placed with Lloyds syndicates with varying proportions and layers. Overall pricing reveals an increase of 6.23% with no reduction in coverage. She noted that optional retentions of \$1,000,000, \$1,500,000, and \$2,000,000 were analyzed and quoted, but the available credits did not offset the needed pricing from PRM to absorb the additional risk. She reviewed the “quilt” showing how the percentages were laid out.

Liability reinsurance is placed with various reinsurers with mixed results. For CRL liability pricing on other than schools, a modest rate increase occurred. For school district liability, United Educators increased their pricing by 18%, increased the retention by \$500,000 on sexual abuse and molestation (SAM) claims and established an overall pool-wide aggregate of \$12,500,000 rather than the current \$10,000,000 aggregate each member district. As a result, PRM developed pricing to fill the gaps. At the same time alternative quotes were received from three other reinsurers (Old Republic, Great American and Government Entities Mutual, but ultimately remaining with UE and having PRM fill the gaps made sense. Alternative quotes for the \$7 million excess of \$3,000,000 layer also were considered by varying the quota share percentages between GEM, Brit and PRM. Wayne Carlson commented on the evaluation of where to deploy PRM’s risk capacity in varying areas of property and liability coverage. Mary reviewed the liability “quilt” showing the recommended mix of participation.

Cyber liability coverage is offered by CRL in combination with PRM for other than schools. With UE dropping its cyber coverage, CRL was asked to extend coverage to school districts and they agreed to do so at a premium of \$43, 013. PRM provides \$1,000,000 excess of CRL’s \$2,000,000 layer at no additional cost to the POOL.

Additional coverages including equipment breakdown, student accident, pollution legal liability and terrorism property and liability remained stable. The TULIP program for special events users continues at no cost to the POOL.

Turning to the program cost comparison year-over-year, Mary reviewed their spreadsheet for each layer and type of coverage. The overall increase is 8.96% before the additional coverage programs which had reductions in costs to make the overall combined increase come in at 7.87%.

On motion to approve the renewal options as presented by Josh Foli, second by Paul Johnson, the motion carried.

6. For Possible Action: Approval of Budget for 2021-2022 including Actuarial Funding Update

Alan Kalt thanked the Willis Re Pooling team and the actuary for working on the various options. He reviewed the proposed budget which had two columns: one at a 75% actuarial confidence level and one at 70%, the latter being recommended by the executive committee. He highlighted the key budget items and reviewed aspects of the actuarial report showing the funding level options. He indicated that the UE program changes and costs would be allocated to the schools so their overall increase would be higher relatively. He indicated that the overall budget increase at the 70% confidence level was 5.7%.

On motion and second to approve the budget at the 70% confidence level as recommended, by Josh Foli, second by Mike Giles, the motion carried.

7. 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 there were no members in hazardous financial condition. Alan Kalt commented that some were being taken off fiscal watch, but none are in hazardous financial condition. Wayne then reviewed the loss experience of POOL as a whole and by member category noting that there were a few very large claims for some. He said he did not think there were members who should be considered for removal.

Chair Minor indicated that no action was deemed needed.

8. For Possible Action: Election of Executive Committee for Two Year Terms from 2021-2023

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

Chair Minor opened the election discussion. Wayne Carlson noted that the positions up to reelection were those with current terms from 2019-2021 and the new terms would be from 2021-2023. Incumbents indicated interest in continuing to serve were: Cash Minor, Geof Stark, Josh Foli and Dan Murphy. Chair Minor asked if there were any other candidates.

On motion to approve reelection of the incumbents by Paul Johnson, second by Mike Giles, the motion carried

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

On motion to re-elect Cash Minor as Chair, Josh Foli as Vice Chair, the motion carried.

10. Public Comment

Alan Kalt offered that if anyone had questions after the meeting, feel free to call him or anyone on staff.

11. For Possible Action: Adjournment

Chair Minor adjourned the meeting at 12:03 p.m.

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

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

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

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

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

DRAFT

NEVADA PUBLIC AGENCY INSURANCE POOL

Balance Sheet
March 31, 2022

ASSETS

Current Assets	
Cash - Claims - Wells Fargo	(\$ 76,482.24)
Cash - Admin. - Wells Fargo	4,622,738.47
A/R PARMs	47.00
Building Accounts Receivable	<u>6,913.59</u>
Total Current Assets	4,553,216.82
Property and Equipment	
Land - 2nd & Roop Streets	466,653.05
Building - 2nd & Roop Streets	1,783,715.41
Building Depreciation	(861,649.43)
Equipment	71,510.74
Equip Accumulated Depreciation	(143,723.02)
Building Equipment	71,227.13
Building Equipment Acc. Depr.	(1,155.00)
Building Fixtures	284,707.81
Building Furniture	<u>4,359.75</u>
Total Property and Equipment	1,675,646.44
Other Assets	
Investment Cash Equivalents	3,623,669.47
Investments	22,585,904.95
Investment Income Receivable	65,454.65
Assessments Receivable	121,650.81
Specific Recoverable	2,568,695.58
Maintenance Deductibles	58,364.83
Prepaid Reinsurance	2,201,097.29
Prepaid Commission - Current	323,150.49
Prepaid Schools Security Program	6,005.00
Other Prepaid	2,249.00
Prepaid Casualty Insurance	<u>16,209.01</u>
Total Other Assets	<u>31,572,451.08</u>
Total Assets	<u>\$ 37,801,314.34</u>

LIABILITIES AND CAPITAL

Current Liabilities	
Payable For Risk Mgmt Grants	\$ 104,204.79
Loss Fund	92,352,188.23
Loss Reserves - LAE	71,014.11
Loss Payments	(111,251,603.53)
Loss Payments - LAE	(45,915,028.21)
Specific Recoverable	45,385,690.55

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Nine Months Ending March 31, 2022

	Current Month		Year to Date	
Revenues				
PRM Risk Mitigation Services	\$ 0.00	0.00	\$ 475,000.00	3.16
Building Supplies Reimbursement	0.00	0.00	0.00	0.00
Copier Paper Reimbursement	0.00	0.00	74.27	0.00
Rental Income	14,913.00	1.20	180,379.80	1.20
Equipment Lease Reimbursement	0.00	0.00	549.40	0.00
Bldg Equip Maint Reimbursement	0.00	0.00	538.46	0.00
Phone Charges Reimbursement	0.00	0.00	32.09	0.00
Postage Reimbursement	0.00	0.00	64.74	0.00
Technology Services Reimbursement	9,433.88	0.76	84,904.92	0.57
Identity Guard Program	0.00	0.00	0.00	0.00
Assessments Written	0.00	0.00	20,529,855.83	136.65
Taxes Written	0.00	0.00	6,790.06	0.05
Change in Unearned Assessments	1,713,726.00	137.36	(5,141,200.83)	(34.22)
Investment Interest Income	44,795.53	3.59	429,842.14	2.86
Investment Discount/Premium	(8,373.19)	(0.67)	(136,940.10)	(0.91)
Realized Gain (Loss) Invest.	0.00	0.00	10,417.40	0.07
Invest. Unrealized Gain/(Loss)	(527,059.38)	(42.24)	(1,458,171.13)	(9.71)
Other Income	224.08	0.02	41,710.45	0.28
	<u>1,247,659.92</u>	100.00	<u>15,023,847.50</u>	100.00
Total Revenues				
Cost of Sales				
Reinsurance Ceded	733,690.00	58.81	6,387,087.00	42.51
Aiport Liability Program	0.00	0.00	0.04	0.00
Loss Fund Expense	534,367.00	42.83	4,801,332.00	31.96
Commission Expense - Current	107,706.00	8.63	967,032.00	6.44
Willis Pooling Fees	0.00	0.00	21,250.00	0.14
ASC Claims Admin. Fees	67,458.12	5.41	550,851.03	3.67
Tax Expense	0.00	0.00	6,589.44	0.04
Loss Control Fees	0.00	0.00	20,833.00	0.14
	<u>1,443,221.12</u>	115.67	<u>12,754,974.51</u>	84.90
Total Cost of Sales				
Gross Profit	<u>(195,561.20)</u>	(15.67)	<u>2,268,872.99</u>	15.10
Expenses				
Sponsorship Fees	0.00	0.00	6,579.00	0.04
Counsel Opinions	1,240.00	0.10	13,255.00	0.09
Travel	(707.16)	(0.06)	23,864.27	0.16
Casualty Insurance	929.00	0.07	8,361.00	0.06
Dues & Seminar Fees	0.00	0.00	7,307.80	0.05
Audit Expense	0.00	0.00	16,000.00	0.11
Printing/Copying/Subscriptions	0.00	0.00	1,480.93	0.01
Postage	0.00	0.00	61.17	0.00
Office Supplies	1,603.87	0.13	5,516.89	0.04
Communications Expense	62.73	0.01	566.14	0.00
Legal Expense	542.50	0.04	2,413.62	0.02
Board & Committee Meetings	0.00	0.00	0.00	0.00
Actuary Expense	9,970.00	0.80	19,740.00	0.13

NEVADA PUBLIC AGENCY INSURANCE POOL

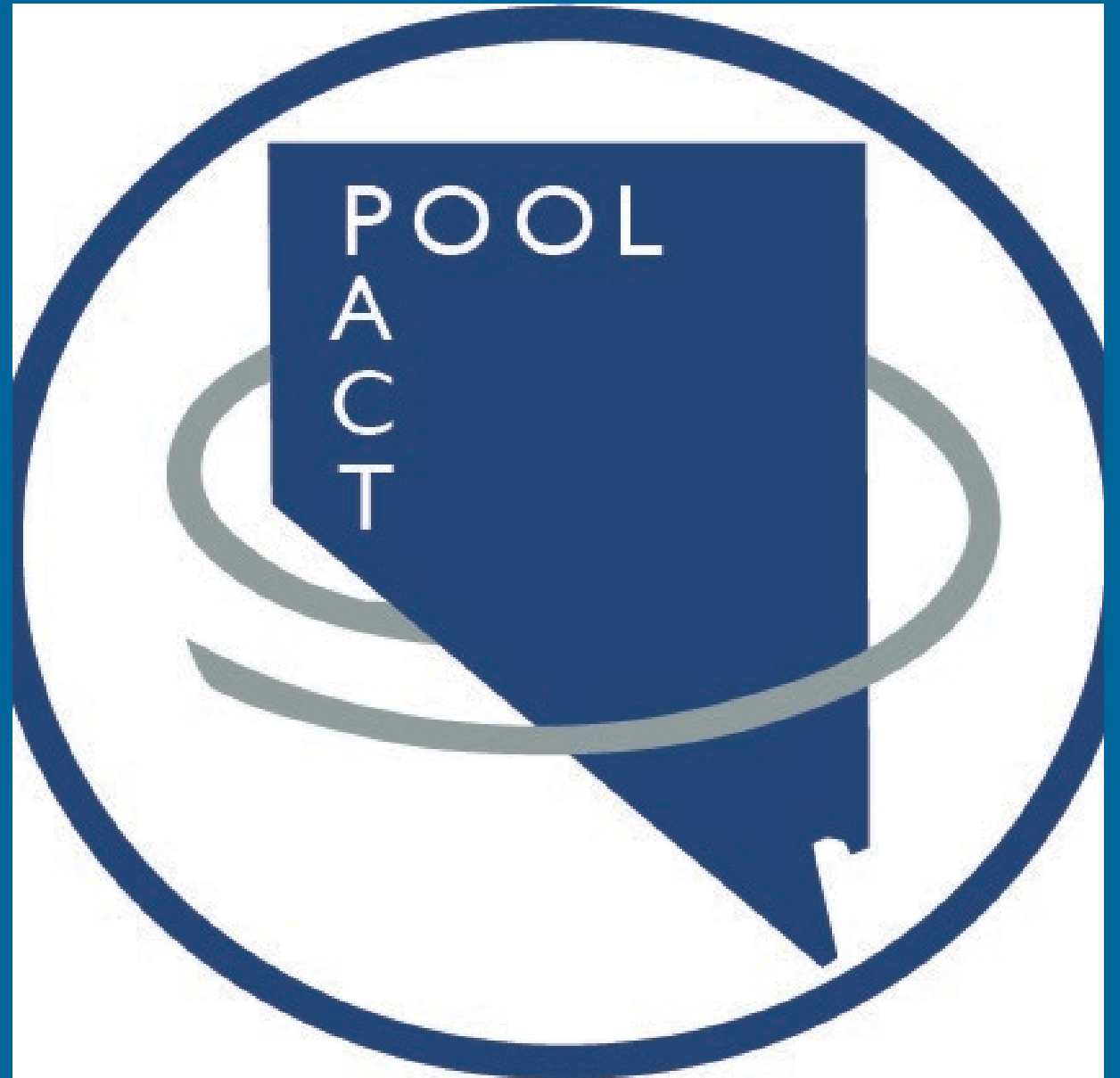
Income Statement

For the Nine Months Ending March 31, 2022

	Current Month		Year to Date	
Member Education & Services	58,663.80	4.70	386,167.21	2.57
Bank Charges	0.00	0.00	167.16	0.00
Loss Control Excellence Awards	0.00	0.00	0.00	0.00
Consultants Appraisals	0.00	0.00	127,750.00	0.85
PRI Grant	72,413.00	5.80	651,717.00	4.34
Loss Control Grants	16,508.51	1.32	83,007.00	0.55
Technology Services	11,014.69	0.88	109,822.91	0.73
Cyber/Data Project	11,424.00	0.92	68,373.87	0.46
NRP Grant	83,835.75	6.72	693,972.25	4.62
Investment Expense	3,133.82	0.25	32,269.34	0.21
Identity Guard Program	0.00	0.00	0.00	0.00
Building Maintenance & Repairs	5,238.07	0.42	20,173.01	0.13
Custodial Services	2,538.67	0.20	19,265.62	0.13
Building Depreciation Expense	3,716.00	0.30	33,444.00	0.22
Bldg. Equipment Maintenance	832.31	0.07	9,528.52	0.06
Building Equipment Lease	631.00	0.05	6,792.10	0.05
Building Copier Paper	100.72	0.01	415.76	0.00
Building Insurance Expense	4,473.00	0.36	40,257.00	0.27
Building Office Supplies	200.19	0.02	849.57	0.01
Building Tax Expense	0.00	0.00	4,741.34	0.03
Postage For Meter	0.00	0.00	1,180.91	0.01
Building Utilities	<u>2,915.08</u>	<u>0.23</u>	<u>13,098.66</u>	<u>0.09</u>
Total Expenses	<u>291,279.55</u>	<u>23.35</u>	<u>2,408,139.05</u>	<u>16.03</u>
Net Income	<u>(\$ 486,840.75)</u>	<u>(39.02)</u>	<u>(\$ 139,266.06)</u>	<u>(0.93)</u>

POOL AUDIT OVERVIEW

Fiscal Year Ending
June 30, 2021



KEY PLAYERS

Wayne Carlson,
Executive Director
POOL/PACT

Alan Kalt, CFO

Deb Connally,
Controller

Mellisa Mack,
Accounting Tech

Cash Minor, Chair
NPAIP, Chair PRM

Paul Johnson,
Chair PACT, Chair
PCM

Josh Foli, Audit
Committee
Member

Gina Rackley,
Audit Committee
Member

Michael Bertrand:
Bertrand &
Associates: Audit
Firm

Kathy Parks,
General Counsel

Donna Squires,
Davies, 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



NEVADA PUBLIC AGENCY INSURANCE POOL



NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Net Position June 30, 2021 and 2020

ASSETS	2021	2020
Current assets:		
Cash and cash equivalents	\$ 983,799	\$ 1,212,980
Investments	26,500,122	24,084,648
Accrued interest	86,345	94,115
Deductibles receivable	46,124	132,598
Assessments receivable	24,272	20,299
Other Receivables	11,353	6,048
Specific and aggregate recoverables	2,026,949	1,883,833
Prepaid expense	25,082	99,497
Total current assets	<u>29,704,046</u>	<u>27,534,018</u>
Capital assets:		
Land, building & equipment, net	<u>1,709,091</u>	<u>1,661,410</u>
Total Assets	<u>31,413,137</u>	<u>29,195,428</u>
LIABILITIES		
Other current liabilities:		
Accounts payable	72,299	179,099
Risk Management Grants payable	139,192	195,432
Current portion of reserve for claims and claims adjustment expenses	<u>4,606,327</u>	<u>4,429,730</u>
Total current liabilities	<u>4,817,818</u>	<u>4,804,261</u>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	<u>7,185,673</u>	<u>6,845,270</u>
Total non-current liabilities:	<u>7,185,673</u>	<u>6,845,270</u>
Total Liabilities	<u>12,003,491</u>	<u>11,649,531</u>
NET POSITION		
Net Position, unrestricted	17,700,555	15,884,487
Net Position, invested in capital assets	<u>1,709,091</u>	<u>1,661,410</u>
Total Net Position	<u>\$ 19,409,646</u>	<u>\$ 17,545,897</u>

NEVADA PUBLIC AGENCY INSURANCE POOL



NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Revenues, Expenses and Changes in Net Position For Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Premiums written	\$ 18,306,983	\$ 17,167,798
Rental income	238,195	236,482
PRM risk mitigation services	475,000	475,000
Other Income	57,436	46,640
Total revenues	<u>19,077,614</u>	<u>17,925,920</u>
PROGRAM EXPENSES		
Losses and loss adjustment expenses	4,277,923	3,713,763
Excess insurance premiums	7,672,109	6,805,658
Special insurance programs	-	1,943
Pooling and loss control fees	505,000	505,000
Third party administrator fees	780,375	778,009
Member education and training	1,337,130	1,376,476
Loss control awards and grants	135,539	298,407
Agent commissions	1,196,500	1,124,305
Taxes written	6,923	6,923
Total program expenses	<u>15,911,499</u>	<u>14,610,484</u>
ADMINISTRATIVE EXPENSES		
Management fees	543,372	525,000
Building maintenance and utilities	107,440	93,051
Depreciation	67,396	60,047
Travel	8,776	39,067
Casualty insurance	50,440	47,972
Operating expenses	235,257	341,387
Legal expenses	4,662	14,816
Consultant appraisals	96,317	94,860
Technology services	4,354	53,361
Total pool administration expenses	<u>1,118,014</u>	<u>1,269,561</u>
Total program and administration expenses	<u>17,029,513</u>	<u>15,880,045</u>
Increase in operating net position	2,048,101	2,045,875
Non-operating net investment income (loss)	<u>(184,352)</u>	<u>1,431,233</u>
Increase in net position	1,863,749	3,477,108
Beginning net position	<u>17,545,897</u>	<u>14,068,789</u>
Net position, end of year	<u>\$ 19,409,646</u>	<u>\$ 17,545,897</u>

NEVADA PUBLIC AGENCY INSURANCE POOL



NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Cash Flows For Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Premiums written	\$ 18,241,063	\$ 19,109,639
Rental income	238,195	236,482
PRM risk mitigation services	475,000	475,000
Other revenues	57,436	46,640
Payments for claims	(3,760,923)	(3,143,763)
Payments to vendors	(12,765,049)	(12,069,059)
Net Cash Provided from Operating Activities	<u>2,485,722</u>	<u>4,654,939</u>
Cash flows from investing activities:		
Interest and dividend income, net of expenses	604,705	488,727
Purchases of investments	(10,613,887)	(12,940,407)
Proceeds from sales of investments	7,409,356	8,210,074
Net Cash Used from Investing Activities	<u>(2,599,826)</u>	<u>(4,241,606)</u>
Cash flows from capital activities:		
Equipment purchases	<u>(115,077)</u>	<u>(169,557)</u>
Net Cash Used for Capital Activities	<u>(115,077)</u>	<u>(169,557)</u>
(Decrease) increase in Cash and Cash Equivalents	(229,181)	243,776
Cash and Cash Equivalents, beginning of fiscal year	1,212,980	969,204
Cash and Cash Equivalents, year ended June 30	<u><u>983,799</u></u>	<u><u>1,212,980</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Net Income	2,048,101	2,045,875
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	67,396	60,047
Decrease (increase) in accrued interest	7,770	(25,852)
Decrease in deductibles and assessments receivable	82,501	510,315
(Increase) in other receivables	(5,305)	(6,001)
(Increase) decrease in recoverables	(143,116)	1,437,527
Decrease in prepaid expense	74,415	125,611
(Decrease) in accounts payable	(106,800)	(121,221)
(Decrease) increase in Risk Management Grants liability	(56,240)	58,638
Increase in reserve for claims and loss adjustments	517,000	570,000
Net Cash Provided by Operating Activities	<u><u>\$ 2,485,722</u></u>	<u><u>\$ 4,654,939</u></u>

Total Capital Contributions to PRM	\$29,477,263
Investment Balance at 6-30-2021	\$26,500,122
Total Assets at 6-30-2021	\$31,413,137
Reserves for claim losses	\$11,792,000
Net Investment Income for 2021	\$ (184,352)
Net Position June 30, 2021	\$19,409,646
Total Premiums Revenues FY 2021	\$18,306,983
Member education and services	\$ 1,337,130
Total Loss Fund and program expenses	\$15,911,499
Total Administration Expenses	\$ 1,118,014

NEVADA PUBLIC AGENCY INSURANCE POOL

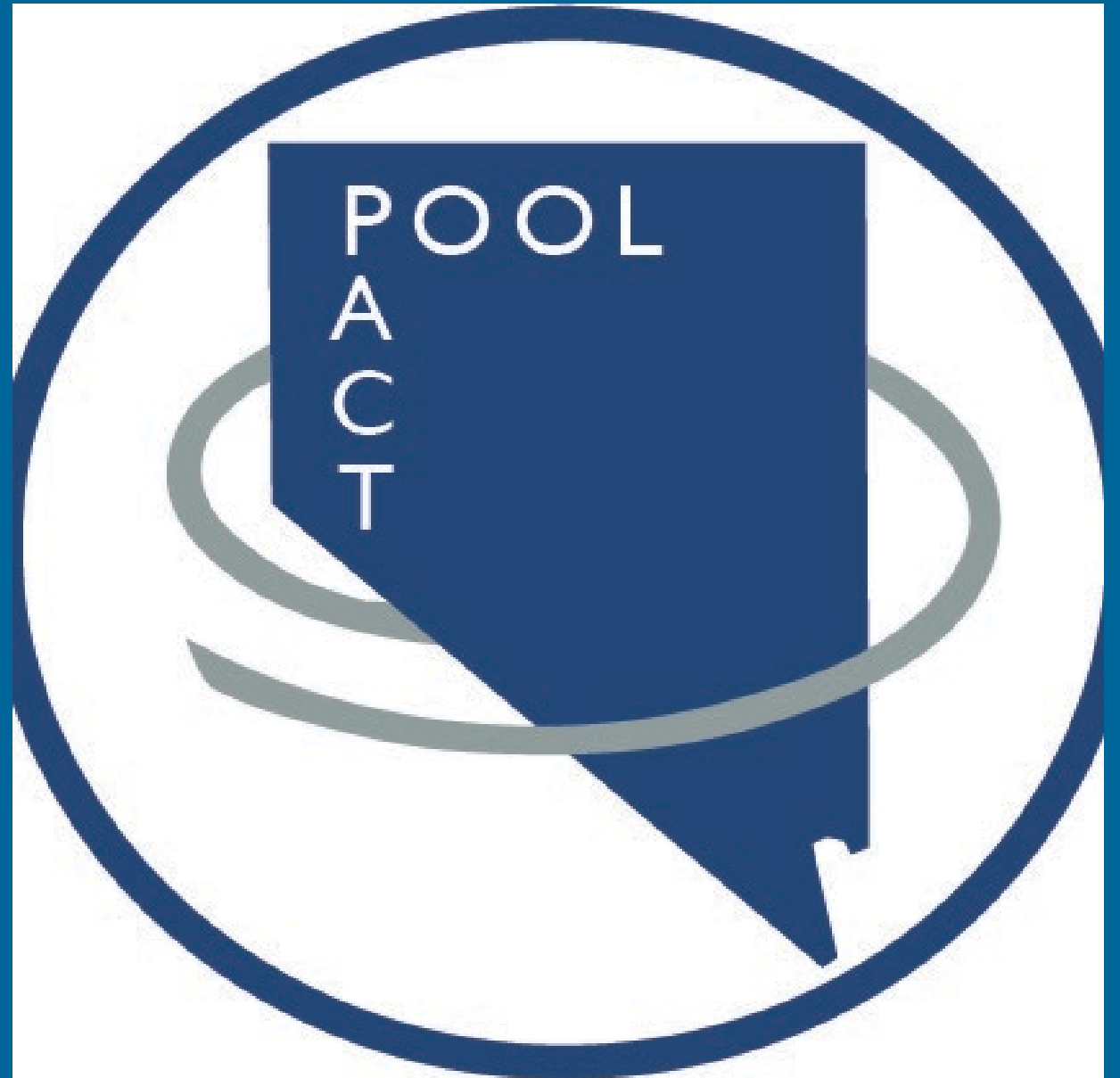
KEY FINANCIAL FIGURES

See detailed financial statements and notes for more details.



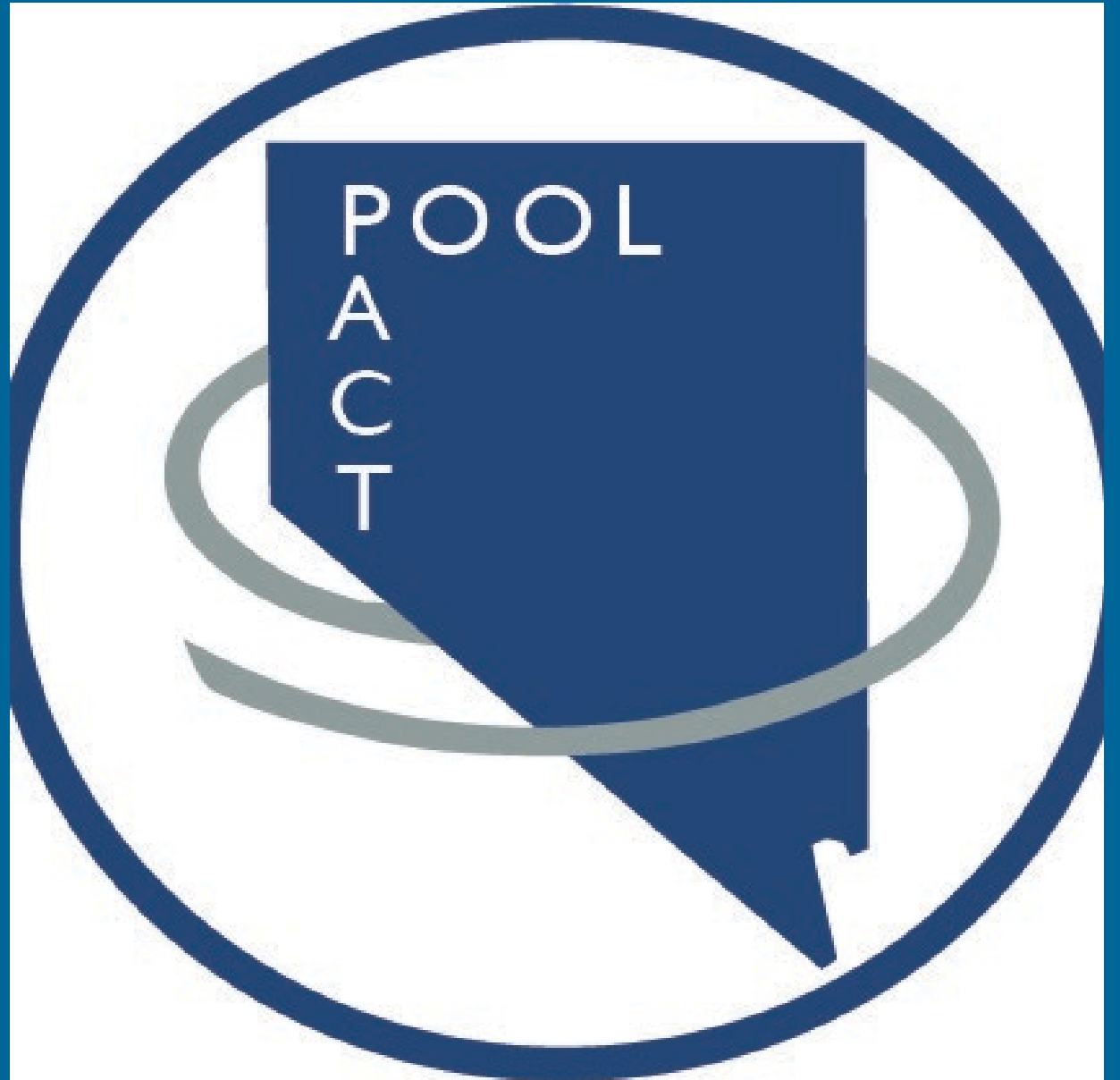
POOL AUDIT
QUESTIONS &
ANSWERS

Fiscal Year Ending
June 30, 2021



THANK YOU FOR
YOUR FINANCIAL
LEADERSHIP

*Working Together
We Achieve Superior Results*





POOL ACTUARIAL REVIEW OF SELF-INSURED LIABILITY & PROPERTY PROGRAMS

October 7, 2021
Executive Committee
Presented by Alan Kalt

BICKMORE ACTUARIAL STUDY

- Derek Burkhalter, ACAS, MAAA Senior Manager, Bickmore Actuarial
- Outstanding Liabilities as of June 30, 2021
- Data used to calculate the reserves for POOL Audited Financial Statements
- Report Format
 - Conclusions & Recommendations
 - Liability for Outstanding Claims as of 6-30-2020
 - Program Funding: Goals & Objectives
 - Historical Trends
 - Comparison with Previous Results
 - Data Provided for the Analysis
- Report complies with GASB #10 and #30

CONCLUSIONS & RECOMMENDATIONS

- Best Estimate of POOL's Outstanding Claims Liabilities for **Liability and Property** as of June 30, 2021

Confidence

Levels	Expected	70%	75%	85%	90%
Undiscounted	\$10.009M	\$11.241M	\$11.792M	\$13.245M	\$14.305M

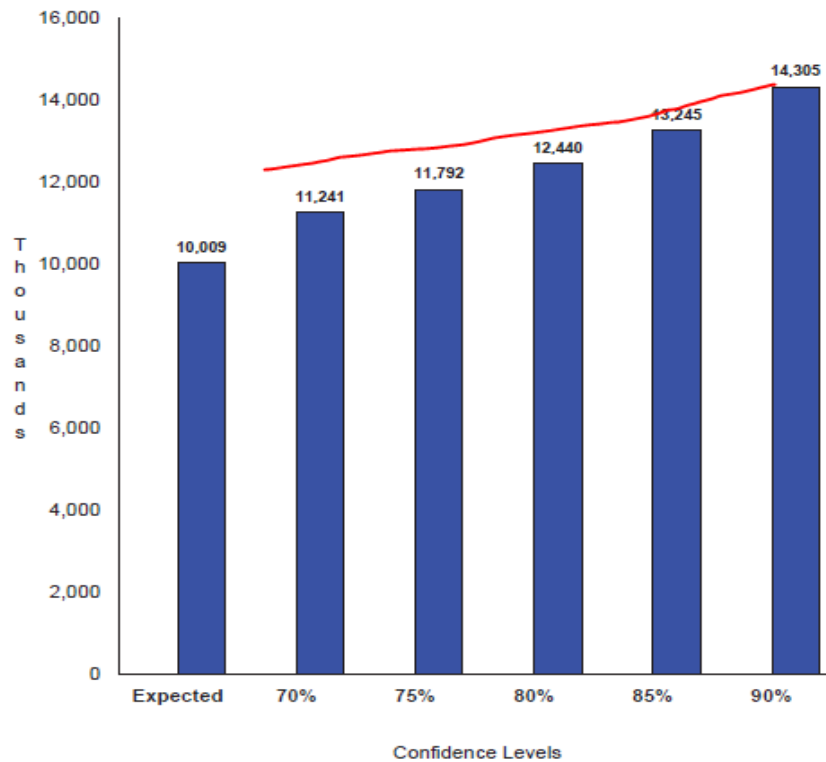
POOL Uses 75% Confidence Level

ESTIMATED EXPECTED LIABILITY

6-30-2021

Graph 1

NPAIP- Liability & Property
Outstanding Liability (\$000's)
at June 30, 2021



The table below displays a breakdown of the program's outstanding loss and ALAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2021, before recognition of investment income.

NPAIP
Self-Insured Liability & Property Program
Estimated Liability for Unpaid Loss and ALAE at June 30, 2021

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2012-13	456	3,000	3,456
2013-14	2,036	5,181	7,217
2014-15	0	12,316	12,316
2015-16	52,036	38,570	90,606
2016-17	410,522	54,490	465,012
2017-18	230,556	230,593	461,149
2018-19	975,155	566,878	1,542,033
2019-20	955,508	1,473,007	2,428,515
2020-21	2,655,668	2,343,150	4,998,818

Loss and ALAE **\$5,281,937** **\$4,727,185** **\$10,009,122**

PROGRAM FUNDING



A liability for unpaid claim cost, included all loss adjustment expenses, should be accrued at the time the self-insured events occur. IBNR included.



GASB #10 and #30 do not address funding requirements, rather, a range of funded amounts to be recognized as a funding margin for unexpectedly adverse loss experience. May use discounting for investment income.



The uncertainty in any estimate of outstanding liability should take into account funding policy to have adequate reserves for unexpected adverse loss experience.



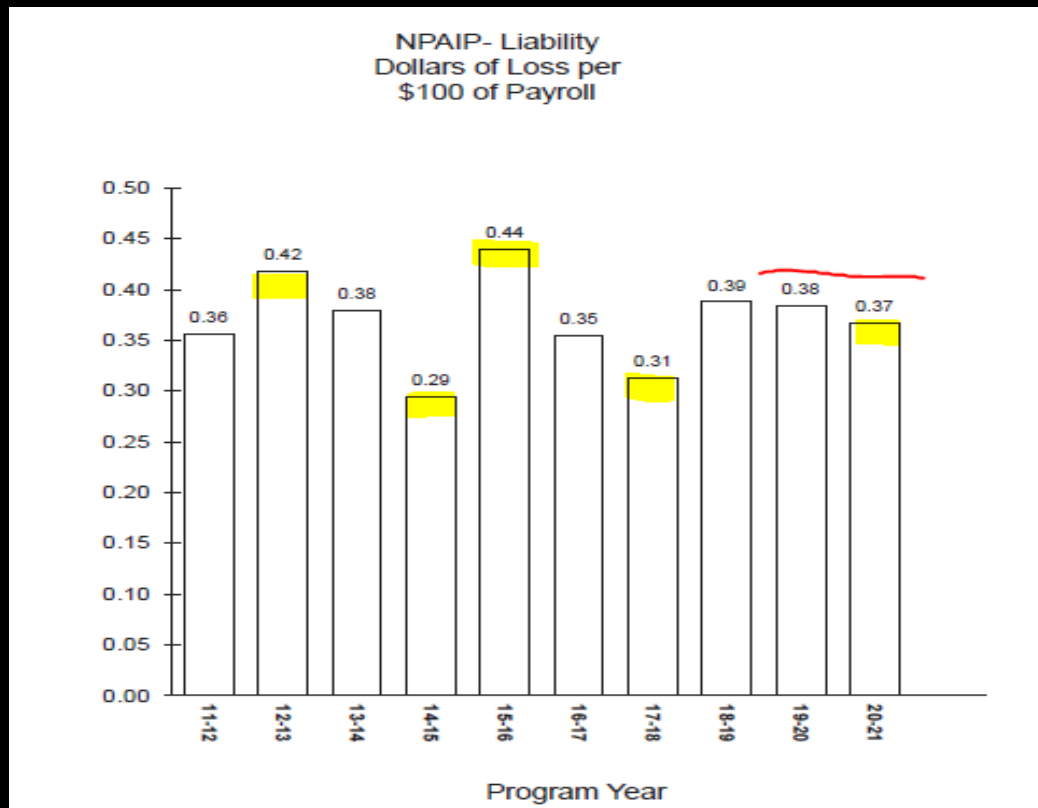
Key Factor in Funding Policy: Degree of Stability in level of Contributions
Higher the Confidence Level less likely to need additional contributions should adverse claim development occur in past years as well as current yr.

FUNDING GOALS & OBJECTIVES

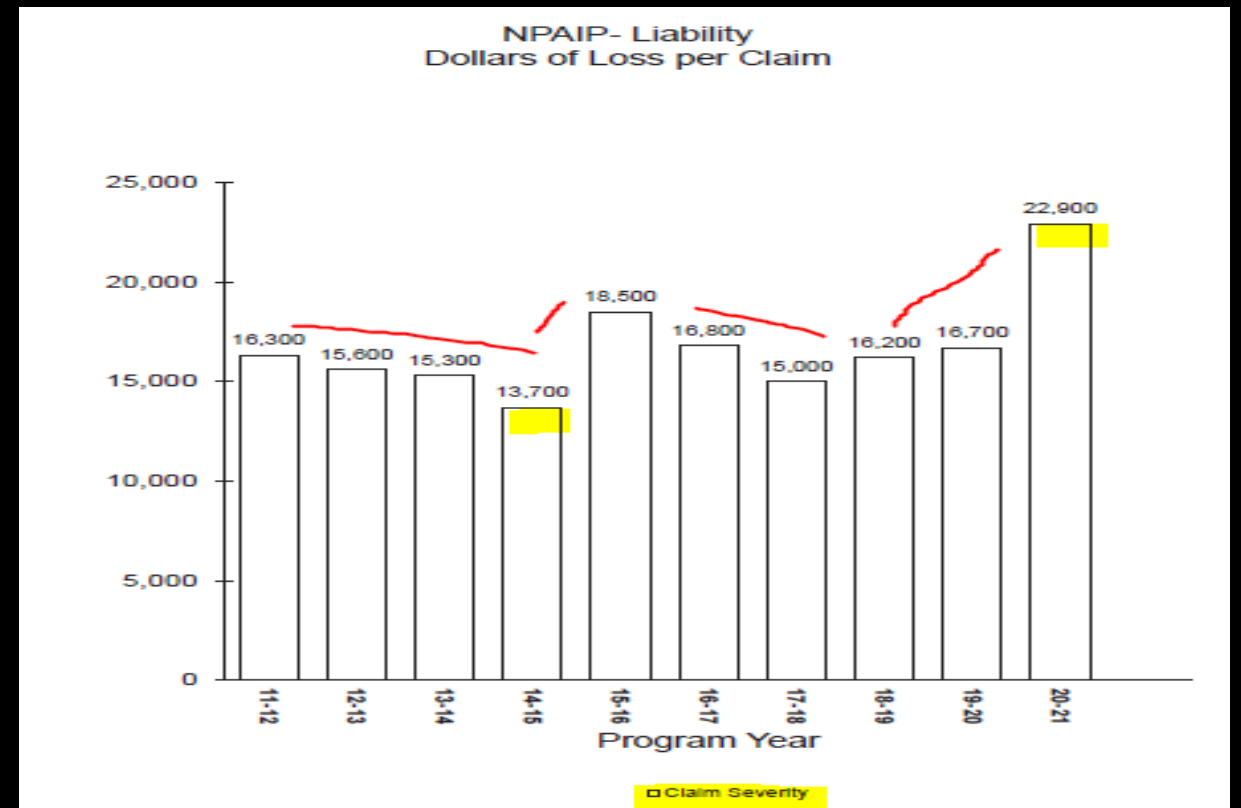
- Bickmore recommends program funding at the 80% CL after recognition of investment income, with a recommended range of the 75% to 80% CL
- They recommend this as the resulting funding will be sufficient to meet claim liabilities, yet not too large to have the entity experience undue \$ hardship.
- Need to fund each year's claims cost in that year.
- When surpluses or deficiencies have developed and funding adjustments are necessary, these should be clearly identified.
- Recommend that you reduce surplus funding more slowly than you would accumulate funding to make up a deficiency.

HISTORICAL TRENDS: LIABILITY

Dollars of Loss Per \$100 of Payroll 10 Year Trend



Dollars of Loss per Claim
10 Year Trend

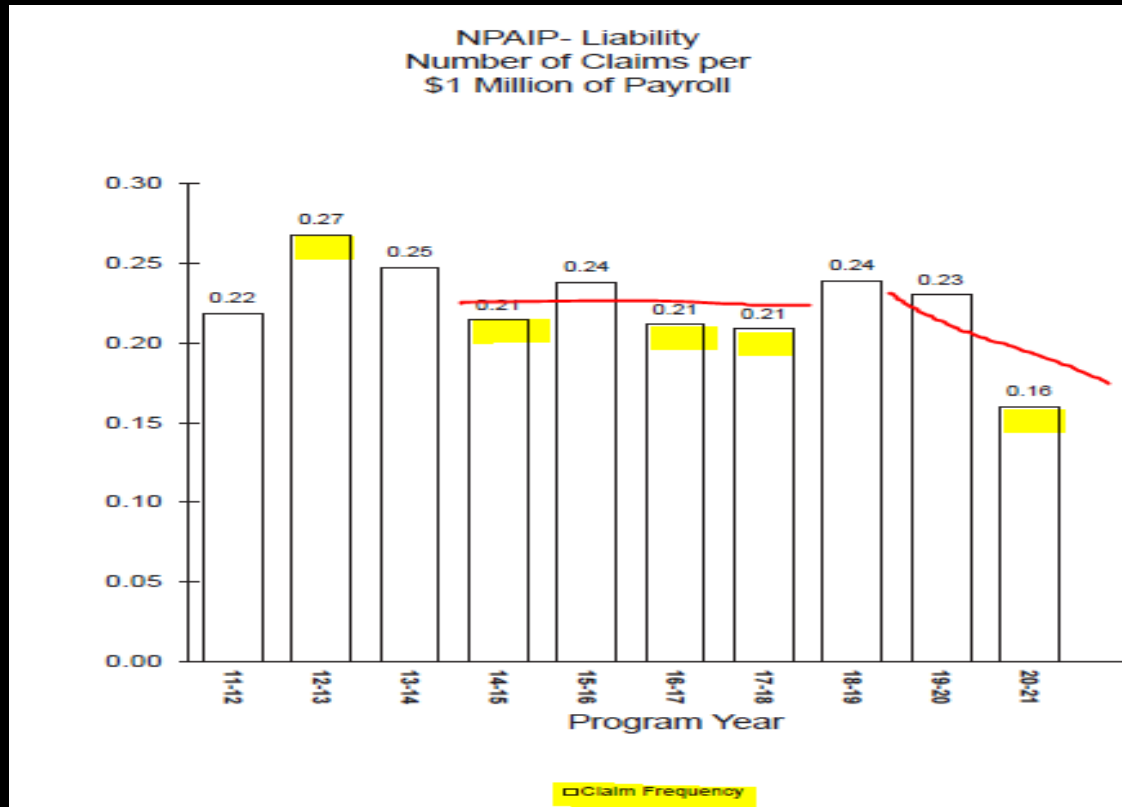


HISTORICAL TRENDS: LIABILITY

Number of Claims per
\$1 Million of Payroll

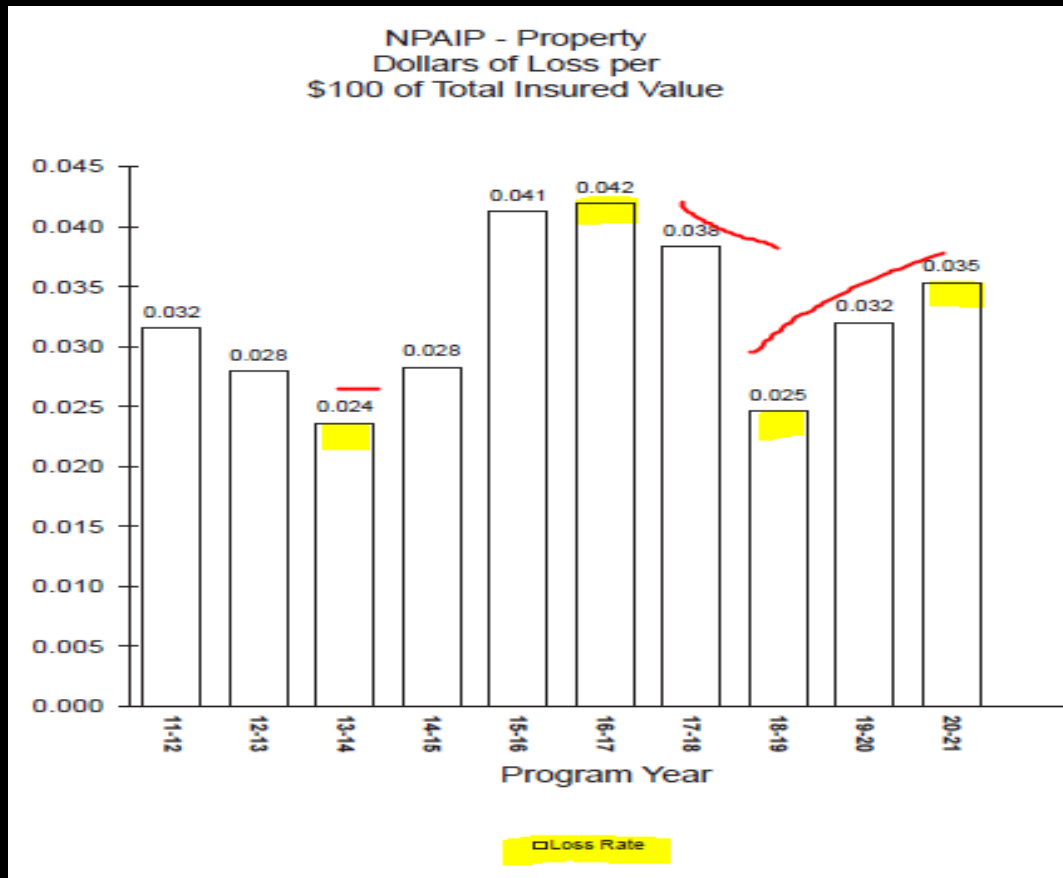
Summary of Key Liability Trends

- Dollar of Loss per \$100 of Payroll is STABLE over past 3 years 😞
- Dollars of Loss per Claim is INCREASING over past 4 years 😞
- Number of Claims per \$1M Payroll is DECREASING since 2013 😊

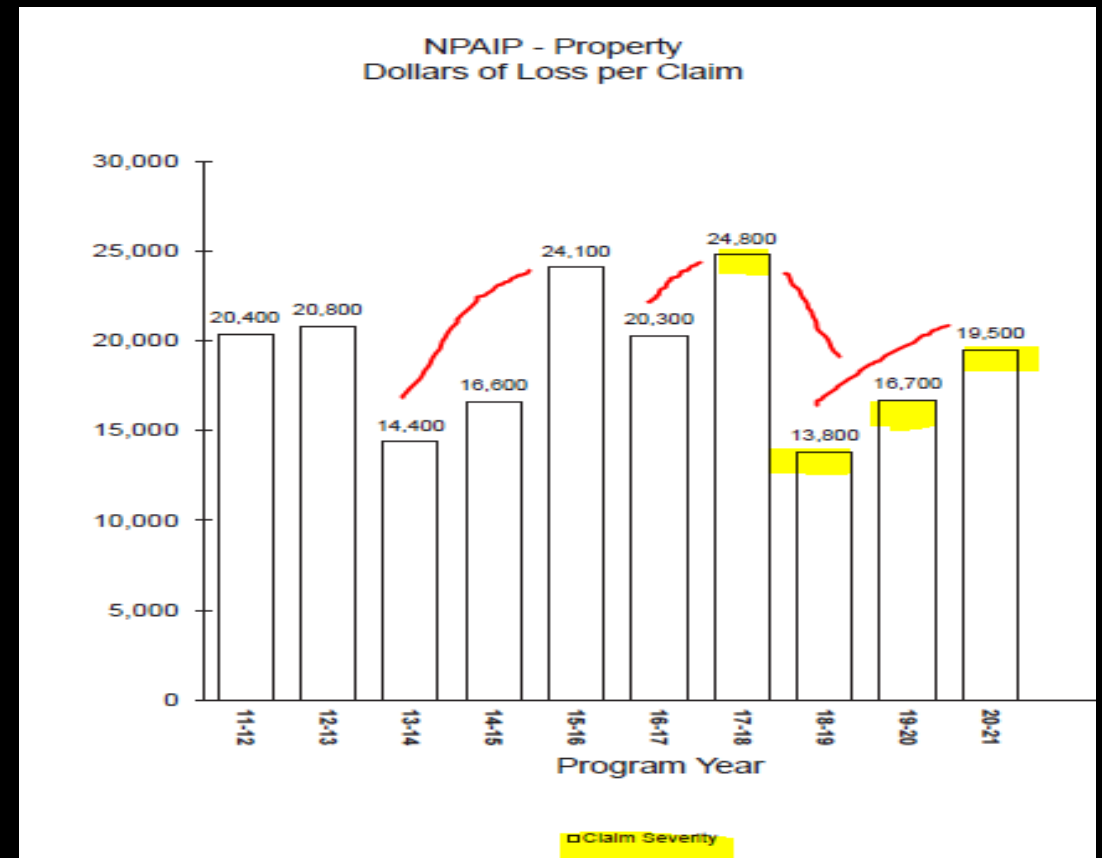


HISTORICAL TRENDS: PROPERTY

Dollars of Loss Per \$100 of TIV 10 Year Trend

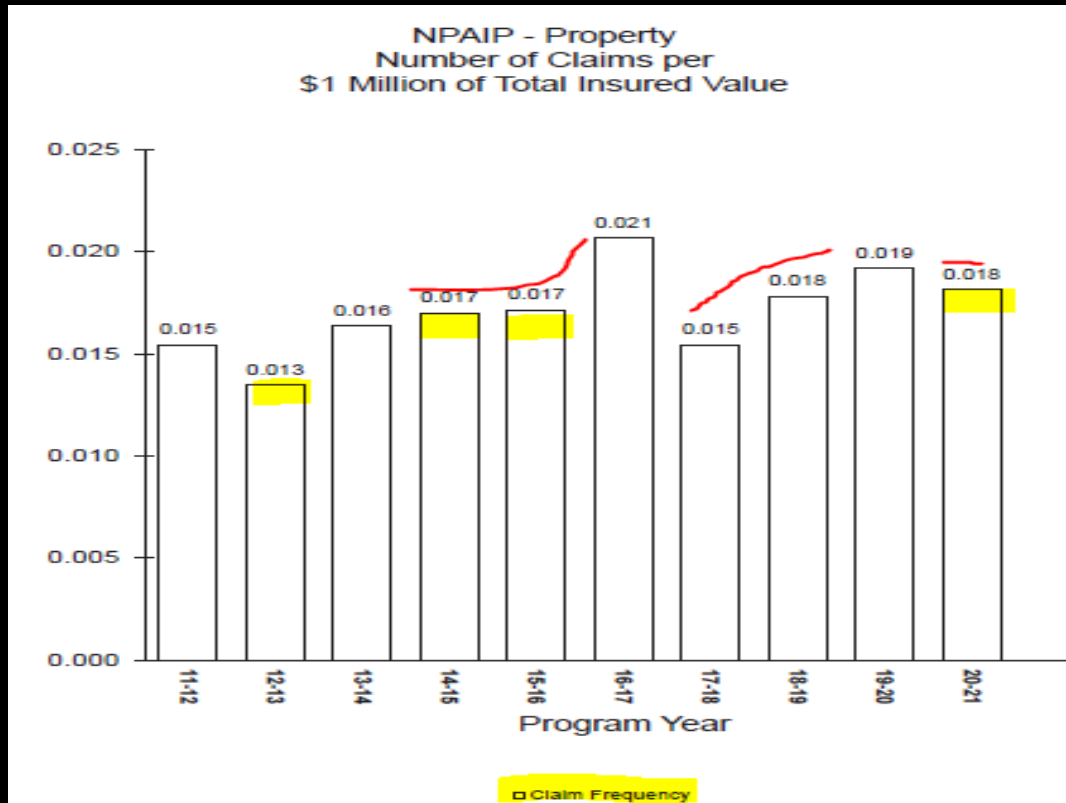


Dollars of Loss per Claim 10 Year Trend



HISTORICAL TRENDS: PROPERTY

Number of Claims per
\$1 Million of TIV



Summary of Key Property Trends

- Dollar of Loss per \$100 of TIV is INCREASING over past 10 years 😞
- Dollars of Loss per Claim is INCREASING over the 10 years 😞
- Number of Claims per \$1M TIV is STABLE 😊

COMPARISON WITH PREVIOUS RESULTS

ACTUAL VS. EXPECTED INCURRED LOSS AND ALAE DEVELOPMENT

Prior Year Report 9-26-2020

Current Year Claim
Development 9-18-2021 Report

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
2000-01	\$0	\$0	\$0
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	1,000	1,000
2008-09	0	(5,000)	(5,000)
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	(2,000)	(2,000)
2012-13	1,000	(4,000)	(5,000)
2013-14	9,000	(66,000)	(75,000)
2014-15	25,000	(43,000)	(68,000)
2015-16	77,000	(110,000)	(187,000)
2016-17	197,000	103,000	(94,000)
2017-18	364,000	157,000	(207,000)
2018-19	1,000,000	672,000	(328,000)
2019-20	1,112,000	194,000	(918,000)
2020-21	3,493,000	4,190,000	697,000
Total	\$6,278,000	\$5,087,000	(\$1,191,000)

As shown, actual incurred development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$6,278,000 between the two evaluation dates. However, actual development was approximately \$5,087,000; or about \$1,191,000 less than expected.

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
2000-01	\$0	\$0	\$0
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	1,000	1,000
2008-09	0	(5,000)	(5,000)
2009-10	0	0	0
2010-11	0	0	0
2011-12	2,000	0	(\$2,000)
2012-13	5,000	4,000	(1,000)
2013-14	44,000	12,000	(32,000)
2014-15	209,000	409,000	200,000
2015-16	150,000	33,000	(117,000)
2016-17	531,000	412,000	(119,000)
2017-18	577,000	486,000	(91,000)
2018-19	786,000	411,000	(375,000)
2019-20	2,000,000	1,588,000	(412,000)
2020-21	1,527,000	1,534,000	7,000
Total	\$5,831,000	\$4,885,000	(\$946,000)

As shown, actual paid development was also less than expected since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$5,831,000 between the two evaluation dates. Actual development was approximately \$4,885,000; or about \$946,000 less than expected.

CHANGE IN ULTIMATE LOSS AND ALAE

In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year, again gross of any deductibles or aggregate limits, since our prior report.

Change in Ultimate Loss and ALAE

Accident Year	Prior Report	Current Report	Change in Ultimate
2000-01	\$3,142,000	\$3,142,000	\$0
2001-02	3,073,000	3,073,000	0
2002-03	3,321,000	3,321,000	0
2003-04	1,664,000	1,664,000	0
2004-05	2,927,000	2,927,000	0
2005-06	2,943,000	2,943,000	0
2006-07	5,134,000	5,134,000	0
2007-08	5,782,000	5,783,000	1,000
2008-09	4,130,000	4,125,000	(5,000)
2009-10	4,854,000	4,854,000	0
2010-11	4,602,000	4,602,000	0
2011-12	4,167,000	4,165,000	(2,000)
2012-13	4,066,000	4,064,000	(2,000)
2013-14	4,028,000	3,953,000	(75,000)
2014-15	4,157,000	4,088,000	(69,000)
2015-16	6,054,000	5,864,000	(190,000)
2016-17	6,149,000	6,037,000	(112,000)
2017-18	5,410,000	5,224,000	(186,000)
2018-19	5,638,000	5,318,000	(320,000)
2019-20	6,454,000	5,603,000	(851,000)
2020-21	6,545,000	7,059,000	514,000
Total	\$94,240,000	\$92,943,000	(\$1,297,000)

OUTSTANDING CLAIM LIABILITY FOR LOSS AND LAE

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2020 to be \$9,544,000 at the expected level. This amount was stated net of any applicable aggregate limits or maintenance deductibles, but included the corridor deductible for property claims. Our current estimate as of June 30, 2021, is \$10,009,000, an increase in our assessment of NPAIP's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and ALAE

	Prior Report at June 30, 2020	Current Report at June 30, 2021	Change
(A) Case Reserves:	\$5,081,000	\$5,282,000	\$201,000
(B) IBNR Reserves:	4,463,000	4,727,000	264,000
(C) Total Reserves:	\$9,544,000	\$10,009,000	\$465,000

As shown, our estimate of outstanding claims liabilities at the expected level has increased between June 30, 2020 and June 30, 2021 as reflected in our prior and current reports, respectively.

Case reserves increased by \$201,000 since the prior evaluation and our IBNR reserve estimate increased by \$264,000. In total, the reserve estimate increased by \$465,000 since the prior report.

ASSUMPTIONS & LIMITATIONS

- Based on loss experience, exposure data and info provided by POOL
- Relied on statistics and historical loss development patterns of POOL
- Assumed POOL's historical development patterns form a reasonable basis to predict POOL's Future Loss Development
- Cannot predict impact of future law changes and court rulings on Claim Costs... reasonable now but perhaps not in the future
- Assumed loss rate trend with **liability** claim cost increases at **2.0%** per year. Claim severity increases at **2.0%** per year. Assumed **property claims** are increasing by **2.5%** annually and average claim size increases at **2.5%** per year and average frequency remains unchanged.
- Assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- Does NOT include provisions for catastrophic events: earthquakes, flooding, mass civil disorder or mass occupational disease.
- Assumes all excess insurance is valid and collectible.

QUESTIONS & REFLECTIONS

Working Together We Achieve Superior Results

The background features a dark, almost black, gradient. Overlaid on this are several flowing, ribbon-like shapes. On the left side, there are vibrant red waves that curve upwards and then downwards. On the right side, there are bright cyan and blue waves that flow from the top right towards the bottom right. The waves have a slight transparency and a fine, grid-like texture, giving them a three-dimensional, ethereal appearance.

September 28, 2021

To the Board of Directors
Nevada Public Agency Insurance Pool
201 S. Roop St Suite 201
Carson City, NV 89701

Dear Board members,

We have audited the financial statements of the business-type activities of Nevada Public Agency Insurance Pool (POOL) for the years ended June 30, 2021 and 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards require that we provide you with the following information related to our audit which is divided into the two following sections:

Section I – Required Communications with those Charged with Governance

Section II – Other Recommendations and Related Information

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the Board in our Audit Committee Letter.

Section II presents recommendations related to internal controls, procedures, and other matters during our current audit year. These comments are offered in the interest of helping the Board in its efforts toward continuous improvement, not just in the areas of internal controls and accounting procedures, but also in operations and administrative efficiency and effectiveness.

Section I – Communications Required under AU 260

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 9, 2020 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter regarding planning matters dated November 9, 2020.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by POOL are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year audited.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting POOL's financial statements were for the loss reserves, specific and aggregate recoverables and maintenance deductibles.

Management's estimate of the loss reserves is based on a study prepared by an independent actuary. Member deductibles receivable is based on their judgment on what they believe is collectible derived from known facts. Specific and aggregate recoverables are based on estimated recoverables from excess insurers after taking into consideration the Self-Insured Retention (SIR) and member deductible.

We evaluated the key factors and assumptions used to develop the loss reserves, member deductibles receivable and specific and aggregate recoverables balance in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were described in Note 6 regarding the unpaid loss liability as that is based on expected trends in claim severity, claim frequency, and other factors that may vary as claims are settled. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed various adjustments which are discussed in detail in our letter to the Audit Committee and are not considered errors or unusual.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 28, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Section II – Other Recommendations and Related Information


Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We provided an Audit Committee recommendations letter dated September 28, 2021 to the Audit Committee. In this letter we identified any exceptions noted and recommendations.

This information is intended solely for the use of the Board of Directors charged with governance and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Handwritten signature in blue ink that reads "Bertrand & Associates, LLC".

Bertrand & Associates LLC

NEVADA PUBLIC AGENCY INSURANCE POOL

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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BERTRAND & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS

Member American Institute of Certified Public Accountants

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Carson City, NV 89701
Tel 775.882.8892
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E-mail: michael@bertrandcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Public Agency Insurance Pool
Carson City, Nevada

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, 2021 and 2020 and the related statements of revenues, expenses and changes in net position 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 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, 2021 and 2020 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 8 and the 10-year claims development schedule on page 25 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
September 28, 2021

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, 2021, the conclusion of our 34th full year of operations. As noted in part of NPAIP's Mission Statement, we excel in financial strength, security, 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 NPAIP 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. In 2021, the Board revised the policy to a minimum of ten times with a goal of twenty to provide greater flexibility in coverage placement. In 2020, the Board approved a change in the accounting policy related to the transfer of capital to Public Risk Mutual (PRM) to expense 100% in the year of transfer effective retroactively to July 1, 2018 noting that the unamortized balances will be a reduction in NPAIP's Net Position as Contributed Surplus to PRM would be eliminated in the restatement of the 2019 financial statement.

As of July 1, 2018, Contributed Surplus to PRM from NPAIP was \$29,477,263 with accumulated amortization of \$15,830,593 resulting in Contributed Surplus, net of accumulated amortization, of \$13,646,670 which was eliminated in the July 1, 2018 Net Position. Even with this accounting change, a restated Net Position of \$13,332,286 on July 1, 2018, we have exceeded the Net Assets to Retention goal for 2019 (28.1:1), in 2020 the ratio was (35.1: 1) and 38.8: 1 in the current year as shown in the audit. Net position increased during the year because of an increase in operating net position of \$2,048,101 which was offset with a (loss) of \$184,352 in non-operating net investment income due to fluctuations in the interest rates during the year.

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 funded directly 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 Directors, 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 34 years. We are government risk experts with a passion for risk management services. We provide comprehensive coverage and risk management solutions 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. NPAIP is the sole owner of PRM and is 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 school district 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:

In order to enhance analysis, comparative information is provided for Assets, Liabilities, Net Position, Revenues and Expenses as shown in the chart below. The benchmarks shown in the chart resulted from a pooling and captives' industry study conducted a few years ago by Tillinghast and provides a useful tool to facilitate management's analysis and understanding of the financial results. Other performance indicators may be used by insurance companies but are not necessarily useful comparative indicators for risk pools.								
Financial Ratios	POOL 2013/2014	POOL 2014/2015	POOL 2015/2016	POOL 2016/2017	POOL 2017/2018	POOL as Restated 2018/2019	POOL 2019/2020	POOL 2020/2021
Total Revenue	\$ 14,610,828	\$ 14,364,004	\$ 14,377,529	\$ 14,159,528	\$ 14,702,604	\$ 15,998,979	\$ 17,925,920	\$ 19,077,614
Total Net Income	\$ 1,752,247	\$ 1,225,208	\$ 699,263	\$ (3,121,709)	\$ (4,761,722)	\$ 736,503	\$ 3,477,108	\$ 1,863,749
Net Operating Income	\$ 1,266,150	\$ 537,007	\$ (510,082)	\$ (2,824,698)	\$ (4,710,455)	\$ (411,812)	\$ 2,045,875	\$ 2,048,101
Net Investment Income	\$ 486,097	\$ 688,201	\$ 1,209,345	\$ (297,011)	\$ (51,267)	\$ 1,148,315	\$ 1,431,233	\$ (184,352)
Total Assets	\$ 43,758,612	\$ 44,345,129	\$ 45,516,218	\$ 42,074,070	\$ 39,014,428	\$ 25,210,903	\$ 29,195,428	\$ 31,413,137
Total Liabilities	\$ 10,820,696	\$ 10,182,005	\$ 10,653,831	\$ 10,333,392	\$ 12,035,472	\$ 11,142,114	\$ 11,649,531	\$ 12,003,491
Net Position	\$ 32,937,916	\$ 34,163,123	\$ 34,862,387	\$ 31,740,678	\$ 26,978,956	\$ 14,068,789	\$ 17,545,897	\$ 19,409,646
Net Position to SIR (Board target: 20:1)	65.9	68.3	69.7	63.5	54.0	28.1	35.1	38.8
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.015	0.015	0.014	0.016	0.019	0.036	0.028	0.026
% Assets attributable to Net Position	75.3%	77.0%	76.6%	75.4%	69.2%	55.8%	60.1%	61.8%
Total assets/total liabilities	4.04	4.36	4.27	4.07	3.24	2.26	2.51	2.62
Revenues to Net Position (Benchmark: <2.5:1 and >0)	0.44	0.42	0.41	0.45	0.54	1.14	1.02	0.98
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.35	0.34	0.33	0.36	0.43	0.82	0.65	0.59
Total liabilities to liquid assets: Benchmark <100%	35%	32%	32%	38%	59%	59%	59%	159%
Change in Net Position: >-.10%	5.6%	3.7%	2.0%	-9.0%	-15.0%	-55.7%	-35.0%	38.0%
Return on Net Position: Net Operating Income/Net Position	3.8%	1.6%	-1.5%	-8.9%	-17.5%	-2.9%	11.7%	10.6%
Return on Net Position: Total Income/Net Position	5.3%	3.6%	2.0%	-9.8%	-17.6%	5.2%	19.8%	9.6%

We continue to provide stability in the mist of uncertainty, allowing members to focus on serving their communities. We will continue to offer reliability and stability in a risky property and casualty world.

Economic Factors:

For fiscal year ending June 30, 2021, economic conditions showed continued signs of improvement with some growth continuing for the nation and Nevada. NPAIP's investments, although showing negative results this year, have performed consistently with fixed income investment markets considering 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. 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. Fiscal year ending June 30, 2021 evidenced hardening insurance market conditions for property and liability reinsurance. Rates in property coverage experienced increases as did liability rates. NPAIP was able to retain its coverage capacity at current levels.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. Staff includes Wayne Carlson, Executive Director, Marshall Smith, Risk Manager, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissa Mack, Accounting 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, 2021 AND 2020

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 property, casualty and cyber coverage, 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/Davies (ASC) which has been contracted to perform claims management services for NPAIP.

NPAIP provides property, casualty, and cyber 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 in advance of the renewal date. 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, 2021 and June 30, 2020 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 unmodified opinion on the financial statements, the best opinion that can be attained.

Critical Accounting Estimates

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.

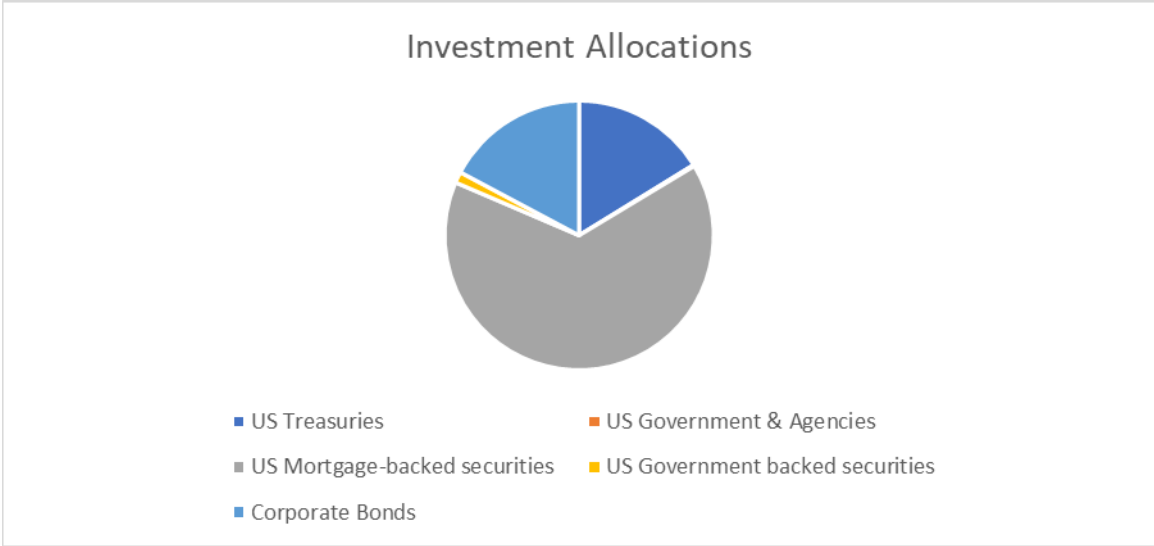
NPAIP has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims (IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, 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

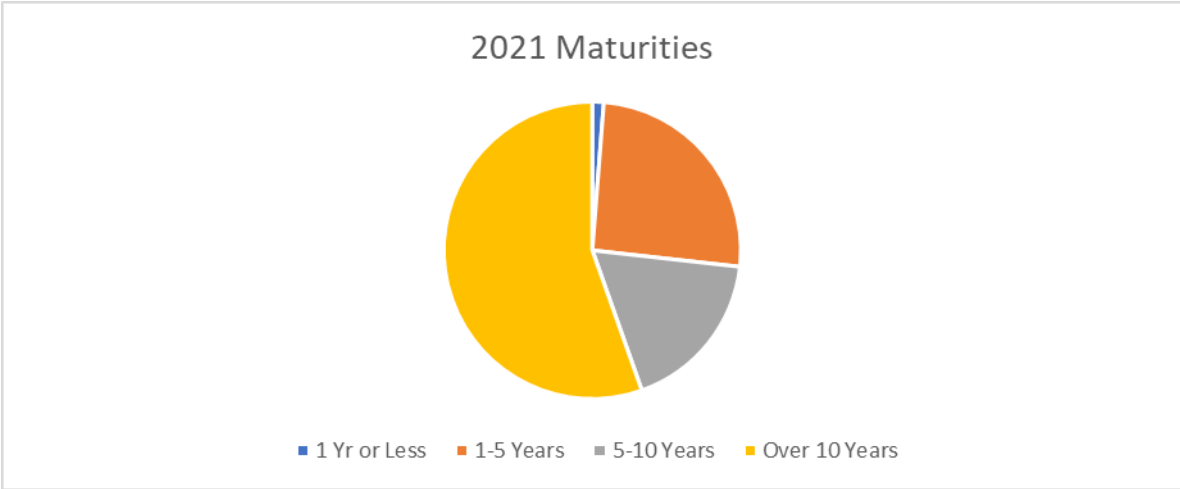
One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and are reported at their fair value in the Statement of Net Position. Fair value is determined utilizing the market value 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 \$27,483,921 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$4,817,818. 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 5.7, meaning that it has 5.7 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 5.3. The increase in the cash ratio is due primarily to the reduction in the current portion of accounts payable of \$72,299 compared to prior year of \$179,099 a reduction of \$106,800. This is further aided by the increase in cash and investment balance at fiscal year-end in the amount of \$2,186,293 due to cash provided by operations.

Investment balances as of June 30, 2021 were \$26,500,122 compared to the prior year amount of \$24,084,648. This represents an increase of \$2,415,474 or 10.8% The increase is due primarily to the increase in cash provided by operations and investment income and operations during the year. As noted in Note 3, the following is a summary of the fair value of investments as of June 30, 2021:



Investment Descriptions	Fair Value 6-30-2021	Fair Value 6-30-2020
U.S. Treasuries	4,299,625	3,538,734
U.S. Government & Agencies	42,011	163,206
U.S. Mortgage backed securities	17,237,129	14,957,724
U.S. Government backed securities	353,228	800,301
Corporate bonds	<u>4,568,129</u>	<u>4,624,683</u>
Total investments	<u>\$26,500,122</u>	<u>\$24,084,648</u>



Accrued Interest

The investment income receivable at June 30, 2021 is \$86,345 compared to \$94,115 in 2020. This is a change of (\$7,770) or -8.3%. This is due primarily to the increase in investment balances at year end and the timing of the payment of accrued interest on the investments.

Specific and Aggregate Recoverables

Specific and aggregate recoverables at June 30, 2021 are \$2,026,949, compared to \$1,883,833 in 2020. This is a slight increase of \$143,116 or 7.6% due to timing of collections during the fiscal year from the reinsurance companies.

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 to 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. At the annual meeting held on April 17, 2020, the Board approved a change in the accounting policy related to the transfer of capital to PRM to expense 100% in the year of transfer effective retroactively to July 1, 2018 noting that the unamortized balances will reduce NPAIP's Net Position and Contributed Surplus to PRM would be eliminated in the restatement of the 2019 financial statement. As of July 1, 2018, Contributed Surplus from NPAIP was \$29,477,263. As of June 30, 2018, the accumulated amortization was \$18,125,819 resulting in Contributed Surplus, net of accumulated amortization of \$11,351,444 and the same reduction in NPAIP's Net Position as of July 1, 2018. This accounting change will impact NPAIP's financial benchmarks and make NPAIP more comparable with our peers in years without the transfer. The following chart indicates NPAIP's surplus contributions to PRM since inception:

Fiscal Year	Contributions	Total Contributions
2004	\$ 1,000,000	\$ 1,000,000
2005	\$ -	\$ 1,000,000
2006	\$ -	\$ 1,000,000
2007	\$ 1,000,000	\$ 2,000,000
2008	\$ 1,100,000	\$ 3,100,000
2009	\$ 3,800,000	\$ 6,900,000
2010	\$ 808,416	\$ 7,708,416
2011	\$ 5,265,924	\$12,974,340
2012	\$ 2,276,619	\$15,250,959
2013	\$ 1,237,581	\$16,488,540
2014	\$ 1,500,000	\$17,988,540
2015	\$ -	\$17,988,540
2016	\$ 1,488,723	\$19,477,263
2017	\$ 4,300,000	\$23,777,263
2018	\$ 5,700,000	\$29,477,263
2019	\$ -	\$29,477,263
2020	\$ -	\$29,477,263
2021	\$ -	\$29,477,263

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 to 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. In previous actuarial analyses, the understanding was that the member deductibles eroded NPAIP's SIR layer. The current analysis for June 30, 2021 reflects that NPAIP's retention is in addition to the member deductible. This resulted in an increased reserve for NPAIP and a lower reserve for PRM. 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 \$4,429,730 to \$4,606,327 in fiscal year ending June 30, 2021. The noncurrent reserve for claims and claims loss adjustment expenses increased from \$6,845,270 to \$7,185,673 in 2021. Total reserves increased to \$11,792,000 from \$11,275,000 an increase of \$517,000 or 4.6% based on claim payments and decreased 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 increased from \$17,545,897 to \$19,409,646 during the fiscal year ending June 30, 2021, an increase of \$1,863,749 or 10.6%. This increase primarily is due to overall increase in operating net position of \$2,048,101 and decreased by net investment income of (\$184,352) for fiscal year 2021.

The following is the comparative Statements of Net Position for NPAIP as of June 30, 2021 and 2020.

CONDENSED STATEMENTS OF NET POSITION

	<u>2021</u>	<u>2020</u>
Cash and investments	\$ 27,483,921	\$ 25,297,628
Accrued interest	86,345	94,115
Receivables	2,108,698	2,042,778
Prepaid expense	25,082	99,497
Capital assets, net	1,709,091	1,661,410
Total assets	<u>31,413,137</u>	<u>29,195,428</u>
Accounts payable	72,299	179,099
Risk management grants payable	139,192	195,432
Reserve for claims and claims related expense	11,792,000	11,275,000
Total liabilities	<u>12,003,491</u>	<u>11,649,531</u>
Net position -unrestricted	17,700,555	15,884,487
Net position -invested in capital assets	1,709,091	1,661,410
Total net position	<u>\$ 19,409,646</u>	<u>\$ 17,545,897</u>

Total Operating Revenues

NPAIP's primary revenue source comes from premiums written. Premium written increased from \$17,167,798 to \$18,306,983 during fiscal year ending June 30, 2021. This is an increase of \$1,139,185 or 6.6%. This increase is attributable to a rate increase needed to fund increased claims, allocation of special insurance programs into the rates, changes in members deductible options and operating programs. In fiscal year 2021 and 2020, NPAIP received \$475,000 from PRM to pay for risk mitigation services to support member services.

Program Expenses

Total program expenses increased to \$15,911,499 from \$14,610,484 in Fiscal Year 2020. This reflects an increase of \$1,301,015 or 8.9% in the current year. This increase is driven by increases in the losses and loss adjustment expense and the reinsurance/excess insurance program during the year. Losses and loss adjustment expenses increased \$564,160 or 15.2% due to increased claims cost during the year. The reinsurance/excess insurance premiums increased \$866,451 from \$6,805,658 to \$7,672,109 because of hardening in the global reinsurance market causing increased premium rates and increased losses and loss adjustments in the prior year. The other changes in program expenses were insignificant.

Administration Expenses

Total administrative expenses were \$1,118,014 in Fiscal Year ending June 30, 2021 compared to \$1,269,561 in FY 2020. This represents a decrease of \$151,547 or 11.9%. The management fees increased from \$525,000 to \$543,372 to account for the 3.5% contract increase. Operating expenses decreased from \$341,387 to \$235,257 a reduction of \$106,130 or 31.1% due to expense mitigation efforts and reduced travel due to COVID restrictions. Technology services decreased to \$4,354 from \$53,361 due to timing of replacements.

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 \$1,431,233 for Fiscal Year end June 30, 2020 compared to (\$184,352) in 2021. The investment income was negative for NPAIP as a result of the mark to market value adjustment because of decreasing interest rates in fiscal year 2021. See Note 3 Investment Securities for more details.

Revenues, Expenses and Changes in Net Position:

CONDENSED STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>
Revenues	\$ 19,077,614	\$ 17,925,920
Loss fund provision and program expenses	15,911,499	14,610,484
Administration expenses	<u>1,118,014</u>	<u>1,269,561</u>
Total expenses	<u>17,029,513</u>	<u>15,880,045</u>
Increase in operating net position	2,048,101	2,045,875
(Decrease) increase non-operating net investment income	<u>(184,352)</u>	<u>1,431,233</u>
Increase in net position	\$ 1,863,749	\$ 3,477,108

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 \$1,709,091 as of June 30, 2021. This represents 5.4% 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. Roof St., Suite 102, Carson City, NV 89701-4790.

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Net Position
June 30, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 983,799	\$ 1,212,980
Investments	26,500,122	24,084,648
Accrued interest	86,345	94,115
Deductibles receivable	46,124	132,598
Assessments receivable	24,272	20,299
Other Receivables	11,353	6,048
Specific and aggregate recoverables	2,026,949	1,883,833
Prepaid expense	25,082	99,497
Total current assets	<u>29,704,046</u>	<u>27,534,018</u>
Capital assets:		
Land, building & equipment, net	<u>1,709,091</u>	<u>1,661,410</u>
Total Assets	<u><u>31,413,137</u></u>	<u><u>29,195,428</u></u>
 LIABILITIES		
Other current liabilities:		
Accounts payable	72,299	179,099
Risk Management Grants payable	139,192	195,432
Current portion of reserve for claims and claims adjustment expenses	<u>4,606,327</u>	<u>4,429,730</u>
Total current liabilities	<u>4,817,818</u>	<u>4,804,261</u>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	<u>7,185,673</u>	<u>6,845,270</u>
Total non-current liabilities:	<u>7,185,673</u>	<u>6,845,270</u>
Total Liabilities	<u><u>12,003,491</u></u>	<u><u>11,649,531</u></u>
 NET POSITION		
Net Position, unrestricted	17,700,555	15,884,487
Net Position, invested in capital assets	<u>1,709,091</u>	<u>1,661,410</u>
Total Net Position	<u><u>\$ 19,409,646</u></u>	<u><u>\$ 17,545,897</u></u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Revenues, Expenses and Changes in Net Position
For Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Premiums written	\$ 18,306,983	\$ 17,167,798
Rental income	238,195	236,482
PRM risk mitigation services	475,000	475,000
Other Income	57,436	46,640
Total revenues	<u>19,077,614</u>	<u>17,925,920</u>
PROGRAM EXPENSES		
Losses and loss adjustment expenses	4,277,923	3,713,763
Excess insurance premiums	7,672,109	6,805,658
Special insurance programs	-	1,943
Pooling and loss control fees	505,000	505,000
Third party administrator fees	780,375	778,009
Member education and training	1,337,130	1,376,476
Loss control awards and grants	135,539	298,407
Agent commissions	1,196,500	1,124,305
Taxes written	6,923	6,923
Total program expenses	<u>15,911,499</u>	<u>14,610,484</u>
ADMINISTRATIVE EXPENSES		
Management fees	543,372	525,000
Building maintenance and utilities	107,440	93,051
Depreciation	67,396	60,047
Travel	8,776	39,067
Casualty insurance	50,440	47,972
Operating expenses	235,257	341,387
Legal expenses	4,662	14,816
Consultant appraisals	96,317	94,860
Technology services	4,354	53,361
Total pool administration expenses	<u>1,118,014</u>	<u>1,269,561</u>
Total program and administration expenses	<u>17,029,513</u>	<u>15,880,045</u>
Increase in operating net position	<u>2,048,101</u>	<u>2,045,875</u>
Non-operating net investment income (loss)	<u>(184,352)</u>	<u>1,431,233</u>
Increase in net position	<u>1,863,749</u>	<u>3,477,108</u>
Beginning net position	<u>17,545,897</u>	<u>14,068,789</u>
Net position, end of year	<u>\$ 19,409,646</u>	<u>\$ 17,545,897</u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Cash Flows
For Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Premiums written	\$ 18,241,063	\$ 19,109,639
Rental income	238,195	236,482
PRM risk mitigation services	475,000	475,000
Other revenues	57,436	46,640
Payments for claims	(3,760,923)	(3,143,763)
Payments to vendors	(12,765,049)	(12,069,059)
Net Cash Provided from Operating Activities	<u>2,485,722</u>	<u>4,654,939</u>
Cash flows from investing activities:		
Interest and dividend income, net of expenses	604,705	488,727
Purchases of investments	(10,613,887)	(12,940,407)
Proceeds from sales of investments	7,409,356	8,210,074
Net Cash Used from Investing Activities	<u>(2,599,826)</u>	<u>(4,241,606)</u>
Cash flows from capital activities:		
Equipment purchases	(115,077)	(169,557)
Net Cash Used for Capital Activities	<u>(115,077)</u>	<u>(169,557)</u>
(Decrease) increase in Cash and Cash Equivalents	(229,181)	243,776
Cash and Cash Equivalents, beginning of fiscal year	1,212,980	969,204
Cash and Cash Equivalents, year ended June 30	<u>983,799</u>	<u>1,212,980</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Net Income	2,048,101	2,045,875
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	67,396	60,047
Decrease (increase) in accrued interest	7,770	(25,852)
Decrease in deductibles and assessments receivable	82,501	510,315
(Increase) in other receivables	(5,305)	(6,001)
(Increase) decrease in recoverables	(143,116)	1,437,527
Decrease in prepaid expense	74,415	125,611
(Decrease) in accounts payable	(106,800)	(121,221)
(Decrease) increase in Risk Management Grants liability	(56,240)	58,638
Increase in reserve for claims and loss adjustments	517,000	570,000
Net Cash Provided by Operating Activities	<u>\$ 2,485,722</u>	<u>\$ 4,654,939</u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2021 and 2020

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 Davies Claims Solutions, 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, and 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 securities with credit ratings of AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization pursuant to statutory limitations. 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, 2021 and 2020

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. Corporate bond allocation cannot exceed 20% of the total par value of the portfolio. NPAIP 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 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.

Deductibles 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 and building improvements depreciated over 20 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.

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.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 3 – CASH AND INVESTMENTS

The carrying amount of NPAIP’s deposits with financial institutions at June 30, 2021 and 2020 was \$983,799 and \$1,212,980. The financial institution balance at June 30, 2021 and 2020 was \$1,532,553 and \$1,293,543 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>2021</u>	<u>2020</u>
Amounts insured by FDIC	\$ 250,000	\$ 249,055
Amounts collateralized	435,629	-
Amounts uninsured and uncollateralized	-	1,499
Cash equivalents at brokerage firm	846,924	1,042,989
Total deposits at financial institutions	<u>\$ 1,532,553</u>	<u>\$ 1,293,543</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, 2021 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries	\$ 4,299,625	\$ -	\$ 897,750	\$ 3,401,875	\$ -
U.S. Government & Agencies	42,011	42,011	-	-	-
U.S. Mortgage-backed securities	17,237,129	-	767,200	850,665	15,619,264
U.S. Government backed securities	353,228	-	107,754	-	245,474
Corporate bonds	4,568,129	253,442	4,314,687	-	-
Total investments	<u>\$ 26,500,122</u>	<u>\$ 295,453</u>	<u>\$ 6,087,391</u>	<u>\$ 4,252,540</u>	<u>\$ 15,864,738</u>

A summary of investments as of June 30, 2020 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries	\$ 3,538,734	\$ -	\$ -	\$ 3,538,734	\$ -
U.S. Government & Agencies	163,206	-	163,206	-	-
U.S. Mortgage-backed securities	14,957,724	15,174	781,474	1,252,059	12,909,017
U.S. Government backed securities	800,301	257,608	237,363	-	305,330
Corporate bonds	4,624,683	-	4,624,683	-	-
Total investments	<u>\$ 24,084,648</u>	<u>\$ 272,782</u>	<u>\$ 5,806,726</u>	<u>\$ 4,790,793</u>	<u>\$ 13,214,347</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. Treasury Notes and other debt obligations of \$4,299,625 and \$3,538,734 for years ended June 30, 2021 and 2020 respectively are valued using a matrix pricing model (Level 1 inputs).
- 2- U.S. Government, government back securities and corporate bonds of \$22,200,497 and \$20,545,914 for years ended June 30, 2021 and 2020 respectively are valued using a matrix pricing model (Level 2 inputs).

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 4 – LAND, BUILDING AND EQUIPMENT

Building and equipment are reported at cost less accumulated depreciation and land at cost. 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, 2021 and 2020 was as follows:

Property and equipment activity for the year ended June 30, 2021 was as follows:

	Estimated					
	Useful Life	June 30, 2020	Additions	Dispositions		June 30, 2021
Land	-	\$ 466,652	\$ -	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	316,729	115,077	-	-	431,806
		<u>2,567,097</u>	<u>115,077</u>	<u>-</u>	<u>-</u>	<u>2,682,174</u>
Less accumulated depreciation		(905,687)	(67,396)	-	-	(973,083)
Capital assets net accumulated depreciation		<u>\$ 1,661,410</u>	<u>\$ 47,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,709,091</u>

Property and equipment activity for the year ended June 30, 2020 was as follows:

	Estimated					
	Useful Life	June 30, 2019	Additions	Dispositions		June 30, 2020
Land	-	\$ 466,652	\$ -	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	124,278	192,451	-	-	316,729
		<u>2,374,646</u>	<u>192,451</u>	<u>-</u>	<u>-</u>	<u>2,567,097</u>
Less accumulated depreciation		(845,640)	(60,047)	-	-	(905,687)
Capital assets net accumulated depreciation		<u>\$ 1,529,006</u>	<u>\$ 132,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,661,410</u>

NOTE 5 – RETENTION

Nevada Public Agency Insurance Pool retains a portion of claims prior to the application of coverage provided by its reinsurance contracts. The retention amounts per event are as follows:

	2020-2021	2019-2020
Property	\$200,000	\$200,000
Liability	\$500,000	\$500,000
Monies & Securities	\$500,000	\$500,000
Equipment Breakdown	\$50,000	\$50,000
Cyber Risk	\$250,000 except \$500,000 for school districts	\$250,000 except \$500,000 for school districts

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2021 and 2020

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>2021</u>	<u>2020</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 11,275,000</u>	<u>\$ 10,705,000</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	7,249,923	6,172,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>(2,972,000)</u>	<u>(2,458,237)</u>
Total incurred losses and loss adjustment	4,277,923	3,713,763
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,079,000)	(776,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(2,681,923)</u>	<u>(2,367,763)</u>
Total Payments	(3,760,923)	(3,143,763)
Unpaid claims and claims adjustment expenses At end of fiscal year	<u><u>\$ 11,792,000</u></u>	<u><u>\$ 11,275,000</u></u>

In 2021 the current portion of the reserve, cash expected to be paid within 12 months, is \$4,606,327 and the long-term portion is \$7,185,673. At the end of 2020 the current portion was \$4,429,730 and the long-term portion was \$6,845,270.

At June 30, 2021 and 2020, NPAIP recorded the liability for losses and loss adjustment expenses based on an estimate by its independent consulting actuary. The reserve balances were developed by an independent actuary and are management’s best estimate of reserves at June 30, 2021 and 2020.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 7 - RELATED PARTY TRANSACTIONS

PARMS

PARMS, a service corporation wholly owned by Mr. Wayne Carlson, leased office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a lease agreement. Payments received in 2021 and 2020 were \$7,272 and \$7,128. A three-year lease for the period of July 1, 2019 to June 30, 2022 at a rate of \$7,128 adjusted annually by a 2% increase in year two and three of the agreement for the Executive Director's office space.

Nevada Risk Pooling

Effective July 1, 2019, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a five-year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Josh Foli, Cash Minor, Paul Johnson and Geof Stark. The NRP contract allocation is for POOL to pay 43.75% and PACT 56.25%. NRP will manage all administrative and risk management duties for NPAIP and PACT. The cost to NPAIP for the years ended June 30, 2021 and 2020 was \$543,372 and \$525,000 respectively. Future minimum payments are as follows:

2022	\$	562,393
2023		582,077
2024		602,450
Total minimum future payments	\$	<u><u>1,746,920</u></u>

NRP 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 grant agreement. The contract dated July 1, 2019 is for a five year lease period with an annual adjustment after the first year of 2%. Rental income was \$52,764 and \$51,732 for years ended 2021 and 2020.

Pooling Resources, Inc

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. PRI provides human resources management services to NPAIP members. The total contract is allocated for POOL to pay 65% and PACT 35%. The cost of this grant for POOL was \$843,648 and \$811,200 for the years ended June 30, 2021 and 2020 respectively. The grant was renewed for five years beginning July 1, 2020 through June 30, 2025. Future minimum grant payments are as follows:

2022	\$	868,958
2023		895,026
2024		921,877
2025		949,533
Total minimum future payments	\$	<u><u>3,635,394</u></u>

PRI paid Nevada Risk Pooling a management fee for years ending June 30, 2021 and 2020 to provide operational and financial oversight of PRI. The NRP contract commenced on July 1, 2019 until June 30, 2024. The agreement is for \$25,000 for fiscal year 2019 with a 3% increase for the subsequent four fiscal years.

Other Related Party Transactions

NPAIP is the sole policy holder of Public Risk Mutual Company (PRM) which was formed by NPAIP as a non-profit captive mutual insurance company. PRM provided \$475,000 for both years ending June 30, 2021 and 2020 to NPAIP to provide risk management services to the membership.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 7 - RELATED PARTY TRANSACTIONS (continued)

On July 1, 2017, NPAIP at no cost to NPAIP assumed ownership from PARMS of servers, computers and software and absorbed all costs related to the maintenance, replacement, and improvements for all technological needs of NPAIP, PACT, PRM, (Public Risk Mutual), PCM (Public Compensation Mutual), NRP (Nevada Risk Pooling) and PRI (Pooling Resources, Inc). The related companies of PACT, PRM, PCM, PARMS, NRP, and PRI make payments to NPAIP for use of the information technology equipment and services.

NOTE 8 – 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 reinsurance policies from several reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention. The limits shown below include the NPAIP retention:

COVERAGE LIMITS:

PROPERTY	2020-2021	2019-2020
Property per event	\$300,000,000	\$300,000,000
Earthquake aggregate	\$150,000,000	\$150,000,000
Flood aggregate	\$150,000,000	\$150,000,000
except flood zone A and X	\$25,000,000	\$25,000,000
Equipment breakdown	\$100,000,000	\$100,000,000

LIABILITY	2020-2021	2019-2020
Per Event and Aggregate per Member	\$10,000,000	\$10,000,000
Per Wrongful Act and Aggregate per Member	\$10,000,000	\$10,000,000
Law Enforcement per Event and Aggregate per Member	\$10,000,000	\$10,000,000
Emergency Response to Pollution Sublimit Aggregate	\$1,000,000	\$1,000,000
Sexual Abuse Sublimit per Event and Aggregate per Member	\$2,500,000	\$2,500,000

CYBER RISK COVERAGE	2020-2021	2019-2020
Per Private or Security Liability Event	\$3,000,000	\$3,000,000

REINSURANCE:

Property	2020-2021	2019-2020
Public Risk Mutual	\$300,000 excess of retention plus 3% of \$100,000,000 excess of \$50,000,000	\$300,000 excess of retention plus 3% of \$100,000,000 excess of \$50,000,000
Travelers Boiler Re	\$100,000,000 excess of retention	\$100,000,000 excess of retention
Lloyds of London various syndicates	\$300,000,000 excess of retention, excluding equipment breakdown and monies and securities	\$300,000,000 excess of retention, excluding equipment breakdown and monies and securities

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 8 – EXCESS INSURANCE OR REINSURANCE (continued)

REINSURANCE:

Liability	2020-2021	2019-2020
Public Risk Mutual	30% of \$2,500,000 excess of retention excluding school districts; 25% of \$7,000,000 excess of \$3,000,000 for all Members	30% of \$2,500,000 excess of retention excluding school districts; 25% of \$7,000,000 excess of \$3,000,000 for all Members
County Reinsurance, Ltd.	70% of \$2,500,000 excess of retention excluding school districts	70% of \$2,500,000 excess of retention excluding school districts
United Educators	\$2,500,000 excess of retention for all school districts	\$2,500,000 excess of retention for all school districts
Government Entities Mutual, Inc.	35% of \$7,000,000 excess of \$3,000,000 for all Members	35% of \$7,000,000 excess of \$3,000,000 for all Members
Lloyds of London Brit Syndicates, Ltd	40% of \$7,000,000 excess of \$3,000,000 for all Members	40% of \$7,000,000 excess of \$3,000,000 for all Members

Cyber Risk	2020-2021	2019-2020
Public Risk Mutual	\$1,000,000 excess of \$2,000,000 per Event	\$1,000,000 excess of \$2,000,000 per Event plus \$250,000 excess of \$250,000 for school districts only
County Reinsurance, Ltd.	\$2,000,000 excess of retention per Event excluding school districts	\$2,000,000 excess of retention per Event excluding school districts
United Educators	\$1,500,000 excess of retention for school districts	\$1,500,000 excess of retention for school districts

NOTE 9 – 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 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. Minimum lease payments for leases are as follows for the following years ended June 30:

	2022	\$	8,622
	2023		6,729
Total minimum lease payments		\$	<u>15,351</u>

NOTE 10 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2021. Management has evaluated subsequent events through September 28, 2021 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Required Contributions & Investment Income:										
Earned	\$16,331,984	\$14,843,453	\$15,203,196	\$15,129,697	\$15,659,967	\$13,926,199	\$14,701,651	\$17,193,234	\$19,357,153	18,893,262
Ceded	(5,019,808)	(4,812,711)	(4,919,456)	(5,253,026)	(5,044,561)	(5,633,992)	(5,794,600)	(5,960,178)	(6,807,601)	(7,672,109)
Net earned	11,312,176	10,030,742	10,283,740	9,876,671	10,615,406	8,292,207	8,907,051	11,233,056	12,549,552	11,221,153
Unallocated Expenses	5,659,813	5,485,380	5,672,515	5,755,797	6,213,405	6,801,212	7,157,245	7,591,756	5,358,681	5,079,480
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	5,471,000	5,370,000	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,249,923
Ceded	-	-	-	-	(87,500)	(1,427,141)	(201,000)	(145,102)	(261,168)	(279,968)
Net Incurred	5,471,000	5,370,000	4,851,000	4,317,000	5,080,500	4,207,859	5,537,000	5,851,898	5,910,832	6,969,955
Paid (cumulative) as of:										
End of policy year	722,000	652,000	788,000	551,000	485,000	988,000	1,232,000	1,160,000	776,000	1,079,000
One Year Later	1,538,000	1,670,000	1,538,000	1,681,000	2,291,000	2,367,000	2,984,000	2,240,000	1,886,000	
Two Years Later	2,331,000	1,937,000	2,142,000	2,061,000	3,272,000	3,253,000	3,353,000	2,536,000		
Three Years Later	2,601,000	2,548,000	2,656,000	2,277,000	3,939,000	3,958,000	3,628,000			
Four Years Later	2,723,000	2,797,000	2,973,000	2,395,000	4,529,000	4,281,000				
Five Years Later	3,003,000	2,894,000	2,997,000	2,608,000	4,519,000					
Six Years Later	3,078,000	2,944,000	3,046,000	3,015,000						
Seven Years Later	3,249,000	3,094,000	3,046,000							
Eight Years Later	3,327,000	3,098,000								
Nine Years Later	3,327,000									
Re-estimated ceded claims & Expenses	693,711	478,625	2,112,138	480,478	3,069,083	4,990,281	1,781,597	2,216,454	261,168	279,968
Re-estimated Claims & Expense										
End of policy year	5,471,000	5,370,000	4,851,000	4,317,000	5,080,500	4,207,859	5,537,000	5,851,898	5,910,832	6,969,955
One Year Later	4,461,000	4,425,000	4,159,000	3,864,000	4,769,000	5,269,000	5,269,000	4,774,000	4,747,000	
Two Years Later	3,780,000	3,650,000	3,713,000	3,134,000	5,406,000	4,761,000	4,569,000	4,353,000		
Three Years Later	3,297,000	3,137,000	3,285,000	3,140,000	4,838,000	5,048,000	4,172,000			
Four Years Later	3,265,000	3,350,000	3,229,000	3,080,000	4,875,000	4,828,000				
Five Years Later	3,308,000	3,235,000	3,196,000	3,177,000	4,626,000					
Six Years Later	3,262,000	3,119,000	3,157,000	3,030,000						
Seven Years Later	3,249,000	3,105,000	3,055,000							
Eight Years Later	3,330,000	3,102,000								
Nine Years Later	3,327,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(2,144,000)	(2,268,000)	(1,796,000)	(1,287,000)	(454,500)	620,141	(1,365,000)	(1,498,898)	(1,163,832)	-

This information is required by the Governmental Accounting Standards Board

Public Risk Mutual



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

April 21, 2022

Wayne Carlson,
Executive Director, NPAIP
201 S. Roop St., #102
Carson City, NV 89701

Re: 2022-2023 Preliminary Reinsurance Proposal to NPAIP

The following is a preliminary review of the PRM coverage that will be offered to NPAIP. Loss costs were projected using a 75% confidence interval.

Liability Captive Program:

For 2022-2023 insurance year, PRM will retain a 30% quota share per occurrence for the layer between NPAIP's SIR of \$500,000 and \$3,000,000 for non-school entities.

In summary, PRM's quote to NPAIP at a 75% confidence level is:

The layer for the \$500,000 to \$3,000,000 non-school coverage is \$564,785.
The apportioned PRM administration cost of \$102,855 was included in the cost quotes above. The **total** premium for all PRM liability coverage is **\$564,785**.

Captive Property Program:

The PRM property layer is again \$300,000 excess of \$200,000 each loss, with no corridor deductible. In summary, PRM's quote to NPAIP at a 75% confidence level is:

The layer for the \$200,000 to \$500,000 coverage is \$931,000. The apportioned PRM administration cost of \$102,855 allocated to property. The **total** premium for all PRM property cover is **\$1,033,855**.

Public Risk Mutual Self-Insured Property Program Funding Guidelines for 2022-23

Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$300K xs \$200K	\$855,000	\$901,000	\$931,000	\$973,000	\$1,040,000	\$1,155,000

Public Risk Mutual



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

So, the suggested total cost split between property and casualty, for your allocation purposes, is **\$1,033,855** property, and **\$564,785** casualty, for a total cost to POOL of **\$1,598,640** for 2022-2023.

Regards,

Alan Kalt
Public Risk Mutual

cc: Deb Connally
Melissa Mack
Willis Pooling staff

NPAIP/PRM Renewal Considerations
2022-2023 Budget Overview
April 21, 2022

The following is a summary of the proposed Fiscal Year 2022-23 Budget for the Nevada Public Agency Insurance Pool (NPAIP or POOL) and Public Risk Mutual (PRM Captive). This is the result of input from staff, actuaries, auditors, regulators, strategic business partners, executive committee members and members. The tentative budget was discussed at the March 22nd Executive Committee and will be finalized at the April 12th Executive Committee meeting to bring to the Annual Meeting as a recommendation for the full Board on April 21, 2022.

POOL Written Contributions

The projected POOL Written Contributions will increase by **12.0%** on an aggregate basis on an expiring basis. The actual increase will be depending on each entity's exposures, payroll, and loss ratings. Significant increases/decreases in entity losses and loss development will affect their rates accordingly. This assessment is based on a 75% Confidence Level (CL) funding for losses and loss adjustment expenses determined by our actuary. Other rate factors include the increases in Loss Fund and Insurance expenses, program, and administrative expenses. See notes below:

Loss Fund and Insurance Options (79.9% of Revenues) **Fiscal Impact:** +\$2,131,334 +13.0%

1. Increase POOL's Loss Fund Contribution from 70% CL in FY 22 to 75% CL in FY 23
Fiscal Impact: = +\$948,000 or 14.8% (**\$727,000 reduction in FY 22 by 70% CL**)

Discussion: The POOL has been using the 70% Confidence Level (Marginally Acceptable) from the Bickmore Actuarial Reports in the current year (FY 21-22). This means that 70% of the time, it will result in adequate funding and 30% of the time it would be underfunded. By using the 70% CL in FY 21-22 it resulted in a \$727,000 reduction in revenues.

In an effort to improve underwriting reserves, an increase to 75% CL would provide additional funds to pay claims. Other savings Options will be presented to create savings to promote the move to the 75% CL funding level.

The **Liability Funding** at 75% CL in FY 22-23 would be \$4,132,000 compared to the 70% CL rate in FY 21-22 of \$3,586,000 an increase of \$546,000 or 15.0%. If the 70% CL were used in FY 22-23 the rate would be \$3,875,000 a reduction of \$257,000 or 8.1% increase.

The **Property Funding** at 75% CL in FY 22-23 would be \$3,216,000 compared to the 70%

CL rate in FY 21-22 of \$2,814,000 an increase of \$402,000 or 14.3%. If the 70% CL were used in FY 22-23 the rate would be \$3,020,000 a reduction of \$196,000 or 6.5%.

The Combined "Savings" at the 70% CL funding level in FY 22-23 would be \$453,000.

This would save approximately 2% off the estimated rate increase. If actual claims cost exceeded the projected 70% funding level, it would result in a reduction in Net Position and likely show a loss in the financial statements.

Recommendation: 75% Confidence Level. Last year was a difficult renewal and taking the savings made sense. It was noted that the goal would be to move to the 75% in subsequent years. Given the fiscal impact in the current year, it appears prudent to go with the 75% CL.

Board Direction:

Joint Executive Committee recommended to fund at the 75% CL.

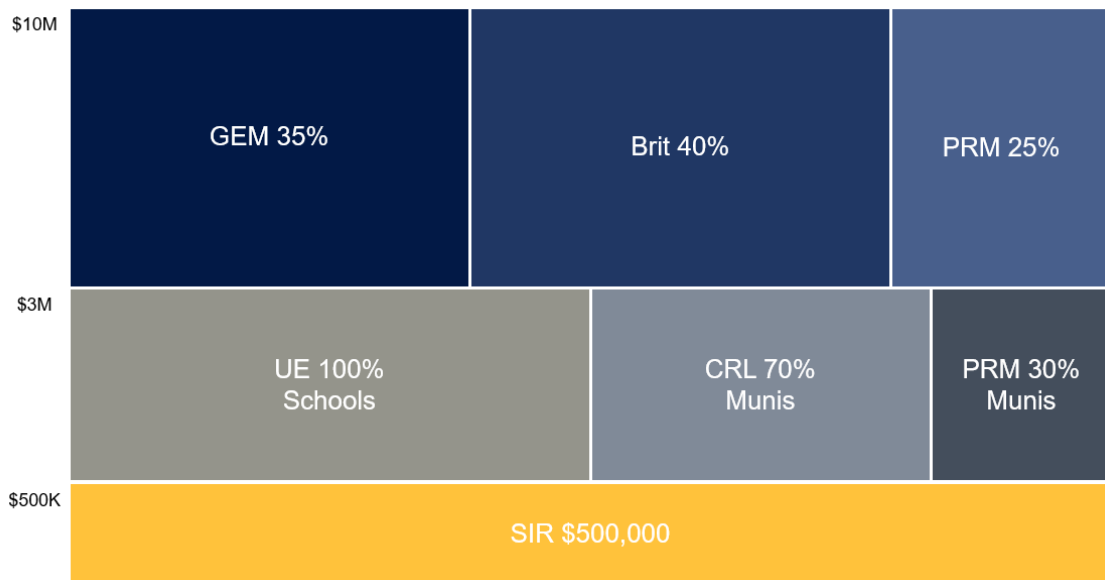
2. Liability Structure Options

The expiring structure graph of the renewal AS EXPIRING is as follows:

Nevada Public Agency Insurance Pool 2022-2023

Liability Structure

Renewal - AS EXPIRING



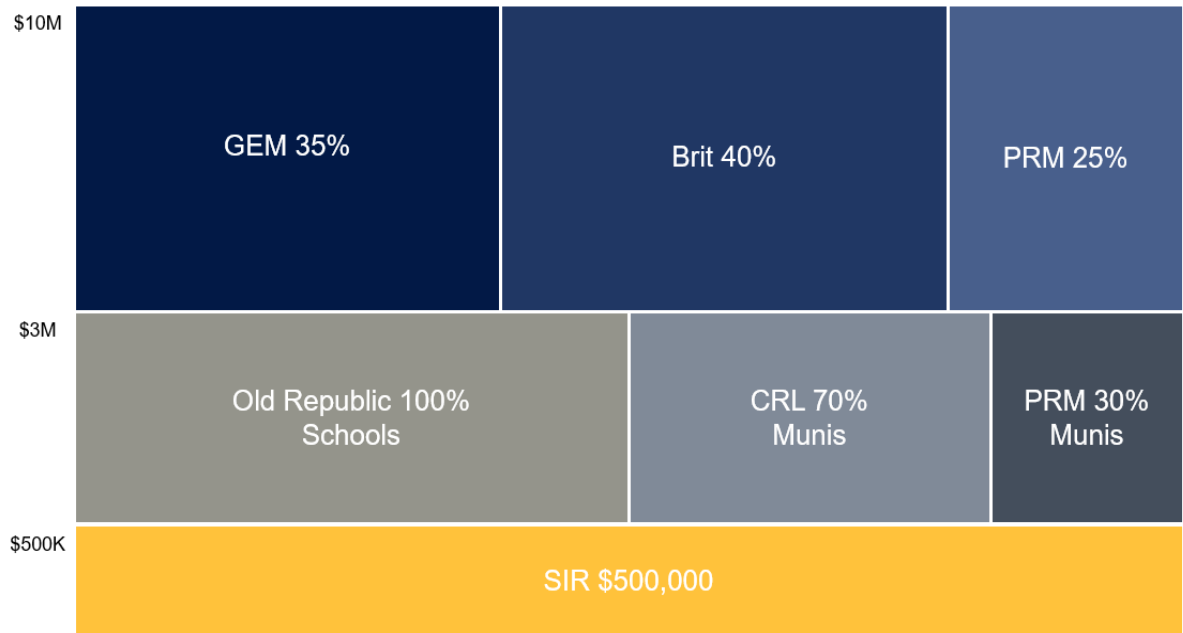
The total cost of this is \$7,298,523. We would share in the POOL Loss Fund at \$4,132,000 and the PRM total contributions would be \$1,208,855. CRL, GEM and UE totals \$1,712,172. The only Non-Pool payment is \$245,496 for the 40% Brit Layer. Options presented below.

OPTION 1- SCHOOLS Replace United Educators (UE) with Old Republic

Nevada Public Agency Insurance Pool 2022-2023

Liability Structure – Change in \$2.5M X \$500K

SCHOOLS – Option 1



The total cost of this is layer of coverage from Old Republic would be \$780,000. The UE portion would be \$531,426 and the corresponding PRM coverage of \$346,815 for a total cost for this layer of \$878,241. As such, this represents a savings of \$98,241. However, PRM would not share any risk or rewards of unfavorable or favorable results as 100% of the payment/risk would be with Old Republic. PRM would have ability to pick up additional coverage else where within the POOL structure graph.

Fiscal Impact: A savings of \$98,241 compared to expiring coverage

Board Direction:

Joint Executive Committee is recommending going with the Old Republic quote which represents a savings of \$98,241 over UE and PRM combined quote.

Liability Structure : Change in \$7M XS \$3M Layer

Expiring: GEM 35% (\$288,572) Brit 40% (\$315,200) PRM 25% (\$297,255)

Total Cost \$901,027

Option 1: GEM 75% (\$592,741) PRM 25% (\$297,255)

Total Cost \$889,996 Savings from Expiring \$11,031

Option 2: GEM 50% (\$404,612) PRM 50% (\$594,510)

Total Cost \$999,122

Increase from Expiring \$98,095

Option 3: GEM 100% (\$777,527)

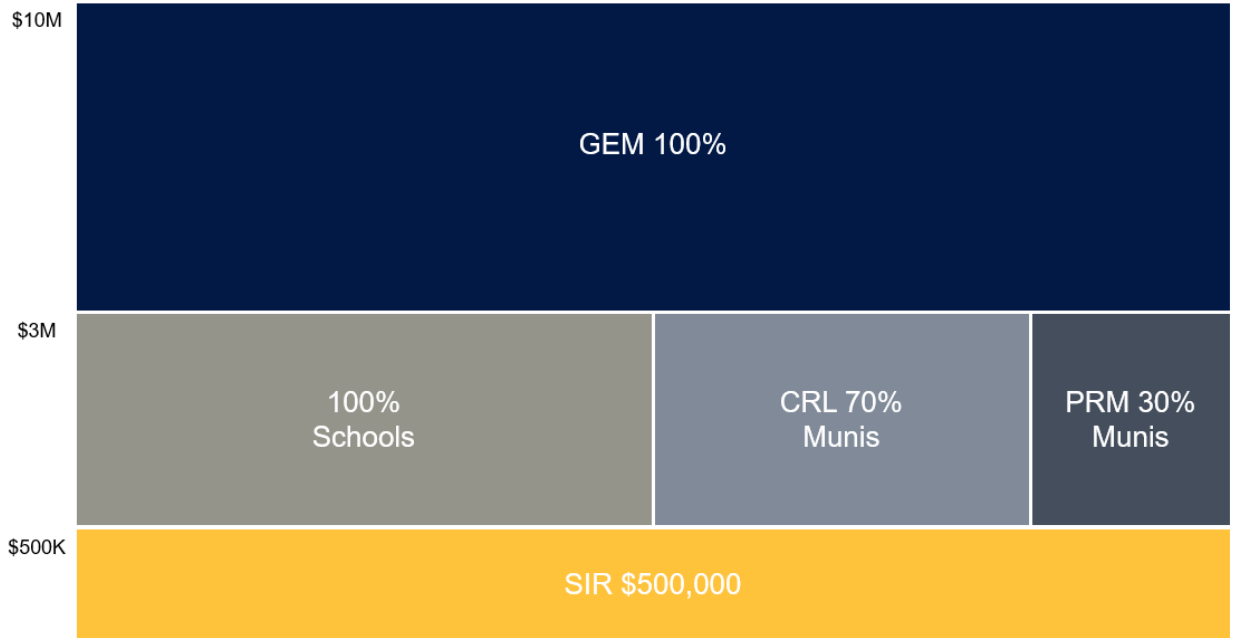
Total Cost \$777,527

Savings from Expiring \$123,500

Nevada Public Agency Insurance Pool 2022-2023

Liability Structure – Change in \$7M X \$3M Layer

Option 3



Note: GEM is a Non-Profit Reinsurance Pool which we have equity stake in operations. A Pool of Pools. We have a long-term relationship with GEM and serve on various committees and boards. If we eliminate PRM’s participation in this layer, we could deploy its capacity in other coverage layers.

Fiscal Impact: Option 3 Savings from Expiring \$123,500

Board Direction:

Joint Executive Committee is recommending going with the 100% GEM quote which represents a savings of \$123,500 over GEM, Brit and PRM combined quote.

3. Cyber Loss Fund Contribution

Fiscal Impact: \$300,000

Discussion: We are seeing an increase in the number of Cyber incidents with our membership. Some of these incidents have resulted in claims payment. Currently, there is a \$250,000 Loss Fund Contribution to pay for the cyber claims. Any amounts paid above the \$250,000 are coming from POOL’s net position.

Recommendation: Given the increase in frequency of these cyber claims and more members working remotely, a loss fund contribution of \$300,000 would assist in funding these claims. This represents an increase of \$50,000 in the contribution.

Board Direction:

Joint Executive Committee is recommending going with the \$300,000 funding level.

Reinsurance Options / PRM

4. Maintain 75% Confidence Level for Captive **Fiscal Impact:** +\$186,183 over expiring
Discussion: The higher the confidence level the more likely the reserve is adequate to for the actual claim results. A higher CL could result in an Underwriting Gain. Lower rate could result in an Underwriting Loss for the year. As noted by our Auditor, we have experienced losses in the PRM layer of coverage. It may be strategic to reduce the level of Reinsurance retained by PRM and expand the participation rates of GEM due to their favorable pricing in the upcoming year. Please be advised savings in one year could result in increases in subsequent years as our underwriting levels and experience factors. See discussion above about Liability Coverage Structure Options.
Recommendation: Maintain 75% Confidence Level for Captive coverage
Board Direction: **Joint Executive Committee recommends using the renewal quote savings to go with the 75% CL funding level for POOL SIR and PRM funding levels.**

5. **Property Quotation:** **Fiscal Impact:** \$4,417,328 at a 5%
Discussion: Property is a Seller's market and there is upward pressure on pricing. Due to our favorable relationship and lower claim losses a projected increase of 5% versus 10% to 25% increases on other accounts. We have received favorable preliminary property quotes at a 3.36% increase. **However, recent loss development on a claim after the renewal presentation and submission of renewal information is having a negative impact on our quote development.** Long-time London Broker Steve Firman is continuing to work hard to secure the upper layers of the coverage and mitigate against a rate adjustment over 5% in light of the new information.

Program Expenses (12.3% of Revenues)

Fiscal Impact +\$103,634 +3.8%

Focused Risk Management Programs: Member education and training is increasing by \$81,068 or 5.5%. These include the PRI contract, Jail Assessments, Cyber, School HVA, e-learning, Law Enforcement/Fire training, and EAP. The TPA fees are projected to increase by 2.9% on the new proposed contract.

Discussion: RM Programs to mitigate claim losses. Important programs for members with group pricing provided through POOL. Estimated program cost: e-learning \$75K, Target Solutions \$45K, Jails \$50K for Carson City assessment. Cyber – Tony Rucci support/training \$150K; School HVA – updates, trainings, support \$100K per year. KEPRO EAP program \$60K. Expanded Loss Control Excellence Program Awards \$75K.

Recommendation: Increase award amounts for Loss Control Excellence Program and renew existing programs and related contracts.

Board Direction: **Joint Executive Committee concurs with projected budget amounts.**

Administrative Expenses (4.9% of Revenues)

Fiscal Impact: +\$40,098 or 3.6%

Discussion: Increase primarily due to 3.5% increase in Management Services due to contractual increase. Increase in Operating Expenses related to professional fees of actuary, auditors, and other cost.

Operating Income (3.1% of Revenues)

Fiscal Impact: \$728,310

Discussion: The current year budget had a projected Net Operating Income of \$732,182. Thus, the Fiscal Year 2022-23 budget has a thin margin built into the budget.

Non-operating Investment Income

Fiscal Impact: \$413,421 -17.8%

Discussion: Given the volatility in the interest rate environment and in the markets, it is anticipated that our investment income will decrease slightly (-\$89,679) during the year. It should be noted that currently new purchases have a higher yield than our current book yields.

Building Ownership

Fiscal Impact: +\$82,161

Discussion: The POOL owns the building located at 201 S. Roop Street in Carson City. The building is rented at the Fair Market Rate to POOL related and non-related entities. No major extraordinary repairs are anticipated in FY 2022-23 budget. See related rental income of \$253,310 in the revenue section of the Budget. This has proven to be a great alternative investment for the POOL.

General Budget Observations

A special thanks to all who have assisted in developing a **“Very Basic Budget”** that addresses the needs of the POOL and members for the upcoming year. The budget increase reflects the realities of the insurance marketplace continuing to be hard. The POOL and PRM has taken on more risk over the years to smooth out the rates overtime to benefit the membership. Alternatives are being considered as part of the renewal process to get the best overall value for our membership.

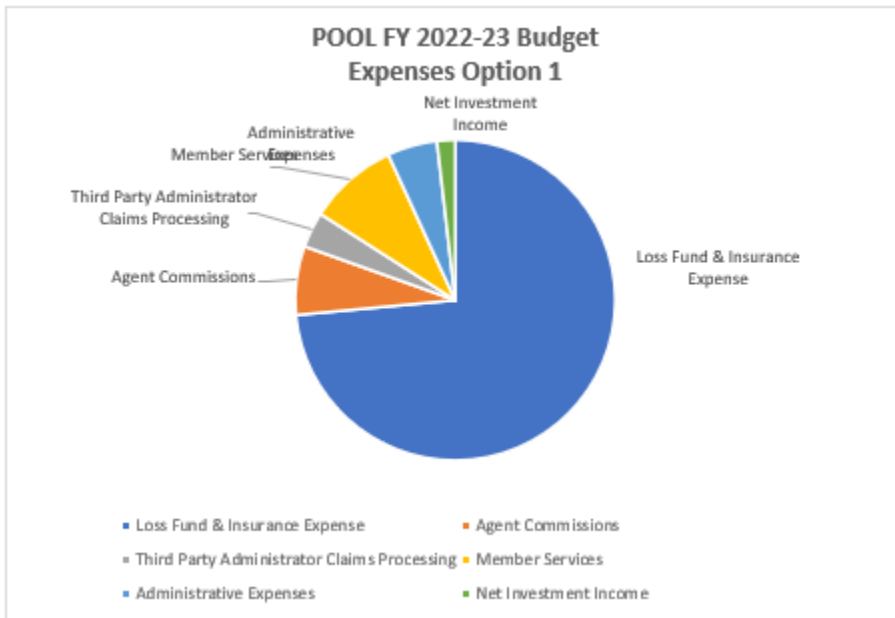
The budget could change given notices of entities that may be leaving or entities that may be joining the Property program. Once the budgets are adopted at the Annual Meeting and the actuary completes the member’s rating analysis, the estimated premiums will be provided to the entities by the May 30th budget filing deadline.

The POOL’s commitment to membership services and education programs has been a hallmark of our program to assist members to more effectively serve their organization, employees, and citizens. Staff works diligently to keep rates and expenses as low as possible for our pooled programs. This budget continues to provide for these services as well as the Loss Control Grant program to assist our members in making a difference in their organization and community. We encourage members to take advantage of these

programs and services. Successful members who use and implement these services see a positive impact on their employees, organization, and claims experience.

We appreciate your support, input, and involvement in the POOL/PACT program. Working Together Everyone Achieves More!

Please reach out to the POOL/PACT staff or the POOL/PACT website for more information about our programs and services. WE ARE POOL/PACT!



Pool Budget	OPTION 1	% Allocation	OPTION 2	% Allocation	OPTION 3	% Allocation
Loss Fund & Insurance Expense	\$ 17,182,725	74.2%	\$ 16,729,725	73.7%	\$16,990,799	74.0%
Agent Commissions	\$ 1,567,177	6.8%	\$ 1,567,177	6.9%	\$ 1,567,177	6.8%
Third Party Administrator Claims Processing	\$ 800,575	3.5%	\$ 800,575	3.5%	\$ 800,575	3.5%
Member Services	\$ 2,052,526	8.9%	\$ 2,052,526	9.0%	\$ 2,052,526	8.9%
Administrative Expenses	\$ 1,139,947	4.9%	\$ 1,139,947	5.0%	\$ 1,139,947	5.0%
Net Investment Income	\$ 413,421	1.8%	\$ 413,421	1.8%	\$ 413,421	1.8%
Total Budget	\$ 23,156,370	100.0%	\$ 22,703,370	100.0%	\$22,964,444	100.0%
			\$ (453,000)		\$ (191,926)	

112.03%	75% CL	Option 1
109.79%	70% CL	Option 2
111.08%	75% OR GEM	Option 3

POOL	770,631						
	FY 2021 Audit	FY 2022 Budget Option 2: Approved	FY 2023 Budget Option 1	\$ Change	% Change	FY 2023 Budget Option 2	FY 2023 Budget Option 3
		70% CL: Both	75% CL: Both			70% CL: Both	75% CL, Old Rep, 100% GEM
REVENUES							
Premiums written	18,306,983	20,256,572	22,692,949	2,436,377	12.0%	22,239,949	22,501,023
Rental Income	238,195	245,932	253,310	7,378	3.0%	253,310	253,310
PRM Payment for Risk Management Services	475,000	475,000	475,000	-	0.0%	475,000	475,000
Other Income	57,436	61,250	50,000	(11,250)	-18.4%	50,000	50,000
Total Revenues	19,077,614	21,038,754	23,471,259	2,432,505	11.6%	23,018,259	23,279,333
Loss Fund and Insurance Expenses							
Losses and loss adjustment expenses	4,277,923	6,400,000	7,348,000	948,000	14.8%	6,895,000	7,348,000
Excess Insurance Premiums	7,672,109	8,147,058	9,332,624	1,185,566	14.6%	9,332,624	9,140,698
Special Insurance programs	-	477,403	502,101	24,698	5.2%	502,101	502,101
Agent Commissions	1,196,500	1,413,206	1,547,000	133,794	9.5%	1,547,000	1,547,000
Taxes written	6,923	19,589	20,177	588	3.0%	20,177	20,177
Total Loss Fund and Insurance Costs	13,153,455	16,457,256	18,749,902	2,292,646	13.9%	18,296,902	18,557,976
	6.5%	7.0%	6.8%				
Program Expenses							
Pooling and loss control fees (Was Willis now NRP)	505,000	505,000	505,000	-	0.0%	505,000	505,000
Third party administrator fees	780,375	778,009	800,575	22,566	2.9%	800,575	800,575
Loss Control awards and grants	135,539	425,000	425,000	-	0.0%	425,000	425,000
Member education and training	1,337,130	1,466,458	1,547,526	129,328	8.8%	1,547,526	1,547,526
Total Program Expenses	2,758,044	3,174,467	3,278,101	151,894	4.8%	3,278,101	3,278,101
ADMINISTRATION EXPENSES							
Management Services	543,372	642,735	665,231	22,496	3.5%	665,231	665,231
Building maintenance and utilities	107,440	101,104	102,068	964	1.0%	102,068	102,068
Depreciation	67,396	63,547	69,081	5,534	8.7%	69,081	69,081
Amortization	-	-	-	-	#DIV/0!	-	-
Travel	8,776	59,994	59,994	-	0.0%	59,994	59,994
Casualty Insurance	50,440	52,887	57,118	4,231	8.0%	57,118	57,118
Operating expenses	235,257	151,178	169,319	18,141	12.0%	169,319	169,319
Legal Expenses	4,662	43,752	35,000	(8,752)	-20.0%	35,000	35,000
Consultant appraisals	96,317	88,053	103,059	15,006	17.0%	103,059	103,059
Environmental consultation	-	-	-	-	#DIV/0!	-	-
Technology services	4,354	61,250	50,225	(11,025)	-18.0%	50,225	50,225
Total pool administration expenses	1,118,014	1,264,500	1,311,096	46,596	3.7%	1,311,096	1,311,096
Decrease in operating Net Position	2,048,101	142,531	132,161	(58,630)		132,161	132,161
Non-operating net investment income	(184,352)	503,100	413,421	(89,679)	-17.83%	413,421	413,421
Increase (Decrease) in Net Position	1,863,749	645,631	545,582	(148,309)	-23.0%	545,582	545,582
Net Position, beginning of year	17,545,897	19,409,646	20,055,277			20,055,277	20,055,277
Net Position, end of year	19,409,646	20,055,277	20,600,859			20,600,859	20,600,859

CLAIMS SERVICE CONTRACT

THIS AGREEMENT is made and entered into with an effective date of July 1, 2022 between **ALTERNATIVE SERVICE CONCEPTS, LLC**, formed in Delaware, with principal offices at 26 Century Boulevard, Suite NT 350, P.O. Box 305148 Nashville, Tennessee 37214, hereinafter referred to as “Davies”, and **NEVADA PUBLIC AGENCY INSURANCE POOL** with principal offices in Carson City Nevada, hereinafter referred to as “Client”.

WITNESS:

WHEREAS, "Davies" is in the claims service business; and

NOW, THEREFORE, “Davies” and “Client” contract as follows:

“DAVIES” AGREES:

1. (a) To review all claim and/or loss reports with occurrence dates as provided under said coverages specified in the policies and reported to “Davies” during the term of this Contract, which involves claims against “Client” and/or claims by “Client” under said coverages.
- (b) To investigate, adjust, settle or resist all such losses and/or claims within the agreed discretionary settlement authority limit of Twenty-Five Thousand Dollars (\$25,000) for property damage and bodily injury. Any settlement within these limits must be approved in a manner consistent with that adopted by the “Client’s” Board of Directors at its meeting on April 29, 2005.
- (c) To investigate, adjust, settle or resist all such losses and/or claims as are in excess of the discretionary settlement authority limit of twenty-five thousand dollars (\$25,000) for property damage and bodily injury only with specific prior approval of “Client”.
2. To furnish claim forms necessary for proper claims administration.
3. To establish claim and/or loss files for each reported claim and/or loss. Such files and all claim data stored electronically in “Davies’s” system shall be the exclusive property of “Client”. Such files are available for review by “Client” during normal business hours with reasonable notice.

4. To indemnify, defend and hold harmless "Client" with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of "Davies" and/or its employees unless the complained of actions of "Davies" were taken at the specific direction of "Client".
5. To establish and monitor case reserves.
6. To refer lawsuits to legal counsel as jointly agreed upon by "Davies" and "Client".
7. To coordinate with "Client" Litigation Strategy Committee and Claims Committee regarding settlement and/or defense posture.
8. "Davies" agrees that at no time during the term of this Agreement or for a period of one year immediately following the termination of this Agreement will it engage in the provision of any of the services set forth in this Agreement in a manner which competes with "Client" and the services provided to "Client" by its current service providers. "Davies" further agrees it will not directly or indirectly, solicit or attempt to solicit business or patronage of any public entity in Nevada which is a member of "Client" for the purpose of selling pooling, association risk sharing or similar insurers' group products or providing similar services.
9. "Davies" agrees all records resulting from services under this Agreement and held by "Davies" on behalf of "Client" shall be maintained and preserved in accordance with the provision of NRS 239.005 et seq. and shall remain the property of "Client" at all times and will be surrendered to "Client" upon termination or expiration of this Agreement. "Davies" shall be permitted to copy, at its own expenses, such portions of the files as may be necessary.
10. This Agreement is one for personal services to be rendered by "Davies" and may not be assigned by "Davies" without the prior written consent of "Client".
11. Insurance. "Davies" shall provide proof of general liability and errors and omissions insurance in an amount of at least Five Million Dollars (\$5,000,000).
12. Conflicts of Interest. "Davies" shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
13. "Davies" agrees to provide copies of operating statements on a quarterly basis.
14. To report excess claims to "Client's" excess carrier only if "Client" fulfills its obligations under "Client Agrees" Section, 3(d).

“CLIENT” AGREES:

1. To make funds available that “Davies” may draw from at any time and from time to time for claim and/or loss payment and associated allocated expense within the discretionary authority limit of Twenty-Five Thousand Dollars (\$25,000) for property damage and Twenty-Five Thousand Dollars (\$25,000) for bodily injury with the prior approval of “Client”.
2. To pay “Davies” the service fee as prescribed in this Contract. In the event “Davies” brings any action or proceeding to recover any part or all of an outstanding indebtedness, “Davies” shall be entitled to recover as additional damages reasonable attorney fees not to exceed twenty percent (20%) of the outstanding indebtedness.
3. (a) To pay all Allocated Loss Expense in addition to the claim service fee to be paid to “Davies” as prescribed in this Contract.
(b) Allocated Loss Expenses shall include but not be limited to attorneys’ fees; court reporters’ fees; transcript fees; the cost of obtaining public records; witness fees; witnesses’ travel expenses; commercial photographers’ fees; experts’ fees (i.e. engineering, physicians, chemists, etc.); fees for independent medical examinations; all outside expense items; and any other similar fees, cost or expenses associated with the investigation, negotiation, settlement or defense of any claim hereunder or as required for the collection of subrogation on behalf of “Client”.
(c) To pay all Unallocated Loss Expenses, which is defined as automobile appraisal or property appraisal fees and extraordinary travel expenses incurred by “Davies” at the request of “Client”.
(d) To provide "Davies" with complete copies of all excess policies which apply to the claims reported during the Contract period.
4. To indemnify, defend and hold “Davies” and/or its employees harmless with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on behalf of “Davies” and/or its employees only if the complained of such actions of “Davies” were undertaken in a manner specifically directed by “Client”.

“DAVIES” AND “CLIENT” MUTUALLY AGREE AS FOLLOWS:

1. The term of this Contract is continuous from its effective date for five (5) years. This Contract may be terminated by either "Davies" or "Client" by providing ninety (90) days' prior written notice by certified mail.
2. This Contract covers Claim Service for “Client” in the United States of America.
3. (a) “Client” shall pay “Davies” fees in accordance with the attached Fee Schedule for claims services provided during the term of this Contract.
(b) “Client” agrees to pay “Davies” within thirty (30) days after receipt of invoice.
(c) Gross receipts tax or assessments in those states or jurisdictions where levied shall be in addition to the service fee.
4. In the event any one or more of the provisions of this Contract shall be determined to be invalid or unenforceable by any court or other appropriate authority, the remainder of this Contract shall continue in full force and effect as if said invalid or unenforceable portion had not been included in this Contract.
5. This Contract shall be construed and interpreted in accordance with the laws of the state of Nevada.
6. This Contract represents the entire understanding of “Davies” and “Client” and supersedes all prior oral and written communications between “Davies” and “Client” as to the subject matter. Neither this Contract nor any provisions of it may be amended, modified, or waived except in writing signed by a duly authorized representative of “Davies” and “Client”.
7. The failure or delay of either “Davies” or “Client” to take action with respect to any failure of the other party to observe or perform any of the terms or provisions of this Contract, or with respect to any default hereunder by such other party, shall not be construed as a waiver or operate as a waiver of any rights or remedies of either “Davies” or “Client” or operate to deprive either “Davies” or “Client” of its right to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies.
8. To not employ a person who has been employed by the other party at any time during the term of this Contract, unless the person to be employed shall not have been employed by the other party during the immediately preceding six (6) months

or unless the hiring party shall have the other party's prior written consent. This provision shall survive the termination of this Contract for a period of three (3) years.

- 9. During the term of this Contract, "Davies" will store, at its expense, closed files for a period of three (3) years from the date of closure or the date of the last compensation, whichever is latest. After the period, files will either be returned to "Client" or stored by "Davies" at "Client's" option and expense. If stored by "Davies", "Client" will be charged a one-time inventory fee and monthly storage fees at "Davies'S" outside vendor's then prevailing rates.
- 10. "Davies" will query and transmit information under MMSEA requirements to CMS.
- 11. Should either party bring suit to enforce the provisions of this Contract, the prevailing party shall be entitled to reasonable attorney's fees and court costs.

IN WITNESS WHEREOF, "Davies" and "Client" have caused this Contract to be executed by the person authorized to act in their respective names.

DAVIES CLAIMS SOLUTIONS, LLC

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____

NEVADA PUBLIC AGENCY INSURANCE POOL

WITNESS: _____

BY: _____

TITLE: _____

DATE: _____

**Nevada Public Agency Insurance Pool
Pricing Quotation and Terms
Cost Plus Program
07/01/2022 – 06/30/2027**

"Client" agrees to pay an amount equal to actual expenses at cost, plus an annual mark up to create a 15% profit margin for "DCS" for years 1 through 5.

"DCS" will invoice the "Client" quarterly based on the expense estimates below and the suggested quarterly deposit. Actual costs will be reconciled quarterly.

Fees are payable upon receipt of the invoice. DSC reserves the right to charge 1 1/2% per month or the maximum legal rate on unpaid invoice balances after 30 days.

**Nevada
POOL
Estimated Expenses 7/1/2022-6/30/2023**

(Estimated Claim Load at 51.57%)

Operating Expenses Alloc by Claim Load	\$279,383.72
Expenses Allocated to Funds by Other Methods:	
Salaries, Bonuses, etc	\$310,487.22
Benefits/Taxes	\$ 84,941.04
Subcontracting: NV	\$ 0.00
Total Expenses Allocated by Other Methods	<u>\$401,104.61</u>
D	
Total Estimated Expenses	<u><u>\$680,488.33</u></u>
Revenue Needed for 15% Margin	\$800,574.50
Maximum Quarterly Cost Plus Deposit	\$200,143.63
Suggested Quarterly Cost Plus Deposit (95% of amount above)	\$190,136.45

MMSEA-Annual Transmission Fees (includes quarterly query & submissions) \$1,050.00

DAVIES CLAIMS SOLUTIONS, LLC

WITNESS: _____ BY: _____
TITLE: _____
DATE: _____

NEVADA PUBLIC AGENCY INSURANCE POOL

WITNESS: _____ BY: _____
TITLE: _____
DATE: _____

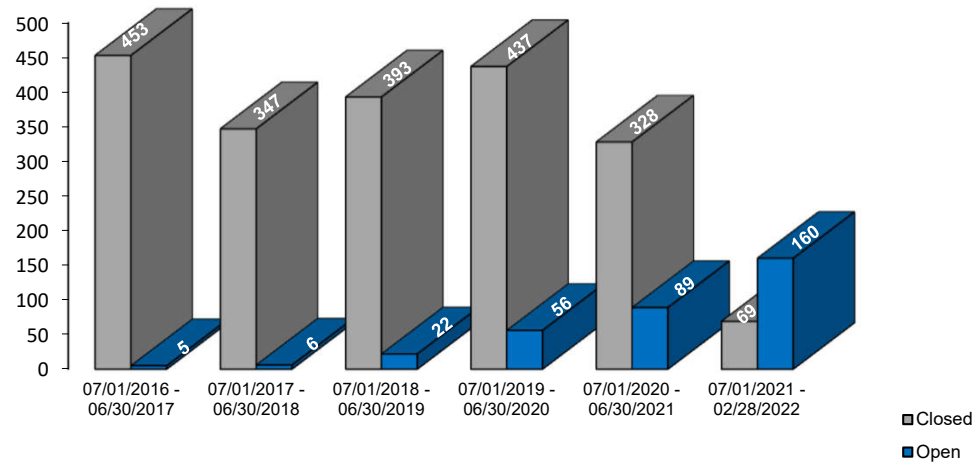


Liability Report



Total Claims by Policy Year excluding Incidents 07/01/2016 - 02/28/2022

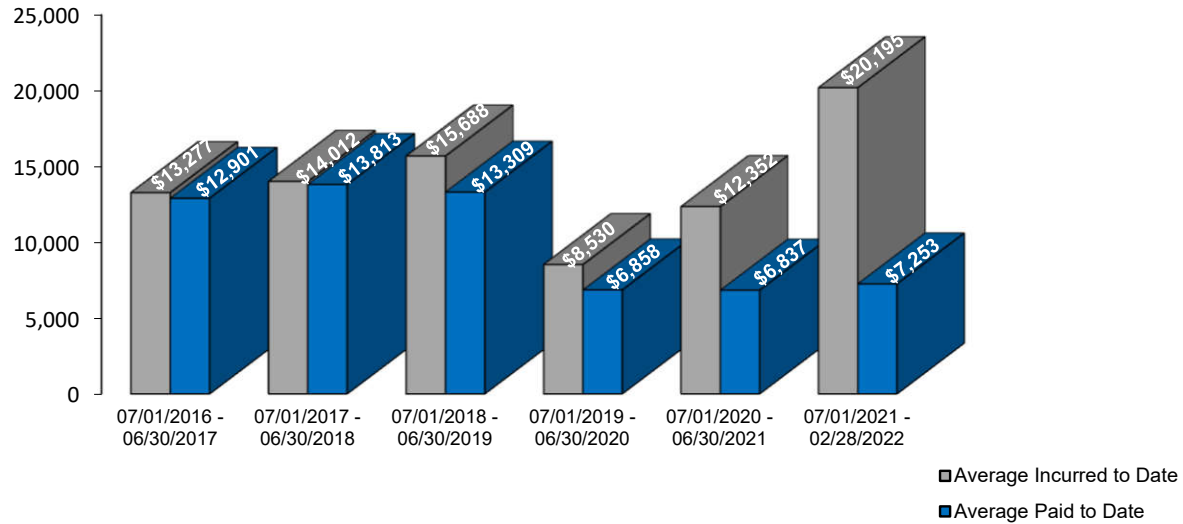
Policy Year	Total Claims	
	Closed	Open
07/01/2016 - 06/30/2017	453	5
07/01/2017 - 06/30/2018	347	6
07/01/2018 - 06/30/2019	393	22
07/01/2019 - 06/30/2020	437	56
07/01/2020 - 06/30/2021	328	89
07/01/2021 - 02/28/2022	69	160





Average Incurred & Paid by Policy Year 07/01/2016 - 03/31/2022

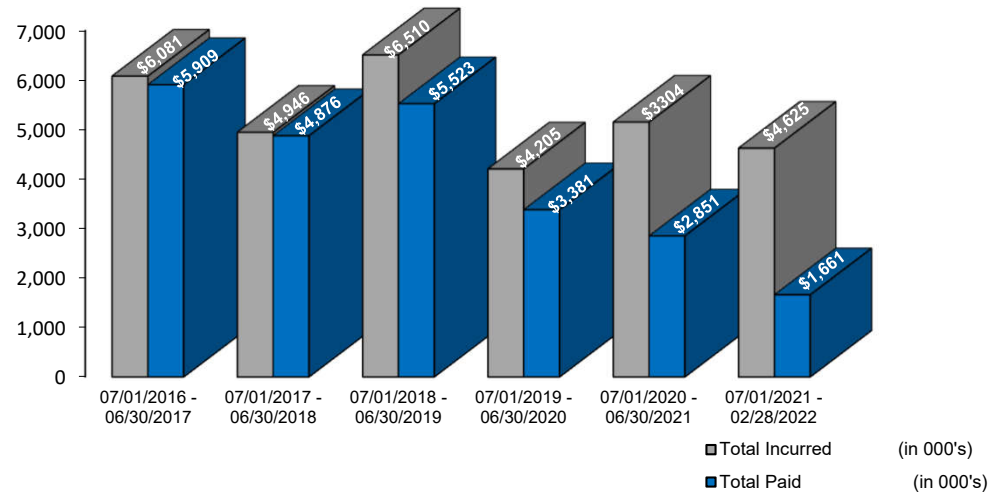
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/2016 - 06/30/2017	\$13,277	\$12,901
07/01/2017 - 06/30/2018	\$14,012	\$13,813
07/01/2018 - 06/30/2019	\$15,688	\$13,309
07/01/2019 - 06/30/2020	\$8,530	\$6,858
07/01/2020 - 06/30/2021	\$12,352	\$6,837
07/01/2021 - 02/28/2022	\$20,195	\$7,253





Incurred vs Paid by Policy Year 07/01/2016 - 02/28/2022

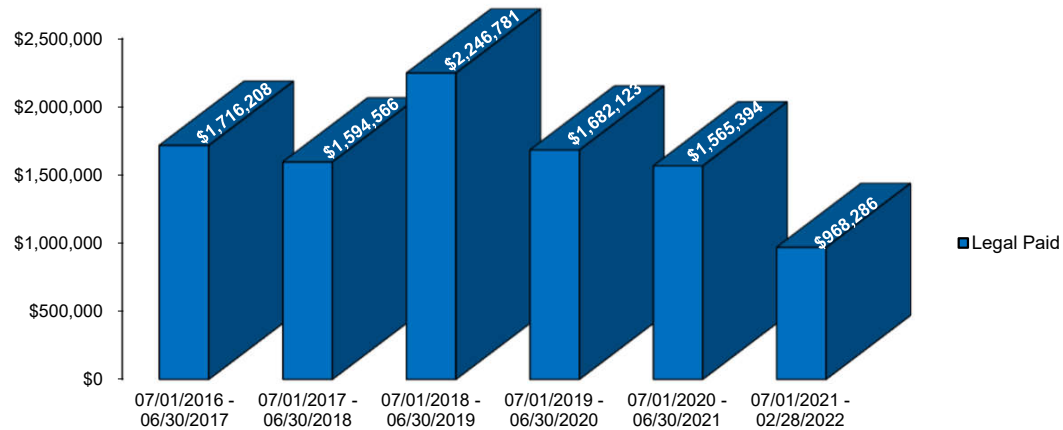
Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/2016 - 06/30/2017	\$6,081	\$5,909
07/01/2017 - 06/30/2018	\$4,946	\$4,876
07/01/2018 - 06/30/2019	\$6,510	\$5,523
07/01/2019 - 06/30/2020	\$4,205	\$3,381
07/01/2020 - 06/30/2021	\$5,151	\$2,851
07/01/2021 - 02/28/2022	\$4,625	\$1,661





Legal Expenses Paid to Date by Policy Year for All Claims 07/01/2016 - 02/28/2022

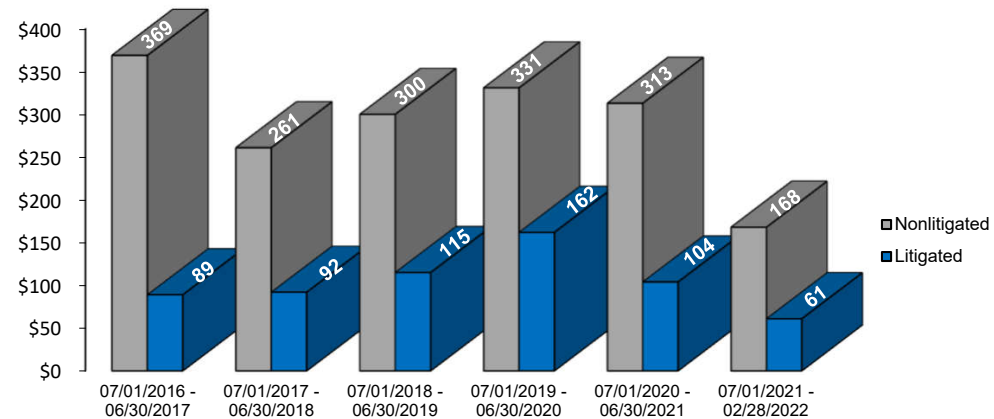
Policy Year	Legal Expenses Paid to Date
07/01/2016 - 06/30/2017	\$1,716,208
07/01/2017 - 06/30/2018	\$1,594,566
07/01/2018 - 06/30/2019	\$2,246,781
07/01/2019 - 06/30/2020	\$1,682,123
07/01/2020 - 06/30/2021	\$1,565,394
07/01/2021 - 02/28/2022	\$968,286
Grand Total	\$9,773,358





Litigated Claims by Policy Year for claims reported 07/01/2016 - 02/28/2022

Policy Year	Litigated Claims	
	Nonlitigated	Litigated
07/01/2016 - 06/30/2017	369	89
07/01/2017 - 06/30/2018	261	92
07/01/2018 - 06/30/2019	300	115
07/01/2019 - 06/30/2020	331	162
07/01/2020 - 06/30/2021	313	104
07/01/2021 - 02/28/2022	168	61





Lag Time Average - by Location

07/01/2016 - 02/28/2022

Location	Avg. Days
Alamo Sewer And Water Gid	190
Amargosa Library District	4
Beatty Water & Sanitation District	23
Boulder City (City Of)	67
Caliente (City Of)	19
Canyon Gid	16
Carlin (City Of)	35
Carson City	21
Carson City School District	17
Churchill County	38
Churchill County Mosquito & Weed Abateme	29
Churchill County School District	5
Douglas County	46
Douglas County Mosquito Abatement District	51
Douglas County School District	29
Douglas County Sewer Improvement District #1	36
East Fork Swimming Pool District	37
Elko (City Of)	50
Elko Central Dispatch	40
Elko Co. Agricultural Assoc., Dba Elko Co. Fair Board	178
Elko Convention & Visitors Authority	14
Elko County	80
Elko County School District	23
Elko Tv District	28
Ely (City Of)	42
Esmeralda County	64
Esmeralda County School District	15
Eureka County	24



Lag Time Average - by Location

07/01/2016 - 02/28/2022

Location	Avg. Days
Eureka County School District	2
Fernley (City Of)	22
Fernley Swimming Pool District	1
Gardnerville (Town Of)	6
Gardnerville Ranchos Gid	18
Genoa (Town Of)	37
Humboldt County	22
Humboldt County School District	11
Humboldt General Hospital	11
Incline Village Gid	22
Indian Hills Gid	5
Kingsbury Gid	42
Lakeridge Gid	3
Lander County	52
Lander County School District	20
Lincoln County	28
Lincoln County School District	17
Lovelock (City Of)	5
Lyon County	74
Lyon County School District	21
Minden (Town Of)	8
Minden Gardnerville Sanitation District	44
Mineral Co Housing Authority	45
Mineral County	45
Mineral County School District	33
Moapa Valley Water District	5
Mt Charleston Fire Protection District	8
Nevada Association Of Counties	148



Lag Time Average - by Location

07/01/2016 - 02/28/2022

Location	Avg. Days
Nevada Commission For The Reconstruction	28
Nevada Public Agency Insurance Pool	34
Nevada Rural Housing Authority	22
Nevada-Tahoe Conservation District	28
North Lake Tahoe Fpd	16
North Lyon Fire Protection District	33
Northern Nye County Hospital District	14
Nv Association Of Conservation Districts	6
Nye County	68
Nye County School District	50
Pahrump (Town Of)	62
Palomino Valley General Improvement Dist	41
Pershing County	32
Pershing County School District	124
Pershing Water Conservation District	9
Round Mountain (Town Of)	20
Rtc Washoe County	52
Silver Springs Stagecoach Hospital District	1
Skyland Gid	10
Smokey Valley Library District	75
Southern Nevada Health District	37
Stagecoach Gid	10
Storey County	38
Storey County School District	14
Sun Valley Gid	13
Tahoe Douglas District	4
Tahoe Reno Industrial Gid	11
Tahoe-Douglas Fpd	13



Lag Time Average - by Location

07/01/2016 - 02/28/2022

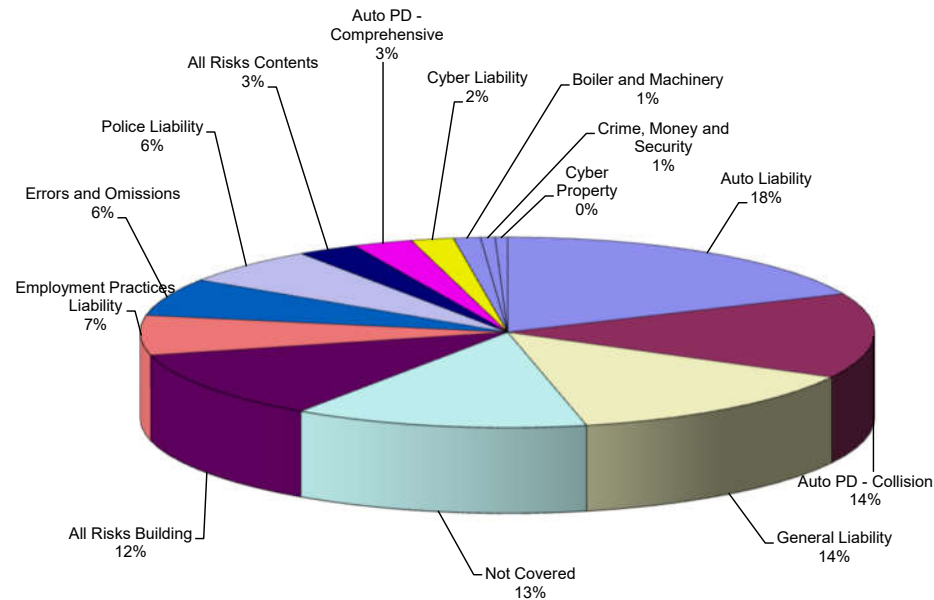
Location	Avg. Days
Tonopah (Town Of)	15
Tonopah Library District	0
Truckee Meadows Fpd	20
Virginia City Convention & Tourism Autho	6
Walker Basin Conservancy	23
Walker River Irrigation District	37
Wells (City Of)	11
West Wendover (City Of)	13
West Wendover Recreation District	4
Western Nevada Regional Youth Center	92
White Pine Co. Tourism & Rec. Board,Db a Bristlecone Convention Center	1
White Pine County	74
White Pine County Fire Protection	1
White Pine County School District	46
Winnemucca (City Of)	51
Yerington (City Of)	5
Zephyr Heights Gid	7



Frequency of Claims by Coverage

07/01/2016 - 02/28/2022

Coverage	# of Claims
Auto Liability	435
Auto PD - Collision	341
General Liability	325
Not Covered	306
All Risks Building	275
Employment Practices Liability	159
Errors and Omissions	151
Police Liability	148
All Risks Contents	63
Auto PD - Comprehensive	62
Cyber Liability	44
Boiler and Machinery	28
Crime, Money and Security	15
Cyber Property	13

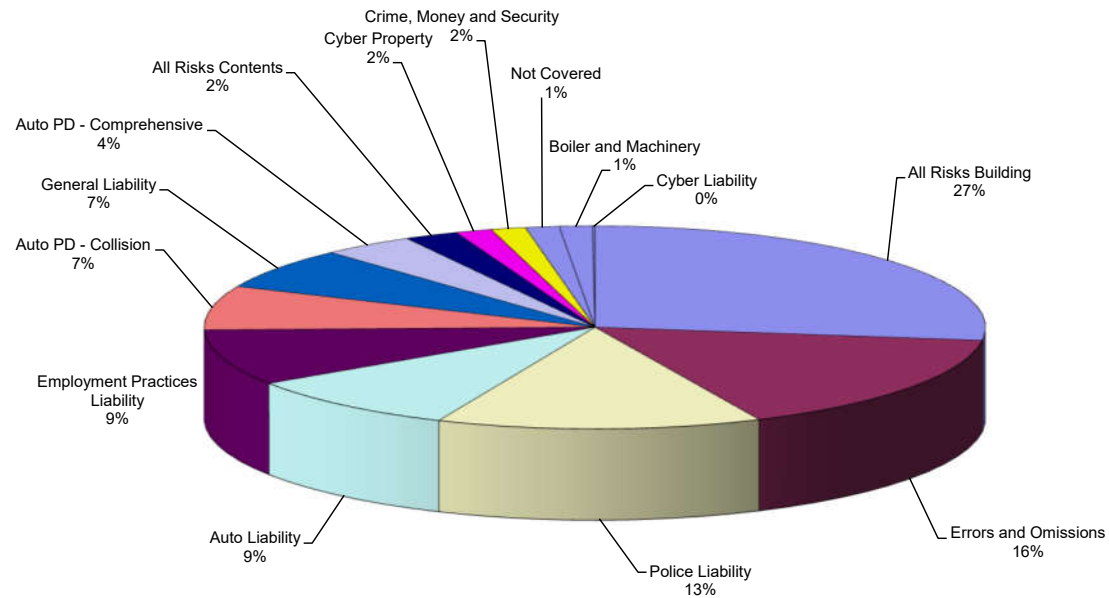




Severity of Claims by Coverage

07/01/2016 - 02/28/2022

Coverage	Total Incurred
All Risks Building	\$ 8,533,177
Errors and Omissions	\$ 5,056,117
Police Liability	\$ 4,226,308
Auto Liability	\$ 2,880,051
Employment Practices Liability	\$ 2,809,622
Auto PD - Collision	\$ 2,209,234
General Liability	\$ 2,078,004
Auto PD - Comprehensive	\$ 1,200,440
All Risks Contents	\$ 698,177
Cyber Property	\$ 475,293
Crime, Money and Security	\$ 451,363
Not Covered	\$ 437,579
Boiler and Machinery	\$ 430,160
Cyber Liability	\$ 32,466

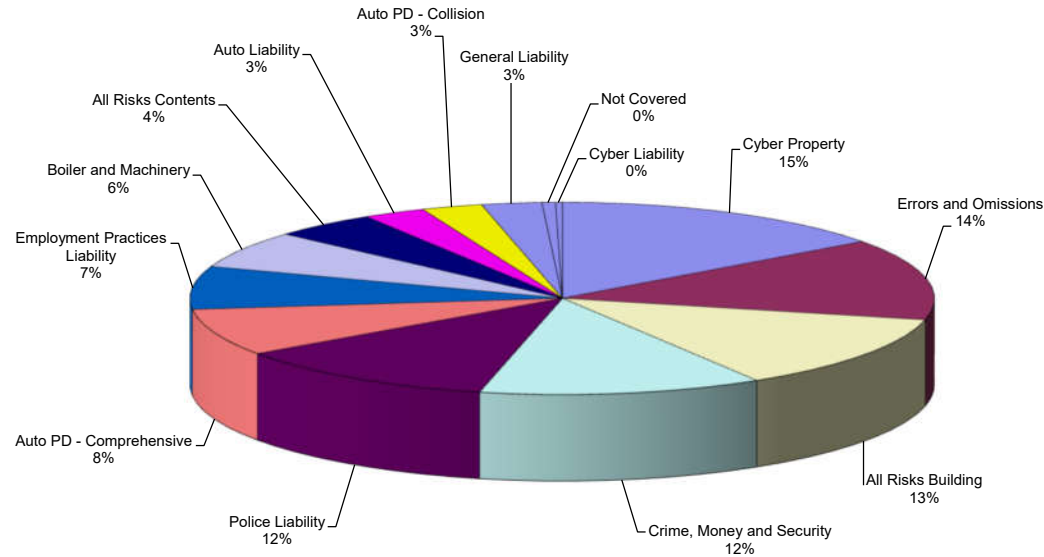




Average Incurred by Coverage

07/01/2016 - 02/28/2022

Coverage	Average Incurred
Cyber Property	\$ 36,561
Errors and Omissions	\$ 33,484
All Risks Building	\$ 31,030
Crime, Money and Security	\$ 30,091
Police Liability	\$ 28,556
Auto PD - Comprehensive	\$ 19,362
Employment Practices Liability	\$ 17,671
Boiler and Machinery	\$ 15,363
All Risks Contents	\$ 11,082
Auto Liability	\$ 6,621
Auto PD - Collision	\$ 6,479
General Liability	\$ 6,394
Not Covered	\$ 1,430
Cyber Liability	\$ 738





Historical Data Excluding Incidents 07/01/2016 - 02/28/2022

	07/01/16 - 06/30/17	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 02/28/22
Nbr of Claims						
Open	5	6	22	56	89	160
Closed	453	347	393	437	328	69
Total	458	353	415	493	417	229

	07/01/16 - 06/30/17	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 02/28/22
Total Incurred						
Open	\$326,545	\$177,278	\$1,669,751	\$1,954,105	\$3,043,595	\$4,352,959
Closed	\$5,754,118	\$4,768,869	\$4,840,641	\$2,251,099	\$2,107,337	\$271,694
Total	\$6,080,663	\$4,946,146	\$6,510,392	\$4,205,205	\$5,150,932	\$4,624,653

	07/01/16 - 06/30/17	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 02/28/22
Total Paid						
Open	\$154,701	\$107,185	\$682,754	\$1,130,055	\$743,886	\$1,389,148
Closed	\$5,754,118	\$4,768,869	\$4,840,641	\$2,251,099	\$2,107,337	\$271,694
Total	\$5,908,819	\$4,876,053	\$5,523,395	\$3,381,155	\$2,851,223	\$1,660,842

	07/01/16 - 06/30/17	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 02/28/22
Average Incurred						
Open	\$65,309	\$29,546	\$75,898	\$34,895	\$34,198	\$27,206
Closed	\$12,702	\$13,743	\$12,317	\$5,151	\$6,425	\$3,938
Average Incurred	\$13,277	\$14,012	\$15,688	\$8,530	\$12,352	\$20,195

	07/01/16 - 06/30/17	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 02/28/22
Open Claims						
Claims	5	6	22	56	89	160
Total	5	6	22	56	89	160



Summary by Location

07/01/2016 - 02/28/2022

Location	# of Claims	# Open Claims	Total Incurred
Alamo Sewer And Water Gid	2	0	\$46,123
Amargosa Library District	1	0	\$2,143
Beatty Water & Sanitation District	5	0	\$27,051
Boulder City (City Of)	101	11	\$1,046,892
Caliente (City Of)	7	0	\$11,897
Canyon Gid	2	1	\$98,850
Carlin (City Of)	11	3	\$31,768
Carson City	7	5	\$38,257
Carson City School District	47	6	\$878,481
Churchill County	25	4	\$538,542
Churchill County Mosquito & Weed Abateme	3	0	\$4,641
Churchill County School District	9	0	\$30,964
Douglas County	155	9	\$797,126
Douglas County Mosquito Abatement District	1	0	\$2,767
Douglas County School District	78	7	\$849,186
Douglas County Sewer Improvement District #1	10	0	\$5,331
East Fork Swimming Pool District	4	0	\$5,645
Elko (City Of)	117	12	\$1,235,453
Elko Central Dispatch	1	0	\$0
Elko Co. Agricultural Assoc., Dba Elko Co. Fair Board	2	0	\$9,402
Elko Convention & Visitors Authority	2	0	\$4,468
Elko County	104	18	\$849,300
Elko County School District	75	5	\$3,081,280
Elko Tv District	1	0	\$8,059
Ely (City Of)	38	5	\$501,483
Esmeralda County	34	6	\$683,668
Esmeralda County School District	10	0	\$58,939
Eureka County	40	6	\$322,600
Eureka County School District	7	2	\$326,670
Fernley (City Of)	25	1	\$226,672



Summary by Location

07/01/2016 - 02/28/2022

Location	# of Claims	# Open Claims	Total Incurred
Fernley Swimming Pool District	1	0	\$1,935
Gardnerville (Town Of)	14	6	\$59,659
Gardnerville Ranchos Gid	9	0	\$26,329
Genoa (Town Of)	3	1	\$2,500
Humboldt County	54	10	\$578,209
Humboldt County School District	36	1	\$327,494
Humboldt General Hospital	2	1	\$280,000
Incline Village Gid	75	5	\$881,165
Indian Hills Gid	5	1	\$44,947
Kingsbury Gid	9	1	\$136,615
Lakeridge Gid	2	0	\$7,356
Lander County	28	5	\$334,732
Lander County School District	8	2	\$94,119
Lincoln County	37	4	\$579,502
Lincoln County School District	15	2	\$366,599
Lovelock (City Of)	4	1	\$20,124
Lyon County	65	11	\$1,090,694
Lyon County School District	66	7	\$1,258,943
Minden (Town Of)	6	0	\$160,995
Minden Gardnerville Sanitation District	3	0	\$6,173
Mineral Co Housing Authority	1	0	\$0
Mineral County	43	9	\$937,808
Mineral County School District	23	4	\$437,102
Moapa Valley Water District	5	2	\$52,822
Mt Charleston Fire Protection District	5	0	\$109,599
Nevada Association Of Counties	1	0	\$1,147
Nevada Commission For The Reconstruction	4	0	\$634
Nevada Public Agency Insurance Pool	2	0	\$415
Nevada Rural Housing Authority	12	2	\$20,934
Nevada-Tahoe Conservation District	5	0	\$5,342



Summary by Location

07/01/2016 - 02/28/2022

Location	# of Claims	# Open Claims	Total Incurred
North Lake Tahoe Fpd	7	0	\$68,401
North Lyon Fire Protection District	11	1	\$78,852
Northern Nye County Hospital District	2	0	\$306
Nv Association Of Conservation Districts	1	0	\$0
Nye County	316	83	\$5,524,572
Nye County School District	88	5	\$1,192,133
Pahrump (Town Of)	21	6	\$731,765
Palomino Valley General Improvement Dist	3	0	\$7,522
Pershing County	43	8	\$350,320
Pershing County School District	8	1	\$16,016
Pershing Water Conservation District	2	0	\$9,550
Round Mountain (Town Of)	4	0	\$60,243
Rtc Washoe County	13	2	\$298,501
Silver Springs Stagecoach Hospital District	1	0	\$22,155
Skyland Gid	3	0	\$6,680
Smokey Valley Library District	1	0	\$4,827
Southern Nevada Health District	36	9	\$430,918
Stagecoach Gid	8	1	\$110,901
Storey County	63	10	\$804,135
Storey County School District	24	3	\$126,407
Sun Valley Gid	11	5	\$54,803
Tahoe Douglas District	2	0	\$11,648
Tahoe Reno Industrial Gid	7	1	\$205,674
Tahoe-Douglas Fpd	9	3	\$398,409
Tonopah (Town Of)	7	0	\$37,719
Tonopah Library District	1	0	\$3,161
Truckee Meadows Fpd	10	0	\$137,393
Virginia City Convention & Tourism Autho	1	0	\$50,621
Walker Basin Conservancy	14	1	\$122,024
Walker River Irrigation District	3	0	\$644



Summary by Location

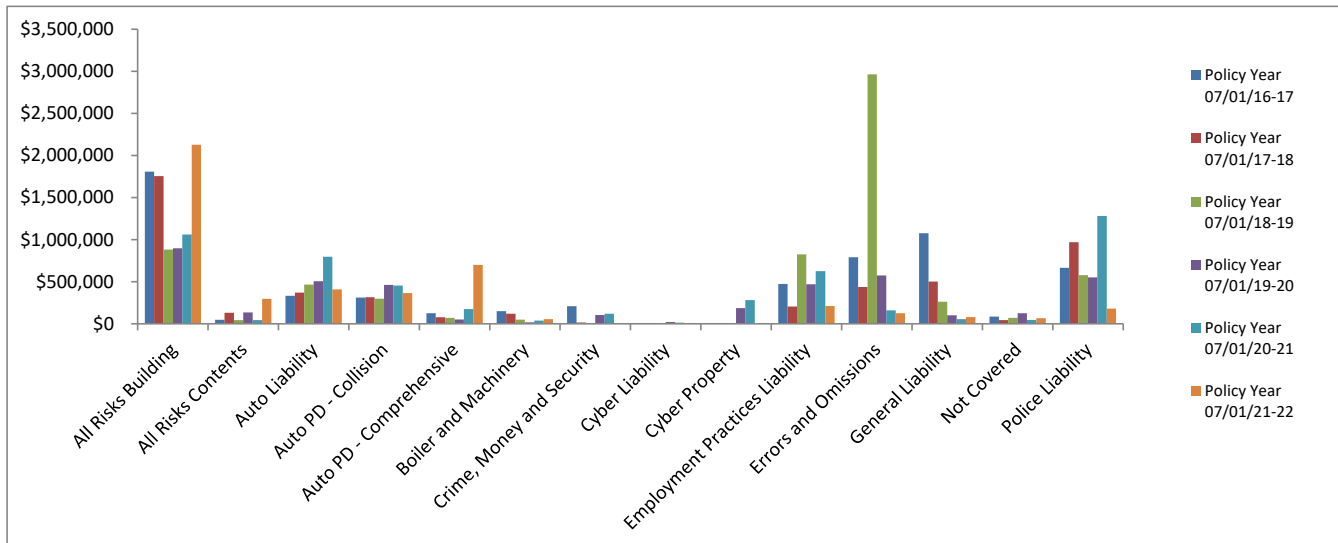
07/01/2016 - 02/28/2022

Location	# of Claims	# Open Claims	Total Incurred
Wells (City Of)	6	0	\$13,088
West Wendover (City Of)	34	2	\$88,178
West Wendover Recreation District	8	0	\$87,896
Western Nevada Regional Youth Center	4	0	\$92,089
White Pine Co. Tourism & Rec. Board,Db a Bristlecone Convention	1	0	\$582
White Pine County	57	5	\$200,732
White Pine County Fire Protection	1	0	\$0
White Pine County School District	18	0	\$207,923
Winnemucca (City Of)	29	8	\$146,305
Yerington (City Of)	15	6	\$260,496
Zephyr Heights Gid	5	2	\$6,852
TOTAL	2365	338	\$31,517,991



Total Incurred by Coverage by Policy Year

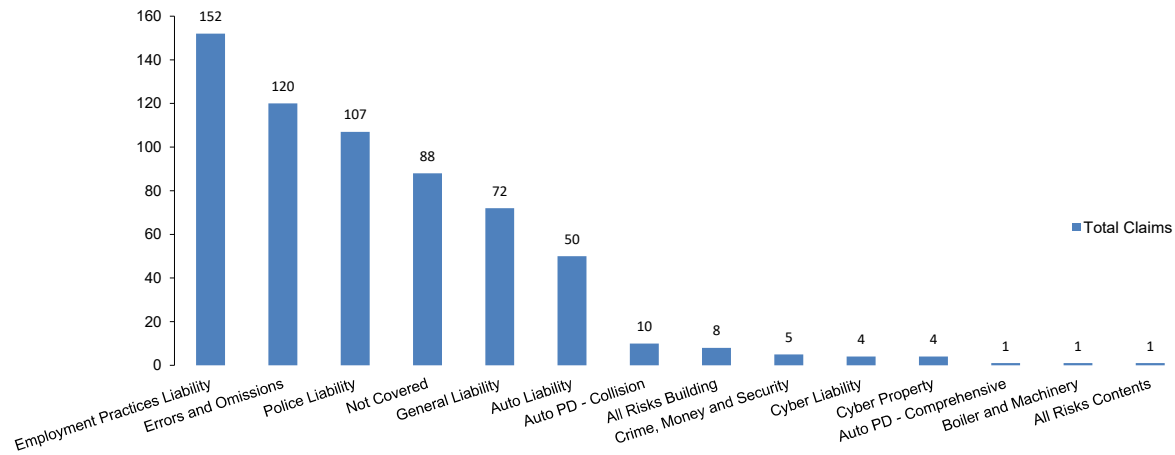
Coverage	Policy Year 07/01/16-17	Policy Year 07/01/17-18	Policy Year 07/01/18-19	Policy Year 07/01/19-20	Policy Year 07/01/20-21	Policy Year 07/01/21-22
All Risks Building	\$1,807,769	\$1,755,036	\$882,452	\$898,173	\$1,061,167	\$2,128,581
All Risks Contents	\$48,194	\$131,291	\$43,855	\$135,438	\$43,091	\$296,308
Auto Liability	\$332,254	\$370,978	\$465,415	\$505,558	\$796,575	\$409,270
Auto PD - Collision	\$312,381	\$315,141	\$299,061	\$463,037	\$453,591	\$366,023
Auto PD - Comprehensive	\$125,378	\$78,157	\$71,184	\$51,343	\$175,209	\$699,168
Boiler and Machinery	\$150,408	\$119,948	\$48,828	\$17,856	\$38,220	\$54,900
Crime, Money and Security	\$209,325	\$15,814	\$290	\$105,285	\$120,648	\$0
Cyber Liability	\$0	\$0	\$0	\$19,975	\$12,491	\$0
Cyber Property	\$0	\$0	\$0	\$186,565	\$281,286	\$7,443
Employment Practices Liability	\$474,214	\$205,595	\$824,599	\$469,013	\$624,781	\$211,420
Errors and Omissions	\$791,962	\$438,218	\$2,964,925	\$574,869	\$160,642	\$125,501
General Liability	\$1,077,285	\$502,951	\$262,290	\$101,116	\$54,733	\$79,630
Not Covered	\$85,984	\$43,912	\$70,117	\$125,284	\$46,304	\$65,978
Police Liability	\$665,509	\$969,104	\$577,377	\$551,693	\$1,282,195	\$180,430





Litigated Claims by Coverage for Policy Years 07/01/2016 - 02/28/2022

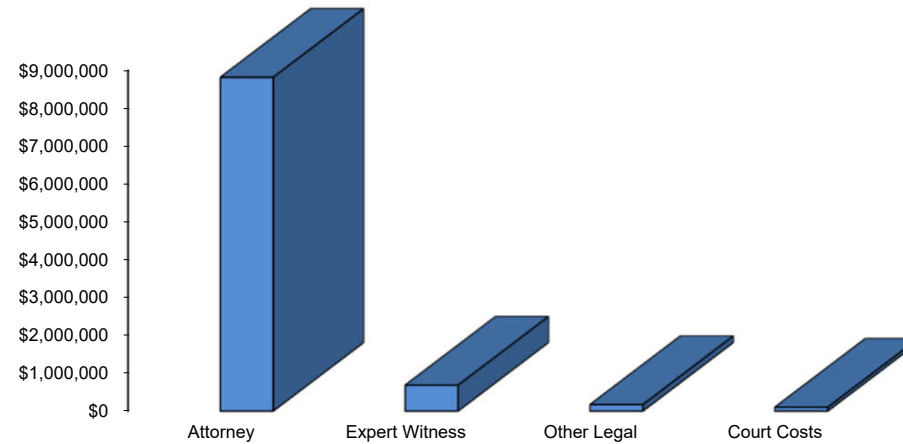
Litigated Claims by Coverage	
Coverage	Total Claims
Employment Practices Liability	152
Errors and Omissions	120
Police Liability	107
Not Covered	88
General Liability	72
Auto Liability	50
Auto PD - Collision	10
All Risks Building	8
Crime, Money and Security	5
Cyber Liability	4
Cyber Property	4
Auto PD - Comprehensive	1
Boiler and Machinery	1
All Risks Contents	1





Legal Expenses Paid by Type for 07/01/2016 - 02/28/2022

Legal Expenses paid by Type	
Legal Expense Type	Amount
Attorney	\$8,814,900
Expert Witness	\$684,136
Other Legal	\$171,985
Court Costs	\$102,338
Grand Total	\$9,773,358



■ Amount

Proposed Change to POOL P & C Form Section VI. C. Liability Exclusions

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** 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.

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SECTION VI

LIABILITY COVERAGE

- A. Liability Coverage Agreement**
- B. Liability Definitions**
- C. Liability Exclusions**
- D. Liability Conditions**

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PAGE 23

PAGES 23-24

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NEVADA PUBLIC AGENCY INSURANCE POOL (POOL) COVERAGE FORM

All terms or phrases in **bold print** 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 the sublimit shown in the Declarations 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 Limit per Loss shown in the Declarations applies to all Covered Property of all Assureds combined as described in the Schedule of Locations.
- B. POOL's maximum Limit per Loss for direct physical loss or damage to Covered Property resulting from any one loss shall not exceed the Limit per Loss set forth in the Property Declarations, subject to any coverage extensions, sublimits, exclusions, restrictions or limitations.
- C. All sublimits apply as part of and not in addition to the Limit per Loss.

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 sublimits 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 be 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 the sublimit shown in the Declarations for any one **Event** or in the aggregate annually.

- 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 the limit of liability shown in the Declarations page for any one **Event** or in the aggregate annually.

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, MILDEW AND FUNGUS CLAUSE AND MICROORGANISM EXCLUSION (MAP)**
(Time Limit and Sublimit)
 - A) This Coverage Form only cover physical loss or damage to **Assured** property by mold, mildew or fungus when directly caused by a peril covered by this Coverage Form occurring during the policy period.

This coverage is subject to all limitations in the Coverage Form and, in addition, to each of the following specific limitations:

- (1) Said property must otherwise be covered under this Coverage Form for physical loss or damage by that peril.
- (2) The **Assured** must report to the Pool the existence and cost of the physical loss or damage by mold, mildew or fungus as soon as practicable, but no later than twelve (12) months after the peril first caused any physical loss or damage to covered property during the coverage period. This Coverage Form does not cover any physical loss or damage by mold, mildew or fungus first reported to the Pool after that twelve (12) month period.

Regardless of circumstance or other Coverage Form provisions, the maximum amount covered and payable under this Coverage Form for all mold, mildew or fungus caused by or resulting from such peril is the sublimit shown in the Declarations for all parts of any claim and in total (the aggregate sublimit) for the Coverage period. This sublimit applies to all sections or extensions of the Coverage Form combined under which any claim arises or is made.

- B) Except as set forth in the foregoing Section A, this Coverage Form does not cover any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This exclusion applies regardless whether there is (i) any physical loss or damage to covered property; (ii) any covered peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

7. COMMUNICABLE DISEASE EXCLUSION

This Coverage Form, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of coverage. Consequently and notwithstanding any other provision of this Coverage Form to the contrary, this Coverage Form does not cover any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

1. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 1.1. for a Communicable Disease, or
 - 1.2. any property covered hereunder that is affected by such Communicable Disease.
2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 2.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property covered hereunder.
3. This exclusion applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

8. PROPERTY CYBER AND DATA EXCLUSION

1. Notwithstanding any provision to the contrary within this Coverage Form or any endorsement thereto this Coverage Form excludes any:
 - 1.1 **Cyber Loss**, unless subject to the provisions of paragraph 2;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement,

restoration or reproduction of any **Data**, including any amount pertaining to the value of such **Data**, unless subject to the provisions of paragraph 3;

regardless of any cause or event contributing concurrently or in any other sequence thereto.

2. Subject to all the terms, conditions, limitations and exclusions of this Coverage Form or any endorsement thereto, this Coverage Form covers physical loss or physical damage to property covered under this Coverage Form caused by any ensuing fire or explosion which directly results from a **Cyber Incident**, unless that **Cyber Incident** is caused by, contributed to by, resulting from, arising out of or in connection with a **Cyber Act** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act**.
3. Subject to all the terms, conditions, limitations and exclusions of this Coverage Form or any endorsement thereto, should **Data Processing Media** owned or operated by the **Assured** suffer physical loss or physical damage covered by this Coverage Form then this Coverage Form will cover the cost to repair or replace the **Data Processing Media** itself plus the costs of copying the **Data** from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the **Data**. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank **Data Processing Media**. However, this Coverage Form excludes any amount pertaining to the value of such **Data**, to the **Assured** or any other party, even if such **Data** cannot be recreated, gathered or assembled.
4. In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
5. This exclusion supersedes and, if in conflict with any other wording in the Coverage Form or any endorsement thereto having a bearing on **Cyber Loss**, **Data** or **Data Processing Media**, replaces that wording.

Definitions

6. **Cyber Loss** means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any **Cyber Act** or **Cyber Incident** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act** or **Cyber Incident**.
7. **Cyber Act** means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any **Computer System**.
8. **Cyber Incident** means:
 - 8.1. any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any **Computer System**; or
 - 8.2. any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any **Computer System**.
9. **Computer System** means:
 - 9.1. any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device),

server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the **Assured** or any other party.

10. **Data** means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a **Computer System**.

11. **Data Processing Media** means any property covered by this Coverage Form on which **Data** can be stored but not the **Data** itself.

9. CYBER RISK COVERAGE EXCLUSION.

All cyber risk coverage is excluded from this Coverage Form. Any cyber risk coverage is exclusively contained within the separate Pool Cyber Risk Coverage Form and is specifically and entirely excluded from this Coverage Form.

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, wherever located, agreed to and kept on file by POOL or its designees that the **Assured**:

Owns;
Operates;
Controls;
or 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 a 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:

- 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 up to the sublimit of liability shown in the Property Declarations.

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 sublimit of liability shown in the Property 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 subject to the sublimits shown in the Property Declarations.

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, Electronic Data Processing Media and Electronic Data Processing 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 and sublimits shown in the Property Declarations:

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. Cost to Restore **Electronic Data Processing Data** and any **Electronic Data Processing Media**:

Coverage is extended to pay for the **Named Assured**'s reasonable and necessary cost to research, replace or restore lost **Electronic Data Processing Data** and any **Electronic Data Processing 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. 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 electrical 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 the sublimit shown in the Property Declarations, 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:

Subject to the sublimits shown in the Property Declarations, 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:**

POOL will accept that property and/or location as being covered subject to the applicable sublimit 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 subject to the sublimits shown in the Property Declarations.

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 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 and:
- 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, or
- c.) at the Member's option, the cost to repair, replace or reconstruct such damaged or destroyed property with material of like kind and quality that qualifies under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System of the U.S, but only up to the sublimits shown in the Property Declarations.

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; electrical, telecommunication, fuel, water, steam, and refrigeration transmission lines; all situated on or within 1000 feet of the described location.

Coverage is excluded for loss resulting from:

- a) The lack of incoming services described above; or
- b) Physical loss or damage to transmission facilities providing these services; that occurs beyond 1000 feet of the described location.

D. Property Definitions

Actual Cash Value is the replacement value of the property, at the time and place of the loss or damage, less proper deduction for depreciation.

Automobile means any land motor vehicle or trailer/semi-trailer) or mobile equipment owned by the **Named Assured** or for which the **Assured** has an obligation to provide coverage.

Earthquake shall mean earthquake, volcanic eruption, subterranean fire, landslide, subsidence, earth sinking, rising, shifting or any such convulsion of nature including a resulting tsunami. If more than one earthquake shock shall occur within one hundred sixty-eight (168) hours during the term of this coverage, such shocks shall be deemed to be a single earthquake.

Electronic Data Processing Data is defined as all information stored on media devices, including facts, concepts, or computer programs converted to a form usable in a data processing operation, which are legally required to be stored.

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 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 physically tangible currency and coin used by the United States of America government.

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 physically tangible negotiable and nonnegotiable instruments 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. **Money, 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

1. Notice to POOL:

The **Assured** will:

- a) give immediate notice to the POOL of any loss involving Covered Property via the POOL's designated claims service organization.
- b) protect the property from further loss or damage
- c) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, **Actual Cash Value**, replacement value and amount of loss claimed.
- d) as often as may be reasonably required, permit the POOL to inspect the property proving the loss or damage and examine the books and records of the **Assured**.
- e) cooperate as requested by POOL in the POOL's investigation, adjustment, and valuation of any claim for loss or damage to Covered Property.

2. No Benefit to Bailee:

No person or organization, other than the **Assured**, having custody of **Assured** property will benefit from this coverage.

3. Vacant and Unoccupied Locations:

Permission is given to cease operations and for locations to be vacant or unoccupied for:

- a. Sixty (60) consecutive days; or
- b. Up to (120) consecutive days for seasonally operated facilities; or
- c. 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;
- 3) Winterizing measures;

as existed prior to the discontinuance of operations. POOL shall reduce the loss payable by 15% on any vacant or unoccupied building. Buildings under construction or renovation are not considered vacant.

4. 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 5, 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**.

5. 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 of such amounts will belong to the **Assured**.

- d. **Automobiles** and mobile equipment are valued at the cost to repair or the market value for like kind and quality at the time of loss.
- e. **Specialized Operations Vehicles (Fire, Ambulance, School Buses or other Specialized Vehicles):** If such vehicles are listed on the schedule of vehicles on file with the POOL with an Agreed Value 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** will be paid the Agreed Value.
- 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. 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.
- h. **Money and Securities** are valued as follows:

Money is valued in United States of America currency for all locations, unless specified otherwise. **Money** issued in currencies other than 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.
- i. Property in Transit is valued as follows:
 - 1) Property in transit; Actual invoice value, plus costs and charges (including commission as selling agent) which have accrued and are legally due.
 - 2) Property shipped to or for the account of the **Assured**; selling invoice value, including prepaid or advanced freight, for property which has been sold by the **Assured**.
 - 3) Property shipped to or for the account of the purchaser; **Actual Cash Value** at the point of destination on the date of loss or damage, less any charges saved which would have become due and payable upon delivery at destination for property not under invoice.
- j. The **Named Assured** may:
 - 1) Rebuild or 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.

- k. 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.
- l. 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.
6. 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.
7. 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.
8. 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:
 - a. The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
 - b. The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

Sexual Harassment does NOT include **Sexual Abuse** as defined in this Coverage Form.

C. Liability Exclusions

1. Coverage does not apply to any claim for damages, whether direct or consequential, which is covered under any other Section of this Coverage Form. Coverage does not apply to property owned by the **Assured**, or to loss of use of tangible property owned by the **Assured**.
2. Coverage does not apply to any claim brought about or contributed to by acts intended or expected by the **Assured** to cause **Bodily Injury** or **Property Damage**. Any act of any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.
3. Coverage does not apply to any claim made against any **Assured** flowing from or originating out of the **Assured** gaining any profit or advantage to which they were not legally entitled including, but not

limited to, any wrongful or erroneous collection of taxes, fees or other charges, by whatever name called.

4. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to the aggregate limit shown in the Liability Declarations 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, hangars, buildings, or other properties in connection with aviation activities. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and any "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** 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, radiological 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 ambulance crews, emergency medical technicians, paramedics, firefighters or police officers, or nurses including those providing forensic blood draw services in connection with a variety of law enforcement investigational activities, allowed or required by Nevada law. 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 the **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 the amount shown in the Liability Declarations 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 the act of **Sexual Abuse** by the **Assured**. Any such act pertaining to any one **Assured** will be imputed to any other **Assured** who personally participated or personally acquiesced in or remained passive (including failure to give timely notice) after having knowledge of such **Sexual Abuse**.

Coverage for any other **Assured** shall not exceed the sublimit shown in the Liability Declarations.

22. Coverage does not apply to liability of any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.

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 Liability 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.

Proposed exception to the exclusion for Wrongful Acts Exclusion 18:

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.

This exclusion shall not apply to any performance of or failure to perform services as an Insurance Agent, Insurance Broker, or Reinsurance Intermediary/Broker, except for services as the Executive Director or by Nevada Risk Pooling, Inc. and its staff as administrators of:

Nevada Public Agency Insurance Pool
Public Agency Compensation Trust
Public Risk Mutual
Public Compensation Mutual
Nevada Risk Pooling, Inc.
Pooling Resources, Inc.

DRAFT

MEMORANDUM

TO: Wayne Carlson, Donna Squires, Stephen Romero

FROM: Jack G. Angaran, Philip J. Tacason

DATE: April 8, 2022

RE: Proposed Changes to POOL Cyber Risk Security Form (Amended)

As the Pool's Coverage Counsel, we recommend the following proposed changes below. We have also reviewed the proposed changes suggested by CRL's counsel, Morris, Manning, and Martin (marked "Recommendation (MMM))." We agree to and recommend the CRL's proposed changes, as well, except those recommendations with Priority marked, "*For consideration in 2023-2024 Coverage Forms*". Additional Pool Recommended Changes are in "*Italics*".

**April 8, 2022 Note: We have amended our recommendations to include the following changes:*

(1): Removed the deletion of five Douglas County entities from the Named Assured Endorsement page. Douglas County is no longer a Pool Member; however, Ms. Squires advised that these five entities are separate from Douglas County, and are therefore still members.

(2): Changed Recommendation regarding the Coverage Agreement in Part 4, Network Interruption Coverage. We removed the reference and new coverage agreement for Occurrence Coverage since Part 4 is intended to provide First Party Coverage only, and we have changed our Recommendation accordingly.

*(3): In Part 4, we removed the following language (currently under **Proof of Loss Preparation Costs**):*

The Sublimits set forth herein is part of and not in addition to the Limit of Liability and the Sublimit of Liability for this Coverage Part Four as set forth in the Declarations.

///

Recommendation: Attach a page to the front of the Cyber Risk Coverage Form containing the following notice and contact information.

Required Notice to Claims Contacts

AFTER INFORMATION IS DISCOVERED THAT MAY RESULT IN A PRIVACY OR SECURITY EVENT UNDER THIS CYBER RISK COVERAGE FORM, THE NAMED ASSURED MUST IMMEDIATELY NOTIFY THE POOL AS REQUIRED IN THE COVERAGE FORM.

THE NAMED ASSURED MUST ALSO IMMEDIATELY NOTIFY THE INDIVIDUAL CLAIMS CONTACTS LISTED BELOW.

<p>Donna Squires Claim Manager</p>  <p>639 Isbell Rd, Suite 390, Reno, NV 89509 P. +1 775-391-6785 M. +1 615-571-6473 E. Donna.Squires@us.davies-group.com</p> <p>Claims reporting email: ASC_NPAIP@us.davies-group.com</p>	<p>Marshall Smith Risk Manager</p>  <p>201 S. Roop Street, Suite 102 Carson City, NV 89701 Phone: 775.885.7475</p>
<p>Antonio A. (Tony) Rucci Independent CyberSecurity Consultant 865.719.1715 Tony@TonyRucci.com https://www.TonyRucci.com</p>	 <p>John R. Funk, Esq. Shareholder Gunderson Law Firm 3895 Warren Way Reno, Nevada 89509 (775) 829-1222 Telephone (775) 829-1226 Facsimile jfunk@gundersonlaw.com</p>

Rationale for Recommendation: This page provides the information of the current individuals a Named Assured must immediately contact, upon discovery of information that may lead to a Privacy or Security Event under this Cyber Coverage Form. However, this notice need not be in the Coverage Form as the contacts will change.

CYBER RISK COVERAGE FORM

DECLARATIONS

Recommendation: Amend the Declarations page as follows:

**NEVADA PUBLIC AGENCY INSURANCE POOL
(POOL)**

**CYBER RISK COVERAGE FORM
DECLARATIONS**

FORM NUMBER	COVERAGE PERIOD	NAMED ASSURED	MAINTENANCE DEDUCTIBLE
CRCF 2022 22 ²⁴	07/01/202 22 ²⁴ – 07/01/202 22 ²⁴ 12:01 A.M. Standard Time	Per Attachment A	none

<u>CYBER SECURITY RISK COVERAGE</u>			
<u>PART ONE: Terms and Conditions</u>			
SECURITY RISK COVERAGE LIMITS	Limit per Named Assured Per PRIVACY OR SECURITY EVENT	Annual Aggregate Limit Per All Named Assured s	Pool- Aggregate Limit
PART TWO: Privacy or Security Liability Limits	3,000,000	3,000,000 <u>up to \$15,000,000 aggregate all POOL Members combined</u>	\$10,000,000
<i>The following sublimits are a part of and not in addition to the Limits of Liability:</i>			
PART THREE: Security Failure/Privacy Event Management Coverage	\$100,000		
PART FOUR: Network Interruption Coverage	\$250,000	Waiting Hours Period: 12 hours	
PART FOUR: Proof of Loss Preparation Costs (as defined). Separate Limit	\$50,000		
Retroactive Date		July 1, 2013	

This Declarations Page, together with the Nevada Public Agency Insurance Pool (hereinafter referred to as POOL) Cyber Risk Coverage Form, edition 2022~~22~~²⁴-202~~22~~²⁴, outlines the coverage provided by POOL. In accepting coverage, the Named Assured agrees to pay an annual contribution, as determined by POOL.

Countersigned:



Rationale for Recommendation: This change reflects the new POOL Aggregate Limit of \$15,000,000 aggregate for all POOL Members Combined. This change also adds a row for Part One: “Terms and Conditions.”

Recommendation (MMM): *Amend the Declarations and Part One Limit of Liability to specify the Pool Annual Aggregate limit of \$3,000,000 for All Named Assureds, up to \$15,000,000 Aggregate Limit for all Pool Members combined.*

Rationale: *These changes implement a Pool Annual Aggregate limit of \$3,000,000 per All Named Assureds, up to a \$15,000,000 Annual Aggregate for all Pool Members combined. This reflects the CRL change in reinsurance coverage to a Pool wide \$10,000,000 Annual Aggregate limits for all Assureds for any one Coverage period. To accommodate the Members, our captive, Public Risk Mutual, has increased its excess coverage so that the Annual Aggregate available to all Pool members combined will be \$15,000,000 for any one Coverage Period.*

Priority: *High.*

POOL NAMED ASSURED ENDORSEMENT

April 8, 2022 Amendment and Recommendation: We removed the deletion of the following entities:

Douglas County Mosquito Abatement District
Douglas County Redevelopment Agency
Douglas County School District
Douglas County Lake Tahoe Sewer Authority

Douglas County – Ninth Judicial District Court.

Rationale: Although Douglas County is no longer a POOL member, these five entities are separate and should remain on the endorsement form. They are still POOL members.

POOL CYBER RISK COVERAGE FORM

Recommendation: Add the following language at the front of the Cyber Risk Coverage Form (before Part One: Terms and Conditions):

MANDATORY IMMEDIATE NOTICE TO POOL!

AFTER INFORMATION IS DISCOVERED THAT MAY RESULT IN A PRIVACY OR SECURITY EVENT, OR A CYBER SECURITY THREAT UNDER THIS CYBER RISK COVERAGE FORM, THE NAMED ASSURED MUST IMMEDIATELY NOTIFY THE POOL.

Rationale for Recommendation: This text emphasizes the necessity of immediate reporting. For further emphasis, we recommend placing this text at the top or beginning of the Cyber Risk Coverage Form, in italicized, all-capital, size 14 font.

PART ONE: COMMON TERMS & CONDITIONS

Recommendation: In Part One, Section 3 (Notice of Claim or Event), add the following language:

c) Solely with respect to any **Claims** made and reported coverage section, if during the coverage period or during the Discovery Period (if applicable), any **Assured** shall become aware of any circumstances which may reasonably be expected to give rise to a Claim being made, the **Named Assured** shall give immediate written notice to the POOL of such circumstances, the Third Party Events, allegations anticipated and the reasons for anticipating such a Claim, with full particulars as to dates, persons and entities involved, then any Claim which subsequently is made against an Assured and reported to the POOL alleging, arising out of, based upon or attributable to such circumstances or alleging any related act to that alleged or contained in such circumstances, shall be considered made at the time such written notice of circumstances was given.

Rationale for Recommendation: This change provides that the Named Assured must provide immediate written notice of any circumstances which may reasonably be expected to give to rise to a Claim.

Recommendation (MMM): In Part One, Section 1, add the following language: “The Annual Aggregate Limit Per Named Assured shown in the Liability Declarations applies per Named Assured listed on Attachment A without regard to any subsidiaries listed on Attachment A under the Named Assured. Subsidiaries do not receive separate limits of liability.”

Rationale: The definition of “Named Assured” in Part One appears to include subsidiaries. It would be best to be clear that subsidiaries do not receive separate limits to help guard against stacking of limits.

Priority: *High*

Recommendation (MMM): In Part One, Section 1, remove the capitalization from the references to “Loss”.

Rationale: The word “Loss” is not a defined term.

Priority: *High*

Recommendation (MMM): In Part One, Section 1 add subsection (b) establishing the terms for the *\$15,000,000* Pool Aggregate Limit.

Rationale: This language defines the Pool Aggregate Limit and explains how the limit functions.

JGA/PJT Note: MMM mistakenly indicated the POOL Aggregate Limit is \$10,000,000; however, we have changed this to reflect the correct new aggregate limit of \$15,000,000.

Priority: *High.*

Recommendation (MMM): In Section 5, add subsection c): “The Automatic or Optional Discovery Period does not reinstate or increase the Limit of Liability described in Section 1.”

Rationale: This language makes it clear that a Discovery Period will not increase the limit of liability.

Priority: *High*

Recommendation (MMM): In Part One, Section 7, clarify the first sentence, which reads “Coverage as is provided by this Coverage Form shall apply only in the event of a Privacy or Security Event unless coverage is expressly excluded.”

Rationale: *All coverage for third party claims or first party loss are intended to be based upon a Privacy or Security Event as defined.*

Priority: Medium.

Recommendation (MMM): In Part One, Section 7, delete “Privacy or Security Event” and specify that all coverage under the Coverage Form is available up to the applicable limit or sublimit.

Rationale: The form covers Network Interruption and, presumably Cyber Security Threats in addition to Privacy or Security Events. *All coverage for third party claims or first party loss are intended to be based upon a Privacy or Security Event as defined.*

Priority: *High*

Recommendation (MMM): In the definition of “Claim” in Part One, Section 14, change “Extended Reporting Period” to “Discovery Period” and add “under Part One, Section 5”.

Rationale: “Discovery Period” is the term used in this Cyber Risk Coverage Form rather than “Extended Reporting Period”. Adding “under Part One, Section 5” provides a reference to the section of the Cyber Risk Coverage Form where the Discovery Period is described.

Priority: *High*

Recommendation (MMM): In Part One, Section 14, add a definition of “Electronic Equipment and Electronic Data Damage.”

Rationale: This term used in the Coverage Form but is not defined.

Priority: *High.*

Recommendation (MMM): In Part One, Section 14, add a definition of “First Party Event”.

Rationale: The term “First Party Event” is used in Section 3 (Notice of Claim or Event) but is not defined.

Priority: *High. First Party Event means a Privacy or Security Event or a Cyber Security Threat.*

Recommendation (MMM): In Part One, Section 14, add a definition of “Network Interruption Costs”.

Rationale: This term is used in the Cyber Risk Coverage Form but is not defined.

Priority: *High. Network Interruptions Costs means Business Income Loss, Expenses to Reduce Loss, Extra Expenses and Proof of Loss Preparation Costs*

Recommendation: In Part One, Section 14 (Definitions), add the following definition:

“**Discover**” or “**discovered**” means the time when any assured first becomes aware of facts which would cause a reasonable person to assume that a **Privacy or Security Event** has occurred, regardless of when the **Privacy or Security Event** occurred, even though the exact amount or details may not then be known.

Rationale for Recommendation: The existing Cyber Coverage Form does not define “Discover” or “discovered.” We recommend defining this term as defined by the ISO.

Recommendation: In Part One, Section 14 (Definitions), add the following definition:

“Network Interruptions Costs” means Business Income Loss, Expenses to Reduce Loss, Extra Expenses, and Proof of Loss Preparation Costs.

Rationale for Recommendation: The existing Cyber Coverage Form does not define “Network Interruptions Costs,” which is used in the Cyber Risk Coverage Form.

Recommendation: In Part One, Section 15 (Duties) and Section 16 (Common Exclusions), change language to refer to Claims *or First Party* Events.

Rationale: These Common Duties and Exclusions apply to First Party Coverage Agreements *and* Third Party Coverage Agreements. Including First Party Events in this Section appropriately reflects this.

Recommendation (MMM): In Part One, Section 16, add the following exclusions: g) unfair trade practices; h) unlawful collection or acquisition of Personal Information and the distribution of unsolicited communications; i) violation of labor laws; j) discrimination; k) violation of fair credit laws; l) trading and monetary losses.

Rationale: These are common cyber liability exclusions.

Priority: Medium-to-High.

PART TWO: SECURITY AND PRIVACY LIABILITY COVERAGE

Recommendation: In Part Two, add the following language:

The Duties, Terms, and Conditions, of the Named Assured are those common to all parts of this Coverage Form found in Part One.

THIS IS A CLAIMS MADE AND REPORTED COVERAGE SECTION, AND
A THIRD- PARTY LIABILITY COVERAGE SECTION

Rationale for Recommendation: This language clarifies that Part 2 (Security and Privacy Liability Coverage) is a third-party *liability* coverage section.

Recommendation (MMM): In Part Two, Section 1(b), clarify what amounts are covered and erode the limits.

Rationale: Part Two, Section 1(b)(iii), states that the Pool no longer has a duty defend if the limits are exhausted in the payment of “judgments or settlements, Regulatory Penalties, Claims Expenses, Privacy Response Expenses, PCI-DSS Assessments, Electronic Equipment and Electronic Data Damage, Network Interruption Costs, Cyber Security Threat Expenses, and

Cyber Security Threat Monies.” It appears some of these expenses are intended to be covered under Part Three, not Part Two.

Priority: High. Discuss and clarify. Pool has no duty to defend, can withdraw its discretionary defense for Suit or Regulatory Action at any time, and specifically asserts the right to withdraw after exhaustions of limits as provided in b (iii) even if covered in other Parts some of these are covered in Part Three and Four but no double recovery would be allowed. .

Recommendation: We removed the header, “1. Coverage Agreement” and changed the word “Clause” to “Part.”

Rationale: We deleted the redundant reference to the Coverage Agreement. We also changed the language to correctly refer to this *Part*, not a Clause.

Recommendation (MMM): In Part Two, Section 3, remove exclusion (e)(ii).

Rationale: Eliminates repetitive provisions. This exclusion is already included in the Common Exclusions in Part One, Section 16, so it is unnecessary here.

Priority: High

Recommendation: In Part Two, Section 3 (Exclusions), change the language in Exclusion g) to read the following:

g) alleging, arising out of, based upon or attributable to any **Privacy or Security Event**, or any related acts thereto, alleged or contained in any **Claim** which has been reported, or in any circumstances of which notice has been given, under any Coverage Form or policy of which this POOL Coverage Form is a renewal or replacement or which it may succeed in time.

Rationale for Recommendation: This new change uses the correct term, “Privacy or Security Event” (previously read “Security or Privacy Event”).

*****Recommendation***:** We moved Section 4, Notice of Privacy or Security Event Claim from Part 3 to Part 2. We also moved the Exclusions, which were originally in Part 3, to Part 2.

Rationale for Recommendation: These Notice requirements and Exclusions apply to **Claims**, which makes them appropriate in Part 2 (a claims made and third party liability coverage section) – *not Part 3*.

PART THREE: SECURITY FAILURE/PRIVACY EVENT MANAGEMENT COVERAGE

Recommendation: In Part Three, add the following language:

THIS IS A DISCOVERY COVERAGE SECTION AND A FIRST PARTY
COVERAGE SECTION

All terms or phrases in **bold print** in the body of this Cyber Risk Coverage Form
are defined terms.

Rationale for Recommendation: This language clarifies that Part 3 applies to this *Cyber Risk*
Coverage Form.

Recommendation: In Part Three, Section 1, Coverage Agreement, change the following
language from:

- a) EVENT MANAGEMENT COVERAGE AGREEMENT: The POOL shall pay all **Claims**
that a **Named Assured** incurs solely as a result of an alleged **Privacy or Security Event**
that has actually occurred or is reasonably believed by such **Named Assured** and the
POOL to have occurred, up to the Limit of Liability shown in the Declarations.

To:

- a) EVENT MANAGEMENT COVERAGE AGREEMENT: The POOL shall pay all **Losses**
that a **Named Assured** incurs in managing **Cyber Security Threats**, solely as a result of an
alleged **Privacy or Security Event** that has actually occurred or is reasonably believed by
such **Named Assured** and the POOL to have occurred, up to the Limit of Liability shown in
the Declarations.

Rationale for Recommendation: This language clarifies the Coverage Agreement to reference
Cyber Security Threats. It also provides that the POOL shall pay all Losses, which is the
appropriate language for this First Party Coverage Section.

Recommendation: In the Coverage Agreement, we changed the word “Clause” to “Part.”

Rationale: We changed this language to reflect that this Coverage Agreement refers to a *Part* –
not a Clause.

Recommendation (MMM): Clarify what losses are covered under Part Three, Section 1.

Rationale: Based on the title of Part Three, it appears the intent is to cover first-party losses,
including Electronic Equipment and Data Damage, Privacy Response Expenses and Cyber

Security Threat Monies, but the language of Part Three reads as if it covers third-party claims. For example, Section 1 states that the Pool “shall pay all Claims that a Named Assured incurs solely as a result of an alleged Privacy or Security Event.” The term “Claims,” is defined under Part One, Section 14 to include third-party claims. Part three also gives the Pool the right to settle any Claim, which suggests that a Claim is a third-party claim.

Priority: High. Discuss and clarify. This coverage Part Three is first party coverage and should refer to losses (not claims) including those losses in managing cyber security threats.

Recommendation (MMM): Clarify what events give rise to duties on the part of the Named Assured under Part Three, Section 2.

Rationale: Section 2 refers only to Cyber Security Threats. If the intent is for Part Three to cover Electronic Equipment and Data Damage and Privacy Response Expenses in addition to Cyber Security Threat Monies, this section should also reference Privacy or Security Events.

Priority: High.

Recommendation: We moved Section 4, Notice of Privacy or Security Event Claim from Part 3 to Part 2 third party liability coverage. We also moved the Exclusions, which were originally in Part 3, to Part 2.

Rationale for Recommendation: See analysis in Part 2 above.

PART FOUR: NETWORK INTERRUPTION COVERAGE

Recommendation (MMM): In Part Four, Section 1(a), change “The POOL shall pay all Claims” to “The POOL shall pay for Business Income Loss, Expenses to Reduce Loss, Extra Expenses, and Proof of Loss Preparation Costs”.

Rationale: “Claim” is defined to mean any demand, Suit for damages, Regulatory Action or PCI-DSS Assessment resulting from a Privacy or Security Act. This change specifies the types of loss and costs that are covered under the Network Interruption Coverage Agreement.

Priority: High.

Recommendation (MMM): In the definition of “Period of Indemnity” in Part Four, Section 2, change “at the inception of the Material Interruption to “after the Waiting Hours Period” and add “at the earlier of”.

Rationale: Typically, the term “Period of Indemnity” is defined to mean the period of time beginning after the Waiting Hours Period. Also the reference to the Period of Indemnity ending

180 days thereafter is confusing when the following subsections describe when the Period of Indemnity ends, so adding “at the earlier of” eliminates this confusion.

Priority: High.

April 8, 2022 Amendment and Recommendation: Change the following language from:

THIS IS AN OCCURRENCE COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION

To:

THIS IS A FIRST PARTY COVERAGE SECTION

Rationale for Recommendation: This language accurately reflects that Part 4 is a first party coverage section only. Accordingly, we removed the reference to occurrence coverage. We also removed the *new* Occurrence Insuring Agreement we had recommended (see below).

Recommendation: ~~Add an Occurrence coverage agreement a) and Change the damages recoverable for existing first party coverage agreement language now designated as b) from:~~

~~a) NETWORK INTERRUPTION COVERAGE AGREEMENT: The POOL shall pay all **claims** that a **Named Assured** incurs after the **Waiting Hours Period** and solely as a result of a **Privacy or Security Event** resulting in a **Security Failure** or **System Failure** up to the applicable Network Interruption Sublimit shown in the Declaration.~~

To:

~~a) The POOL shall pay on a **Named Assured**'s behalf all damages that such **Named Assured** shall be legally obligated to pay resulting from a **Claim** alleging Network Interruption as a result of a **Privacy or Security Event** up to the limit of liability set forth in the Declarations.~~

a) NETWORK INTERRUPTION COVERAGE AGREEMENT: The POOL shall pay all **Business Income Loss, Expenses to Reduce Loss, Extra Expenses** and **Proof of Loss Preparation Costs** that a **Named Assured** incurs after the **Waiting Hours Period** and solely as a result of a **Privacy or Security Event** resulting in a **Security Failure** or **System Failure** up to the applicable Network Interruption Sublimit shown in the Declaration.

Rationale for Recommendation: This change specifies the types of Loss the POOL will pay under this Coverage Agreement. Moreover, removal of the word “Claim” and replacing it with the types of covered **Losses** is consistent with this First Party Coverage Agreement.

///
///
///

April 8, 2022 Amendment and Recommendation: Remove the following language (currently under **Proof of Loss Preparation Costs**):

The Sublimits set forth herein is part of and not in addition to the Limit of Liability and the Sublimit of Liability for this Coverage Part Four as set forth in the Declarations.

Rationale for Recommendation: The change treats the **Proof of Loss Preparation Costs** as a separate limit – rather than a sublimit. Accordingly, the costs associated with any **Proof of Loss Preparation** will not erode Part 4’s \$250,000 limit.

Recommendation (MMM): In subsection (i) of the definition of “Period of Indemnity” in Part Four, Section 2, change “a Company” to “the Named Assured”.

Rationale: As indicated in the definition of “Voluntary Shutdown”, the Computer System must be under the ownership, operation or control of a Named Assured to constitute a Voluntary Shutdown.

Priority: *High*

Recommendation (MMM): In Part Four, Section 5, use the term “loss” rather than the defined term “Claim.”

Rationale: A “Claim” is defined as a third-party claim.

Priority: *High*

Required Notice to Claims Contacts

AFTER INFORMATION IS DISCOVERED THAT MAY RESULT IN A PRIVACY OR SECURITY EVENT OR A CYBER SECURITY THREAT UNDER THIS CYBER RISK COVERAGE FORM, THE NAMED ASSURED MUST IMMEDIATELY NOTIFY THE POOL AS REQUIRED IN THE COVERAGE FORM.

THE NAMED ASSURED MUST ALSO IMMEDIATELY NOTIFY THE INDIVIDUAL CLAIMS CONTACTS LISTED BELOW.

<p><u>Donna Squires</u> <u>Claim Manager</u></p>  <p><u>639 Isbell Rd, Suite 390, Reno, NV 89509</u> <u>P. +1 775-391-6785</u> <u>M. +1 615-571-6473</u> <u>E. Donna.Squires@us.davies-group.com</u></p> <p><u>Claims reporting email: ASC_NPAIP@us.davies-group.com</u></p>	<p><u>Marshall Smith</u> <u>Risk Manager</u></p>  <p><u>201 S. Roop Street, Suite 102</u> <u>Carson City, NV 89701</u> <u>Phone: 775.885.7475</u></p>
<p><u>Antonio A. (Tony) Rucci</u> <u>Independent CyberSecurity Consultant</u> <u>865.719.1715 Tony@TonyRucci.com</u> <u>https://www.TonyRucci.com</u></p>	 <p><u>John R. Funk, Esq.</u> <u>Shareholder</u> <u>Gunderson Law Firm</u> <u>3895 Warren Way</u> <u>Reno, Nevada 89509</u> <u>(775) 829-1222 Telephone</u> <u>(775) 829-1226 Facsimile</u> <u>jfunk@gundersonlaw.com</u></p>

CYBER RISK COVERAGE FORM



www.ascrisk.com



POOL Named Assured Endorsement
Effective July 1, 2022

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**NEVADA PUBLIC AGENCY INSURANCE POOL
(POOL)**

**CYBER RISK COVERAGE FORM
DECLARATIONS**

FORM NUMBER	COVERAGE PERIOD	NAMED ASSURED	MAINTENANCE DEDUCTIBLE
CRCF 202223	07/01/2022 - 07/01/2023 12:01 A.M, Standard Time	Per Attachment A	none

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CYBER SECURITY RISK COVERAGE			
PART ONE: Terms and Conditions			
SECURITY RISK COVERAGE LIMITS	Limit per Named Assured Per PRIVACY OR SECURITY EVENT	Annual Aggregate Limit Per All Named Assureds	Pool Aggregate Limit
PART TWO: Privacy or Security Liability Limits	3,000,000	3,000,000 up to \$15,000,000 aggregate all POOL Members combined	\$10,000,000
<i>The following sublimits are a part of and not in addition to the Limits of Liability:</i>			
PART THREE: Security Failure/Privacy Event Management Coverage	\$100,000		
PART FOUR: Network Interruption Coverage	\$250,000	Waiting Hours Period: 12 hours	
Proof of Loss Preparation Costs (as defined), Separate Limit	\$50,000		
Retroactive Date		July 1, 2013	

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This Declarations Page, together with the Nevada Public Agency Insurance Pool (hereinafter referred to as POOL) Cyber Risk Coverage Form, edition 2022-2023, outlines the coverage provided by POOL. In accepting coverage, the Named Assured agrees to pay an annual contribution, as determined by POOL.

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Authorized Representative Date: July 1, 2022

POOL Named Assured Endorsement
Effective July 1, 2022

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4824-8937-0298 | POOL Cyber Risk Coverage Declarations
2022

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POOL DECLARATIONS PAGE
Attachment A
Effective July 1, 2022, it is understood and agreed that the Named Assureds covered hereunder are as follows:
Alamo Sewer & Water General Improvement District
Amargosa Library District
Beatty Library District
Beatty Water & Sanitation
Boulder, City of including Damboree, Inc.
Caliente, City of
Canyon General Improvement District
Carlin, City of including these subentities:
Carlin Volunteer Fire/Ambulance
Carlin Open Door Senior Citizens Center
Carlin Friends of the Library
Carson City, A Consolidated Municipality
Carson City School District
Carson-Truckee Water Conservancy District
Carson Water Subconservancy District
Central Nevada Historical Society
Central Nevada Regional Water Authority
Churchill County including these subentities:
Road Commission
Planning Commission
Parks and Recreation Commission
Museum Board
Library Board
Fire Board
Cemetery Board
Board of Equalization
Coalition for Senior Citizens
CC Communications
Churchill County Volunteer Fire Department
Churchill County Mosquito & Weed Abatement District
Churchill County School District
County Fiscal Officers Association

POOL Named Assured Endorsement
Effective July 1, 2022

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Douglas County Mosquito Abatement District
Douglas County Redevelopment Agency
Douglas County School District
Douglas County Lake Tahoe Sewer Authority
East Fork Swimming Pool District
Elko Central Dispatch Administrative Authority
Elko, City of
Elko Convention and Visitors Authority
Elko County including these subentities:
Elko Senior Citizens Center
Jackpot, Town of
Jarbidge, Town of
Local Emergency Planning Commission
Montello, Town of
Mountain City, Town of
North East Area Fire Protection District
Northeastern Nevada Regional Development Authority
Tuscarora, Town of and Water District
Volunteer Fire Departments (several)
Elko County Fair Board and Elko County Agricultural Association
Elko County School District
Elko TV District
Ely, City of including White Pine Historical Railroad Foundation
Esmeralda County
Goldfield, Town of
Goldfield TV District
Silver Peak, Town of
Esmeralda County School District
Eureka County including these subentities:
Diamond Valley Weed
Diamond Valley Rodent
Crescent Valley, Town of
Eureka, Town of
Devil's Gate GID
Eureka Television District
Eureka County Fair Board
Eureka County Recreation Board
Eureka Volunteer Fire Department
Diamond Valley Volunteer Fire Department
Crescent Valley Volunteer Fire Department
Pine Valley Volunteer Fire Department
Dunphy Volunteer Fire Department
Beowawe Volunteer Fire Department
Eureka EMS
Crescent Valley EMS

POOL Named Assured Endorsement
Effective July 1, 2022

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Eureka County School District
Fernley, City of
Fernley Swimming Pool District
Gardnerville, Town of
Gardnerville-Ranchos General Improvement District
Genoa, Town of
Gerlach GID
Humboldt County including these subentities:
Denio Television District
Golconda Fire Protection District
Golconda Water District
Humboldt Development Authority
Humboldt Fire Protection District
Kings River GID
McDermott Fire Protection District
McDermott GID
Orvada Community Services District
Orvada Fire Protection District
Orvada GID
Orvada Rodent Control District
Paradise Fire Protection District
Paradise Sewer District
Paradise Weed Control District
Pueblo Fire Protection District
Quinn River Television District
Sixth Judicial District Court
Senior Citizens of Humboldt County
Union Justice Court
Wildfire Support Group, Inc.
Winnemucca Rural Fire Protection District
Winnemucca Convention & Visitors Authority
Humboldt County Fair & Recreation Board
Humboldt County Fairgrounds Agricultural District #3
Community Halls of Golconda, Orvada, McDermott, Paradise Valley, Kings River, Denio, Jackson Mounta

**POOL Named Assured Endorsement
Effective July 1, 2022**

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Humboldt County School District
Humboldt General Hospital
Humboldt River Basin Water
Incline Village General Improvement District
Indian Hills General Improvement District
Kingsbury General Improvement District
Lakeridge General Improvement District
Lander County including these subentities:
Argenta Television District
Austin Ambulance Service
Austin Volunteer Fire Department
Austin, Town of
Battle Mountain Ambulance Service
Battle Mountain Volunteer Fire Department
Battle Mountain, Town of
Kingston, Town of
Kingston Volunteer Fire Department
Lander County Convention & Tourism
Lander County Community Health Office
Lander County Hospital District dba Battle Mountain General Hospital
Lander County School District
Lincoln County including these subentities:
Alamo, Town of
Lincoln County Emergency Management
Lincoln County Fair Board
Lincoln County Television District
Meadow Valley Ambulance
Panaca, Town of
Lincoln County Fire District
Pioche Public Utilities
Pioche, Town of
Pioche Volunteer Fire Department
Lincoln County Senior Citizens (only for Property and Automobile Liability coverage)
Pioche Housing Authority (only for Property coverage)
Lincoln County Regional Development Authority
Lincoln County School District
Lincoln County Water District
Logan Creek Estates General Improvement District

**POOL Named Assured Endorsement
Effective July 1, 2022**

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Lovelock, City of
Lovelock Meadows Water
Lyon County including these subentities:
Central Lyon Vector Control District
Dayton Utilities
Lyon County Fair & Rodeo
Mason Valley Mosquito Control District
Walker River Weed Control District
Willowcreek General Improvement District
Dayton Valley Dog Park Association
Lyon County School District
Marla Bay General Improvement District
Mason Valley Swimming Pool District
Minden, Town of
Minden Gardnerville Sanitation District
Mineral County including these subentities:
Hawthorne Fire Department
Hawthorne Utilities
Luning Volunteer Fire Department
Mina Care and Share Center
Mina Volunteer Fire Department
Mineral County Care and Share
Mineral County Airport Land Advisory Board
Mineral County Convention & Tourism Authority Board
Mineral County Parks & Recreation
Mineral County Planning Commission
Schurz Volunteer Fire Department
Walker Lake Volunteer Fire Department
Walker Lake Water District
Mineral County Housing Authority
Mineral County School District
Moapa Valley Fire Protection District
Moapa Valley Water District
Mt. Charleston Fire Protection District

**POOL Named Assured Endorsement
Effective July 1, 2022**

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Nevada Association of Conservation Districts including the following conservation districts:
Clover Valley
Esmeralda
Jiggs
Lahonton
Lander
Lincoln
Mason Valley
Northeast Elko
Paradise Sonoma
Quinn River
Smith Valley
Stillwater
Vya
White Pine
Nevada Association of Counties
Nevada Association of School Boards
Nevada Association of School Superintendents
Nevada Commission for Reconstruction of V&T Railway
Nevada League of Cities
Nevada Public Agency Insurance Pool
Nevada Risk Pooling, Inc.
Nevada Rural Housing Authority including these subentities
Blue Bird Property, LLC.
Nevada Tahoe Conservation District
Nevadaworks
North Lake Tahoe FPD
North Lyon County FPD
Northern Nye County Hospital
Nye County including these subentities:
Amargosa, Town of
Beatty General Improvement District
Beatty, Town of
Gabbs, Town of
Manhattan, Town of
Nye County Senior Nutrition, Inc.
Nye County Water District
Railroad Valley, Town of
Southern Nye County Conservation District
Tonopah Conservation District

**POOL Named Assured Endorsement
Effective July 1, 2022**

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Nye County School District
Pahrnagat Valley Fire District
Pahrump, Town of
Pahrump Library District
Palomino Valley General Improvement District
Pershing County including these subentities:
Grass Valley Volunteer Fire
Imlay Volunteer Fire
Imlay, unincorporated town of
Lovelock Valley Weed District
Pershing County Television District
Pershing County Volunteer Ambulance
Public Administrator
Rye Patch Volunteer Fire
Senior Citizen's Center
Eleventh Judicial District Court - Juvenile Court appointed workers
Volunteer Police Reserves
WIC Program Administrator
Pershing County School District
Pershing County Water Conservation District
Pooling Resources, Inc.
Regional Transportation Commission of Washoe County
Round Mountain, Town of
Sierra Estates General Improvement District
Silver Springs General Improvement District
Silver Springs Stagecoach Hospital District
Skyland General Improvement District
Smoky Valley Library District
Southern Nevada Area Communications Council
Southern Nevada Health District
Stagecoach General Improvement District

POOL Named Assured Endorsement
Effective July 1, 2022

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Storey County including these subentities:
Storey County Library District
Storey County Planning Commission
Storey County Fire Protection District
Storey County Volunteer Firemen
Storey County Sheriff's Reserve
Virginia Divide Sewer
Virginia City Tourism Commission
Storey County School District
Sun Valley General Improvement District
Tahoe Douglas District
Tahoe Douglas FPD
Tahoe Reno Industrial General Improvement District
Tonopah, Town of including Tonopah Historic Mining Park Foundation and Tonopah Development Corporation
Tonopah Library District
Topaz Ranch Estates General Improvement District
Truckee Meadows Regional Planning Agency
US Board of Water Commissioners
Walker Basin Conservancy
Walker River Irrigation District
Washoe County Fire Suppression including these subentities:
Gerlach Volunteer Fire Department
Red Rock Volunteer Fire Department
Washoe County Water Conservation District
Wells, City of
West Wendover, City of
West Wendover Recreation District
Western Nevada Development District
Western Nevada Regional Youth Center

POOL Named Assured Endorsement
Effective July 1, 2022

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White Pine County including these subentities:
Agriculture District
Baker Sewer and Water GID
Lund Water GID
McGill Ruth Water Department
Regional Planning Commission
Regional Transportation Commission
Soil Conservation
Baker, Town of
Cherry Creek, Town of
Lund, Town of
McGill, Town of
Ruth, Town of
White Pine County Youth Center
Tri-County Weed Control District
White Pine County Fire District including these subentities:
Volunteer Fire Departments of Baker, Cherry Creek, Cold Creek, Lackawanna, Lund, McGill, Ruth
Volunteer Ambulance Services
White Pine County School District
White Pine County Tourism & Recreation
White Pine Television District #1
Winnemucca, City of
Yerington, City of
Zephyr Cove GID
Zephyr Heights GID

**POOL Cyber Risk Coverage Form Endorsement
Number 1**

Effective July 1, 2022 it is hereby agreed and understood that the employees (except the applicable district court judge) working on behalf of the following Judicial Districts with respect to the specified County are included as **Assureds** while acting within the course and scope of their duties as employees working on behalf of such Judicial Districts.

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DISTRICTS

1st Judicial District

Carson City
Storey County

3rd Judicial District

Lyon County

4th Judicial District

Elko County

5th Judicial District

Nye County
Mineral County
Esmeralda County

6th Judicial District

Humboldt County

7th Judicial District

Eureka County
White Pine County
Lincoln County

9th Judicial District

Douglas County

10th Judicial District

Churchill County

11th Judicial District

Lander County
Mineral County
Pershing County

The inclusion hereunder of more than one **Assured** shall not operate to increase the Limits of Liability.

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ALL OTHER TERMS, CONDITIONS AND EXCEPTIONS REMAIN UNALTERED.

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MANDATORY IMMEDIATE NOTICE TO POOL!

AFTER INFORMATION IS DISCOVERED THAT MAY RESULT IN A PRIVACY OR SECURITY EVENT, OR A CYBER SECURITY THREAT UNDER THIS CYBER RISK COVERAGE FORM, THE NAMED ASSURED MUST IMMEDIATELY NOTIFY THE POOL.

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POOL CYBER-RISK COVERAGE FORM

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PART ONE: COMMON TERMS & CONDITIONS:

All terms or phrases in **bold print** in the body of this Coverage Form are defined terms.

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. 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
2. 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.

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1. LIMIT OF LIABILITY

a) In General

- i. The Limit of Liability shown in the Declarations is the POOL'S maximum liability for all **Claims** under all Coverage Sections of this **Cyber Risk Coverage Form** combined and the POOL shall not be responsible to pay any **loss** upon exhaustion of the Limit of Liability.
- ii. If a Sublimit of Liability is stated in the Declarations with respect to a Coverage Section of this Coverage Form, then such Sublimit of Liability shall be the POOL'S maximum liability for all **loss** with respect to such Coverage Section and the POOL shall not be responsible to pay any **loss** under such Coverage Section upon exhaustion of such Sublimit of Liability. Each Sublimit of Liability shall be part of and not in addition to the Limit of Liability and shall in no way serve to increase the Limit of Liability.

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iii. The Limit of Liability applies separately to each Named Assured listed on Attachment A. The Annual Aggregate Limit Per Named Assured shown in the Declarations applies per Named Assured listed on Attachment A without regard to any subentities listed on Attachment A under the Named Assured. Subentities do not receive separate limits of liability.

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b) Pool Aggregate Limit

i. All Cyber Risk Coverage is subject to a Pool Aggregate Limit of \$15,000,000 for each Coverage Period. The Pool Aggregate Limit is a shared limit among the Named Assureds (including all associated Assureds) and is the most the POOL will pay for all Cyber Risk Coverage, including Claim Expenses, for all Named Assureds (including all associated Assureds) covered under any Coverage Period. Claim Expenses erode the Pool Aggregate Limit.

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ii. If the Pool Aggregate Limit is exceeded, the amount recoverable by any Named Assured (including all associated Assureds) will be reduced pro rata in the same proportion that the loss of the Named Assured (including all associated Assureds) bears to the total amount of loss of all Named Assureds (including all associated Assureds).

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iii. The POOL may pay Claims for Cyber Risk Coverage on a provisional basis until all liabilities and expenses for a particular Coverage Period are resolved, as determined by the POOL. If the POOL determines that the Pool Aggregate Limit may be exceeded, the POOL may delay claims payments until the POOL determines that all liabilities and expenses for a Coverage Period have been resolved.

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iv. Once all liabilities and expenses for a Coverage Period are resolved, the POOL will give notice to all Named Assureds with Claims of their pro rata share of covered losses. If a Named Assured (including any associated Assureds) received claims payments in excess of its pro rata share, the Named Assured will remit the excess amount to the POOL, within thirty (30) days of the date on which the POOL gives notice. If a Named Assured (including any associated Assureds) received claims payments that are less than its pro rata share, the POOL will remit the deficiency to the Named Assured within thirty (30) days of the date on which the POOL receives the last payment due from Named Assureds who received claims payments in excess of their pro rata shares.

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v. For purposes of the Pool Aggregate Limit, "Cyber Risk Coverage" means all amounts covered under all Coverage Sections of this Cyber Risk Coverage Form. Determinations made by the POOL relating to the Pool Aggregate Limit will be made in the sole and absolute discretion of the POOL.

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2. NOTICE AND AUTHORITY

Except for the giving of a notice of Claim, which shall be governed by the provisions of the

NOTICE OF CLAIM OR EVENT Section of these Common Terms and Conditions, all notices required under this Coverage Form to be given by a **Named Assured** to the POOL shall be given in writing to the POOL at the address stated in the Declarations.

It is agreed that any **Named Assured** shown on Attachment A shall act on behalf of all of its **Assureds** with respect to the giving of notice of a **Claim**, the giving and receiving of notice of cancellation and nonrenewal, the payment of contributions and the receiving of any return contributions that may become due under this Coverage Form, the receipt and acceptance of any endorsements issued to form a part of this Coverage Form, the

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exercising or declining of the right to tender the defense of a Claim to the POOL and the exercising or declining to exercise any right to a Discovery Period.

3. NOTICE OF CLAIM OR EVENT

a) The **Named Assured** shall, as a condition precedent to the obligations of the POOL under this Coverage Form, give written notice to the POOL of any **Claim** made against the **Named Assured** or a First Party Event immediately after:

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- i. any personnel in the office of any **Named Assured** first becomes aware of the **Claim**; or
- ii. any First Party Event commences or, solely with respect to a Discovery Coverage Section, is discovered.

Notwithstanding the foregoing and regardless of whether any personnel described in (i) above has become aware, in all events each **Claim** under a Claims-Made and Reported Coverage Section must be reported no later than either:

- iii. sixty (60) days after the end of the Coverage Period; or
- iv. the end of any applicable Discovery Period.

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b) If written notice of a **Claim** or a First Party Event has been given to the POOL pursuant to Clause a) above, then:

- i. any subsequent **Claim** made against any **Assured**; or
- ii. any subsequent First Party Event;

arising out of, based upon or attributable to the facts giving rise to such **Claim** or First Party Event for which such notice has been given, or alleging any related act thereto, shall be considered made at the time such notice was given; and

c) Solely with respect to any ~~Claims-Made and Reported Coverage Section~~, if during the Coverage Period or during the Discovery Period (if applicable), any **Assured** shall become aware of any circumstances which may reasonably be expected to give rise to a **Claim** being made, the **Named Assured** shall give immediate written notice to the POOL of such circumstances, the Third Party Events, allegations anticipated and the reasons for anticipating such a **Claim**, with full particulars as to dates, persons and entities involved, then any **Claim** which subsequently is made against an **Assured** and reported to the POOL alleging, arising out of, based upon or attributable to such circumstances or alleging any related act to that alleged or contained in such circumstances, shall be considered made at the time such written notice of circumstances was given.

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d) Notice as described herein shall be given in writing to the POOL Claims Service organization.

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Any notice must reference the Coverage Form Number set forth in the Declarations and the Coverage Section(s) under which a **Named Assured** is providing notice.

If mailed or transmitted by electronic mail, the date of such mailing or transmission shall constitute the date that such notice was given and proof of mailing or transmission shall be sufficient proof of notice.

4. NAMED ASSURED'S OBLIGATIONS

In connection with all **Claims** under this Coverage Form, each **Named Assured** shall:

- a) send the POOL copies of all demands, suit papers, other related legal documents and invoices for ~~defense costs received by such Named Assured~~, as soon as practicable;
- b) immediately record the specifics of any **Claim** and the date such **Named Assured** first received such **Claim**;
- c) cooperate with and help the POOL and/or any counsel or representative appointed pursuant to the terms of this Coverage Form, including, without limitation, as follows:
 - i. by not admitting liability;
 - ii. in making settlements;
 - iii. in enforcing any legal rights any **Named Assured** may have against anyone who may be liable to any **Named Assured**;
 - iv. by attending depositions, hearings, and trials;
 - v. by securing and giving evidence, and obtaining the attendance of witnesses;
 - vi. by preserving and furnishing any and all documentation, **Computer Systems, Electronic Data**, or any other item within the possession, custody or control of such **Named Assured** that may be required; and
 - vii. by taking such actions that such **Named Assured** and the POOL agree are necessary and practicable to prevent or limit loss arising from any **Claim**.
- d) unless required to do so by law, ~~Named Assureds shall not~~, without the POOL'S prior written consent:
 - i. assume any financial obligation or incur any cost unless specifically allowed to settle any **Claim** on behalf of the POOL pursuant to the Coverage Sections under this Coverage Form.
 - ii. take any action or fail to take any required action which prejudices the POOL'S rights under this Coverage Form.
 - iii. fail to comply with all terms and conditions in all sections of this Cyber Risk Coverage Form.

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- iv. **destroy, dispose, compromise, or discard any Computer System, Electronic Data, or other item relevant to the Claim.**
- v. **waive any immunities granted to local governments.**

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5. DISCOVERY

This Clause applies solely to Claims made and reported coverage Sections of this Coverage Form, but shall not apply in the event of cancellation for non-payment of contribution:

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- a) **Automatic Discovery Period:** If the **Named Assured** or the **POOL** shall cancel or refuse to renew this Coverage Form the **Named Assured** shall have the right following the effective date of such cancellation or nonrenewal to a period of sixty (60) days (the "Automatic Discovery Period") in which to give written notice to the **POOL** of **Claims** first made against a **Named Assured** during the Automatic Discovery Period for **Claims** occurring prior to the end of the Coverage Period and otherwise covered by this Coverage Form. The Automatic Discovery Period shall not apply where an Optional Discovery Period has been purchased or to **Claims** that are covered under any subsequent coverage a **Named Assured** purchases or that is purchased for a **Named Assured's** benefit, or that would be covered by any subsequent coverage but for the exhaustion of the amount of coverage applicable to such **Claims** or any applicable retention amount.
- b) **Optional Discovery Period:** Except as indicated below, if the **Named Assured** or the **POOL** shall cancel or refuse to renew this Coverage Form or in the event of Bankruptcy (as that term is defined in Clause 10. below), the **Named Assured** shall have the right to a period of up to three (3) years following the effective date of such cancellation or nonrenewal (an "Optional Discovery Period"), upon payment of an additional contribution amount of up to:
 - i. one hundred percent (100%) of the full annual contribution, for a period of one (1) year,
 - ii. one hundred and seventy-five percent (175%) of the full annual contribution, for a period of two (2) years, or
 - iii. two hundred percent (200%) of the full annual contribution, for a period of three (3) years,

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in which to give written notice to the **POOL** of **Claims** first made against a **Named Assured** during the Optional Discovery Period for any Third Party Events occurring prior to the end of the Coverage Period and otherwise covered by this Coverage Form.

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If the **Named Assured** exercises its right to purchase an Optional Discovery Period, that period incepts at the end of the Coverage Period and there shall be no Automatic Discovery Period.

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As used herein, "full annual contribution" means the contribution amount charged to the **Named Assured**, plus an additional contribution charged for any endorsements to this Coverage Form.

The right to purchase an Optional Discovery Period shall terminate unless written notice of election, together with any additional contribution due, is received by the POOL no later than thirty (30) days after the effective date of the cancellation, nonrenewal or transaction.

Any Discovery Period cannot be canceled and any additional contribution charged for an Optional Discovery Period shall be fully earned at inception. The Discovery Period shall not apply to any cancellation resulting from non-payment of contribution.

c) The Automatic or Optional Discovery Period does not reinstate or increase the Limit of Liability described in Section 1.

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6. SUBROGATION

A **Named Assured** may be able to recover all or part of a Claim from someone other than the POOL. Such **Named Assured** must do all that is possible after a Claim to preserve any, and all, rights of recovery. As a condition of any payment by the POOL under this Coverage Form, a **Named Assured's** rights to recovery will be transferred to the POOL. Each **Named Assured** will do whatever is necessary, including signing documents, to help the POOL obtain that recovery.

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7. OTHER COVERAGE

Coverage as is provided by this Coverage Form shall apply only in the event of a **Privacy or Security Event** unless coverage is expressly excluded. All coverage, where appropriate, under this Coverage Form is available up to the applicable Liability Limitor Sublimit, but not both. There is absolutely no coverage under this Coverage Form if coverage or indemnity coverage is available from other sources. There is absolutely no coverage if provided under this Coverage Form beyond the applicable Liability Limit or Sublimit.

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8. ASSIGNMENT

This Coverage Form and any and all rights hereunder are not assignable without the prior written consent of the POOL, which shall be in the sole and absolute discretion of the POOL.

9. ACTION AGAINST POOL

LIMITATION ON RIGHT TO SUE. An **Assured** shall not sue or maintain any litigation or lawsuit for damages against the 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 the POOL. However, this Section does not prohibit any declaratory relief action seeking to interpret wording of this Coverage Form. Carson City County, Nevada

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shall be the sole venue for any and all disputes or declaratory relief litigation brought by an Assured arising from or in any way relating to this Coverage Form or the POOL.

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10. BANKRUPTCY

Bankruptcy or insolvency of any **Assured** shall not relieve the POOL of any of its obligations hereunder.

11. WORLDWIDE TERRITORY

Where legally permissible, this Coverage Form shall apply to **Claims** occurring or suffered anywhere in the world.

12. HEADINGS

The descriptions in the headings of this Coverage Form are solely for convenience and are not a part of the terms and conditions of coverage.

13. LAW ENFORCEMENT COOPERATION

A **Named Assured** may receive a request from a law enforcement authority to keep confidential certain information about an actual or possible **First Party Claim** or **Third-Party Claim** (including, without limitation, a **Privacy or Security Event**). In such circumstances, a notice of such **First Party Claim**, or of a **Claim** relating to or arising out of such **Third-Party Claim**, shall be considered timely under the Coverage Form if:

- a) Immediately after receipt of such request, a **Named Assured** or employee of the **Named Assured** requests permission to share such information with the POOL;
- b) The **Named Assured** only withholds from the POOL that portion of the information that it has been instructed not to share with the POOL as may be required by law; and
- c) The **Named Assured** provides full notice of such **Claim** to the POOL as soon as legally permitted.

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In addition, to the extent the procedure set forth above is followed in connection with an authorized law enforcement request, any failure or delay in providing information to the POOL shall not be the basis for denial of coverage for a **Claim** or **First Party Claim** under the Coverage Form on the basis of a **Named Assured's** failure to provide documentation and otherwise cooperate, as required by the Common Terms and Conditions.

Notwithstanding the above, no coverage shall be afforded for any **Claim** or **First Party Claim** if the information withheld relating to such **First Party Claim** or **Third Party Claim** was: (i) known to the **Named Assured**, or prior to the inception date of the first POOL Coverage Form (or any other coverage agreement or insurance providing substantively identical coverage) provided through the POOL (or an insurance company affiliate of the POOL) to the **Named Assured** and continually renewed by the POOL (or an affiliate) until the inception date of this Coverage Form, and (ii) not disclosed in the Application.

14. DEFINITIONS

The following definitions are common to all sections in this Coverage Form:

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"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.

"Business Income Loss" means the sum of the following incurred during the Period of Indemnity and the Extended Period of Indemnity (if any):

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- a. net profits that would have been earned but for the **Material Interruption** (after charges and expenses, but not including any capital receipts, outlays properly chargeable to capital, and deductions for taxes and profits); and
- b. charges and expenses which necessarily continue (including ordinary payroll).

If there would have been no net profit, **Business Income Loss** means the charges and expenses which necessarily continue less any loss from business operations that would have been sustained had there been no **Material Interruption**.

"Claim" means any demand, Suit for damages, Regulatory Action or PCI-DSS Assessment resulting from a Privacy or Security Event. All Claims because of a single Privacy or 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 Named 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 or any Discovery Period under Part One, Section 5.

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"Claim Expenses" means

- a. Reasonable and necessary fees charged by attorneys designated by the POOL to assist with the investigation, adjustment, negotiation, arbitration, defense or appeal of a Claim;
- b. All other reasonable and necessary fees, costs, and expenses resulting from the investigation, adjustment, negotiation, arbitration, defense or appeal of a Claim and incurred by the POOL or by the Named Assured with the POOL'S prior consent; and
- c. Contributions on appeal bonds, attachment bonds or similar bonds; however, the POOL is not obligated to apply for or furnish any such bond;

Provided, however, **Claim Expenses** do not include:

- a. Any internal salary, administrative, overhead, or other related expenses of any Named Assured or any charges by a Named Assured for time spent cooperating with the investigation and defense of any Claim;
- b. Privacy Response Expenses; or
- c. PCI-DSS Assessments.

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"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 the **Named 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.

"Cyber Security Threat" means a credible threat or series of related credible threats, including, but not limited to, a demand for **Cyber Security Threat Monies**, directed at a **Named Assured** to:

1. Release, divulge, disseminate, destroy or use confidential information taken from the **Named Assured** as a result of a **Privacy or Security Event**;
2. Introduce malicious code into a **Computer System**;
3. Corrupt, damage, or destroy a **Computer System**;
4. Restrict or hinder access to a **Computer System**;

"Cyber Security Threat Expenses" means all reasonable and necessary costs and expenses which a **Named Assured** incurs as a direct result of a **Cyber Security Threat**, other than **Cyber Security Threat Monies**.

"Cyber Security Threat Monies" means any funds, including any cryptocurrency, which the **Named Assured** pays, with the prior written consent of the **POOL**, for the purpose of terminating the **Cyber Security Threat**.

"Electronic Data" means any software or electronic data stored on a **Computer System**, including without limitation **Personal Information**.

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"Electronic Equipment and Electronic Data Damage" means damage to, loss of use or destruction of electronic equipment caused by the reprogramming of the software (including the firmware) of such electronic equipment rendering it useless for its intended purpose, the reasonable and necessary expenses to determine whether Electronic Data can or cannot be restored, recollected, or recreated, and the reasonable and necessary expenses to restore, recreate or recollect Electronic Data which an Assured incurs as a result of a Privacy or Security Event

"Expenses to Reduce Loss" means expenses incurred by the **Named Assured** during the **Period of Indemnity**, over and above normal operating expenses, for the purpose of reducing **Business Income Loss** or shortening the **Period of Indemnity**.

"Extra Expenses" means expenses incurred by the **Named Assured** during the **Period of Indemnity** or the **Extended Period of Indemnity** (if any), other than **Expenses to Reduce Loss**, that would not have been incurred but for a **Material Interruption**.

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"Discover" or "discovered" means the time when any assured first becomes aware of facts which would cause a reasonable person to assume that a Privacy or Security Event or a Cyber Security Threat has occurred, regardless of when the Privacy or Security Event occurred, even though the exact amount or details may not then be known.

"First Party Event" means a Privacy or Security Event or Cyber Security Threat.

"Material Interruption" means the actual and measurable interruption or suspension of a Named Assured's business directly caused by a Privacy or Security Event.

"Network Interruptions Costs" means Business Income Loss, Expenses to Reduce Loss, Extra Expenses, and Proof of Loss Preparation Costs.

~~"Network Interruption Costs" means amounts payable by the POOL under Coverage Part Four, Section 1.~~

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"PCI-DSS Assessment" means any monetary penalty owed by a Named Assured due to the Named Assured's noncompliance with Payment Card Industry Data Security Standards under an agreement between the Named Assured and a financial institution or other person enabling the Named Assured to accept credit cards, debit cards, prepaid cards, or other payment cards.

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"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, including confidential corporate 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 **Named Assured** or any local, state, federal or foreign governmental entity.

"Privacy or Security Event" means:

- a. the actual or reasonably suspected theft, loss, or unauthorized disclosure of or access to **Personal Information** in the care, custody, or control of the **Named Assured** or for which the **Named Assured** is legally responsible including information that is entrusted to a third-party for storage, regardless of whether such **Personal Information** is maintained in electronic, paper, or any other format; 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.

Any **Privacy or Security Event** that is continuous or part of a series of repeated or related **Privacy or Security Events** will be considered to be a single **Privacy or Security Event** and will be considered to have commenced when the first such **Privacy or Security Event** commenced regardless of:

- a. The number of individuals or entities engaged in such **Privacy or Security Events**;
- b. The number of individuals or entities affected by such **Privacy or Security Events**;
- c. The number of locations where such **Privacy or Security Events** occurred; or

- d. The number of such **Privacy or Security Events** occurring or period of time over which they occur, even if subsequent **Privacy or Security Events** take place after the Coverage Period.

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"Privacy Response Expenses" means the following reasonable and necessary costs incurred by the **Named Assured** within one year of the discovery of a **Privacy or 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 security expert designated by the POOL to determine the scope and cause of a **Privacy or 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 the 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 the 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 the 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 the POOL to avert or mitigate damage to the **Named Assured's** reputation as a result of the **Privacy or Security Event**;
- f. **Computer Systems and Electronic Data Damage.**

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Provided, however, **Privacy Response Expenses** do not include:

- a. any internal salary, administrative, overhead or other related expenses of any **Named Assured** or any charges by a **Named Assured** for time spent cooperating with the investigation and response to any **Privacy or Security Event**;
- b. **Claim Expenses**;
- c. **PCI-DSS Assessments**;
- d. **Network Interruption Costs**;
- e. **Cyber Security Threat Expenses**; or
- f. **Cyber Security Threat Monies.**

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"Proof of Loss Preparation Costs" means fees and expenses incurred by a **Named Assured** for the services of a third-party forensic accounting firm to establish and prove the amount of loss, including those costs in connection with preparing a proof of loss. **Proof of Loss Preparation Costs** does not include any fees or expenses for consultation on coverage or negotiation of claims.

"Property Damage" means damage to, loss of use of, or destruction of any tangible property; however, **Property Damage** does not include the loss of use or damage of electronic equipment and **Computer System** caused by the reprogramming of the software (including the firmware) of such electronic equipment and **Computer System** rendering it useless for its intended purpose. For purposes of this definition, "tangible property" shall not include **Electronic Data**.

"Regulatory Penalties" means any civil fine or civil monetary penalty imposed in a **Regulatory Action** payable by a **Named Assured** to the governmental entity bringing the **Regulatory Action** and any sum of money that a **Named Assured** is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a **Regulatory Action**.

"Regulatory Action" means a request for information, civil investigative demand, **Suit**, civil investigation or civil proceeding commenced by or on behalf any local, state, federal or foreign governmental entity in the entity's regulatory or official capacity.

"Suit" means a civil proceeding arising out of a **Privacy or Security Event** and includes an arbitration proceeding or other alternative dispute resolution proceeding including requests to toll or waive statute of limitations and to which the **Named Assured** must submit or does submit with the consent of the POOL.

"Waiting Hours Period" means the number of hours set forth in the Declarations that must elapse once a **Material Interruption** has begun.

15. DUTIES OF THE NAMED ASSURED IN THE EVENT OF A CLAIM OR FIRST PARTY EVENT

The following duties of the **Named Assured** are common to all sections in this Coverage Form:

After a situation that results in, or may result in, a **Claim or First Party Event** under this Coverage Form, is discovered, the **Named Assured** must notify the POOL in writing immediately the date first discovered and cooperate with the POOL in the investigation and settlement of the **Claim or First Party Event**. Additionally, the **Named Assured** must:

- a) Submit to an examination under oath at the POOL'S request and provide a signed statement of any written questions the POOL may provide;
- b) Immediately record the specifics of the **Claim or First Party Event** and the date discovered;
- c) Immediately send the POOL copies of any demands, notices, summonses, or legal papers received in connection with the **Claim**;

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- d) Authorize the POOL to obtain records and other information if the POOL requests;
- e) Assist the POOL, upon the POOL's request, in the enforcement of any right against any person or organization which may be liable to the **Named Assured** because of a **Claim** which this Coverage Form may provide coverage.
- f) The **Named Assured** will not, except at its own costs, voluntarily make any payment, assume any obligation, or incur any expense without the POOL'S express prior written consent.

16. COMMON EXCLUSIONS

The following Exclusions are common to all sections in this Coverage Form. This Coverage Form shall not cover any loss in connection with a **Claim** or **First Party Event** made against a **Named Assured**:

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- a) alleging, arising out of, based upon or attributable to any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, if committed by any:
 - i. past or present directors, officers, trustees, general or managing partners or principals (or the equivalent positions) of a **Named Assured** occurring at a time when such **Assured** served in such capacity, whether acting alone or in collusion with other persons; or
 - ii. past or present employee or independent contractor employed by a **Named Assured** if any person referenced in Sub-paragraph (i) above knew or had reason to know prior to the act of, participated in, approved of or acquiesced to the dishonest, fraudulent, malicious, or criminal act committed by such employee or independent contractor that caused a direct loss to a **Named Assured** or any other person.
- b) alleging, arising out of, based upon or attributable to any (i) misappropriation of a trade secret by any **Named Assured** on behalf of or to the benefit of any **Named Assured** or (ii) infringement of patent.
- c) alleging, arising out of, based upon or attributable to any **Bodily Injury or Property Damage**, except emotional distress as a result of a **Privacy or Security Event**.
- d) alleging, arising out of, based upon or attributable to any:
 - i. fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused;
 - ii. war (whether war is declared or not), invasion, use of military force, civil war, popular or military uprising, rebellion, revolution, or any action taken to hinder or defend against any of these events;
 - iii. electrical or mechanical failures of infrastructure not under the control of a **Named Assured**, including any electrical power interruption, surge, brownout or blackout; provided, however, this Sub-paragraph (iii) shall not apply to a **Privacy or Security Event** that is caused by such electrical or mechanical

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failure;

iv. failure of telephone lines, data transmission lines or other telecommunications or networking infrastructure not under the control of a **Named Assured**; provided, however, this Sub-paragraph (iv) shall not apply to a **Privacy or Security Event** that is caused by such failure of telephone lines, data transmission lines or other telecommunication or networking infrastructure; or

v. satellite failure.

e) arising out of, based upon or attributable to any seizure, confiscation, nationalization, or destruction of a **Computer System** by order of any governmental or public authority.

f) for any profit or advantage to which any **Named Assured** is not legally entitled,

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g) 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 hereunder that results from a theft, loss or unauthorized disclosure of or access to **Personal Information**,

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h) for, arising out of or resulting from;

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i. the actual or alleged unlawful collection or acquisition of **Personal Information** by or on behalf of the **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

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ii. 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 the **Assured**, including actual or alleged violations of:

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(1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;

(2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;

(3) Any federal, state or local statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003 and their amendments and additions, or any other legal liability, at common law or otherwise, that addresses, prohibits, or limits the dissemination, recording, sending, transmitting, communicating or distribution of material or information.

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i) for, or arising out of, any actual or alleged violation of the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker

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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,

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j) for, or arising out of, 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,

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k) any actual or alleged violation of the Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair Credit Transactions Act (FACTA),

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l) arising out of or resulting from any of the following:

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i. trading losses, trading liabilities or change in value of accounts;

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ii. any loss of monies, securities or tangible property of others in the care, custody or control of the Assured;

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iii. the monetary value of any electronic fund transfers or transactions by or on behalf of the Assured that is lost, diminished, or damaged during transfer from, to or between accounts; or

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iv. 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,

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PART TWO: SECURITY AND PRIVACY LIABILITY COVERAGE:

The Duties, Terms, and Conditions, of the **Named Assured** are those common to all parts of this Coverage Form found in Part One.

THIS IS A CLAIMS MADE AND REPORTED COVERAGE SECTION AND A THIRD-PARTY **LIABILITY** COVERAGE SECTION

All terms or phrases in **bold print** in the body of this Coverage Form are defined terms.

~~1. SECURITY AND PRIVACY LIABILITY COVERAGE AGREEMENT~~

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With respect to the SECURITY AND PRIVACY LIABILITY COVERAGE AGREEMENT, the POOL'S DISCRETIONARY DEFENSE provisions and the SETTLEMENT provisions of this **Part**, solely with respect to **Claims** first made against a **Named Assured** during the **Coverage Period** or the **Discovery Period** (if applicable) and reported to the POOL pursuant to the terms of this Coverage Form, this Security and Privacy Liability Coverage Section affords the following coverage:

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a) The POOL shall pay on a **Named Assured's** behalf all loss that such **Named**

Assured is legally obligated to pay resulting from a Claim alleging a Privacy or Security Event up to the Limit of Liability set forth in the Declarations.

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b) **DISCRETIONARY DEFENSE:**

- i. The POOL has the option and sole discretion to defend a Suit or Regulatory Action alleging a Privacy or Security Event, even if the Suit or Regulatory Action is groundless, false, or fraudulent.
- ii. The POOL has the sole right to investigate and settle any Claim.

The POOL will withdraw any defense it undertakes after the applicable Limit of Liability shown in the Declarations is exhausted in the payment of judgments or settlements, Regulatory Penalties, Claim Expenses, Privacy Response Expenses, PCI-DSS Assessments, Electronic Equipment and Electronic Data Damage, Network Interruption Costs, Cyber Security Threat Expenses, and Cyber Security Threat Monies.

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b) **SETTLEMENT:**

- i. The POOL has the right to settle any Claim if the POOL believes that it is proper.
- ii. A Named Assured may not settle any Claim to which this coverage applies and which are subject without the prior written consent of the POOL.

2. TERRITORY

This Coverage Form provides coverage for Privacy or Security Events anywhere in the world resulting in a Claim against an Assured. Suits, however, must be brought in the United States of America against an Assured.

3. EXCLUSIONS

In addition to the Common Exclusions, the POOL shall not be liable to make any payment in connection with a Claim made against a Named Assured:

- a) alleging, arising out of, based upon or attributable to any:
 - i. purchase, sale, or offer or solicitation of an offer to purchase or sell securities;
 - ii. violation of any securities law, including but not limited to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any regulation promulgated under the foregoing statutes, or any federal, state or local laws similar to the foregoing statutes (including "Blue Sky" laws), whether such law is statutory, regulatory or common law; provided, however, this exclusion does not apply to a Claim alleging a Privacy Event in violation of Regulation S-P (17 C.F.R. § 248); provided further, however, this exclusion does not apply to a Claim alleging a failure to disclose a Privacy or Security Event in violation of any Security Breach Notice Law; or
 - iii. violation of the Organized Crime Control Act of 1970 (commonly known as

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Racketeer Influenced and Corrupt Organizations Act, or "RICO"), as amended, or any regulation promulgated thereunder or any federal, state or local law similar to the foregoing, whether such law is statutory, regulatory or common law;

b) alleging, arising out of, based upon or attributable to a Named Assured's employment of any individual or any of a Named Assured's employment practices (including, without limitation, wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related claim); provided, however, this exclusion shall not apply to any Claim by an individual to the extent such individual is alleging (1) a Privacy or Security Event in connection with such individual's employment or application for employment with a Named Assured, or (2) a failure to disclose a Privacy or Security Event in violation of any Security Breach Notice Law.

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c) alleging, arising out of, based upon or attributable to antitrust, unfair competition, restraint of trade, including, without limitation, violations of any local, state or federal law regulating such conduct, or that is brought by or on behalf of the Federal Trade Commission ("FTC") or any other federal, state or local government agency, or foreign government agency; provided, however, solely with respect to unfair competition, this Paragraph (c) shall not apply to any Claim arising out of a covered Regulatory Action.

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d) brought by or on behalf of any Assured.

e) for any of the following:

- i. the return of a Named Assured's fees or compensation;
- ii. _____
- iii. a Named Assured's expenses or charges, including employee compensation and benefits, overhead, over-charges or cost over-runs;
- iv. a Named Assured's cost of providing, correcting, re-performing or completing any services;
- v. civil or criminal fines or penalties imposed by law against a Named Assured and any matters deemed uninsurable under the law pursuant to which this Coverage Form shall be construed; provided, however, this Sub-paragraph (v) shall not apply to (a) any monetary amounts a Named Assured is required by law or has agreed to by settlement to deposit into a consumer redress fund, or (b) any civil fine or penalty imposed by a governmental agency arising from a Regulatory Action, unless the civil fine or penalty imposed is uninsurable under the law of the jurisdiction imposing such fine or penalty;
- vi. A Named Assured's costs and expenses of complying with any injunctive or other form of equitable relief;
- vii. taxes incurred by a Named Assured;
- viii. the amounts for which a Named Assured is not financially liable or which are without legal recourse to any Named Assured;

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ix. amounts a **Named Assured** agrees to pay pursuant to a contract, including without limitation, liquidated damages, setoffs or penalties; provided, however, this exclusion shall not apply to any **PCI-DSS Assessment**.

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f) alleging, arising out of, based upon or attributable to any obligation a **Named Assured** has under contract; provided, however, this exclusion shall not apply to:

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- i. the obligation to prevent a **Privacy or Security Event**, including without limitation, whether same is in violation of an implied or statutory standard of care;
 - ii. liability a **Named Assured** would have in the absence of such contract or agreement;
 - iii. the obligation to comply with **PCI Data Security** standards or to indemnify an acquiring bank or payment processor for amounts owed in connection with a **PCI-DSS Assessment**; or
 - iv. with respect to a **Privacy or Security Event**, any liability or obligation under the confidentiality or non-disclosure provisions of any agreement;
- g) alleging, arising out of, based upon or attributable to any **Privacy or Security Event**, or any related acts thereto, alleged or contained in any **Claim** which has been reported, or in any circumstances of which notice has been given, under any Coverage Form or policy of which this POOL Coverage Form is a renewal or replacement or which it may succeed in time.
- h) alleging, arising out of, based upon or attributable to any **Privacy or Security Event** occurring prior to the retroactive date or any related acts thereto, regardless of when such related act occurs.
- i) alleging, arising out of, based upon or attributable to any **Privacy or Security Event** occurring prior to the continuity date, or any related act thereto (regardless of when such related act occurs), if, as of the continuity date, any personnel in the office of a **Named Assured** knew or could have reasonably foreseen that such **Privacy or Security Event** did or would result in a **Claim** against a **Named Assured**.
- j) alleging, arising out of, based upon or attributable to any seizure, confiscation, nationalization, or destruction of a **Computer System** by order of any governmental or public authority.
- k)** for (1) the theft of money or securities from a **Named Assured**; or (2) the transfer or loss of money or securities from or to a **Named Assured's** accounts or accounts under a **Named Assured's** control, including customer accounts. For purposes of this Sub-paragraph (k), the term "accounts" shall include, but are not limited to, deposit, credit, debit, prepaid and securities brokerage accounts.

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l) In addition to the Common Exclusions, the POOL shall not be liable to make any payment for any Claim:

1) arising out of, based upon or attributable to any Privacy or Security Event, or any related acts thereto, which has been reported, or in any circumstances of which notice has been given, under any Coverage Form of which this Section is a renewal or replacement or which it may succeed in time.

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- 2) arising out of, based upon or attributable to any amounts for: (i) the original creation of; (ii) diminution of value of; (iii) lost profits of; (iv) or loss of use of, a trade secret, patent, copyright, trademark, trade dress or any other intellectual property.
- 3) arising out of, based upon or attributable to any amounts for improvements and/or upgrades of any type or kind to the Computer System, hardware, software, or media.

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4. NOTICE OF PRIVACY OR SECURITY EVENT CLAIM

In addition to the applicable items of the Common Terms and Conditions, and before coverage will apply for a Claim under this Coverage Section, each Named Assured must also:

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a) complete and sign a written, detailed and affirmed proof of loss immediately after the discovery of any loss (unless such period has been extended by the POOL in writing) which shall include, among any other pertinent information:

i. a full description of such Privacy or Security Event and the circumstances surrounding a Claim or potential Claim, which shall include, among any other necessary information, the time, place and cause of the Privacy or Security Event;

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ii. a detailed calculation of any Claim or potential Claim; and

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iii. all underlying documents and materials that reasonably relate to or from any part of the proof of such Claim or potential Claim.

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b) upon the POOL'S request, submit to an examination under oath.

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c) immediately record the specifics of any Privacy or Security Event and the date such Named Assured first became aware of such Privacy or Security Event.

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d) provide the POOL with any cooperation and assistance that the POOL may request, including assisting the POOL in:

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i. public relations management including not making any public statements without the POOL'S prior written approval and cooperating with the POOL'S public relations or legal representative, if deployed in response to a Privacy or Security Event;

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ii. any investigation of the circumstances arising from or relating to a

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Privacy or Security Event regardless whether it gives rise to a Claim or potential Claim;

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iii. enforcing any legal rights a Named Assured may have against anyone who may be liable to the Named Assured or POOL; and

iv. executing any documents that the POOL deems necessary to secure its rights under this Coverage Form.

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All adjusted Claims shall be due and payable thirty (30) days after the presentation and written acceptance by the POOL of satisfactory proof of claim to the address set forth in the Common Terms and Conditions. The costs and expenses of establishing or proving a Named Assured's Claim under this Coverage Section, including, without limitation, those connected with preparing a proof of loss, shall be such Named Assured's obligation, and are not covered under this Coverage Form.

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PART THREE: SECURITY FAILURE/PRIVACY EVENT MANAGEMENT COVERAGE:

THIS IS A DISCOVERY COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION

All terms or phrases in bold print in the body of this Cyber Risk Coverage Form are defined terms.

1. COVERAGE AGREEMENT

With respect to the Security Failure/Privacy Event Management Coverage of this Part, solely with respect to a Privacy or Security Event first discovered during the Coverage Period and reported to the POOL pursuant to the terms of this Coverage Form, the POOL affords the following coverage under this Section:

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a) **EVENT MANAGEMENT COVERAGE AGREEMENT:** The POOL shall pay all Losses that a Named Assured incurs in managing Cyber Security Threats, solely as a result of an alleged Privacy or Security Event that has actually occurred or is reasonably believed by such Named Assured and the POOL to have occurred up to the Limit of Liability shown in the Declarations.

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The POOL shall pay all Claims that a Named Assured incurs solely as a result of an alleged Privacy or Security Event that has actually occurred or is reasonably believed by such Named Assured and the POOL to have occurred up to the Limit of Liability shown in the Declarations.¶

b) **SETTLEMENT:** The POOL has the sole right to settle any Claim if the POOL deems that it is proper.

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2. DUTIES OF THE NAMED ASSURED IN THE EVENT OF A CYBER SECURITY THREAT

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In addition to the Duties of the Named Assured common to all parts of this Coverage Form, when responding to a cyber security threat or suspected cyber security threat the Named Assured must:

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- i. Determine that the **cyber security threat** has actually occurred;
- ii. With respect to a **cyber security threat** make every reasonable effort to access your **electric data** from backups, if any, and remediate the cause of the **cyber security threat**;
- iii. ~~Immediately notify the POOL before making any payment based upon the cyber security threat;~~
- iv. Fully cooperate with the POOL'S **Privacy and Security Event** investigative response team, including, but not limited to any cyber security advisor, public relations or legal representative, if deployed to evaluate and assist the **Named Assured** as it relates to the **cyber security threat**; and
- v. Receive express written POOL approval before any payment based upon the **cyber security threat** is made.

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The **Named Assured** will not, except at its own costs, voluntarily make any payment, assume any obligation or incur any expense without the POOL'S express prior written consent.

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3. CONFIDENTIALITY

To the extent allowed by law, the **Named Assured** shall make every reasonable effort to keep confidential and to not divulge the existence of coverage for **cCyber sSecurity tThreats** and amounts paid.

PART FOUR: NETWORK INTERRUPTION COVERAGE:

THIS IS A FIRST PARTY COVERAGE SECTION

All terms or phrases in bold print in the body of this Coverage Form are defined terms.

1. COVERAGE AGREEMENT

With respect to the NETWORK INTERRUPTION COVERAGE AGREEMENT of this Clause, solely with respect to a **Security Failure** or **System Failure** first occurring during the Coverage Period and reported to the POOL pursuant to the terms of this Coverage Form, this Network Interruption Coverage Section affords the following coverage:

- a) **NETWORK INTERRUPTION COVERAGE AGREEMENT:** The POOL shall pay for **Business Income Loss, Expenses to Reduce Loss, Extra Expenses, and Proof of Loss Preparation Costs** that a **Named Assured** incurs after the **Waiting Hours Period** and solely as a result of a **Privacy or Security Event** resulting in a **Security Failure** or **System Failure** up to the applicable Network Interruption Sublimit shown in the Declarations.

The maximum liability of the POOL for all **Proof of Loss Preparation Costs** is the **Proof of Loss Preparation Costs** Sublimit set forth in the Declarations.

2. DEFINITIONS

In addition to the common terms applicable to all sections of this Coverage Form, the following definitions apply to this coverage section:

"IT Service Provider" means an entity, other than a **Named Assured**, that:

- i. provides "cloud computing" or other hosted computer resources to a **Named Assured**; or
- ii. provides information technology services required by a **Named Assured** to operate a **Computer System** under its ownership, operation or control;
- iii. in above each case pursuant to a written contract with a **Named Assured**.

"Non-IT Service Provider" means an entity, other than a **Named Assured**, that provides goods or services to a **Named Assured** pursuant to a written contract; provided, however, under no circumstances shall an entity be considered a **Non-IT Provider** with respect to services provided as an **IT Provider**.

"Outsource Provider" means:

- i. an **IT Service Provider**,

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¶ In addition to the applicable items of the Common Terms and Conditions, and before coverage will apply for a cClaim under this Coverage Section, each **Named Assured** must also:¶

¶ <#>complete and sign a written, detailed and affirmed proof of loss immediately after the discovery of any loss (unless such period has been extended by the POOL in writing) which shall include, among any other pertinent information:¶

¶ <#>a full description of such **Privacy or Security Event** and the circumstances surrounding a cClaim or potential cClaim, which shall include, among any other necessary information, the time, place and cause of the **Privacy or Security Event**;¶ <#>a detailed calculation of any cClaim or potential cClaim; and¶

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- ii. a **Non-IT Service Provider**, or
- iii. any other entity that is not a **Named Assured** and that a **Named Assured** depends on to conduct its business including, without limitation, any entity providing services as:
 - (a) a public utility (including, without limitation, a provider of electricity, gas, water or telecommunication services);
 - (b) an internet service provider (including any provider of internet connectivity), or
 - (c) a securities exchange or market.

"Period of Indemnity" means the period of time beginning after the **Waiting Hours Period** and ending at the earlier of 180 days thereafter or:

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- i. with respect to a **Security Failure** or **Voluntary Shutdown** of a **Computer System** under the ownership, operation or control of, or leased by, the **Named Assured**, at the time the **Named Assured** restores access to the **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption**; or
- ii. with respect to a **Security Failure** or **System Failure** of a **Computer System** under the ownership, operation or control of an **Outsource Provider**, the earlier of:
 - (a) the time the **Named Assured** restores its business to the same or similar conditions that existed prior to the time of the **Material Interruption**; or
 - (b) the time such **Outsource Provider** restores access to the **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption**.

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The Period of Indemnity shall not be cut short by the end of the Coverage Period.

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"Security Failure" means a failure or violation of the security of a Computer System, including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code. "Security Failure" includes any such failure or violation resulting from the theft of a password or access code from a Named Assured's premises, a Named Assured's Computer System, or an employee of a Named Assured by non-electronic means.

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"Security Failure" also means the loss of use of all or part of a Computer System caused by the unauthorized reprogramming of software (including firmware) which renders such Computer System, or any component thereof, nonfunctional or useless for its intended purpose.

"Security Failure" also includes any such failure or violation resulting from Cyberterrorism.

"System Failure" means any unintentional and unplanned outage of a Computer System that is not part of or caused by a Security Failure.

"Voluntary Shutdown" means the voluntary and intentional shutdown or impairment of a Computer System under the ownership, operation or control of a Named Assured, by or at the direction of a Named Assured after the discovery of a Security Failure or Privacy or Security Event or suspected Privacy or Security Event, with the reasonable belief that such shutdown would limit the loss that would otherwise be incurred as the result of such Security Failure or Privacy or Security Event.

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3. NOTICE OF NETWORK INTERRUPTION CLAIM

In addition to the applicable items of the Common Duties, Terms, and Conditions, and before coverage will apply for a Claim under this Coverage Section, each Named Assured must also:

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- a) complete and sign a written, detailed and affirmed proof of loss immediately after the discovery of any loss (unless such period has been extended by the POOL in writing) which shall include, among any other pertinent information:
 - i. a full description of such Privacy or Security Event and the circumstances surrounding a claim or potential claim, which shall include, among any other necessary information, the time, place and cause of the Privacy or Security Event;
 - ii. a detailed calculation of any Claim or potential Claim; and
 - iii. all underlying documents and materials that reasonably relate to or from any part of the proof of such Claim or potential Claim.

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- b) upon the POOL'S request, submit to an examination under oath.

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- c) Immediately record the specifics of any Privacy or Security Event and the date such Named Assured first became aware of such Privacy or Security Event.
- d) provide the POOL with any cooperation and assistance that the POOL may request, including assisting the POOL in:
 - iv. any investigation of the circumstances arising from or relating to a Privacy or Security Event regardless whether it gives rise to a Claim or potential Claim;
 - v. enforcing any legal rights a Named Assured may have against anyone who may be liable to the Named Assured or POOL;
 - vi. executing any documents that the POOL deems necessary to secure its rights under this Coverage Form; and
 - vii. any calculation or appraisal conducted by or on behalf of the POOL pursuant to this Network Interruption Coverage Section.

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All adjusted Claims shall be due and payable thirty (30) days after the presentation and written acceptance by the POOL of satisfactory proof of claim to the address set forth in the Common Terms and Conditions. The costs and expenses of establishing or proving a Named Assured's Claim under this Coverage Section, including, without limitation, those connected with preparing a proof of loss, shall be such Named Assured's obligation, and are not covered under this Coverage Form.

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4. NETWORK INTERRUPTION CONDITIONS

- a) For purposes of this Coverage Section, no entity shall be considered an IT Service Provider or a Non-IT Service Provider with respect to services it provides as a:
 - i. a public utility (including, without limitation, a provider of electricity, gas, water or telecommunication services); or
 - ii. an internet service provider (including any provider of internet connectivity).
- b) Any amount recovered under any other Coverage Section of this Coverage Form will not be considered as part of a Claim under this Coverage Section.
- c) When calculating Business Income Loss, due consideration shall be given to:
 - i. the experience of the business before the date of the Material Interruption and the probable experience thereafter during the Period of Indemnity had no Material Interruption occurred;
 - ii. the continuation of only those necessary charges and expenses that would have existed had no Material Interruption occurred; and

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iii. **Business Income Loss** which is made up during the **Extended Period of Indemnity** (if any) or within a reasonable period of time (no less than one year) after the expiration of the **Period of Indemnity** and the **Extended Period of Indemnity** (if any).

- d) Each **Named Assured** agrees, as soon as practicable, to use overtime, extra time and any other resource owned or controlled by such **Named Assured**, or obtainable by such **Named Assured** from other sources (including any other **Named Assured**), in order to continue its business and reduce its loss.
- e) Each **Named Assured** must act with due diligence and dispatch to repair or restore the **Computer System** to the same or equivalent operating conditions that existed prior to the damage in order to continue its business and to reduce loss.
- f) No loss or part of loss shall be paid hereunder to the extent a **Named Assured** has collected such loss or part of loss from an **Outsource Provider** or any other third party.

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5. APPRAISAL

If any **Named Assured** and the **POOL** disagree on the amount of a **Loss**, either may make a written demand for an appraisal of such a **Loss**. If such demand is made, each party will select a competent and impartial appraiser. The appraisers will then jointly select an umpire. If the appraisers cannot agree on an umpire, they may request that selection be made by a judge of a court having jurisdiction. Each appraiser will separately state the amount of a claim. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of these three will be binding.

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Such **Named Assured** and the **POOL** will:

- a) pay their respective chosen appraiser; and
- b) bear the expenses of the umpire equally.

Any appraisal of a **Loss** shall be calculated in accordance with all terms, conditions and exclusions of this Coverage Form.

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6. EXCLUSIONS

In addition to the Common Exclusions, the **POOL** shall not be liable to make any payment:

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- a) arising out of, based upon or attributable to any **System Failure**, **Security Failure** or related act thereto which has been reported, or in any circumstances of which notice has been given, under any Coverage Form of which this Network Interruption Coverage Section is a renewal or replacement or which it may succeed in time.
- b) arising out of, based upon or attributable to: (1) any liability to third-parties for whatever reason; (2) legal costs or legal expenses of any type; (3) unfavorable business conditions.

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- c) arising out of, based upon or attributable to a **System Failure** caused by or resulting from electrical or mechanical failure of infrastructure; provided, however, for purposes of this exclusion a **Computer System** shall not be considered infrastructure.
- d) for any: (1) contractual penalties or consequential damages; (2) updating, upgrading, enhancing or replacing any **Computer System** to a level beyond that which existed prior to sustaining loss; or (3) removal of software program errors or vulnerabilities.

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POOL Summary of All Claims
as of 6/30/21

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
7/1/16-6/30/17	7/1/16-6/30/17	7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	TOTAL	TOTAL	2016/2017-2020/2021	2018/2019-2020/2021
748	\$ 11,605,795	584	\$ 6,781,226	704	\$ 6,840,591	665	\$ 4,240,227	473	\$ 4,639,315	3,174	\$ 34,107,154	\$ 6,821,431	\$ 5,240,044

POOL Counties

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency			Costs	Costs
	7/1/16- 6/30/17	7/1/16- 6/30/17	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21				2016/2017- 2020/2021	2018/2019- 2020/2021
CARSON CITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
CHURCHILL COUNTY	1	\$ -	6	\$ 28,637	8	\$ 298,561	2	\$ 582	8	\$ 46,558	25	\$ 374,339	\$ 74,868	\$ 115,234	
DOUGLAS COUNTY	33	\$ 410,805	19	\$ 15,930	24	\$ 92,057	48	\$ 238,336	37	\$ 168,579	161	\$ 925,707	\$ 185,141	\$ 166,324	
ELKO COUNTY	35	\$ 57,127	18	\$ 87,684	20	\$ 173,199	21	\$ 239,076	22	\$ 118,534	116	\$ 675,621	\$ 135,124	\$ 176,937	
ESMERALDA COUNTY	6	\$ 25,701	10	\$ 515,868	6	\$ 48,851	6	\$ 8,316	4	\$ 10,445	32	\$ 609,180	\$ 121,836	\$ 22,537	
EUREKA COUNTY	9	\$ 35,883	7	\$ 124,545	9	\$ 78,665	8	\$ 42,677	7	\$ 14,330	40	\$ 296,100	\$ 59,220	\$ 45,224	
HUMBOLDT COUNTY	7	\$ 29,420	9	\$ 96,780	11	\$ 67,534	8	\$ 25,245	8	\$ 124,358	43	\$ 343,337	\$ 68,667	\$ 72,379	
LANDER COUNTY	9	\$ 118,230	2	\$ 44,294	4	\$ 61,645	7	\$ 45,221	5	\$ 48,691	27	\$ 318,081	\$ 63,616	\$ 51,852	
LINCOLN COUNTY	7	\$ 38,380	6	\$ 11,019	2	\$ 121,146	8	\$ 41,313	8	\$ 389,462	31	\$ 601,319	\$ 120,264	\$ 183,973	
LYON COUNTY	12	\$ 240,572	18	\$ 222,840	6	\$ 17,259	13	\$ 495,164	12	\$ 78,024	61	\$ 1,053,859	\$ 210,772	\$ 196,816	
MINERAL COUNTY	11	\$ 391,865	5	\$ 2,076,169	3	\$ 41,612	9	\$ 34,687	12	\$ 81,094	40	\$ 2,625,427	\$ 525,085	\$ 52,464	
NYE COUNTY	74	\$ 670,361	51	\$ 387,834	65	\$ 816,499	77	\$ 476,330	58	\$ 1,046,817	325	\$ 3,397,841	\$ 679,568	\$ 779,882	
PERSHING COUNTY	7	\$ 55,605	6	\$ 50,115	4	\$ 21,170	13	\$ 135,179	10	\$ 16,676	40	\$ 278,745	\$ 55,749	\$ 57,675	
STOREY COUNTY	15	\$ 1,295,826	8	\$ 134,381	14	\$ 69,537	13	\$ 46,734	8	\$ 52,818	58	\$ 1,599,295	\$ 319,859	\$ 56,363	
WHITE PINE COUNTY	17	\$ 97,331	4	\$ 5,514	8	\$ 18,724	8	\$ 3,797	11	\$ 24,080	48	\$ 149,446	\$ 29,889	\$ 15,534	
TOTAL	243	\$ 3,467,106	169	\$ 3,801,610	184	\$ 1,926,459	241	\$ 1,832,658	210	\$ 2,220,465	1047	\$ 13,248,298	\$ 2,649,660	\$ 1,993,194	

POOL Cities

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/16- 6/30/17	7/1/16- 6/30/17	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	TOTAL	TOTAL	2016/2017- 2020/2021	2018/2019- 2020/2021
BOULDER CITY	18	\$ 79,750	17	\$ 12,463	24	\$ 69,177	22	\$ 62,242	17	\$ 728,953	98	\$ 952,586	\$ 190,517	\$ 286,791
CALIENTE	3	\$ -	0	\$ -	2	\$ 4,500	2	\$ 7,397	0	\$ -	7	\$ 11,897	\$ 2,379	\$ 3,966
CARLIN CITY	0	\$ -	3	\$ 27,163	1	\$ 255	3	\$ 1,350	2	\$ -	9	\$ 28,768	\$ 5,754	\$ 535
CITY OF ELKO	28	\$ 1,767,574	16	\$ 54,264	24	\$ 89,785	30	\$ 281,242	9	\$ 98,934	107	\$ 2,291,799	\$ 458,360	\$ 156,653
ELY CITY	6	\$ 18,732	6	\$ 2,690	9	\$ 91,062	7	\$ 91,788	7	\$ 19,951	35	\$ 224,224	\$ 44,845	\$ 67,601
CITY OF FERNLEY	3	\$ 15,239	5	\$ 64,005	8	\$ 109,612	5	\$ 4,316	4	\$ 27,296	25	\$ 220,468	\$ 44,094	\$ 47,075
CITY OF LOVELOCK	1	\$ -	1	\$ 11,101	0	\$ -	1	\$ 3,806	1	\$ -	4	\$ 14,907	\$ 2,981	\$ 1,269
MESQUITE CITY (No Long)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WELLS CITY	3	\$ 6,854	0	\$ -	2	\$ -	1	\$ 6,234	1	\$ -	7	\$ 13,088	\$ 2,618	\$ 2,078
WEST WENDOVER	7	\$ 11,724	8	\$ 16,125	10	\$ 20,341	3	\$ 14,000	8	\$ 10,375	36	\$ 72,565	\$ 14,513	\$ 14,905
CITY OF WINNEMUCCA	2	\$ 10,591	4	\$ 29,608	0	\$ -	3	\$ 2,946	11	\$ 37,830	20	\$ 80,975	\$ 16,195	\$ 13,592
CITY OF YERINGTON	0	\$ -	3	\$ 88,264	1	\$ -	2	\$ 12,035	7	\$ 101,257	13	\$ 201,556	\$ 40,311	\$ 37,764
TOTAL	71	\$ 1,910,465	63	\$ 305,683	81	\$ 384,734	79	\$ 487,355	67	\$ 1,024,596	361	\$ 4,112,832	\$ 822,566	\$ 632,228

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
	7/1/16- 6/30/17	7/1/16- 6/30/17	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	TOTAL	TOTAL	2016/2017- 2020/2021	2018/2019- 2020/2021
CARSON CITY SCHOOL DISTRICT	16	\$2,362,965	6	\$ 13,921	4	\$ 10,692	11	\$ 270,976	7	\$ 29,978	44	\$ 2,688,531	\$ 537,706	\$ 103,882
CHURCHILL COUNTY SCHOOL DISTRICT	3	\$ 1,387	1	\$ 6,787	3	\$ 14,751	0	\$ -	3	\$ 5,000	10	\$ 27,925	\$ 5,585	\$ 6,584
DOUGLAS COUNTY SCHOOL DISTRICT	219	\$ 281,683	192	\$ 206,745	176	\$ 61,965	104	\$ 46,985	47	\$ 94,687	738	\$ 692,065	\$ 138,413	\$ 67,879
ELKO COUNTY SCHOOL DISTRICT	37	\$ 564,577	13	\$ 325,134	22	\$2,674,923	8	\$ 85,739	9	\$ 7,640	89	\$ 3,658,013	\$ 731,603	\$ 922,767
ESMERALDA COUNTY SCHOOL DISTRICT	0	\$ -	2	\$ 26,703	0	\$ -	2	\$ 24,954	7	\$ 42,815	11	\$ 94,472	\$ 18,894	\$ 22,590
EUREKA COUNTY SCHOOL DISTRICT	1	\$ 212,327	0	\$ -	0	\$ -	4	\$ 546,443	2	\$ 39,000	7	\$ 797,770	\$ 159,554	\$ 195,148
HUMBOLDT COUNTY SCHOOL DISTRICT	5	\$ 71,528	15	\$ 216,685	6	\$ 4,988	5	\$ 18,849	3	\$ 2,521	34	\$ 314,572	\$ 62,914	\$ 8,786
LANDER COUNTY SCHOOL DISTRICT	27	\$ 61,448	21	\$ 86,016	31	\$ -	8	\$ -	4	\$ 7,501	91	\$ 154,965	\$ 30,993	\$ 2,500
LINCOLN COUNTY SCHOOL DISTRICT	2	\$ 25,153	4	\$ 139,280	3	\$ 141,601	3	\$ 26,010	4	\$ 9,490	16	\$ 341,534	\$ 68,307	\$ 59,034
LYON COUNTY SCHOOL DISTRICT	6	\$ 82,751	16	\$ 470,989	88	\$ 398,426	56	\$ 119,951	26	\$ 177,689	192	\$ 1,249,807	\$ 249,961	\$ 232,022
MINERAL COUNTY SCHOOL DISTRICT	9	\$ 457,558	4	\$ 21,383	1	\$ 21,473	4	\$ 29,874	4	\$ 2,500	22	\$ 532,788	\$ 106,558	\$ 17,949
NYE COUNTY SCHOOL DISTRICT	14	\$ 50,733	16	\$ 178,786	14	\$ 149,981	37	\$ 125,490	4	\$ 118,983	85	\$ 623,972	\$ 124,794	\$ 131,484
PERSHING COUNTY SCHOOL DISTRICT	2	\$ 1,032	0	\$ -	1	\$ 5,967	1	\$ 324	3	\$ 7,193	7	\$ 14,516	\$ 2,903	\$ 4,495
STOREY COUNTY SCHOOL DISTRICT	7	\$ 74,684	7	\$ 32,503	4	\$ 8,591	2	\$ 720	3	\$ 21,536	23	\$ 138,034	\$ 27,607	\$ 10,282
WHITE PINE COUNTY SCHOOL DISTRICT	3	\$ 28,694	5	\$ 124,313	8	\$ 44,853	11	\$ 10,012	6	\$ 987	33	\$ 208,859	\$ 41,772	\$ 18,617
TOTAL	351	\$4,276,522	302	\$1,849,243	361	\$3,538,212	256	\$1,306,327	132	\$ 567,519	1339	\$11,176,414	\$2,307,565	\$1,804,019

POOL Special Districts, Towns Others

Member Name	Claims Frequency 7/1/16-6/30/17	Claims Costs 7/1/16-6/30/17	Claims Frequency 7/1/17-6/30/18	Claims Costs 7/1/17-6/30/18	Claims Frequency 7/1/18-6/30/19	Claims Costs 7/1/18-6/30/19	Claims Frequency 7/1/19-6/30/20	Claims Costs 7/1/19-6/30/20	Claims Frequency 7/1/20-6/30/21	Claims Costs 7/1/20-6/30/21	Claims Frequency TOTAL	Claims Costs TOTAL	5 Year Ave Costs 2016/2017-2020/2021	3 Year Ave Costs 2018/2019-2020/2021
CARSON CITY:														
CARSON WATER SUBCONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSN OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,147	0	\$ -	1	\$ 1,147	\$ 229	\$ 382
NEVADA COMMISSION FOR RECONSTRUCTION OF V&T	3	\$ 634	0	\$ -	0	\$ -	1	\$ -	0	\$ -	4	\$ 634	\$ 127	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RISKING POOLING, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	2	\$ 2,778	5	\$ 3,847	2	\$ -	3	\$ 383	3	\$ 8,020	15	\$ 15,029	\$ 3,006	\$ 2,801
NEVADA PUBLIC AGENCY INSURANCE POOL	0	\$ -	0	\$ -	1	\$ 415	1	\$ -	1	\$ -	3	\$ 415	\$ 83	\$ 138
POOLING RESOURCES, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CLARK COUNTY:														
MOAPA VALLEY WATER DISTRICT	0	\$ -	0	\$ -	2	\$ 8,246	0	\$ -	2	\$ 43,061	4	\$ 51,307	\$ 10,261	\$ 17,102
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	1	\$ 73,348	0	\$ -	0	\$ -	2	\$ 31,524	2	\$ 5,015	5	\$ 109,887	\$ 21,977	\$ 12,180
SOUTHERN NEVADA AREA COMMUNICATIONS COUNCIL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	3	\$ 106,262	4	\$ 77,887	9	\$ 47,370	9	\$ 56,247	6	\$ 55,046	31	\$ 342,811	\$ 68,562	\$ 52,887
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CHURCHILL COUNTY:														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	1	\$ 211	0	\$ -	1	\$ 4,430	0	\$ -	1	\$ -	3	\$ 4,641	\$ 928	\$ 1,477
DOUGLAS COUNTY:														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 2,767	0	\$ -	0	\$ -	1	\$ 2,767	\$ 553	\$ 922
DOUGLAS CO. REDEVELOPMENT AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS CO LAKE TAHOE SEWER AUTHORITY	1	\$ -	3	\$ -	0	\$ -	5	\$ -	2	\$ 5,331	11	\$ 5,331	\$ 1,066	\$ 1,777
EAST FORK SWIMMING POOL DISTRICT	1	\$ 5,395	0	\$ -	1	\$ -	1	\$ -	1	\$ 250	4	\$ 5,645	\$ 1,129	\$ 83
TOWN OF GARDNERVILLE	0	\$ -	1	\$ 1,357	3	\$ 18,415	2	\$ 17,701	1	\$ 710	7	\$ 38,183	\$ 7,637	\$ 12,275
GARDNERVILLE RANCHOS GID	1	\$ 6,696	0	\$ -	2	\$ 5,340	4	\$ 13,093	1	\$ -	8	\$ 25,129	\$ 5,026	\$ 6,144
TOWN OF GENOA	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	2	\$ -	\$ -	\$ -
INDIAN HILLS GID	1	\$ -	0	\$ -	2	\$ 23,831	1	\$ 1,116	0	\$ -	4	\$ 24,947	\$ 4,989	\$ 8,316
KINGSBURY GID	0	\$ -	5	\$ 33,129	2	\$ 34,467	2	\$ 70,739	0	\$ -	9	\$ 138,335	\$ 27,667	\$ 35,069
LAKERIDGE GID	0	\$ -	0	\$ -	2	\$ 7,356	0	\$ -	0	\$ -	2	\$ 7,356	\$ 1,471	\$ 2,452
LOGAN CREEK ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF MINDEN	3	\$ 85,696	2	\$ 63,238	1	\$ 16,561	0	\$ -	0	\$ -	6	\$ 165,495	\$ 33,099	\$ 5,520
MINDEN GARDNERVILLE SANITATION DISTRICT	2	\$ 1,157	0	\$ -	0	\$ -	0	\$ -	1	\$ 5,016	3	\$ 6,173	\$ 1,235	\$ 1,672
NEVADA TAHOE CONSERVATION DISTRICT	0	\$ -	5	\$ 5,342	0	\$ -	0	\$ -	0	\$ -	5	\$ 5,342	\$ 1,068	\$ -
ROUND HILL GID (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SIERRA ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SKYLAND GID	3	\$ 6,680	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3	\$ 6,680	\$ 1,336	\$ -
TAHOE DOUGLAS DISTRICT	1	\$ 11,648	0	\$ -	0	\$ -	0	\$ -	1	\$ -	2	\$ 11,648	\$ 2,330	\$ -
TAHOE DOUGLAS FIRE PROTECTION DIST	1	\$ -	0	\$ -	2	\$ 9,589	2	\$ 8,926	1	\$ -	6	\$ 18,515	\$ 3,703	\$ 6,172
TOPAZ RANCH ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ZEPHYR COVE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ZEPHYR HEIGHTS GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	3	\$ 4,586	0	\$ -	3	\$ 4,586	\$ 917	\$ 1,529
ELKO COUNTY:														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -
ELKO CO. AGRICULTURAL ASSOCIATION	0	\$ -	1	\$ 9,402	0	\$ -	0	\$ -	1	\$ -	2	\$ 9,402	\$ 1,880	\$ -
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	0	\$ -	0	\$ -	1	\$ 4,468	1	\$ -	2	\$ 4,468	\$ 894	\$ 1,489
ELKO TV DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 8,059	1	\$ 8,059	\$ 1,612	\$ 2,686
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	3	\$ 6,422	1	\$ -	2	\$ 17,786	0	\$ -	1	\$ 60,488	7	\$ 84,696	\$ 16,939	\$ 26,091
ESMERALDA COUNTY:														
EUREKA COUNTY:														
COUNTY FISCAL OFFICERS ASSOCIATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CENTRAL NEVADA REGIONAL WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
HUMBOLDT COUNTY:														
HUMBOLDT GENERAL HOSPITAL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 280,000	2	\$ 280,000	\$ 56,000	\$ 93,333
HUMBOLDT RIVER BASIN WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY:														
LINCOLN COUNTY:														
ALAMO SEWER AND WATER DISTRICT	0	\$ -	2	\$ 46,123	0	\$ -	0	\$ -	0	\$ -	2	\$ 46,123	\$ 9,225	\$ -
COYOTE SPRINGS GID (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -

POOL Special Districts, Towns Others

LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NEVADA ASSOC OF CONSERVATION DISTRICTS	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
LYON COUNTY:															
FERNLEY SWIMMING POOL DISTRICT	1	\$ 1,935	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,935	\$ 387	\$ -	\$ -
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NORTH LYON FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	4	\$ 17,465	5	\$ 59,785	2	\$ 11,000	11	\$ 88,250	\$ 17,650	\$ 29,417	\$ -
SILVER SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 22,155	1	\$ 22,155	\$ 4,431	\$ 7,385	\$ -
STAGECOACH GID	1	\$ 23,396	0	\$ -	1	\$ -	3	\$ 69,672	0	\$ -	5	\$ 93,068	\$ 18,614	\$ 23,224	\$ -
US BOARD OF WATER COMMISSIONERS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
WALKER BASIN CONSERVANCY	0	\$ -	0	\$ -	4	\$ 10,497	5	\$ 39,611	4	\$ 21,007	13	\$ 71,115	\$ 14,223	\$ 23,705	\$ -
WALKER RIVER IRRIGATION DISTRICT	0	\$ -	1	\$ -	2	\$ 644	0	\$ -	0	\$ -	3	\$ 644	\$ 129	\$ 215	\$ -
WESTERN NEVADA REGIONAL YOUTH CENTER	1	\$ 3,226	1	\$ -	3	\$ 88,863	0	\$ -	0	\$ -	5	\$ 92,089	\$ 18,418	\$ 29,621	\$ -
MINERAL COUNTY:															
MINERAL COUNTY HOUSING AUTHORITY	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -	\$ -
NYE COUNTY:															
AMARGOSA VALLEY LIBRARY DISTRICT	0	\$ -	1	\$ 2,143	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,143	\$ 429	\$ -	\$ -
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
BEATTY WATER & SANITATION	2	\$ 26,745	1	\$ -	0	\$ -	2	\$ 306	0	\$ -	5	\$ 27,051	\$ 5,410	\$ 102	\$ -
CENTRAL NEVADA HISTORICAL SOCIETY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NORTHERN NYE COUNTY HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 378	1	\$ 5,000	2	\$ 5,378	\$ 1,076	\$ 1,793	\$ -
TOWN OF PAHRUMP	4	\$ 62,005	1	\$ 2,872	3	\$ 166,863	6	\$ 15,123	2	\$ 13,402	16	\$ 260,265	\$ 52,053	\$ 65,129	\$ -
PAHRUMP LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PRIME CARE NEVADA (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
ROUND MOUNTAIN TOWN	0	\$ -	0	\$ -	0	\$ -	1	\$ 43,301	3	\$ 23,920	4	\$ 67,222	\$ 13,444	\$ 22,407	\$ -
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 4,827	0	\$ -	1	\$ 4,827	\$ 965	\$ 1,609	\$ -
TOWN OF TONOPAH	0	\$ -	1	\$ 11,070	2	\$ 18,523	4	\$ 8,126	1	\$ -	8	\$ 37,719	\$ 7,544	\$ 8,883	\$ -
TONOPAH LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,161	0	\$ -	1	\$ 3,161	\$ 632	\$ 1,054	\$ -
PERSHING COUNTY:															
LOVELOCK MEADOWS WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PERSHING CO. TOURISM AUTHORITY (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PERSHING CO WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 9,550	1	\$ -	2	\$ 9,550	\$ 1,910	\$ 3,183	\$ -
STOREY COUNTY:															
CANYON GID	1	\$ 878,503	0	\$ -	0	\$ -	0	\$ -	1	\$ 14,000	2	\$ 892,503	\$ 178,501	\$ 4,667	\$ -
STOREY RTC (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
TAHOE RENO INDUSTRIAL GID	0	\$ -	3	\$ 132,684	1	\$ -	0	\$ -	3	\$ 92,501	7	\$ 225,185	\$ 45,037	\$ 30,834	\$ -
VIRGINIA CITY CONVENTION & TOURISM	0	\$ -	0	\$ -	0	\$ -	1	\$ 50,621	0	\$ -	1	\$ 50,621	\$ 10,124	\$ 16,874	\$ -
WASHOE COUNTY:															
CARSON TRUCKEE WATER CONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
INCLINE VILLAGE GID	29	\$ 415,218	5	\$ 32,305	19	\$ 465,655	11	\$ 54,575	8	\$ 136,500	72	\$ 1,104,254	\$ 220,851	\$ 218,910	\$ -
NEVADA ASSOC OF SCHOOL BOARDS															
NEVADA ASSOC OF SCHOOL SUPERINTENDENTS															
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	6	\$ 68,357	1	\$ 44	0	\$ -	0	\$ -	0	\$ -	7	\$ 68,401	\$ 13,680	\$ -	\$ -
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	3	\$ 7,522	1	\$ -	0	\$ -	4	\$ 7,522	\$ 1,504	\$ 2,507	\$ -
RTC OF WASHOE COUNTY	0	\$ -	3	\$ 398,341	2	\$ 18,581	5	\$ 44,920	3	\$ -	13	\$ 461,842	\$ 92,368	\$ 21,167	\$ -
SIERRA FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
SUN VALLEY GID	1	\$ -	2	\$ 4,324	1	\$ -	0	\$ -	2	\$ 16,253	6	\$ 20,577	\$ 4,115	\$ 5,418	\$ -
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	10	\$ 165,393	0	\$ -	0	\$ -	0	\$ -	0	\$ -	10	\$ 165,393	\$ 33,079	\$ -	\$ -
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	\$ -	\$ -	\$ -	\$ -
WHITE PINE COUNTY															
WHITE PINE CO. FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
WHITE PINE CO. TOURISM & RECREATION BOARD	0	\$ -	1	\$ 582	0	\$ -	0	\$ -	1	\$ -	2	\$ 582	\$ 116	\$ -	\$ -
WHITE PINE CO TV DISTRICT #1	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
WILLIAM BEE RIRIE HOSPITAL (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
TOTAL	83	\$ 1,951,703	50	\$ 824,689	78	\$ 991,187	89	\$ 613,887	64	\$ 826,734	364	\$ 5,208,201	\$ 1,041,640	\$ 810,603	\$ -

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)
Amanda Osborne	2021-2023	Elko County			X		
Geof Stark	2021-2023	Churchill County		X			
Josh Foli	2021-2023	Lyon County	Chair		X		
Dan Murphy	2021-2023	Pershing Co. School District				X	
Gina Rackley	2020-2022	Humboldt County	Fiscal Officer	X			
Ann Cyr	2020-2022	Carson City School District				X	
Vacant	2020-2022						X
Amanda Osborne (Candidate)	2021-2023	Elko County			X		

Voting Special Districts/Towns:

Greg Reed or Brad Newton	Gardnerville Ranchos GID	X
Susan Severt or Carmen Ortiz	Sun Valley GID	X
Joe Westerlund	Town of Tonopah	X
vacant	Incline Village GID	X
Scott Carls or Heather Anderson-Fintak	Southern Nevada Health District	X
Scott Lindgren	Tahoe Douglas Fire Protection District	X