



**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 Joint Meeting of
the Board of Directors and of the Executive Committees of
Nevada Public Agency Insurance Pool and
the Board of Trustees of
Public Agency Compensation Trust
Place: John Ascuaga's Nugget,
Sparks, Nevada**

Date: April 24, 2014 Time: 1:30 p.m.

Date: April 25, 2014 Time: 8:00 a.m.

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 24, 2014

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.**

Board Workshops

1:30 p.m. – 5:00 p.m. Vulnerability 2030 Scenario Workshop

3:00 p.m. – 3:15 p.m. Break

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

6:30 p.m. – 9:00 p.m. Dinner and Games

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 25, 2014

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. Board Orientation
4. For Possible Action: Acceptance of Investment Advisor's Report and Action on Recommendations
5. For Possible Action: Review of Investment Policies and Procedures
 - a. PACT Investment Guidelines
 - b. POOL Investment Guidelines
6. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda
 1. Approval of Minutes of Board:
Joint Board Meeting April 25 & 26, 2013
 2. Acceptance of Minutes of Committee Meetings
 - Joint Executive Committee Meeting of April 23, 2013
 - Joint Executive Committee Meeting of May 29, 2013
 - Joint Executive Committee Meeting of March 3, 2014
 - Audit Committee Meeting of October 29, 2013
 - Audit Committee Meeting of November 20, 2013
 - Human Resources Oversight Committee Meeting of June 7, 2013
 - Human Resources Oversight Committee Meeting of September 20, 2013
 - Human Resources Oversight Committee Meeting of December 13, 2013
 - Human Resources Oversight Committee Meeting of March 28, 2014
 - Loss Control Committee Meeting of January 16, 2014
 - Strategic Plan Progress Report
 - Executive Director's Report
 - Employee Assistance Program Report

7. **For Possible Action: Loss Control Committee**
 - a. Loss Control Committee Report
 - b. Risk Management Grant Report
 - c. Recognition of Members for Loss Control Excellence Program Awards

8. **For Possible Action: POOL/PACT Human Resources**
 - a. HR Oversight Committee Report
 - b. Grant Progress Report
 - c. Grant Financial Report

9. **For Possible Action: Stewardship Reports**
 - a. Alternative Service Concepts
 - b. Willis Pooling

10. **For Possible Action: Ratify Joint Executive Committee's Approval of Public Agency Risk Management Services, Inc. Contract**

11. **Public Comment**

12. **For Possible Action: Adjournment**

This Agenda was posted at the following locations:

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

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

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

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

NOTICE TO PERSONS WITH DISABILITIES

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

WELCOME




NEVADA PUBLIC AGENCY INSURANCE POOL
&
PUBLIC AGENCY COMPENSATION TRUST

BOARD MEMBER ORIENTATION



CORE BOARD PRODUCTS

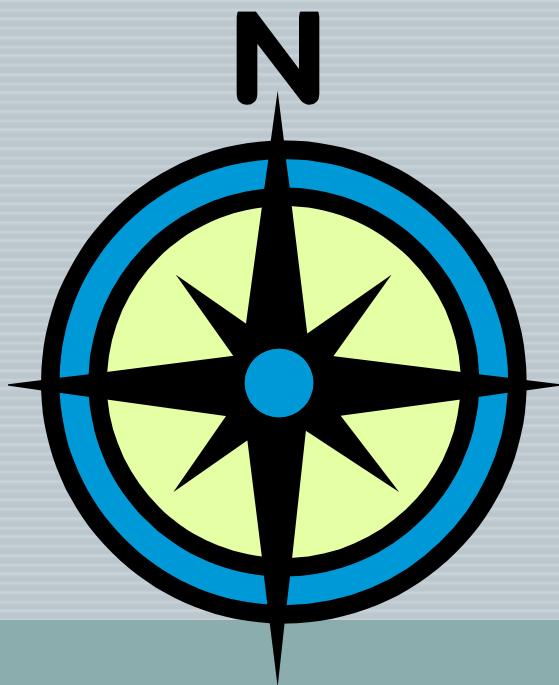
ITS UNDELEGABLE CONTRIBUTIONS

- 
- **Linkage to the Ownership**
 - **Fiduciary Responsibility**
 - **Guard Against Undue Risk**
 - **Determine Program Priorities**
 - **Direct Organizational Activity**
 - **Explicit Governing Policies**
 - **Provide resources to meet the needs of the members**

Board's Responsibilities



- **Adopt a mission and vision that reflects the fundamental principles and values of POOL and PACT Members**



POOL/PACT Core Values



- Trust, honesty and courageous candor
- Accountability
- Competence, knowledge and service
- Foresight



Mission



- **The POOL/PACT member services consortium provides responsive risk and management resources for public agencies.**

- **We Excel In:**
 - ✦ **Innovative solutions that help Members serve the Public**
 - ✦ **Financial strength, security and durability**
 - ✦ **Cost effective risk sharing and financing**
 - ✦ **Interactive claims service**
 - ✦ **Member networking and resource sharing**

- **We Are:**
 - **Member-governed**
 - **Stewards of public assets**
 - **Committed to quality member services**
 - **Focused on the future**

Vision



- **Every Member actively manages the risks encountered as a public agency. Membership is a privilege earned by effective agencies committed to sharing resources to benefit their employees and the public they serve.**

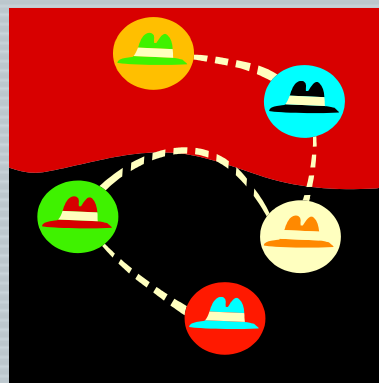


Board's Responsibilities

(continued)



- Maintain adequate funding for the administration, services and risk transfer functions
- Monitor finances and investments
- Create and update a long-range plan



Board's Responsibilities

(continued)



- **Select and support the Executive Committee and officers and periodically review their performances**
- **Adopt key operating policies and procedures, approve contracts**
- **Comply with the Open Meeting Law**
- **Comply with the Ethics Law**

BOARD CHAIR'S DUTIES



Responsible for the integrity of Board process through fairly and firmly leading the Board relationships and conduct so that it governs with wisdom and one voice.

Individual Board Member Duties



- Attend board meetings, including special events, training, and retreats.
- Become knowledgeable about POOL and PACT and how successful pools operate
- Come to board meetings well - prepared and well-informed about issues on the agenda
- Contribute to meetings by expressing your point of view and your ideas



Individual Board Member Duties

Continued

- Consider other points of view, make constructive suggestions and help the board make decisions that benefit those served
- Serve on a committee
- Represent POOL/PACT to:
 - Individuals
 - The Public
 - Other Organizations.
- Contribute your ideas toward enhancing programs and services

Individual Board Member Duties

Continued



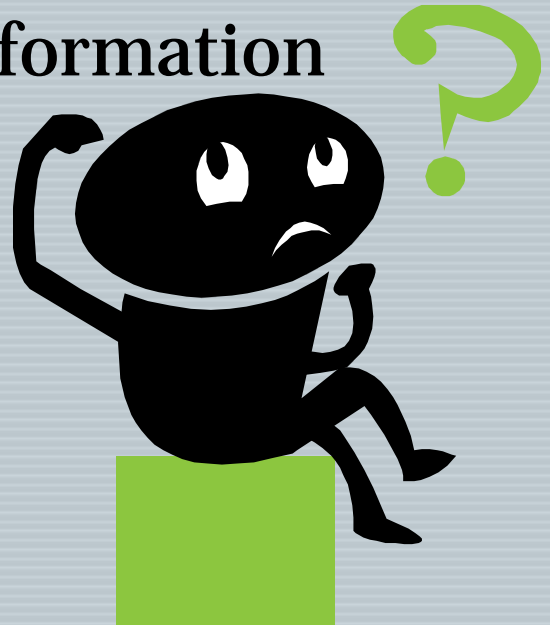
- Offer to assume board leadership roles when opportunities arise
- Keep the Executive Director informed about any concerns your community has
- Reach decisions in the highest and best interest of all POOL and PACT members and POOL/PACT while contributing your agency's point of view
- Demonstrate courtesy and respect for others



How to demonstrate duty of care?



- Be informed about the pool
- Review board materials
- Request additional information
- Ask questions
- Attend meetings
- Understand enabling laws



How to demonstrate duty of **loyalty**?



- Refrain from activities that might injure or take advantage of the pool.
- Exhibit undivided loyalty and unselfish allegiance to the pools.
- Consider the interest of the pool over own self-interest
- Avoid Conflicts of interest



How to demonstrate duty of **obedience**?



- Perform duties in accordance with all local, state, and federal laws
- Comply with interlocal agreements, bylaws, policies
- Seek competent professional advice
- Monitor activities to ensure compliance with laws and pools' purpose



Key Services



- Human Resources Management Consultation and Training
- Human Resources Grants and Awards
- Employee Assistance Program



Key Services



- **Risk Management and Loss Control/Safety Services**
- **Risk Management Grants and Awards**
- **Risk Management Resource Library**
- **Training on-site and e-Learning**
- **MSDS On-line**
- **Wellness Programs including Cardiac Wellness for Public Safety**
- **Property Appraisals**



Key Services



- **Claims Management Services**



MOTTO



**We deliver public agency
risk/management
solutions**



PUBLIC RISK MUTUAL

Your Portfolio Summary As of December 31, 2013

Inception Date WFC	Mkt Value 12/31/2013	Current Month	Current Quarter	2013 YTD	Annualized			
					1-Year	3-Years	5-Years	10/18/2004-3/31/2011
3/31/2011	15,150,366	1.10%	4.21%	13.01%	13.01%	N/A	N/A	8.18%

Manager	Inception Date	Mkt Value 12/31/2013	Current Month	Current Quarter	2013 YTD	Past 12 Months	Annualized		
							3-Years	5-Years	Since Inception
EAGLE	10/29/2004	9,148,146	-0.75%	-0.17%	-1.34%	-1.34%	2.30%	2.93%	3.91%

All information is provided by the managers listed above and/or Wells Fargo. It is combined on this report for illustration only. All information obtained is believed reliable, accuracy is not assured. Please view the manager reports for more complete data including fees, expenses and weighting. Returns listed are time weighted per the manager. This report is provided as a service of Raymond James Financial Services Advisors, Inc. and not as part of your advisor's affiliation with Raymond James Financial Services, Inc. The source data included is provided by EAGLE Asset Management, PFM and Wells Fargo. Raymond James relies on mathematical formulas, computer programs, and pricing information from third-party vendors to provide this data. Periodic software enhancements have occasionally caused possible inconsistencies with some performance calculations. In the case of any inconsistency, notify your financial representative. For PFM, Eagle Asset Management and Wells Fargo's contact information contact PARMs. The entities listed are not affiliated with Raymond James Financial Services. SIPC coverage only applies to those assets held at Raymond James. Other entities mentioned may be SIPC members. Contact your representative, or refer to the other entities statement regarding SIPC membership.

PUBLIC AGENCY COMPENSATION TRUST

(PACT & CLAIMS)

Your Portfolio Summary As of December 31, 2013

Manager	Inception Date	Mkt Value 12/31/2013	Current Month	Current Quarter	2013 YTD	Past 12 Months	Annualized		
							3-Years	5-Years	Since Inception
EAGLE	7/29/1996	14,230,986	-0.66%	-0.26%	-1.34%	-1.34%	2.39%	2.62%	4.61%
EAGLE	7/29/1996	34,698,187	-0.64%	-0.29%	-1.38%	-1.38%	2.37%	2.58%	4.65%
PFM	6/30/2011	2,612,240	-0.09%	0.08%	0.34%	0.34%	N/A	N/A	0.60%
PFM	6/30/2011	5,197,416	-0.10%	0.06%	0.27%	0.27%	N/A	N/A	0.61%
(Pledged)	4/12/2010	4,424,193	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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PUBLIC COMPENSATION MUTUAL

Your Portfolio Summary As of December 31, 2013

Inception Date WFC	Mkt Value 12/31/2013	Current Month	Current Quarter	2013 YTD	Annualized			
					1-Year	3-Years	5-Years	07/16/2007- 3/31/2011
3/31/2011	35,558,304	0.40%	2.20%	6.83%	6.83%	N/A	N/A	2.19%

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NEVADA PUBLIC AGENCY INSURANCE POOL

Your Portfolio Summary As of December 31, 2013

Manager	Inception Date	Mkt Value 12/31/2013	Current Month	Current Quarter	2013 YTD	Past 12 Months	Annualized		
							3-Years	5-Years	Since Inception
EAGLE	7/12/1991	33,002,172	-0.60%	-0.25%	-1.20%	-1.20%	2.47%	2.68%	5.03%
	10/20/2006	22,698	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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POOLING RESOURCES INC.

Your Portfolio Summary As of December 31, 2013

Manager	Inception Date	Mkt Value 12/31/2013	Current Month	Current Quarter	2013 YTD	Past 12 Months	Annualized		
							3-Years	5-Years	Since Inception
PFM	6/30/2011	1,178,354	-0.11%	0.09%	0.32%	0.32%	N/A	N/A	0.55%

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To: Doug Smith
Risk Management Consultant, PARMS

Report to the Board of Directors for Q4 2013
January 15, 2014

Hello Doug,
Happy New Year!

Interest rate volatility is here to stay at least for the foreseeable future. The most recent quarter reflects the difficult bond market and I do not expect that to change for several quarters at the very least. As the Fed continues to struggle with the correct mix of taper the market will react and any unexpected move could have significant impact on both the bond and stock market. Many are calling for low US stock returns because they did so well last year. If only it were that easy to forecast... On a relative basis foreign stocks are somewhat less expensive and should lead to a good quarter or two of outperformance vs the US. Overall the stage is set for slow growth (and in some areas very slow growth) and gradual increases in interest rates – or at least that’s the plan. Many corporations are reporting good earnings and large cash balances, this usually leads to consolidation and increased merger activity. Innovation and increased efficiency will continue to drive corporate profits. So where do we go from here? Bonds should be kept to shorter maturities, foreign allocations should be at maximum and the eye for US stocks should be on those of the highest quality. Managers will prove their metal in the upcoming 18-24 months as we continue to scale the “Wall of Worry”. With the current high pessimism for further US market gains we ensure there is still money not in the market that can buy as we go higher. When your barber gives you a stock tip – let me know – the top will be in, until then enjoy the bumpy ride. Real Estate should not inflate too rapidly as the cost to carry will increase as the fed reduces its purchasing. As a final note the US market did so well a diversified portfolio was hurt by its non US holdings, which does not mean we should change the allocation and chase the US market. Overall we are very close to all our asset allocation targets in all portfolios.

I have summarized the latest quarter below for your review.

Nevada Public Agency Insurance Pool

The Pool returns were negative in the last quarter of 2013 with a significant downward move accounting for half the loss in December alone. Pool finished the year down 1.2%. Pool cannot invest in any other asset class; its only option would be to shorten maturities if a more defensive posture is desired.

Public Agency Compensation Trust

PACT also finished the year in the red overall; however the shorter maturities in the PFM portion added some modest positive returns. Shorter maturities should continue to a safer haven for the next several quarters.

Public Risk Mutual

PRM had it all, the good, the (little bit) bad and the not too bad (we managed to avoid the ugly). The Eagle bond portion performed as expected, down for the year similar to POOL and PACTS performance and given the similar portfolio there were no surprises. The Non Eagle portion which carries a mix of stock and bond funds experienced returns right down the (asset class) party line. Stocks for the most part returned from 13% to 32% while bond returns varied between -7% to 5%. Overall the Non Eagle portion returned 13% for the year.

Public Compensation Mutual

PCM returns finished the year at 6.83% and given the mix of stocks and bonds the returns were in line with the asset allocation. Since this account has all the bonds and stocks combined together, it truly gives an overall picture of the dichotomy of the two asset classes, and the impact they have on the portfolios total return. The detractors were bonds as expected and the heroes were the US stocks with foreign falling in between. The total returns of the overall portfolio were very similar to that of PRM and should be given the similar investment objectives.

Pooling Resources, Inc.

PRI finished the year with a slight gain. The short nature of the bond portfolio added modest returns to the account.

If you have any questions or require any additional information please contact me. Additional reports are attached for your review.

As always it is a pleasure and I thank you for your business.

Regards,



Branch Manager
Raymond James Financial Services, Inc.
1203 2nd Street, Suite A
Coronado CA, 92118

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PUBLIC AGENCY COMPENSATION TRUST

INVESTMENT GUIDELINES

1. Scope

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

2. Statement of Purpose

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

3. Investment Strategy

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

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

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

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

- 1) capital preservation;

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

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

4. Investment Risk

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

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

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

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

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

5. Investment Responsibility

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

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

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

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

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

6. Authorized Investments

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

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

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

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

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

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

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

7. Authorized Financial Dealers and Institutions

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

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

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

8. Investment Guidelines and Limitations

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

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

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

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

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

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

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

9. Safekeeping and Custody

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

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

10. Collateralization

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

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

The right of collateral substitution is granted.

11. Selection and Performance Review of Investment Managers

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

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

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

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

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

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

12. Reporting

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

13. Investment Policy Adoption

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

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

NEVADA PUBLIC AGENCY INSURANCE POOL

INVESTMENT GUIDELINES

1. Scope

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

2. Statement of Purpose

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

3. Investment Strategy

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

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

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

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

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

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

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

4. Investment Risk

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

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

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

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

- B. A Master Repurchase Agreement must be signed with the bank or dealer.
- C. If governmental sponsored pools and/or mutual funds are to be utilized, a thorough investigation of the pool/fund is required prior to investing, and on a continual basis. The following general information must be addressed:
 1. A description of the eligible investment securities, and a written statement of investment policy and objectives
 2. A description of interest calculations and how its is distributed, and how gains and losses are treated.
 3. A description of how the securities are safeguarded (including the settlement processes) and how often the securities are priced and the program audited.
 4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
 5. A schedule for receiving statements and portfolio listings.
 6. A statement regarding utilization by the pool/funds of reserves or retained earnings.
 7. A fee schedule and when and how it is assessed.
 8. A statement regarding whether the pool/fund is eligible for bond proceeds and/or whether it will accept such proceeds.

7. Authorized Financial Dealers and Institutions

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



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

**Minutes of Meeting of the Joint Meeting of
the Board of Directors and of the Executive Committees of
Nevada Public Agency Insurance Pool and
the Board of Trustees of
Public Agency Compensation Trust
Place: John Ascuaga's Nugget,
Sparks, Nevada**

Date: April 25, 2013 Time: 1:30 p.m.

Date: April 26, 2013 Time: 8:00 a.m.

JOINT BOARDS and EXECUTIVE COMMITTEES' MEETING

April 25, 2013

Board Governance Workshops

Cyber Risk Management Workshop

David Ritch of Willis Pooling presented an overview of typical cyber liability coverage policies and exclusions. Alex Ricardo of Beazley Breach Response Services provided examples of approaches to cyber events and breaches, citing several case examples and providing tips for handling incidents including forensic investigations, public relations and response approaches.

What does a pool board member need to know about pooling and captives? Board Member Panel – Mike Rebaleati, Alan Kalt, Cash Minor, Roger Mancebo

Panelists presented opening comments on the value of being a POOL/PACT Member and their own experiences upon joining the board. Wayne Carlson asked a series of questions for response from the panelists. Each panelist provided stories of their own learning curve and experiences during the time they served on the board. They also encouraged new board members to review the minutes of committees to gain an understanding of what the organizations have been doing. Paul Johnson presented a briefing about the POOL/PACT captives that he used to explain the concepts to his local board.

JOINT BOARDS and EXECUTIVE COMMITTEES' MEETING

April 26, 2013

1. Introductions and Roll

A sign-in sheet was circulated and a quorum determined to be presented. The meeting was called to order at about 8:00 a.m. by NPAIP Chair Mike Rebaleati.

2. Public Comment

None was received.

3. For Possible Action: Acceptance of Investment Advisor's Report and Action on Recommendations

Alan Ashworth of Eagle Asset Management reviewed current economic conditions and the investment performance his firm had achieved for both NPAIP and PACT. Eagle manages a large proportion of the fixed income investments for both pools. He responded to questions.

Joe Woods of Raymond James & Associates, investment advisor, reviewed the investment performance of all of the investments of NPAIP, PACT, Pooling Resources, Inc. and the captives (which can invest in equities as well as fixed income investments). He responded to questions.

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

4. For Possible Action: Review of Investment Policies and Procedures

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

Chair Rebaleati noted that an annual review of these guidelines by the members was a requirement of the AGRiP Recognition Program. Doug Smith noted that no changes were being recommended at this time, but that a complete review was underway and should be completed later in the year.

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

- **Approval of Minutes of Board:**
 - Joint Board Meeting April 27 & 28, 2012**
- **Acceptance of Minutes of Committee Meetings**
 - Joint Executive Committee Meeting of April 24, 2012**
 - Joint Executive Committee Meeting of December 27, 2012**
 - Joint Executive Committee Meeting of March 4, 2013**
 - Audit Committee Meeting of October 29, 2012**
 - Audit Committee Meeting of December 7, 2012**
 - Human Resources Oversight Committee Meeting of June 15, 2012**
 - Human Resources Oversight Committee Meeting of September 21, 2012**
 - Human Resources Oversight Committee Meeting of December 7, 2012**
 - Human Resources Oversight Committee Meeting of March 8, 2013**
 - Loss Control Committee Meeting of June 11, 2012**
 - Loss Control Committee Meeting of September 18, 2012**
 - Loss Control Committee Meeting of January 15, 2013**
 - Loss Control Committee Meeting of March 14, 2013**

- **Strategic Plan Progress Report**
- **Executive Director's Report**

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

6. For Possible Action: Legislative Report

Randy Waterman, lobbyist for NPAIP and PACT, provided a progress report on bills he is tracking on behalf of the pools, noting some that may have a fiscal impact on the members or the pools as a whole. He responded to questions regarding some of the bills.

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

7. For Possible Action: Loss Control Committee

- a. Loss Control Committee Report**
- b. Loss Control Excellence Program Review**
- c. Recognition of Members for Loss Control Excellence Program Awards**
- d. Risk Management Grants Report**

Ann Wiswell introduced the members of the Loss Control Committee, chaired by Cash Minor. She presented the committee report following the adopted strategic plan and commenting on progress.

The plan includes:

- OSHA and ADA Compliance
- E-Learning curriculum development
- Emergency Planning
- Continued focus on enhancing POOL/PACT member communication
- Claims Analysis/Benchmarking
- Wellness/Body Mechanics
- Auto/Driver Safety training
- LCEP Administration
- Grant Program Administration

She reviewed the list of recipients of continuation awards under the LCEP including recertification awards to:

City of Carlin
Churchill County
Humboldt County
Incline Village General Improvement District
City of Mesquite
Storey County
City of Winnemucca

She encouraged others to complete the online LCEP program and to participate in the Loss Control Committee. She reviewed the criteria for the Risk Management Grants program and noted a list of all grants given was included in the board packet.

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

8. For Possible Action: Employee Assistance Program Report

Wayne Carlson reviewed the EAP program results and commented on utilization rates of the various services. He indicated that some services were important to work-life challenges for employees and

their families and encouraged members to promote the program to employees. The program is paid for as a membership benefit. No action was taken.

9. For Possible Action: POOL/PACT Human Resources

a. HR Oversight Committee Report

b. Grant Progress Report

c. Grant Financial Report

Jeanne Greene, General Manager for Pooling Resources, Inc. (POOL/PACT Human Resources) reviewed her report. She introduced the Human Resources Oversight Committee members, chaired by Curtis Calder of the City of Elko. Projects that started in response to the Board Retreat included developing a Collective Bargaining Agreement database, which had been achieved. She noted that several HR Assessments Phase I had been completed and some Phase II assessments were under way.

Phase I Assessments:

- Carson Water Subconservancy District
- Douglas County School District
- City of Ely
- Eureka County
- Nye County
- Lander County
- Lander County Sheriff
- City of Mesquite
- North Lake Tahoe Fire Protection District
- White Pine County

Phase II Assessments:

- City of Carlin
- Lyon County
- Nevada Rural Housing Authority
- City of West Wendover

She gave a recognition plaque to Ben Sharit of Tahoe Douglas Fire Protection District for their HR Excellence Program. She highlighted the upcoming May 2-3 HR Seminar being held in Reno at the Atlantis and highlighted the topics of this in-depth program. She then noted the 2013-2014 Strategic Plan elements:

- New Training Courses
 - Advanced Human Resources Representative
 - Employee From Hell
- Nine Regional Training Courses Scheduled
- Regional Workshops
 - Advanced Negotiations
 - Healthcare Reform
- Research New Methods of Providing Training
- Post Members Pay Scales on Website

The grant financial and progress reports were reviewed as part of the board packet.

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

10. For Possible Action: Stewardship Reports

a. Alternative Service Concepts

b. Willis Pooling

a. Donna Squires and Mike Livermore provided the NPAIP and PACT respective stewardship reports, focusing on specific highlights of claims trends and costs. Pam Finch of ASC corporate advised that they were in the process of replacing the CEO of the company with the departure of Robert Bennett and that Sherrie Prosser was serving as acting CEO.

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

b. Bob Lombard and Mel Iida provided the Willis Pooling stewardship report noting the extent of loss control services in addition to the brokerage efforts to market the renewals. He noted that Rick Hudson, Josh Wilson, Tammy Fahy, Courtney Giesseman and David Ritch also were present and their respective roles.

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

11. Public Comment

None was received.

12. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 10:36 a.m.

The Agenda was posted at the following locations:

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

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

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

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



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

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

Date: April 23, 2013

Time: 9:00 A.M.

Place: 201 S. Roop St., Suite 102

Carson City, Nevada 89701

Conference Call: 1-800-593-9034 Passcode: Wayne C.

1. Roll

Members Present: Alan Kalt, Michael Rebaleati, Pat Whitten, Cash Minor, Kevin Curnes, Roger Mancebo, Gerry Eick, Josh Foli, Dan Newell, Lisa Jones, Steve West, Bill Kohbarger, Paul Johnson

Members Absent: None

Other Present: Wayne Carlson, Doug Smith, Ann Wiswell, Debbie Connally, Randy Waterman

2. Public Comment

None received.

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

a. Approval of Minutes of Meeting of Joint Executive Committee March 4, 2013

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

4. For Possible Action: Review of POOL and PACT Program Renewal Status and Action on Options

a. Willis Pooling Report

b. Select POOL and PACT Program Renewal Options

c. Consider Granting Renewal Credits

a. Bob Lombard provided an overview of the markets and renewal negotiations. He noted that the Lloyds trip was positive overall, although some replacement insurers will be needed due to their own capacity constraints as a result of Hurricane Sandy losses. He commented that POOL staff and Willis decided to continue current reinsurance relationships in order to strengthen the long-term partnership approach with the current markets. Overall, the strategy came to a successful conclusion.

b. Bob first reviewed the POOL renewal and options. He noted that the Lloyds property program rates remained flat, but that two syndicates, Lancashire and Advent, had to withdraw due to their own capacity problems and one, Tokio Marine, reduced its share from 8% to 6% of

the \$250 million excess of \$50 million layer. These participations will have to be replaced so POOL staff authorized up to an additional \$75,000 if necessary to accomplish that. With exposure changes and the additional costs, the renewal property program would increase by about 3%. For liability, there were decreases from CRL, a slight increase from UE, and flat pricing from PRM, GEM and Brit on a comparable exposure basis. CRL offered a cyber liability coverage extension and provided a sample policy form for NPAIP to adopt. NPAIP staff review and revised this with coverage counsel to tailor the sample to the POOL Form. NPAIP staff is recommending adoption of the coverage with a sublimit of \$2,000,000 and PRM, CRL and UE will reinsure various portions of the limit with NPAIP having a \$250,000 retention. There is a slight charge from both CRL and UE for their limits, but NPAIP and PRM will not charge for their coverage shares. The total program costs with cyber liability will go up about 3% since the NPAIP Loss Fund amount is flat.

On motion and second to present both renewal as is and renewal plus cyber liability coverage options to the board, the motion carried.

Bob then reviewed the PACT renewal pricing, noting that CRL reduced its prices, PCM offered flat pricing and Safety National (SNCC) offered flat pricing, but increased its aggregate excess attachment point by about \$1,000,000. Doug commented that PCM splits the aggregate excess limit of \$3,000,000 on a 50-50 basis and that the attachment point already was high so the additional retention likely would have little impact on PACT. He indicated that PCM's actuary priced that coverage similarly to SNCC so PCM could take it all or remain at the current split. In discussion on the merits of PCM taking it all, Josh Foli commented that while it may be okay to do so, perhaps waiting until next year would be more appropriate so that the other market layers were not adversely affected this year in terms of pricing expectations. Others agreed with this approach. Doug commented that based upon the actuarial loss fund projections, the overall pricing would go up 3.4% this year. Wayne Carlson commented that the renewal rate and experience modification notices were mailed last Friday to the members. Alan Kalt suggested that Doug mention this at the annual board meeting.

On motion and second to present the renewal option with current retentions and PCM split, the motion carried.

c. Alan Kalt commented on renewal credits asserting that with the additional cyber coverage and services, there was in effect a credit being given. Josh Foli added that he felt no renewal credits should be given and Steve West concurred. Kevin Curnes indicated that the flat renewal was welcome. Cash Minor noted the additional services, such as human resources and loss control, should be taken into consideration and viewed as a form of credit. Roger Mancebo concurred as did Lisa Jones, Gerry Eick and Mike Rebaleati.

On motion and second to not grant renewal credits, the motion carried.

5. For Possible Action: Update on Annual Meeting Activities

Wayne Carlson asked Debbie and Doug to explain the evening activities, which will be a Nevada trivia game and encouraged everyone to wear their Nevada gear.

Wayne noted that there were proposed Interlocal Cooperation Agreement and Bylaws changes with a couple of key areas that were questions regarding whether or not to take action now or in the future. One of the issues is the status of the Town of Pahrump based upon an election vote to change it from a town board to a town advisory board in 2015. The town appealed this

decision to the Nevada Supreme Court. This would affect the election of Bill Kohbarger since if the appeal is not won, the town would lose its voting status with NPAIP and PACT. No change is necessary at this meeting since the decision is on appeal. Bill Kohbarger commented that it could take a couple of years for the court to decide.

An additional question posed is whether or not to eliminate the automatic position on the Executive Committee for hospitals since there are only five members remaining and the position currently is vacant. He noted that eligible members and said he had not contacted potential candidates pending this meeting. Considerable discussion ensued about possible ways to reorganize the Executive Committee and it was suggested that a task force or board retreat could resolve the issue. Discussion then turned to potential candidates to fill the vacant seat. Roger Mancebo offered to contact Pat Irwin who is on the Pershing General Hospital Board. Wayne noted that Kathy Ancho from Battle Mountain Hospital had expressed potential interest in the past. Alan Kalt wondered about Humboldt General Hospital since they were the largest and asked Steve West to comment. Steve said he did not know the two potential candidates, but agree that their size may warrant consideration. Way also offered to contact Joan Hall of Nevada Rural Hospital Project for ideas.

On motion and second to recommend reelection of the NPAIP incumbents, the motion carried.

On motion and second to recommend reelected of the PACT incumbents, the motion carried.

6. For Possible Action: Approval of Prospective PACT Members

a. Lakeridge GID

b. Churchill County School District

a. Wayne Carlson commented that Lakeridge GID has contacted Doug Smith to ask whether they needed to get workers compensation coverage if they hired part time workers either as employees or independent contractors. Doug advised them they did and that they should also cover the board of the GID. Wayne added that they presently have been a long term member of NPAIP and have not had any workers compensation coverage in the past.

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

b. Wayne Carlson review the underwriting and loss history of the school district, noting that some years were good and some were bade, but over the last six years, their loss ratio was positive. He noted that both EICON and ICW had non-renewed them due to loss ratio right after a bad year. These two insurers had underpriced the risk for the short term, thus making it unprofitable for them. Alan Kalt said they had a new Superintendent and financial director and thought that was positive. Wayne noted that they had been active with the POOL/PACT Human Resources team. Ann Wiswell said they were active with utilizing United Educators resources, loss control participation and risk management grants. Discussion ensued about the need for a long-term relationship for stable pricing and successful membership.

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

7. For Possible Action: Consideration of Pending Legislation

Randy Waterman reviewed key legislation affecting NPAIP and PACT and Wayne Carlson added comments as well. Randy noted that 12 of the 29 bills he was tracking had died due to committee passage deadlines and the remainder may or may not make it past the first house passage deadline today. Various bills were discussed regarding their impact on the members. No action was taken.

8. Public Comment

Doug Smith asked Joe Woods of Raymond James & Associates to comment on the fixed income market outlook. Joe reviewed current market conditions and indicated he will provide more details at the annual board meeting.

9. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 11:00 a.m.

The Agenda was posted at the following locations:

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

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

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

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



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

**Notice of Joint Meeting and Agenda for the Executive Committees of
Nevada Public Agency Insurance Pool and for Public Agency Compensation Trust**

Date: May 29, 2013

Time: 3:00 P.M.

Place: 201 S. Roop St., Suite 102

Carson City, Nevada 89701

Conference Call: 1-800-593-9034 Passcode: Wayne C.

1. Roll

Members Present: Steve West, Lisa Jones, Pat Whitten, Roger Mancebo, Gerry Eick, Josh Foli, Alan Kalt, Paul Johnson, Mike Rebaleati, Dan Newell, Pat Irwin
Members Absent: Cash Minor, Bill Kohbarger, Kevin Curnes
Others Present: Wayne Carlson, Ann Wiswell

2. Public Comment

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

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

a. Approval of Minutes of Meeting of Joint Executive Committee April 23, 2013

On motion and second to approve, the motion carried.

4. For Possible Action: Approval of AssetWorks Appraisal Services Contract 2013-2015

Wayne Carlson reviewed the current appraisal approach, commenting that the process was divided into three regions for onsite appraisals over a three year cycle for property valued at \$200,000 or more. All other property was done by desktop appraisal methods. The proposal offers Option 1 to use the same process and Option 2 to do onsite appraisals for all property regardless of current value. He reviewed an exhibit showing that about half or more of buildings currently valued under \$200,000 would be added under option 2. Considerable discussion of the merits of the additional appraisals occurred focusing on whether or not there would be realistic value for the additional costs. Wayne noted that the cost would be about an additional \$30,000 to \$35,000 each year over three years. Ann Wiswell commented that the Lloyds underwriters focused on the quality of data in their process so the more accurate the appraisal, the better for the POOL. Josh Foli noted that the Assessor's often use desktops and Google Earth photos to do their work and wondered if that was sufficient for the POOL appraisals. Wayne commented that certain construction details would not be obtained by that approach unless the appraiser also had access to the building plans and cited examples.

On motion and second to approve Option 2 for onsite appraisals of all properties per the proposal, the motion carried.

5. For Possible Action: Approval of Cyber Liability Training Program

Wayne Carlson reviewed the spreadsheet of possible training programs obtained from the National Association of Counties Computer Internet Security program. The CIS program has a Trusted Partner Alliance with a couple of cyber training firms and vetted vendors and the courses offered and negotiated substantially discounted pricing for both e-learning and Web-based training options. Ann Wiswell commented about the possibility of negotiating a co-branding purchase of the training courses for use on the POOL/PACT e-learning portal and learning management system, but that we have not yet been able to contact the CIS representative to explore this option. If we cannot purchase, then the per seat cost estimate based upon 10,000 – 19,999 potential employees being trained could be between \$30,000 and \$50,000 additional cost added to the Loss Control Committee budget. In response to a question about the role of current contract IT and who would get the training, Wayne noted that some of the training courses focused on educating the users on the social engineering risks that allow phishing and similar non-hardware or software hacking to occur. As for the hardware and software attacks, that training may need to be a train the trainer approach. Ann commented that we could allow the contract IT providers to use the e-learning or require them to assure the members that their employees are trained similarly. Discussion ensued about determining the actual costs and what to authorize at this time.

On motion and second to authorize negotiations for various program options and if additional budget funds were necessary to so request approval, the motion carried.

**6. For Possible Action: Approval of Prospective PACT Members
a. Zephyr Knolls GID**

Chair Kalt asked for a review. Wayne indicated that this is a board member only risk since they have no employees and contract for any services. They have not had coverage before, but wanted to comply with the statute.

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

b. Beatty Water & Sanitation District

Chair Kalt asked for a review. Wayne explained that this district has been a member of NPAIP for several years and that their workers compensation had been provided very cheaply by a now bankrupt insurance company. He indicated that their losses were acceptable. Ann Wiswell commented in response to questions about their safety efforts that they had been active in the loss control efforts and human resources training.

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

7. Public Comment

None was received.

8. For Possible Action: Adjournment

Chair Kalt adjourned the meeting at 4:00 p.m.

The Agenda was posted at the following locations:

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

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

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

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

DRAFT

DRAFT Minutes of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Monday, March 3, 2014
Time: 10:00 A.M. or immediately upon adjournment of the POOL Claims Committee
Place: at 201 S. Roop Street, Carson City, NV 89701
Conference Call-In Phone No: 1-800-593-9034; Passcode: WayneC.

AGENDA

Notices:

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

1. Roll

Members Present: Mike Rebaleati, Alan Kalt, Roger Mancebo, Cash Minor, Josh Foli, James Eason, Steve West, Pat Irwin, Paul Johnson, Gerry Eick, Kevin Curnes and Dan Newell.

Members Absent: Pat Whitten

Others Present: Wayne Carlson, Doug Smith, Ann Wiswell, Donna Squires, Bob Lombard, Jeanne Greene

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

2. Public Comment

Chair Rebaleati opened public comment and seeing none, closed the comment period.

3. For Possible Action: Consent Agenda

- a. Approval of Minutes of Meeting of May 29, 2013**
- b. Executive Director's Report**
- c. Financial Reports of NPAIP and PACT**

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

4. For Possible Action: Investment Strategies

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

Doug Smith advised that no changes in the investment guidelines were contemplated at this time. He indicated that he was continuing to review investment advisors/managers and strategies for future consideration.

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

5. For Possible Action: PARMs Contract Proposal and Staff Changes

Wayne Carlson advised that he was proposing a five year term, but the committee has the option to extend the current term for two years or he could make the new contract for a three year term with option to extend two more years as at present. He said his proposes reducing the contract to the beginning fee as of the start of the current contract. The reason for the roll back results from some staff changes. Doug Smith is reducing his hours to half time. Debra Connally has moved to Georgia, but will continue to work fulltime via a remote connection. He responded to questions about the sufficiency of the staffing and fees for the workload indicating that he felt it would be sufficient, particularly since Doug was working on refinements to the investment management process. Gerry Eick requested an exhibit further elaborating on the scope of staff assignments/duties be added to the contract. Wayne indicated that the contract references serving as Executive Director and Risk Manager for the pools, which terms are more fully described in the interlocal cooperation agreements, thus he could create an exhibit to this contract that delineates the scope of work contemplated.

On motion and second to approve the proposed contract with the requested exhibit and to place it on the annual meeting agenda for ratification, the motion carried.

6. For Possible Action: SpecialtyHealth MCO/Cardiac Wellness Proposal

Wayne explained that the Managed Care Organization (MCO) agreement contained no changes in language or costs. He reviewed the changes to the Cardiac Wellness agreement noting that there was more emphasis on training and field work, thus adjustments in fees reflected that. They anticipate that the field work and online training will elicit greater participation in the program. There has been increasing participation, but it has been slower than desired.

On motion and second to approve the proposed contract and to place it on the annual meeting agenda for ratification, the motion carried.

7. For Possible Action: Non-renewal of Global Options Contract Effective 7/1/2014 and Replacement with G4S Contract via ASC

Wayne explained that Global Options service had diminished following the departure of the key representative and that G4S would provide better service. Donna Squires added that Global Options had been a national provider to ASC and when that relationship ended, POOL/PACT contracted directly with Global Options because of the relationship locally. That person left and service decline. G4S is contracted with ASC and reportedly performs well.

On motion and second to non-renew the Global Options contract effective July 1,2014 and replace it with the G4S services , the motion carried.

8. For Possible Action: Leases Up for Renewal During FY 2014-15

- a. CCMSI
- b. Nevada Sagebrush Ecosystem Project

Wayne commented that these leases renew mid-term. CCMSI expires and Nevada Sagebrush Ecosystem Project has an option to extend two years. He responded to questions regarding the real estate leasing market in Carson City and the tenant relationships.

On motion and second to grant authority to negotiation these leases, the motion carried.

9. For Possible Action: Authorize Changes to POOL Building to Enable Broadband Services

Wayne provided background regarding the installation of broadband and the predicament caused by the State's exclusive contract with AT&T. Beginning in April 2013, State Risk Management and EITS approached the POOL staff to enable broadband access. Staff was advised that at that time, AT&T was the State's provider, but that there was going to be an RFP and it was likely that Charter may win it due to their pricing approach. They said that in the short term, Charter could enable copper connectivity, but that subsequently they would provide cable after the RFP was concluded. Based upon this and subsequent meetings, including with Charter and with PARMS IT service provider present, the State represented that they would complete installation with Charter by August, which for varying reasons was delayed to November, and POOL could joiner onto that agreement. Then things stopped since the State agencies could not get going. POOL staff indicated that we did not have these procedural issues and could proceed with Charter and the State could be allocated a share of the capacity, which the State agencies said would be great. POOL staff obtained quotes from Charter for 100 megabits shareable capacity and quoted the State tenants various guaranteed minimum megabits and shareable options, but both said they did not have the money in the budget and dropped the effort. POOL staff proceeded to work with Charter for its own cable without the State. Then State Building and Grounds contacted the POOL staff requesting a proposal from AT&T for cable installation of an Opt-E-Man system. Wayne said he told them that he already was proceeding with Charter and was told about the exclusive, mandatory AT&T contract for the State tenants. Wayne said that it seemed unnecessary and wasteful to duplicate the same cable installation. B & G insisted on our obtaining a proposal so we contacted AT&T for that purpose. AT&T provided a preliminary price indication that was nearly double that of Charter for 50 megabit capacity for the State tenants and nothing for the building owner or any property management company since they must obtain it from the commercial stores. A meeting has been set up to further discuss the proposal with the State agencies and AT&T to determine next steps.

Wayne asked the committee for direction regarding this conflicting situation. He said it could result in the POOL having to pay double to access AT&T for POOL and possibly additional separate commercial access for non-State tenants or to proceed with Charter in tandem with AT&T thus resulting in two installations into the building. In response to questions, he said that any installations become the property of the POOL should the tenants depart. He also noted that AT&T had done no site visit so could not confirm whether or not the existing rack in the server room would be sufficient or that they would and could install the Opt-E-Man system in the server room at all. He suggested that the State should pay for any AT&T installation since the cost was double. We then could possibly share some of their capacity or proceed to install Charter for the POOL.

On motion and second to approve installation by AT&T at the State tenants' expense and to proceed with Charter at the POOL's expense, the motion carried.

10. For Possible Action: Discuss Options for Expanded Services to Members

Wayne commented that Mike Rebaleati had asked whether the POOL/PACT HR services could be broadened to enable members to contract for additional levels of human resources support services at the member's expense. Mike said he would be meeting with Jeanne Greene to further explore this option via the HR Oversight Committee. Wayne indicated that similar needs may exist with other members for HR and also other operational areas such as financial management, risk management, safety and IT. Various committee members commented on the difficulties many small agencies have in recruiting qualified staff for many services. Some suggested that if members wanted or needed a service beyond what is included in the scope of the current POOL/POACT programs and those members are willing to pay for it, then we should be willing to consider offering support where we can. Jeanne Greene said that once she has a fuller understanding of Mike's needs, she will work through the HR Oversight Committee to come up with a plan and recommendations. No action was taken.

11. For Possible Action: Acceptance of Reports

a. Large Loss Report

Donna Squires reviewed the large POOL and PACT losses, noting that many of the PACT large losses were related to heart claims. POOL has some large losses involving school districts that are in the process of being settled for substantial amounts or still in expensive litigation.

b. Loss Control Committee Report

Ann Wiswell indicated that the Loss Control Strategic Plan had been reviewed and changed very little. She said that the elearning topics underdevelopment included ethics, working with the Ethics Commission staff, open meeting law. In addition, a task force to review new learning management systems to replace the current open source system has been vetting prospective vendors. She noted members now have access to a cyber liability resource in conjunction with County Reinsurance called eRisk Hub which has extensive self-assessment tools, current issues news and vetted resources for consultation if needed. She also noted that NetDiligence was selected by CRL to handling initial claims reports to assist ASC. The committee is working on fleet management model polices this year as well. The rules for the Loss Control Excellence Program submissions were limited to two filing cycles to focus submission dates.

c. Human Resources Oversight Committee Report

Jeanne Greene reviewed the number of courses and training sessions conducted and the revisions to policies. She noted the new classes being developed. She also said they had implemented an Advanced HR Representative course and had developed a scholarship program to assist members with obtaining professional HR designations. They have posted links to job descriptions for members and have collected collective bargaining agreements and salary schedules that members can access. The HR Oversight committee continues to review its strategic plan and will review the specific services issues raised earlier at this meeting.

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

12. For Possible Action: Approve Change from Sub-entity to Separate Membership from Lyon County for Stagecoach/Silver Springs Hospital District, Fernley Swimming Pool District, Mason Valley Swimming Pool District for Both POOL and PACT

Wayne explained that these entities presently were included within Lyon County's membership and were being split off for various reasons. Fernley Swimming Pool District and Mason Valley Swimming Pool District applications for both POOL and PACT have been received; Stagecoach/Silver Springs Hospital District is applying on for PACT since they have separate coverage for property/liability presently. Josh Foli expanded on the reasons for the split off and what services Lyon County would continue to provide to support these entities.

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

Chair Kalt recessed the meeting for lunch for 15 minutes.

Chair Rebaleati reconvened the meeting following lunch.

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

a. Willis Pooling Report

b. Market Conditions and Status Overview

c. Review of NPAIP Coverage Form Changes for 2014-2015

d. Review of Reinsurance Coverage and Retention for NPAIP and PACT

1) Elimination of Corridor Deductibles

2) Increased Retention to Replace Corridor Deductibles

Bob Lombard provided an overview of the status of the general reinsurance market, noting that there was a low frequency/severity windstorm season and few other catastrophes so property rates would be fairly flat or down. He explained his strategy for negotiating terms for the property program when he and Wayne are in London. Casualty rates likewise should be fairly stable, with the exception that school liability rates may increase by a small amount overall and also be higher for the POOL due to the recent large losses. Workers compensation rates likely will see a small increase overall as well.

With regard to the POOL Form, Wayne noted that there may or may not be a need to review the crime extension language in light of the discussion during the POOL Claims Committee hearing. He also said that CRL's reinsurer asked them to change their terrorism exclusion, so they sent their language to us for consideration as well. He said he would be discussing these further with legal counsel. Bob said that some pools utilizes a "hammer" clause that shifts some of the claims costs to the member in the event they fail to follow legal advice. Staff was directed to review this issue and to bring it to the annual meeting for further discussion as to the merits or need.

Bob indicated that he would be seeking various retention options for both pools. Doug Smith said that the captives had additional capacity and would be considering taking on additional risks from the pools as appropriate. The captives would share in the pools' retentions if increased and continue to quota share with reinsurers as capacity allows. Bob noted that elimination of the current corridor deductibles was one goal due to the internal bookkeeping requirements on the pools.

Bob noted that the Willis Pooling Symposium would be held in Squaw Creek in the Fall of 2014 so members may wish to attend that program.

No action was taken on these items.

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

a. Strategies for Mitigation of Program Costs NPAIP and PACT

b. PACT Budget for 2014-2015

c. NPAIP Budget for 2014-2015

a. The committee discussed utilization of the captives and whether or not additional funds should be transferred from the pools to their respective captives to enable more risk transfer. Doug responded that the captives have more capacity at present and he felt there could be more risk retention by the captives. Wayne noted that as a result of the policy of amortization of transfers from the pools to the captives, the pools' net income was negative so the board policies to transfer up to 50% of net asset gains to the captives would not be in play. Thus, any additional transfers would be a separate board decision. Staff was directed to further analyze the retentions and options for additional transfers of funds for recommendations to the board at the annual meeting.

b. Wayne reviewed the PACT budget indicating an overall 3% increase in the revenues and some downward adjustments in some expenses. A key consideration was a shift in the allocation of the POOL/PACT HR costs from a 50-50 split between the pools to a 35-65 split, thus reducing PACT's

share. This was based upon the utilization of services being more a liability risk management result than a workers compensation result.

c. Wayne review the NPAIP budget which also estimated a 3% increase in revenues and the POOL/PACT HR cost shift and other expense changes.

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

15. For Possible Action: Review of Financial Performance of

a. Public Risk Mutual

b. Public Compensation Mutual

Doug Smith noted that the captive boards met during the lunch recess of the Joint Executive Committee meeting and accepted the audits for the captives.

No action was taken.

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

a. Executive Committee and Officers Up for Election at the Annual Meeting, Candidates and Conduct of the Elections

b. Joint Board Agenda, NPAIP Board Agenda, PACT Board Agenda

c. PRM and PCM Annual Meeting Agendas

a. Wayne reviewed the list of committee members up for election. For PACT, he noted that James Eason had been appointed to fill a partial term due to a vacancy and would stand for election to a term expiring in 2015. The two-year terms for Pat Irwin, Steve West and Paul Johnson were up for election for the 2014-2016 term and each was willing to stand for election. For NPAIP, the two-year terms for Dan Newell, Kevin Curnes and Gerry Eick were up for election for the 2014-2016 term. Kevin Curnes announced that he would be retiring on June 30th but was willing to be re-elected to serve until then if necessary unless another candidate comes forward for school districts prior to the annual meeting. He indicated he would assist staff in finding a potential candidate. Dan and Gerry both indicated willingness to stand for reelection.

b. The committee discussed whether or not to add an item to the NPAIP agenda similar to what is required by regulation for PACT regarding review of the financial condition and claims history of members for consideration of expulsion as necessary. This would be a good starting point for consistent considerations of these issues even though not mandated by regulation for NPAIP. They also requested the NPAIP agenda add a discussion item regarding a potential "hammer" clause for non-cooperation or failure to follow legal counsel advice.

c. The committee found no changes necessary in the PRM and PCM agendas.

No action was taken.

17. Public Comment

The Chair opened public comment and seeing none, closed the comment period.

18. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 2:06 p.m.

The Agenda was posted at the following locations:

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

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

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

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

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

**Minutes of Meeting of the
Audit Committee of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: October 29, 2013
Time: 11:00 A.M.
Place: 201 S. Roop St., Suite 102
Carson City, NV 89701 and
Conference Call: 1-800-593-9034; Passcode: 15042**

1. Roll

Members Present: Josh Foli, Gerry Eick, Rogene Hill

Members Absent: Cash Minor

Other Present: Michael Bertrand, Doug Smith, Debbie Connally, Melissa Mack, Wayne Carlson

2. Public comment

Chair Foli called for public comment and receiving none, closed the public comment period.

3. Action Item: Approval of Minutes of Meeting of December 7, 2012

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

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

Michael Bertrand provided an overview of the audit and his findings. He commented that he had responded to certain audit committee members comments on the draft and made changes as necessary. Various committee members noted minor typographical corrections and a need for including Public Compensation Mutual in the related party note 7 as well as note 13's detailed explanation. Michael Bertrand indicated he would make those changes. Gerry Eick then commented on the Management Discussion & Analysis requesting certain changes for clarification including commenting on the increased cost of reinsurance, the placement of the financial analysis chart, consistency between the actuarial discussion and the expense discussion and clarifying the changes in operating net position..

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

Chair Foli called for a motion. On motion and second to accept the audit and the auditor's report with the minor revisions as discussed in item 4 above, the motion carried.



**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

6. Public comment

Chair Foli called for public comment and receiving none, closed the public comment period.

7. Action Item: Adjournment

On motion and second to adjourn, the married carried, and the meeting adjourned at about 11:36 a.m.

The Agenda was posted at the following locations:

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

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

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

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



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Public Agency Compensation Trust**
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Carson City, NV 89701-4779
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**Minutes of Meeting of the
Audit Committee of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: November 20, 2013
Time: 2:00 P.M.
Place: 201 S. Roop St., Suite 102
Carson City, NV 89701 and
Conference Call: 1-800-593-9034; Passcode: 15042**

AGENDA

1. Roll

Committee Members Present: Josh Foli, Rogene Hill, Cash Minor, Gerry Eick
Others present: Michael Bertrand, Debbie Connally, Melissa Mack, Doug Smith, Wayne Carlson

2. Public comment

Chair Foli called for public comment. None was received.

3. Action Item: Approval of Minutes of Meeting of October 29, 2013

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

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

Michael Bertrand provided the audit report and his recommendations. He noted that a change in the procedures to add a cross check for the maintenance deductibles would perhaps avoid the minor errors. Gerry Eick commented about some changes he would like considered in the Management Discussion and Analysis, noting those were directed to management and not the auditor. Minor typographical errors were noted for correction as well.

Chair Foli asked for a combined motion for both items 4 and 5..

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

On motion and second to accept the auditor's report ad the audit with thanks to management and staff for their efforts, the motion carried.



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6. Public comment

Chair Foli called for public comment. None was received.

7. Action Item: Adjournment

On motion and second to adjourn, the motion carried.

The Agenda was posted at the following locations:

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

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

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

Churchill County Courthouse
155 North Taylor Street
Fallon, NV 89406

DRAFT



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

**Date: June 7, 2013 Time: 10:30 a.m.
Place: Humboldt County Courthouse
50 W. St.
Winnemucca, NV 89445**

1. Oversight Committee Roll Call:

Members participating: Chairman Curtis Calder; Bill Deist; Danelle Shamrell; Geof Stark; Robert Quick; Pat Whitten; Tracy Walters. Not Present: Ben Zunino; Jose Delfin; Ann Murdoch; Ben Sharit. PRI Staff: Jeanne Greene; Christine Vido.

2. Item: Public Comment

No public comment was made.

3. For Possible Action: Approval of Minutes of Meeting March 8, 2013

Pat Whitten made a motion to approve the minutes of March 8, 2013. Curtis Calder seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

Jeanne reported the Strategic Plan presented to the committee was dated May 20, 2013.

- **12/13 Strategic Plan** (July 1, 2012, through June 30, 2013)

New Instructor-Led Courses – Three new courses were completed and have already been presented. The new courses are Performance Management; Document, Discipline, and Due Process; and So You Think You Want to be a Supervisor.

Revised/Updated Trainings – 12 courses were revised this year.

Regional Trainings – 12 regional courses were offered during the year including: Four EMS courses: two in Carson City, one in Eureka, and one in Nye County. Advanced EMS was presented three times; once in Douglas County and twice in Carson City. Jeanne advised that one Advanced EMS course in Elko was cancelled due to lack of participants; it will be moved to the Fall. HR Rep was offered in Carson City in April and May. A Perfect Storm was presented in Carson City; So, You Think You Want to be a Supervisor was presented in both Carson City and Elko, and Workplace Violence Awareness was also presented in Carson City. The second Workplace Violence Awareness training was rescheduled to July in Eureka.



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FRISK Documentation Program –The local government edition has been sent to John Bates for final review. The training should be available in the fall.

Regional Workshops – Charity Felts with Erickson, Thorpe, and Swainston provided Social Media training throughout the state. Labor attorney, Charlie Cockerill presented Negotiations 101 trainings and Ann Alexander and Becky Bruch with Erickson, Thorpe, and Swainston provided Internal Investigations training to Nye County School District at the end of February. A webinar on Health Care Reform will be presented by Tamara Tretter with Willis Pooling on June .

HR Seminar – This seminar was presented May 2 and 3 at the Atlantis in Reno. There were roughly 50 participants. The evaluations received at the end of the event were very positive.

Pat Whitten added that the event was “phenomenal.” Pat encouraged having this event every year. Danelle agreed that it was beneficial and she left feeling educated.

Jeanne advised that the dates for the next HR Seminar will be October 2-3, 2014. Jeanne also confirmed that the Erickson, Thorpe law firm confirmed they would return with a new mock trial for the event. Pat told Jeanne the entire POOL/PACT HR team should be commended.

New HR Briefings – Three new briefings were completed and released this year: Return to Work, Overtime Requirements Under State Law, and Social Media.

Revised HR Briefings – 14 briefings have been updated; one is pending.

Webinars – Four webinars were scheduled to be presented in conjunction with Horizon Health EAP; the last one was completed June .

Sample Policies – Jeanne advised that the revised policies will go out at the end of June.

Collective Bargaining Concessions Database – Law enforcement and schools are completed and on the website. General Employees should be released at the end of June or beginning of July.

Alerts – Seven alerts were released this year. The last two included the I-9 update and SB510 which revised the notification to school district employees of their contract rights.

Statistics – Trainings – Jeanne advised that 101 trainings classes were completed with 2,418 participants. **ELearning** – About 15,000 employees are enrolled in HR-related classes and about 4,000 have been completed.

Jeanne pointed out that the report showed 42 trainings that were postponed. The reason for the high number this year was due to the turnover in many organization’s HR departments. Those trainings will be moved to next fiscal year.



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HR Compliance Assessment Program – The City of Yerington is complete, leaving one organization left for the 09/10 group which is Churchill County School District. Carson Water Subconservancy District has also completed their recommendations. The remainder of the participants are moving forward with their recommendations. Jeanne is hopeful that applications for Sun Valley GID and Gardnerville Ranchos GID will be presented during the next meeting.

HR Assessment Phase II – This is the compensation-related assessment. Three on-site assessments have been conducted for Carlin, West Wendover, and Nevada Rural Housing Authority. Jeanne reported West Wendover is in really good shape with only one finding during the assessment. Lyon, Douglas, and Storey County were moved to next fiscal year and Humboldt County has also agreed to participate.

Curtis mentioned critical labor shortages in the state with regard to hiring retirees. He asked Jeanne if those labor situations were being reviewed. Jeanne agreed it could be included in the assessment.

- **Employment Opportunity Listing Website** - Jeanne advised that the report presented to the committee members for the website stats did not include the additional breakdown that Robert Quick had requested. The breakdown presented last meeting showed committee members which portions of the website were being accessed. Jeanne advised that information would be included during each meeting moving forward.

5. For Possible Action: Report on Other Activities

- **HR Problem-Solving Reports** – Jeanne advised that these were unusual situations encountered during the past three months.
- **Report on Employment Related Claims** – Jeanne advised that claim numbers are similar to last year. Jeanne pointed out that school claims dealing with student on student problems, that are not necessarily HR-related, are included in the numbers.

6. For Possible Action: Regional Training Dates

Jeanne advised that Christine put together a flyer of regional trainings that were already scheduled for next fiscal year. Jeanne advised in addition, So You Think You Want to be a Supervisor is scheduled in Winnemucca July 11.

7. For Possible Action: Legislative Tracking

Jeanne advised the committee that legislation affecting employment is being tracked by POOL/PACT HR. Wayne Carlson has hired lobbyist, Randy Waterman, who is tracking all of the workers' compensation-related bills. Jeanne highlighted some bills of interest that have passed and have been signed by the Governor:



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AB13 – Revises the time the Local Government Employee Management Relations Board has to conduct a hearing from 90 days to 120 days.

AB155 – Jeanne told the committee that many members would be affected by this bill. Employees who are mandatory reporters of child abuse and neglect must be provided information identifying them as such. Employees licensed or certified by a state board will be notified by that board. The employer must notify employees not licensed or certified, of their status as a mandatory reporter and the employee will have to sign an acknowledgement. This is only for new employees; not retroactive. Jeanne said a sample form will be developed for this.

AB445 – This bill is not effective until January 1, 2014. It requires all notices of public meetings be posted on an official website of the state. The state has until January 2014 to develop the website.

SB74 – Jeanne advised that this bill dealt with the public requesting records. There is a provision that the records can be requested orally or in writing, a copy of open meeting minutes and audio recordings need to be provided free of charge, and it reduces the fees that can be collected for certain documents.

Pat Whitten added that Storey County is going to follow Washoe County practice to charge for items that require “extraordinary” research or time. Danelle asked how “extraordinary” research will be defined. Pat replied that according to Storey County’s district attorney, “extraordinary research” will be defined as items which take more than 30 minutes to prepare. Jeanne elaborated that under current statute, requests for information need to be provided within five days; under the new bill, if the information is readily available, it must be provided immediately.

SB127 – Prohibits use of consumer credit information in employment decisions. There are many exceptions for positions that are managerial, supervisory, law enforcement or positions that deal with money.

SB273 – Allows a sheriff in a county with a population of less than 45,000 to remove a deputy from their position if they fail to obtain POST certification within required timeframe, lose POST certification, or fail to maintain their driver’s license. The bill does state the employee still has the right to grieve.

Pat advised that the Storey County Sheriff initiated the bill from a situation involving a deputy who received a DUI off-duty.

8. For Possible Action: Legal Opinions

Jeanne presented recent legal opinions that POOL/PACT HR received from their contract attorney. One involved CDL alcohol limits and the second involved prohibition of electronic cigarettes. Jeanne advised future legal opinions would be shared with the committee.

9. For Possible Action: Health Care Reform Training

The information regarding the Health Care Reform Training was discussed during the 12/13 Strategic Plan review.



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10. For Possible Action: HR Assessment Grant Application

Two applications were presented for approval. The City of Yerington requested the full \$500 to offset printing costs for new personnel policies and Carson Water Subconservancy District requested the full \$500 for a new desktop computer. Pat Whitten made a motion to approve the applications as presented. Robert Quick seconded the motion. Motion was carried.

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

The next meeting will be held September 20, 2013 in Carson City.

11. Item: Public Comment:

Jeanne advised that there was discussion between herself and Christine to start hosting meetings via webinar. The committee was agreeable to the idea.

12. For Possible Action: Adjournment

Curtis Calder called the meeting adjourned at 11:18 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 20, 2013 Time: 10:30 a.m.
Place: POOL/PACT Offices
201 S. Roop Street
Carson City, NV 89701**

1. Oversight Committee Roll Call:

Members participating in person: Chairman Curtis Calder; José Delfin. Members participating by phone: Geof Stark; Pat Whitten; Robert Quick; Danelle Shamrell; Ann Murdoch. Future member participating by phone: Cindy Hixenbaugh. Not participating: Bill Deist; Ben Sharit; Ben Zunino; Tracy Walters. PRI Staff: Jeanne Greene; Christine Vido.

2. Item: Public Comment

Jeanne announced that Ann Murdoch is retiring; this is her final meeting. Cindy Hixenbaugh from Pershing General Hospital was selected to replace Ann by the chairs of POOL and PACT and will be a voting member at future meetings.

3. For Possible Action: Approval of Minutes of Meeting June 7, 2013

Geof Stark made a motion to approve the minutes of June 7, 2013. Robert Quick seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

- **Final 12/13 Strategic Plan** (July 1, 2012, through June 30, 2013)

Instructor –Led Training- Three new courses were developed last year. 12 courses were updated and revised.

Regional Trainings – 12 regional courses were offered during the year. Two were not completed due to lack of participant registration; Advanced Essential Management Skills Certificate Program in Elko was moved to this year. Four Essential Management Skills Certificate Programs, three Advanced Essential Management Skills Certificate Programs, two So, You Think You Want to be a Supervisor trainings, one HR Representative Certificate Program, one Workplace Violence training, and one Perfect Storm training were completed. These exceeded the original six trainings originally planned.

Regional Workshops – Workshops completed by contract individuals outside the organization; Charity Felts (Social Media), Charlie Cockerill (Negotiations), Ann Alexander



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& Becky Bruch (Internal Investigations), and Tamara Tretter did a Healthcare Reform webinar.

HR Seminar – The two day program in May was very successful.

HR Briefings – We developed three new briefings and updated 14. All anticipated briefings were completed with the exception of Staff Reductions, which was moved to this year. It was incomplete because additional information was needed from the Unemployment Insurance Office.

Webinars – Four webinars were presented in conjunction with Horizon Health EAP.

Sample Policies – Updated in July, 2012.

Collective Bargaining Agreements Database –Christine Vido and Bill Zelinski spearheaded this project and they were able to complete all of the law enforcement and school district CBAs last year. County, city, and fire departments were moved to this year. Members provided good feedback on this project.

Alerts – Seven alerts were issued last year. The last two included the I-9 update and SB510 which revised the notification dates to school district employees of their contract rights.

Trainings – 115 training sessions were completed and 43 trainings were moved to this fiscal year. This is an abnormal number, possibly as a result of high HR turnover in the member organizations. **ELearning** – About 15,000 employees are enrolled in HR-related classes and about 4,000 have been completed. **Briefings** – 13 briefings were completed, 12 were cancelled by the members, again, possibly due to the HR turnover in the member organizations.

HR Compliance Assessment Programs – Regarding 09/10 assessments, Churchill Schools has not completed their assessment; they lost their HR Director; there have been two director turnovers since the assessment began. The biggest project they are working on is job descriptions. There is a continuation of the compliance assessment programs for 10/11 and 11/12. For 12/13, the City of Ely is only at 50%. Shani Dues performed the on-site assessment, but the HR person and her supervisor left the city before agreement was made.

HR Assessment Phase II – This is the compensation-related assessment. Six were scheduled; three were moved to this current fiscal year; again, due to HR turnover. Three on-site assessments were completed - Carlin had a couple issues and they are working on them; West Wendover had one finding that was completed; and the Nevada Rural Housing Authority has addressed some findings and is working on the rest.



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- **13/14 Strategic Plan**

Trainings - Two new courses are in development: *Advanced Human Resources Representative*, which is a two-day program similar to *Advanced EMS* and is scheduled for May 14-15 in Carson City; and *Employee From Hell*, scheduled to be piloted in Carson City on February 5. We had planned to revise three instructor-led courses this year. Due to legislation and court decisions, 21 trainings have been identified that need to be revised; 11 are complete and we are prioritizing the balance based on when they are scheduled to be delivered. *Combating Unlawful Harassment* shows 75%, but is now complete.

Regional trainings - Six regional trainings were originally planned, but 11 are scheduled so far. *The Good, Bad, and the Ugly* training will be cancelled if 12 employees are not registered. The *Violence in the Workplace* training scheduled in Eureka for July 17 was cancelled because Eureka lost their HR person and there were only a couple people signed up for the training.

Regional workshops – Workshops held by outside contractors: Ann Alexander has asked that the *Investigative Techniques* workshop for Nye County Schools be postponed until later in the year. Charlie Cockerill is scheduled to present *Negotiations* training in five locations; this is a full-day training, including beginning and advanced classes. If Ely does not get at least five participants, they will be asked attend the Elko class. *Media Relations* for Nye County Schools is scheduled for October 30th and *Student Interactions* for Douglas County Schools has not been scheduled yet.

Research New Methods of Delivering HR Trainings/Briefings, Post Members Pay Plan/Scale on Website, and Review and Update Sample Forms – These items have not been started yet; instead efforts have focused on legislative changes and court decisions.

Sample Personnel Policy Updates – New sample policies were released on July 1, 2013, and included all changes from the 2013 Legislative Session.

Database – Cities, Counties and Fire Districts were added on July 24, 2013.

Alerts - Four alerts have been issued this year; three were related to the Affordable Care Act and we will let members know of future changes.

Trainings – We have completed 18 trainings so far this year, with 356 participants. 615 employees have completed E-Learning courses. Four new briefings have been identified for development this year; the Mentoring briefing has been completed and goes with Succession Planning. 28 briefings are scheduled to be updated this year; 13 have been completed. This is a high number due to the legislative changes.

Webinars – Four webinars have been identified to be held in conjunction with Horizon Health EAP. One has been completed, but with low participation. If participation remains low, we will reassess this item.



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HR Compliance Assessment Program – Sun Valley GID (10/11), Gardnerville Ranchos GID (11/12), and City of Mesquite (12/13) are close to completion. For 13/14, one on-site assessment has been completed, seven are scheduled, and four have not committed.

HR Assessment Phase II – Two assessments are continued from last year; Carlin and Nevada Rural Housing Authority. Six new assessments are scheduled to be completed this year. We did complete the Lyon County on-site assessment and there were a number of findings related to pay in the Sheriff’s Office. We are waiting for analysis from them before releasing the formal report. Dates are scheduled for Douglas County, Mt. Grant Hospital, and Fernley.

Nevada Rural Jobs website – The numbers do not fluctuate much from month-to-month. The Cowboy Territory is visited the most often.

5. For Possible Action: Report on Other Activities

- **HR Problem-Solving Reports** – These are unique issues that were addressed in the last quarter.
- **Report on Employment-Related Claims** - There were 44 claims at the end of the year; up six from last year. There have already been 11 claims so far this fiscal year, in just two months. Five were from counties, five from cities, and one from a school district. The five from the counties were all related to the same type of issue.

6. For Possible Action: HR Scholarship Program

Jeanne explained that the Scholarship Program will be offered to members and that \$25,000 has been set aside for first year. It will be offered to those who work in the HR arena; primarily our HR contacts, but could expand beyond that; for example, county managers who oversee HR. The benefits include helping our HR contacts to expand their knowledge base, which would, hopefully, reduce employment related claims; and they would be recognized as certified professionals within their organization and community. The selection criteria are listed on the handout. For those applicants close to Las Vegas and Reno, there are classes available, and for those in more remote locations, e-learning may be a better option. Applications will come back to the Oversight Committee for approval before funds are committed.

Committee discussion – Applicants may apply for all certification courses, but Jeanne recommends applying for individual courses; that is, one should complete one course before applying for another. The employee’s length of time with the organization criteria is open to committee consideration and should address whether the training is a good value for the organization.

Pat suggested POOL/PACT HR may want to require employees to contractually stay employed for a pre-determined length of time, depending on the cost of the certification, with penalties for early termination. Jeanne questioned whether that could be applicable to POOL/PACT, since it is not the employing organization, and offered to get a legal opinion on the matter. Jeanne estimates \$1200 - \$2500 per person for PHR/SPHR and \$325-\$1300 per person for IPMA, depending on the training



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method they choose; and \$1200 for Mediation trainings. Regarding Mediation, Bill Zelinski is going to attend a *Train the Trainer* program in January, in Houston, and will become a certified mediation trainer. Bill will then be able to provide mediation training to our members, and the cost would be significantly reduced.

Curtis asked whether those who complete the IPMA and/or SHRM trainings will be required to have annual membership with that group upon completion. Jeanne indicated the fees were \$150 per year for IPMA and \$180 per year for SHRM. Scholarships may include membership fees, upon approval of the Oversight Committee.

Committee members indicated programs identified under the Scholarship Program seem appropriate. The program may be reviewed and expanded upon in the future.

Curtis described a presentation by an attorney about Workplace Harassment as poor quality compared to POOL/PACT trainings. José states his belief that quality trainings may help keep HR employees motivated. Jeanne agrees that being a member of SHRM and IPMA is a great benefit; they provide a great many resources, including nearly daily emails on changes at the national level and access to documents.

Jeanne asked for feedback regarding taking tests for PHR/SPHR and IPMA and reimbursement if they pass the final exam or whether it should be paid up front. The PHR/SPHR cost is about \$400, depending on circumstances, and IPMA is approximately \$275. Curtis suggested that the cost for the first test may be included in the scholarship if the participant completes the course. José suggested that the participant should be responsible for secondary testing, if it is required; Curtis and Jeanne concur.

A motion must be taken on this item. Jeanne refers to earlier discussion regarding reimbursement for training if the participant leaves the member's employment; Pat expressed the opinion that the amounts are low enough that it would not be worth it to pursue reimbursement. Curtis concurred.

Jeanne asked for feedback on Scholarship Application, other than taking out the reimbursement for test fee be upon passing. Curtis suggested adding clarification on the Education and HR experience section, asking for specific HR training and certifications. It is estimated that five or six scholarship participants per year and that \$25,000 is sufficient. Curtis and Jeanne discussed UNR's Continuing Studies in HR certification program and that it offers many of the same courses as POOL/PACT. José suggested adding a résumé to the application.

Curtis made a motion to approve the HR Scholarship Program with the changes discussed. José seconded the motion. The motion was carried.

7. For Possible Action: Legislative Tracking

Curtis reported that a lot of legislative changes go into effect on either July 1 or October 1, 2013. Jeanne asked whether the committee wanted a review of all the HR-related bills or to only address questions. Curtis reported the Nevada League of Cities published a post-session report with all of the



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legislation they thought affected cities, municipalities, and towns and may provide another resource for people looking for those changes. NACO also provided a report, as well as the Department of Education.

8. For Possible Action: HR Assessment Grant Applications

Curtis asked for review of the grant application for Lander County Sheriff's Office and West Wendover. Pat Whitten made a motion to approve. José Delfin seconded the motion. Motion was carried. Robert Quick abstained from the vote on the Lander County Sheriff's Office.

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

The next meeting will be held December 13, 2013, 10:30 a.m., in Carson City.

10. Item: Public Comment:

Jeanne thanked Ann Murdoch for her twelve years of service with the Oversight Committee and again noted this would be Ann's last meeting. There is one staff change in the POOL/PACT office; Chelsea Moore is leaving for maternity and will not return. She will be replaced by Deanna Keirstead. Danelle suggested an email be sent out to introduce the new staff member.

11. For Possible Action: Adjournment

Curtis Calder called the meeting adjourned at 11:19 a.m.



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

**Date: December 13, 2013 Time: 10:30 a.m.
Place: POOL/PACT Offices
201 S. Roop Street
Carson City, NV 89701**

1. Oversight Committee Roll Call:

Members participating in person: Chairman Curtis Calder; Ben Sharit. Members participating by phone: Bill Deist; Pat Whitten; Robert Quick; Cindy Hixenbaugh; Ben Zunino. Not participating: Tracy Walters; Geof Stark; José Delfin; Danelle Shamrell. PRI Staff: Jeanne Greene; Christine Vido.

2. Item: Public Comment

No public comment was made.

3. For Possible Action: Approval of Minutes of Meeting September 20, 2013

Ben Sharit made a motion to approve the minutes of September 20, 2013. Ben Zunino seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

- **13/14 Strategic Plan** (July 1, 2013 through June 30, 2014)

Jeanne advised that the agenda packet was sent out earlier than normal and due to this, the report was dated 11/20/13. Jeanne will indicate any changes as the report is reviewed.

New Trainings - *Employee from Hell* is scheduled to be piloted in Carson City on February 5. ***Advanced HR Representative Certificate Program*** is scheduled to be presented on May 14 and 15.

Updated Trainings – 16 trainings have been updated to date. The majority of changes are due to recent legislation.

Regional Trainings – Three have been cancelled so far which includes, *The Good, Bad, and the Ugly, Workplace Violence, and Advanced EMS*. These cancellations are due to low registrations numbers.



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Jeanne stated she is unsure why there is a lack of interest in the classes. Possible reasons include, timing of the trainings, participants being inundated with too many choices, or lack of interest. Jeanne indicated a survey would be going out to members to find out more information which she will cover in more detail later in the meeting.

Essential Management Skills (EMS) was held in Carson City during the fall. Two more EMS trainings are schedule this year; one in Carson City and another in Incline Village. Jeanne advised that the remainder of the regional courses listed on the Strategic Plan had already been reviewed in prior meetings.

Regional Workshops –Charlie Cockerill presented *Negotiations 101 and Advanced Negotiations* training in five locations; this was a full-day training, including beginning and advanced classes. The advanced class also had practical exercises at the end of the day to go over traditional and interest-based bargaining.

Ben Sharit said that the classes were excellent. Pat Whitten also agreed. Pat offered that future classes may want to have more focus on the interest-based bargaining portion. Jeanne stated that during her conversations with Charlie Cockerill, she asked if there were any additional topics or information that could be provided to the group and Charlie did not indicate there was anything else to add. Jeanne did say one possibility would be to create a one-day interest-based bargaining training. Pat Whitten replied that would not be necessary.

Steve Mulvenon presented *Media Relations* to Nye County Schools in October due to issues with Administrators dealing with the media. Ann Alexander will present *Investigation Techniques* to Nye Schools and *Student Interactions* will be presented to Douglas County Schools this year.

Research New Methods of Delivering HR Trainings/Briefings – Jeanne stated that the research will focus specifically on Webinar programs. She also advised that the project had not been started at the time of the meeting.

Post Members Pay Plan/Scale on Website, and Review and Update Sample Forms – All member Counties have been contacted to start collecting information. If the salary schedules are not available online, the members are being asked to provide that information so it can be uploaded to the POOL/PACT webpage.

Update Sample Forms – All of the sample forms will be reviewed this fiscal year.

Sample Personnel Policy Updates – New sample policies were released on July 1, 2013, and included all changes from the 2013 Legislative Session.

CBA Database – All information has been posted to website and will be updated throughout the year as new contracts are received from member organizations.

Alerts – The newest Alert released advised a change in the IRS mileage rate.



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Trainings – 1,100 employees have participated in trainings this year. 1,800 employees have completed E-Learning courses.

Bill Deist and Pat Whitten both shared frustration with the e-learning sign-in process and the inability to get employees into the system. Jeanne advised that HR did not oversee the training platform itself. Jeanne stated she would follow up with Ann Wiswell to assist both Bill and Pat.

Jeanne advised the committee that the instructor and course evaluation scores are now broken out. This information was combined previously. Jeanne thought that this would give a more accurate reflection of the trainings presented.

Jeanne also advised the committee that participant information is now being collected for HR Briefing presentations. She explained in the past, the HR Briefings were intended for small groups of participants; now they are being presented to larger groups.

New Briefings – Three Briefings have been completed; a fourth is being developed presently.

Updated Briefings – 19 have been updated out of 30 scheduled. They are reviewed every other year to make sure they are current.

Webinars – Stress Management at Work was completed earlier this week. There were roughly 40 participants

HR Compliance Phase I – Gardnerville Ranchos GID and Gerlach GID have completed their recommendations and the applications will be reviewed for approval later in the meeting.

HR Assessment Phase II – Jeanne reviewed the organizations participating in the program for the current fiscal year. Mt. Grant General Hospital and the City of Fernley assessments were conducted since the report was sent to the committee members.

Jeanne asked the committee if there were any comments regarding the strategic plan. Pat Whitten suggested separating FRISK training from the balance of the training numbers and listing it separately. Curtis asked Jeanne if there were any other items that changed since the report was sent out. Jeanne advised that all items that had changed since the report was sent were identified during her review.

- **Nevada Rural Jobs website** – The numbers remain consistent from month-to-month. The Cowboy Territory continues to be visited most often.

5. **For Possible Action: Report on Other Activities**

- **HR Problem-Solving Reports** – These are unique issues that were addressed in the last quarter.



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-
- **Report on Employment-Related Claims** – Jeanne stated that 22 claims have been submitted since the beginning of the year. It appears this will be a high-claim year.

6. For Possible Action: 14/15 Draft Strategic Plan

Jeanne advised the committee that next year's strategic plan was being presented early; however, the committee usually reviews the plan after the Executive Committee has approved in the spring. Jeanne wanted the committee to approve before presenting to the Executive Committee. Jeanne also advised that the joint POOL/PACT Meeting is scheduled April 24 & 25, 2014.

Pat commented that FRISK should be listed as a separate item. Jeanne also mentioned that she was going to add the HR Seminar to the plan.

Jeanne reviewed the plan with the committee.

New Trainings – The first new class will be an Anti-Harassment training. The intent is to have a generic class so that the training can be presented every year with a choice of three or four videos to keep the trainings different. *Advanced Leadership* and *Dealing withirate Customers* will also be developed.

Update Trainings – Two classes are identified to be updated.

Regional Trainings – Several courses have been identified to present. No dates have been scheduled at the time of the meeting.

Regional Workshops – Ann Alexander and Becky Bruch will provide *Internal Investigations* training.

Curtis Calder stated that this course should be offered with more frequency. Robert Quick commented that there should be additional info added to the course related to law enforcement investigations (NRS 289) or offer a separate class with a focus on law enforcement. Ben Zunino added that information related to school staff intimidating or bullying students should be added in the Anti-bullying class.

Jeanne asked if there were other suggestions for regional trainings. Curtis asked if the *Workplace Violence* training could be updated to include OSHA investigations.

New Briefings- Two have been identified, Strategic Planning and Employee Engagement. A third briefing will be selected at a later date.

Updated Briefing – 15 HR Briefings are identified to be reviewed and updated.

Statewide Webinars – Four webinars have been selected through Horizon Health.



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Survey of Services – Jeanne advised that a survey has not been conducted in a couple years. The purpose of the survey is to find out what services members value and receive the most benefit from and if there are services that can be added, removed, or modified.

HR Compliance Phase I – Members are identified on the Strategic Plan that will be contacted to determine if they will participate in the assessment program. Jeanne advised the committee that due to the number of assessments already completed, there are not many organizations that remain to participate.

HR Compliance Phase II – Five members are identified on the Strategic Plan. They are identified because they have completed the Phase I assessment, which is a requirement to participate in Phase II.

Jeanne advised that no new services identified for the next fiscal year. Jeanne reconfirmed to the committee that FRISK and the HR Seminar would be added to the strategic plan. Curtis asked the committee if there were any additional changes that need to be made to the plan. No additional changes were noted.

Ben Zunino made a motion to approve the FY 14/15 Strategic Plan with the additional items noted by Jeanne. Ben Sharit seconded the motion. Motion was carried.

7. For Possible Action: HR Scholarship Application Approval

Curtis Calder started by asking Jeanne if there was enough funding available for the scholarship applications presented. Jeanne responded that \$20,000 was set aside for this program and the total cost for the five applications presented would be about \$9,000.

Jeanne suggested to the committee that the checks issued to the applicants would be broken up into different payments; the first payment would be for the application and membership fees; the second payment would be issued after the application is accepted for course materials and virtual seminar training. Once training is complete, a third check will be issued for payment of the testing fee. Once the applicant completes the test, they may submit a request for repayment of travel costs. Jeanne advised that the tests are only administered in Reno and Las Vegas, so travel will be required.

Pat Whitten asked if there should be a “pre-approval” from a high level executive (e.g., CEO, City/County Manager, Superintendent, etc.) prior to issuing payment to the applicants to assure the employees are in good standing. Jeanne replied that she could get confirmation by sending a letter or email. Curtis said the applications could be conditionally approved pending response from the organization’s high level executives. Jeanne also suggested that the application can be revised to include the signature of the high level executives.

Ben Sharit made a motion to approve the HR Scholarship Applications as presented with the condition that Jeanne contacts the high level executives for their approval. Robert Quick seconded the motion. Motion was carried.

Jeanne added that once the applications are approved, a mentor from POOL/PACT HR will be assigned to each applicant who will work directly with that individual.



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Curtis asked Jeanne once the applicants complete the virtual seminar, are they ready to take the test. Jeanne responded that in most cases they are ready, but stressed that it isn't a good idea to wait too long. Cindy Hixenbaugh stated that she had to wait four weeks after her seminar before she could test and utilized that time to study more.

8. For Possible Action: HR Assessment Grant Application Approval

Curtis asked for review of the grant application for Gardnerville Ranchos GID and Gerlach GID. Ben Sharit made a motion to approve. Ben Zunino seconded the motion. Motion was carried.

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

The next meeting will be held March 28, 2014, 10:30 a.m., in Carson City.

10. Item: Public Comment:

No public comment was made.

11. For Possible Action: Adjournment

Curtis Calder called the meeting adjourned at 11:20 a.m.



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

**Date: March 28, 2014 Time: 10:30 a.m.
Place: POOL/PACT Offices
201 S. Roop Street
Carson City, NV 89701**

1. Oversight Committee Roll Call:

Members participating in person: Chairman Curtis Calder; Cindy Hixenbaugh; Pat Whitten; Tracy Walters; Jose Delfin. Members participating by phone: Robert Quick; Danelle Shamrell; Geof Stark; Ben Sharit. Not participating: Bill Deist; Ben Zunino. PRI Staff: Jeanne Greene; Christine Vido.

2. Item: Public Comment

Jeanne Greene announced the retirement of Bill Zelinski at the end of June. Jeanne stated that he will be working on a minimal basis of roughly 20 hours per month and assist with training needs. Jeanne announced that Neal Freitas would be coming in as a full time Business Partner and Christine Vido has been promoted to a Staff Analyst and will work in a training capacity. Jeanne also advised that Sharon Gesick is returning as a part-time Administrative Assistant starting Monday.

3. For Possible Action: Approval of Minutes of Meeting December 13, 2013

Pat Whitten made a motion to approve the minutes of December 13, 2013. Cindy Hixenbaugh seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 13/14 Strategic Plan (July 1, 2013 through June 30, 2014)

New Trainings – *Employee From Hell* has been completed and has been presented twice this year. It is scheduled three more times this year in Carson City, Elko, and Winnemucca. *Advanced HR Rep* is almost complete; it is a two-day program. Jeanne advised that the training date for this course has been moved to July.

Updated Trainings – 19 of 22 trainings have been updated to date. Jeanne anticipates all of the updates to be completed by the end of the fiscal year.

Regional Trainings – *Workplace Violence*, *Employee from Hell*, and *Essential Management Skills* have been presented since the last Oversight meeting. *Advanced EMS* for Elko has been moved to Fall 2014 and *FRISK* is being presented this Spring. Another *Essential*



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Management Skills is being presented to Incline Village GID mid-April. Also scheduled in April are *Advanced EMS* and *HR Rep*, both being presented in Carson City.

Regional Workshops –Charlie Cockerill presented *Negotiations 101 and Advanced Negotiations* trainings in five locations this year. Steve Mulvenon presented *Media Relations* to Nye County Schools in October. *Investigation Techniques for Bullying Complaints* has been scheduled for July so the item will be moved to next year’s strategic plan.

Research New Methods of Delivering HR Trainings/Briefings – Jeanne stated that this has been moved to next fiscal year due to Wayne Carlson negotiating for different internet services.

Post Members Pay Plan/Scale on Website – Jeanne stated this is Christine Vido’s assignment. County and School District members have been contacted and their salary schedules and job descriptions are now posted or linked to the POOL/PACT website.

Update Sample Forms – Jeanne advised that 20% have been reviewed and updated. Jeanne also explained that part of this project may be moved to next fiscal year due to the large number of forms that need to be reviewed.

Sample Personnel Policy Updates – Jeanne stated that the policy revisions have already started and the revisions should be released to members in June.

CBA Database – The initial project was completed and will be updated on an annual basis as contracts are negotiated.

Alerts – No new alerts have been posted since the last meeting.

Trainings – 86 trainings are complete; 1,100 employees have participated in trainings this year; the average instructor score was 4.7. **FRISK** – Members who have completed training this year are: Tonopah, Churchill Schools, Lander County, Storey County, Churchill County, and Douglas Schools. The City of Elko and West Wendover are also scheduled to participate this year. **Elearning** – 11,000 are enrolled; 4,000 are complete. **Briefings** – 22 have been completed with 347 participants. **Policy Development** – Four have been completed or updated including; Lyon Schools, Fernley, Gardnerville Ranchos GID, and Gerlach GID. Jeanne stated that several members were in the process of adopting new policies including Churchill County, Nye County, and Carson Schools.

New Briefings – Four Briefings have been completed; the *Bring Your Device* briefing has been moved to next year’s strategic plan.

Updated Briefings – 26 out of 30 have been updated.

Webinars – Three out of four are complete. The latest webinar *Managing a Difficult Customer* was well received and had around 75 participants.



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Danelle Shamrell asked Jeanne if the webinar was recorded and available to listen to after the presentation. Jeanne said typically they are not unless there is demand for a recording.

HR Compliance Assessment Phase I – Jeanne pointed out that a lot of assessments were still not fully implemented however, many are continuing to work on their recommendations. 8 out of 11 assessments have been accomplished for the current fiscal year. Round Mountain, White Pine School District and Boulder City have requested to move their assessments to next fiscal year.

HR Compliance Assessment Phase II – Jeanne stated that Carlin and Nevada Rural Housing Authority continue to work on their recommendations. Three out of six assessments have been accomplished this fiscal year. Douglas County has requested to have their assessment moved to next fiscal year.

There were no additional comments after Jeanne’s review.

- b. Nevada Rural Jobs website** – The numbers remain consistent from month-to-month. The Cowboy Territory continues to receive the most hits.

5. For Possible Action: Report on Other Activities

- a. HR Problem-Solving Reports** – These are unique issues that were addressed in the last quarter.
- b. Report on Employment-Related Claims** – Jeanne pointed out that the school district claims have gone down significantly this year; however, Jeanne advised two large settlements involving school district will appear on future reports.

6. For Possible Action: PRI Proposal for Expanded Services

Jeanne began by explaining this was requested by Mike Rebaleati of Eureka County. Eureka County has had difficulty in the past hiring and retaining employees in HR. Due to this, Mike asked if PRI could step into that role for the County. Jeanne advised the committee that the proposal had already been presented to the Executive Committee with overwhelming support. This program would be on a pilot basis for only Eureka County for one year. Neal Freitas and Jeanne Greene would be the primary contacts for the County and they would split their time traveling to the County and spend two days a month working with the supervisors and employees.

Curtis asked Jeanne if there was available time without impacting other services with existing staff. Jeanne stated that the Executive Committee had approved additional employees to be hired if needed.

Danelle Shamrell stated that they had a similar service years ago when Nye County did not have an HR Manager.

Curtis added that the additional paid services were once offered by the old Larry Beller company. The problem that arose out of those paid services was that Larry focused on the billable services and



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the regular contracted services for members were not fulfilled. Curtis stated the larger members started complaining about the lack of service.

Jeanne elaborated that PRI is a non-profit organization. The additional fees assessed would be for a break-even point, PRI was not looking to make a profit.

Jose Delfin asked Jeanne how many employees are employed by Eureka County. Jeanne said presently there are 100 full time employees and 100 casual employees. Pat Whitten questioned if 40 hours per month would be enough time, considering difficult issues such as grievances. Jeanne replied to Pat that Eureka County does not have any unions, even for law enforcement. Jeanne also stated that Mike Rebaleati stated historically there have been one to two employee complaints per month, but there have been none submitted in the past three months.

Pat stated he was around when Larry Beller's contract was not renewed and he did not want to see the degradation of services as he had seen during that period of time.

Jeanne asked the committee for suggestions how not to short change the other members. Pat suggested getting feedback from the other members and the committee. Pat also asked if Eureka County had considered regionalization; that is, asking neighboring counties to assist with the HR function. Curtis elaborated that Eureka County already had relationship with Elko County with other services.

Curtis suggested that the pilot should only be for six months. That way there is time to see how it develops. He also mentioned that many small organizations could benefit from the same type of service.

Jeanne advised the committee that the proposal for expanded services was discussed at length internally. The concern for not doing this service is having members contract with an outside vendor. The vendor may not provide advice consistent with POOL/PACT.

Pat Whitten asked if the school district was in a position to assist with HR services. Jeanne stated that in her opinion, they would not be able to take on this task.

Jeanne stated that Mike Pavlakis was reviewing the language for an independent contract. She stated that language could be added to evaluate the program after six months as well as write in language that the contract can be terminated without penalty. If the proposal is approved, the services will begin on July 1st.

Pat Whitten commented that many members may see this as a cost savings tool and questioned if this will affect other members decisions to recruit for an HR position or contract with POOL/PACT HR.

Jose asked if the position was currently vacant in Eureka County. Jeanne advised the position was vacant and the Commission has no intentions to recruit for the position.

Jeanne pointed out some of the bullet points involving training for supervisors and managers including *Investigations* training from Ann Alexander and Becky Bruch. Also FRISK and mediation



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training would be provided. Jeanne stated that she hoped to put the supervisory employees in a position that they would not have to rely heavily on POOL/PACT to handle those employee issues.

Both Pat and Curtis commented that termination language was crucial in the contract. Jeanne offered to email a draft of the contract before the joint board meeting.

Danelle Shamrell asked if this could be a mentoring program to assist getting the right person in the position at a later time. Jeanne replied that in this particular case, the County was not looking at that. Jeanne stated that her concern is how managers and employees are going to feel about having an HR person who is not there day-to-day.

Geof Stark stated he was concerned that this service would become a large part of the services offered and thought a separate branch of PRI would be needed if this grows. Jeanne said that was considered and if this program grew, additional staff would be hired and work specifically with these contracts but have full access to all of POOL/PACT HR's resources such as policies, forms, and trainings.

Curtis Calder said if this move on the part of Eureka County is perceived as a cost savings, then neighboring counties would take issue with that considering the financial situation that Eureka is in compared to the others. Jeanne stated that she thought the reason for this is because it is difficult to recruit a qualified individual.

Jeanne stated that if approved, this service would be put on the agenda and reviewed quarterly at every Oversight committee meeting.

Pat Whitten made a motion to approve on a one-year pilot basis noting the reservations and conditions of members of the committee. Tracy Walters seconded the motion. Motion was carried.

7. For Possible Action: HR Scholarship Application Approval

Jeanne stated the application presented was for Sheena Barnes with Nye County School District. She submitted an application for approval to attend mediation training. Jeanne pointed out that Sheena has a master's degree in HR and the Nye Schools Superintendent stated she is a long term resident of Pahrump. The cost is roughly \$2,500 to attend the training. Curtis Calder made a motion to approve with the condition not to exceed \$3,000. Pat Whitten seconded the motion. Motion was carried.

Jeanne provided a follow up to the committee on the four applicants that had already been approved for the PHR/SPHR. All four are set to test in May or June.

8. For Possible Action: HR Assessment Grant Application Approval

The application for Elko Central Dispatch Administrative Authority was presented to the committee. Curtis abstained from the vote due to being on the organization's board. Robert Quick made a motion to approve the application as presented. Cindy Hixenbaugh seconded the motion. Motion was carried.



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

The next meeting will be held June 20, 2014, 10:30 a.m., in Carson City.

10. Item: Public Comment:

Jeanne encouraged the committee members to attend the full board meeting on April 24th and 25th in Reno to express their comments about the proposal for expanded services. Pat Whitten added that Friday would be the day to attend if it was difficult for anyone to come both days.

Jeanne also advised the committee that Debbie Connally had moved out of state and was telecommuting. Jeanne also let the committee know about the upcoming HR seminar which was scheduled for October 2nd and 3rd in Reno. An email to register for the seminar would be sent out either Friday or Monday.

11. For Possible Action: Adjournment

Curtis Calder called the meeting adjourned at 11:40 a.m.



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DRAFT
**Minutes of Meeting of
Loss Control Committee of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: January 16, 2014**

1. Roll

The meeting was called to order by Chairman Cash Minor at 10:00 a.m. Ann Wiswell confirmed that a quorum was present.

Members present: Cash Minor, Bob Spellberg (Gardnerville Ranchos GID), Shannon Gardner (Storey County), Kevin Curnes (Carson City School District), Dan Murphy (Pershing County School District), Steve West (Winnemucca), Geoff Stark (Churchill County)

Others present: Ann Wiswell, Wayne Carlson, Kim Otero, C.J. Larsen

2. Public Comment:

none

3. For Possible Action: Approval of Minutes of Committee Meeting of March 14, 2013

Upon motion and second the minutes were approved.

4. For Possible Action: Consideration and Approval of Risk Management Grant Application submitted by City of Lovelock

Upon motion and second the grant application for the mobile video recorder equipment was approved.

5. For Possible Action: Consideration and Approval of Risk Management Grant Application submitted by City of Mesquite

Upon motion and second the grant application for ProQ&A dispatch center quality assurance software was approved.

6. For Possible Action: Discussion of POOL/PACT e-learning program and learning management system

Ann Wiswell reported on the status of the e-learning program. Since program inception POOL/PACT has been using an open source learning management system (LMS) called Moodle. It has served the group well, however substantial custom programming has been necessary to

obtain the reports needed and allow members to effectively manage their user groups. Several members had expressed their growing dissatisfaction with the LMS. Geoff Stark commented that he too had experienced difficulty with the program and felt it was time to look for a new program. The committee directed staff to assemble an advisory group to provide staff feedback on various LMS.

7. Discussion of Loss Control Excellence Program, application deadlines and presentation of awards

The committee discussed the new electronic format of the loss control excellence program. Only two members have completed the online survey. Ann suggested that the committee impose submission deadlines and that more effort be made to promote the program, including a formal awards presentation at the annual board meeting. Upon motion and second the committee established October 1 and March 1 as deadlines for survey submissions and directed staff to make necessary arrangements for an awards presentation.

8. For Possible Action: Review and Approval of Strategic Plan

The committee reviewed the progress on the three year plan which expires in 2015. Additional strategies to address cyber security risk, school security risk, and online learning were added to the plan.

9. Public Comment

None

10. For Possible Action: Adjournment

Upon motion and second, the meeting was adjourned.

Assigned to PARMS/Risk Management

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

Objectives:	Strategies	Target Date	Progress/Status Report
Goal: Enhance Communications with Members and Access to Information			
Implement Written Communications Plan			
Written plan to address:			
periodic print publications;	Risk Management Bulletins	FY 2012-15	ongoing; periodicals
online communications;	Website enhancements; Pooling Perspectives newsletter	FY 2012-15	ongoing; periodicals
meeting and conference materials;	Board packets, RM Conference materials, banners, giveaways	FY 2012-15	ongoing; periodicals
media relations and public relations materials;	Industry association communications, member orientation tools	FY 2012-15	ongoing; periodicals
marketing and sales tools;	targeted communication pieces; LCEP, Property Risk Control, ELearning brochures	FY 2012-15	ongoing; periodicals
committee and board communiques;	Web Meetings, enhanced meeting tools (Connect)	FY 2012-15	ongoing; periodicals
annual reports;	Access online and in print	FY 2012-15	ongoing; periodicals
Enhance & Market POOL/PACT E-Learning Program			
Curriculum development, Schools	Bloodborne Pathogens for Schools	FY 2012-15	completed
	School Bullying	FY 2012-15	in development FY 2014 incorporated into violence/threat assessment
	School Intruders	FY 2012-15	completed
	FERPA:Confidentiality of Records	FY 2012-15	completed
	School Violence and Threat Assessment	FY 2012-15	in development FY 2014
	Child Abuse: Identification & Intervention	FY 2012-15	completed 2013
Curriculum development, Safety & Environmental	Office Ergonomics	FY 2012-15	completed
	Hazard Communication	FY 2012-15	completed
	Slips, Trips and Falls	FY 2012-15	completed
	Respiratory Protection Programs	FY 2012-15	in development FY 2014
	Preventing Back Injuries	FY 2012-15	completed
	Confined Spaces	FY 2012-15	completed 2013
	Lockout/Tagout	FY 2012-15	completed 2014
	Snow & Ice Management	FY 2012-15	completed 2015
	Automobile Safe Driving	FY 2012-15	completed
Curriculum development, Risk Management for Public Entities	PERI Series	FY 2012-15	tabled; PERI folded tabled; webinars more appropriate means of keeping current on changing laws
Curriculum development, Law Enforcement	High Risk Critical Task training content provided by PATC	FY 2012-15	FY 2014
Moodle LMS enhancements	Track on ground training	FY 2012-15	FY 2014
	Moodle being replaced with new LMS	FY 2012-15	FY 2014
	Host webinars and instructor led courses	FY 2012-15	expanding FY 2013-15
	one to one member meetings, newsletter links and announcements, print material, POST, DOE and HR promotion	FY 2012-15	ongoing
Market & Promote E-Learning Program			
Goal: Plan, promote and implement risk management initiatives to reduce liability and protect public assets.			
Evaluate loss trends	Quarterly review of large losses; monthly review of loss development		ongoing

PARMS_Risk Mgmt.

Monitor Swimming Pool exposures and continually train operators	Inspect each swimming pool every three years; host annual Swimming Pool Operators certification course.	annually	completed for southern regions in 2012; N Nevada to complete 2013, Eastern Nevada 2014
Monitor electrical hazards in aging buildings	Conduct thermal imaging surveys of select buildings based on COPE data	annually	completed for central regions in 2012; eastern to complete 2013, northern in 2014
Plan, promote and implement risk management initiatives to address exposures unique to school districts	Host workshops on relevant topics	FY2012-2013	threat assessment plans, concussion risk FY 2013-14
	Webinar series on student affairs policies	FY2012-2013	completed 2013
	Circulate UE publications	FY2012-2015	ongoing;periodicals
Plan, promote and implement risk management initiatives to address exposures unique to law enforcement agencies	Constitutional Law Update	annually	
	Implement standardized policies	annually	
	Provide SkidCar training to four regions once per year	annually	
	Deliver Emergency Management Dispatch Training	quarterly	completed FY2012; 2013 scheduled
Deliver Elected Officials Liability Training Workshops	Public Officials Liability	FY2012-2015	completed 6 regions for FY2012-2013
	Open Meeting Law	FY2012-2015	completed 6 regions for FY2012-2013; developing online for 2014
	School Board Legal Liability	FY2012-2015	completed 6 regions for FY2012-2013
	Positive Governance	FY2012-2015	completed 6 regions for FY2012-2013
	Ethics	FY2012-2015	completed 6 regions for FY2012-2013; developing online for 2014
Risk Management Contract Review	Review member contracts for risk transfer, assumption of liability and insurance requirements	FY2012-2015	ongoing
Risk Research Projects	Conduct ad hoc research and publish relevant findings to membership in newsletters and rm bulletins	FY2012-2015	ongoing
Wellness programs	Promote Cardiac Wellness to Law Enforcement and Fire agencies	annually	done 2012-2013

Loss Control

Assigned to: Loss Control Control Committee

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

Objectives:	Strategies	Target Date	Progress/Status Report
OSHA and ADA Compliance	Accessibility Surveys as requested	FY2012-15	City of Fernley FY2012;
			Fernley, Douglas County FY 2012; Eureka School Dist.,
	Playground Surveys as requested	FY2012-15	White Pine School Dist FY 2013
			Lyon County School District , Storey County FY 2012
	Premises Site Surveys	FY2012-15	Storey County School Dist., IVGID FY 2013
	MSDS Online Web Service expansion of scope	FY2012-15	completed 2013
	HAZCOM Globalization Harminization Systems (GHS)	FY2012-15	Carson Valley entities FY 2012, Boulder City & IVGID
			FY 2013; GHS course included for elearning 10/2013
	Promote and deliver Fire Extinguisher Training Program	FY2012-15	IVGID, Storey County, Douglas County FY 2012; Carson
	Respirator Fit Testing Program	FY2012-16	Valley entities FY 2013
ADA training on 2010 Accesibility Design Standards	FY2012-15	ongoing	
		two webinars delivered (ADAOne)	
		none in 2012; Nye County FY 2013 tbd; Carson City &	
		Boulder City FY 2014	
		Boulder City FD City of Elko, City of Fernley, Crescent	
		Valley VFD, White Pine SD, City of Ely, Eureka County,	
		Fallon, Mesquite, Nye County, Paurump, Sierra VFPD,	
		Truckee Meadows Fire , Winnemucca FY 2012. Lander	
		County, Elko , West Wendover FY 2013	
E-Learning Curriculum Development	Respiratory fit testing services	FY2012-15	
	Deliver training; e-learning module, webinars and conference session	FY2012-15	
	Develop new online training courses	FY2012-15	
Emergency Planning and Disaster Management	Earthquake preparedness and response training	FY2012-15	
	Earthquake nonstructural hazard mitigation workshops using Belfor	FY2012-15	
	Coordinate with local emergency planning officials	FY2012-15	none in 2012
Claims Analysis/Benchmarking	Committee evaluates major POOL/PACT trends	FY2012-15	semi annual review of PACT; last reviewed 3/2013
	Aging workforce trends	FY2012-15	
	EMC/First Responder back injury rates and the impact of the Stryker Grant Program.	FY2012-15	
			Churchil County , Carson City Schools FY 2012, Central
Wellness/Body Mechanics	Ergonomics, Back Injury Prevention; Wellness education & awareness	FY2012-15	Lyon County FD FY 2013
	Bloodborne Pathogens, CPR training	FY2012-15	
	FitResponder Program for EMS	FY2012-15	Boulder City FY 2012; Tahoe Douglas FD FY 2013
Auto/Driver Safety training	4 Hour defensive driving as requested	FY2012-15	
	School bus safety training courses	FY2012-15	
	Skidcar instructor training and courses for members	FY2012-15	none in 2012; Boulder City FY 2013
Inform & Educate Members on risk management topics	Sponsor the annual PRIMA Chapter conference in lieu of the Loss Control Retreat.	FY2012-15	Reno FY 2014
Loss Control Excellence Program	Develop 2 new members per year	FY2012-15	
	Promote continuation awards	FY2012-15	ongoing
	Launch online LCEP self-evaluation tool	FY2012-15	completed FY2013
	Promote risk management through funding of training, compliance and acquisition of safety equipment	FY2012-15	
Risk Management Grant Program	Promote risk management through funding of Stryker emergency services equipment grants	FY2012-15	fully funded 8/1/12
	Monitor and revise grant program as necessary	FY2012-15	revised 7/2012
Enhancing POOL/PACT member communication	Internet/email based marketing and registration for Webinars, workshops, etc.	FY2012-15	ongoing; Constant Contact
	Risk Research Bulletins	FY2012-15	

Human Resources Management

Responsible Committee: HR Oversight

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

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

Objectives:	Action Plans	Target Date	Progress/Status Report
Develop and Revise Training Courses	Develop two new instructor-led training courses.	Annually	FY2013, Completed
	Update and revise three instructor-led training courses.	Annually	FY2013, Completed 19, three in process
	Provide regional workshops utilizing outside resources.	Annually	FY2013, Completed 11
	Offer six regional training courses throughout the State.	Annually	FY2013, Completed 11, 14 in process
	Offer four mandatory on-line training courses for new employees.	Annually	FY2013, Completed
Enhance and Market Online Training Communications and Access to Information	Research and implement new methods of delivering training.	FY2013	Not complete, delayed to 2014
	Market and promote e-learning and webinars.	Annually	FY2013, Completed
	Develop three new briefings.	Annually	FY2013, Completed, four new briefings developed
	Update ten briefings.	Annually	FY2013, Completed, 28 briefings updated
	Maintain a library of 200 job descriptions	Annually	FY2013, Completed
Continue to Improve Use of Technology	Issue alerts as needed.	Annually	FY2013, Completed, six alerts issued
	Conduct three to six webinars on timely issues as necessary.	Annually	FY2013, Completed three, one in process
Conduct HR Practices Assessments	Update and maintain HR documents on website	Annually	FY2013, Completed
	Offer HR compliance assessment program to a minimum of ten members.	Annually	FY2013, Completed eight, three organizations requested to be rescheduled to next year
Develop and Deliver Member Service Plans	Develop member service plans to include trainings, briefings, and policy development.	Annually	FY2013, Completed
Maintain Sample HR Policies	Annually review, update, and create new sample policies for small organizations, large organizations, schools and CDL holders.	Annually	FY2013, Completed
Coaching and Problem Solving	Assist members with HR-related issues by providing advice and consultation.	Annually	FY2013, Completed
New Services	FRISK documentation training	Annually	FY2013, Completed, ten trainings offered
	Develop and offer HR assessment, phase II	Annually	FY2013, Completed three, two tentatively scheduled
	Create database of collective bargaining concessions	FY2012	FY 2013, Completed with updates
	Contract with labor expert for training	Annually	FY2013, Completed, ten sessions offered
	Contract with labor expert for reduced rate	FY2012	Completed

Claims

Assigned to: ASC/PARMS

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

Objectives:	Strategies:	Target Date	Progress/Status Report
POOL			
Excellence in claims management	POOL claims audit every two years POOL claims audit every two years	2013 2015	Audit completed week of March 18, 2013. Results reported at 2013 POOL/PACT Board meeting # of litigated claims closed in 2013 calendar year=78. Total paid in legal expense \$2,546,344.80. \$1,602,598.86 was for the Canal Breach claim. Average legal paid on other than Canal Breach claim is \$12,417.71 per claim. Total indemnity paid \$6,487,115.60. \$6.3 million was for the Canal Breach claim. Average indemnity paid on other than the Canal Breach is \$2,462.05 per claim. All claims other than the Canal Breach resolved for less than the SIR. 67 cases closed with no indemnity payment. 7 cases closed with indemnity payment < \$25,000 authority. 1 case closed with indemnity payment between \$25,001 and \$50,000. 1 case closed with indemnity payment of \$70k.
Reduce claims severity	Use effective litigation management; # cases resolved < authority, < \$50,000 and < SIR Large loss report (cases with total incurred xs \$100k)	annually annually	Will be presented at the 2014 Board meeting Donna attended UE Conference in September. Jasmine attended ETS HR Seminar and Damages in Personal Injury Seminar in October. Donna and Diane attended CRL conference in November. Donna attended dri Conference on Governmental Tort Liability & Civil Rights in January. Donna and Jasmine attended Litigation Strategy Workshop in February. The Large Loss Report and Stewardship reports are presented annually at the POOL PACT Board Meetings and incorporate trends analysis.
Develop claims adjuster capabilities	Attend two HR and one Law Enforcement training course; attend litigation workshop Conduct lessons learned workshop and publications from case histories ; Trends Reports	annually annually	Litigation Strategy Workshop held February 28, 2014
Enhance members understanding of loss trends and risks Enhance defense and members' counsel capacity to prevent and contain litigation	Assist Members with internal claims management and prevention; Conduct litigation strategy educational workshop Train members on internal claims reporting, adjusters role, members role	annually annually ongoing	
PACT			
Excellence in claims management	PACT claims audit every two years PACT claims audit every two years Police/fire members cardiac wellness program expand to more members	2012 2014 ongoing	completed 4/2012 Worked with ARC to bring standardized, improved annual physicals to Nye County, Mineral County, White Pine County. CWP expansion is handled by Specialty Health.
Reduce claims severity			Met with 26 PACT members this past year: Douglas County, Lander County & School District, Battle Mountain Hospital, City of Mesquite, Lincoln County & School District, City of Boulder City, Nye county, Town of Pahrump, White Pine County & School District, Elko County, Eureka County, IVGID, Central Lyon County Fire District, City of Wells, City of West Wendover, City of Ely,Mt. Grant Hospital, Grover C. Dils Hospital, City of Caliente, City of Carlin, City of Elko, Truckee Meadows Regional Planning Agency, and N. NV Railway Museum PPHR prepared form to document pre-existing conditions to preserve access to SIF 2/2013. ASC screens all claim related medical reporting for information concerning preexisting medical conditions, prior surgeries and prior injuries and sends an SIF notification to the PACT member promptly to convey knowledge of the condition for potential SIF recovery in the event of future accident/injury involving the preexisting condition. ASC screens all new claims for potential SIF recovery. Nine claims are currently under workup for potential SIF recovery. Monthly meetings are held with SH for review of complex claims selected for case management. All request for surgery, physical therapy and diagnostic testing (other than x-rays) are submitted to SH for preauthorization utilization review. All new claims are submitted to SH for Medical Director review of diagnosis correlation to injury mechanism. All claims meeting prespecified injury criteria (major joint or spine involvement, etc.) are assigned for MCO case management.
Assist members' understanding of loss causes and trends	Produce annual claims trend analysis reports and review with members during quarterly visits	ongoing	
Utilize Subsequent Injury Fund	Identify potential SIF cases and file timely Consult for medical management of difficult cases; identify potential heart/lung problems in any claim for fire or law enforcement; involve SH in cardiac wellness training	ongoing ongoing	
Utilize SpecialtyHealth MCO		ongoing	
Train members on claims management practices	Utilize SH to identify potential medical complexities in all new claims Train members on internal claims communications with employees, adjusters role, members role, SH role with filing claims, evidence preservation, documnetation, and claim reviews.	ongoing ongoing	
	Conduct quarterly visits with members for training purposes on rotating basis.	annually	Met with 26 PACT members this past year: Douglas County, Lander County & School District, Battle Mountain Hospital, City of Mesquite, Lincoln County & School District, City of Boulder City, Nye county, Town of Pahrump, White Pine County & School District, Elko County, Eureka County, IVGID, Central Lyon County Fire District, City of Wells, City of West Wendover, City of Ely,Mt. Grant Hospital, Grover C. Dils Hospital, City of Caliente, City of Carlin, City of Elko, Truckee Meadows Regional Planning Agency, and N. NV Railway Museum

Assigned to: Executive Committee & PARMS Jointly

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

Objectives:	Strategies:	Target Date	Progress/Status Report
Goal: Grow Members net assets; Increase Financial Strength of Pools			
Grow net assets of each pool and captive	POOL & PACT: Target at least 15% average net assets growth per year over rolling 4 year cycles;	annually	slightly below target (-0.6%) this cycle
Maintain net assets to highest SIR ratio of at least 12:1 for each pool	POOL: continue to grow above target to enable increased retention - SIR \$500,000 = \$6,000,000	annually	31.1% growth over 4 years even with amorization of contributions to captive
	PACT: continue to grow above target to cushion for increased retention - SIR \$500,000 = \$6,000,000	annually	6.6% decline over 4 years; reduction due to amortization of captive contributions
Enhance boards' understanding of financial results	Produce M D & A reports showing critical benchmarks and financial performance ratios; review with Boards	annually	done 11/2012; 11/2013
	Provide actuarial summary each board meeting	annually	4/2012; 4/2013; 4/2014
	Prepare annual report with financial audit	annually	4/2012; 4/2013; 4/2014
	Include fiscal impact notes in budget documents showing overall effect of changes	annually	4/2012; 4/2013; 4/2014
	Review budgets with Executive Committees; include discussion of actuarial confidence level selection and allocation methodology	annually	3/2012; 3/2013; 3/2014
Goal: Grow Leadership Capacity of Pools			
Enhance board leadership	Executive Committees attend AGRIP trustees training	annually	10/2012; 10/2013; 3/2014
Board & Member Development	Conduct new board member orientation	annually	4/25/2013; 4/25/2014
	Conduct board development training at annual meeting	annually	4/26/2012; 4/25/2013; 4/24/2014
	Conduct member orientations about POOL/PACT programs and services	annually	4/25/2013; 4/25/2014
Strengthen Services Delivery	Monitor strategic plan progress on goals and review objectives	annually	done
	Monitor service provider performance	annually	done
	Require annual stewardship reports from service providers	annually	done
Monitor Legislation and Regulation	Utilize lobbyist effectively during legislative sessions	bi-annually	2013 session; 2014 interim
	Participate in regulatory process for Division of Insurance and Division of Industrial Insurance Regulation	annually	2013; 2014
Monitor Board Retreat Action Items		FY2012-2015	
Member Needs: Assigned to HR OSC	<ul style="list-style-type: none"> v Human resources expanded and consulting/education v High level human resources services v Central hiring services (single input application process, candidate database, background checks, initial application scoring, etc) – PRI coordinate; HR OSC issue from retreat 		refer to HR report
Shared Services: Assigned to PARMS;	<ul style="list-style-type: none"> v Technology v Information technology support services 		refer to Executive Director report
Social Media: Assigned to HR OSC and PARMS	<ul style="list-style-type: none"> v Guidelines for use v Policy standards (best practices) 		refer to HR report
Technology: Assigned to PARMS	<ul style="list-style-type: none"> v Information technology shared services, cloud services v Information technology support 		refer to Executive Director report
Resistance to Change:	<ul style="list-style-type: none"> v Communicate 		
Once changes identified, assign to SmartBrand to develop educational/communication campaign	<ul style="list-style-type: none"> v Educate 		

Audit Year Ended June 30	POOL Net Assets	PACT Net Assets	Combined Net Assets	% Change vs. Prior Year	Surplus to Retention Ratio - POOL	Surplus to Retention Ratio - PACT
2013	\$ 31,185,669	\$ 44,707,193	\$ 75,892,862	-0.6%	62.37	89.41
2012	\$ 29,769,405	\$ 46,546,686	\$ 76,316,091	2.5%	59.54	93.09
2011	\$ 26,261,322	\$ 48,159,833	\$ 74,421,155	3.8%	52.52	96.32
2010	\$ 23,786,160	\$ 47,888,678	\$ 71,674,838	10.4%	47.57	95.78
2009	\$ 19,232,942	\$ 45,671,608	\$ 64,904,550	12.1%	38.47	91.34
2008	\$ 16,701,095	\$ 41,198,184	\$ 57,899,279	22.4%	33.40	82.40
2007	\$ 15,084,263	\$ 32,236,857	\$ 47,321,120	40.2%	30.17	64.47
2006	\$ 12,178,425	\$ 21,583,118	\$ 33,761,543	68.1%	24.36	43.17
2005	\$ 8,256,650	\$ 11,831,519	\$ 20,088,169	44.3%	16.51	23.66
2004	\$ 6,878,950	\$ 7,042,968	\$ 13,921,918	12.9%	13.76	14.09
2003	\$ 7,332,480	\$ 4,999,128	\$ 12,331,608	35.3%	14.66	10.00
2002	\$ 6,075,569	\$ 3,040,280	\$ 9,115,849	20.1%	12.15	6.08
2001	\$ 5,097,350	\$ 2,495,869	\$ 7,593,219		10.19	4.99
Net Asset Change between 2010-2013	\$ 7,399,509	\$ (3,181,485)	\$ 4,218,024	899.5%	% Change since 2001	Excess of Target 15% Annually
Net Asset Change between 2001-2009	\$ 14,135,592	\$ 43,175,739	\$ 57,311,331	69.2%	Average Annual	54.2%
	31.1%	-6.6%				

Audit Year Ended June 30	POOL Net Assets	% Change vs. Prior Year	Audit Year Ended June 30	PACT Net Assets	% Change vs. Prior Year
2013	\$ 31,185,669	5%	2013	\$ 44,707,193	-4%
2012	\$ 29,769,405	13%	2012	\$ 46,546,686	-3%
2011	\$ 26,261,322	10%	2011	\$ 48,159,833	1%
2010	\$ 23,786,160	24%	2010	\$ 47,888,678	5%
2009	\$ 19,232,942	15%	2009	\$ 45,671,608	11%
2008	\$ 16,701,095	11%	2008	\$ 41,198,184	28%
2007	\$ 15,084,263	24%	2007	\$ 32,236,857	49%
2006	\$ 12,178,425	47%	2006	\$ 21,583,118	82%
2005	\$ 8,256,650	20%	2005	\$ 11,831,519	68%
2004	\$ 6,878,950	-6%	2004	\$ 7,042,968	41%
2003	\$ 7,332,480	21%	2003	\$ 4,999,128	64%
2002	\$ 6,075,569	19%	2002	\$ 3,040,280	22%
2001	\$ 5,097,350		2001	\$ 2,495,869	
Net Asset Change between 2011-2013	\$ 4,924,347	% Change since 366.6% 2001	Net Asset Change between 2011-2013	\$ (3,452,640)	1691.2% % Change since 2001
Net Asset Change between 2001-2010	\$ 18,688,810	28.2% Average Annual	Net Asset Change between 2001-2010	\$ 45,392,809	130.1% Average Annual
		Excess of Target 13.2% 15% Annually			Excess of Target 115.1% 15% Annually

Executive Director's Report April 2014

POOL and PACT Budgets:

The budgets reflect current economic conditions and a continuation of the actuarial 70% confidence level for funding. Amounts generally are flat or reduced with the exception of the PACT presumptive benefits post-employment rate that is scheduled to increase by 10% based per board policy. It is anticipated that medical inflation, while moderating, will continue to pressure PACT rates and substantial presumptive benefits losses can surprise at any time. For POOL, we expect a moderate increase in the schools' liability costs due to a couple of very substantial settlements this year. Property rates should be stable and other liability rates also should be stable. Overall, the budget adds 3% to the gross assessments.

Amortization of contributions to the captives continues to reduce results from operating income, although that is a planned conservative strategy to grow the captives. PACT's loss of members to self-insurance pressures expenses. A modest shift of the HR grant costs more to POOL than PACT was approved by the Joint Executive Committee since more issues are liability driven. Other costs have been reduced as well, but a reduction in net income even without amortization will occur. PACT has accumulated substantial reserves from positive years, so overall financial standing remains sufficient.

To demonstrate the volatility risks, two heart claims from incumbent employees led to reserve increases in later years that affected 2004 by \$1.9 million and 2007 by \$1.3 million. PACT retained a significant part of each of these losses, but they also affected reinsurers, thus total program costs. We saw unusual volatility in POOL in 2008 with the earthquake and canal breach litigation. Retaining sufficient net assets to absorb these shock losses is important to the long-term viability and stability of these pools.

Both program budgets rely on a 70% actuarial confidence level to generate sufficient margin. If the ratable exposures differ, gross POOL/PACT revenues will be affected as will potential reinsurance costs. The draft budget will need further revision following receipt of quotes prior to and at the annual board meeting after renewal decisions are reached.

PRI's grant budget reflects the planned increase in the current grant amount. PRI has built a reserve of a full year's grant and continues to operate at a modest margin.

NPAIP Service Provider Agreements Renewing in FY 2014-15:

Public Agency Risk Management Services, Inc.: term ends 7/1/14 with 2 year extension option – renewal proposal at reduced cost for five-year term was approved by Joint Executive Committee subject to ratification by boards.

SpecialtyHealth MCO/Cardiac Wellness Program: ends 7/1/2014 – new 3 year contracts were approved by Joint Executive Committee subject to ratification by boards.

Global Options: ends 7/1/2014 – Joint Executive Committee agreed to nonrenewal due to service problems; replaced by using ASC corporate national service provider G4S.

NPAIP Building Leases Renewing in FY 2014-15:

CCMSI lease agreement effective 1/7/2013 (2 yr term)

Nevada Sagebrush Ecosystem Project lease agreement effective 2/1/2013 (has 2 yr option)

Broadband Services: An agreement to add 100 megs initially, then 150 megs, shareable broadband data transfer capability from the POOL building to a data center in Reno (point to point) was entered into with Charter. Subsequent to the agreement the State agency tenants were advised they could not use Charter due to State's exclusive agreement with AT&T. AT&T's proposal to the State agency tenants was much higher than Charter and contained restrictions that would not be beneficial to the POOL for a joinder contract with the State. The Joint Executive Committee authorized the State agency tenants to install AT&T cable for their use and at their cost and approved Charter for the POOL as long as there was sufficient facility capacity to install both. Subsequent to the meeting, it was confirmed that space was available for both systems and staff proceeded accordingly.

Renewal Strategies:

POOL:

The property coverage program is placed through Willis Re in various syndicates at Lloyds of London. We have scheduled our renewal negotiations in London during the week of April 1-4, 2014. Wayne Carlson and Bob Lombard of Willis Pooling met with the various syndicates and Willis Re London. Property market conditions have shown some rate decreases due to increased market capacity. Our broker indicates that we should be able to negotiate favorable rates based upon our experience and long term relationships. We will request an option to change the retention from \$250,000 with a \$250,000 corridor to \$500,000.

Public Risk Mutual will offer renewal at current terms, but also may take up additional coverage layers in both property and liability depending upon opportunities to grow participation and reaction to renewal terms from other reinsurers.

County Reinsurance, Ltd. (CRL), a member owned captive insurance company in which NPAIP placed a substantial capital contribution, reinsures the liability layer of \$2,500,000 above the POOL retention of \$500,000 on an 80% quota share basis with PRM bearing 20%. CRL preliminary indications are for a nominal overall rate increase.

United Educators writes a liability limit of \$1,500,000 excess of the POOL's \$500,000 retention. Unfortunately, there have been substantial losses settled in 2013 in that layer that put modest upward pressure on rates. UE has been a very stable, cost effective partner. UE is a member-owned captive risk retention group in which POOL has a subscribers' surplus account. We intend to continue this relationship but will consider an alternative structure as necessary, perhaps utilizing our PRM capacity.

Government Entities Mutual (GEM), a member owned captive insurance company in which NPAIP placed a substantial capital contribution, reinsures the layer of \$2,000,000 above the POOL retention of \$3,000,000. Rates are expected to remain stable.

Brit reinsures liability limits of \$5,000,000 excess of the POOL/PRM/CRL/GEM combined \$5,000,000 retention. Rates are expected to remain stable.

Our equipment breakdown reinsurer is Travelers Boiler Re which provides a \$60,000,000 limit with various sublimits. Since their limits and pricing have been stable for several years now, we anticipate renewal with them as our best option.

POOL purchases both a property and a liability terrorism policy on a standalone basis. TRIA is subject to Congressional debate over reauthorization since it is due to expire 12/31/2014. Some insurers are sending warning notices that terrorism coverage may be limited or altered if TRIA is not renewed. We are working with our insurers on these issues.

PACT:

PACT retains \$750,000 on all classifications plus a \$500,000 corridor deductible. We will request removal of the corridor in exchange for a higher retention as an option.

Public Compensation Mutual (PCM) reinsures \$250,000 excess of \$500,000 within the PACT retention and maintains a quota share agreement with CRL in which CRL bears 75% and PCM 25% of the next \$2,250,000. These amounts may be changed once renewal negotiations occur.

Safety National now attaches at \$3,000,000 and covers to statutory limits. Both PCM and Safety National provide 50% quota-share of the \$3,000,000 aggregate limit that attaches above a high aggregate retention along with PCM. We will evaluate changes in the quota share or excess attachment points.

PACT Cardiac Wellness Program:

Participation is growing slowly and we continue to promote the program to more agencies. We have had some success stories that demonstrate the efficacy of the program. SpecialtyHealth developed a promotional educational video that is quite convincing. It utilizes several local governmental agency employees as examples of the risks and successes. Their staff is making site visits with members to recruit participation.

SpecialtyHealth will present an update of the cardiac wellness program at the annual board meeting.

POOL Cyber Liability Program:

CRL established a relationship with NetDiligence and eRiskHub to provide training and resources on cyber liability issues for our members. They have developed a training program that was launched as a Webinar for POOL/PACT members along with the extensive risk management resources in the eRiskHub that members will be able to access. That website has extensive current information on risk management and cites resources that POOL members may wish to contract with for specific needs. The website will be co-branded for POOL/PACT. NetDiligence will be the advisor for initial response to a cyber breach via ASC.

Horizon Health



NEVADA PUBLIC AGENCY INSURANCE POOL AND PUBLIC AGE *

Employee Head Count 12,415

Reporting Period 03/01/2013 - 02/28/2014

Real solutions for real life

Utilization Definitions

Utilization Formula:

(Number of Services Requested / Number of Days in the Reporting Period) * 365 / Employee Head Count

Annualized Member Usage:

Measures the number of individual members requesting assistance for personal use.

Annualized Organizational Usage:

Measures organizational contact a member has with the EAP, including web site hits and training attendance.

Annualized Utilization Rate:

Combination of member usage and organization usage.

Total Usage

Member Usage	#	%	YTD
Face to Face Consultation Referral	219	57.0%	219
Telephone Counseling	0	0.0%	0
Clinical Assessment	41	10.7%	41
WorkLife	12	3.1%	12
Financial	5	1.3%	5
Legal	53	13.8%	53
General Information & Referral	53	13.8%	53
Benefit Integration	1	0.3%	1
Totals	384	100.0%	384
Annualized Member Usage		3.1%	3.1%

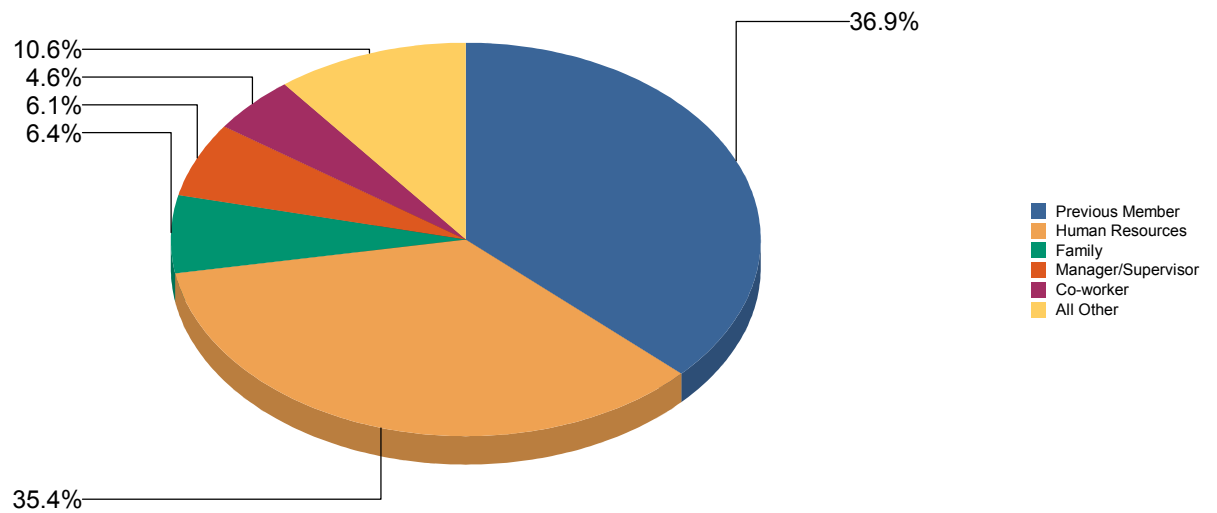
Organizational Usage	Event Counts	Participants	Length	YTD Participant Totals
Critical Incident Consultation	2			2
Critical Incident On-Site Consultation	1	10	2.00	10
Management Consultations	20			20
Training/Seminars	4	102	4.00	102
Professional Development / Coaching	0			0
Health Fairs / Open Enrollment	5	1100	44.00	1100
Company Group Meetings	0	0	0.00	0
Program Orientation / Supervisor Training	0	0	0.00	0
Web Hits	456			456
Totals	488	1212	50.00	1,690
Annualized Organizational Usage		13.6%		

Annualized Utilization Rate	16.7%	
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Referral Source

Referral Sources	#	%
Co-worker	15	4.6%
Family	21	6.4%
Health Fairs	4	1.2%
Human Resources	117	35.5%
Manager/Supervisor	20	6.1%
Medical	2	0.6%
Newsletter	1	0.3%
Orientation	3	0.9%
Other	12	3.6%
Previous Member	122	37.0%
Promotional Material	8	2.4%
Self-Referred	1	0.3%
Website	4	1.2%

Top Referral Sources



Member Services Demographics

Employee Work Status	#
Non-Management	215
Management	40
Terminated	0
Retired	0
Student	0
Declined	53
Total	308

Age	#
20 and Under	20
21-30	22
31-40	90
41-50	104
51-60	74
Over 60	20
Declined	0
Total	330

Gender	#
Female	192
Male	111
Unspecified	27
Total	330

Employee / Dependent Status	#
Dependent	22
Employee	308
Total	330

Union Status	#
Non Union	12
Union	0
Total	12

Geographic Breakdown

State	Percent
NV	96.97%

Primary Presenting Issues

Unhealthy Habits	#
Alcohol	5
Drug	4
Eating	0
Gambling	0
Internet	1
Sex	0
Tobacco	0
Other	0
Childhood	#
ADD/ADHD	0
Behavior Problems	2
Learning Disabilities	0
Other	10
Member Inquiry	#
EAP Benefit Inquiry	0
HRA/Stress Assessment	0
Other	0
Declined	#
Declined to Share	1

Personal	#
Anger Management	7
Anxiety	12
Depression	14
Grief/Loss	12
LGBT	0
Self-Esteem	1
Spiritual/Religious Concerns	0
Stress	22
Victimization/Trauma	5
Other	11
Relationship	#
Divorce/Separation	20
Family	42
Parent-Child	9
Spouse/Significant Other	46
Other	2
Risk of Violence	#
Abuse of Child/Elder/Disabled	0
Domestic Violence	0
Homicidal Thoughts	0
Self-Harming Behavior	0
Suicidal Thoughts	2
Threat of Workplace Violence	0
Other	0

Life Management	#
Academics	0
Adoption	1
Adult Care	2
Child Care	0
Concierge Services	0
Financial	6
Health Issues	4
Housing	0
Legal	56
Pregnancy/Prenatal	0
Transportation	0
Other	1
Workplace Issues	#
Absenteeism	0
Conflict - Co-worker(s)	6
Conflict - Management	4
Critical Incident	0
Harassment in Workplace	1
Loss/Reduction	0
Performance	6
Stress	8
Other	7

Primary Assessed Issues

Unhealthy Habits	#
Alcohol	1
Drug	2
Eating	0
Gambling	1
Internet	0
Sex	0
Tobacco	0
Other	1
Childhood	#
ADD/ADHD	0
Behavior Problems	0
Learning Disabilities	0
Other	0
Member Inquiry	#
EAP Benefit Inquiry	0
HRA/Stress Assessment	0
Other	0
Declined	#
Declined to Share	0

Personal	#
Anger Management	4
Anxiety	0
Depression	3
Grief/Loss	1
LGBT	0
Self-Esteem	0
Spiritual/Religious Concerns	0
Stress	2
Victimization/Trauma	1
Other	0
Relationship	#
Divorce/Separation	1
Family	1
Parent-Child	1
Spouse/Significant Other	1
Other	0
Risk of Violence	#
Abuse of Child/Elder/Disabled	0
Domestic Violence	0
Homicidal Thoughts	0
Self-Harming Behavior	0
Suicidal Thoughts	0
Threat of Workplace Violence	0
Other	0

Life Management	#
Academics	0
Adoption	0
Adult Care	0
Child Care	0
Concierge Services	0
Financial	0
Health Issues	0
Housing	0
Legal	0
Pregnancy/Prenatal	0
Transportation	0
Other	0
Workplace Issues	#
Absenteeism	0
Conflict - Co-worker(s)	3
Conflict - Management	2
Critical Incident	1
Harassment in Workplace	1
Loss/Reduction	0
Performance	4
Stress	3
Other	3

Face to Face Closed Cases & Referrals

Statistics	
Total Closed Authorizations	199
Total Closed Sessions	402

Resolution Statistics	#	%
No Referral Needed	142	71.4%
Member Referred	57	28.6%

Referral	
Community Resources	19
Insurance Plan	39
Total	58

Telephonic Services & Referrals

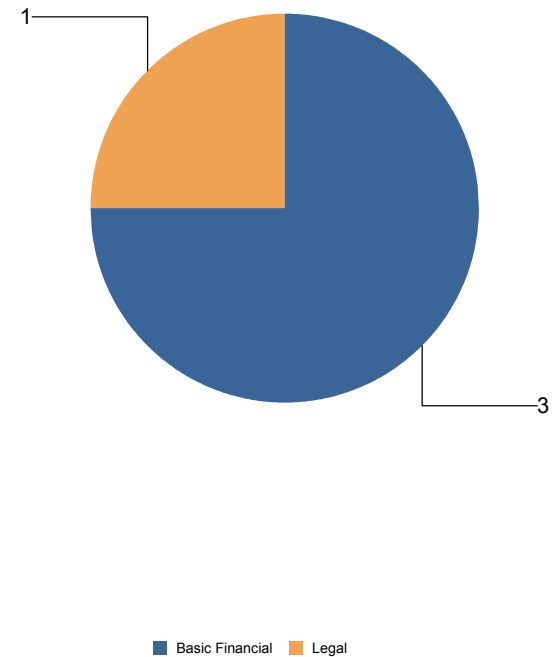
Services	#
Telephonic Counseling	0
Telephonic Sessions	0

Contacts	#
Follow-up Calls	171

General Information and Referral	#
Calls Explaining Services	50
Plan Sponsor Information Requests	3
Total	53

Resource Referrals	#
Basic Financial	3
Child Care	0
Child/Elder/Disabled Abuse	0
Debt Management	0
Domestic Violence	0
Elder Care	0
Employment	0
Health Care	0
Homelessness	0
Legal	1
Medical Clinics	0
Mental Health Clinics	0
Natural Disaster Resources	0
Prescription Assistance	0
Student Loans	0
Substance Abuse	0
Support Groups	0
Tax Assistance	0
Other	0
Total	4

Top Resource Referrals

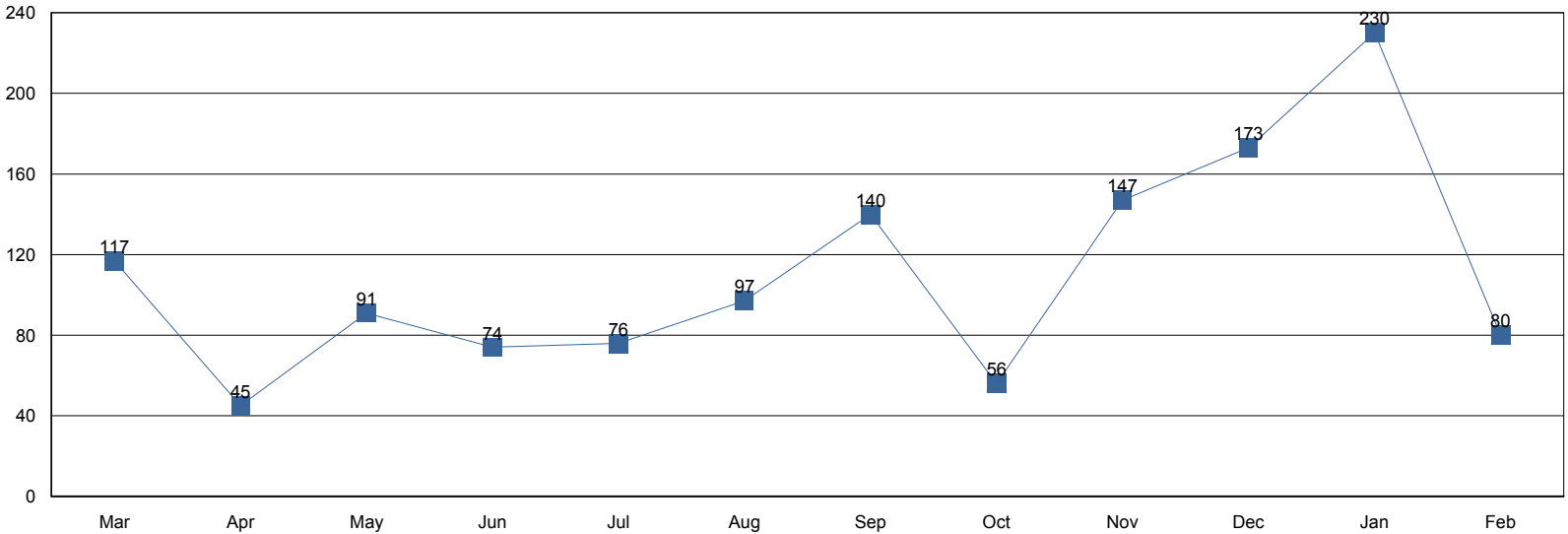


Web Content Access

Topic Analysis	#
My Family	120
My Health	422
My Time	58
My Money	188
My Benefits	457
Manager Services	81
Total	1,326

Web Log In	456
-------------------	-----

Total Website Pages Visited



Management Consultations & Referrals

Informal Referrals	Count	%
Alcohol / Drug	0	0.0%
Anger Management	2	40.0%
Code of Conduct	0	0.0%
Emotional / Psychological Stability	0	0.0%
Fitness for Duty	0	0.0%
Grief / Trauma	3	60.0%
Harassment in the Workplace	0	0.0%
Performance Issues	0	0.0%
Positive Alcohol / Drug Screen	0	0.0%
Substance Abuse Professional / Dept. of Transportation	0	0.0%
Suicidal	0	0.0%
Threat of Violence	0	0.0%
Other	0	0.0%
Total	5	100.0%
Mandatory Referrals	Count	%
Alcohol / Drug	2	20.0%
Anger Management	4	40.0%
Code of Conduct	1	10.0%
Emotional / Psychological Stability	0	0.0%
Fitness for Duty	0	0.0%
Grief / Trauma	0	0.0%
Harassment in the Workplace	0	0.0%
Performance Issues	2	20.0%
Positive Alcohol / Drug Screen	0	0.0%
Substance Abuse Professional / Dept. of Transportation	0	0.0%
Suicidal	1	10.0%
Threat of Violence	0	0.0%
Other	0	0.0%
Total	10	100.0%

Formal Referrals	Count	%
Alcohol / Drug	0	0.0%
Anger Management	0	0.0%
Code of Conduct	0	0.0%
Emotional / Psychological Stability	0	0.0%
Fitness for Duty	0	0.0%
Grief / Trauma	0	0.0%
Harassment in the Workplace	0	0.0%
Performance Issues	0	0.0%
Positive Alcohol / Drug Screen	0	0.0%
Substance Abuse Professional / Dept. of Transportation	0	0.0%
Suicidal	0	0.0%
Threat of Violence	0	0.0%
Other	0	0.0%
Total	0	100.0%
Consult Type	Count	%
Alcohol / Drug	2	10.0%
Anger Management	4	20.0%
Code of Conduct	3	15.0%
Emotional / Psychological Stability	1	5.0%
Fitness for Duty	0	0.0%
Grief / Trauma	3	15.0%
Harassment in the Workplace	1	5.0%
Performance Issues	4	20.0%
Positive Alcohol / Drug Screen	1	5.0%
Substance Abuse Professional / Dept. of Transportation	0	0.0%
Suicidal	0	0.0%
Threat of Violence	0	0.0%
Other	1	5.0%
Total	20	100.0%

Materials Provided

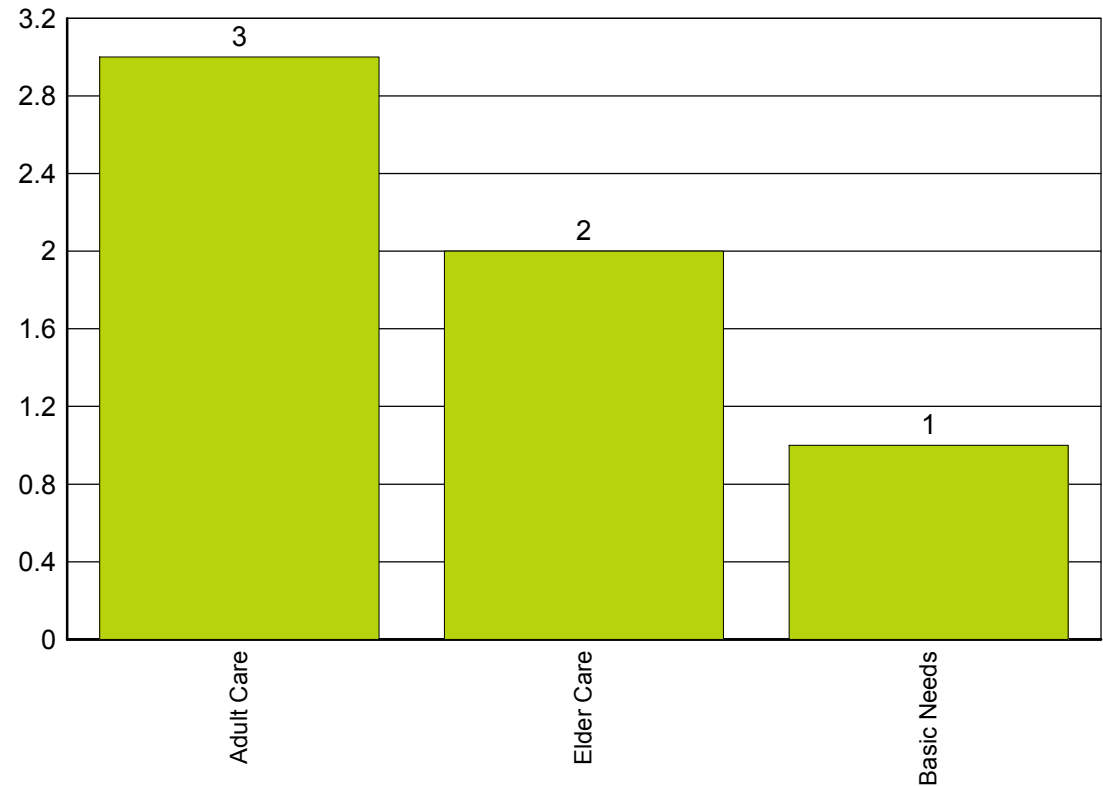
Worklife Material Support	#
Adoption	5
Adult Caregiving	0
Child Care	0
Financial/Daily Living	0
Health & Safety	0
Parenting	0
Schools & College	0
Total	5

WorkLife Services Summary

Worklife Category	#	%	YTD	%
Intake Sessions	5	21.74%	5	21.74%
Consulting Sessions	1	4.35%	1	4.35%
Follow Up Sessions	3	13.04%	3	13.04%
Provider Consultations	9	39.13%	9	39.13%
Worklife Materials	5	21.74%	5	21.74%
Total	23	100.00%	23	100.00%

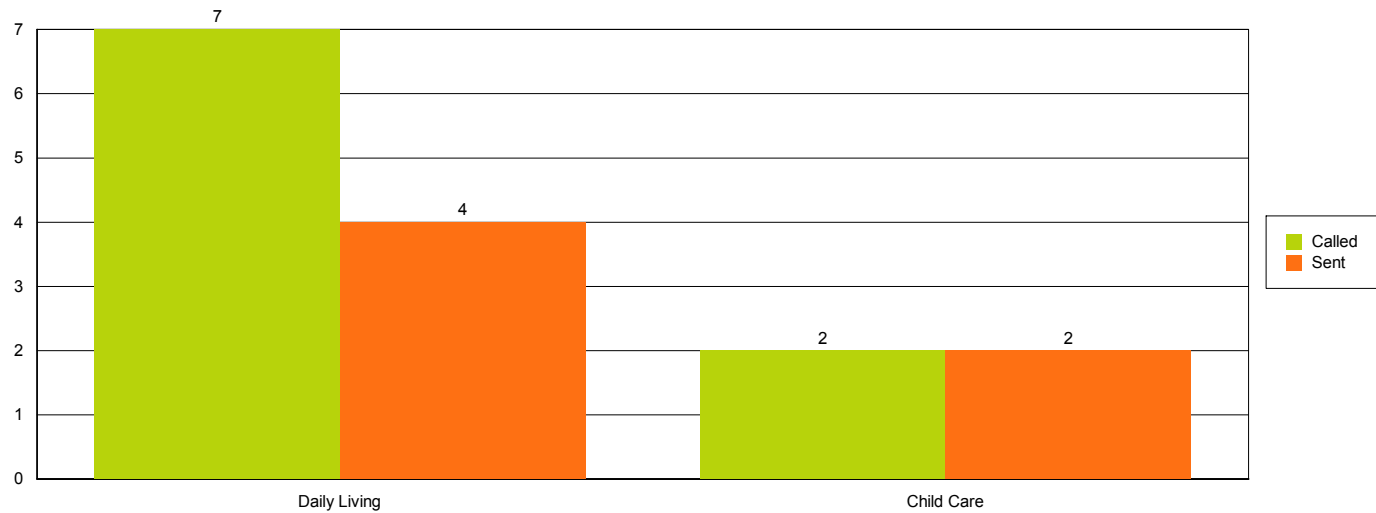
WorkLife Cases

Case Type	Number
Adult Care	3
Care Kits	0
Child Care	0
Concierge	0
Convenience	0
Elder Care	2
Financial Counseling	0
Identity Theft	0
Legal Services	0
Will Kits	0
Basic Needs	1
Research Request	0
Total	6



WorkLife Provider Consultations

Provider	Called	Sent
Daily Living	7	4
Child Care	2	2
Residential Adult Care	0	0
In-Home Adult Care	0	0
Support Services	0	0
Caregiver Support	0	0
Total	9	6



Training Overview

Date	Name of Seminar	Account / Division	Location	Participants	Hours
03/07/2013	Strengthening Work Relationships Team	Other Entities	Virtual, NV	36	1.00
06/05/2013	Generational Differences In The Workplac	Other Entities	Virtual, NV	17	1.00
09/05/2013	The Work And Home Balancing Act	Other Entities	Virtual, NV	11	1.00
12/11/2013	Stress Management At Work	Other Entities	Virtual, NV	38	1.00
Total				102	4.00

Critical Incident On-Site Services Overview

Date	Reason	Account / Division	Location	Participants	Hours
01/13/2014	Death (onsite)	Municipalities	Mesquite, NV	10	2.00
Total				10	2.00

Critical Incident Consultation Overview

Date	Reason	Location	Priority
01/03/2014	Death (onsite)	Municipality, NV	Level 3
01/11/2014	Death (onsite)	Mesquite, NV	Level 2

POOL/PACT Loss Control

Strategic Plan 2012-2015





Mission and Vision

The mission of the Loss Control Committee is to deliver risk control services by planning, promoting, and implementing safety, health, and environmental initiatives to protect public assets and reduce losses.



Voting Committee Members

- Cash Minor, Elko County - Chairman
- Bob Spellberg, Gardnerville Ranchos GID
(alternate chair)
- Steve West, Winnemucca
- Kevin Curnes, Carson City School District
- Gina Mendez, City of Mesquite
- Norma Santoyo, Douglas County
- Geoff Stark, Churchill County



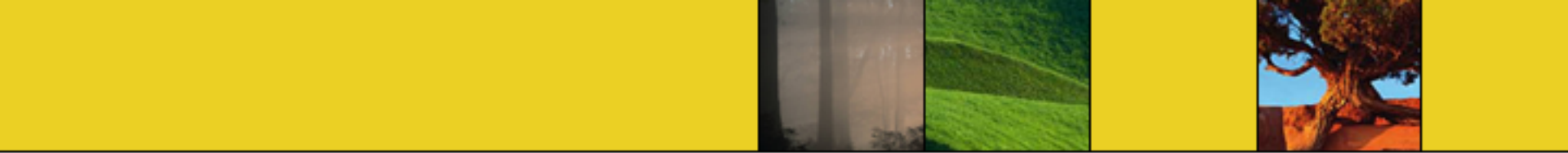
Voting Alternates:

- Shannon Gardner , Storey County
- Darren Wagner, Yerington
- Dan Murphy, Pershing County Schools
- Bryce Boldt, Boulder City



Strategies 2012-15

- OSHA and ADA Compliance
- E-Learning curriculum development
- Emergency Planning
- Continued focus on enhancing POOL/PACT member communication
- Claims Analysis/Benchmarking
- Wellness/Body Mechanics
- Auto/Driver Safety training
- LCEP Administration
- Grant Program Administration



Highlights 2014 -15



OSHA Compliance

- Fire Extinguisher Training
- Respiratory Protection Fit Testing
- Global Harmonization Training
 - Hazard Communications (2013)
- OSHA 10 & 30 Hour Construction Safety Training (2010 and on going)
- New Online Safety Courses

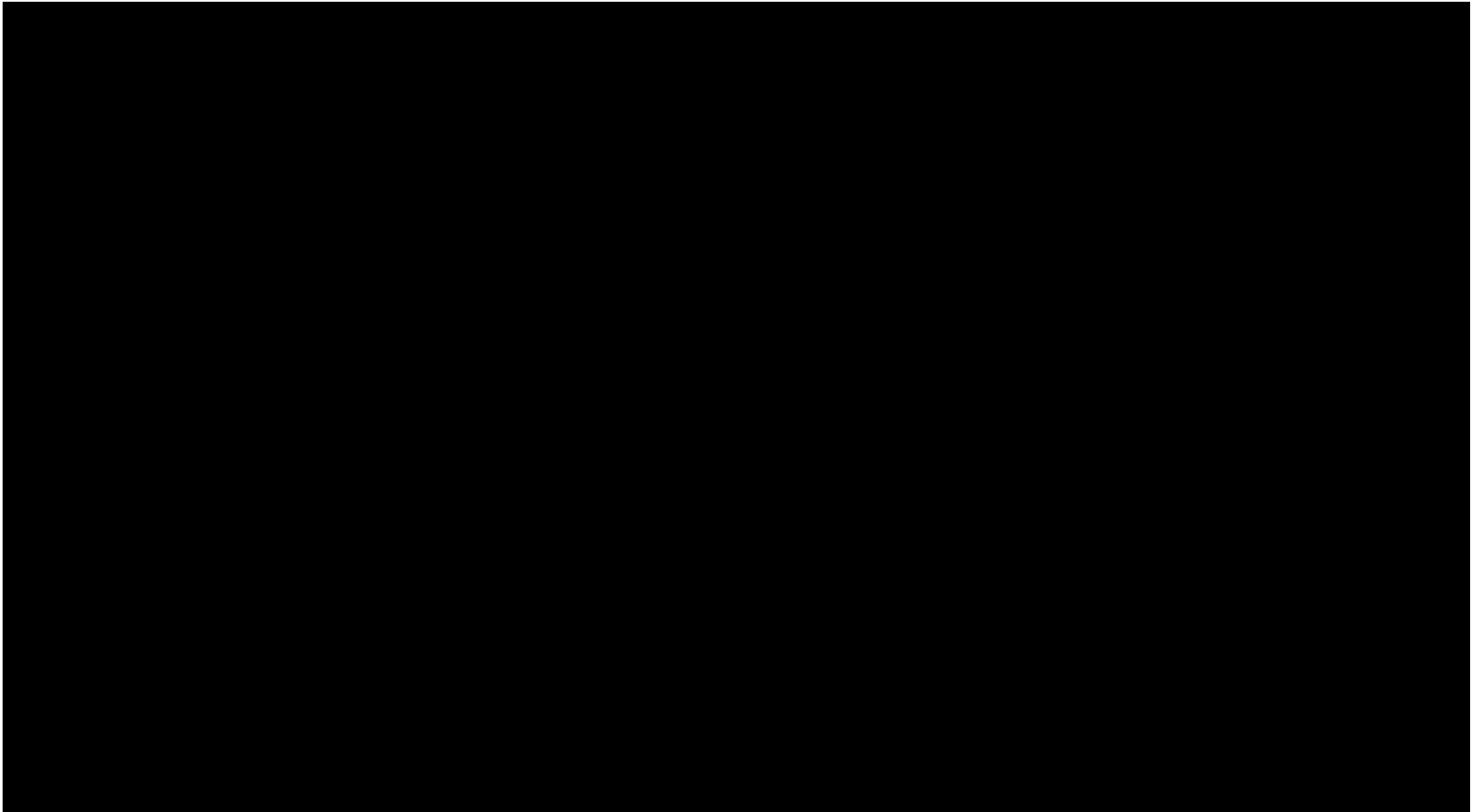


GHS Timeline

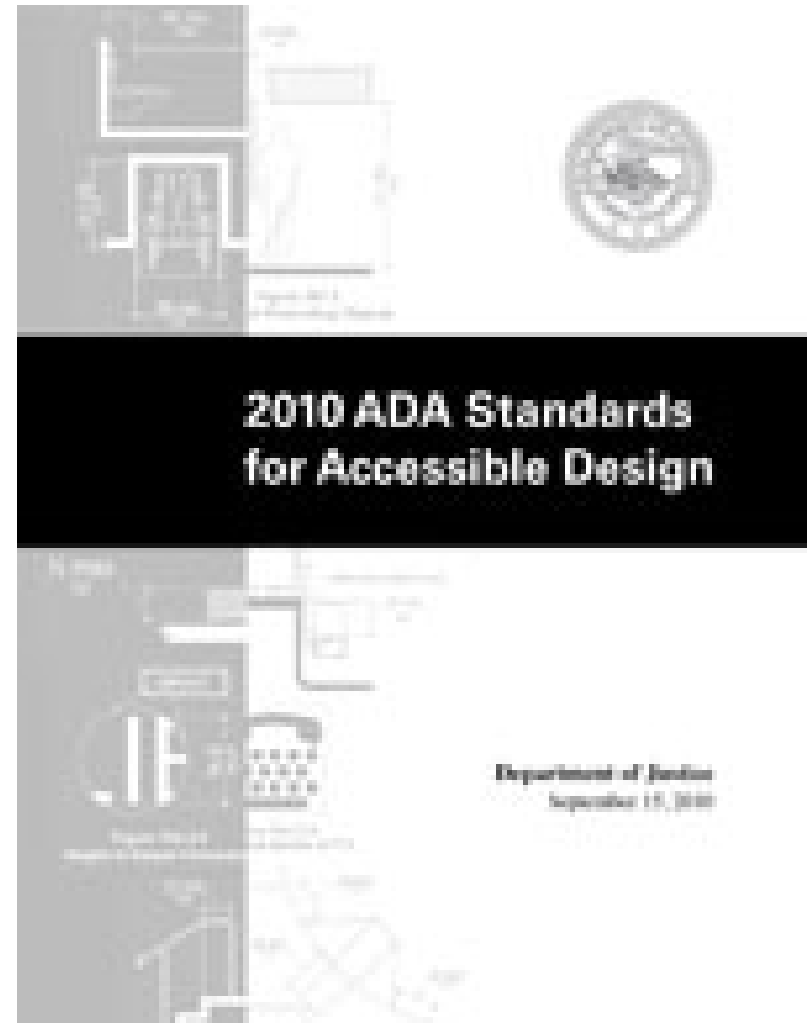
- 12/1/13: all employees trained in the new GHS system and safety data sheet format
- 6/1/2015: New labels and sheets start coming out
- 12/1/15: Old labels and sheets are retired, out of print
- 12/1/2016: employers must have adopted new labels and sheets



Safety Data Sheets Online



ADA Compliance:





ADA Compliance:

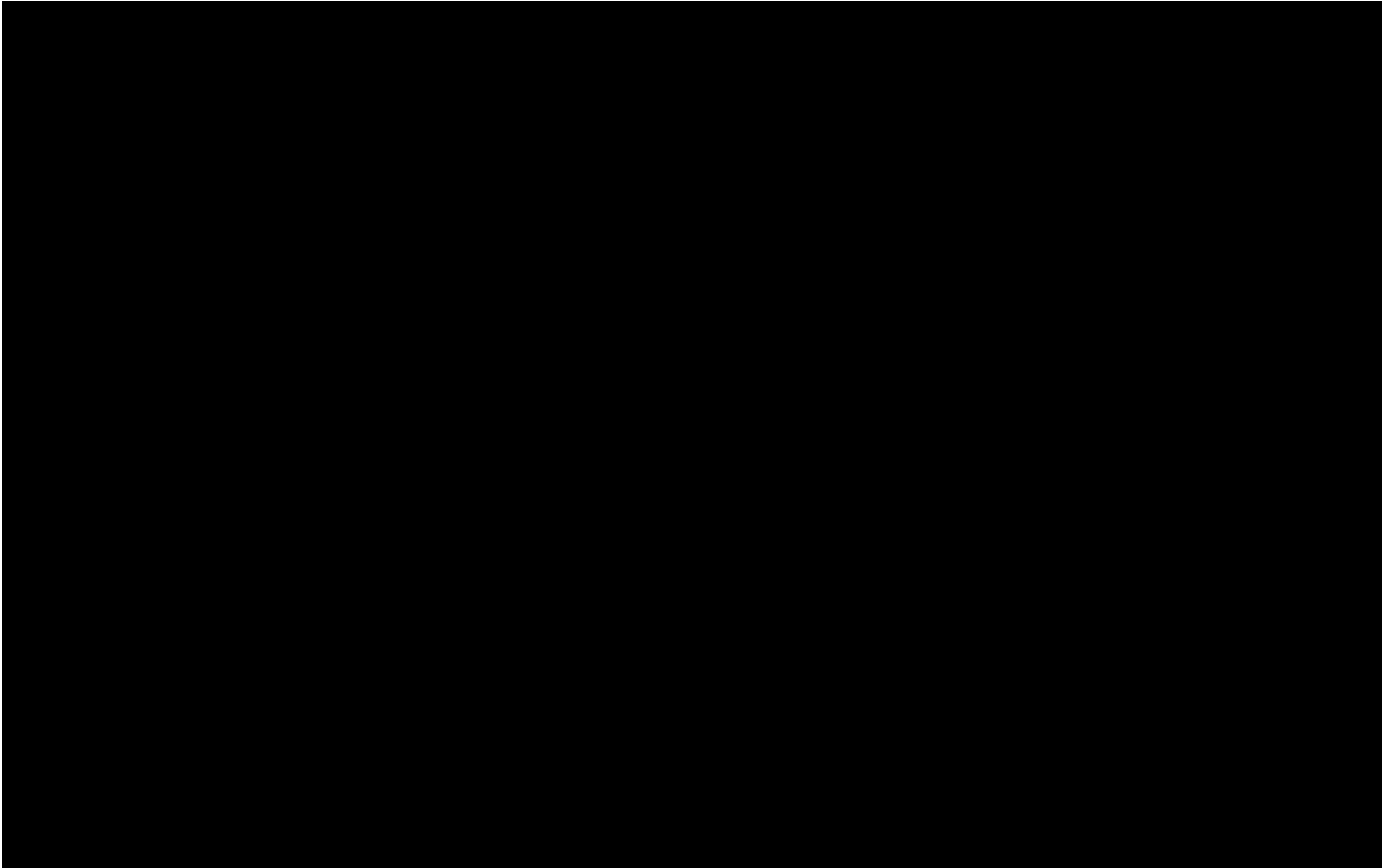
- Generally, the new 2010 accessibility standards must be followed starting **March 15, 2012** — including those addressing, for the first time —
- Judicial facilities and courtrooms
- Detention and correctional facilities
- Holding and housing cells
- Residential dwelling units and facilities
- Recreational facilities including amusement rides, exercise machines and equipment; boating, fishing, golf and miniature golf facilities, play areas, swimming pools and spas.



E-Learning Development

- Mandatory Child Abuse Reporting
- Ethics
- Open Meeting Law
- McKinney-Vento
- New Learning Management System in 2014

Torch LMS





Emergency Planning

- Coordinate with local emergency management contacts
- Monitor preparedness of members
- Serve as a resource
- Non-structural earthquake mitigation
- **School Site Safety Assessments**



Emergency Planning : Schools

- Site assessments: grant program
- Threat assessment training



Communications

- MSDS Online
- ELearning
- Pooling Perspectives/Pooling Provisions
- Loss Control Excellence Program
- Risk Resource Library
- **E-risk hub added in 2014**



Cyber Risk Solutions

- Cyber Security Awareness training for users
- E-Risk Hub access for management/IT
- Cyber Security Vulnerability Assessments



Member Resource Library

Search

Search Resources:



Instructions

Update Last Updated: 8/1/2013 10:50 AM











To access POOL/PACT online resources, please follow these simple steps:

1. Type in a topic in the search area to locate resources for that topic.
2. Or browse one of the general topics or types.
3. The results of your search appear below the same search page. Please scroll down to see your results and download documents you may want.

Topics

- Add New**
- [Claims and Liability Trends](#)  
 - [Collective Bargaining Agreements](#)  
 - [Contract Management](#)  
 - [Employee Safety/OSHA Compliance](#)  
 - [Facilities, Buildings and Grounds](#)  
 - [Fire Department Resources](#)  
 - [Human Resources and Employment Practices](#)  
 - [K-12 School Resources](#)  
 - [Law Enforcement Resources](#)  
 - [Legislative Matters](#)  
 - [POOL/PACT Coverage and Public Officials Bond](#)  
 - [Public Meetings and Governance](#)  
 - [Recreational Risk](#)  
 - [Salary Schedules and Job Descriptions](#)  
 - [Transportation/Fleet Management](#)  

Types

- Add New**
- [Model/Specimen Job Descriptions](#)  
 - [Model/Specimen Policies](#)  
 - [Periodicals](#)  
 - [POOL/PACT Annual Coverage Documents](#)  
 - [Webinars](#)  

- HOME
- NEWS CENTER
- LEARNING CENTER
- RISK MANAGER TOOLS
- ERISK RESOURCES
- CONTACT US
- LOG OUT

- Home
- Incident Roadmap
- News Center
- Learning Center
- Risk Manager Tools
- eRisk Resources
- Contact Us
- Log Out

Hello, POOL/PACT Member!

What would you like to do today?

- [Catch up on the News](#)
- [Browse Articles & White Papers](#)
- [Use Risk Manager Tools](#)
- [Find Third-Party Resources](#)

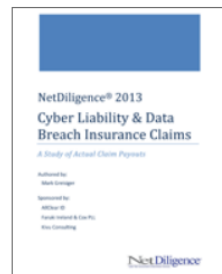
When a breach event occurs, **time is of the essence.**

With a good response plan in place and access to highly skilled third-party resources, a victimized organization can more efficiently and cost-effectively respond to and recover from a data breach.

The eRisk Hub®, powered by NetDiligence®, is a subscription-based service that helps your organization understand the exposures, develop a response plan and minimize the effects of a breach on your organization.

Welcome to the

eRisk Hub Exclusive!



Download NetDiligence's recent study of actual claims payouts.

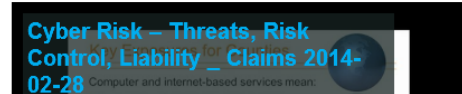


Need help?

Click here if you suspect you've experienced a data breach, privacy violation or other cyber event.

Cyber Risk – Threats, Risk Control, Liability & Claims Webinar

View the full webinar featuring Philip E. Bell, CPCU, ARM, ARE, County Reinsurance, Limited; Mark Greisiger, NetDiligence; John F. Mullen, Esq. Lewis, Brisbois, Bisgaard & Smith.





RM Grant Program

- Safety Training Grant -100% funding up to \$2,000 per person
- Property risk reduction grants/emergency response equipment - 50% member match
- OSHA Compliance/Workplace Safety Equipment - 25% member match

Risk Management Grant

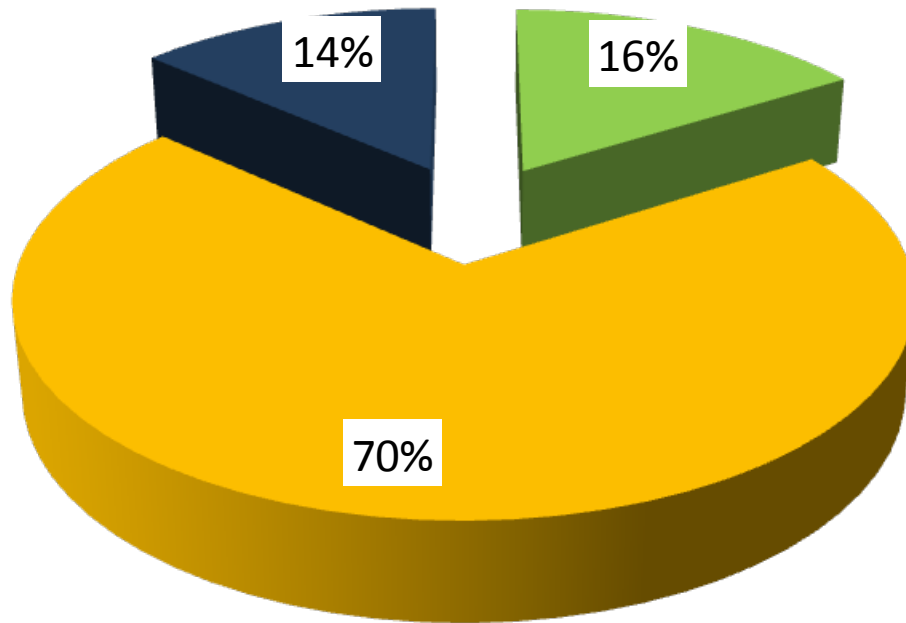
6/24/13	Eureka Co Sheriff	Medical Dispatchor Training Course	1,324.00
7/29/13	Mineral County	PPE/ uniforms for Ambul. Attendants	7,500.00
7/29/13	Elko County	(3) Attendance at EMS safety course	6,343.00
8/9/13	NLT FPD	On-line Risk Mgmt 4-part course	500.00
8/9/13	Gardnerville Ranchos GID	Purch camera & equipm//on-site inspections	6,702.54
8/9/13	Nye County	EMS Certificate program	440.00
8/9/13	Eureka County	Medical Dispatchor Training Course	1,668.56
12/13/13	Mineral County	Assisted swim pool entry system	5,247.63
1/3/14	NLT FPD	On-line RM program thru AICPCU	500.00

Risk Management Grants

1/17/14	White Pine County	Note & Float Program/Life Jackets/Wrist bands	9,620.00
1/17/14	Lincoln CSD	Video Camera-Buses	7,500.00
1/17/14	Lovelock	Cameras for Patrol cars	18,075.00
1/17/14	Mesquite	Emergency Medical Dispatch Software	24,290.00
1/17/14	Lincoln County	Security Cameras	1,687.72
2/7/14	Churchill County	AED pad replacements (11 sets)	250.00
3/17/14	Pershing General Hospital	EMS training	679.34
3/17/14	Douglas County	PRIMA 2014 Annual Risk Conference	4,000.00

Total Risk Management Grants FY 2013-14 - \$96,327

- Training Grants
- Liability/Property Risk Control - 50% match
- Workplace Injury Prevention/ OSHA Compliance





LCEP

- Web-based Survey
 - <http://www.poolpact.com/loss-control-excellence-program.asp>
- Review and approval from LC Committee
- Plaque of recognition and CASH award



2013 Loss Control Excellence Program

- Gardnerville Ranchos GID
- City of Winnemucca
- Incline Village GID
- City of Mesquite
- Churchill County



2013 Loss Control Excellence Program

- Carson City School District
- Pershing County
- Pershing County School District
- Douglas County



POOL/PACT HR

2013/2014

STRATEGIC PLAN

HIGHLIGHTS

HR Oversight Committee Members

- **Curtis Calder, City of Elko – Chair**
- **Bill Deist, Humboldt County – Vice Chair**
- Jose Delfin, Carson City School District
- Cindy Hixenbaugh, Pershing General Hospital
- Robert Quick, Lander County
- Danelle Shamrell, Nye County
- Ben Sharit, Tahoe Douglas FPD
- Geof Stark, Churchill County
- Tracy Walters, Lyon County
- Pat Whitten, Storey County
- Ben Zunino, Eureka County School District

NEW TRAINING COURSES

- Employee From Hell
- Advanced Human Resources Representative

Revised 22 training courses

REGIONAL TRAININGS

- Essential Management Skills (EMS), Three Sessions
- Advanced EMS, One Session
- Human Resource Representative, One Session
- Employee From Hell, Five Sessions
- So You Think You Want To Be A Supervisor, One Session
- Workplace Violence Awareness, One Session

REGIONAL WORKSHOPS

- Negotiations 101, Five Sessions
- Advanced Negotiations, Five Sessions

NEW BRIEFINGS

- Workplace Mentoring
- Windfall Elimination Provision
- Multigenerational Workforce
- Strategic Planning

Updated 30 Briefings

HR ASSESSMENT, PHASE I

- Carson City School District
- Elko Central Dispatch Authority
- Eureka County School District
- Gerlach GID
- Nevada Tahoe Conservation District
- Pershing General Hospital
- Truckee Meadows Regional Planning Agency
- White Pine County

HR ASSESSMENT, PHASE II

- City of Fernley
- Lyon County
- Mt. Grant General Hospital

- Humboldt County (to be scheduled)
- Storey County (to be scheduled)

STATISTICS

- **133** Number of Training Classes Completed
 - Additional 34 Classes Scheduled Before 6/30/14
- **1,586** Training Participants
- **4.6** Average Evaluation
- **4** Members Adopted New/Revised Policies
- **11,504** Employees Scheduled for HR E-Learning
- **4,161** Completed HR E-Learning

NEW PROGRAMS

- Posted Member Pay Schedules On Website and Added Link to Their Job Descriptions (Counties/School Districts)
- Established a Scholarship Program for Assistance in Obtaining International/National HR Certification

2014/2015 STRATEGIC PLAN HIGHLIGHTS

- New Training Courses
 - Anti-Harassment, Parts I and II
 - Advanced Leadership
 - Dealing Withirate Customers
- Twenty Two Regional Training Courses Scheduled
- Conduct a Survey of Services
- Train Individuals to be Certified Mediators
- Hold 2nd Annual HR Seminar October 2 & 3

ID	Objective/Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	<u>Develop two new instructor-led courses annually</u>															
2	Advanced HR Rep	6/30/2014	70%													
3	Employee From Hell	6/30/2014	100%													
4	<u>Update and revise three instructor-led training courses annually</u>															
5	Achieving a Drug- and Alcohol-Free Workplace	8/7/2013	100%													
6	Achieving a Harassment-Free Workplace	8/8/2013	100%													
7	Addressing Misconduct & Harassment in a School Environment	7/30/2013	100%													
8	Advanced EMS	10/15/2013	100%													
9	Bullying in the Workplace	9/3/2013	100%													
10	Combating Unlawful Harassment	9/18/2013	100%													
11	Document, Discipline, Due Process	8/30/2013	100%													
12	EMS 1	8/22/2013	100%													
13	EMS 2	8/27/2013	100%													
14	EMS 3	8/29/2013	100%													
15	EMS 4	9/25/2013	100%													
16	The Good, The Bad, and The Ugly	9/16/2013	100%													
17	HR Rep 1	2/28/2014	100%													
18	HR Rep 2	2/28/2014	100%													
19	HR Rep 3	3/13/2014	100%													
20	HR Rep 4	6/30/2014	0%													
21	HR Rep 5	6/30/2014	75%													
22	A Perfect Storm	6/30/2014	0%													
23	Performance Management: From Start to Finish	10/18/2013	100%													
24	POWER	8/19/2013	100%													
25	So, You Think You Want to be a Supervisor	10/18/2013	100%													
26	Unlawful Harassment: A Refresher	9/18/2013	100%													

ID	Objective/Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	Offer six regional training courses throughout the state															
2	Workplace Violence - Eureka (Cancelled)	7/17/2013	0%													
3	EMS Cert Program - Carson City 1	10/3/2013	100%													
4	Session 1 - Personal Insights and Legal Aspects 101	9/11/2013	100%													
5	Session 2 - Keeping Your Organization Out of Hot Water: Legal Compliance	9/12/2013	100%													
6	Session 3 - Coaching, Evaluating, and Due Process	10/2/2013	100%													
7	Session 4 - Managing Time, Over Time	10/3/2013	100%													
8	The Good, The Bad, and The Ugly: Lessons Learned - Carson City (Cancelled)	10/9/2013	0%													
9	Advanced EMS Cert Program - Carson City 1 (Cancelled)	10/30/2013	0%													
10	Day 1	10/29/2013	0%													
11	Day 2	10/30/2013	0%													
12	Workplace Violence - Battle Mountain	1/28/2014	100%													
13	Employee From Hell - Carson City	2/5/2014	100%													
14	EMS Cert Program - Carson City 2	3/13/2014	100%													
15	Session 1 - Personal Insights and Legal Aspects 101	2/26/2014	100%													
16	Session 2 - Keeping Your Organization Out of Hot Water: Legal Compliance	2/27/2014	100%													
17	Session 3 - Coaching, Evaluating, and Due Process	3/12/2014	100%													
18	Session 4 - Managing Time, Over Time	3/13/2014	100%													
19	So, You Think You Want to be a Supervisor - Carson City	3/20/2014	100%													
20	Advanced EMS Cert Program -Elko (Moved to Fall 2014)	4/9/2014	0%													
21	Day 1	4/8/2014	0%													
22	Day 2	4/9/2014	0%													
23	EMS Cert Program - Incline Village GID	4/18/2014	0%													
24	Session 1 - Personal Insights and Legal Aspects 101	4/15/2014	0%													
25	Session 2 - Keeping Your Organization Out of Hot Water: Legal Compliance	4/16/2014	0%													
26	Session 3 - Coaching, Evaluating, and Due Process	4/17/2014	0%													
27	Session 4 - Managing Time, Over Time	4/18/2014	0%													

ID	Objective/Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	<u>Offer six regional training courses throughout the state (continued)</u>															
2	Advanced EMS Cert Program - Carson City 2	4/23/2014	0%													
3	Day 1	4/22/2014	0%													
4	Day 2	4/23/2014	0%													
5	HR Representative Certificate Program - Carson City	4/30/2014	0%													
6	Session 1: Personnel Records and Administration	4/1/2014	0%													
7	Session 2: Recruitment and Selection	4/2/2014	0%													
8	Session 3: Legal Compliance	4/17/2014	0%													
9	Session 4: Compensation and Benefits	4/29/2014	0%													
10	Session 5: Employee Relations and HR Policy Administration	4/30/2014	0%													
11	Advanced HR Representative Certificate Program - Carson City	7/23/2014	0%													
12	Day 1	7/22/2014	0%													
13	Day 2	7/23/2014	0%													
14	Employee From Hell - Winnemucca	5/6/2014	0%													
15	Employee From Hell - Carson City	5/7/2014	0%													
16	Employee From Hell - Elko	5/20/2014	0%													
17	Negotiations 101 and Advanced Negotiations - Charlie Cockerill	10/17/2013	100%													
18	Carson City	10/8/2013	100%													
19	Elko	10/9/2013	100%													
20	Ely	10/10/2013	100%													
21	Pahrump	10/14/2013	100%													
22	Carson City	10/17/2013	100%													
23	Media Relations - Nye County School District	10/30/2013	100%													
24	Investigation Techniques for Bullying Complaints - Nye County School District	6/30/2014	0%													
25	Student Interaction - Douglas County School District	6/30/2014	0%													

ID	Objective/Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	<u>Research New Methods of Delivering HR Trainings\Briefings</u>															
2	[Move to next fiscal year]	6/30/2014	0%													
3	<u>Post Members Pay Plan/Scale on Website</u>															
4		6/30/2014	70%													
5	<u>Review and Update Sample Forms</u>															
6		6/30/2014	20%													
7	<u>Sample Personnel Policy Annual Update</u>															
8	Large Organization Sample Policies	7/1/2013	100%													
9	School District Sample Personnel Policies and Administrative Regulations	7/1/2013	100%													
10	Small Organization Sample Policies (15 or more employees)	7/1/2013	100%													
11	Small Organization Sample Policies (Less than 15 employees)	7/1/2013	100%													
12	<u>Create a Database of Collective Bargaining Concessions</u>															
13	County/City/Fire (Carried over from FY12/13)	7/24/2013	100%													
14	<u>Issue Alerts As Needed</u>															
15	Employers Pay-or-Play Excise Tax Delayed Until 2015	7/3/2013	100%													
16	Requirement to Report Child Abuse or Neglect Acknowledgement Form	8/7/2013	100%													
17	Requirement to Provide Notice to Employees Regarding Health Insurance Exchange	8/19/2013	100%													
18	Definition of Minimum Essential Coverage for Affordable Care Act	8/30/2013	100%													
19	Requirement to Provide New Employees with Statutory Ethical Standards Information	9/30/2013	100%													
20	IRS Changes Standard Mileage Rate	12/9/2013	100%													

ID	Objective/ Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	Coaching and Problem Solving															
2		6/30/2014	60%													
3	Develop Member Service Plans to Include Trainings, Briefings, & Policy Development (Year-to-Date)															
4	Trainings (198 Scheduled; 86 Completed; 5 POOL/PACT HR Cancelled Course; 6 Member Organization Cancelled Service; 1 Objective Met Through Alternative Approach; 3 Moved or Postponed to Next Fiscal Year; 2 Organization Did Not Participate; 1,108 Participants; Course Content Evaluation Average 4.5; Instructor Evaluation Average 4.7)	6/30/2014	60%													
5	FRISK Trainings (19 Scheduled; 10 Completed; 131 Participants)	6/30/2014	60%													
6	HR Elearning (11,504 Enrolled; 4,161 Completed)	6/30/2014	60%													
7	HR Briefings (37 Scheduled; 22 Completed; 347 Participants)	6/30/2014	60%													
8	Policy Development (38 Scheduled; 4 Completed)	6/30/2014	60%													

ID	Objective/Action Plan	Due Date	% Complete	2013						2014					
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	Develop Three New Briefings														
2	Mentoring	7/30/2013	100%	█											
3	Windfall Elimination Provision	11/7/2013	100%	█	█	█	█	█	█						
4	Multigenerational Workforce	11/13/2013	100%	█	█	█	█	█	█						
5	Strategic Planning	2/27/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█
6	Bring Your Own Device [Move to next fiscal year]	6/30/2014	0%												
7	Review/Update Ten Briefings Annually														
8	ADA	8/8/2013	100%	█											
9	Bullying in the Workplace	9/18/2013	100%	█	█	█	█	█	█						
10	COBRA	6/30/2014	0%												
11	Conducting Internal Investigations	6/30/2014	0%												
12	Core Management Skills	10/16/2013	100%	█	█	█	█	█	█						
13	Employee Assistance Program	11/13/2013	100%	█	█	█	█	█	█						
14	Exit Interviews	1/29/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█
15	Family and Medical Leave Act	10/17/2013	100%	█	█	█	█	█	█						
16	FLSA	8/8/2013	100%	█											
17	FLSA Classification	8/8/2013	100%	█											
18	FLSA Guidelines - Overtime for First Responders	10/15/2013	100%	█	█	█	█	█	█						
19	FLSA Status of Volunteer Firefighters	10/14/2013	100%	█	█	█	█	█	█						
20	Guidelines for Intern and Summer-Seasonal Hires	1/30/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█
21	Handling Employee Complaints	1/30/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█
22	HIPAA	6/30/2014	0%												
23	Hiring Retirees into Critical Labor Shortage Positions	1/29/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█
24	Job Descriptions	8/1/2013	100%	█											
25	Managing the Disability Triangle	9/18/2013	100%	█	█	█	█	█	█						
26	Military Leave	9/18/2013	100%	█	█	█	█	█	█						
27	Overtime	7/25/2013	100%	█											

ID	Objective/Action Plan	Due Date	% Complete	2013						2014							
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
1	Review/Update Ten Briefings Annually (continued)																
2	Performance Management	6/30/2014	0%														
3	Personnel Policy Manual	8/20/2013	100%	█													
4	Personnel Records Maintenance	7/29/2013	100%	█													
5	Preventing Identity Theft	1/16/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
6	Preventing Sexual Misconduct - Education	9/18/2013	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
7	Reasonable Suspicion Testing	1/29/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
8	Recruitment - Reference & Background Checks	8/28/2013	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
9	Staff Reductions	9/18/2013	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
10	Unlawful Harassment	8/8/2013	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
11	Volunteer Programs	2/25/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
12	Statewide Webinars																
13	The Work and Home Balancing Act (Sept.)	9/5/2013	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
14	Stress Management at Work (Dec.)	12/11/2013	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
15	Managing a Difficult Customer (Mar.)	3/19/2014	100%	█	█	█	█	█	█	█	█	█	█	█	█	█	█
16	Resolving Conflict (Jun.)	6/30/2014	0%														

ID	Objective/Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	Phase I HR Compliance Assessment Program 09/10															
2	Churchill County School District (On-site assessment 2/9/10)	6/30/2014	75%													
3	Phase I HR Compliance Assessment Program 10/11															
4	Elko County School District (On-site assessment 7/27/10)	6/30/2014	75%													
5	Town of Pahrump (On-site assessment 10/6/10)	6/30/2014	75%													
6	Mineral County School District (On-site assessment 11/15/10)	6/30/2014	75%													
7	Sun Valley GID (On-site assessment 12/1/10)	6/30/2014	75%													
8	Indian Hills GID (On-site assessment 12/8/10)	6/30/2014	75%													
9	Lyon County School District (On-site assessment 4/27/11)	6/30/2014	75%													
10	Beatty Water & Sanitation District (On-site assessment 5/26/11)	6/30/2014	75%													
11	Esmeralda County School District (On-site assessment 6/10/11)	6/30/2014	75%													
12	Phase I HR Compliance Assessment Program 11/12															
13	Gardnerville Ranchos GID (On-site assessment 10/18/11)	6/30/2014	100%													
14	Churchill County (On-site assessment 11/8/11)	6/30/2014	75%													
15	Humboldt County School District (On-site assessment 1/24/12)	6/30/2014	75%													
16	Lincoln County School District (On-site assessment 1/31/12)	6/30/2014	75%													
17	City of Wells (On-site assessment 2/2/12)	6/30/2014	75%													
18	City of Elko (On-site assessment 2/3/12)	6/30/2014	75%													
19	Kingsbury GID (On-site assessment 3/27/12)	6/30/2014	75%													
20	City of Winnemucca (On-site assessment 4/2/12)	6/30/2014	75%													

ID	Objective/Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	Phase I HR Compliance Assessment Program 12/13															
2	Eureka County (On-site assessment 7/11/12)	6/30/2014	75%													
3	Nye County (On-site assessment 10/30/12-10/31/12)	6/30/2014	75%													
4	City of Ely (On-site assessment 10/23/12)	6/30/2014	50%													
5	Lander County (On-site assessment 12/4/12)	6/30/2014	75%													
6	North Lake Tahoe Fire Protection District (On-site assessment 2/27/13)	6/30/2014	75%													
7	Douglas County School District (On-site assessment 3/14/13)	6/30/2014	75%													
8	City of Mesquite (On-site assessment 4/16/13)	6/30/2014	75%													

ID	Objective/Action Plan	Due Date	% Complete	2013						2014							
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
1	Phase I HR Compliance Assessment Program 13/14																
2	Truckee Meadows Regional Planning Agency (On-site assessment 8/27/13)	6/30/2014	75%														
3	Gerlach GID (On-site assessment 9/16/13)	6/30/2014	100%														
4	Pershing General Hospital (On-site assessment 10/2/13)	6/30/2014	75%														
5	White Pine County (On-site assessment 10/15/13)	6/30/2014	75%														
6	Elko Central Dispatch Authority (On-site assessment 10/22/13)	6/30/2014	100%														
7	Eureka County School District (On-site assessment 10/23/13)	6/30/2014	75%														
8	Nevada Tahoe Conservation District (On-site assessment 11/5/13)	6/30/2014	75%														
9	Carson City School District (On-site assessment 1/23/14)	6/30/2014	75%														
10	Town of Round Mountain (On-site assessment TBD) [Move to next fiscal year]	6/30/2014	0%														
11	White Pine County School District (On-site assessment TBD) [Move to next fiscal year]	6/30/2014	0%														
12	Boulder City (On-site assessment TBD) [Move to next fiscal year]	6/30/2014	0%														

ID	Objective/Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	Phase II HR Compliance Assessment Program 12/13															
2	City of Carlin (On-site assessment 1/7/13-1/8/13)	6/30/2014	75%													
3	Nevada Rural Housing Authority (On-site assessment 6/3/13)	6/30/2014	75%													

ID	Objective/Action Plan	Due Date	% Complete	2013						2014						
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	Phase II HR Compliance Assessment Program 13/14															
2	Lyon County (On-site assessment 8/22/13)	6/30/2014	75%													
3	Mt. Grant General Hospital (On-site assessment 12/3/13)	6/30/2014	75%													
4	City of Fernley (On-site assessment 12/10/13)	6/30/2014	75%													
5	Douglas County (On-site assessment TBD) [Move to next fiscal year]	6/30/2014	0%													
6	Humboldt County (On-site assessment TBD)	6/30/2014	0%													
7	Storey County (On-site assessment TBD)	6/30/2014	0%													

Account ID	Account Description	Budget Amount	YTD Income	YTD Expenses	Remaining Budget
INCOME					
4000	Grant Income	1,071,000	714,000		357,000
4200	Interest Income	500	8		492
4220	Investment Interest Income	1,500	18,793		(17,293)
4221	Invest. Realized Gains/(Losses)	-	(8,217)		8,217
4222	Invest. Unrealized Gains/(Losses)	-	(4,122)		4,122
4500	Other Income	-			-
Income Totals		1,073,000	720,462	-	352,538
EXPENSES					
7010	Salaries	528,315		352,719	175,596
7011	FICA & Medicare Expense	40,416		26,695	13,721
7013	IRA Contributions	79,247		46,624	32,624
7014	Health Insurance	55,323		35,157	20,166
7017	ESD Expense	1,000		367	633
7500	Audit Fees	6,000		5,550	450
7600	Bank Charges	500		248	252
7700	Casualty Insurance	8,567		6,080	2,487
7750	Committee Meetings	1,000		10	990
7760	Contract Services	30,000			30,000
7800	Depreciation Expense	-			-
7880	Dues & Subscriptions	6,000		1,132	4,868
7900	Equipment	1,000			1,000
7905	Equipment Repairs	-			-
8000	Furniture	-			-
8300	Investment Expense/Fees	2,000		1,289	711
8600	Legal & Professional Services	20,000		5,560	14,440
8700	Management Services	45,000		30,000	15,000
8720	Member Education & Services	50,000		31,524	18,476
8740	Miscellaneous Expense	500		-	500
8900	Office Supplies	10,000		4,095	5,905
9000	Payroll Processing Service	2,000		1,370	630
9050	Postage	2,000		760	1,240
9060	Printing & Copying	8,000		3,982	4,018
9065	Professional Development	7,000		4,053	2,947
9200	Rent	88,423		57,232	31,191
9400	Taxes & Licenses	4,000		1,413	2,587
9420	Telephone	8,000		6,559	1,441
9490	Travel (Airlines & Cars)	20,000		11,210	8,790
9495	Travel (Hotels & Meals)	10,000		4,200	5,800
9700	Workers Comp Insurance	2,400		1,208	1,192
Expense Totals		1,036,691	-	639,036	397,655
Carry Over From 6-30-08					201,188
Carry Over From 6-30-09					92,837
Carry Over From 6-30-10					142,481
Carry Over From 6-30-11					138,742
Carry Over From 6-30-12					260,173
Carry Over From 6-30-13					75,757
NET INCOME		36,309		81,426	866,060

	Budget Amount	% of Revenue	Year To Date 2-28-14	% of Revenue
Payroll and Benefits				
Salaries	\$ 528,315	49.3%	\$ 352,719	49.4%
Social Security	\$ 40,416	3.8%	\$ 26,695	3.7%
IRA Contributions	\$ 79,247	7.4%	\$ 46,624	6.5%
Health Insurance	\$ 55,323	5.2%	\$ 35,157	4.9%
Unemployment Insurance	\$ 1,000	0.1%	\$ 367	0.1%
Subtotal:	\$ 704,301	65.8%	\$ 461,561	64.6%
General Expenses				
Capital Outlay	\$ -	0.0%	\$ -	0.0%
Insurance	\$ 10,967	1.0%	\$ 7,288	1.0%
Operating Expenses	\$ 117,000	10.9%	\$ 67,545	9.5%
Outsourced Services	\$ 30,000	2.8%	\$ -	0.0%
PARMS Management Fee	\$ 45,000	4.2%	\$ 30,000	4.2%
Rent	\$ 88,423	8.3%	\$ 57,232	8.0%
Travel Expenses	\$ 30,000	2.8%	\$ 15,410	2.2%
Subtotal:	\$ 321,390	30.0%	\$ 177,475	24.9%
Margin	\$ 47,309	4.4%	\$ 81,426	11.4%
Total Grant 2013-14	\$ 1,071,000		\$ 714,000	
Investment/Interest Income	\$ 2,000		\$ 6,462	

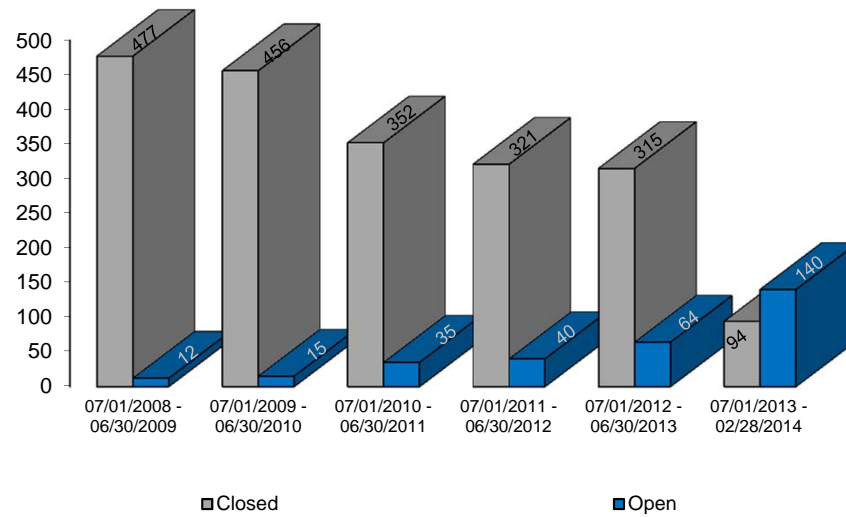


Liability Report



Total Claims by Policy Year excluding Incidents 07/01/2008 - 02/28/2014

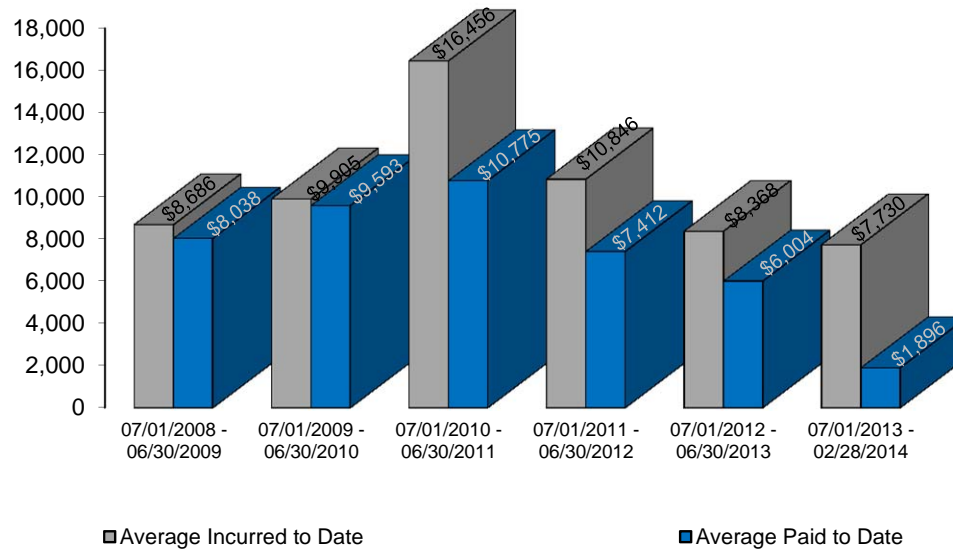
Policy Year	Total Claims	
	Closed	Open
07/01/2008 - 06/30/2009	477	12
07/01/2009 - 06/30/2010	456	15
07/01/2010 - 06/30/2011	352	35
07/01/2011 - 06/30/2012	321	40
07/01/2012 - 06/30/2013	315	64
07/01/2013 - 02/28/2014	94	140





Average Incurred & Paid by Policy Year 07/01/2008 - 02/28/2014

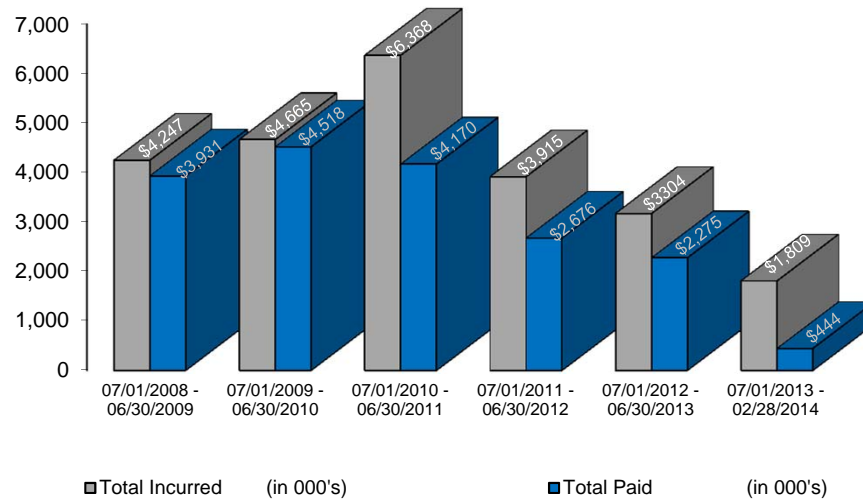
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/2008 - 06/30/2009	\$8,686	\$8,038
07/01/2009 - 06/30/2010	\$9,905	\$9,593
07/01/2010 - 06/30/2011	\$16,456	\$10,775
07/01/2011 - 06/30/2012	\$10,846	\$7,412
07/01/2012 - 06/30/2013	\$8,368	\$6,004
07/01/2013 - 02/28/2014	\$7,730	\$1,896





Incurred vs Paid by Policy Year 07/01/2008 - 02/28/2014

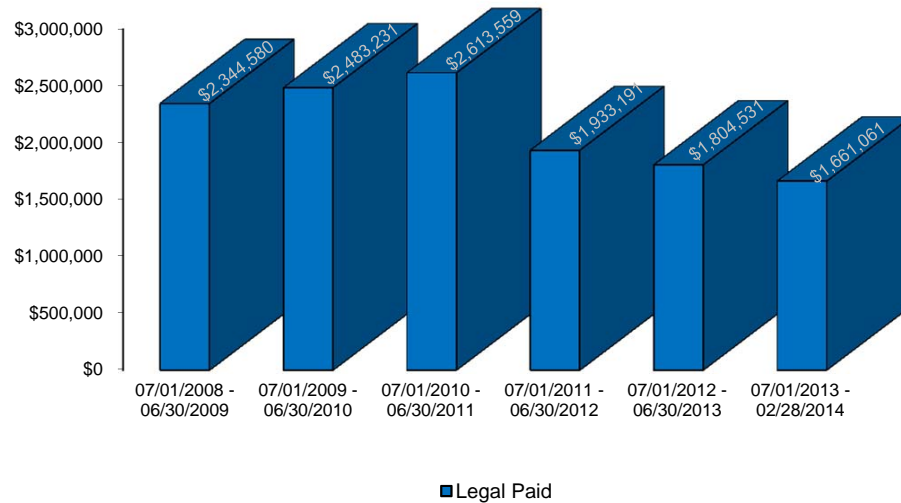
Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/2008 - 06/30/2009	\$4,247	\$3,931
07/01/2009 - 06/30/2010	\$4,665	\$4,518
07/01/2010 - 06/30/2011	\$6,368	\$4,170
07/01/2011 - 06/30/2012	\$3,915	\$2,676
07/01/2012 - 06/30/2013	\$3,171	\$2,275
07/01/2013 - 02/28/2014	\$1,809	\$444





Legal Expenses Paid to Date by Policy Year for All Claims 07/01/2008 - 02/28/2014

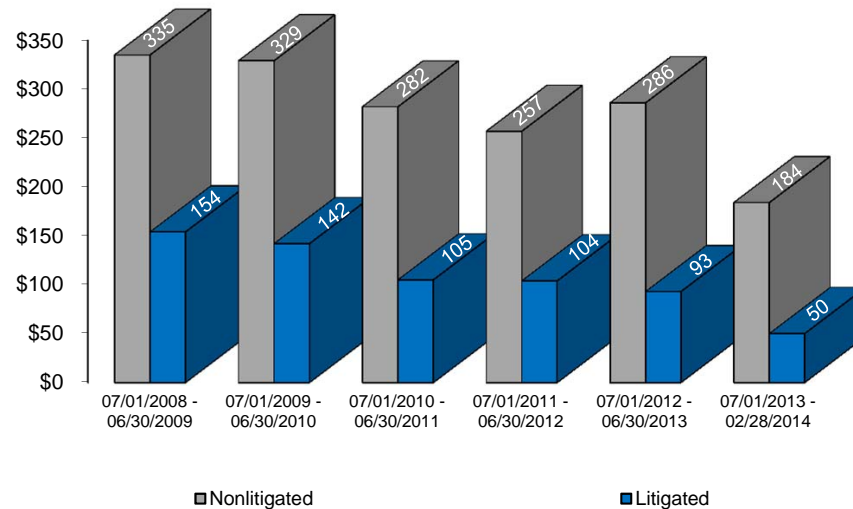
Policy Year	Legal Expenses Paid to Date
07/01/2008 - 06/30/2009	\$2,344,580
07/01/2009 - 06/30/2010	\$2,483,231
07/01/2010 - 06/30/2011	\$2,613,559
07/01/2011 - 06/30/2012	\$1,933,191
07/01/2012 - 06/30/2013	\$1,804,531
07/01/2013 - 02/28/2014	\$1,661,061
Grand Total	\$12,840,153





Litigated Claims by Policy Year for claims reported 07/01/2008 - 02/28/2014

Policy Year	Litigated Claims	
	Nonlitigated	Litigated
07/01/2008 - 06/30/2009	335	154
07/01/2009 - 06/30/2010	329	142
07/01/2010 - 06/30/2011	282	105
07/01/2011 - 06/30/2012	257	104
07/01/2012 - 06/30/2013	286	93
07/01/2013 - 02/28/2014	184	50

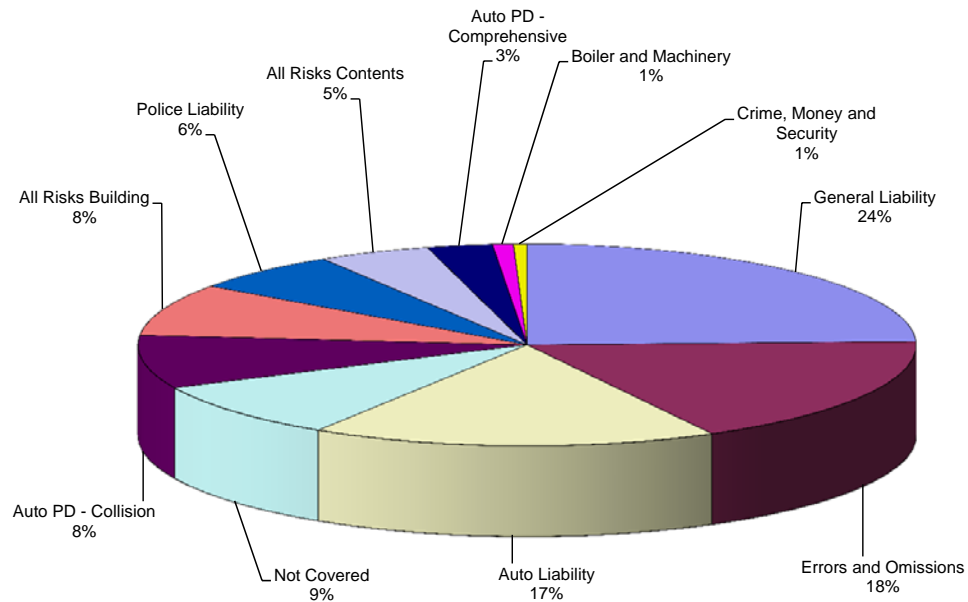




Frequency of Claims by Coverage

07/01/2008 - 02/28/2014

Coverage	# of Claims
General Liability	568
Errors and Omissions	410
Auto Liability	391
Not Covered	209
Auto PD - Collision	198
All Risks Building	194
Police Liability	147
All Risks Contents	108
Auto PD - Comprehensive	63
Boiler and Machinery	20
Crime, Money and Security	13

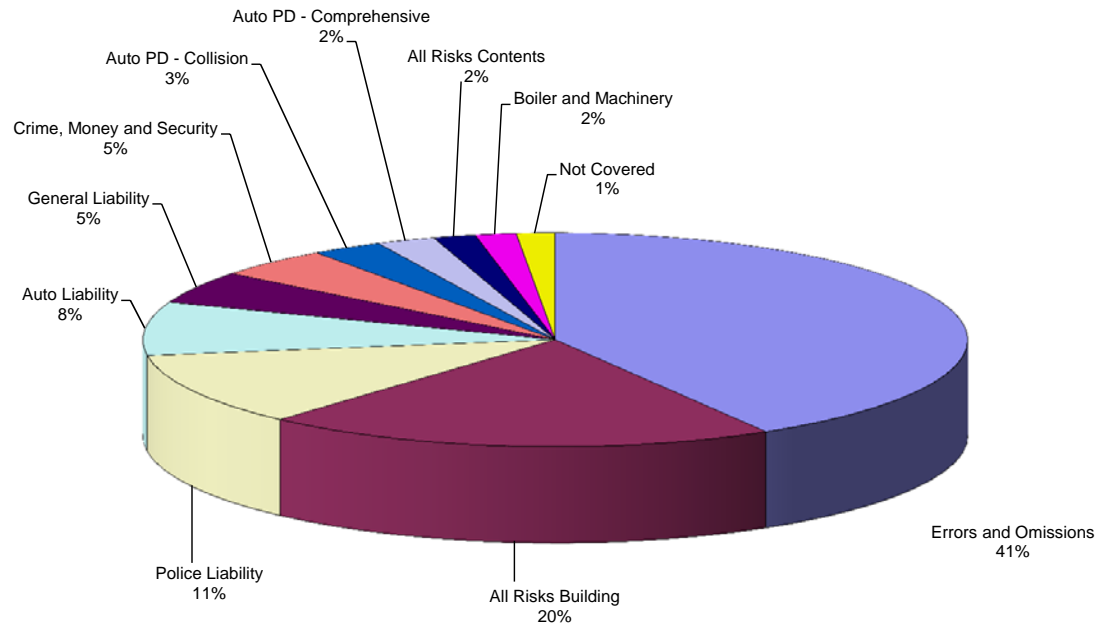




Severity of Claims by Coverage

07/01/2008 - 02/28/2014

Coverage	Total Incurred
Errors and Omissions	\$ 10,028,263
All Risks Building	\$ 4,862,683
Police Liability	\$ 2,666,612
Auto Liability	\$ 1,950,020
General Liability	\$ 1,196,062
Crime, Money and Security	\$ 1,091,469
Auto PD - Collision	\$ 672,262
Auto PD - Comprehensive	\$ 555,401
All Risks Contents	\$ 400,874
Boiler and Machinery	\$ 387,013
Not Covered	\$ 365,917

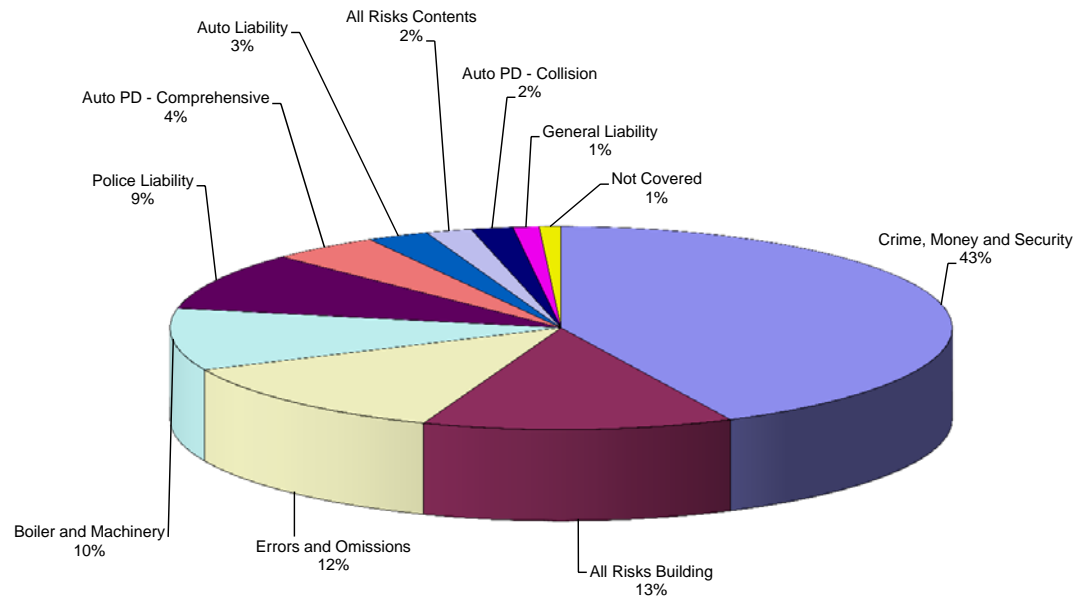




Average Incurred by Coverage

07/01/2008 - 02/28/2014

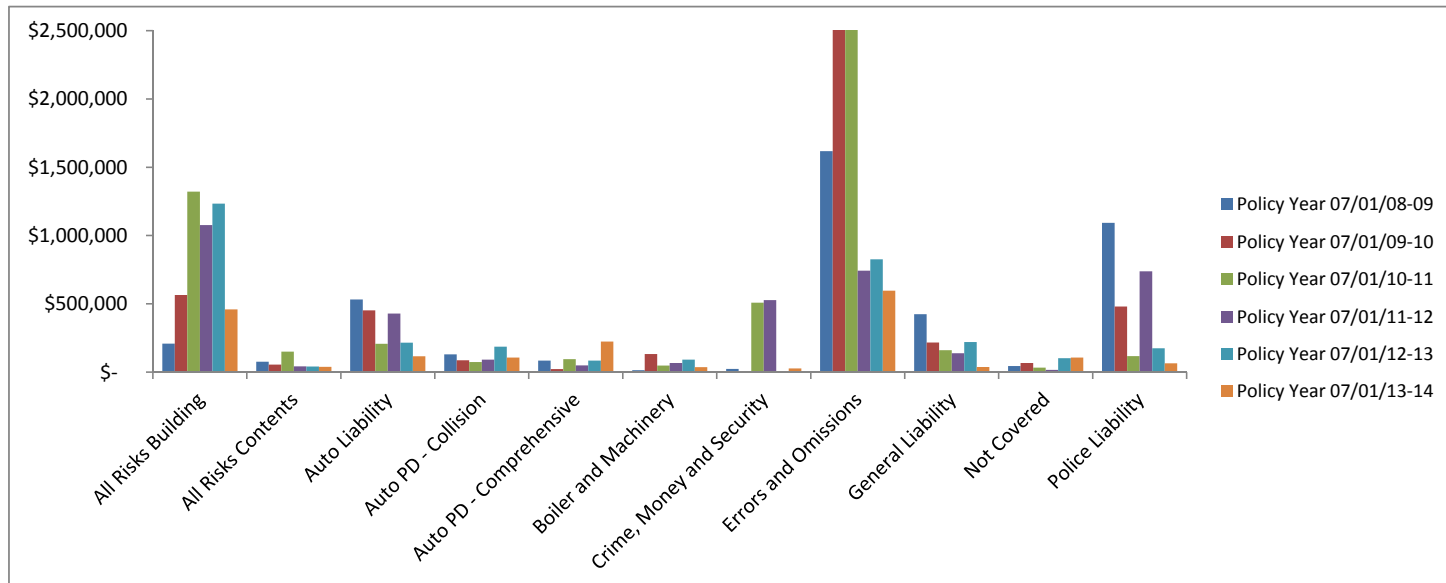
Coverage	Average Incurred
Crime, Money and Security	\$ 83,959
All Risks Building	\$ 25,065
Errors and Omissions	\$ 24,459
Boiler and Machinery	\$ 19,351
Police Liability	\$ 18,140
Auto PD - Comprehensive	\$ 8,816
Auto Liability	\$ 4,987
All Risks Contents	\$ 3,712
Auto PD - Collision	\$ 3,395
General Liability	\$ 2,106
Not Covered	\$ 1,751





Total Incurred by Coverage by Policy Year

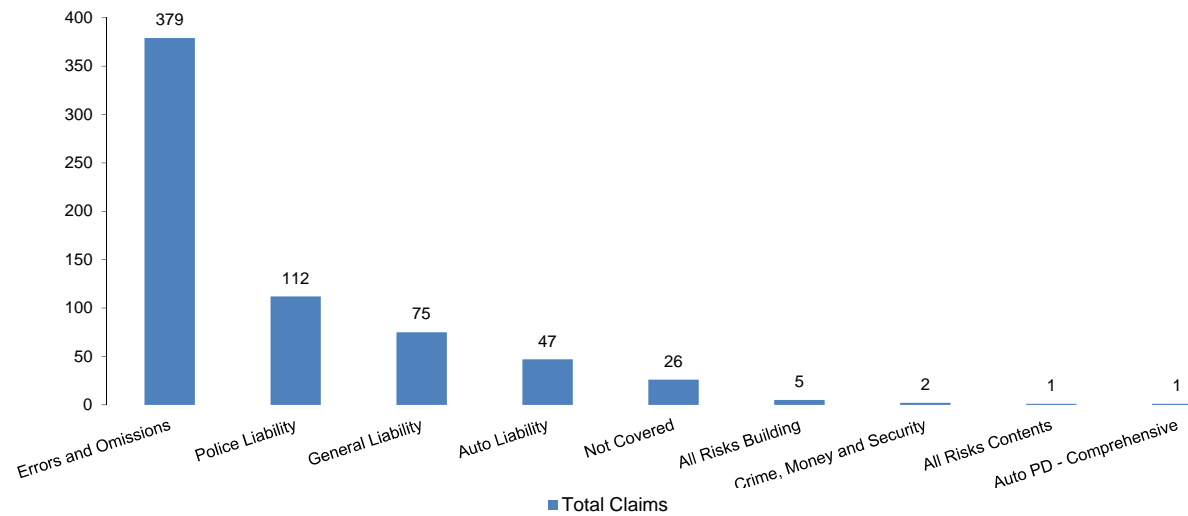
Coverage	Policy Year 07/01/08-09	Policy Year 07/01/09-10	Policy Year 07/01/10-11	Policy Year 07/01/11-12	Policy Year 07/01/12-13	Policy Year 07/01/13-14
All Risks Building	\$ 208,564	\$ 564,390	\$ 1,321,671	\$ 1,076,394	\$ 1,233,057	\$ 458,606
All Risks Contents	\$ 76,247	\$ 54,225	\$ 149,578	\$ 42,083	\$ 40,976	\$ 37,765
Auto Liability	\$ 531,885	\$ 451,495	\$ 206,771	\$ 428,493	\$ 215,371	\$ 116,006
Auto PD - Collision	\$ 129,914	\$ 86,451	\$ 72,929	\$ 90,988	\$ 185,859	\$ 106,121
Auto PD - Comprehensive	\$ 84,164	\$ 21,611	\$ 93,986	\$ 48,351	\$ 83,841	\$ 223,447
Boiler and Machinery	\$ 13,603	\$ 131,609	\$ 48,115	\$ 66,020	\$ 91,458	\$ 36,208
Crime, Money and Security	\$ 23,547	\$ 5,387	\$ 508,194	\$ 527,341	\$ -	\$ 27,000
Errors and Omissions	\$ 1,618,025	\$ 2,587,315	\$ 3,657,654	\$ 742,854	\$ 825,913	\$ 596,502
General Liability	\$ 424,245	\$ 216,931	\$ 160,409	\$ 137,891	\$ 219,755	\$ 36,830
Not Covered	\$ 44,143	\$ 66,110	\$ 32,347	\$ 16,406	\$ 101,154	\$ 105,756
Police Liability	\$ 1,093,011	\$ 479,904	\$ 116,699	\$ 738,436	\$ 174,062	\$ 64,500





Litigated Claims by Coverage for Policy Years 07/01/2008 - 02/28/2014

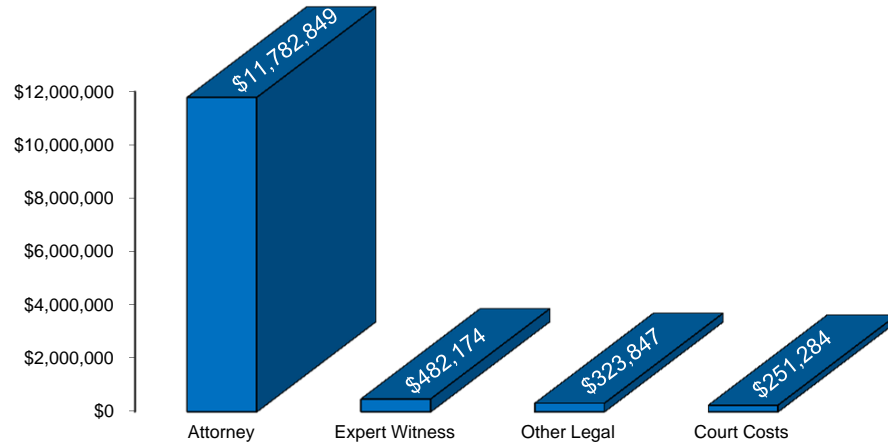
Litigated Claims by Coverage	
Coverage	Total Claims
Errors and Omissions	379
Police Liability	112
General Liability	75
Auto Liability	47
Not Covered	26
All Risks Building	5
Crime, Money and Security	2
All Risks Contents	1
Auto PD - Comprehensive	1





Legal Expenses Paid by Type for 07/01/2008 - 02/28/2014

Legal Expenses paid by Type	
Legal Expense Type	Amount
Attorney	\$ 11,782,849
Expert Witness	\$ 482,174
Other Legal	\$ 323,847
Court Costs	\$ 251,284
Grand Total	\$ 12,840,154



■ Legal Expenses paid by Type

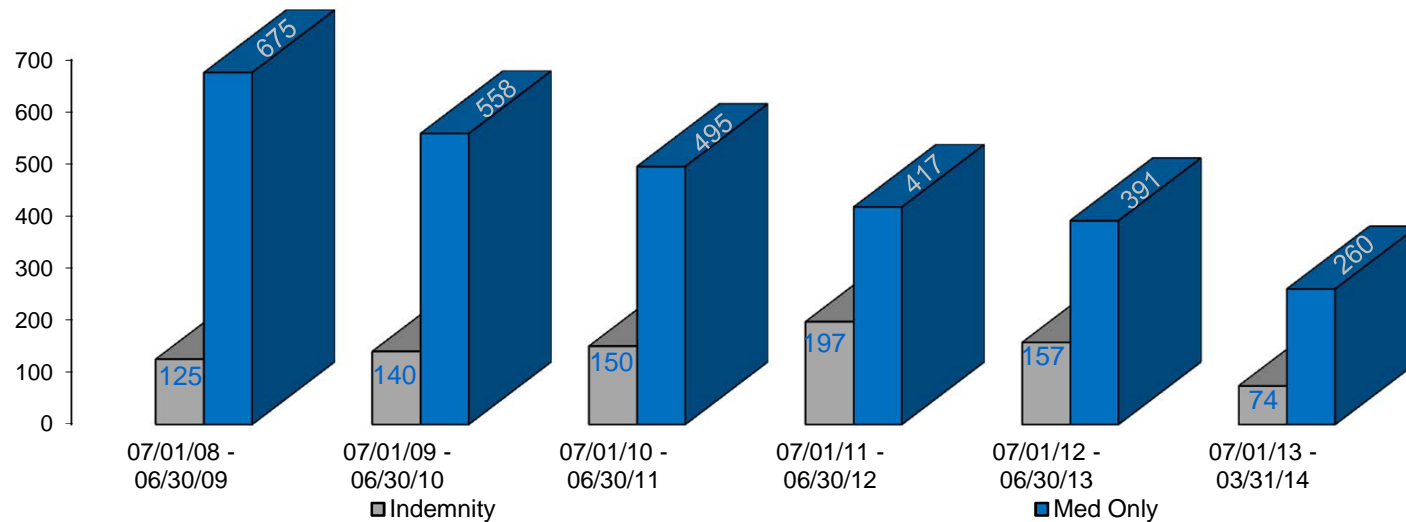


Worker's Compensation Report



Claim Frequency excluding Incidents 07/01/2008 - 02/28/2014

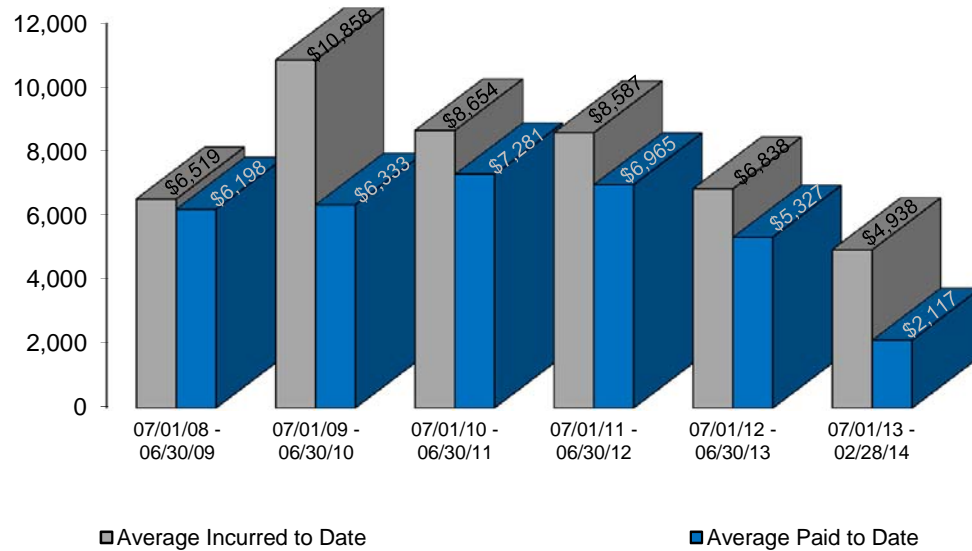
Policy Year	Indemnity		Medical Only		Total Claims
	Open	Closed	Open	Closed	
07/01/08 - 06/30/09	12	113	0	675	800
07/01/09 - 06/30/10	6	134	0	558	698
07/01/10 - 06/30/11	16	134	1	494	645
07/01/11 - 06/30/12	27	170	2	415	614
07/01/12 - 06/30/13	31	126	8	383	548
07/01/13 - 02/28/14	52	22	118	142	334
					3,639





Average Incurred & Paid by Policy Year 07/01/2008 - 02/28/2014

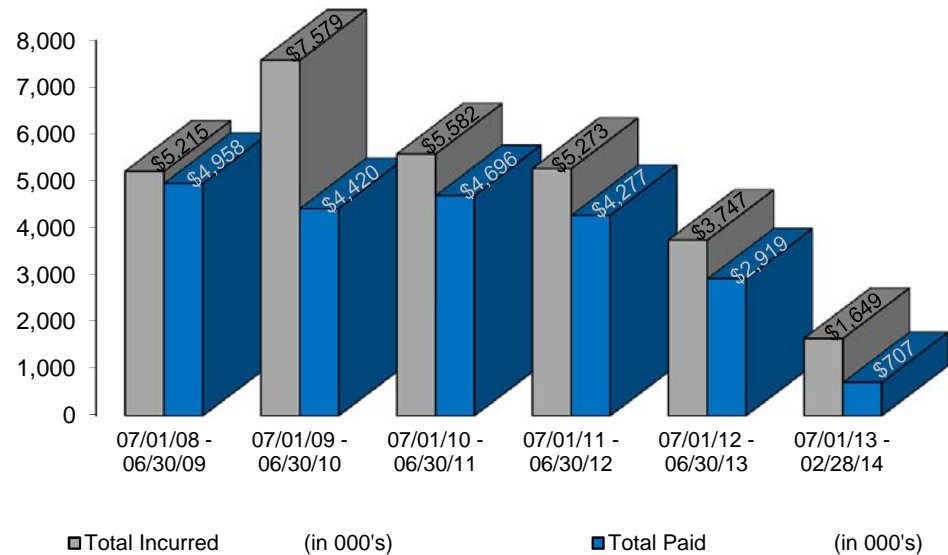
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/08 - 06/30/09	\$6,519	\$6,198
07/01/09 - 06/30/10	\$10,858	\$6,333
07/01/10 - 06/30/11	\$8,654	\$7,281
07/01/11 - 06/30/12	\$8,587	\$6,965
07/01/12 - 06/30/13	\$6,838	\$5,327
07/01/13 - 02/28/14	\$4,938	\$2,117





Incurred vs Paid by Policy Year 07/01/2008 - 02/28/2014

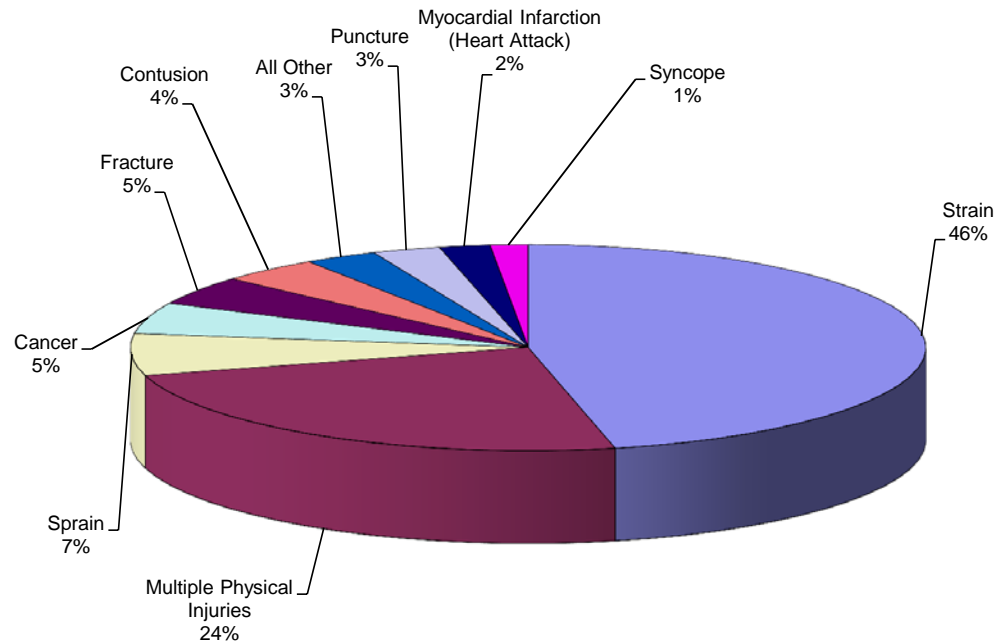
Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/08 - 06/30/09	\$5,215	\$4,958
07/01/09 - 06/30/10	\$7,579	\$4,420
07/01/10 - 06/30/11	\$5,582	\$4,696
07/01/11 - 06/30/12	\$5,273	\$4,277
07/01/12 - 06/30/13	\$3,747	\$2,919
07/01/13 - 02/28/14	\$1,649	\$707





Top Ten Nature of Injury 07/01/2008 - 02/28/2014

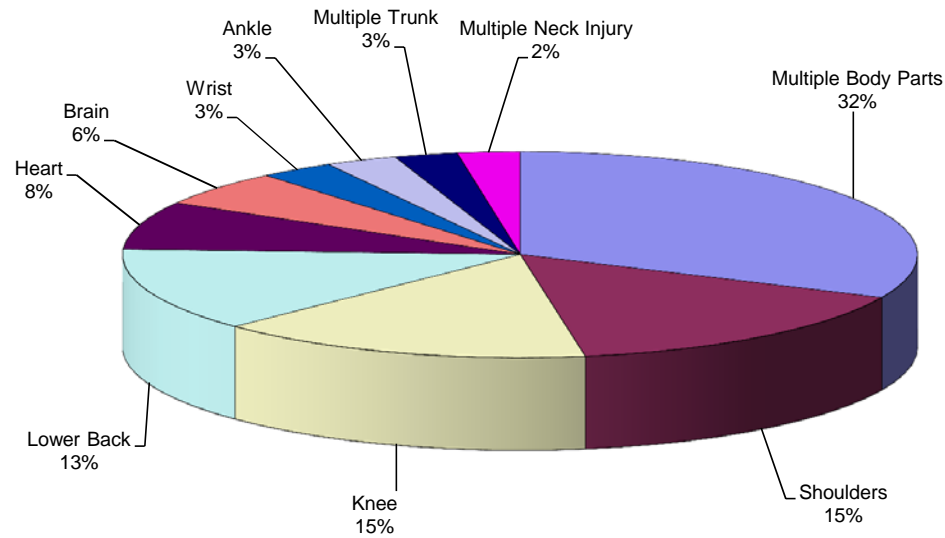
Nature of Injury	# of Claims	Total Incurred
Strain	1039	\$ 12,234,308
Multiple Physical Injuries	335	\$ 6,342,202
Sprain	338	\$ 1,725,560
Cancer	5	\$ 1,286,569
Fracture	119	\$ 1,201,655
Contusion	378	\$ 1,069,232
All Other	301	\$ 780,813
Puncture	266	\$ 725,814
Myocardial Infarction (Heart Attack)	8	\$ 542,744
Syncopal	17	\$ 403,910





Top Ten Part of Body 07/01/2008 - 02/28/2014

Part of Body	# of Claims	Total Incurred
Multiple Body Parts	372	\$ 7,253,371
Shoulders	197	\$ 3,538,975
Knee	335	\$ 3,486,936
Lower Back	340	\$ 2,975,886
Heart	46	\$ 1,726,724
Brain	10	\$ 1,271,402
Wrist	128	\$ 691,608
Ankle	124	\$ 662,470
Multiple Trunk	26	\$ 584,775
Multiple Neck Injury	25	\$ 580,410

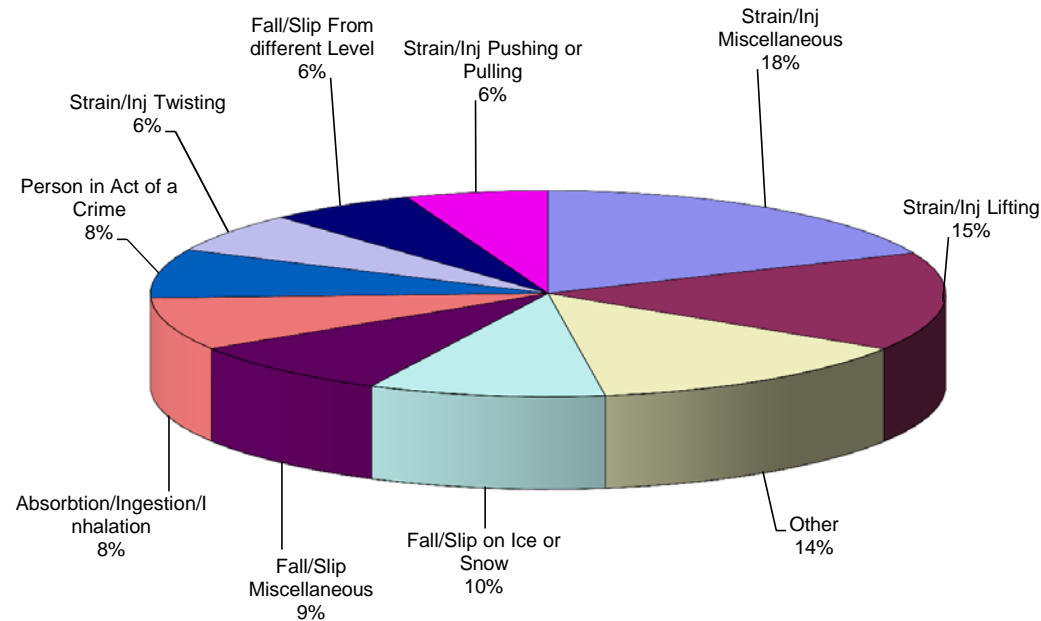




Top Ten Cause of Injury

07/01/2008 - 02/28/2014

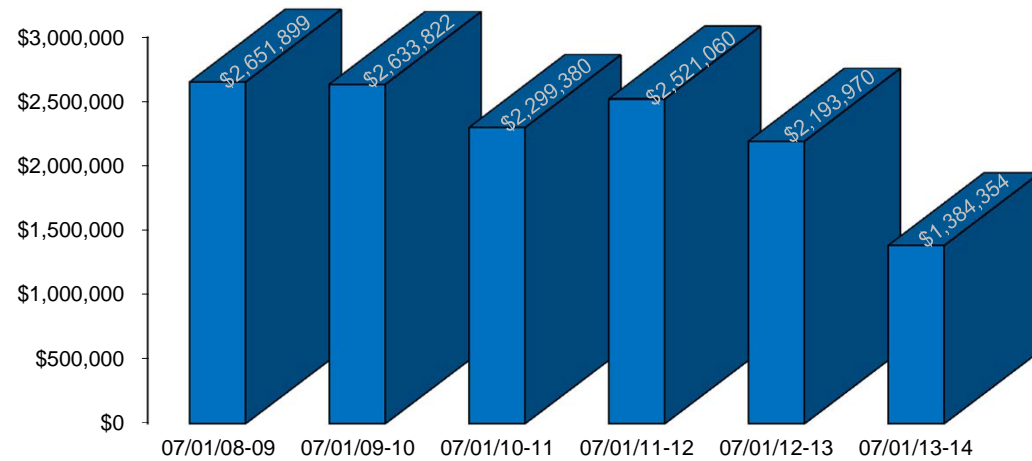
Cause of Injury	# of Claims	Total Incurred
Strain/Inj Miscellaneous	434	\$ 3,803,917
Strain/Inj Lifting	329	\$ 3,167,411
Other	273	\$ 2,798,080
Fall/Slip on Ice or Snow	125	\$ 1,965,709
Fall/Slip Miscellaneous	95	\$ 1,785,530
Absorbtion/Ingestion/Inhalation	313	\$ 1,693,998
Person in Act of a Crime	4	\$ 1,570,305
Strain/Inj Twisting	156	\$ 1,286,714
Fall/Slip From different Level	71	\$ 1,223,804
Strain/Inj Pushing or Pulling	85	\$ 1,183,757





Medical Payment Trends 07/01/2008 - 02/28/2014

Policy Year	Medical Payments
07/01/08-09	\$2,651,899
07/01/09-10	\$2,633,822
07/01/10-11	\$2,299,380
07/01/11-12	\$2,521,060
07/01/12-13	\$2,193,970
07/01/13-14	\$1,384,354
Total	\$13,684,486

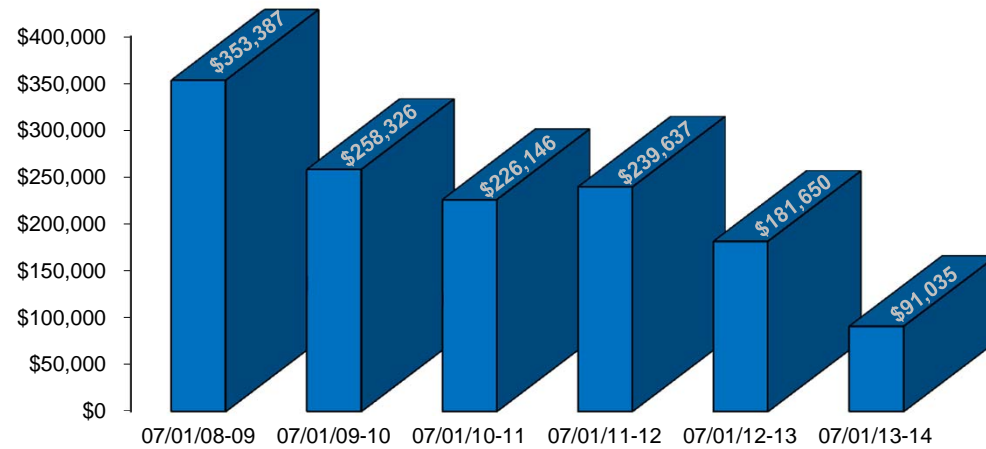


■ Medical Payments



Expense Payment Trends 07/01/2008 - 02/28/2014

Policy Year	Expense Payments
07/01/08-09	\$353,387
07/01/09-10	\$258,326
07/01/10-11	\$226,146
07/01/11-12	\$239,637
07/01/12-13	\$181,650
07/01/13-14	\$91,035
Total	\$1,350,181

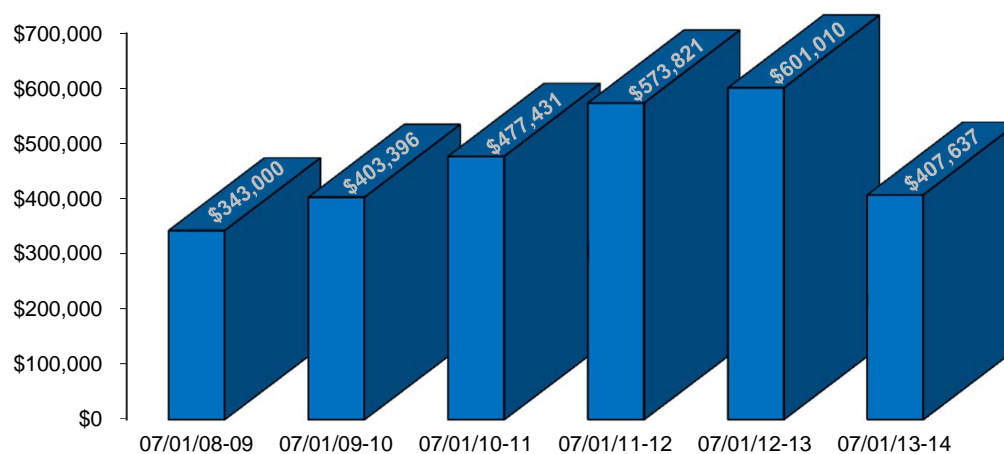


■ Expense Payments



Legal Payment Trends 07/01/2008 - 02/28/2014

Policy Year	Legal Payments
07/01/08-09	\$343,000
07/01/09-10	\$403,396
07/01/10-11	\$477,431
07/01/11-12	\$573,821
07/01/12-13	\$601,010
07/01/13-14	\$407,637
Total	\$2,806,295

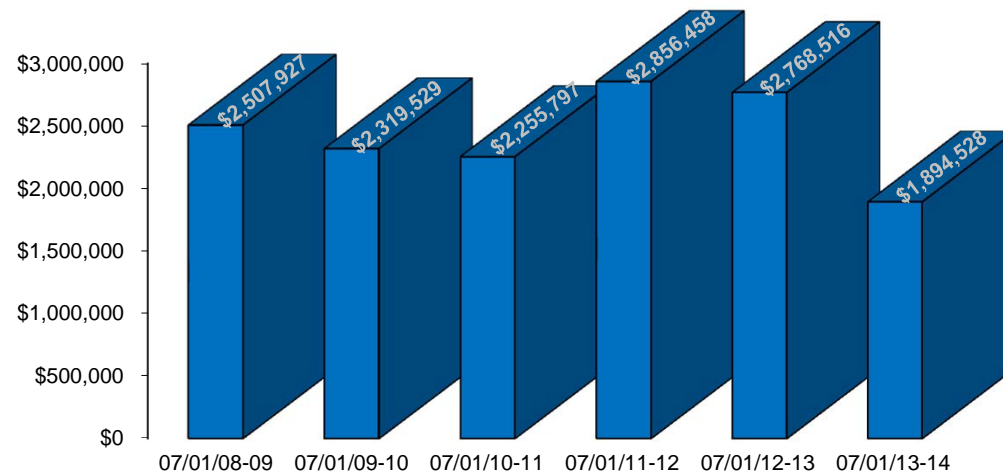


■ Legal Payments



Indemnity Payment Trends 07/01/2008 - 02/28/2014

Policy Year	Indemnity Payments
07/01/08-09	\$2,507,927
07/01/09-10	\$2,319,529
07/01/10-11	\$2,255,797
07/01/11-12	\$2,856,458
07/01/12-13	\$2,768,516
07/01/13-14	\$1,894,528
Total	\$14,602,754

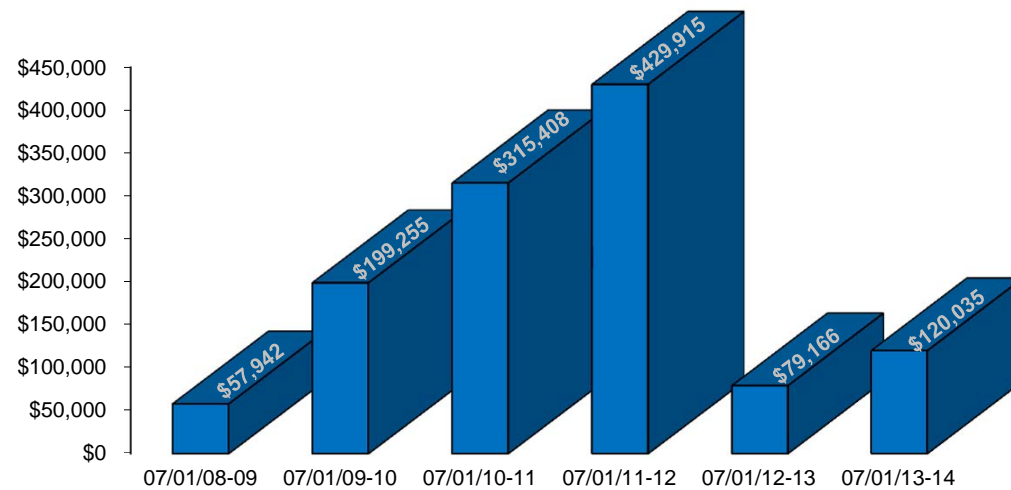


■ Indemnity Payments



Voc Rehab Payment Trends 07/01/2008 - 02/28/2014

Policy Year	Voc Rehab Payments
07/01/08-09	\$57,942
07/01/09-10	\$199,255
07/01/10-11	\$315,408
07/01/11-12	\$429,915
07/01/12-13	\$79,166
07/01/13-14	\$120,035
Total	\$1,201,721



■ Voc Rehab Payments

**AGREEMENT BETWEEN THE
NEVADA PUBLIC AGENCY INSURANCE POOL AND
PUBLIC AGENCY COMPENSATION TRUST
AND
PUBLIC AGENCY RISK MANAGEMENT SERVICES, INC.**

WHEREAS, the Nevada Public Agency Insurance Pool and Public Agency Compensation Trust, hereinafter called "POOL/PACT," requires the services of an Executive Director and Risk Manager to manage the day-to-day operations of the POOL/PACT and to carry out those duties required of the Executive Director and Risk Manager in accordance with the Interlocal Cooperative Agreement which established the POOL/ PACT and any Bylaws and amendments thereto; and

WHEREAS, Public Agency Risk Management Services Inc., a Nevada corporation, hereinafter called "PARMS," has offered to serve in the capacity of Executive Director and of Risk Manager of the POOL/ PACT; and

WHEREAS, PARMS has the capacity to perform the functions of Executive Director and Risk Manager of the POOL/ PACT;

NOW, THEREFORE, POOL/PACT and PARMS hereby agree to the following terms and conditions:

PARMS agrees:

1. To act as the Executive Director and Risk Manager of the POOL/ PACT in accordance with the terms of the Interlocal Cooperative Agreement that created the POOL/ PACT (refer to Exhibit A for excerpts and Staff Positions chart).
2. This agreement is one for personal services to be rendered by PARMS and may not be assigned by PARMS without prior written approval of the POOL/ PACT, which approval shall not be withheld unreasonably.
3. To manage the day-to-day operations of the POOL/ PACT as required to effect the purposes of the POOL/ PACT and as directed by the POOL/ PACT's Board of Directors.
4. To conduct its functions for POOL/PACT from the POOL/PACT designated office location and to report to and maintain the files and records of the POOL/ PACT during the term of this Agreement.

5. To consult with and advise the Board of Directors on matters affecting the POOL/PACT's operations.
6. To coordinate dealings with the POOL/PACT's service providers, including its Service Company and broker, its claims management firm, its attorneys, each member's local insurance agent, and the POOL/ PACT's excess insurers.
7. To secure the bond required by law to cover its functions under this Agreement.
8. To assist the POOL/ PACT with compliance with applicable State of Nevada laws and regulations pertaining to the POOL/ PACT's operations in the capacity as association administrator.
9. 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 POOL/PACT and the services provided to POOL/PACT by its current service providers. PARMS 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 POOL/PACT for the purpose of selling pooling, association risk sharing of similar insurance products or providing similar services.
10. PARMS agrees all records resulting from services under this Agreement and held by PARMS on behalf of POOL/PACT shall be maintained and preserved in accordance with the provision of NRS 239.005 et seq. and shall remain the property of POOL/PACT at all times and will be surrendered to POOL/PACT upon termination or expiration of this Agreement. PARMS shall be permitted to copy, at its own expense, such portions of the files as may be necessary.
11. Conflicts of Interest. PARMS shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
12. To indemnify, defend and hold harmless POOL/PACT with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of PARMS and/or its employees unless the complained of actions of PARMS were taken at the specific direction of POOL/PACT.

POOL/ PACT agree:

1. To cooperate with PARMS in the establishment and funding of the POOL/ PACT's operations and its continuation.
2. To consult with and provide direction to PARMS as its Executive Director.
3. To establish funds for payment of claims and other obligations of the POOL/ PACT and to authorize PARMS to be manager of the funds and to expend those funds for obligations of the POOL/ PACT pursuant to the POOL/PACT's [Board of Directors] policies and procedures.
4. To establish Bylaws, policies and procedures to govern the operation of the POOL/ PACT.
5. To appoint legal counsel to advise the POOL/ PACT and its Executive Director with respect to matters affecting the operation of the POOL/ PACT.
6. To establish the POOL/PACT office location from which PARMS will conduct the POOL/PACT's operations and to fund the expenses thereof.
7. To indemnify, defend and hold harmless PARMS with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of POOL/PACT and/or its employees unless the complained of actions of POOL/PACT were taken at the specific direction of PARMS.
8. Not to employ a person who has been employed by PARMS at any time during the term of this Agreement, unless the person to be employed shall not have been employed by PARMS during the immediately preceding six (6) months or unless the hiring party shall have PARMS' prior written consent. This provision shall survive the termination of this agreement for a period of one (1) year.

A. TERM OF AGREEMENT

This Agreement shall commence upon July 1, 2014 and shall continue in full force and effect until July 1, 2019 with an option to extend with the same terms and conditions, subject to fee negotiation, for an additional two years upon mutual agreement with PARMS and the POOL/PACT Executive Committees subject to the termination or non-renewal provision of this agreement.

B. TERMINATION OR NON-RENEWAL

This agreement may be terminated or non-renewed by either party upon the giving of one hundred eighty (180) days written notice to the other. Action to give such notice must be taken by both the POOL and the PACT board to effect this provision.

C. COMPENSATION OF PARMS

1. Executive Director/Risk Management Services

PARMS shall be paid a base fee of Nine Hundred Twenty-four Thousand Dollars \$924,000.00 annually for Executive Director/Risk Management services. Said fees shall be split equally between POOL and PACT and paid on a monthly basis at the end of each month and the contract year shall run from July 1 through June 30.

2. New Programs Fee

For new programs initiated by the POOL/PACT, any additional fee shall be negotiated at the time the program is initiated. Any fee for new programs initiated during the prior annual period shall be added to the otherwise applicable base fee for the subsequent period.

3. Annual Fee Adjustments

Effective July 1, 2015 and annually thereafter, the base fee shall be increased by 3% each year.

4. Expense Reimbursement

POOL/PACT shall reimburse PARMS for expenses incurred on behalf of POOL/PACT while acting in the scope of its capacity as Executive Director including but not limited to the following:

1. Automobile usage at the then current authorized rate for public employees as determined by the State of Nevada for its employees;
2. Seminars, travel, entertainment or other necessary expenses at the actual costs thereof.

PARMS agrees to enter into a lease agreement at its own expense with Nevada Public Agency Insurance Pool for use of space in the Pool's building at 201 S. Roop St., Carson City, Nevada for

the period governed by the Term of this Agreement and including any extensions of the Term of this Agreement.

POOL/ PACT shall not be responsible for any of PARMS' payroll, employee benefits, taxes, licenses, attorney's fees, or expenses for PARMS' activities not related to the services performed pursuant to this Agreement.

D. INDEPENDENT CONTRACTOR

Nothing in this Agreement shall be construed to create an employee-employer relationship between POOL/PACT and PARMS. PARMS shall at all times be considered an independent contractor which derives its authority to act from the Interlocal Cooperation Agreement, as amended, which created the POOL/ PACT and from the Board of Directors or Board of Trustees of the POOL/ PACT. PARMS agrees to keep POOL/ PACT apprised of the services it provides to other clients through an annual report to the Executive Committee.

E. INSURANCE REQUIRED

PARMS shall maintain general liability, automobile liability and errors and omissions insurance in an amount not less than One Million Dollars (\$1,000,000) per occurrence.

In light of PARMS' status as an independent contractor, PARMS acknowledges and agrees that POOL/ PACT is not responsible for obtaining and maintaining in effect all worker's compensation insurance covering PARMS. In accordance with the provisions of Chapter 616 of the Nevada Revised Statutes and Chapter 616 of the Nevada Administrative Code, PARMS agrees to provide to POOL/ PACT a proper certificate, certifying that it has obtained worker's compensation insurance covering PARMS during the term of this agreement. PARMS agrees to pay any and all premiums necessary to keep said worker's compensation insurance effective during the term of this agreement.

F. GOVERNING LAW

This agreement is made subject to the laws of the State of Nevada.

G. ENTIRE AGREEMENT

This Agreement sets forth the intentions of the parties and incorporates the understandings prior to its execution.

H. ATTORNEY'S FEES

Should either party bring suit to enforce the provisions of this agreement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs.

EFFECTIVE DATE

This Agreement is entered into on March 3, 2014 and effective July 1, 2014.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed:

PUBLIC AGENCY RISK
MANAGEMENT SERVICES, INC.

PUBLIC AGENCY COMPENSATION TRUST

BY: _____
Wayne E. Carlson
President

BY: _____
Alan Kalt
Chair of the Board

DATE: _____

NEVADA PUBLIC AGENCY INSURANCE
POOL

BY: _____
Michael Rebaleati
Chair of the Board

EXHIBIT A: Scope of Services

In accordance with the Interlocal Cooperation Agreements of Nevada Public Agency Insurance Pool and Public Agency Compensation Trust, the scope of services includes those services necessary to administer the pools and to provide risk management services. Below are excerpts that illustrate the scope of services:

“ARTICLE 13 STAFF”

Section 1. Executive Director. The Board may employ or contract for an Executive Director to administer the business and activities of NPAIP, be responsible for all minutes and records of NPAIP meetings, notices and records of NPAIP, and such other duties as are assigned by the Board and the Executive Committee, subject to the general supervision and policy direction of the Board of Directors and the Executive Committee.

Section 2. Other Staff. The Board shall provide for the appointment of such other staff as may be necessary for the administration of NPAIP.

ARTICLE 16

RESPONSIBILITIES FOR NPAIP’S FUNDS AND PROPERTY

Section 1. Custody and Disbursements. The Fiscal Officer shall oversee the custody of and disbursement NPAIP’s funds, but may delegate that disbursing authority as may be authorized by the Board, subject to the requirements of Section 2 below.

Section 2. Maintenance and Safekeeping. The Fiscal Officer shall assure the following activities are carried out appropriately by the Executive Director who shall:

- A. Receive and acknowledge receipt for all funds of NPAIP and deposit them in NPAIP’s Treasury for the credit of NPAIP;
- B. Be responsible for the safekeeping and disbursement of all NPAIP funds;
- C. Pay any sums due from NPAIP as approved by the Board or by any body or person to whom the Board has delegated approval authority;
- D. Verify and report in writing to the Executive Committee or the Board, as of the first day of each quarter of the Fiscal Year, the amount of money held for NPAIP, the amount of receipts since the last such report, and the amount paid out since that report; and
- E. Invest monies in accordance with applicable laws and regulations governing investments by Public Agencies.

Section 3. Responsibility for Funds and Property. The Executive Director, Fiscal Officer, and such other persons as the Board may designate, shall have charge of, administer, and have access to the funds and property of NPAIP.

ARTICLE 18

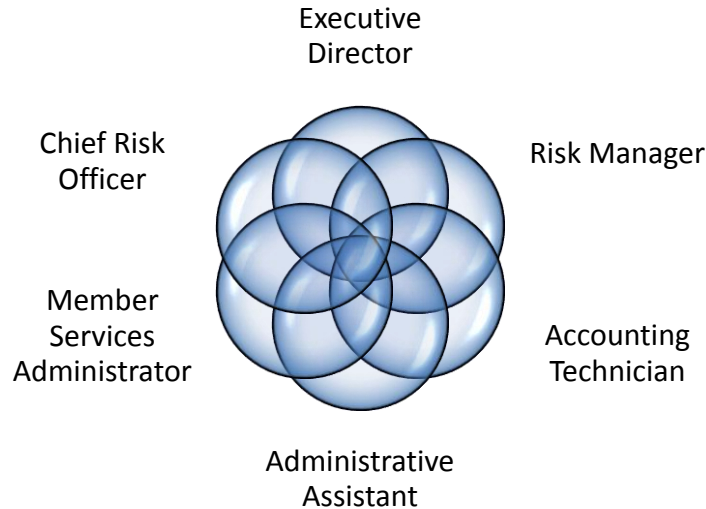
RISK MANAGEMENT

Section 1. Risk Management Services. The Executive Director or other individual or organization shall be selected by the Executive Committee to provide risk management and insurance consulting services to include Loss prevention, review of Loss data, promotion and evaluation of Loss prevention programs, and reports to Members. The responsibilities include:

- A. Liaison with the Members' staff assigned the risk management and safety responsibility;
- B. Assistance to members in the development and implementation of risk management policies;
- C. Identification and evaluation of risk and Loss potentials, aided by a claims service company and legal counsel;
- D. Recommendations as to affirmative steps in order to avoid or reduce risks and Losses;
- E. Development of a system of claims reporting and on the scene investigation by Member's personnel; and
- F. Development and production of risk prevention educational programs for Member's personnel.

Section 2. Treatment of Costs. Costs of the risk management services shall be a general administrative expense of NPAIP.”

PARMS Staff Positions





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

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

Place: John Ascuaga's Nugget, Sparks, Nevada

Time: 10:00 a.m. or

Upon adjournment of Joint Board Meeting

Date: April 25, 2014

AGENDA

April 25, 2014

Notices:

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

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From
Consent Agenda**
 - Approval of Minutes of Board Meetings:
Board Meeting April 26, 2013**
 - Acceptance of Interim Financial Statements**
- 4. For Possible Action: Acceptance of Audit for June 30, 2013**
- 5. For Possible Action: Approval of SpecialtyHealth Managed Care Organization and
Cardiac Wellness Program Agreements**

6. **For Possible Action: Acceptance of Reports**
 - a. Claims Review Report
 - b. Large Loss Report
 - c. Actuarial Update
 - d. Claims Services Audit Report
7. **For Possible Action: Acceptance of Renewal Reinsurance Proposals and Options**
8. **For Possible Action: Approval of Renewal Risk Retention Options**
9. **For Possible Action: Acceptance of Budget for 2014-2015**
10. **For Possible Action: Review of Status of Temporary Regulation on Reporting of Actuarial Liability for Public Safety Heart-Lung Benefits**
11. **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
13. **For Possible Action: Election of Executive Committee for Two Year Terms from 2014-2016**
 - 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
 - d. Extend Term of Incumbent Appointee James Eason for Towns/Districts by One Year to 2015
14. **For Possible Action: Election of Chair and Vice Chair**
15. **Public Comment**
16. **For Possible Action: Adjournment**

ANNUAL MEETING OF THE MEMBERS OF PUBLIC COMPENSATION MUTUAL
Time: Upon Adjournment of the Meeting of Public Agency Compensation Trust
Agenda: See separate agenda for Public Compensation Mutual

This Agenda was posted at the following locations:

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

NOTICE TO PERSONS WITH DISABILITIES

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



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

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

Place: John Ascuaga's Nugget, Sparks, Nevada

Time: 10:00 a.m. or

Upon adjournment of Joint Board Meeting

Date: April 26, 2013

1. Introductions and Roll

A sign-in sheet was circulated and a quorum determine to be present. The meeting was called to order at 10:55 a.m.

2. Public Comment

None was received.

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

- **Approval of Minutes of Board Meetings:
Board Meeting April 28, 2012**
- **Approval of Minutes of Committee Meetings
PACT Executive Committee May 23, 2012
PACT Executive Committee June 8, 2012**
- **Acceptance of Interim Financial Statements for 2-28-13**
- **Amend Records Retention Policy Statement to Remove Current
PACT Policy Language and to Adopt the Local Government Records
Retention Schedule as Published by the Nevada State Library and
Archives as the PACT Records Retention Policy Statement**

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

4. For Possible Action: Acceptance of Audit for June 30, 2012

Chair Kalt reviewed the audit noting that the Audit Committee reviewed it and recommended acceptance as did the Executive Committee.

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

5. For Possible Action: Cardiac Wellness Program Status Report

Jackie Cox, CEO of SpecialtyHealth, reviewed progress in the Cardiac Wellness Program (CWP). SpecialtyHealth serves as the PACT's MCO and administers the CWP. She commented about the growth of participation in the program from 16 to 20 Member agencies and from 442 to 586 physical examinations being reviewed. She said their goal is to increase CWP individual participants from 114 to 144 for the coming year. She complimented Central Lyon Fire Protection District for having achieved 100% participation in the CWP along with North Lyon Fire Protection District at 80%, Mesquite fire at 75%, Churchill County at 63%, Elko City Fire Department at 60%. Others were below 50%, but they were being targeted for improvements. She noted that the health risk profile showed a high percentage of individuals with insulin resistance, pre-diabetes or diabetes and metabolic syndrome. She provided several examples of before and after risk profiles of participants in the CWP. She further offered a CWP option for other than public safety employees in which a portion of the health insurance would cover and the balance would be out of pocket unless the health insurer offered a wellness benefit. Chair Kalt thanked her for her report.

No action was taken.

6. For Possible Action: Acceptance of Reports

- a. Claims Review Report**
- b. Large Loss Report**
- c. Actuarial Update**
- d. Claims Services Audit Report**

- a. Wayne Carlson review the claims by member type, commenting on some of the larger losses. He noted that this review was an annual regulatory review requirement. He responded to questions.
- b. Doug Smith reviewed the large losses (over \$100,000) since inception of PACT.
- c. Doug Smith reviewed several portions of the actuarial report on reserves as well as the rate development report, commenting on the trends in both frequency and severity.
- d. Wayne Carlson noted that the independent claims audit was conducted a year ago with a very positive result on reserve accuracy. Another audit, this time from the Division of Industrial Relations was to be scheduled sometime in the next fiscal year.

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

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

Bob Lombard presented background on the renewal process, noting that the reinsurance premiums have come down slightly. He noted that County Reinsurance, Ltd. (CRL) had reduced its premium largely as a result of lower payrolls and some rate reduction. Safety National Casualty Company (SNCC) offered a flat renewal premium; however, the increased the aggregate retention from \$8,243,866 (on a comparable payroll basis) to \$9,564,134. Since the aggregate retention had normally been significantly higher than the average annual losses, the Executive Committee discussed the impact and concluded that it would be minimal. Doug Smith noted that the PACT actuary indicated very little charge for the aggregate limits due to the high retention. Doug indicated that since PACT's captive, Public Compensation Mutual, had the ability to replace the aggregate excess limits at about the same loading as SNCC, it was not of concern. Bob Lombard commented that it may be better to continue with SNCC on the aggregate excess since most carriers do not like this coverage and that once it is gone, it may be difficult to get back. Doug agreed and suggested continuing with SNCC, but watching this further for the future.

On motion and second to accept the renewal proposal from the incumbent reinsurers, the motion carried.

8. For Possible Action: Approval of Renewal Risk Retention Options

On motion and second to accept the renewal at current retentions with the higher SNCC aggregate retention, the motion carried.

9. For Possible Action: Acceptance of Budget for 2013-2014

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

10. For Possible Action: Approval of Amendments to Interlocal Cooperation Agreement

- a. Changing Member voting status upon change of form of government from independent to advisory board status**
- b. Changing method for approving towns and special districts for voting status**
- c. Changing composition of Executive Committee membership**
- d. Changing notice of withdrawal from 120 days advance notice to 120 days notice in advance of program renewal date**
- e. Changing method for approval of interlocal cooperation agreement changes**
- f. Correcting typographical errors**

Wayne Carlson walked the board through the various changes, explaining the purpose for each one. Regarding item 10.a., he explained that the Town of Pahrump was subject to a vote about dissolving the town board form of government into an advisory board which would eliminate their voting status on the PACT board. However, the ballot measure was appealed by the town, lost at district court and was pending Nevada Supreme Court review and decision, thus no action was necessary until 2015 when the vote takes effect or when the court makes its ruling. He suggested no change be made at this time.

Regarding 10.b., this change was to clarify the current language, but not the intent.

Regarding 10.c., he noted that this was a policy decision for the board since when hospitals first joined there were ten members so an automatic position on the Executive Committee was created, but that is down to five members so the board should determine whether or not to continue the position or to merge it into all other towns and special districts.

Item 10.e. changes a provision that was unworkable since the whenever there was a change in voting member representation, the PACT board was not the proper board to replace the representative, but the Member organization's board. In addition, changes to the Interlocal Cooperation Agreement should be made by the PACT board and not be subject to additional action by the individual member board.

Item 10.f. removed typographical errors.

Chair Kalt called for discussion of the various changes. Paul Johnson proposed a motion, which was seconded, to accept the changes excluding any changes to the town provisions or the Executive Committee composition. Under discussion, Gerry Eick suggested a possible amendment to the motion regarding the hospital position, but neither the motion maker nor

the second accepted the changes. Paul Johnson called the question. Alan Kalt suggested this be studied in the future perhaps as part of a retreat. The motion carried.

11. For Possible Action: Approval of Amendments to Bylaws

- a. Changing method for filling vacancies of Member board positions**
- b. Changing provision as to when a vacancy is deemed to have occurred**

Chair Kalt introduced the item. Wayne Carlson reviewed the proposed changes as clarifications for handling vacancies. Josh Foli suggested that an additional item be added under 4.04 as (f) to eliminate the board position entirely if the Member withdraws. On motion and second to approve the changes and to direct staff to work with legal counsel for final language to add (f) as proposed, the motion carried.

12. For Possible Action: Action regarding these topics as required by Nevada

Administrative Code:

- a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**
- b. Review of the loss experience of each Member of the association - Claims Experience Report Summary**
- c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**

Chair Kalt opened this discussion noting that item b. had been reviewed earlier in this meeting. He also commented about the financial progress of Pershing General Hospital since being under review by the Department of Taxation and indicated he did not believe they should be removed from membership. Pat Irwin thanked the board for its support of the hospital during the recovery.

On motion and second to take no adverse action against any member, the motion carried.

13. For Possible Action: Election of Executive Committee for Two Year Terms from 2013-2015

- 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 Kalt reviewed the list of incumbents up for reelection noting they were willing to continue to serve. He noted the vacancy of the hospital position.

On motion and second to retain the incumbents, the motion carried.

Pat Irwin from Pershing General Hospital was nominated to fill the hospital vacancy. On motion and second to elect Pat Irwin, the motion carried.

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

Chair Kalt indicated that both he and Vice Chair Minor were willing to continue to serve. On motion and second to elect both incumbents, the motion carried.

15. Public Comment

None was received.

16. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 12:24 p.m.

The Agenda was posted at the following locations:

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

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

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

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

PUBLIC AGENCY COMPENSATION TRUST
Statement of Assets, Liabilities and Equity
February 28, 2014

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
ASSETS			
Cash and Equivalents	496,589.30	2,406,817.01	2,903,406.31
Pledged Account Cash Equivalents		511,021.62	511,021.62
Investments	16,870,107.02	39,630,238.91	56,500,345.93
Investments - State of Nevada		3,990,096.00	3,990,096.00
Investments Interest Receivable	64,605.42	162,988.40	227,593.82
Member Assessments Receivable	6,898.71	20,696.62	27,595.33
Heart/Lung Fund Receivable		(9,744.01)	(9,744.01)
Agent Compensation Receivable	4,571.92		4,571.92
Interfund Account	(16,346.27)	16,346.27	-
Interfund Account - Heart/Lung Fund	(6,650.74)	6,650.74	-
Accrued Assessments	518,350.00	1,495,242.00	2,013,592.00
Accrued Assessments - Heart/Lung Fund		301,985.00	301,985.00
Accrued Agent Compensation	49,524.00		49,524.00
Public Compensation Mutual Investment	2,000,000.00	25,159,437.00	27,159,437.00
PCM Amortization	(919,995.00)	(11,613,243.00)	(12,533,238.00)
Specific Recoverable		49,228.77	49,228.77
Prepaid Expenses	140,548.80	457,029.46	597,578.26
	19,208,203.16	62,584,790.79	81,792,993.95
TOTAL ASSETS			
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Specific Recoverable		49,228.77	49,228.77
Loss Reserves		84,803,889.67	84,803,889.67
Loss Reserves - Heart/Lung		14,487,474.72	14,487,474.72
Claims Payments		(62,496,305.82)	(62,496,305.82)
Claims Payments - Heart/Lung		(107,317.72)	(107,317.72)
Fund Balances:			
Fund Balance	19,209,453.16	25,847,821.17	45,057,274.33
	19,209,453.16	62,584,790.79	81,794,243.95
TOTAL LIABILITIES AND FUND BALANCES			

Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST
Income Statement
For the Eight Months Ending February 28, 2014

	<u>Operating Fund (Unrestricted)</u>	<u>Trust Fund (Restricted)</u>	<u>TOTAL FUNDS</u>
REVENUES			
Assessments	1,622,582.73	4,867,748.27	6,490,331.00
Heart Lung Fund	-	1,027,381.41	1,027,381.41
Accrued Assessments	518,350.00	1,495,242.00	2,013,592.00
Accrued Assessments - Heart/Lung Fund	-	301,985.00	301,985.00
Accrued Agent Compensation	49,524.00	-	49,524.00
Agent Compensation	115,974.75	-	115,974.75
Investment Interest Income	255,553.14	717,298.88	972,852.02
Bank Interest Income	-	450.64	450.64
Investment Realized Gains/(Losses)	(22,814.58)	(360,568.71)	(383,383.29)
Investment Unrealized Gains/(Losses)	(43,229.28)	92,151.78	48,922.50
	<u>2,495,940.76</u>	<u>8,141,689.27</u>	<u>10,637,630.03</u>
LOSS RESERVES EXPENSES			
Claims and Adjustment Expenses	-	3,961,910.42	3,961,910.42
Heart Lung Loss Reserves Expenses	-	1,027,381.41	1,027,381.41
	<u>-</u>	<u>4,989,291.83</u>	<u>4,989,291.83</u>
PROGRAM EXPENSES			
Excess Insurance Premiums	-	336,032.00	336,032.00
Reinsurance Premium (PCM)	-	449,328.00	449,328.00
Claims TPA Fees (ASC)	-	409,146.99	409,146.99
Underwriting Fees (Willis Pooling)	-	19,807.00	19,807.00
Nevada Insolvency Fund	-	22,471.00	22,471.00
Security Bond/Regulatory Assessments	-	336,551.76	336,551.76
Specialty Health MCO Contract	-	32,000.00	32,000.00
Amortization Expense	-	1,661,168.00	1,661,168.00
	<u>-</u>	<u>3,266,504.75</u>	<u>3,266,504.75</u>
ADMINISTRATION EXPENSES			
Management Services	326,760.00	-	326,760.00
Sponsorship Fees	2,515.00	-	2,515.00
Travel	14,662.78	-	14,662.78
Casualty Insurance	20,864.00	-	20,864.00
Due and Seminar Fees	12,244.36	-	12,244.36
Audit Expense	45,444.50	-	45,444.50
Printing & Copying Expense	4,555.23	-	4,555.23
Postage	1,065.19	-	1,065.19
Office Supplies	1,444.92	-	1,444.92
Telephone Expense	1,561.50	-	1,561.50
Legal Expense	4,720.21	-	4,720.21
Miscellaneous Expenses	-	-	-
Board & Committee Meetings	892.61	-	892.61
Actuary Expense	14,650.00	-	14,650.00
Member Education and Services	88,931.26	-	88,931.26
Bank Service Charges	7,757.83	-	7,757.83
PRI Contract Services	357,000.00	-	357,000.00

PUBLIC AGENCY COMPENSATION TRUST

Income Statement

For the Eight Months Ending February 28, 2014

Agent Compensation	118,341.50	-	118,341.50
Insurance Division Fees	322,598.74	-	322,598.74
Loss Control Expense	268,061.00	-	268,061.00
SMEP Awards		-	-
Specialty Health - Cardiac Wellness	158,871.85	-	158,871.85
Risk Management Grants	10,464.17	-	10,464.17
Amortization Expense	133,328.00	-	133,328.00
Investment Expenses	115,017.64	-	115,017.64
Total Administrative Expenses	<u>2,031,752.29</u>	<u>-</u>	<u>2,031,752.29</u>
REVENUES OVER EXPENSES	<u>464,188.47</u>	<u>(114,107.31)</u>	<u>350,081.16</u>

Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST
Budget Comparison to Actuals
As of February 28, 2014

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	% of Change
INCOME:					
Assessments	12,278,839	8,503,923	3,774,916	8,325,629	2.10%
Heart/Lung Assessments	1,774,328	1,329,366	444,962	1,206,032	9.28%
Agent Compensation	0	165,499	(165,499)	218,230	-31.86%
Investment Revenues	900,000	638,391	261,609	711,659	-11.48%
Bank Interest Income	2,000	451	1,549	507	-12.60%
TOTAL INCOME	14,955,167	10,637,630	4,317,537	10,462,057	1.65%
LOSS RESERVES EXPENSES:					
Claims and Adjustment Expenses	7,321,500	3,961,910	3,359,590	3,932,281	0.75%
Heart/Lung Reserves Expense	1,785,328	1,027,381	757,947	933,686	9.12%
TOTAL LOSS FUND EXPENSES	9,106,828	4,989,292	4,117,536	4,865,966	-100.00%
PROGRAM EXPENSES:					
Excess Insurance/Reinsurance Premiums	1,266,866	785,360	481,506	795,416	-1.28%
Claims TPA Fees (ASC)	638,219	409,147	229,072	421,747	-3.08%
Underwriting Fees (Willis Pooling)	30,000	19,807	10,193	19,807	0.00%
Nevada Insolvency Fund	20,000	22,471	(2,471)	22,319	0.68%
Security Bond/Regulatory Assessments	332,000	336,552	(4,552)	203,058	39.67%
Unclaimed Property Payments			-		0.00%
Specialty Health MCO Contract	50,000	32,000	18,000	28,000	12.50%
Total Program Expenses	2,337,085	1,605,337	731,748	1,490,346	7.16%
ADMINISTRATION EXPENSES:					
Management Services	475,860	326,760	149,100	277,585	15.05%
Sponsorship Fees	3,000	2,515	485	1,618	35.69%
Travel	15,000	14,663	337	15,145	-3.29%
Casualty Insurance	33,000	20,864	12,136	20,920	-0.27%
Due and Seminar Fees	18,000	12,244	5,756	11,531	5.83%
Audit Expense	45,000	45,445	(445)	19,686	56.68%
Printing & Copying Expense	5,000	4,555	445	1,360	70.15%
Postage	3,700	1,065	2,635	684	35.79%
Office Supplies	5,000	1,445	3,555	1,479	-2.36%
Telephone Expense	5,000	1,562	3,439	1,326	15.08%
Legal Expense	10,000	4,720	5,280	13,673	-189.66%
Miscellaneous Expenses	-	-	-	-	0.00%
Board & Committee Meetings	10,000	893	9,107	329	63.14%
Actuary Expense	36,000	14,650	21,350	14,500	1.02%
Member Education and Services	120,000	88,931	31,069	84,587	4.89%
Bank Service Charges	5,000	7,758	(2,758)	5,339	31.18%
PRI Contract Services	525,000	357,000	168,000	306,250	14.22%
Agent Compensation	-	118,342	(118,342)	179,716	-51.86%
Insurance Division Fees	260,000	322,599	(62,599)	260,988	19.10%
Loss Control Expense	406,000	268,061	137,939	268,061	0.00%
Investment Expense	100,000	115,018	(15,018)	162,809	-41.55%
SMEP Awards	-	-	-	-	0.00%
Risk Management Grants		10,464	(10,464)	487,680	-4560.47%
TOTAL ADMINISTRATION EXPENSES	2,080,560	1,739,552	341,008	2,135,264	-22.75%
TOTAL LOSS FUND, PROGRAM & ADMINISTRATION EXPENSES	13,524,473	8,334,181	5,190,292	8,491,577	-1.89%
NET INCOME	1,430,694	2,303,449	(872,755)	1,970,480	14.46%

PUBLIC AGENCY COMPENSATION TRUST

Budget Comparison to Actuals

As of February 28, 2014

NON-ALLOCABLE INCOME AND EXPENSES

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	% of Change
OTHER EXPENSES:					
Specialty Health - Cardiac Wellness	427,000	158,872	268,128	85,069	46.45%
PCM Amortization Expense	2,389,381	1,794,496	594,885	1,810,616	-0.90%
TOTAL OTHER EXPENSES	2,816,381	1,953,368	863,013	1,895,685	2.95%
Net Income		2,303,449		1,970,480	
Other Expenses		<u>(1,953,368)</u>		<u>(1,895,685)</u>	
Income Statement Net Income		350,081		74,795	

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Feb 28, 2014

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID	Account Description	Debit Amt	Credit Amt
1102-C-C	Cash - Claims - Wells Fargo		55,846.44
1102-C-E	Cash - Claims Expense -Wells	115,015.08	
1102-G-A	Cash - Admin. - Wells Fargo	80,385.41	
1150-C-E	Public Compensation Mutual-Inv	25,159,437.00	
1150-G-A	Public Compensation Mutual-Inv	2,000,000.00	
1151-C-E	PCM Amortization		11,613,243.00
1151-G-A	PCM Amortization		919,995.00
1200-C-E	Interfund Account - Claims	16,346.27	
1200-C-H	Interfund Account - Heart/Lung	6,650.74	
1200-G-A	Interfund Account - General		16,346.27
1200-G-H	Interfund Account - Heart/Lung		6,650.74
1201-C-C	Eagle - Claims Investments	34,506,393.66	
1201-G-A	Eagle - Admin Investments	14,277,373.32	
1202-C-E	Eagle Claims Cash Equivalents	2,287,162.87	
1202-G-A	Eagle Admin Cash Equivalents	405,036.09	
1207-C-E	PACT/State of NV Pledged Acct.	3,990,096.00	
1208-C-E	PFM Claims Investments	5,123,845.25	
1208-G-A	PFM Admin. Investments	2,592,733.70	
1209-C-E	PFM Claims Cash Equivlanets	60,485.50	
1209-G-A	PFM Admin. Cash Equivlanets	11,167.80	
1210-C-E	Pledged Account Cash Equiv.	511,021.62	
1214-C-E	Claims Eagle Interest Rec	131,343.44	
1214-G-A	Admin Eagle Interest Rec	51,222.35	
1215-C-E	Claim PFM Interest Receivable	25,057.18	
1215-G-A	Admin. PFM Interest Receivable	13,383.07	
1216-C-E	Pledged Account Interest Rec.	6,587.78	
1303-C-E	Member Assessments Receivable	20,696.62	
1303-C-H	Heart Fund Receivable		9,744.01
1303-G-A	Member Assessments Receivable	6,898.71	
1304-C-E	Accrued Assessments - Claims	1,495,242.00	
1304-G-A	Accrued Assessments - Admin.	518,350.00	
1305-C-E	Accrued Heart Fund	301,985.00	
1306-G-A	Accrued Agent Comp	49,524.00	
1310-C-E	Specific Recoverable	49,228.77	
1312-G-A	Agent Compensation Receivable	4,571.92	
1400-C-E	Pre-Paid Excess Insurance	168,020.00	
1401-C-E	Pre-Paid ASC Admin. Fees	54,144.46	
1402-C-E	Prepaid Willis Pooling Fees	10,193.00	
1403-C-E	Prepaid Reinsurance Premium	224,672.00	
1463-G-A	Pre-Paid Casualty Insurance	2,609.80	
1485-G-A	Prepaid Loss Control Fees	137,939.00	
2110-C-E	Loss Reserves		84,803,889.67
2111-C-H	Heart Lung Loss Reserves		14,487,474.72
2200-C-C	Claims Payments	62,496,305.82	
2201-C-H	Claims Payments - Heart/Lung	107,317.72	
2310-C-E	Specific Recoverable		49,228.77
3501-C-C	Retained Earnings - Claims		25,961,928.48
3501-G-A	Retained Earnings - General		18,745,264.69
4000-S	Suspense - Premiums		5,400.74
4000-S-H	Suspense - Heart/Lung Fund	6,650.74	
4001-C-E	Assessments-Claims- Expense		4,867,748.27
4001-C-H	Heart Lung Fund		1,027,381.41
4001-G-A	Assessments - General Admin		1,622,582.73
4003-C-E	Accrued Assessments - Claims		1,495,242.00
4003-G-A	Accrued Assessments - Admin.		518,350.00
4004-C-E	Accrued Heart Fund		301,985.00
4005-G-A	Accrued Agent Comp		49,524.00
4006-G-A	Agent Compensation		115,974.75
5110-C-E	Loss Reserves Expense	3,961,910.42	
5111-C-H	Heart /Lung Loss Reserves Exp	1,027,381.41	
5450-G-A	Management Services	326,760.00	
5456-G-A	Sponsorship Fees	2,515.00	
5462-G-A	Travel	14,662.78	
5463-G-A	Casualty Insurance	20,864.00	
5464-G-A	Dues and Seminar Fees	12,244.36	
5465-G-A	Audit Expense	45,444.50	
5466-G-A	Printing & Copying Expense	4,555.23	
5467-G-A	Postage	1,065.19	

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Feb 28, 2014

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID	Account Description	Debit Amt	Credit Amt
5468-G-A	Office Supplies	1,444.92	
5469-G-A	Telephone Expense	1,561.50	
5470-G-A	Legal Expense	4,720.21	
5472-G-A	Board and Committee Meetings	892.61	
5474-G-A	Actuary Expense	14,650.00	
5475-G-A	Member Education and Services	88,931.26	
5476-G-A	Bank Service Charges	7,757.83	
5477-G-A	PRI Contract Services	357,000.00	
5478-G-A	Agent Compensation	118,341.50	
5482-C-E	Insurance Division Fees	336,551.76	
5482-G-A	Insurance Division Fees	322,598.74	
5484-C-E	Nevada Insolvency Fund	22,471.00	
5485-G-A	Loss Control Expense	268,061.00	
5488-G-A	Spec. Health-Cardiac Wellness	158,871.85	
5489-G-A	Risk Management Grants	10,464.17	
6000-C-E	Excess Insurance	336,032.00	
6001-C-E	ASC Claims Admin Fees	409,146.99	
6002-C-E	Willis Pooling Fees	19,807.00	
6003-C-E	Reinsurance Premium (PCM)	449,328.00	
6006-C-E	Specialty Health MCO Contract	32,000.00	
6100-C-C	Interest Income Claims Account		717,298.88
6100-G-A	Interest Income Admin. Acct.		255,553.14
6101-C-C	Claims Bank Interest Income		450.64
6110-C-E	Claims Realized Gains/(Losses)	360,568.71	
6110-G-A	Admin. Realized Gains/(Losses)	22,814.58	
6111-C-E	Clms Unrealized Gains/(Losses)		92,151.78
6111-G-A	Admn Unrealized Gains/(Losses)	43,229.28	
6151-C-E	Amortization Expense	1,661,168.00	
6151-G-A	Amortization Expense	133,328.00	
7200-G-A	Investment Expense - Admin	115,017.64	
	Total:	167,739,255.13	167,739,255.13

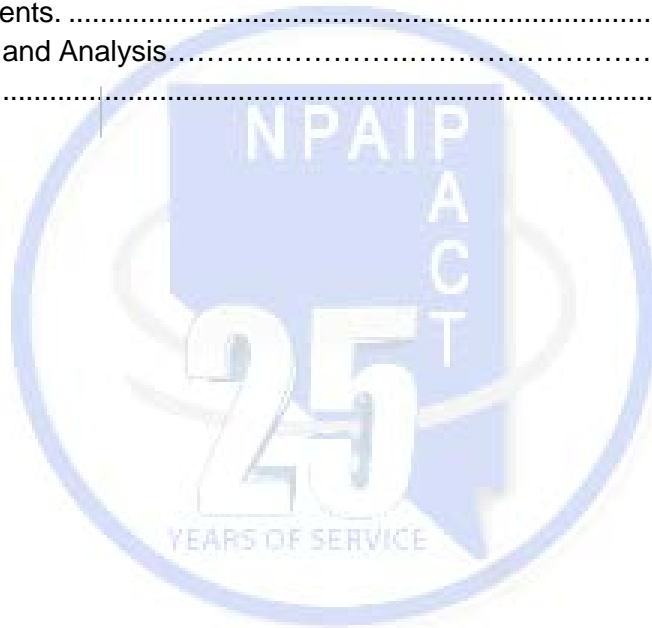
Public Agency Compensation Trust



*Annual Report
June 30, 2013 and 2012*

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As Chair of the Board of Trustees, I am pleased to present the PACT Annual Audited Financial Statements for the year ended June 30, 2013, the conclusion of our 16th full year of operations.

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. In the claim trend review portion of the report, management provides further insights into the claims activity and trends. I encourage you to read these management and claims trend discussions and all of the accompanying background material about PACT along with the financial audit. The Board believes that a transparent organization best serves the members. The more members can be fully informed, the better PACT can become of service to the members.

The Board adopted fiscally responsible policies to retain net assets in order to achieve long-term, stable financial results for members. They adopted a policy to target net assets at a minimum of twelve times the highest self-insured retention. We have exceeded that goal for this year and for the comparison year shown in the audit. 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.

In addition to the financial statements, information about PACT services and service providers is included. The Board continues to fulfill its Mission, Vision, and Motto through fiscal responsibility and innovative services to help members serve the public. These statements reflect the culture and values of PACT and provide direction to the administrative staff.

With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive 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.

We welcome your comments and suggestions to further strengthen PACT's financial position, to provide you with additional information and to enhance Member services. I am honored to serve as Chair of the Board of Trustees. Thank you for your participation as a Member of PACT.

Sincerely,

Alan Kalt, Board Chair

MISSION

Public Agency Compensation Trust (PACT) member services consortium provides interactive risk management resources for public agencies.

We Excel In:

- Innovative solutions that help Members serve the public
- Financial strength, security, and durability
- Cost effective risk sharing and financing
- Interactive claims service
- Member networking and resource sharing

We are:

- Member governed
- Stewards of public assets
- Committed to Quality Member Services
- Focused on the Future

VISION

Members anticipate and manage the risks encountered as a public agency. Membership is a privilege earned by effective agencies committed to sharing resources to benefit their employees and the public they serve.

- To incorporate risk management into member management strategies
- To sustain financial strength to meet our commitment to Members
- To deliver innovative education, training, and support as primary service
- To retain and add Members who demonstrate commitment to our Mission and Vision
- To provide stunning, sustainable service through administrative excellence
- To share resources between Members so that all succeed

MOTTO

We cooperatively deliver public agency risk/management solutions.

HISTORY

What is an association for self-insurance? Under Nevada Revised Statutes, an association for self-insurance of workers compensation risks is an organization in which members jointly and severally bind themselves together to pay benefits to injured workers as required by law. Through the Interlocal Cooperation Act, local government agencies may join together to provide services and insurance such as workers compensation.

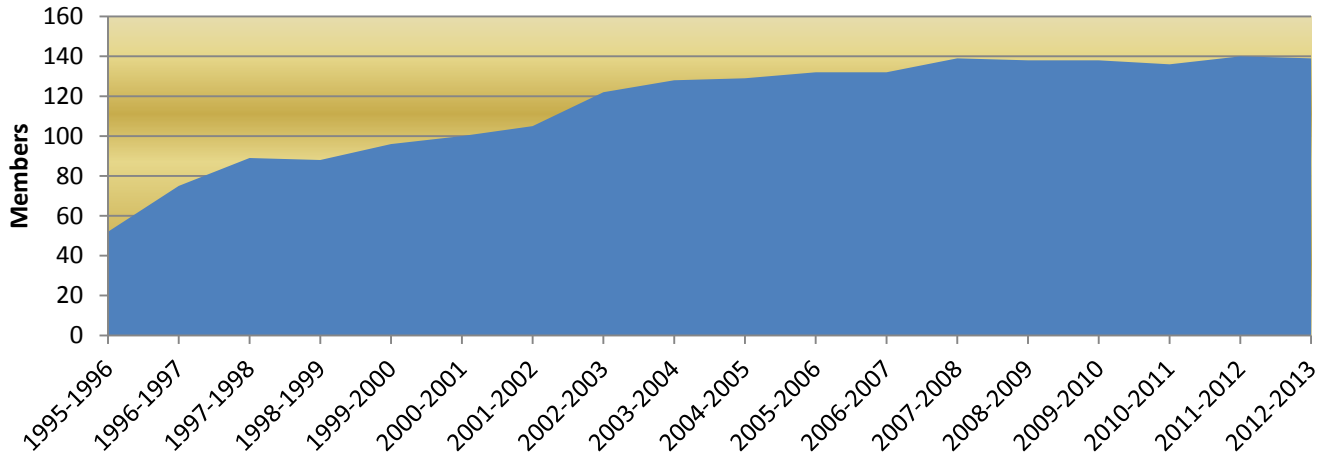
What is Public Agency Compensation Trust? Counties, cities, towns, and special districts formed PACT to provide workers compensation coverage for their employees. After formation, hospitals and school districts became members.

The Nevada Public Agency Insurance Pool sponsored PACT's creation. Both pools provide members extensive and innovative risk management services that help the members serve the public.

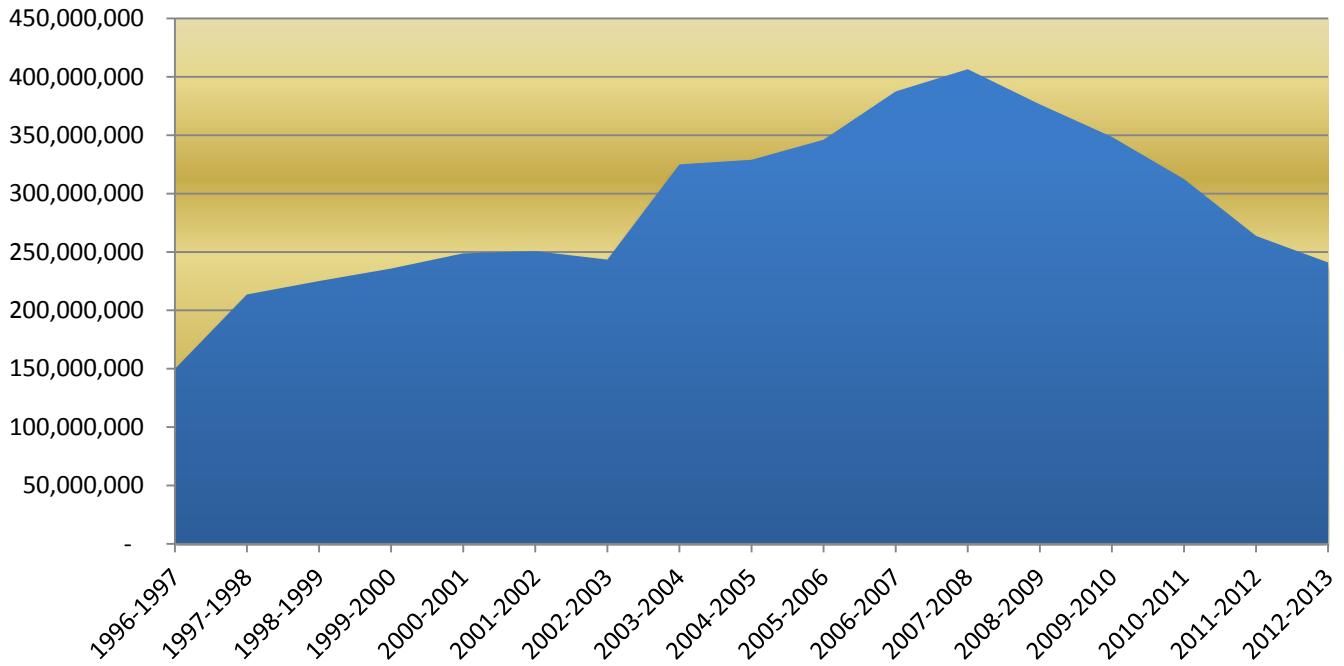
When did it begin? PACT was formed and began operation on April 1, 1996, serving public agencies around Nevada.



Membership Growth



Payroll Growth



MEMBER LISTING

COUNTIES:

Churchill County
Douglas County
Elko County
Esmeralda County
Eureka County
Humboldt County
Lander County
Lincoln County
Lyon County
Mineral County
Nye County
Pershing County
Storey County
White Pine County

**SCHOOL
CITIES**

Esmeralda County School District
Eureka Count School District
Humboldt County School District
Lander County School District
Lincoln County School District
Mineral County School District
Pershing County School District
White Pine County School District

TOWNS

Boulder City
City of Caliente
City of Carlin
City of Ely
City of Fallon
City of Fernley
City of Lovelock
City of Mesquite
City of Wells
City of West Wendover
City of Winnemucca
City of Yerington

DISTRICTS

Town of Austin
Town of Battle Mountain
Town of Gardnerville
Town of Genoa
Town of Minden
Town of Goldfield
Town of Jackpot
Town of Kingston
Town of Pahrump
Town of Pioche
Town of Round Mountain
Town of Silver Peak
Town of Tonopah

HOSPITALS:

Battle Mountain Hospital
Grover C. Dils Medical Center
Humboldt General Hospital
Mt. Grant General Hospital
Pahrump Hospital District
Pershing Co. General Hospital

FIRE & AMBULANCE DISTRICTS:

Austin Volunteer Ambulance
Austin Volunteer Fire Department
Battle Mountain Volunteer Ambulance
Battle Mountain Volunteer Fire Dept
Central Lyon County FPD
East Fork Fire & Paramedics
Fernley Volunteer FPD
Hawthorne Fire & VFD
Kingston VFD
Luning VFD
Mason Valley FPD
Mina VFD
North Lyon County FPD
North Lake Tahoe FPD
Pahranagat Valley FD
Panaca Volunteer FD
Pioche Volunteer FD
Schurz VFD
Smith Valley FPD
Tahoe Douglas FPD
Truckee Meadows FPD
Brown Huffaker VFD
Cold Springs VFD
Gerlach VFD/Ambulance
Hidden Valley VFD

Lemmon Valley VFD
Palomino VFD
Pleasant Valley VFD
Red Rock VFD
Silver Lake VFD
Sutcliffe VFD
Wadsworth VFD
WashoeCo. Fire Suppression Dist.
White Pine County FPD
Winnemucca Vol. Ambulance

SPECIAL DISTRICTS & OTHERS:

Alamo Sewer and Water District
Amargosa Library District
Beatty Library District
Canyon GID
CC Communications
Central Lyon County Vector Control District
Churchill County Mosquito Abatement District
Douglas County Mosquito Abatement District
Elko Central Dispatch
Elko Convention & Visitors Authority
Elko Television District
Ely Municipal Water Department
Fernley Swimming Pool District
Fernley Utilities
Hawthorne Utilities Water & Sewer
Lincoln County Housing Authority
Marla Bay General Improvement District
Mason Valley Mosquito Control District

Mason Valley Swimming Pool District
McGill Ruth Sewer & Water GID
Mineral County Care & Share
Nevada Association of Counties
Nevada League of Cities
Nevada Rural Housing Authority
Nevada Tahoe Conservation District
Pahranagat Valley TV District
Palomino Valley GID
Pahrump Library District
Pershing County Water Conservation District
Smoky Valley Library District
Smoky Valley TV District
Sun Valley GID
Tonopah Library District
Tonopah Public Utilities
Truckee Meadows RPA
Virgin Valley Water District
White Pine Co. Tourism & Recreation Board

White Pine Historical Railroad Foundation
Willow Creek GID

SERVICES

What services does the PACT offer? In addition to pooling of the risks and the joint purchase of reinsurance, PACT provides members substantial support and guidance for their efforts to manage risks.

Risk Management Consultation - PACT's Executive Director and risk management staff assist members as risk management advisors in addition to administering the pool. Assistance regarding establishing systems for managing risk, interpretations of classifications, loss prevention, training, independent contractor requirements and other concerns is provided on an inter-active basis. PACT maintains a library of training materials and information for use by members.

Loss Control Services - PACT teams with Willis Pooling (WP) to provide loss control services to all members. WP's Nevada loss control representatives make regular visits around the state to assist safety committees, conduct inspections of facilities and operations, and to provide OSHA guidance, safety and loss prevention training based on the needs of each member. In cooperation with PACT, WP has training videos, slides, manuals and other material for use by members. Loss Control Bulletins are issued several times each year. Risk Management Grants are available to help fund safety initiatives.

Claims Administration - Through its claims administration firm, ASC, all incidents or claims are reported and handled to conclusion satisfactory to members. ASC negotiates and settles claims on an interactive basis with members, their employees, and medical providers. Their goal is to achieve concurrence by members in their decisions whenever feasible and to maintain effective employee relations. Members receive quarterly claims reports showing all activity, types of claims, payments and reserves.

Newsletters - Periodic newsletters and bulletins are published providing tips on safety and emerging safety regulatory action. The newsletters and bulletins are sent to the PACT liaison with copies for further distribution to staff. Loss Control Bulletins are issued several times a year.

Risk Management/Safety Guides - In cooperation with Willis Pooling, PACT produces risk management and safety guides to assist members with such issues as establishing effective safety committees, technical guidance, OSHA compliance, and other safety related items. Guides are free to members.

Research on New Issues - By tracking legislative and regulatory developments, PACT represents members' interests in workers compensation laws. PACT introduces or influences legislation that clarifies the law or changes it to benefit members. In addition, PACT conducts research into new techniques for managing safety of employees and risk financing.

PRIMA Membership/AGRIP Membership - PACT pays membership dues for its members to the national Public Risk Management Association and the Nevada Chapter. This provides members with their publications and opportunities to take advantage of their extensive training programs and conferences. PACT also maintains membership in the Association of Governmental Risk Pools (AGRIP).

Policy Negotiations - PACT's Executive Director and staff negotiate the reinsurance program through meetings with Willis Pooling and the program underwriters. The results are presented to the Executive Committee for consideration, then to the Board for acceptance.

Seminars & Training - PACT's risk management staff and Willis Pooling's loss control representatives have surveyed members to determine their training needs and have designed service plans. Members have been encouraged to attend available OSHA seminars. Using onsite training as much as possible, WP has provided a variety of training programs. PACT's Loss Control Committee meets regularly to develop new programs and services for members. E-learning modules and other resources can be found at www.poolpact.com.

BOARDS AND COMMITTEES

Board of Trustees

Chair: Alan Kalt
Vice Chair: Cash Minor

The Board of Trustees of PACT is comprised of individuals appointed by each voting member city, county, hospital, school district or eligible special district. Each member is entitled to one vote cast by their voting representative or alternate.

The annual meeting addresses the renewal program design and pricing in addition to the programs and services plans for the following year.

Executive Committee

Members: Alan Kalt
Cash Minor
Josh Foli
Paul Johnson
Steve West
Roger Mancebo
Bill Kohbarger
Pat Irwin

The Executive Committee meets at the call of the chairman. It handles issues that arise between Board meetings, approves prospective members and serves as the financial and investment oversight committee.

The Executive Committee consists of eight members from the Board of Trustees. Three of the members are from cities or counties smaller than 35,000 in population, two from larger than 35,000 in population; one is representative of hospitals, one is representative of school districts and one represents special districts. The Board Chairman chairs the Executive Committee.

Audit Committee

Members: Josh Foli, Chair
Cash Minor
Rogene Hill
Gerry Eick

Comprised of members of the Board of Trustees, this committee oversees the audit process for PACT to ensure compliance with the laws and regulations, proper reporting of financial information and that management recommendations from the auditor properly are acted upon.

Fiscal Officer Josh Foli

The Fiscal Officer is responsible for oversight of PACT funds as set forth in the PACT Interlocal Cooperation Agreement and Bylaws.

Loss Control Committee

The Loss Control committee creates, implements and oversees programs to prevent and reduce member losses. They serve as the oversight committee for the loss control program and review members for recognition of achievement. An annual retreat provides training to members and plans future activities.



SERVICE PROVIDERS

Public Agency Risk Management Services, Inc

Wayne E. Carlson, MBA, CPCU, ARM
President

Douglas A. Smith, MBA, CPCU, CLU
Chief Risk Officer

Ann Wiswell, CIC
Risk Management Specialist

Debra Connally
Member Services Administrator

Melissa Mack
Accounting Technician

Linda Kaercher-Stewart
Administrative Support

Willis Pooling

Robert Lombard, Managing Principal

Rick Hudson, Risk Control Representative

Mel Iida, Risk Control Representative

Josh Wilson, Wellness Coordinator

Bickmore

Mark Priven and Derek Burkhalter

Bertrand & Associates

Michael Bertrand, CPA

Raymond James & Associates

Joe Woods, Local Representative

Wayne Carlson is sole owner of this firm, which provides his services as Executive Director of PACT. Serving in the same capacity for the Nevada Public Agency Insurance Pool, Wayne initiated legislative action to authorize formation of self-insurance associations of public agencies for workers compensation. As a result, the Pool sponsored the creation of PACT, which contracted with his firm to administer the program.

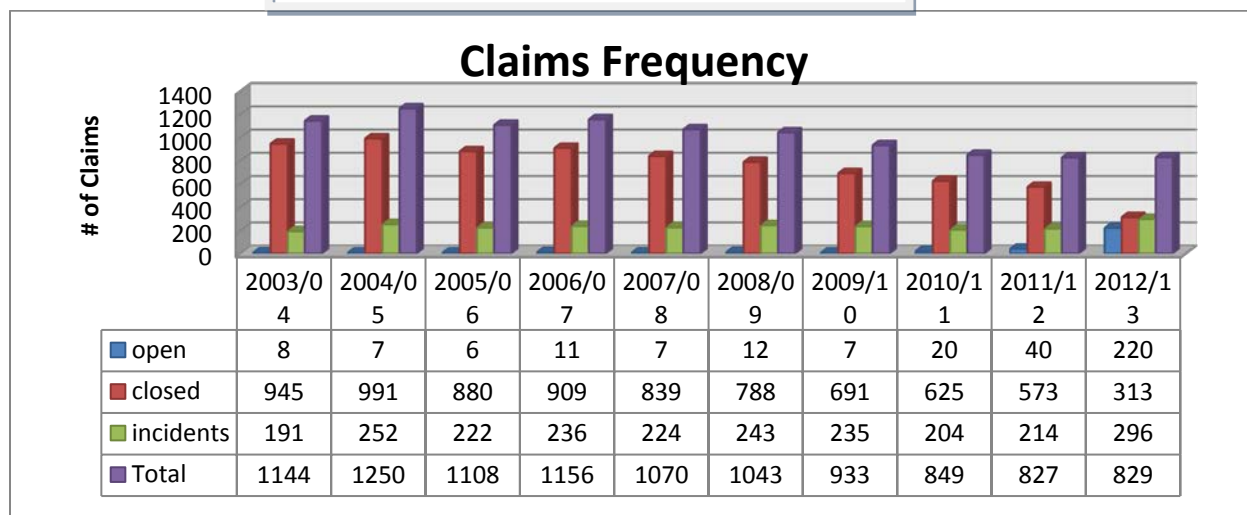
Bob Lombard is Willis Pooling's (WP) representative for Nevada, providing support in the negotiation of reinsurance contracts and providing support services to PACT members. WP assists PACT with underwriting and services in cooperation with PACT. Also on the WP team are risk control staff members who provide support to PACT members. In an active effort to help members manage their safety and loss prevention programs. WP's staff serves as a mentor and guide in support of each member's efforts.

Through actuarial studies and rate development, the actuaries assist PACT with establishing a financially sound organization with adequate and appropriate rating plans. They provide the necessary analysis for financial accountability in accordance with GASB 10, 34 and other regulatory requirements. They also conducted the actuarial study on heart disease liabilities for post-employment cases.

Mr. Bertrand provides the independent auditor services to PACT to ensure members receive a proper accounting the PACT's financial condition, in conformance with GASB 10, 34 and other authoritative accounting pronouncements. In addition, he provides the board and executive director with a management report that provides recommendations to improve and develop the accounting systems of PACT.

Through analysis of our cash flow needs and prudent investing in keeping with PACT's policies, Raymond James & Associates, as our investment advisor, and money managers have provided secure and positive investment returns.

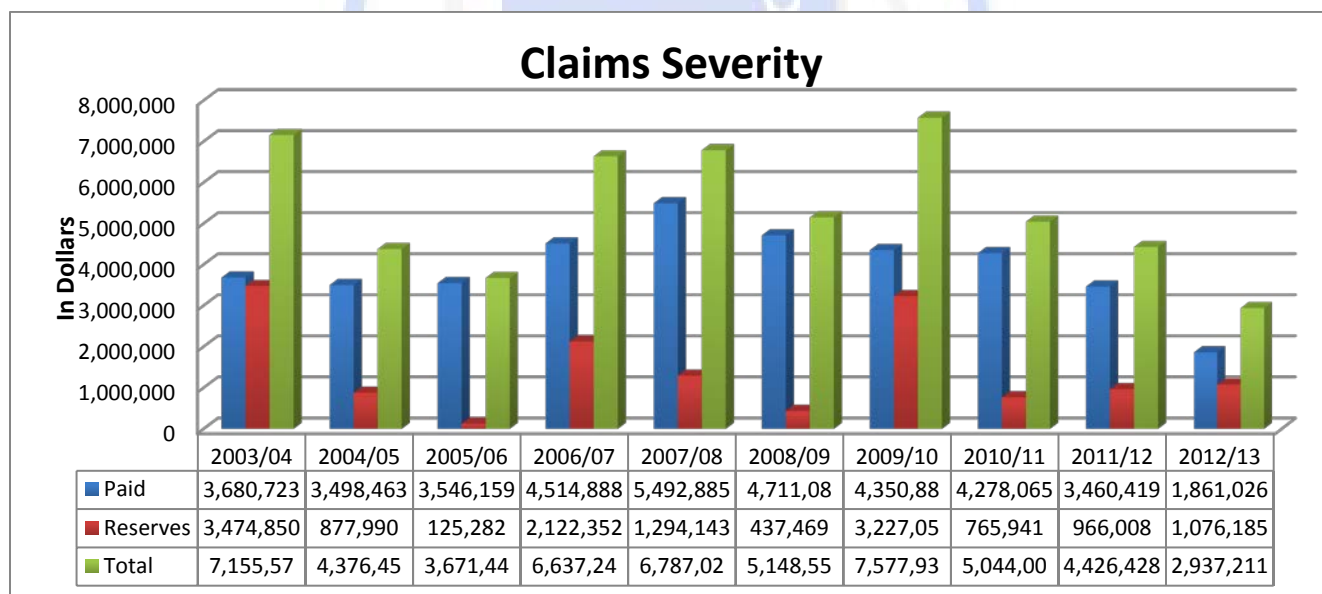
CLAIMS REVIEW



PACT began operations on April 1, 1996 and utilized a three-month period ending June 30, 1996 and ending June 30 for subsequent annual periods.

Frequency

Indemnity claims as a percentage of all claims for each period were: 1996-15%; 1997-13%; 1998 - 13%; 1999 -13%; 2000 - 12%; 2001 - 12%; 2002 - 15%; 2003 - 11%; 2004 - 10%; 2005 -9%; 2006 - 9%; 2007 - 9%; 2008 - 11%; 2009 - 12%; 2010 - 14 %; 2011-16%; 2012-16%; 2013-11%. The percentage of indemnity claims remains relatively stable over the long term but there is an upward trend in recent periods. Claims volume dropped with the exit of a few larger members.



SEVERITY

The total incurred (paid plus reserves) cost of claims for all years from 1996/97-2012/2013 is \$76,328,958 of which \$58,986,283 has been paid and \$17,342,675 remains as reserves. The percentage paid thus was 77% for the combined periods. Severity in the two highest years 2003/04 and 2009/10 combined totaled \$14,733,509, comprising 19% of total incurred for all periods combined. Severity is driven by severe injuries, deaths and case reserves on heart disease. For losses in excess of PACT's retention, \$4,927,657 exceeds the retention and is payable by excess or reinsurance. Excess or reinsurance covers 6% of the total costs for all years combined.

PUBLIC AGENCY COMPENSATION TRUST FINANCIAL STATEMENTS

June 30, 2013 and 2012



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BERTRAND & ASSOCIATEs, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Member American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of
Directors Public Agency Compensation Trust

Report on the Financial Statements

We have audited the accompanying statements of net position of the Public Agency Compensation Trust a non-profit corporation, as of June 30, 2013 and 2012 and the related statements of revenues and expenses and changes in net position and statement of changes in cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Agency Compensation Trust as of June 30, 2013 and 2012 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and 10 year claims development schedule be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A supplemental schedule of unpaid loss liabilities for workers compensation and heart and lung claims, though not required, is also provided. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

October 11, 2013
Carson City, Nevada



Management's Discussion and Analysis

Purpose:

To further understanding of significant financial issues, this Public Agency Compensation Trust management's discussion and analysis a) provides an overview of PACT's financial activities, b) identifies significant changes in PACT's financial position and its ability to address subsequent year financial challenges and c) provides insights into the long-term financial viability of PACT.

Background:

As a result of changes in the Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*, PACT's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since Public Agency Compensation Trust 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, 2013 and June 30, 2012 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 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 year and can be used as a measure of PACT's credit worthiness and whether PACT successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about PACT's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations and investments. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since PACT incurs financial obligations to pay for claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights:

Statutory requirements and board policy require PACT to be audited each year by an independent auditor. Since its inception on April 1, 1996 and continuing through this fiscal year, the independent auditor's report offers an unqualified opinion on the financial statements. Such an opinion reflects the highest opinion that can be obtained from an independent auditor.

Changes in Net Position:

Fiscal year ended June 30, 2013: \$44,707,193

Fiscal year ended June 30, 2012: \$46,546,686

Net decrease: (\$1,839,493) or (4.0) %.

PACT's primary revenue source comes from Member contributions to PACT's Loss Fund, administrative budget and reinsurance and excess insurance costs. Interest income on investments constitutes the secondary revenue source.

Total assessments revenues:

Fiscal year ended June 30, 2013: \$14,320,208

Fiscal year ended June 30, 2012: \$13,740,006

Net increase: \$580,201 or 4.2%.

The increase resulted from increased rates offset in part by decreased payroll exposure basis.

Total expenses:

Fiscal year ended June 30, 2013: \$15,889,434

Fiscal year ended June 30, 2012: \$17,843,024

Net decrease: \$1,953,590 or 11%.

The most significant factors in this change are attributable to increased amortization expense and the significant decrease in claims reserves. The amortization expense is attributable to PACT's further contribution of surplus to Public Compensation Mutual (PCM), its captive insurance company. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years. A \$481,751 increase in expenses arose from additional risk management grants to members, particularly a significant matching grant initiative for power cots and stair chairs due to discounted pricing from Stryker, the manufacturer of these devices. Reinsurance costs rose by \$430,710 as a result of two of PACT's reinsurers taking additional layers of risk and due to rate increases resulting from additional loss activity in those layers.

Operating Net Position:

Fiscal year ended June 30, 2013: \$(1,569,226)

Fiscal year ended June 30, 2012: \$(4,103,018)

Net change: \$(2,533,792)

The most significant contributor to the change in operating Net Position came from claims reserves which decreased \$2,822,958, thus contributing 111% of the change. Amortization expenses contributed \$49,850 or 2% of the change in operating Net Position. Amortization expense reflects the board's decision to make contributions to surplus to PCM consistent with the PACT's long-term strategy. The Insurance Division Fees contributed \$601,745 or 23.8% of the expenses due to smaller increases in regulatory budgets and a decrease in the subsequent injury fund assessment.

Net investment income:

Fiscal year ended June 30, 2013: \$(270,267)

Fiscal year ended June 30, 2012: \$2,489,871

Net decrease: \$(2,760,138)

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Difficult economic conditions during this fiscal year for fixed income investments reflect the restrictions imposed by law on the types of investments PACT may utilize, similar to other local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of PACT's investments are anticipated to be held to maturity.

Assets:

In fiscal year ended June 30, 2013, Net Position declined by (4) % or \$(1,839,493). This result is negative as was the previous fiscal year largely due to amortization of PCM contributions offset by the decreased claims reserves and the regulatory fee decrease. Unlike the preceding year, there was negative net investment income on a marked to market

basis so there was no offsetting positive factor. An explanation about how these results were achieved was provided in the financial highlights. Amortization of PCM contributions reflects a conservative financial accounting approach (refer to Note 13). By board policy, if there are gains, then a portion of those gains may be transferred to PCM; otherwise, no such transfers occur as was the case last year and will be again this year.

Growing the asset base is important to the long term viability and stability of PACT due to the volatility of workers compensation claims and the level of retention taken by PACT. PACT has maintained its retention level and relies in part on PCM to take any additional retention with the contributed assets.

Revenues, Expenses and Changes in Assets:

Gross revenues (assessments plus net investment income) decreased by 13.4% for fiscal year ended June 30, 2013 as a result of a rate increase that was offset by a substantial decrease in net investment income primarily due to marked to market accounting requirements.

Actuarial:

The actuarial analysis for the current fiscal year revealed a decrease in case reserves and IBNR reserves over prior years' estimated incurred losses. Refer to Note 12 for the details of Unpaid Loss Liabilities.

Other factors also apply: 1) Alternative Risk Services' (ASC -PACT's claims administrator) experienced adjusters have been able to manage claims efficiently and effectively and have maintained quality as evidenced by external claims audits; 2) SpecialtyHealth, the managed care organization and bill reviewer for PACT has greatly helped the adjusters manage claims effectively, 3) loss control efforts have proven effective and further initiatives are being implemented, and 4) the continuing roll-out of the Cardiac Wellness Program that should help reduce potential heart claims, although implementation impediments continue to slow down the program. It is important to continue to strengthen these approaches to assure continued success for PACT.

Workers compensation self-funded programs experience significant volatility particularly when the retention levels per loss are high. Because PACT retains a substantial portion of the risk in all classifications, it is important to the long term viability of PACT and to assure its ability to meet its obligations to injured workers that PACT monitor its Net Position. We continue to face pressure to increase our retentions in light of medical and wage inflation trends as well as market pressures, which suggests that volatility will further increase and will need to be cushioned strongly. PACT management, consistent with board policy, selected a 75% actuarial confidence level as a prudent level in keeping with the PACT Board's goals of creating and sustaining a durable financial position. As described earlier in the Changes in Net Position discussion, Net Position declined primarily due to amortization of transfers of funds to PCM consistent with the board's policy on Capitalization. PACT maintains an interest in PCM as its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PCM.

Capital Assets and Debt Administration:

PACT has no physical assets and no borrowed funds. It has pledged certain investments to satisfy a regulatory solvency security requirement and thus, cannot access those funds without approval from the Nevada Division of Insurance.

Comparative Key Performance Indicators:

In order to enhance analysis, comparative information is provided for Assets, Liabilities, Net Position, Revenues and Expenses as shown in the chart below. The benchmarks shown in the chart resulted from a pooling and captives' industry study conducted a few years ago by Tillinghast and provides a useful tool to facilitate management's analysis and understanding of the financial results. Other performance indicators may be used by insurance companies but are not necessarily useful comparative indicators for risk pools.

Financial Ratios	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Total Revenue	\$ 14,978,027	\$ 14,043,571	\$ 12,778,111	\$ 13,740,006	\$ 14,320,208
Revenue over (under) Expenses	\$ 4,473,424	\$ 2,217,070	\$ 271,155	\$ (1,613,147)	\$ (1,839,493)
Net Operating Income	\$ 1,069,234	\$ (595,858)	\$ (1,138,622)	\$ (4,103,018)	\$ (1,569,226)
Net Investment Income	\$ 3,404,190	\$ 2,812,928	\$ 1,409,777	\$ 2,489,871	\$ (270,267)
Total Assets	\$ 67,664,744	\$ 73,829,771	\$ 76,488,418	\$ 79,370,901	\$ 80,347,217
Total Liabilities	\$ 21,993,136	\$ 25,941,093	\$ 28,328,585	\$ 32,824,215	\$ 35,640,024
Net Assets	\$ 45,671,608	\$ 47,888,678	\$ 48,159,833	\$ 46,546,686	\$ 44,707,193
Net Assets to SIR (Board Target 12:1); Benchmark >5:1	89.55	93.90	94.43	93.09	89.41
SIR to Net Assets (Benchmark: captives <.10; group captives <.25)	0.01	0.01	0.01	0.01	0.01
% Assets attributable to Net Assets	67.5%	64.9%	63.0%	58.6%	55.6%
Total assets/total liabilities	3.08	2.85	2.70	2.42	2.25
Revenues to Net Assets (Benchmark: <2.5:1 and >0)	0.33	0.29	0.27	0.30	0.32
Loss Reserves to Net Assets (discounted): Benchmark <3:1 and >0	0.33	0.35	0.37	0.41	0.44
Total liabilities to liquid assets: Benchmark <100%	43%	47%	51%	54%	64%
Change in members' Net Assets: >-10%	10.9%	4.9%	0.6%	-3.3%	-4.0%
Return on Net Assets: Net Operating Income/Net Assets	2.3%	-1.2%	-2.4%	-8.8%	-3.5%
Return on Net Assets: Total Income/Net Assets	9.8%	4.6%	0.6%	-3.5%	-4.1%

Economic Factors:

For fiscal year ending June 30, 2013, economic conditions showed signs of continued uncertainty with tepid growth continuing for the nation and Nevada. Medical inflation moderated nationally but still exceeds the general inflation rate and this affects the underlying costs of claims payable by PACT. There may be future unknown effects from implementation of the Patient Protection and Affordable Care Act as its impact on health care costs unfolds. While Nevada retains a fee schedule to limit cost increases, recent reviews of the fee schedule components resulted in increases in the last few years. Wage inflation generally is low in the public sector, which keeps disability costs down. A legislative change in 2003 resulted in adoption of the 5th Edition of the AMA guide to rating impairments, which increased costs overall. The 2009 Legislature fixed the 5th Edition into statute rather than having the most current edition

be implemented by regulation. The 6th edition would have reduced costs in several key ratings of impairments due to recognition of improved medical outcomes.

The Nevada Supreme Court reached a decision in 1998 interpreting the special provisions for heart and lung coverage for qualifying police officers and firefighters that concluded that once these persons meet the five years of continuous service eligibility for benefits, those benefits are available for life regardless of any connection to actual work at the time the claims is made. Staff immediately implemented a judgment loading in the rates for this new interpretation of the statute, pending legislative action. PACT unsuccessfully attempted to have the Legislature modify this court interpretation to require that the claim must manifest within a reasonable time frame from leaving the workplace. As a result of that failed effort, PACT undertook an actuarial study to estimate the lifetime cost of risk associated with this decision. That study was concluded and the results indicated that the present value of the future benefits for former employees was estimated to range from \$5,668,000 to \$22,258,000, depending upon the interpretation as to which legal theory may be applicable. A subsequent actuarial study confirmed a change in the range of values to between twenty and eight million, again depending upon the assumptions made about claims manifestation.

These figures were presented to a task force who recommended to the board that they eliminate the judgment loading and implement a funding plan based on the actuarial study effective with the subsequent fiscal year. The board adopted the funding plan for implementation effective July 1, 2002. By taking this action, the board began its mitigation plan for the long-term adverse financial impact of the risk of former police officers and firefighters filing workers compensation claims long after employment. Subsequently, the board authorized acceleration of the funding rate. The rate set in 2002 was increased by 10% as a result of the second actuarial study that increased the range of potential losses from prior studies and demonstrated the need to accelerate needed assessments in future fiscal years as demographic factors begin to influence the post-employment risks.

The heart/lung assessments collected for fiscal year ended June 30, 2013 were \$1,884,394 compared to June 30, 2012 which were \$1,634,083 based upon a continuing 10% increase in the rates with generally flat payroll basis.

PACT sought relief before the United States Supreme Court to address the question of the constitutionality of the post employment conclusive presumption of eligibility for workers compensation for police officers and firefighters, but was denied review.

We continue to experience adverse rulings at hearing and appeal levels regarding heart-lung cases. Political actions to increase benefits continues each legislative session, particularly by law enforcement and firefighter lobbyists, and that causes pressure by excess insurers and reinsurers to increase PACT's retention or cause increased costs or both, which would require rate increases or weaken the financial position. Demographically, there is an emerging and accelerating likelihood of additional heart-lung claims from both current and post-employment eligible law enforcement officers and firefighters. PACT supported a bill brought forth in 2011 by Sen. Rhoades on behalf of the Nevada Taxpayers Association that would have capped post-employment eligibility, but the bill died in the Assembly. Similar legislation was attempted in 2013, but no sponsor would step forward.

Prior to the 2013 Legislative Session, the Committee on Local Government Finance adopted a regulation requiring self-insured employers and association self-insured groups to report certain actuarial reserve projections, claims data and funding methods for the reserves on a form known as Form 33 in connection with the tentative budget. Such information was to be compiled by the Department of Taxation for the benefit of the Legislature and the public regarding the cost of these benefits. PACT filed its required report.

Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:

While the purpose of this discussion and financial report is to provide a general overview of PACT's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790.

Wayne Carlson
Executive Director, Public Agency Compensation Trust



PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF NET POSITION
June 30, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash and cash equivalents	\$ 3,771,397	\$ 917,127
Investments	52,244,259	51,135,355
Investment income receivable	383,266	372,481
Member assessments receivable	3,274,179	3,427,253
Specific recoverable	86,328	84,625
Commissions receivable	59,671	-
Prepaid expenses	45,548	68,062
Total current assets	59,864,648	56,004,903
Noncurrent assets:		
Pledged investments	4,061,874	4,229,358
Contributed surplus PCM, net	16,420,695	19,136,640
Total noncurrent assets	20,482,569	23,365,998
TOTAL ASSETS	80,347,217	79,370,901
LIABILITIES		
Current liabilities:		
Accounts payable	116,245	82,382
Commissions payable	59,671	-
Specific recoverable	86,328	84,625
Current portion of reserve for claims losses	6,342,238	6,474,150
Total current liabilities	6,604,482	6,641,157
Noncurrent liabilities:		
Reserve for Worker's Compensation claims losses	15,674,762	14,696,850
Reserve for Heart & Lung claims losses reserves	13,360,780	11,486,208
Total noncurrent liabilities	29,035,542	26,183,058
TOTAL LIABILITIES	35,640,024	32,824,215
NET POSITION		
TOTAL NET POSITION - Unrestricted	\$ 44,707,193	\$ 46,546,686

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2013 and 2012

REVENUES	2013	2012
Assessments for workers compensation	\$ 12,435,814	\$ 12,104,713
Assessments for heart and lung	1,884,394	1,634,083
Agent commissions	-	1,210
Total Revenues	14,320,208	13,740,006
LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	6,138,595	9,301,255
Heart and Lung loss expenses	1,973,885	1,634,083
Excess insurance premium	521,624	577,229
Re-insurance premium	674,710	244,000
Underwriting and claims processing	736,676	699,641
Total loss fund and program expenses	10,045,490	12,456,208
ADMINISTRATION EXPENSES		
Management fees	475,860	462,000
Professional services	81,027	90,544
Administrative and overhead	852,399	251,587
Member education and services	688,749	711,057
Insurance Division fees	601,645	781,115
Insolvency fund and related expenses	22,319	14,819
Loss control expenses	406,000	409,599
Amortization expense	2,715,945	2,666,095
Total administration expenses	5,843,944	5,386,816
 Increase (decrease) in operating net assets	 (1,569,226)	 (4,103,018)
Increase in non-operating net investment income	(270,267)	2,489,871
Decrease in net position	(1,839,493)	(1,613,147)
 Net position, beginning of year	 46,546,686	 48,159,833
 Net position, end of year	 \$ 44,707,193	 \$ 46,546,686

See accompanying notes

**PUBLIC AGENCY COMPENSATION
TRUST STATEMENTS OF CASH FLOWS
For Years Ended June 30, 2013 and 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and other revenues	\$ 14,477,891	\$ 13,681,207
Payment for claims	(5,391,908)	(6,493,255)
Payment to vendors	(5,009,241)	(4,189,584)
Net cash provided from operating activities	4,076,742	2,998,368
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed surplus to Public Compensation Mutual	-	(1,542,062)
Net cash used for capital and related financing activities	-	(1,542,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,228,970	1,551,830
Sale of investments	2,800,431	-
Purchases of investments	(5,251,873)	(5,298,559)
Net cash used for investing activities	(1,222,472)	(3,746,729)
Increase (decrease) in cash and cash equivalents	2,854,270	(2,290,423)
Cash and cash equivalents, beginning of fiscal year	917,127	3,207,550
Cash and cash equivalents, year ended June 30	3,771,397	917,127
RECONCILIATION FOR OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net loss	(1,569,226)	(4,103,018)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Member assessments receivable	153,074	(57,589)
Specific recoverable	(1,703)	(16,054)
Prepaid expenses	22,513	13,306
Accounts payable	33,864	37,491
Specific recoverable	1,703	16,054
Amortization of contributed surplus	2,715,945	2,666,095
Loss reserves	2,720,572	4,442,083
Net cash provided by operating activities	\$ 4,076,742	\$ 2,998,368

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS June
30, 2013 and 2012**

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 predominately of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage [statements](#). Net increases and decreases in the fair value are included in the statement of activities and changes in fund balances.

PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grade equity securities. PACT also is authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations. PACT's investments have been restricted by policy of the Board to those allowable for local governments.

Budget

Budgetary to actual results is not presented as there are no legal budgetary requirements.

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS June
30, 2013 and 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest of the security. PACT's policy is to invest in corporate debt issues with a minimum of an "AA" rating from Moody's or Standard and Poor's rating services or U.S. Government and government backed securities. In addition, PACT's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

Concentration of Credit Risk: PACT limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. No more than 15% of the total investment pool will be invested in any one class of security, industry or company. PACT will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. Government and government backed securities.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PACT will, to the extent possible, minimize this risk by matching investment maturities to liability due dates. This allows PACT to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from decreasing interest rates is minimized by investing predominantly in investments with short to mid-term maturities that perform in line with the return of a managed fund comprised of 1 – 3 year Treasury Bonds.

Member Assessments

Member assessments and reports are due 20 days after the end of the quarter. Assessment rates are based on independent actuarial estimates that are reviewed and approved by the Insurance Commissioner.

Losses and loss adjustment expense

Reserves for losses and allocated loss adjustment expenses are provided based on case-based estimates for losses reported and PACT's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

The liability represents the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The liability also includes unallocated costs which are estimated by management. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. The loss reserve estimates are discounted at 3% in 2013 and 2012, the expected investment rate, to show the present value of those reserves.

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.

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 received each year as the expense for that year as these invoices cannot be reasonably estimated and therefore accrued.

Supplementary development schedule - Unaudited

The statements and development schedule reports claims paid on a reported year basis. Loss reserves shown on the financial statements are discounted; however, the development schedule reflects undiscounted loss reserves.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS June
30, 2013 and 2012

NOTE 2 – CASH & EQUIVALENTS

The carrying amount of PACT's deposits with financial institutions at June 30, 2013 and 2012 are \$3,430,664 and \$917,127 respectively. The financial institution balances were \$3,623,318 and \$1,040,152 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.

	2013	2012
Amounts insured by FDIC	\$250,000	\$250,000
Amounts collateralized	207,212	307,363
Cash equivalents at brokerage firm	3,166,106	482,789
Total deposits at financial institutions	<u>\$3,623,318</u>	<u>\$1,040,152</u>

PACT maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm up to the SPIC insurance limit are insured through SPIC and additional amounts are insured by the broker through an insurance policy.

NOTE 3 – INVESTMENT SECURITIES

A summary of investments as of June 30, 2013 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year of less	1-5	5-10	Over 10
U.S. Treasuries	\$ 23,804,818	\$ 868,706	\$ 12,531,747	\$ 10,404,365	\$ -
U.S. Government & Agencies	\$ 4,438,860	-	4,361,768	-	77,092
U.S. Mortgage-backed securities	\$ 19,569,373	741,198	4,350,131	191,730	14,286,314
U.S. Government backed securities	\$ 8,493,082	-	5,004,353	2,370,468	1,118,261
Less pledged investments	\$ (4,061,874)	-	(3,384,390)	(677,484)	-
Total investments	<u>\$ 52,244,259</u>	<u>\$ 1,609,904</u>	<u>\$ 22,863,609</u>	<u>\$ 12,289,079</u>	<u>\$ 15,481,667</u>

A summary of investments as of June 30, 2012 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year of less	1-5	5-10	Over 10
U.S. Treasuries	\$ 17,554,956	-	10,057,974	7,496,982	-
U.S. Government & Agencies	\$ 16,582,502	502,447	8,112,421	2,371,239	5,596,395
U.S. Mortgage-backed securities	\$ 11,781,540	2,604,257	4,846,845	3,103,090	1,227,348
U.S. Government backed securities	\$ 9,445,715	126,786	-	547,436	8,771,493
Less pledged investments	\$ (4,229,358)	-	(3,519,390)	(709,968)	-
Total investments	<u>\$ 51,135,355</u>	<u>\$ 3,233,490</u>	<u>\$ 19,497,850</u>	<u>\$ 12,808,779</u>	<u>\$ 15,595,236</u>

Investment income receivable was \$383,266 on June 30, 2013 and \$372,481 on June 30, 2012.

Actual maturities may differ from contractual maturities as some borrows have the right to call or prepay with or without call or prepayment penalties. Restricted investments are those investments pledged to Insurance Commission. Investments are reported at fair value by the investment broker as determined by an outside pricing firm. All securities are U.S Government or government backed.

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS June
30, 2013 and 2012**

NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE

Member assessments receivable were \$3,274,176 and \$3,427,253 for the years ended June 30, 2013 and 2012. Amounts receivable at both years' end are primarily assessments for the last quarter of the fiscal year and are determined based on the annual payroll audits.

NOTE 5 – LIABILITY OF MEMBERSHIP

Members of PACT are jointly and severally liable to pay benefits to injured workers as required by law. Workers compensation pools can be subject to assessments by the Insurance Commissioner should other self-insured workers compensation pools encounter financial difficulties.

NOTE 6 – REINSURANCE & EXCESS INSURANCE

In the ordinary course of business, PACT maintains both reinsurance and excess insurance contracts with various insurance carriers through their broker company, Willis Pooling. These reinsurance and excess insurance contracts provide both a specific and an aggregate limit of liability to protect PACT against potentially large losses or an accumulation of losses. This provides coverage in excess of PACT's self-insured retention. The limits provided by these reinsurance and excess insurance contracts, including PACT's self-insurance retention, are as follows:

- 1) Safety National Casualty Company provides a statutory specific limit of liability per accident excess of PACT's self-insured retention per accident of \$3,000,000. PACT reinsures a portion of PACT's \$3,000,000 retention through Public Compensation Mutual, which bears \$250,000 excess of PACT's \$500,000 specific retention and PACT's \$500,000 aggregate retention plus 25% of \$2,250,000 excess of PACT's \$750,000 retention and through County Reinsurance, LTD., which bears 75% of \$2,250,000 excess of PACT's \$750,000 retention
- 2) Safety National Casualty Company provides a limit of liability of \$3,000,000 excess of an aggregate retention of \$3.643 per \$100 of payroll, subject to a minimum aggregate retention of \$9,188,959 and \$8,394,694 for years ended June 30, 2013 and 2012. PACT reinsures a portion of PACT's aggregate excess limit of \$3,000,000 through Public Compensation Mutual which bears 50% of PACT's annual aggregate excess limit and through Safety National Casualty Company which bears 50% of PACT's annual aggregate excess limit.

Both Public Compensation Mutual and County Reinsurance, Ltd. are captive insurance companies in which PACT has a financial interest.

NOTE 7 - RELATED PARTY TRANSACTIONS

Public Agency Risk Management Services, Inc. (PARMS) is presently contracted to provide management services. PARMS serves both PACT and the Nevada Public Agency Insurance Pool (POOL) as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Management fee paid under the contract for years ended June 30, 2013 and 2012 was \$475,860 and \$462,000 respectively. The management contract agreement was renewed with PARMS commencing July 1, 2012 and terminating on July 1, 2014 with an option to extend with the same terms and conditions for an additional two years. A 3% annual increase for management fees is included in the contract.

PARMS is under obligation to lease office space from the Nevada Public Agency Insurance Pool throughout the term of the management contract. Payments made in 2013 and 2012 were \$65,772 and \$63,864. The contract includes a 3% per annum increase in the lease expenses.

Many of the board members of the Nevada Public Agency Insurance Pool (POOL) are also members of PACT as they share a common membership. The board of Public Compensation Mutual comprises of several PACT board members.

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS June
30, 2013 and 2012**

NOTE 7 - RELATED PARTY TRANSACTIONS (continued)

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with PACT provided a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Wayne Carlson, Alan Kalt and Michael Rebaleati. The cost of this grant was \$525,000 and \$583,000 for 2013 and 2012 respectively. The grant was renewed for three years beginning July 1, 2012 with future costs being \$535,000 and \$546,500 for years ended 2014 and 2015 respectively. PRI provides human resources management services to PACT members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

PACT is the sole policy holder of Public Compensation Mutual Company which was formed as a captive insurance company.

NOTE 8 – PLEDGED INVESTMENTS & UNUSED LETTER OF CREDIT

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, 2013 and 2012 were \$4,061,874 and \$4,229,358. 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.

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 2013 and 2012 is \$13,360,780 and \$11,486,208 respectively.

NOTE 10 – ALLOCATION OF ASSESSMENTS REVENUES

The Nevada Revised Statute 616B.368 requires that 75% of assessment revenues collected be placed in a separate account and that disbursements from this account be limited to paying claims, claims related expenses, excess insurance costs, assessments, payments and penalties related to the subsequent injury fund and the uninsured employer's claim fund. Initially, all funds collected for member assessments and prepayments of assessments and deposits are deposited into the operating account. Periodically, 75% of the assessments are transferred to a separate bank or investment account to comply with this statute.

NOTE 11 – POOLING RESOURCES INC.

Pooling Resources Inc. receives a joint grant to perform human resource services from PACT and the Nevada Public Agency Insurance Pool (NPAIP). Pooling Resources is required to provide status reports and quarterly financial statements to the PACT Executive Committees and NPAIP in accordance with the grant document. Any funds not expended for grant purposes are subject to be refunded to PACT and NPAIP unless otherwise directed by the grantors. Grantors may allow retention of unexpended funds for the purpose of carryover to future grants, expansion or redirection of services or any other purpose deemed appropriate by the grantors.

A renewal of this contract was made for three years beginning July 1, 2012. PACT's share of the cost is for the first year is \$525,000, \$535,500 for the second year and \$546,500 for the third year.

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS June
30, 2013 and 2012**

NOTE 12 – UNPAID LOSS LIABILITIES

PACT establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related loss adjustment expenses. The following represents changes in those aggregate liabilities during the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 32,657,208</u>	<u>\$ 28,215,125</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	8,924,480	8,749,083
Increase (decrease) in provision for insured events of prior fiscal years	(812,000)	2,186,255
Total incurred losses and loss adjustment	<u>8,112,480</u>	<u>10,935,338</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,960,313)	(1,875,000)
Claims and claims adjustment expenses attributable to insured events of prior	(3,431,595)	(4,618,255)
Total Payments	<u>(5,391,908)</u>	<u>(6,493,255)</u>
Unpaid claims and claims adjustment expenses		
At end of fiscal year	<u><u>\$ 35,377,780</u></u>	<u><u>\$ 32,657,208</u></u>

The current portion of the long term loss reserve for 2013 and 2012 is \$6,642,238 and \$6,474,150 with the long term portion for 2013 and 2012 being \$29,035,542 and \$26,183,058.

Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year increased from \$8,749,083 for 2012 to \$8,924,480 for 2013. The increase in the provision for insured events of prior fiscal years for 2013 and 2012 reflects changes in case reserves and actuarial reserve calculations for all prior years cumulatively.

Individual case reserves may increase or decrease as the case develops over time for various reasons. This may affect actuarial projections for past and future years since the various actuarial methodologies are based both on individual case reserve changes and long term trends in reserves. The effect of both the individual case reserve changes over time and the actuarial projections combined may result in a significant increase or decrease that is reflected in the current year's audited net assets. In other words, a decrease in reserves results in an increase in net assets, while an increase in reserves reduces net assets.

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS June
30, 2013 and 2012**

NOTE 13 – SURPLUS CONTRIBUTION TO PUBLIC COMPENSATION MUTUAL COMPANY

In May of 2007, PACT's board of directors authorized the start up of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company in the amount of \$5,000,000 and subsequent additional surplus contributions have been added. Capitalization at June 30, 2013 was \$27,159,437 with accumulated amortization of \$10,738,742 for a net amount of \$16,420,695. Capitalization at June 30, 2012 was \$27,159,437 with accumulated amortization of \$8,088,797 for a net amount of \$19,136,640.

The company, named Public Compensation Mutual, ("PCM") is domiciled in Nevada and as of July 1, 2007, became one of the workers compensation reinsurers for PACT. Some of the Public Compensation Mutual's board members also serve as board members of PACT.

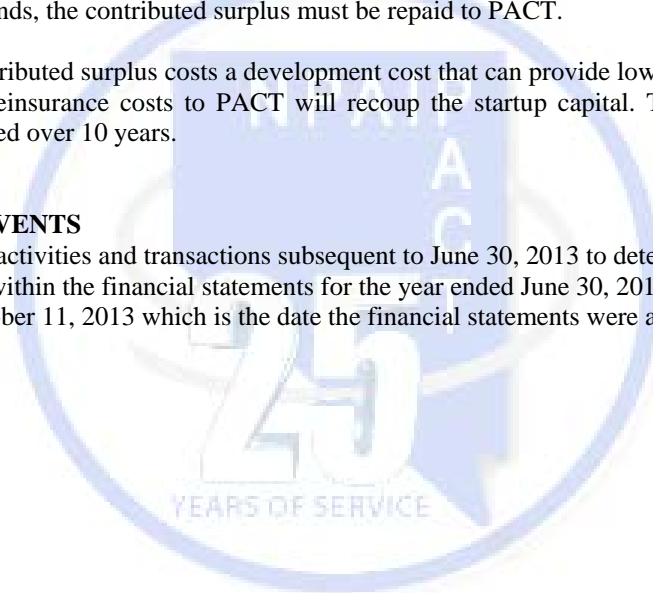
Public Compensation Mutual was formed by members of PACT to reduce the costs of insurance, to obtain direct access to reinsurance, to provide broader coverage for policyholders, to broaden investment opportunities and to build equity to enable providing coverage not obtainable elsewhere.

As a condition of contributed surplus, but without any expectation that the funds will be returned, PACT required that prior to any distributions such as dividends, the contributed surplus must be repaid to PACT.

Management considers the contributed surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance costs to PACT will recoup the startup capital. Therefore, the PACT's contributed surplus to PCM will be amortized over 10 years.

NOTE 14 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2013 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2013. Management has evaluated subsequent events through October 11, 2013 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, 2013 and 2012:

	2013			2012		
	Workers Compensation	Heart & Lung	Total	Workers Compensation	Heart & Lung	Total
Unpaid losses and loss adjustment expenses at beginning of the year	\$21,171,000	\$11,486,208	\$32,657,208	\$18,363,000	\$9,852,125	\$28,215,125
Incurred losses and loss adjustment expenses:						
Provision for insured events of current year	6,950,595	1,973,885	8,924,480	7,115,000	1,634,083	8,749,083
Increase (decrease) in provision for insured events of prior fiscal year	(812,000)	-	(812,000)	2,186,255	-	2,186,255
Total incurred losses and loss adjustments	6,138,595	1,973,885	8,112,480	9,301,255	1,634,083	10,935,338
Payments:						
Claims and claim adjustment expense attributable to insured events of current year	(1,861,000)	(99,313)	(1,960,313)	(1,875,000)	-	(1,875,000)
Claims and claims adjustment expense Attributable to insured events of a prior period	(3,431,595)	-	(3,431,595)	(4,618,255)	-	(4,618,255)
Total payments	(5,292,595)	(99,313)	(5,391,908)	(6,493,255)	-	(6,493,255)
Unpaid claims and claims adjustments expenses at end of fiscal year	\$22,017,000	\$13,360,780	\$35,377,780	\$21,171,000	\$11,486,208	\$32,657,208

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,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Required Contributions & Investment	Income:									
Earned	\$11,609,553	\$12,638,430	\$14,150,771	\$17,528,899	\$19,214,202	\$18,382,217	\$16,856,499	\$14,187,888	\$16,229,877	\$14,049,941
Ceded	(551,944)	(789,791)	(626,266)	(673,485)	(711,236)	(999,595)	(1,019,746)	(760,706)	(821,229)	1,196,334
Net earned	11,057,609	11,848,639	13,524,505	16,855,414	18,502,966	17,382,622	15,836,753	13,427,182	15,408,648	15,246,275
Unallocated Expenses	2,753,420	2,280,908	2,401,410	2,644,815	3,467,687	3,888,708	4,372,365	5,340,792	6,086,457	6,580,620
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	7,611,959	7,694,786	7,221,184	6,932,261	6,211,000	6,699,000	7,604,904	7,226,000	8,393,000	8,503,886
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	7,611,959	7,694,786	7,221,184	6,932,261	6,211,000	6,699,000	7,604,904	7,226,000	8,393,000	8,503,886
Paid (cumulative) as of:										
End of policy year	815,018	1,153,042	903,024	955,534	1,396,400	1,813,443	1,576,283	1,627,122	1,875,562	1,861,690
One Year Later	1,833,437	2,466,279	1,863,166	2,333,923	3,334,645	3,630,752	3,121,442	3,604,503	3,460,736	
Two Years Later	2,286,157	2,774,180	2,317,418	3,332,247	4,312,797	4,050,129	4,039,612	4,245,842		
Three Years Later	2,624,047	3,033,660	2,626,506	3,930,487	4,768,994	4,496,682	4,357,378			
Four Years Later	2,864,122	3,323,358	2,872,958	4,102,622	5,095,774	4,714,495				
Five Years Later	2,995,578	3,399,607	3,226,213	4,388,188	5,496,210					
Six Years Later	3,209,246	3,454,799	3,457,294	4,518,951						
Seven Years Later	3,533,041	3,512,672	3,546,659							
Eight Years Later	3,749,627	3,493,961								
Nine Years Later	3,677,999									
Re-estimated ceded claims & Expen	-	-	-	-	-	-	-	-	-	-
Re-estimated Claims & Expense										
End of policy year	7,611,959	7,964,786	7,221,184	6,932,261	6,211,000	6,699,000	7,604,904	7,226,026	8,403,083	8,503,886
One Year Later	6,558,041	5,783,000	5,100,000	6,163,261	7,066,000	7,100,000	7,767,000	8,156,000	8,287,083	
Two Years Later	4,952,041	5,147,000	4,117,000	7,269,261	7,695,000	6,892,000	8,507,000	7,998,000		
Three Years Later	4,645,041	5,230,000	4,388,000	7,555,261	7,612,000	7,010,000	8,178,000			
Four Years Later	4,941,041	5,287,000	4,574,184	7,453,261	8,127,000	6,928,000				
Five Years Later	4,870,041	5,238,899	4,729,000	7,650,261	7,898,000					
Six Years Later	5,260,041	5,235,000	4,819,000	7,657,261						
Seven Years Later	5,887,041	5,202,000	4,805,000							
Eight Years Later	5,814,041	5,079,899								
Nine Years Later	6,224,041									
Increase(Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year:	(\$1,387,918)	(\$2,884,887)	(\$2,416,184)	\$725,000	\$1,687,000	\$229,000	\$573,096	\$771,974	(\$116,000)	-



SpecialtyHealth, Inc.
Wellness Prevention Program
AGREEMENT

This Agreement (hereinafter referred to as "Agreement") is made and executed on the _____ day of _____, 2014, by and between the PUBLIC AGENCY COMPENSATION TRUST (hereinafter referred to as "PACT"), an employer trust, and SpecialtyHealth's Wellness and Prevention Program, Inc. (hereinafter referred to as "SpecialtyHealth").

R E C I T A L S

WHEREAS; SpecialtyHealth is a URAC Certified Wellness and Prevention Program, providing risk assessment and wellness and prevention for individuals who are at increased risks for cardio-metabolic diseases.

WHEREAS; PACT desires the services of SpecialtyHealth for the purpose of providing a health risk assessment (HRA) and wellness and prevention program for Public Safety Officers who are eligible under PACT and are covered for occupational disease benefits pursuant to NRS 617.455-.457;

WHEREAS; in order to increase participation and have an effective impact on improving cardio-metabolic risks, the PACT provides a risk assessment and wellness program for eligible Public Safety Officers focusing on individuals at increased risk for cardio-metabolic diseases.

NOW, THEREFORE; both parties agree to the following terms and conditions:

T E R M S

1. Review of Public Safety Annual Physicals. SpecialtyHealth will review the quality of the Public Safety Officers annual physical examinations. When indicated provide feedback to administering providers to improve the quality of the annual physical in accordance with statutory and regulatory requirements addressed in NRS 617.455-.457.
2. Notification to PACT on Non-compliance. SpecialtyHealth will notify PACT of those providers who have not met the statutory and regulatory compliance requirements for Public Safety annual physicals.

PACT SpecialtyHealth Wellness Program Agreement

3. Tracking Annual Physicals. SpecialtyHealth will provide each PACT member a quarterly report of the annual physicals received and the annual physical due date for each Officer.
4. Review of Annual Physical. Based on review of the individual officer's annual physical, SpecialtyHealth will provide each Public Safety officer with a complete risk assessment and a written report outlining any cardio-metabolic risks with a written plan to assist the officers in correcting identified health risks.
5. High-Risk Individuals. Individuals, who are identified as high risk or extremely high risk for cardio-metabolic disease, will be contacted by a member of SpecialtyHealth's medical team along with a confidential letter from our medical staff informing the individual of their risk factors and the resources available to correct identified health risks. This information will be documented in the individuals' health record maintained at SpecialtyHealth noting their status as participant or non-participant.
6. Compliance. If an individual is actively participating in the Wellness program during the two years prior to a cardiac event, PACT considers such participation as being compliant with any order to correct even if identified risks are not fully corrected.
7. Actively Participating in the Wellness Program. Actively participating is defined in Attachment B.
8. Member Agency Training. Member agencies that have a high proportion of high risk officers' identified will be contacted by SpecialtyHealth's Wellness and Prevention team who will provide training on the Wellness and Prevention Programs and resources offered through the PACT.
9. Data Collection. SpecialtyHealth will provide analysis and monitoring of annual physical examinations and identified risk factors. This confidential health information will be maintained on each participant and non-participant in the Wellness and Prevention Program data system. The annual physicals, documentation and other health information will be analyzed in accordance with "evidenced-based" medical parameters identifying those with health risk factors.
10. Medical Director Oversight. SpecialtyHealth will provide oversight of the Wellness and Prevention Program by a licensed physician qualified in the analysis and treatment of cardio-metabolic disorders.
11. Members' Obligations. In order for SpecialtyHealth to perform the terms of this agreement, each PACT member must provide complete copies of the most recent physical examinations, and submit a current roster of all officers subject to annual heart/lung physical examinations. PACT will assist SpecialtyHealth in obtaining the Members annual heart/lung physicals.

12. Term and Termination:

This Agreement commences the date of execution of the Agreement for a period of three (3) years, ending _____ thereafter, the Agreement shall expire unless both parties agree in writing to renew or extend the terms of the Agreement. It is expressly provided that either party may terminate this Agreement without cause at any time by providing sixty (60) days' written notice of intent to terminate. Notices must be by U.S. certified return receipt mail.

Notices will be sent to:

Jacqueline C. Cox, BSN, MPA
President/CEO
SpecialtyHealth, Inc.
330 East Liberty Street, Suite 200
Reno, NV 89501

13. Billing:

A. Employer will bear the following costs:

- 1) Annual physical examination;
- 2) Additional tests ordered by physical examination provider acting in consultation with MCO.

B. PACT will bear the following costs:

- 1) Cardio-metabolic risk profiles based upon the individual annual physical examination;
- 2) Reviews and documentation of physical examinations;
- 3) Consultation with physical examination providers on additional tests;
- 4) Member in-services and training;
- 5) Physician training on conducting legally compliant physical examinations;
- 6) Additional laboratory testing (advanced testing) as indicated by cardio-metabolic risk analysis of the annual physical examination.

14. Indemnification. SpecialtyHealth agrees to indemnify and hold PACT harmless from any and all liability, costs, claims and expenses, including reasonable attorneys' fees and related costs and expense, which PACT may incur or sustain by reason of any negligent act or negligent failure to act or intentional wrongful act or intentional wrongful failure to act by SpecialtyHealth, its officers, employees and agents, in or relating to the performance of this Agreement.

15. PACT agrees to indemnify and hold SpecialtyHealth harmless from any and all liability, costs, claims, expenses, including reasonable attorneys' fees and related costs and expenses, which SpecialtyHealth may incur or sustain by reason of any negligent

PACT SpecialtyHealth Wellness Program Agreement

act or negligent failure to act or intentional wrongful act or intentional wrongful failure to act by PACT, its officers, employees and agents, in or relating to the performance of this Agreement.

16. The indemnification obligations of this paragraph shall survive the termination of this Agreement, except that neither party shall have any liability with respect to claims for which it has not received notice within three (3) years of the termination of the Agreement.

17. Relationship of the Parties. The only relationship between PACT and SpecialtyHealth is the contractual relationship established by this Agreement. Nothing contained in this Agreement shall be construed to create the relationship of partners, joint venture, or principal and agent between PACT and SpecialtyHealth.

18. Parties in Interest. All of the terms and provisions of this Agreement shall bind and inure to the benefit of the parties to this Agreement and their respective successors and assigns.

19. Insurance. SpecialtyHealth shall provide proof of general liability and errors and omissions insurance in an amount of at least \$1,000,000.

20. Assignment. Neither party to this Agreement shall assign any of its rights or duties under said Agreement without the prior written consent of the other party.

21. Licenses/Qualifications. Each party to this Agreement shall be responsible for maintaining any and all business licenses and qualifications as are necessary to perform its obligations under this Agreement.

22. Duplication Originals. This Agreement shall be executed in duplicate and each such duplicate shall constitute the original.

23. Entire Agreement, Amendments. This Agreement and the attached Attachments A and B constitute the entire understanding and agreement between PACT and SpecialtyHealth with regard to the subject matter hereof, and may be amended only by the mutual written agreement of both parties.

24. Severability. To the extent that any provisions of this Agreement shall be determined to be invalid or unenforceable by any court of competent jurisdiction or other appropriate authority, it shall be considered deleted here from, and the remainder of this Agreement shall continue to remain in full force and effect as if said invalid and unenforceable provision had not been included in this Agreement.

PACT SpecialtyHealth Wellness Program Agreement

25. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.
26. Conflicts of Interest. SpecialtyHealth shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
27. Headings and Captions. Section headings in this Agreement are for the convenience of reference only, and shall not constitute a part of this Agreement for any other purpose, and shall not limit or broaden the scope of the particular section to which they refer.
28. Non-Waiver of Default. The failure or delay of either party to take action with respect to any failure of the other party to observe or perform any of the terms or provisions of this Agreement, or with respect to any default hereunder by such other party, shall not be construed as a waiver or operate as a waiver of any rights or remedies of either party or operate to deprive either party of its right to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies.
29. Attorney Fees. Should either party bring suit to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney fees and court costs.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on their behalf by the undersigned duly authorized persons.

Dated this ____ day of _____, 2014.

SpecialtyHealth, Inc.

Public Agency Compensation Trust

By: _____
Jacqueline C. Cox
President/CEO

By: _____

ATTACHMENT A

Fees

Fees include:

Administration

- Review of Annual Physical Examination \$175.00 / physical
(Includes written risk assessment and plan and medical director oversight of program)
- HRA – Health Risk Assessment \$25.00 each
(on-line health history and participation form)
- Training * \$250.00 / hour
(Billed 30 minute increments)
- Individual Focused Training/Health Coaching \$ 50.00 / ½ hour
(Billed in 15 min. increments)
- Clinical Evaluation/Consultation \$150.00
- Follow-up Clinical Care \$130.00

- Nutritional Assessment/consultation \$ 100 / hour
- Fitness Assessment/ consultation \$ 100 / hour
- IMT evaluation \$160.00/ exam & report
(billed in 30 minute increments)
- Travel expenses (may include, (hotel, air, mileage) at actual cost incurred

*Training– Includes classes coordinated with the member agency by the Wellness Team – may include: on-site training, go-to-meeting, educational materials and provider training on compliant heart lung physicals.

Individual Training /education– may include: in person, telephonically, GoToMeeting, internet based training programs focused on specific risks factors identified by review of the individuals' annual physical.

PACT SpecialtyHealth Wellness Program Agreement

Laboratory Testing (initial and or follow up)

NMR	\$ 115.00
LP(a)	\$ 32.00
Vit. D	\$ 56.00
TSH	\$ 16.00
A1c	\$ 9.00
Draw	\$ 30.00
CMP with Glucose	\$ 12.00
CBC	\$ 12.00
Urine	\$ 11.38

The fees do not include

- Annual physical examination or associated testing
- Prescriptions drug coverage
- If referred to Specialists outside SpecialtyHealth, fee may be higher than quoted for clinical evaluation.

ATTACHMENT B

ACTIVE PARTICIPATION IN WELLNESS PROGRAM

If an individual is **actively participating** in the SpecialtyHealth Wellness Program during the two years prior to a cardiac event, PACT considers such **participation** as being compliant with any order to correct even if identified risks are not fully corrected....

Actively participating in the SpecialtyHealth Wellness Program is defined as follows. The Participant:

1. Completes a Health Risk Assessment (HRA) annually;
2. Completes a participation form annually;
3. Provides SpecialtyHealth with a current annual heart-lung physical;
4. Authorizes SpecialtyHealth to coordinate the recommended Plan of care with the Participant's primary medical provider; and
5. Participates in the wellness program to correct any identified health risks as provided by SpecialtyHealth in the risk assessment and plan of care.

SpecialtyHealth will provide a comprehensive risk assessment and case management plan for each individual **Participant**, which includes:

1. Review annual physical and health risk assessment (HRA) to determine if additional testing is indicated
2. Order additional testing as indicated to assess health risks
3. Provide **Participant** with a comprehensive written risk assessment and plan to correct identified risk
4. Meet with the individual (via telephone, internet, go-to-meeting or in person) to review the comprehensive risk assessment and review the plan to correct identified risks
5. The plan to correct identified risk shall include ongoing testing and health coaching from member(s) of the SpecialtyHealth Wellness team, all of which will be documented in the **Participant's Wellness Record**.
6. SpecialtyHealth will provide on-going documentation in the **Participant's Wellness Record** of efforts by Participant to **participate actively** in initial and updated risk assessment and plan of care.
7. Initial base line risks analysis will include and 8 panel blood test, if not already provided:
 - HRA
 - Biometrics (Ht. Wt. B/P)
 - Smoking / use of tobacco
 - Complete blood panel
 - Complete metabolic panel
 - Thyroid Stimulating Hormone
 - Vitamin D

PACT SpecialtyHealth Wellness Program Agreement

- Hemoglobin A1c
 - Advanced NMR testing (when indicated)
 - LP-a advanced test (when indicated)
8. Each **Participant** shall be classified in the following four categories; low risk, moderate risk, high risk or extremely high risk
 9. Follow up testing and health coaching shall be based on the individual's risk category.
 10. Risk classification and treatment recommendations are based on “evidenced based” medical standards to include: Framingham Risk Score, Adult Treatment Protocols (ATP), Metabolic Syndrome Protocols, LipoScience Risk scoring, Insulin Resistance Scoring, JNC7 and the National Institute of Health recommendations for the evaluation and treatment of cardio-metabolic conditions.
 11. All encounters with a Participant will be documented in the Participant's Wellness record

SpecialtyHealth MCO, Inc
SpecialtyHealth Managed Care Network

HEALTH SERVICE AGREEMENT

This Health Care Service Agreement (hereafter referred to as "Agreement") is made and executed at Reno, Washoe County, Nevada, to be effective this _____ day of _____ 2014, by and between PUBLIC AGENCY COMPENSATION TRUST, an employer trust, hereafter referred to as PACT and SpecialtyHealth MCO, a Nevada Corporation, hereafter referred to as "MCO".

R E C I T A L S

WHEREAS; SpecialtyHealth MCO is a licensed managed care organization in the State of Nevada.

WHEREAS; PACT desires the services of the MCO, a licensed Managed Care Organization for the purpose of providing occupational health services to Self Insured Industrial employees; and

WHEREAS; PACT desires to enter into an exclusive relationship with a licensed Managed Care Organization for the purpose of providing occupational health services for its employees; and

WHEREAS; MCO has contracted with licensed, credentialed providers to provide the occupational health care services which includes: designated primary care clinics that specialize in the treatment of injured workers, a return to work program and medical directors who provide oversight and case review for the diagnosis and treatment of injured workers; and

WHEREAS; MCO will provide PACT with case management through designated medical directors and utilization review in coordination with the Third Party Administrator contracted to administer claims on behalf of the PACT.

WHEREAS; MCO will provide PACT with a Worker's Compensation MCO program in compliance with NRS and NAC Chapters 616 and 617.

T E R M S

THEREFORE; both parties agree to the following terms and conditions:

1. MCO PROVIDER PANEL; MCO agrees to provide licensed, credentialed providers and facilities for the purpose of providing health care services to the injured employees of PACT.

2. Designated PRIMARY CARE CLINIC; MCO agrees to coordinate the initial care through MCO contracted primary care clinics specializing in the treatment of injured workers.
3. PROVIDER ON-CALL; MCO agrees to make provisions for twenty-four (24) hour coverage, seven (7) days a week, including holidays through its provider panel.
4. MEDICAL DIRECTOR; MCO agrees to provide a designated medical director for the oversight and review of treatment of the injured employees contracted through the PACT.
5. THIRD PARTY ADMINISTRATOR, "TPA"; PACT agrees to provide a licensed third party insurance administrator to provide claims administration in compliance with the Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC). The TPA is responsible for the following:
 - a. Notifying the MCO of the claims for which medical advisement, case management, utilization review, claim oversight, case review, or other administrative services are desired and for providing the MCO with the focus for the service requested and the medical/claim documents necessary to the service.
 - b. Upon request from the MCO, in a timely fashion, providing the MCO with copies of notices, determinations, authorizations and denials rendered by the TPA related to specific treatment and/or payment of treatment or related to claims for which administrative services were requested.
6. UTILIZATION REVIEW AND CASE MANAGEMENT; MCO agrees to work in coordination with PACTS' designated TPA to provide on going utilization review, case management and claims management on behalf of PACT through the designated SpecialtyHealth MCO Medical Director.
7. MCO expressly acknowledges that claims acceptance and denial is the sole responsibility and determination of the PACT. The final determination as to the compensability of any workers' compensation claim rests with the PACT or the PACT'S designated TPA, subject only to the statutory appeals process and any final judicial determination.

8. PACT's injured workers shall report to a SpecialtyHealth contract providers for the initial visit, including any ancillary services (i.e. x-rays, prescriptions, lab tests, etc.) needed during the initial visit. The contracted Emergency Department will refer all workplace injuries that require follow-up care to SpecialtyHealth MCO contract provider for next day follow-up care.
9. MCO agrees that any fee billed to PACT or their designated TPA for such health care services furnished will be reimbursed at a rate not to exceed any fee schedule or established rates approved by the State of Nevada, Department of Industrial Relations.
10. MCO contracted providers agree to submit bills for health care services with appropriate medical documentation and reporting to PACT and its designated TPA.
11. PACT or its designated TPA agrees to pay accepted claims and services within sixty (60) days from receipt of bill.
12. PACT agrees to refer its injured employees to SpecialtyHealth's designated primary clinic(s) and/or the MCO providers contracted with SpecialtyHealth MCO. PACT and MCO agree that, subject to the discretion of the TPA to designate the cases for which MCO administrative services are desired, no referrals may be made by the PACT or PACT'S TPA or MCO without prior review and written recommendations by the SpecialtyHealth Medical Director.
13. MCO AND PACT agrees to comply with all applicable statutory requirements as required by applicable Nevada Laws.
14. DRUG AND ALCOHOL TESTING; MCO agrees to perform or arrange for drug and alcohol testing in compliance with the PACT'S individual employers' policies and upon written request by the individual employer
15. The attached schedule of providers and facilities will provide occupational Health services through SpecialtyHealth MCO. Compensation to MCO's SpecialtyHealth designated primary clinics and MCO providers shall be paid directly to the provider and facility in compliance with the established Nevada Department of Industrial Relations Fee Schedule and applicable MCO discounts as set forth in Attachment A.

GENERAL CONDITIONS

16. Both parties agree that any disputes between the MCO Medical Directors and the TPA relating to medical issues of treatment and testing shall first be resolved by the PACT. If no resolution can be reached the dispute shall be subject to the decisions by the hearing and appeal procedure or the dispute resolution rule as set forth in NRS Chapters 616 and 617 and NAC Chapters 616 and 617.
17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.
18. Nothing contained in this agreement shall be construed as establishing an employer-employee relationship, partnership, or joint venture between the MCO and the PACT.
19. This Agreement constitutes the entire and integrated agreement between the parties. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. Any and all modifications or amendments to the Agreement must be in writing and signed by the parties.

As a point of clarification, this contract constitutes the sole primary contract for workers' compensation injuries and supercedes any other contracts that the MCO or PACT may have with another third party.

20. "MCO" and any subcontractors employed by MCO agree to abide by the terms of the attachments to this Agreement. It shall be the responsibility of the MCO to ensure such compliance by any and all subcontractors.
21. Headings. The paragraph or section headings set forth in this Agreement is for the purposes of convenience only, and shall have no bearing whatsoever on the actual content or interpretation of this Agreement.
22. Severability. The invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of any other term(s) or provision(s); provided, however, that in the event that a provision of this Agreement is rendered invalid or unenforceable as provided herein and removal of such provision has the effect of materially altering (i) the obligations of either party in such manner as, in the sole judgment of the affected party, will cause the affected party to act in violation of its corporate Articles or Bylaws as in effect as of the Effective Date, or (ii) the obligations of either party in such manner as, in the reasonable judgment of the affected party, will cause serious financial hardship to such party, the party so affected shall have the right to terminate this Agreement upon thirty (30) days prior written notice to the other party.

23. Confidentiality. The parties hereto desire and have agreed that the information contained herein is confidential and shall be kept confidential by both parties unless the disclosing party receives prior authorization in writing from the other party to disclose information. Such authorization requested shall include the purpose of the disclosure, the information to be disclosed and any other information deemed necessary by the other party.

INDEMNIFICATION

24. PACT agrees to indemnify, defend and hold harmless MCO with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of PACT and/or its employees unless the complained of actions of MCO were taken at the specific direction of MCO.
25. MCO agrees to indemnify, defend and hold harmless PACT with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of MCO and or its employees unless the complained of actions of MCO were taken at the specific direction of PACT.

TERM AND TERMINATION

- 26.. This agreement commences the date of execution of the agreement for a period of three (3) years. Thereafter, the agreement shall expire unless both parties agree in writing to renew or extend the terms of the agreement. It is expressly provided that either party may terminate this agreement without cause at any time by providing 60 days written notice of intent to terminate. Notices must be by U.S. certified return receipt mail.

Notice will be sent to:

Jacqueline C. Cox, BSN, MPA
President/CEO
SpecialtyHealth, Inc.
330 East Liberty, Suite 200
Reno, Nevada 89501

Wayne Carlson
Executive Director
Public Agency Compensation Trust
South Roop St. Suite 102
Carson City, Nevada 89701

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on their behalf by the undersigned duly authorized persons.

Dated this _____ day of _____, 2014

SpecialtyHealth, Inc. Public Agency Compensation Trust

By: _____
Jacqueline C. Cox, President/CEO

By: _____
Wayne Carlson, Executive Director

The following attachments shall become a part of this contract:

Attachment A	MCO fee Schedule
Attachment B	MCO administrative services
Attachment C	Super Specialist Fee Schedule

**SpecialtyHealth MCO, Inc.
SpecialtyHealth Managed Care Network
Network Pricing (subject to change)
ALL FEES CONFIDENTIAL**

Attachment A

Medical/Surgical (Locations other than SpecialtyHealth Clinics)	0-20% discount off D.I.R. rate
SpecialtyHealth Clinic(s) services	D.I.R. rate
Pharmacy	D.I.R. rate
Radiology (all other contracted centers-Reno)	95% of D.I.R. Rate
One Call Medical (Statewide)	See One Call below
Anesthesia	95% of D.I.R. Rate
Pre-employment Urine Drug Testing	Current D.A.T. Rate
Post Injury Drug Testing	Current D.A.T. Rate
Random Urine Drug Testing (On-Site)	Current D.A.T. Rate
Random Urine Drug Testing (At Clinic)	Current D.A.T. Rate
Reasonable Cause Urine Drug Testing	Current D.A.T. Rate
Breathe Alcohol Testing (E.B.T.)	Current D.A.T. Rate
Site Visit Fee for Urine Drug testing (Minimum 10 or more employees)	Current D.A.T. Rate
Medication Management Test Program	D.I.R. Rate
Functional Restoration Program (4 weeks)	\$19,578.33

Attachment A
MCO DISCOUNTS (ALL FEES CONFIDENTIAL)
Page 2

Lab services	(APL/AML)	
	Clinical tests	\$ 8.50 / unit - RVP*
	Pathology (APL/AML)	\$ 7.40 / unit – RVP*
	Urinalysis	\$ 3.90 / test
	CBC	\$ 4.50 / test
	CMP	\$ 5.40 / test
	Lipid panel	\$ 5.40 / test
	Acute hepatitis panel	\$40.20 / test
	Advanced cardiac testing	Available upon request
	Pre-employment Physicals	\$65.00 / physical only
	D.O.T. Physicals	\$65.00 / physical only
	Audiograms	\$35.00 / test
	Vision test	\$15.00
	Respiratory compliance (spirometry/pulmonary Function)	\$55.00 / test
	Two-step TB testing	\$15.00 each step
	Hepatitis B vaccine series	\$65.00 / injection (\$195.00 For series of 3)
	Hepatitis A/B vaccine	\$95.00 / injection (\$285.00 for series of 3)
	On-site vaccinations (10 or more employees)	\$25.00 / per hour plus cost of vaccine
	DME	D.I.R. rate

Attachment A
MCO DISCOUNTS (ALL FEES CONFIDENTIAL)
Page 3

SpecialtyHealth Clinic:

Translation fee (per 15 minutes increment) \$25.00

One Call Medical

Southern Nevada

MRI \$475.00
MRI (contrast) \$500.00
MRI (contrast / non-contrast) \$580.00
CT Scan \$390.00
CT Scan (contrast) \$440.00
CT Scan (contrast / non-contrast) \$490.00
Bone Scans \$325.00

Northern Nevada

MRI \$525.00
MRI (contrast) \$675.00
MRI (contrast / non-contrast) \$800.00
CT Scan \$390.00
CT Scan (contrast) \$440.00
CT Scan (contrast / non-contrast) \$490.00
Bone Scans \$325.00

Reno Diagnostic Center

Thallium Treadmill (78452) \$900.00
Lexiscan (A2785x4) \$210.00
Treadmill ECG (93015) \$100.00
ECG – No treadmill (93017) \$ 55.00
Ultrasound Echocardiogram \$410.00
Chest X-ray (2 view) \$ 40.00
Screening Mammogram with CAD \$200.00

Attachment A
MCO DISCOUNTS (ALL FEES CONFIDENTIAL)
Page 4

Hospital Services

Northern Nevada Medical Center – and all diagnostic centers Reno

Inpatient per diem	5% off D.I.R. Rate
Outpatient Surgery	5% off D.I.R. Rate
Physical Therapy / Occupational Therapy	80% of D.I.R. Rate
Radiology	55% of D.I.R. rate
MRI (non-contrast)	\$475.00
MRI (contrast)	\$675.00
MRI (contrast & non-contrast)	\$800.00
CT Scan	\$490.00
CT Scan (contrast)	\$440.00
CT Scan (contrast & non-contrast)	\$490.00
Bone Scan	\$325.00
Lab (hospital)	45% of D.I.R. Rate
Pathology	40% of D.I.R. Rate
DME	Cost plus 20% (excluding tax & freight fees)
Pharmacy (hospital)	AWP plus \$4.00/fill fee
Post-accident urine collections	\$9.00 / collection
Services not listed	5% off D.I.R. rate

Emergency Room – Northern Nevada Medical Center Emergency Room facility fees will be reimbursed at 95% of the Medical Fee Schedule by the Department of Industrial Relations.

Emergency Room	95% of D.I.R. Rate
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**Attachment A
MCO DISCOUNTS (ALL FEES CONFIDENTIAL)
Page 5**

St. Mary's Regional Medical Center, Dignity Health – after-hours access

Emergency Room	97.5% of D.I.R. Rate (if paid within 60 days from bill receipt)
Inpatient, outpatient and ancillary services	
Physician office / urgent care	95% of D.I.R. Rate
Thallium Testing	Available upon request
Cardiac Wellness/Prevention Pricing	Available upon request

PHARMACY SERVICES

CypressCare

Retail Brand Names	AWP – 10%
Generic	AWP – 20%
Administration / Fill Fee	D.I.R. Rate
Prescriptions are billed with discount applied	
Field Case Management	\$89 / hour (15 minute increments)
Mini Life Care Plan	\$1,500
Medicare Set Aside Reporting (MSA)	\$2,000
Communication with CMS regarding MSA	\$1,000

*Relative Values for Physicians

**IT IS THE EMPLOYER'S RESPONSIBILITY TO INSURE THE BILL REPRICING
VENDOR OBTAINS A COPY OF THE ORIGINAL HEALTH SERVICE AGREEMENT
(EXHIBIT A) FOR PROPER BILL PROCESSING**

**WHEN RATES WITH THE CONTRACTED PROVIDERS ARE RE-NEGOTIATED YOU
AND YOUR TPA WILL BE NOTIFIED OF THE CHANGES.**

SpecialtyHealth MCO, Inc.
SpecialtyHealth Managed Care Network
Attachment B
MCO Administrative Services and Compensation

Please note all systems provided by SpecialtyHealth as a result of this program are proprietary to SpecialtyHealth and may not be duplicated without prior written approval.

The programs included in this Health Service Agreement include:

1. Account Case Manager: SpecialtyHealth's designated Account Case Manager will review and provide case management on all cases assigned in accordance with parameters established as well as any others assigned by the PACT or its third party administrator (TPA). Claim/case management is defined as those cases that require MCO medical management and oversight through claim closure or until otherwise directed by the PACT / TPA.
2. Medical Advisor(s): SpecialtyHealth MCO Medical Advisor(s) will be available as medical advisor(s) / resources to the TPA, reviewing cases and assisting the TPA with medical recommendations and/or claim direction. A Medical Advisor opinion is generally a one-time focused medical review without patient examination that has a specific focus/question. The TPA may indicate if a medical note is required for the record.
3. Medical Director: A SpecialtyHealth MCO Medical Director(s) will be assigned to provide program oversight.
4. Medical Investigation: The MCO Medical Advisor(s) will provide the TPA with advise on whether a medical review or second opinion/IME may be required. This review or second opinion/IME may be rendered by a SpecialtyHealth Medical Advisor or be recommended to be done by another panel provider or SpecialtyHealth Super Specialist. Second opinions/IMEs will be billed separately as an individual claim cost. These cases may ultimately result in ongoing case management with case management fee paid or may remain a one-time review as directed by the TPA.
5. Super Specialist Review: A Super Specialist review is a review where expert medical opinion(s) is required regarding a specific complex claim and is billed separately as an individual claim cost. (See Super Specialist Fee Schedule). SpecialtyHealth maintains a panel of nationally recognized providers who are credentialed and contracted in accordance with URAC standards.

6. Managed Care Network of Providers: The MCO network includes contracted physicians, facilities, ancillary services, pharmacy network, etc. SpecialtyHealth will work with the PACT and/or its TPA to add or remove providers and facilities from the SpecialtyHealth MCO provider panel as directed by the PACT and/or its TPA thus resulting in a customized network for the PACT.
7. Monthly case reviews of complex cases and administrative systems: Monthly case reviews include: All cases designated by the PACT/TPA and/or MCO Account Manager and Medical Advisor(s).

The above outlined services will be compensated at \$4000.00 (four thousand dollars) per month to be paid at the first of each month, in advance. In addition, for each case managed by SpecialtyHealth as set forth in the case management parameters, a flat fee of \$800.00 (eight hundred dollars) will be paid at the first of each month following assignment/case management. All cases managed will be followed through claim closure, unless otherwise directed by the PACT/TPA.

A second opinion/IME involving an office visit with patient assessment, reporting, etc. done by the MCO (or an approved, designated non-MCO) provider will be billed separately to the individual claim. This includes any involvement (examination and/or record review) done by a Super Specialist pursuant to rates on Attachment C.) Routine clinical office visits and related charges will be billed separately to the claim file.

It is agreed that all systems proprietary to SpecialtyHealth may not be reproduced, copied or implemented without the written permission of the Board of Directors of SpecialtyHealth.

CANCELLATION NOTICE

CHARGE

Cancellation 7 working days before appearance/appointment date	\$0.00
Cancellation 6-4 working days before appearance/appointment date	50% of minimum fee
Cancellation 3-0 working days before appearance/appointment date	100% of minimum fee

If it is necessary for the physician to read and sign a deposition transcript, an additional hourly fee will be charged for this service based upon the time required to read the transcribed report.

If extensive research and/or record review have already been performed for the case and the appearance/appointment is cancelled, the research charge will be assessed in accordance with the notice given.

PACT Counties

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	Annual Cost 5	Annual Cost
	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	Frequency 2008/2009- 2012/2013	Costs 2008/2009- 2012/2013	years 2008/2009- 2012/2013	3 years 2010/2011- 2012/2013
CARSON CITY (No Longer Member)	129	\$ 551,256	131	\$ 1,797,293	0	\$ -	0	\$ -	0	\$ -	260	\$ 2,348,549	\$ 782,849.71	\$ -
CHURCHILL COUNTY	8	\$ 14,764	14	\$ 30,698	13	\$ 160,195	14	\$ 60,420	13	\$ 56,933	62	\$ 323,009	\$ 64,602	\$ 92,516
DOUGLAS COUNTY	159	\$ 179,612	148	\$ 925,804	149	\$ 418,962	127	\$ 439,372	127	\$ 430,838	710	\$ 2,394,588	\$ 478,918	\$ 429,724
ELKO COUNTY	40	\$ 136,105	29	\$ 67,103	28	\$ 518,992	39	\$ 89,256	34	\$ 18,726	170	\$ 830,182	\$ 166,036	\$ 208,991
ESMERALDA COUNTY	3	\$ 5,008	4	\$ 3,128	4	\$ 8,823	2	\$ 3,467	4	\$ 3,939	17	\$ 24,365	\$ 4,873	\$ 5,410
EUREKA COUNTY	4	\$ 199,422	8	\$ 20,451	7	\$ 8,403	13	\$ 59,003	16	\$ 38,170	48	\$ 325,449	\$ 65,090	\$ 35,192
HUMBOLDT COUNTY	20	\$ 89,129	7	\$ 3,255	15	\$ 86,239	11	\$ 47,127	18	\$ 17,718	71	\$ 243,469	\$ 48,694	\$ 50,362
LANDER COUNTY	8	\$ 45,599	11	\$ 16,058	20	\$ 151,678	17	\$ 206,784	11	\$ 50,984	67	\$ 471,104	\$ 94,221	\$ 136,482
LINCOLN COUNTY	11	\$ 32,631	6	\$ 47,132	11	\$ 16,144	6	\$ 17,591	7	\$ 5,531	41	\$ 119,029	\$ 23,806	\$ 13,089
LYON COUNTY	41	\$ 421,929	36	\$ 59,904	34	\$ 540,869	40	\$ 294,683	34	\$ 23,860	185	\$ 1,341,245	\$ 268,249	\$ 286,471
MINERAL COUNTY	14	\$ 108,814	21	\$ 185,407	27	\$ 94,628	20	\$ 58,281	21	\$ 169,223	103	\$ 616,353	\$ 123,271	\$ 107,377
NYE COUNTY	44	\$ 219,802	61	\$ 1,796,349	60	\$ 372,066	78	\$ 501,901	64	\$ 146,394	307	\$ 3,036,511	\$ 607,302	\$ 340,120
PERSHING COUNTY	4	\$ 5,282	4	\$ 2,833	6	\$ 3,007	9	\$ 50,016	2	\$ 7,937	25	\$ 69,075	\$ 13,815	\$ 20,320
STOREY COUNTY	15	\$ 415,476	24	\$ 99,854	12	\$ 21,951	17	\$ 100,361	26	\$ 261,250	94	\$ 898,892	\$ 179,778	\$ 127,854
WHITE PINE COUNTY	13	\$ 107,114	27	\$ 240,156	22	\$ 5,637	19	\$ 55,395	17	\$ 57,544	98	\$ 465,846	\$ 93,169	\$ 39,525
TOTAL	513	\$ 2,531,943	531	\$ 5,295,426	408	\$ 2,407,594	412	\$ 1,983,657	394	\$ 1,289,046	2,258	\$ 13,507,666	\$ 3,014,673	\$ 1,893,432

PACT Cities

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 Costs	Annual Cost 5	Annual Cost
	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	Frequency 2008/2009- 2012/2013	2008/2009- 2012/2013	years 2008/2009- 2012/2013	3 years 2010/2011- 2012/2013
BOULDER CITY	28	\$ 175,174	20	\$ 14,557	28	\$ 536,835	25	\$ 57,935	39	\$ 164,393	140	\$ 948,894	\$ 316,298	\$ 253,054
CALIENTE	1	\$ 1,337	5	\$ 28,001	2	\$ 1,220	3	\$ 1,357	1	\$ 687	12	\$ 32,602	\$ 10,867	\$ 1,088
CARLIN CITY	5	\$ 5,644	5	\$ 6,138	5	\$ 3,442	6	\$ 2,884	3	\$ 52,739	24	\$ 70,847	\$ 23,616	\$ 19,688
CITY OF ELKO	40	\$ 127,390	36	\$ 88,515	40	\$ 90,093	38	\$ 162,879	67	\$ 178,408	221	\$ 647,285	\$ 215,762	\$ 143,793
ELY CITY	3	\$ 10,386	2	\$ 60,930	9	\$ 41,738	3	\$ 1,799	4	\$ 53,149	21	\$ 168,002	\$ 56,001	\$ 32,229
CITY OF FALLON	12	\$ 32,568	18	\$ 84,782	11	\$ 114,399	19	\$ 151,913	11	\$ 49,130	71	\$ 432,792	\$ 144,264	\$ 105,147
CITY OF FERNLEY	7	\$ 5,919	4	\$ 10,763	3	\$ 147,252	2	\$ 48,429	7	\$ 1,772	23	\$ 214,135	\$ 71,378	\$ 65,818
CITY OF LOVELOCK	7	\$ 6,755	3	\$ 360	5	\$ 2,517	6	\$ 136,074	6	\$ 2,359	27	\$ 148,066	\$ 49,355	\$ 46,984
MESQUITE CITY	41	\$ 42,194	31	\$ 142,046	33	\$ 37,725	28	\$ 103,382	24	\$ 30,428	157	\$ 355,774	\$ 118,591	\$ 57,178
WELLS CITY	2	\$ 113	1	\$ 319	6	\$ -	2	\$ 25,146	2	\$ 1,353	13	\$ 26,932	\$ 8,977	\$ 8,833
CITY OF WEST WENDOVER	13	\$ 183,046	2	\$ 312	5	\$ 1,829	3	\$ 27,487	5	\$ 61,455	28	\$ 274,129	\$ 91,376	\$ 30,257
CITY OF WINNEMUCCA	6	\$ 6,261	8	\$ 210,223	6	\$ 6,436	6	\$ 5,513	8	\$ 20,879	34	\$ 249,310	\$ 83,103	\$ 10,942
CITY OF YERINGTON	6	\$ 2,421	7	\$ 32,056	2	\$ 425	3	\$ 213,492	7	\$ 40,954	25	\$ 289,348	\$ 96,449	\$ 84,957
TOTAL	171	\$ 599,208	142	\$ 679,003	155	\$ 983,909	144	\$ 938,290	184	\$ 657,704	796	\$ 3,858,115	\$ 1,286,038	\$ 859,968

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
	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	2008/2009- 2012/2013	2008/2009- 2012/2013	2008/2009- 2012/2013	2010/2011- 2012/2013
ESMERALDA COUNTY SCHOOL DISTRICT	9	\$ 204,160	5	\$ 2,047	3	\$ -	2	\$ 830	4	\$ 4,055	23	\$ 211,091	\$ 70,364	\$ 1,628
EUREKA COUNTY SCHOOL DISTRICT	6	\$ 9,834	1	\$ 81	1	\$ 351	1	\$ 6	3	\$ 946	12	\$ 11,218	\$ 3,739	\$ 434
HUMBOLDT COUNTY SCHOOL DISTRICT(No longer	19	\$ 299,757	16	\$ 72,231	10	\$ 5,553	19	\$ 140,184	0	\$ -	64	\$ 517,725	\$ 172,575	\$ 48,579
LANDER COUNTY SCHOOL DISTRICT	4	\$ 2,943	4	\$ 15,948	10	\$ 22,412	9	\$ 1,393	4	\$ 9,988	31	\$ 52,684	\$ 17,561	\$ 11,265
LINCOLN COUNTY SCHOOL DISTRICT	23	\$ 186,338	12	\$ 55,258	7	\$ 171,600	9	\$ 43,256	5	\$ 30,337	56	\$ 486,789	\$ 162,263	\$ 81,731
MINERAL COUNTY SCHOOL DISTRICT	5	\$ 71,497	10	\$ 484,798	25	\$ 36,728	20	\$ 41,750	18	\$ 8,783	78	\$ 643,555	\$ 214,518	\$ 29,087
NYE COUNTY SCHOOL DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY SCHOOL DISTRICT	5	\$ 9,208	6	\$ 18,994	5	\$ 8,971	3	\$ 291,094	4	\$ 2,805	23	\$ 331,072	\$ 110,357	\$ 100,957
WHITE PINE COUNTY SCHOOL DISTRICT	25	\$ 71,944	25	\$ 51,851	19	\$ 37,973	20	\$ 50,026	14	\$ 43,281	103	\$ 255,075	\$ 85,025	\$ 43,760
TOTAL	96	\$ 855,680	79	\$ 701,207	80	\$ 283,589	83	\$ 568,538	52	\$ 100,196	390	\$ 2,509,209	\$ 836,403	\$ 317,441

PACT Hospitals

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL Claims	TOTAL	Average	Average
	Frequency 7/1/08- 6/30/09	Costs 7/1/08- 6/30/09	Frequency 7/1/09- 6/30/10	Costs 7/1/09- 6/30/10	Frequency 7/1/10- 6/30/11	Costs 7/1/10- 6/30/11	Frequency 7/1/11- 6/30/12	Costs 7/1/11- 6/30/12	Frequency 7/1/12- 6/30/13	Costs 7/1/12- 6/30/13	Frequency 2008/2009- 2012/2013	Claims Costs 2008/2009- 2012/2013	Annual Cost 5 years 2008/2009- 2012/2013	Annual Cost 3 years 2010/2011- 2012/2013
BATTLE MOUNTAIN GENERAL HOSPITAL	9	\$ 1,646	14	\$ 2,018	1	\$ 1,136	5	\$ 2,057	6	\$ 4,993	35	\$ 11,849	\$ 3,950	\$ 2,729
BOULDER CITY HOSPITAL (No longer member)	20	\$ 22,646	14	\$ 9,269	17	\$ 11,055	12	\$ 34,934	13	\$ 34,812	76	\$ 112,716	\$ 37,572	\$ 26,934
CARSON TAHOE HOSPITAL (No longer member)	30	\$ 156,228	0	\$ -	0	\$ -	0	\$ -	0	\$ -	30	\$ 156,228	\$ 52,076	\$ -
GROVER C. DILS MEDICAL CENTER	12	\$ 15,137	7	\$ 11,769	3	\$ 348	4	\$ 5,199	6	\$ 8,446	32	\$ 40,899	\$ 13,633	\$ 4,664
HUMBOLDT GENERAL HOSPITAL	11	\$ 59,977	9	\$ 109,943	12	\$ 106,575	19	\$ 64,751	18	\$ 45,945	69	\$ 387,190	\$ 129,063	\$ 72,424
MT. GRANT GENERAL HOSPITAL	13	\$ 19,795	8	\$ 42,821	14	\$ 8,237	9	\$ 2,576	11	\$ 30,004	55	\$ 103,432	\$ 34,477	\$ 13,605
PERSHING GENERAL HOSPITAL	15	\$ 9,897	10	\$ 79,543	6	\$ 35,052	8	\$ 26,788	10	\$ 15,773	49	\$ 167,052	\$ 55,684	\$ 25,871
SO. LYON MEDICAL CENTER (No longer member)	32	\$ 38,531	25	\$ 89,506	34	\$ 287,967	38	\$ 27,274	14	\$ 103,077	143	\$ 546,355	\$ 182,118	\$ 139,439
TOTAL	142	\$ 323,855	87	\$ 344,869	87	\$ 450,370	95	\$ 163,578	78	\$ 243,049	489	\$ 1,525,721	\$ 508,574	\$ 285,666

PACT Special Districts and Towns

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
	7/1/08-6/30/09	7/1/08-6/30/09	7/1/09-6/30/10	7/1/09-6/30/10	7/1/10-6/30/11	7/1/10-6/30/11	7/1/11-6/30/12	7/1/11-6/30/12	7/1/12-6/30/13	7/1/12-6/30/13	2008/2009-2012/2013	2008/2009-2012/2013	2008/2009-2012/2013	2010/2011-2012/2013
CARSON CITY:														
NEVADA ASSOCIATION OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	1	\$ 3,112	2	\$ 2,845	0	\$ -	0	\$ -	1	\$ 755	4	\$ 6,712	\$ 2,237	\$ 252
CLARK COUNTY:														
VIRGIN VALLEY WATER DISTRICT	0	\$ -	1	\$ 904	1	\$ 155	2	\$ 459	1	\$ 1,607	5	\$ 3,124	\$ 1,041	\$ 740
CHURCHILL COUNTY:														
CHURCHILL CO COMMUNICATIONS	2	\$ 5,816	3	\$ 7,487	0	\$ -	1	\$ 565	3	\$ 1,670	9	\$ 15,538	\$ 5,179	\$ 745
CHURCHILL COUNTY MOSQUITO & ABATEMENT DISTRICT	2	\$ 20,582	2	\$ 1,983	0	\$ -	2	\$ 89,388			6	\$ 111,953	\$ 37,318	\$ 29,796
DOUGLAS COUNTY:														
DOUGLAS CO. MOSQUITO CONTROL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
EAST FORK FIRE & PARAMEDIC DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
EAST FORK SWIMMING POOL DISTRICT	4	\$ 3,487	1	\$ 1,032	1	\$ 289	1	\$ 1,865	1	\$ 911	8	\$ 7,585	\$ 2,528	\$ 1,022
GARDNERVILLE, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
GENOA, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
MINDEN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
NV TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
TAHOE DOUGLAS FIRE PROTECTION DISTRICT	26	\$ 38,059	18	\$ 89,541	17	\$ 210,901	13	\$ 32,373	15	\$ 159,861	89	\$ 530,735	\$ 176,912	\$ 134,378
ELKO COUNTY:														
ELKO CENTRAL DISPATCH	0	\$ -	0	\$ -	1	\$ 1,145	0	\$ -			1	\$ 1,145	\$ 382	\$ 382
ELKO CONVENTION & VISITORS AUTHORITY	3	\$ 17,264	0	\$ -	2	\$ -	0	\$ -			5	\$ 17,264	\$ 5,755	\$ -
ELKO TELEVISION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
JACKPOT TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
ESMERALDA COUNTY:														
GOLDFIELD TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
SILVER PEAK TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
LANDER COUNTY:														
AUSTIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
AUSTIN VOL AMBULANCE	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
AUSTIN VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
BATTLE MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
BATTLE MOUNTAIN VOL. AMBULANCE	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
BATTLE MOUNTAIN VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
KINGSTON TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
KINGSTON VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
LINCOLN COUNTY:														
ALAMO SEWER & WATER GID	0	\$ -	1	\$ 16,050	0	\$ -	0	\$ -			1	\$ 16,050	\$ 5,350	\$ -
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
PANACA VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
PIOCHE, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
PIOCHE VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
LYON COUNTY:														
CENTRAL LYON COUNTY FIRE PROTECT	3	\$ 9,811	0	\$ -	6	\$ 12,198	13	\$ 41,108	13	\$ 39,551	35	\$ 102,668	\$ 34,223	\$ 30,952
MASON VALLEY FIRE PROTECTION DISTRICT	1	\$ 2,428	2	\$ 1,338	0	\$ -	1	\$ 531	2	\$ 7,555	6	\$ 11,852	\$ 3,951	\$ 2,695
NORTH LYON COUNTY FIRE PROTECTION DISTRICT	3	\$ 4,880	5	\$ 140,834	4	\$ 2,712	1	\$ 325	14	\$ 7,196	27	\$ 155,947	\$ 51,982	\$ 3,411
SMITH VALLEY FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
MINERAL COUNTY:														
HAWTHORNE FIRE & VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
HAWTHORNE UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
MINA VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
MINERAL CO. CARE & SHARE	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
NYE COUNTY:														
PAHRUMP, TOWN OF	16	\$ 243,494	5	\$ 7,316	17	\$ 236,237	10	\$ 108,373	6	\$ 42,485	54	\$ 637,905	\$ 212,635	\$ 129,032
ROUND MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
TONOPAH, TOWN OF	1	\$ 252	0	\$ -	0	\$ -	1	\$ 25,987	2	\$ 1,710	4	\$ 27,949	\$ 9,316	\$ 9,232
TONOPAH PUBLIC UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
PERSHING COUNTY:														
PERSHING COUNTY WATER CONSERVATION DISTRICT	0	\$ -	2	\$ 23,386	1	\$ 381	4	\$ 7,018	2	\$ 45,928	9	\$ 76,713	\$ 25,571	\$ 17,776
STOREY COUNTY:														
CANYON GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 134	1	\$ 148	2	\$ 282	\$ 94	\$ 94
WASHOE COUNTY:														
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	36	\$ 75,004	32	\$ 212,021	37	\$ 236,870	28	\$ 346,901	35	\$ 107,079	168	\$ 977,875	\$ 325,958	\$ 230,283
SIERRA FIRE PROTECTION DISTRICT	16	\$ 411,495	15	\$ 48,483	24	\$ 33,655	9	\$ 76,293			64	\$ 569,925	\$ 189,975	\$ 36,649
SUN VALLEY GENERAL IMPROVEMENT DIST (No longer member)	1	\$ 915	2	\$ 2,086	1	\$ 412	0	\$ -			4	\$ 3,413	\$ 1,138	\$ 137

PACT Special Districts and Towns

TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	0	\$ -	2	\$ 1,798	5	\$ 182,692	4	\$ 40,275	20	\$ 227,901	31	\$ 452,666	\$ 150,889	\$ 150,289
TRUCKEE MEADOWS REGIONAL PLANNING AUTHORITY	2	\$ 176	0	\$ -	0	\$ -	0	\$ -	1	\$ -	3	\$ 176	\$ 59	\$ -
WHITE PINE COUNTY:														
ELY MUNICIPAL WATER DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
MCGILL RUTH CONSOLIDATED SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
WHITE PINE COUNTY FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	2	\$ -	2	\$ 1,617	4	\$ 1,617	\$ 539	\$ 539
WHITE PINE COUNTY TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	0	\$ -			0	\$ -	\$ -	\$ -
WHITE PINE HISTORICAL RAILROAD FOUNDATION	4	\$ 1,095	1	\$ 327	2	\$ 899	1	\$ 770	2	\$ 1,242	10	\$ 4,333	\$ 1,444	\$ 970
TOTAL	121	\$ 837,869	94	\$ 557,430	119	\$ 918,544	94	\$ 772,365	121	\$ 647,216	549	\$ 3,733,424	\$ 746,685	\$ 779,375

PACT Summary of All Claims
as of 6/30/13

Claims		Claims		Claims		Claims		Claims		TOTAL Claims	TOTAL Claims	Average Annual	Average
Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Costs	Cost 5 years	Annual Cost 3
7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12-6/30/13	2008/2009- 2012/2013	2008/2009- 2012/2013	2008/2009- 2012/2013	2010/2011- 2012/2013
1,043	\$ 5,148,555	933	\$ 7,577,935	849	\$ 5,044,006	828	\$ 4,426,428	829	\$ 2,937,211	4,482	\$ 25,134,135	\$ 5,026,827	\$ 4,135,882

Date Of Loss	Location	Incurred Total	Accident Description
9/9/1996	BOULDER CITY (CITY OF)	\$ 140,325.67	ARTERIAL FLUTTER, STRESS RELATED; INCREASED HEARTBEAT; HOSPITALIZED
7/24/1997	YERINGTON (CITY OF)	\$ 209,288.77	CLMT STRAINED LEFT KNEE WHILE DIGGING A TRENCH.
1/16/1998	NYE COUNTY	\$ 111,879.40	MVA: HEAD-ON COLLISION RESULTING IN CLOSED HEAD INJURY-RIGHT WRIST FRACTURE AND LOW
5/5/1998	ELKO GENERAL HOSPITAL (INACTIVE MEMBER)	\$ 178,857.86	FELL AND TRIED TO BREAK FALL
5/24/1998	DOUGLAS COUNTY	\$ 536,089.75	BOAT CAPSIZED-DROWNED
2/4/2000	DOUGLAS COUNTY	\$ 277,114.83	HEART-REFERRED TO DOCTOR AS RESULT OF PHYSICAL.
7/25/2000	WHITE PINE COUNTY	\$ 2,015,821.18	STRUCK BY LIGHTNING
11/4/2000	STOREY COUNTY	\$ 1,103,507.61	ATRIAL FIBRILLATION
12/29/2000	NYE COUNTY	\$ 410,291.79	MAKING "U" TURN ATTEMPTING TO MAKE TRAFFIC STOP STRUCK BY OTHER VEHICLE
3/13/2001	NYE COUNTY	\$ 129,131.80	HEART--CHEST PAIN WHILE DRIVING PATROL VEHICLE
9/19/2002	TAHOE-DOUGLAS FPD	\$ 202,759.41	RIGHT KNEE PAIN/POSSIBLE TORN MENISCUS--LANDING AFTER SLIDING DOWN FIRE POLE.ENGINEER
10/11/2002	TAHOE-DOUGLAS FPD	\$ 285,294.21	LOWER BACK & RIGHT LEG PAIN--UNLOADING GURNEY CARRYING LARGE PATIENT.FIREFIGHTER/PARAMEDIC
11/30/2002	TAHOE-DOUGLAS FPD	\$ 120,198.24	LEFT KNEE SWELLING & PAIN--TWISTED KNEE STEPPING INTO DOWNSTAIRS OFFICE.

5/5/2003	PERSHING COUNTY	\$ 165,420.72	LUMBAR SPRAIN/STRAIN--SHOVELING DIRT EQUIPMENT OPERATOR
8/27/2003	CARSON TAHOE REGIONAL HEALTHCARE	\$ 385,356.70	LEFT & RIGHT HANDS/CARPAL TUNNEL SYNDROME--DOING COMPUTER WORK PROPERTYMANAGER
9/16/2003	CARSON CITY	\$ 283,570.83	BACK STRAIN & LEFT THUMB CRUSHING INJURY--EXTRICATING OBESE PT FROM VEHICLECAPTAIN
10/27/2003	NYE COUNTY	\$ 366,172.80	HEART/CHEST PAIN--SEVERAL EPISODES OF ANGINA AT WORK DEPUTY SHERIFF
1/9/2004	NORTH LAKE TAHOE FPD	\$ 1,740,125.30	PREPARING FOR TRAINING STANDING IN DAY ROOM
2/20/2004	LYON COUNTY	\$ 927,674.20	WHILE TRANSPORTING A PRISONER
4/11/2004	ELKO COUNTY	\$ 339,700.17	LUNGS FILLED WITH WATER, HEART UNABLE TO PUMP IT OFF
6/8/2004	MINERAL COUNTY	\$ 998,672.02	WATCHING TV IN CLASS
7/29/2004	TAHOE-DOUGLAS FPD NYE COUNTY SCHOOL DISTRICT	\$ 145,672.21	EXTRICATING PT FROM VEH
12/15/2004	DISTRICT	\$ 156,826.18	MOVING WORK BENCH
3/3/2005	NORTH LAKE TAHOE FPD	\$ 1,092,004.25	ROUTINE ANNUAL HEART STRESS TEST- FAILED FOOT SLIPPED OUT FROM UNDER CLMT WHILE LIFTING
4/17/2005	TAHOE-DOUGLAS FPD	\$ 198,436.92	PATIENT FROM FLOOR NECK & SHOULDER SNAPPED WHILE SHOOTING SHOTGUN, &
11/5/2005	DOUGLAS COUNTY	\$ 195,910.50	FELT DIZZY VEHICLE EXTRACATION DURING SNOW STORM.
11/25/2005	TAHOE-DOUGLAS FPD WHITE PINE COUNTY	\$ 126,992.54	SLIPPED/REACHED TO GRAB FOR SUPPORT S/F BACKWARDS OFF SINK WHILE STANDING ON SINK
6/28/2006	SCHOOL DISTRICT LINCOLN COUNTY SCHOOL DISTRICT	\$ 217,043.23	COUNTER CLEANING WALLS.
8/23/2006	DISTRICT	\$ 369,761.62	LIFTING BLOCKS TO MAKE A RETAINING WALL
7/28/2006	WHITE PINE COUNTY	\$ 1,159,313.26	HEART; ONGOING CHEST PAIN AND WEAKNESS
2/14/2007	DOUGLAS COUNTY	\$ 114,441.84	TWISTED KNEE CLIMBING OUT OF TRUCK BED
3/16/2007	NYE COUNTY	\$ 251,544.46	CHEST PAIN, SOB WHILE DRIVING FELL 12 FEET DOWN OFF A RETAINING WALL WHILE FIGHTING
5/16/2007	SIERRA FPD	\$ 353,457.90	A FIRE
7/28/2007	FALLON (CITY OF)	\$ 675,661.60	HIT BUMP WHILE DRIVING EQUIPMENT
4/25/2007	SIERRA FPD	\$ 1,198,036.46	ANNUAL PHYSICAL 4-25-07 ABNORMAL TEST

11/30/2007	NORTH LAKE TAHOE FPD	\$ 232,247.00	CARRYING PERSON IN A STAIR CHAIR
2/4/2008	LYON COUNTY	\$ 1,074,062.41	OCC-DISEASE, HEART, CAREER POLICE OFFICER LIFTING A LARGE PERSON BACK INTO BED WHEN THE INDIVIDUAL WAS LAYED UPON RT ANKLE.
2/20/2008	DOUGLAS COUNTY ESMERALDA COUNTY	\$ 227,560.05	
7/21/2008	SCHOOL DISTRICT	\$ 152,037.51	UNLOADING A FLOOR CLEANER AND BACK TWINGED.
10/6/2008	CARSON CITY	\$ 197,285.99	ATTEMPTING TO ARREST A COMBATIVE SUBJECT.
1/2/2009	LYON COUNTY HUMBOLDT COUNTY	\$ 200,744.42	WALKING DOWN STEPS AT AREATION BASIN, MY BOOT HEEL CAUGHT EDGE OF STEP CAUSING ME TO STUMBLE AND FALL.
3/9/2009	SCHOOL DISTRICT	\$ 114,168.54	EXITED BOYS P.E. LOCKER ROOM, SLIPPED ON ICE, FELL ON CONCRETE AND INJURED BACK AND RIGHT LEG.
11/17/2009	DOUGLAS COUNTY	\$ 706,849.56	ATTEMPTING TO SUBDUE SUSPECT, FELL TO GROUND STRIKING LEFT SIDE ON GROUND.
11/18/2009	CARSON CITY	\$ 1,246,092.26	EXPOSURE TO COMBUSTIVE MATERIALS AND OTHER HAZARDOUS CHEMICALS DURING NORMAL COURSE OF JOB DUTIES.
11/12/2009	NORTH LAKE TAHOE FPD	\$ 112,618.90	ASTHMA ATTACK WHILE ON VACATION IN FLORIDA. RETURNED TO SEE DR. IN RENO.
4/26/2010	NYE COUNTY	\$ 1,544,054.28	RESPONDING TO A CALL AT A CASINO, GUN SHOTS WERE FIRED
8/11/2010	BOULDER CITY (CITY OF)	\$ 132,307.70	PICKING UP 50 GALLON GARGAGE BAGS FULL OF BUSHES, ROCKS AND BRANCHES UP TO 100 LBS+. HIP STARTED HURTING
9/16/2010	BOULDER CITY (CITY OF)	\$ 415,370.47	WALKING DOWN THE FIRE STATION HALLWAY AND HAD A SEIZURE/STROKE
8/8/2010	PAHRUMP (TOWN OF)	\$ 132,385.00	ON AUGUST 8, 2010 NOTICED ISSUES REGARDING THROAT, GI AND RESPITORY
12/17/2010	LANDER COUNTY	\$ 143,052.77	DUCKED, TWISTED TO AVOID FLYING DEBRI WHEN PROVIDING CARE TO PRIOR ACCIDENT VICTIMS WHEN 2ND VEHICLE SLAMMED INTO AMBULANCE AT HWY SPEED AFTER DRIVER LOST CONTROL OF EASTBOUND VEHICLE WHILE PASSING TRACTOR TRAILER ON SNOW/ICE COVERED HWY.

2/24/2011	ELKO COUNTY	\$ 371,428.73	Shot during domestic violence call
3/24/2011	LYON COUNTY	\$ 231,160.59	HEART ATTACK
3/22/2011	DOUGLAS COUNTY	\$ 165,899.40	DECREASED PULMONARY FUNCTION RESULTS WITH CONDUCTING ANNUAL PHYSICAL
4/8/2011	LINCOLN COUNTY SCHOOL DISTRICT	\$ 194,990.58	WHILE CLEANING A BUS AFTER A SPORTS TRIP, WENT TO THROW AWAY A BAG FULL OF GARBAGE INTO A DUMPSTER, WHILE IN THE PROCESS OF THROWING GOT A SHARP PAIN IN BACK
7/7/2011	YERINGTON (CITY OF)	\$ 124,280.01	WHILE DRIVING A TRACTOR, HIT A BUMP IN THE ROAD AND THE TRACTOR SEAT COLAPSED AND COMPRESSED LOWER BACK
9/27/2011	NORTH LAKE TAHOE FPD	\$ 124,188.34	WHILE DOING PT, LOST FOOTING AND FELL ON WRIST.
12/5/2011	SIERRA FPD	\$ 151,077.90	WHILE BEING LIFTED OFF MOUNTAIN IN SIDE RESCUE BASKET, PINCHED UNDER HELICOPTER
1/4/2012	YERINGTON (CITY OF)	\$ 121,793.11	LIFTING BOXES OF COPY PAPER OUT OF VAN AND STACKING IN COPIER ROOM
3/11/2012	NYE COUNTY	\$ 133,694.35	HEART ATTACK
5/9/2012	NYE COUNTY	\$ 133,692.04	WHILE WALKING FELT PAIN IN CENTER OF CHEST, NUMBNESS IN LEFT ARM AND SHORTNESS OF BREATH
6/25/2012	LANDER COUNTY	\$ 163,044.74	WHILE TRYING TO CONTROL SUSPECT THAT WAS FIGHTING, FELT A SHARP PAIN IN BACK
6/19/2012	LYON COUNTY	\$ 150,268.62	WHILE GOING DOWN STEPS OF GRADER, BOTTOM STEP BROKE, LOST FOOTING FALLING ON BACKSIDE
5/30/2012	LYON COUNTY	\$ 277,975.43	ATTEMPTING TO REMOVE BOULDER FROM ROADWAY
8/31/2012	STOREY COUNTY	\$ 144,669.63	DRIVING VEHICLE ON ROAD AND VEHICLE WENT OVER ROAD
6/4/2013	ELY (CITY OF)	\$ 225,777.19	WHILE FIXING A FLAT TIRE, PULLED SOMETHING IN BACK WHILE CLEANING GUN DURING DOWNTIME AT JARBRIDGE
8/10/2013	ELKO COUNTY	\$ 148,111.02	DAYS GUN WENT OFF AND SHOT SELF IN L WRIST AFTER PHYSICAL FITNESS, DIDN'T FEEL WELL AND COLOR WAS
1/14/2014	CENTRAL LYON COUNTY FPD	\$ 110,287.00	POOR

Date Of Loss	Location	Coverage	Incurred Total	Accident Description	Body Part
12/2/2000	LANDER COUNTY	WC	\$ 128,965.57	LEFT SHOULDER MUSCLE STRAIN DEMONSTRATING DEFENSIVE TACTICS MANUEVER TO THEBATTLE MOUNTAIN HIGH SCHOOL	Shoulders
1/12/2001	ELKO COUNTY	WC	\$ 177,998.24	LOWER BACK/LEGS--SHOVELING SNOW OFF OF SIDEWALKS	Multiple Body Parts
2/7/2001	WHITE PINE COUNTY	WC	\$ 157,722.51	CERVICAL STRAIN--REAR-ENDED AT STOP LIGHT	Soft Tissue - neck
2/20/2001	PAHRUMP (TOWN OF)	WC	\$ 197,914.46	HEAD/NECK/BACK--ON-COMING CAR EXECUTED U-TURN; AMBULANCE UNABLE TO AVOID	Multiple Body Parts
4/25/2001	GROVER C. DILS MEDICAL CENTER	WC	\$ 293,271.32	LIFTING PATIENTWEIGHING 280 WHO HAD FALLEN	Soft Tissue - neck
5/23/2001	WHITE PINE COUNTY SCHOOL DISTRICT	WC	\$ 167,713.92	LUMBAR STRAIN (RIGHT) LIFTING HEAVY GARBAGE INTO DUMPSTER	Lower Back (Lumbar & Lumbosacral)
7/28/2001	WHITE PINE COUNTY	WC	\$ 119,884.16	ACUTE HEAD TRAUMA/RIGHT SHOULDER--FELL FROM HORSE	Body System and Mult Body Sys
8/21/2001	DOUGLAS COUNTY	WC	\$ 102,392.36	UNKNOWN--TURNING LEFT, HIT BY ON-COMING VEHICLE.CARE FLIGHTED	Insufficient Info to Properly Identify
9/20/2001	NYE COUNTY	WC	\$ 288,634.74	LT-KNEE & MULTIPLE INJURIES IN LATER MVA STEPPED INTO HOLE BETWEEN MATSDURING DEFENSIVE TACTICS TRAINING ROLLOVER MVA ENROUTE TO PHYSICAL THERAPY11-28-01. MULTIPLE	Knee
10/3/2001	BOULDER CITY HOSPITAL	WC	\$ 242,978.61	LOW BACK STRAIN--KICK BY RESIDENT	Lower Back (Lumbar & Lumbosacral)
2/26/2002	LANDER COUNTY SCHOOL DISTRICT	WC	\$ 110,918.53	BACK PAIN/MUSCLE SPASM--BENDING OVER; BACK POPPED TEACHER	Lower Back (Lumbar & Lumbosacral)
3/21/2002	NYE COUNTY	WC	\$ 226,281.64	CERVICAL/THORACIC/LUMBAR SPRAIN--MVA; REARENDED AT TRAFFIC LIGHTINVESTIGATOR/DISTRICT ATTORNEY'S OFFICE	Multiple Body Parts
6/26/2002	DOUGLAS COUNTY	WC	\$ 131,067.85	BACK STRAIN/STRAIN - ROLLING UP BALLFIELD DRAG AFTER PREPARING IN FIELD FORPLAY.	Lower Back (Lumbar & Lumbosacral)
7/16/2002	NYE COUNTY	WC	\$ 185,822.13	LEFT EYE LOST--STUCK BY GLIDER WINGTIP MAINTENANCE MAN III	Eye(s)
9/30/2002	LANDER COUNTY	WC	\$ 158,482.19	NECK & LEFT SHOULDER & ARM STRAIN--AFTER LIFTING THE BUFFER FM TABLE TO FLOORPOOL MANAGER	Shoulders
12/28/2002	PAHRUMP (TOWN OF)	WC	\$ 140,113.22	LUMBAR STRAIN--PICKING UP DEAD TREE TO PUT IN DUMPSTER. MAINT I	Lower Back (Lumbar & Lumbosacral)
2/13/2003	LINCOLN COUNTY SCHOOL DISTRICT	WC	\$ 184,274.85	UNLOADING A FLUE LINER. MAINTENANCE	Lower Back (Lumbar & Lumbosacral)
2/20/2003	NYE COUNTY	WC	\$ 120,398.91	WORKINGON GARAGE DOOR SYSTEM WHEN IT CAME APART AND CRUSHED CLMT'S HANDS.FIREFIGHTER	Hand
5/31/2004	LANDER COUNTY	WC	\$ 135,000.17	HAD HEART ATTACK WHILE SLEEPING	Heart
12/29/2004	LYON COUNTY	WC	\$ 120,669.79	STRUCK BY DEBRIS FROM PIPE EXPLOSION	Insufficient Info to Properly Identify
2/8/2005	ELKO COUNTY	WC	\$ 100,606.46	S/F ON ICE WHILE DOING SECURITY CHECKS	Lower Back (Lumbar & Lumbosacral)
4/2/2005	DOUGLAS COUNTY	WC	\$ 196,142.43	HAND RECEIVED GUNSHOT WOUND	Hand
5/18/2005	DOUGLAS COUNTY	WC	\$ 103,908.65	CORONARY HEART DISEASE; UNKNOW CAUSE; DETECTED DURING EMPLOYEE DEPARTMENTPHYSICAL	Heart
9/6/2005	TAHOE-DOUGLAS FPD	WC	\$ 134,799.26	FELT CHEST PAINS AFTER WORKOUT ON STAIR STEPPER	Heart
10/18/2005	BOULDER CITY HOSPITAL	WC	\$ 545,968.57	S/F ON SLIPPERY FLOOR	Multiple Body Parts
11/21/2005	CARSON TAHOE REGIONAL HEALTHCARE	WC	\$ 144,091.09	SLIPPED & FELL; WALKING INTO PATIENT'S ROOM	Shoulders
1/8/2007	PERSHING GENERAL HOSPITAL	WC	\$ 121,806.31	T/F ON ALARM WIRE WHILE MAKING BED, LANDING ON ARM	Multiple Upper Extremities
2/27/2007	LYON COUNTY	WC	\$ 106,857.50	THROWN INTO WINDSHIELD AFTER STOPPING SNOWPLOW ON PATCH OF SNOW	Multiple Body Parts
5/25/2007	CARSON TAHOE REGIONAL HEALTHCARE	WC	\$ 214,939.05	HELPING LIFT A PATIENT IN BED	Multiple Body Parts
7/19/2007	BOULDER CITY (CITY OF)	WC	\$ 100,008.18	MOVING COPIERS WITHIN POLICE BUILDING	Lower Back (Lumbar & Lumbosacral)
9/17/2007	CARSON TAHOE REGIONAL HEALTHCARE	WC	\$ 487,431.46	TWISTED KNEE LIFTING A PATIENT, STRAINED BACK	Multiple Body Parts
10/10/2007	CARSON CITY	WC	\$ 234,069.29	STEPPED IN HOLE & FELL IN STORM DRAIN DITCH	Knee
12/7/2007	LINCOLN COUNTY SCHOOL DISTRICT	WC	\$ 210,560.44	S/F ON BACK WHILE CARRYING PLATFORM FOR CHRISTMAS PLAY	Multiple Body Parts
12/25/2007	CARSON CITY	WC	\$ 161,361.43	S/F WHILE CHECKING WATER FLOW AT POND	Hip
5/1/2008	NYE COUNTY SCHOOL DISTRICT	WC	\$ 133,969.69	FELL WHILE CLOSING ROOF DOOR	Knee
9/18/2008	SIERRA FPD	WC	\$ 112,265.39	EXTRACTING A COMBATIVE PT FROM VEHICLE AND GOT CAUGHT BETWEEN PT AND CAR. LANDED ON KNEE.	Multiple Body Parts
12/5/2008	CHURCHILL COUNTY COMMUNICATIONS	WC	\$ 198,916.72	WHILE REACHING DOWN AND PULLING CABLES UP ONTO A FRAME, I FELT A POP IN MY LOWER BACK.	Lower Back (Lumbar & Lumbosacral)
1/11/2009	SIERRA FPD	WC	\$ 153,882.13	RENDERING MEDICAL AID AND FELL ON ICE.	Lower Back (Lumbar & Lumbosacral)
2/24/2009	SIERRA FPD	WC	\$ 128,988.83	LIFTING HEAVY OBJECT AND TWISTED BACK.	Lower Back (Lumbar & Lumbosacral)
3/5/2009	WEST WENDOVER (CITY OF)	WC	\$ 166,539.19	WHILE TRYING TO PRY HEAVY TRUCK TIRE OFF WHEEL BY HAND WITH TIRE IRONS, EXPERIENCED PAIN IN THE NECK.	Multiple Neck Injury
3/18/2009	NYE COUNTY	WC	\$ 106,649.26	LIFTING TRASH OVER 5 FEET INTO TRASH BINS.	Multiple Neck Injury
4/3/2009	STOREY COUNTY	WC	\$ 397,740.52	WALKING INTO THE BUILDING, SLIPPED ON STEPS AND FELL BACKWARDS.	Multiple Trunk
4/30/2009	EUREKA COUNTY	WC	\$ 199,047.37	WHILE RINSING THE FLOOR WITH THE HOSE, STEPPED BACK INTO THE ROOM AND SLIPPED ON THE WET CONCRETE. HIT KNEE ON THE GROUND.	Knee
12/1/2009	CARSON CITY	WC	\$ 117,316.61	FILE CABINET FELL FORWARD PINNING ME ON FLOOR.	Knee
12/14/2009	MINERAL COUNTY SCHOOL DISTRICT	WC	\$ 118,189.53	WALKING OUT OF THE DOOR AT THE END OF THE DAY, SLIPPED ON ICE.	Multiple Body Parts
12/4/2009	CARSON CITY	WC	\$ 103,948.15	WHILE RAISING FLAGS, SLIPPED AND FELL	Multiple Body Parts
9/16/2009	WINNEMUCCA (CITY OF)	WC	\$ 205,852.31	LIFTING A BOTTLE OF CHLORINE INTO THE BACK OF A TRUCK, WHEN R HIP POPPED CAUSING A LOT OF LOWER BACK AND HIP PAIN.	Lower Back (Lumbar & Lumbosacral)
4/27/2010	WHITE PINE COUNTY	WC	\$ 127,123.04	LOADING PANELS WHICH SLIPPED OFF FORKS, HITTING LEG.	Multiple Lower
3/1/2010	MINERAL COUNTY SCHOOL DISTRICT	WC	\$ 207,510.65	WHEN LIFTING HEAVY OBJECT, FELT A SLIGHT SNAP THAT WENT THROUGH BACK AND RIGHT SIDE OF NECK, SHOULDER.	Multiple Body Parts
5/2/2010	HUMBOLDT GENERAL HOSPITAL	WC	\$ 107,236.58	GETTING A PATIENT LEMONADE FROM FRIDGE IN DINING ROOM. SLIPPED ON WATER ON FLOOR AND HIT L KNEE	Knee
5/15/2010	NORTH LYON COUNTY FIRE PROTECTION DI	WC	\$ 137,236.39	PULLING 1" CHARGED HOSE UP A SMALL SLOPE. THE HOSE SNAGGED ON A PIECE OF BURNT BRUSH CAUSING THE HILLSIDE TO GIVE WAY CAUSING ME TO FALL FACE FIRST. R WRIST HIT A ROCK AS I	Wrist
6/23/2010	MINERAL COUNTY SCHOOL DISTRICT	WC	\$ 154,498.49	CLIMBING OUT OF THE WATER VALVE PIT, HURT LOW BACK AND LEG	Multiple Body Parts
7/28/2010	FERNLEY (CITY OF)	WC	\$ 112,420.11	WHILE DESCENDING LADDER, FOOT SLIPPED OFF OF LADDER RUNG AND FELL TO FLOOR	Multiple Body Parts
9/6/2010	CHURCHILL COUNTY	WC	\$ 145,893.50	WHILE LINING UP FOR PARADE, SEARCH & RESCUE HORSE GOT SPOOKED AND THREW ME OFF.	Multiple Body Parts
1/12/2011	TRUCKEE MEADOWS FPD	WC	\$ 212,355.54	EXITING THE PASSENGER SIDE OF BRUSH 227, FEET GOT TANGLED UP IN WEATHER STRIPPING AND FELL FROM THE TRUCK	Ankle
2/13/2011	NORTH LAKE TAHOE FPD	WC	\$ 119,246.27	WHILE WASHING STAIRS IN APPARATUS FLOOR OF STATION 13, SLIPPED ON 3RD STEP FROM BOTTOM, LANDING FLAT ON BACK	Multiple Body Parts
3/8/2011	LYON COUNTY	WC	\$ 151,309.24	WHILE STANDING ON THE FRAME BENDING OVER ENGINE, FELT PAIN IN LOWER BACK	Lower Back (Lumbar & Lumbosacral)
5/31/2011	TAHOE-DOUGLAS FPD	WC	\$ 112,517.97	8 TO 9 FOOT WAVES DURING WATER SAFETY TRAINING AND COMPRESSED BACK	Multiple Body Parts
8/23/2011	NORTH LAKE TAHOE FPD	WC	\$ 116,001.73	DURING CHIPPER DUTIES, PULLED A TREE BACKWARDS AND STEPPED ON A PINECONE, TWISTING LEG. HEARD AND FELT A POP AND CRUNCHING/GRINDING IN R KNEE	Knee
12/5/2011	PERSHING COUNTY SCHOOL DISTRICT	WC	\$ 282,057.85	HER CAR WAS HIT FROM BEHIND BY ANOTHER DRIVER CAUSING HER TO LOSE CONTROL AND ROLL IN THE MEDIAN. SHE WAS RETURNING TO LOVELOCK FROM RENO, WHERE SHE HAD BEEN DOING	Multiple Body Parts
3/18/2012	DOUGLAS COUNTY	WC	\$ 136,048.39	SLIPPED ON 2ND STEP OF BUS AND FELL TO GROUND LANDED ON RIGHT SIDE AND BACK	Shoulders
7/18/2012	TRUCKEE MEADOWS FPD	WC	\$ 103,178.98	WHILE ON EMERGENCY INCIDENT FELL FROM SECOND STEP OF ENGINE	Lower Back (Lumbar & Lumbosacral)
2/1/1997	ELKO GENERAL HOSPITAL (INACTIVE MEME	WC	\$ 159,321.13	Cimt strained back when she turned around while drawing blood from a patient.	Lower Back (Lumbar & Lumbosacral)
8/23/1997	PERSHING GENERAL HOSPITAL	WC	\$ 129,723.05	COCCYX BRUISED--SLIP AND FALL	Pelvis
6/28/1998	YERINGTON (CITY OF)	WC	\$ 122,649.35	SUBDUING SUSPECT DURING ARREST SUFFERED ASTHMA ATTACK AND NOW LUNG CONDITIONGETTING WORSE WITH FREQUENT ASTHMA ATTACKS AND STILL REQUIRING TREATMENT.	Lungs
9/5/1998	ELKO COUNTY	WC	\$ 428,981.82	HEART--ON DUTY AT SCENE OF ACCIDENT; CHEST BEGAN TO TIGHTEN	Heart
12/2/1998	DOUGLAS COUNTY	WC	\$ 151,585.92	LUMBAR STRAIN--THROWN TO MAT DURING DEFENSIVE TACTICS TRAINING	Lower Back (Lumbar & Lumbosacral)
3/16/1999	SOUTH LYON MEDICAL CENTER	WC	\$ 129,846.85	LUMBAR/SPINE STRAIN--REPOSITIONING PATIENT	Lower Back (Lumbar & Lumbosacral)
6/3/1999	ELKO COUNTY	WC	\$ 138,511.44	SITTING RESULTING IN HEART PROBLEM.	Heart
6/17/1999	ELKO COUNTY	WC	\$ 126,903.30	GETTING DOWN OFF OF LADDER AND SLIPPED ANF FELL TWISTING LUMBAR SPINE.	Lower Back (Lumbar & Lumbosacral)
3/2/2000	CHURCHILL COUNTY	WC	\$ 177,726.31	LUMBAR STRAIN STEPPING OFF OF THE BACK OF A TRUCK AND TWISTED BACK.	Lower Back (Lumbar & Lumbosacral)

Actuarial Report – PACT – April, 2014

Each year we receive at least two primary PACT actuarial reports from Bickmore and Associates, one which estimates reserve liabilities for end-of-year financials, and one which forecasts rates for the coming year. The first report which follows contains selected pages from the reserve study. However, heart-lung retiree reserves are not included in this study due to their extreme volatility and long potential duration. Those reserves are reflected separately in the audited financial statements, and are a function of the separate rate we charge for those exposures. This report was used for the audited financial statements. I enclose 18 of the 66 pages in the full report.

The second report is a draft (cover letter dated March 20, 2014) of the PACT rate study, which was not yet finalized (as of our printing deadline for board packets), so may be subject to change. We will have the final results by the time of the Board Meeting, however, and will update the results at that time if necessary.

The preliminary forecast is for a 3.2% percentage increase in rates, but please remember this does not reflect your individual modification factor (see below) or changes in your entity's payroll. Also, the Executive Committee will meet to discuss the rate forecasts and approve any rate changes prior to the Board Meeting, as usual.

As last year, staff is recommending a 10% increase in heart-lung retiree rates per the independent study which was done a few years ago, which is intended to fund for the retiree benefits beyond the normal work comp fire/police losses. The normal losses (non-retiree) are contemplated and included in the base rates.

Additionally, each member of PACT can see their rates fluctuate by as much as 10% each year (up or down) as a result of changes in their experience modification factor, aka: EMF or "mod." The EMFs have been calculated, and you should receive your indication of pricing and mod prior to or soon after the Board Meeting. Please remember that the insurance world does not cap mod changes, and that our 10% cap was implemented by PACT in order to stabilize changes in work comp rates for members some time ago.



Actuarial Review of the Self-Insured Workers' Compensation Program - PACT

Outstanding Liabilities as of June 30, 2013

Presented to
Public Agency Compensation Trust

August 30, 2013





Friday, August 30, 2013

Mr. Wayne Carlson
Executive Director
Public Agency Compensation Trust (PACT)
201 S. Roop St. Suite 102
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured PACT Program

Dear Mr. Carlson:

As you requested, we have completed our review of PACT's self-insured workers' compensation program. We estimate the program's liability for outstanding claims at the 75% confidence level to be \$35,378,000 as of June 30, 2013, which includes an \$13,360,780 liability for retirees with heart-lung claims. This amount also includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE) and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The amount also includes a discount for investment income which is calculated based on the likely payout pattern of PACT's claims, assuming a 3.0% return on investments per year.

The estimated program liability at the expected confidence level is \$32,708,000 and is the minimum liability to be booked at June 30, 2013 for PACT's workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires PACT to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding PACT's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2013 are summarized in the table below.

PACT Self-Insured Workers' Compensation Program Estimated Liability for Unpaid Loss and LAE at June 30, 2013						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$21,028,000					
Heart/Lung	13,360,780					
ULAE	920,000					
Investment Income Offset	<u>(2,601,000)</u>					
Discounted Loss and LAE	\$32,708,000	\$34,565,000	\$35,378,000	\$36,326,000	\$37,506,000	\$39,073,000

Although our liability estimates for Loss & ALAE and ULAE listed in the table above have been actuarially determined in this analysis, the estimate for Heart/Lung liabilities has simply been made equal to the assessed Heart/Lung contributions to date. The manual assessment rate for Heart/Lung, which is applied to the members' police and fire payroll in order to calculate the required annual Heart/Lung contribution, has been estimated in prior studies as a projection of the necessary funding to cover such claims. However, the amount referenced in this report is not intended to represent an actuarial estimate of Heart/Lung liabilities.

GASB #10 does not address an actual funding requirement for the program, but only speaks to the liability to be recorded on PACT's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a margin for contingencies. Generally, the amount should be sufficient to bring funding to the 75% to 85% confidence level. We consider funding to the 70% level to be marginally acceptable and funding to the 90% confidence level conservative.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for PACT's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to PACT in preparing this report. Please feel free to call Mark Priven at (916) 244-1161 or Derek Burkhalter at (916) 244-1167 with any questions you may have concerning this report.

Sincerely,

Bickmore



Mark Priven, FCAS, MAAA

Director, Regulatory and Alternative Risk Consulting, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries



Derek Burkhalter

Manager, Property and Casualty Insurance Services, Bickmore
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

We estimate the program's expected, discounted liability for outstanding claims to be \$32,708,000 as of June 30, 2013. Again, these amounts include ALAE and ULAE and a \$13,360,780 liability for retirees with heart-lung claims. The information presented in Graph 1 is also summarized in tabular form below.

Liability for Outstanding Claims at June 30, 2013

Confidence Levels	<u>Expected</u>	<u>70%</u>	<u>75%</u>	<u>85%</u>	<u>90%</u>
Discounted	\$32,708,000	\$34,565,000	\$35,378,000	\$37,506,000	\$39,073,000
Undiscounted	35,309,000	37,416,000	38,338,000	40,752,000	42,530,000

GASB #10 does not address an actual funding requirement for the program, but only speaks to the liability to be recorded on PACT's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a margin for contingencies. Generally, the amount should be sufficient to bring funding to the 75% to 85% confidence level. We consider funding to the 70% level to be marginally acceptable and funding to the 90% confidence level conservative.

The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2013, before recognition of investment income.

PACT
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2013

Year	Case Reserves	IBNR Reserves	Total Outstanding
1996-1997	\$60,821	\$14,500	\$75,321
1997-1998	291,530	41,767	333,297
1998-1999	15,368	59,983	75,351
1999-2000	149,646	43,059	192,705
2000-2001	217,469	82,417	299,886
2001-2002	34,983	85,144	120,127
2002-2003	220,723	73,769	294,492
2003-2004	1,588,124	55,255	1,643,379
2004-2005	535,986	108,551	644,537
2005-2006	125,283	138,527	263,810
2006-2007	1,245,241	115,871	1,361,112
2007-2008	544,419	259,696	804,115
2008-2009	437,469	514,445	951,914
2009-2010	1,497,193	490,340	1,987,533
2010-2011	764,419	1,195,994	1,960,413
2011-2012	966,009	1,875,572	2,841,581
2012-2013	1,076,185	3,142,789	4,218,974
Loss and ALAE	\$9,770,868	\$8,297,679	\$18,068,547
Corridor Deductible	\$1,750,000	\$1,209,194	\$2,959,194
ULAE		919,753	919,753
Heart-Lung		13,360,780	13,360,780
Total	\$11,520,868	\$23,787,406	\$35,308,274

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by PACT.

GASB #10 and #30 do not address funding requirements. They do, however, allow a range of funded amounts to be recognized for accounting purposes, specifically GASB #10 and #30 allow recognition of a funding margin for unexpectedly adverse loss experience. Thus, it is possible to formulate a funding policy from a range of alternatives all acceptable for accounting purposes. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some margin for unexpected adverse loss experience.

The amount of the margin should be a question of long-term funding policy. We recommend that the margin be determined by thinking in terms of the probability that a given level of funding will prove to be adequate. For example, a reasonable goal might be to maintain a fund at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to fund at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for current claims. The additional contributions for years by that time long past may be required at the same time that costs are increasing dramatically on then-current claims. The additional burden of funding increases on past years as well as current years may well be prohibitive.

We generally recommend maintaining program funding at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting funding will be sufficient to meet claim liabilities, yet the required margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally pretty much offsets the required margin, which means that it is also reasonable to think of the liabilities as being stated on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, PACT's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short- and long-term funding goals, which may be the same in some years, but different in others.

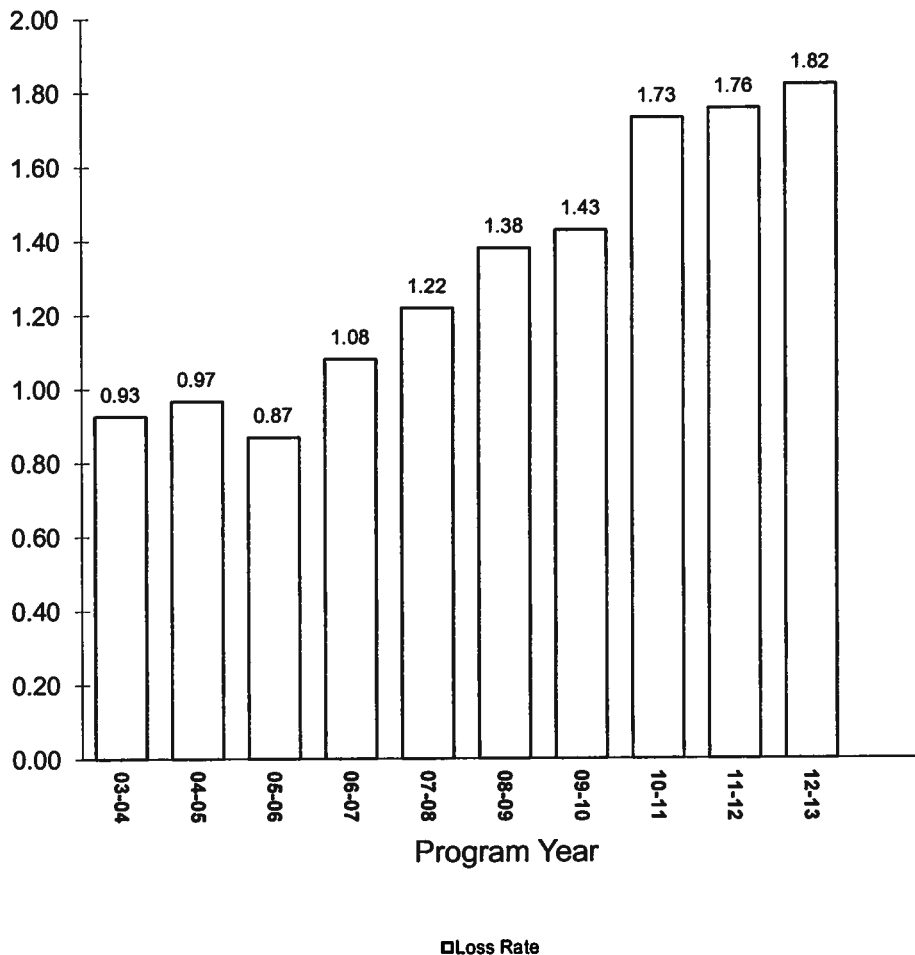
In general, we recommend that you fund each year's claims costs in that year. When surpluses or deficiencies have developed and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce surplus funding more slowly than you would accumulate funding to make up a deficiency.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The average dollars of loss per \$100 of payroll, or loss rate, for PACT has steadily increased since 2005-06, particularly in the three most recent years. Our projection for 2012-13 is \$1.82 per \$100 of payroll. For the purposes of this graph, all losses have been limited to \$100,000 per occurrence.

Graph 2

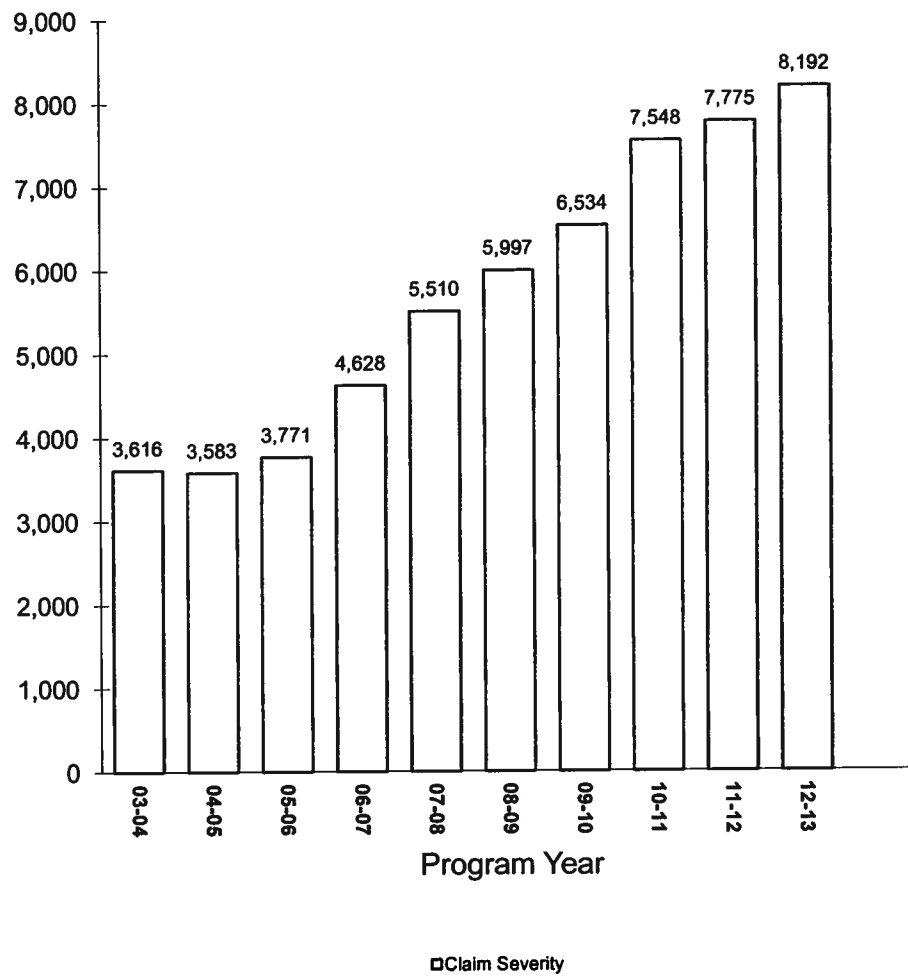
NV PACT - Workers' Compensation
Dollars of Loss per
\$100 of Payroll



The average dollars of loss per claim, or severity, has also steadily increased over the last several years. Our projection for 2012-13 is \$8,192 per claim. Again, for the purposes of this graph, all losses have been limited to \$100,000 per occurrence.

Graph 3

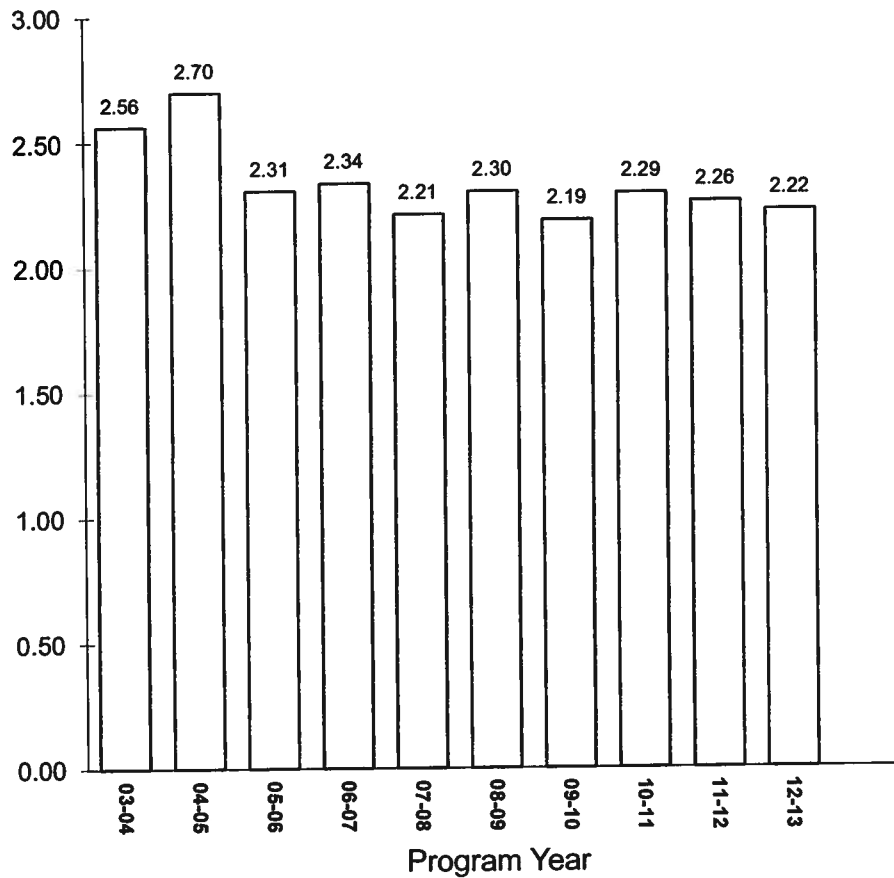
NV PACT - Workers' Compensation
Dollars of Loss per Claim



PACT's frequency trend has decreased from its high of 2.70 in 2004-05 but has remained fairly stable since that year. Our projection for 2012-13 is 2.22 claims per \$1 million of payroll.

Graph 4

NV PACT - Workers' Compensation
Number of Claims per
\$1 Million of Payroll



□ Claim Severity

D. COMPARISON WITH PREVIOUS RESULTS

The prior outstanding liability report for PACT was dated August 31, 2012. In the table below we display actual versus expected development of incurred losses and ALAE (excluding corridor deductibles) by accident year since our prior report.

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
1996-1997	\$0	\$33,274	\$33,274
1997-1998	3,000	170,682	167,682
1998-1999	2,000	(34,615)	(36,615)
1999-2000	5,000	1	(4,999)
2000-2001	4,000	12,044	8,044
2001-2002	7,000	5	(6,995)
2002-2003	6,000	(5,659)	(11,659)
2003-2004	3,000	385,583	382,583
2004-2005	12,000	(102,360)	(114,360)
2005-2006	50,000	47,409	(2,591)
2006-2007	52,000	47,701	(4,299)
2007-2008	223,000	113,666	(109,334)
2008-2009	229,000	255,919	26,919
2009-2010	267,000	(57,724)	(324,724)
2010-2011	500,000	412,070	(87,930)
2011-2012	1,408,000	1,139,370	(268,630)
2012-2013	2,575,000	2,937,211	362,211
Total	\$5,346,000	\$5,354,577	\$8,577

As shown, actual incurred development in total was just slightly more than anticipated since the prior report. Overall, actual incurred development was less than expected for program years 2011-12 and prior. However, this was more than offset by the greater than expected incurred loss development from the 2012-13 program year.

In the table below we display actual versus expected development of paid losses and ALAE (excluding corridor deductibles) by accident year since our prior report.

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
1996-1997	\$1,000	\$4,283	\$3,283
1997-1998	16,000	67,380	51,380
1998-1999	3,000	8,909	5,909
1999-2000	6,000	10,027	4,027
2000-2001	24,000	103,385	79,385
2001-2002	10,000	4,351	(5,649)
2002-2003	53,000	27,011	(25,989)
2003-2004	273,000	(71,075)	(344,075)
2004-2005	208,000	(24,314)	(232,314)
2005-2006	104,000	89,365	(14,635)
2006-2007	403,000	126,671	(276,329)
2007-2008	453,000	396,886	(56,114)
2008-2009	312,000	217,813	(94,187)
2009-2010	596,000	117,863	(478,137)
2010-2011	657,000	675,084	18,084
2011-2012	1,512,000	1,585,233	73,233
2012-2013	1,365,000	1,861,026	496,026
Total	\$5,996,000	\$5,199,898	(\$796,102)

As shown, actual paid development in total was less than anticipated since the prior report.

In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year since our prior report.

Change in Ultimate Loss and ALAE

Accident Year	Prior Report	Current Report	Change In Ultimate
1995-1996	\$177,641	\$177,641	\$0
1996-1997	953,000	997,000	44,000
1997-1998	2,690,000	2,857,000	167,000
1998-1999	3,100,000	3,082,000	(18,000)
1999-2000	2,447,000	2,442,000	(5,000)
2000-2001	4,415,000	4,419,000	4,000
2001-2002	3,585,000	3,587,000	2,000
2002-2003	3,365,000	3,350,000	(15,000)
2003-2004	4,899,000	5,309,000	410,000
2004-2005	4,265,000	4,143,000	(122,000)
2005-2006	3,612,000	3,614,000	2,000
2006-2007	5,869,000	5,876,000	7,000
2007-2008	6,526,000	6,297,000	(229,000)
2008-2009	5,680,000	5,663,000	(17,000)
2009-2010	6,474,000	6,145,000	(329,000)
2010-2011	6,299,000	6,240,000	(59,000)
2011-2012	6,322,000	6,302,000	(20,000)
2012-2013	5,961,000	6,080,000	119,000
Total	\$76,639,641	\$76,580,641	(\$59,000)

As shown, overall we have decreased our estimated ultimates by \$59,000 since our prior report. These changes tend to correlate with the actual versus expected development for incurred and paid loss and ALAE discussed above.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2012 to be \$30,096,599 at the discounted expected level. Our current estimate as of June 30, 2013 is \$32,707,521, reflecting an increase in our assessment of PACT's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2012	Current Report at June 30, 2013	Change
(A) Case Reserves:	\$9,616,189	\$9,770,868	\$154,679
(B) IBNR Reserves:	7,750,256	8,297,679	\$547,423
(C) Corridor Deductible Reserves:	2,784,769	2,959,194	\$174,425
(D) Heart and Lung Reserves:	\$11,476,386	13,360,780	1,884,394
(E) Claims Administration Reserves:	858,000	920,000	\$62,000
(F) Total Reserves:	32,485,599	35,308,521	2,822,921
(G) Offset for Investment Income:	(\$2,389,000)	(2,601,000)	(212,000)
(H) Total Outstanding Claim Liabilities:	30,096,599	32,707,521	2,610,921

As shown, our estimate of outstanding claims liabilities at the discounted expected level has increased between June 30, 2012 and June 30, 2013, as reflected in our prior and current reports, respectively.

Since our prior report, case and IBNR reserves limited to the SIR have each increased. Reserves for losses subject to the corridor deductible have increased due to the inclusion of the 2012-13 year. The Heart and Lung reserves have increased as we continue to reflect the contributions to date. Reserves for future claims administration, based in part on the current year's annual fee, are slightly higher. Finally, after considering the offset for investment income, the net change due to the above factors is an overall increase of \$2,610,921 in our estimate of outstanding claim liabilities for Loss and LAE.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 payroll.

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to PACT's SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)

PACT - Total - Workers' Compensation
Municipalities, Medical Facilities, & School Districts Combined
Funding Guidelines for Outstanding Liabilities at
June 30, 2013

(A) Estimated Ultimate Losses Incurred through 6/30/13:	\$79,736,000
(B) Estimated Paid Losses through 6/30/13:	58,708,000
(C) Estimated Liability for Claims Outstanding at 6/30/13:	<u>\$21,028,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/13: (From Appendix F)	\$920,000
(E) Total Outstanding Liability for Claims at 6/30/13: ((C) + (D))	<u>\$21,948,000</u>
(F) Reserve Discount Factor	0.881
(G) Discounted Outstanding Liability for Claims at 6/30/13 (ex Heart-Lung Retiree): ((E) x (F))	<u>\$19,347,000</u>
(H) Heart-Lung Retiree Liability	13,360,780
(I) Discounted Outstanding Liability for Claims at 6/30/13: ((G) + (H))	<u>\$32,708,000</u>

	Marginally Acceptable	75%	Recommended	85%	Conservative
Confidence Level of Adequacy:	70%		80%		90%
(J) Confidence Level Factor:	1.096	1.138	1.187	1.248	1.329
(K) Margin for Adverse Experience (ex Heart-Lung Retiree): ((G) x [(J) - 1])	1,857,000	2,670,000	3,618,000	4,798,000	6,365,000
(L) Total Required Available Funding at 6/30/13: ((I) + (K))	<u>\$34,565,000</u>	<u>\$35,378,000</u>	<u>\$36,326,000</u>	<u>\$37,506,000</u>	<u>\$39,073,000</u>

DRAFT



Thursday, March 20, 2014

Mr. Wayne Carlson
Executive Director
Public Agency Compensation Trust
201 S. Roop St. Suite 102
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured Workers' Compensation Program:
Forecast for Program Year 2014-15

Dear Mr. Carlson:

As you requested, we have completed our review of the Public Agency Compensation Trust (PACT) self-insured workers' compensation program for all members combined. Assuming an SIR of \$500,000, we estimate the ultimate cost of claims and expenses for claims incurred during the 2014-15 program year to be \$5,953,000. This amount includes allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). Unallocated loss adjustment expenses (ULAE) are not included. Please also note that this amount includes a provision for a one-time \$500,000 corridor deductible which applies to losses above the SIR.

The table on the following page shows our funding recommendations for PACT for the 2014-15 fiscal year.

DRAFT

**PACT – All Members Combined
Self-Insured Workers' Compensation Program
Loss and ALAE Funding Guidelines for 2014-15
Self-Insured Retention (SIR) of \$500,000**

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$6,020,000					
Corridor Deductible	500,000					
Investment Income Offset	(567,000)					
Discounted Loss and ALAE	\$5,953,000	\$6,554,000	\$6,798,000	\$7,078,000	\$7,417,000	\$7,870,000
Rate per \$100 of 2014-15 Payroll	\$2.53	\$2.78	\$2.89	\$3.00	\$3.15	\$3.34

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2014. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

DRAFT

D. COMPARISON WITH OUR PREVIOUS RESULTS

The prior report for PACT was dated March 21, 2013. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 9/30/12 evaluation date of the prior report and the 9/30/13 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
1996-1997	\$1,000	\$33,274	\$32,274
1997-1998	5,000	149,599	144,599
1998-1999	3,000	(34,615)	(37,615)
1999-2000	2,000	2,000	0
2000-2001	8,000	(55,179)	(63,179)
2001-2002	4,000	0	(4,000)
2002-2003	7,000	5,000	(2,000)
2003-2004	12,000	570,770	558,770
2004-2005	12,000	(6,079)	(18,079)
2005-2006	36,000	62,375	26,375
2006-2007	52,000	46,442	(5,558)
2007-2008	207,000	108,243	(98,757)
2008-2009	227,000	222,771	(4,229)
2009-2010	333,000	(71,291)	(404,291)
2010-2011	540,000	378,009	(161,991)
2011-2012	1,370,000	1,452,037	82,037
2012-2013	2,478,000	2,584,412	106,412
Total	\$5,297,000	\$5,447,768	\$150,768

As shown, total actual incurred development was greater than anticipated since the prior report. This is primarily due to greater than expected loss development in the 2003-04 program year.

DRAFT

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 9/30/12 evaluation date of the prior report and the 9/30/13 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
1996-1997	\$3,000	\$3,618	\$618
1997-1998	8,000	71,125	63,125
1998-1999	7,000	8,146	1,146
1999-2000	6,000	10,152	4,152
2000-2001	11,000	36,924	25,924
2001-2002	10,000	4,345	(5,655)
2002-2003	45,000	26,758	(18,242)
2003-2004	264,000	127,389	(136,611)
2004-2005	197,000	54,747	(142,253)
2005-2006	90,000	93,661	3,661
2006-2007	403,000	122,948	(280,052)
2007-2008	358,000	177,404	(180,596)
2008-2009	316,000	373,186	57,186
2009-2010	616,000	219,152	(396,848)
2010-2011	669,000	727,360	58,360
2011-2012	1,371,000	1,488,725	117,725
2012-2013	1,538,000	2,206,997	668,997
Total	\$5,912,000	\$5,752,637	(\$159,363)

As shown, total actual paid development was less than anticipated since the prior report.

DRAFT

At the time of the prior report our funding estimate for the 2013-14 year was \$6,169,000 at the discounted expected level. That amount included allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. Our current estimate for the 2014-15 year is \$5,953,000 at the discounted expected level, as shown in the table below:

Comparison of Funding for Loss and ALAE

	Prior Report 2013-14 SIR = \$500,000	Current Report 2014-15 SIR = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$6,228,000	\$6,020,000	(\$208,000)
(B) Corridor Deductible:	500,000	500,000	0
(C) Total Claim Costs:	\$6,728,000	\$6,520,000	(\$208,000)
(D) Offset for Investment Income:	(559,000)	(567,000)	(8,000)
(E) Total Recommended Funding:	\$6,169,000	\$5,953,000	(\$216,000)
(F) Funding per \$100 of Payroll:	\$2.45	\$2.53	\$0.08

Our estimates of total claim costs have decreased by \$208,000. However, this is primarily due to a decrease in exposure. Investment income is expected to be more. The net change due to the above factors is an overall decrease of \$216,000 in our annual funding estimate for loss and ALAE. The funding rate per \$100 of payroll has increased from \$2.45 to \$2.53.

DRAFT

E. DATA ISSUES

We were provided with the following information for the report:

- We received loss data evaluated as of September 30, 2013. Overall, the data utilized in preparing this report appears to be accurate as of the date of the current evaluation.
- We have assumed that the 2013-14 and 2014-15 payroll will be \$235,614,585, based on information provided to us by PACT.
- Based on PACT's experience, we expect that the entire \$500,000 corridor deductible for 2014-15 will eventually be incurred and paid by PACT. This amount has been included in the 2014-15 funding projected in this report.

PACT - Combined - Workers' Compensation

Funding Options for Program Year 2014-2015 (SIR = \$500,000)
One-Year Funding Plan

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix F)	\$6,020,000	\$2.555			
(B) Corridor Deductible (Maximum Total of \$500,000)	500,000	0.212			
(C) Total Claims Costs Incurred in Accident Year 2014-2015: ((A) + (B))	<u>\$6,520,000</u>	<u>\$2.767</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 3.0%) (Appendix G, Item (F))	0.913				
(E) Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((C) x (D))	<u>\$5,953,000</u>	<u>\$2.527</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix H)	1.101	1.142	1.189	1.246	1.322
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	601,000	845,000	1,125,000	1,464,000	1,917,000
(H) Recommended Funding in 2014-2015 for Claims Costs and Other Expenses ((E) + (G))	<u>\$6,554,000</u>	<u>\$6,798,000</u>	<u>\$7,078,000</u>	<u>\$7,417,000</u>	<u>\$7,870,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$2,356,146)	\$2.782	\$2.885	\$3.004	\$3.148	\$3.340

Payroll rates are per hundred dollars of 2014-2015 payroll of \$235,614,600.

PACT Budget Summary

3/3/2014 Executive Committee Recommended 70% Confidence Level to Board Approved by Board 4--2013	Budget Amount 2014/2015	% of Total Revenue (Budget Basis)	Comments
Revenues			
Assessments	12,564,457	79.8%	
Assessments For Heart & Lung	2,277,686	14.5%	Increased by 10% per board policy
Other Revenues	901,000	5.7%	
Total Revenues	<u>15,743,143</u>		
Loss Fund Expenses:			
Claims and Adjustment Expenses	9,202,662	58.5%	increased 2%
Heart and Lung Loss Expenses	2,211,345	14.0%	Increased by 10% per board policy
Total Loss Fund Expenses:	<u>11,414,007</u>	72.5%	
Program Expenses:			
Reinsurance Premium	1,200,888	7.6%	increased 3%
Underwriting And Claims Processing	701,850	4.5%	increased 1%
MCO Fees	48,000	0.3%	
Insolvency Fund and Related Expenses	323,000	2.1%	flat
Total Program Expenses	<u>2,273,738</u>	14.4%	
Administration Expenses			
Management Fees	462,000	2.9%	reduced to 2012 level
Professional Services	118,970	0.8%	
Administrative And Overhead	97,000	0.6%	
Member Education And Services	159,600	1.0%	
PRI Grant	374,850	2.4%	
Insurance Division Fees	320,000	2.0%	
Loss Control Expenses	406,000	2.6%	
Total Administrative Expenses	<u>1,938,420</u>	12.3%	
Revenues Over (Under) Expenses	116,977	0.7%	

OTHER BUDGET ITEMS (paid from equity):

Risk management grant program up to 1% of net assets: \$100,000 minimum

Physicals review and consultation services - preliminary estimate \$427,000 - up to 1000 officers @ \$150 physicals review; \$115 modified BerkeleyHeart; \$250 for case mgmt for 380 officers



**STATE OF NEVADA
DEPARTMENT OF TAXATION**

Web Site: <http://tax.state.nv.us>

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Carson City, Nevada 89706-7937
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BRIAN SANDOVAL
Governor

ROBERT R. BARENGO
Chair, Nevada Tax Commission
CHRISTOPHER G. NIELSEN
Executive Director

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Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
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The Honorable Marilyn Kirkpatrick,
Speaker of the Assembly and
Chairman of the Legislative Commission
c/o Legal Division, LCB
401 South Carson Street
Carson City, Nevada 89701-4747

Dear Chairman Kirkpatrick:

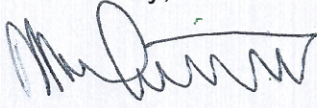
On behalf of the Committee on Local Government Finance (CLGF), I would like to submit LCB File No. R010-13, adopted without revisions by CLGF on November 15, 2013, for consideration by the Legislative Commission at its meeting on March 28, 2014.

You may recall that CLGF first proposed this regulation to the Legislative Commission at its December 20, 2013 hearing, but then withdrew the regulation pending further consideration. CLGF met on March 7, 2014 and reconfirmed the need for the regulation. The CLGF members strongly believe that the regulation is necessary to promote transparency in government by providing guidance to local governments on appropriate financial reporting and liability disclosure of health care and disability compensation required by NRS Chapter 617 for local government public safety employees. Local governments and the public need this financial information in order to engage in appropriate financial planning and proper funding of the benefit.

We would like to reassure you that CLGF received no negative comments regarding the purpose of the regulation from local governments, the public in general, or any public safety collective bargaining unit. If there is any concern about the cost of actuarial studies necessary to establish the amount of liability, we would also like to reassure you that 80% of the local governments that have public safety employees are members of the Public Agency Compensation Trust (PACT) and share the costs of any actuarial studies. In fact, PACT already engages in actuarial studies for other purposes, and the heart-lung benefit is simply an additional component to those studies. The larger local governments that do not participate in PACT also must engage in actuarial studies for other purposes and have in the past had heart-lung benefit actuarial studies performed. References to actuarial studies in the regulation are intended to provide consistency in the methodology for conducting those studies, and to provide information on the results to the Department of Taxation.

Members of CLGF and the Department of Taxation plan on attending the hearing on March 28th should you or your committee members have any questions regarding this regulation. We urge the Commission to favorably consider LCB File No. R010-13.

Sincerely,

A handwritten signature in blue ink, appearing to read "Marvin Leavitt", written in a cursive style.

Marvin Leavitt
Chairman
Committee on Local Government Finance

cc: John Sherman, CLGF Vice Chairman
Wayne Carlson, PACT Executive Director
Carol Vilardo, President, Nevada Taxpayers Association
Terry Rubald, Deputy Executive Director, Dept of Taxation

Department of Taxation Temporary Regulation (T003-12) Budget Requirement for Financial Liability for Workers Compensation for Paid Law Enforcement and Firefighters

Following passage by the Committee on Local Government Finance of a new temporary regulation (T003-12) and Form 33, the Department of Taxation sent notification requiring local governments to file with their budgets the amount of their financial liability for public safety benefits for heart, lung, Hepatitis and cancer benefits under workers compensation. For PACT Members, the only thing they have to do is to complete Form 33 is checking box 1 (c) association of self-insured public agencies (since they are PACT members) and then under question 2, insert "Public Agency Compensation Trust." PACT has done and will continue to do the necessary actuarial report so you do not have to contract with an actuary for this. The remainder of Form 33 (questions 3-13) does not have to be completed for PACT members. Members then sign the form as indicated and file with the Department of Taxation.

Local Government: _____

Pursuant to Temporary Regulation, Sec. 14, please check the appropriate box or provide the requested information:

1. Costs associated with the NRS Chapter 617 benefits for public safety employees are addressed through:

(a) Pre-funding Plan (b) Pay-as-you-go Plan (c) Association of self-insured public employers

(d) Private Insurer. Please describe: _____

2. If you reported (c) or (d) on Line 1, please identify the association or insurer and where the actuarial study and funding report may be obtained. Public Agency Compensation Trust

I was involved throughout the regulatory process and PACT complied with the requirements of the temporary regulation and the form. Unfortunately, a temporary regulation is just that and must be approved by the Legislative Commission for it can become permanent. Carole Villardo (Nevada Taxpayers Association) and others worked with the Department of Taxation and the Committee on Local Government Finance to finalize the regulation before the Legislative Commission. The first presentation resulted in an unexplained deferral of the adoption for vague reasons stated by the Legislative Commission. Attempts were made to find out what the issues may have been and it seemed it mostly was political. A second attempt resulted in another deferral based mostly on political posturing about trying to undermine the benefit, which the proposed regulation does not do. Apparently, the next Legislative Commission meeting will hear the regulation again, but we don't know whether a vote will be allowed up or down.

This regulation seeks to achieve a public policy goal of requiring disclosure of the amount of liability and the method of funding for that liability so that the governing boards and taxpayers know what the obligation means to their budgets and tax strategies. We will continue to work toward adoption, but PACT members may want to encourage their representatives on the Legislative Commission to support adoption.

PACT Executive Committee

	Re-election Term	Entity	Chair and Vice Chair	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 1)	Special Districts (Total 1)	Hospitals (Total 1)
Alan Kalt	2013-2015	Churchill County	Chair					
Roger Mancebo	2013-2015	Pershing County		X				
Josh Foli	2013-2015	Lyon County			X			
Cash Minor	2013-2015	Elko County	Vice Chair		X			
James Eason	2013-2014	Town of Tonopah					X	
Pat Irwin	2012-2014	Pershing General Hospital						X
Steve West	2012-2014	City of Winnemucca		X				
Paul Johnson	2012-2014	White Pine Co. School District				X		

Eligible Special Districts/Towns:

James Eason	Town of Tonopah	x
Terry Bostwick	Town of Pahrump	x
Gerry Eick	Incline Village GID	x

Eligible for Hospitals:

Kathy Ancho or Linda Lauritzen <input type="checkbox"/>	Battle Mountain General Hospital	X
Jason K. Bleak or Missie Rowe <input type="checkbox"/>	Grover C Dils Hospital	X
Sandi Lehman or Rose Marie Green <input type="checkbox"/>	Humboldt General Hospital	X
Jonalee Roberts or Greg Schumann <input type="checkbox"/>	Mt Grant General Hospital	X
Patty Bianchi or Pat Irwin <input type="checkbox"/>	Pershing General Hospital	X



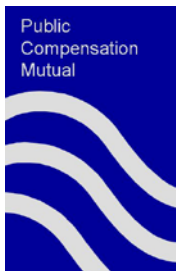
PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
Carson City NV 89701
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Fax (775) 883-7398

**Notice of Annual Members Meeting and Agenda for
Public Compensation Mutual
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: Upon Adjournment of
Public Agency Compensation Trust Board Meeting
Date: April 25, 2014**

AGENDA

1. Roll
2. **Action Item:** Approval of
 - a. Minutes of Annual Member Meeting April 26, 2013
 - b. Ratification of Board Action Taken Since the 2013 Annual Meeting
3. Report - Minutes of Meetings
 - Meeting of the Board of Directors of April 23, 2013
 - Meeting of the Board of Directors of January 27, 2014
 - Meeting of the Board of Directors of March 3, 2014
4. Investments Report
5. Report - Audited Financial Reports for 2013 (Calendar Year)
6. Status Report – Change of PCM to Single-Parent Status
7. Discussion of Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2014-2015
8. **Action Item:** Elections/Ratification of Board Members and Officers
9. **Action Item:** Approval of Public Agency Risk Management Services, Inc. Management Contract
10. **Action Item:** Adjournment



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
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**Minutes of Annual Members Meeting of
Public Compensation Mutual
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: Upon Adjournment of
Public Agency Compensation Trust Board Meeting
Date: April 26, 2013**

1. Roll

A sign in sheet was distributed and a quorum determined to be present. Chairman Paul Johnson called the meeting to order at 1:05 p.m.

- 2. Action Item: Approval of**
- a. Minutes of Annual Member Meeting April 27, 2012**
 - b. Ratification of Board Action Taken Since the 2012 Annual Meeting**

On motion and second to approve the minutes and to ratify board actions, the motion carried.

3. Report - Minutes of Meetings

- Meeting of the Board of Directors of April 24, 2012**
- Meeting of the Board of Directors of October 23 2012**
- Meeting of the Board of Directors of December 18, 2012**
- Meeting of the Board of Directors of March 4, 2013**

No action was taken.

4. Investments Report (including Investment Policy changes and Money Management Controls)

Doug Smith commented that the investment advisor's and manager's report heard under the Joint POOL/PACT agenda covered this topic so nothing further was necessary.

5. Report - Audited Financial Reports for 2012 (Calendar Year)

Chair Johnson noted that the board had accepted the audit and that this was a report item only, Doug commented that the audit raised no issues of substance and that the audit team had released their report with no reservations.

6. Action Item: Status Report – Change of PCM to Single-Parent Status

Doug Smith reminded members that both PCM and Public Risk Mutual had funded a study by Willis last year regarding the potential re-domicile of the captives and asking whether the current association captive form should be changed to a pure captive form. As a result of that study, both captives applied to the Nevada Division of Insurance to convert to single-parent or pure status. The primary reason was to attain a status requiring less rigorous (and far less costly) examinations by the Division.

On motion and second to direct staff to change to the pure captive form if approved by the Division and subject to final Board approval, the motion carried.

7. Discussion of Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2013-2014

Doug Smith noted that this had been discussed fully by the PCM board prior to offering terms to PACT, which were discussed under the PACT annual meeting agenda. No action was taken.

8. Action Item: Elections/Ratification of Board Members and Officers

Doug Smith noted that terms for Board Members Alan Kalt and Mike Rebealiti were expiring. On motion and second to reelect both members to the board (including Alan's positions of Vice Chair and Corporate Secretary) and to reelect officers (Wayne Carlson and Doug Smith), the motion carried.

9. Action Item: Adjournment

On motion and second to adjourn, the meeting was adjourned at 2:15 p.m.



PUBLIC COMPENSATION MUTUAL

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Minutes for the Board of Directors of Public Compensation Mutual (PCM)

Date: Tuesday April 23, 2013

Time: 10:00 A.M. or when Exec. Boards or PCM concludes

Place: POOL building or by conference call
Carson City, Nevada 89701

DRAFT

1. Roll

The meeting was called to order by Chairman Paul Johnson at 12:30 p.m. on April 23, 2013.

Present: Alan Kalt, Mike Rebaleati, Cash Minor, Paul Johnson, Josh Foli
Others Present: Wayne Carlson, Debbie Connally, Ann Wiswell, Bob Lombard, Joe Woods, Doug Smith and various POOL/PACT Executive Committee Members.

2. Action Item: Approval of Minutes of March 4, 2013

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

3. Action Item: Status of Pure Captive application to Insurance Division

Doug reported that the Insurance Division had not take action on our request to change PRM into a single parent captive (copies of the revised business plan and a letter penned by Steve Balkenbush were provided to the Board in advance of the meeting). Doug explained that he was not pressing the Division at this time due to the recent untimely death of Chief Examiner Bill McCune, who was a friend of our programs, was very helpful, and will be missed.

4. Staff Reports and Old Business (Action as Necessary):

- a. Financial Statements
- b. Claims Report
- c. Investment Report

Doug reviewed claims status and investment status briefly, pointing out that there were no changes of substance recently. PCM has had five claims since inception. There is a good chance one or two large new claims will penetrate the PCM layer in coming months, but reserves have not yet quite reached PCM.

Other detailed financial and investment reports were deferred until the annual meeting later in the week. However, Doug noted there were no changes of note in the financials, and observed that PCM investments for the first quarter of 2013 continued strong, with total returns in excess of 3%. This led to a reallocation in the first week or so of April, with equities being traded and bonds being purchased, as was done in January as well.



PUBLIC COMPENSATION MUTUAL

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Joe briefly discussed the low returns for the high-quality fixed assets PCM holds, and will discuss the low interest rates at the annual meeting as well.

Staff made reference to expense estimates which were budgeted at \$88,000 for 2012 and will be about \$104,000 for 2013. Details were to be provided in the minutes, and follow:

	2012	2013
<u>Estimated Expenses</u>	<u>PCM</u>	<u>Budgeted</u>
Actuary	7000	8000
Admin	30000	34000
Audit	15000	15000
Investment - Wells Brokerage (trades)		3000
Investment - Wells Custody 0.015%	4500	4950
Investment - RJFS Advisory 0.067%	21100	22100
Investment - Performance Reports	3000	5000
Investment - Eagle Expense	0	0
Associations, Conferences, Training & Education	7000	7000
Insurance Division Audit/Fees	<u>0</u>	<u>5000</u>
<u>TOTALS</u>	87,600	104,060

5. Action Item: Recommended PCM Board Members and Officers

Both Alan Kalt (Vice Chairman/Corporate Secretary) and Mike Rebaleati expressed willingness to serve as Board Members for the coming 2013-2016 term. Upon motion and second to reelect both, as well as ratifying Wayne Carlson (President) and Doug Smith (Vice President) as continuing officers, the motion carried. The action is on the agenda for ratification at the annual meeting April 26, 2013.

6. Action Item: Renewal Offer for PACT (Public Agency Compensation Trust)

Doug reported that actuarial projections for the existing degree of participation by PCM in the PACT program changed only slightly, with pricing contemplated to remain at the 70% confidence level. Coverage was projected at \$589,000 for 2013-2014 compared with \$586,000 last year. Expenses for the coming year were projected by staff at \$104,000, as noted earlier, compared with \$88,000 last year.

PCM will provide the layer \$250,000 excess of \$500,000 (also subject to a corridor deductible of \$500,000 retained by PACT), 25% of the layer \$2.25 million excess of \$750,000, and 50% of the aggregate excess coverage provided by Safety/CRL. The aggregate pricing dropped from \$39,000 last year to about \$35,000 this year, but Bob Lombard pointed out that the attachment point was significantly increased.



PUBLIC COMPENSATION MUTUAL

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The Board discussed retaining the aggregate in entirety, but for various reasons decided not to change participation at this time. Josh suggested we revisit retentions next year, and Doug agreed to provide suggestions well ahead of renewal this fall or early next spring.

Doug stated that the total budget would therefore be \$693,000, compared with \$674,000 last year, but suggested that the increase be waived this year due to the significant investment returns PCM saw in 2012. The offer to PACT by PCM would then be \$674,000, the same as last year.

On motion and second to approve offering renewal terms as recommended by staff, the motion carried.

Alan Kalt asked that staff (at the annual meeting) be sure to point out the benefits members will receive as a result of holding coverage the same as last year. Paul offered to share a presentation he gave to his Board which served to educate them regarding the captives, and suggested ongoing education would be beneficial. Staff agreed to share his slides, and to offer them to other members as well.

7. **Next Meeting: Tentatively Approved Future Dates**

- **Tuesday, July 23, 2013, 10:00 a.m. (note: GEM Annual Board Meeting at Squaw Valley July 23-26)**
- **Tuesday, Oct. 22, 2013, 10:00 a.m.**
- **Tuesday, Dec. 17, 2013, 10:00 a.m.**

8. **Action Item: Other New Business and Announcements**

No other business was pending or announcements were made.

9. **Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned at about 12:45.



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
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**Minutes for the Meeting of the Board of Directors of
Public Compensation Mutual (PCM)
Date: Monday January 27, 2014
Scheduled Time: 9:00 A.M. or when PRM concludes
Place: POOL building or by conference call
Carson City, Nevada 89701**

(Held Jointly with PRM)

1. Roll

A joint meeting of PRM and PCM was called to order by PRM Chairman Cash Minor and PCM Chairman Paul Johnson at 9:00 a.m. on January 27, 2014.

Board Members Present: Cash Minor, Josh Foli, Paul Johnson, Mike Rebaleati, and Alan Kalt

Others Present: Joe Woods, Debbie Connally, Wayne Carlson, Doug Smith

2. Action Item: Approval of Minutes of April 23, 2013 and Annual Meeting Minutes of April 26, 2013

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

3. Staff Reports and Old Business (Action as Necessary):

a. Approval of Single Parent Status

Staff reported that the Insurance Division approved PCM to be a Pure Captive as of July 18, 2013.

b. Financial Statements

Doug provided attendees with copies of the year-end 2013 tentative financials; the financials will change when actuarial reports and audit adjustments are completed during the next month. PCM appears to have net income of about \$2,000,000 for the year.



PUBLIC COMPENSATION MUTUAL

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c. Claims Reports

Staff reported no changes of substance in claims activity since the last meeting. PCM has incurred five claims since inception.

d. Investment Reports

Investment summaries for fourth quarter 2013 and summarizing annual results for 2013 for all entities were provided members by Joe Woods II. Joe provided portfolio summaries, asset allocation summaries, annual reports on mutual funds and exchange traded funds held, and portfolio 'snapshots' with detail in comparison with indices. PCM finished the year with a 6.83% return, which Joe felt was quite in line with our asset mix. Bonds fell in value and equities increased, generally. Joe will provide a full report at the April annual meetings. He felt that asset allocation was in pretty good shape at this time.

Doug reminded members that the SAA investment conference will be held March 12-14 in San Diego; Joe invited us all to connect with him while there if schedules permit.

By motion and second to accept the staff reports, the motion carried.

4. Action Item: Annual Review of Investment Policy

Members had been provided with a copy of the current investment policy, and during brief discussion concluded there were no changes needed at this time. By motion and second to approve the investment policy, the motion carried.

5. Action Item: Approval of audit engagement - Casey, Neilon & Assoc.

Doug provided members with auditors "Communication with those charged with Governance" and "Engagement Letter" for the 2013 audit. Alan said that he hoped the costs would decline slightly over time as the auditors should have comfort with our operations and we are now a single-parent captive which may simplify the process. Upon motion and second to engage Casey, Neilon and Associates for the audit, the motion carried.

6. 2014 Tentative Board Meetings

Staff reaffirmed the following scheduled meeting dates:



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
Carson City NV 89701
Phone: (775) 885-7475
Fax (775) 883-7398

- **Tuesday, February 25, 2014, 10:00 a.m.**
- **Tuesday, April 22, 2014, 10:00 a.m.**
- **Friday, April 25, 2014, Annual Meeting TBD**

7. Action Item: Other New Business and Announcements

No other items were discussed.

8. Action Item: Adjournment

On motion and second the meeting adjourned at about 9:40 a.m.



PUBLIC COMPENSATION MUTUAL

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Minutes for the Meeting of the Board of Directors of Public Compensation Mutual (PCM)

Date: Monday March 3, 2014

Scheduled Time: 1:00 P.M. or when PRM concludes

**Place: POOL building or by conference call
Carson City, Nevada 89701**

(Held Jointly with PRM)

1. Roll

A joint meeting of PRM and PCM was called to order by PRM Chairman Cash Minor and PCM Chairman Paul Johnson at 1:00 P.M. on March 3, 2014. The joint meetings of NPAIP/PACT were recessed for the convenience of the captive auditors to present their report.

Board Members Present: Cash Minor, Josh Foli, Paul Johnson, Mike Rebaleati, and Alan Kalt

Others Present: Wayne Carlson, Ann Wiswell, Doug Smith, Niki Neilon, Xin Chen and various members of the POOL/PACT executive committees.

2. Action Item: Approval of Minutes of January 27, 2014

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

3. Staff Reports and Old Business (Action as Necessary):

Staff reported no changes of substance since the last meeting.

4. Action Item: Approval of audit report - Casey, Neilon & Assoc.

Niki Neilon, accompanied by audit team leader Xin Chen, presented audit reports for both captives, went over notes and details, answered questions, and stated that both entities were in fine condition and that she had no reservations or concerns. This audit was the first to address the new 'single-parent' status of the captive.

It was suggested that a note be added to the report addressing 'related party transactions.'



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Niki also noted that a 'clean' opinion was included, and concluded with communications regarding internal controls and governance. No changes of note since the prior year were noted.

Upon motion and second to approve the audit report with the change noted, the motion carried.

5. **2014 Tentative Board Meetings**

Staff reaffirmed the following scheduled meeting dates:

- **Tuesday, April 22, 2014, 10:00 a.m.**
- **Friday, April 25, 2014, 10:00 a.m.**

6. **Action Item: Other New Business and Announcements**

No other items were discussed.

7. **Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned at about 1:15.



503 N. Division St. • Carson City, NV 89703
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February 28, 2014

To the Board of Directors
Public Compensation Mutual

We have audited the financial statements of Public Compensation Mutual for the year ended December 31, 2013, and have issued our report thereon dated February 28, 2014. 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. We have communicated such information in our letter to you dated November 25, 2013. Professional standards also require that we communicate to you the following information related to our audit.

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 Public Compensation Mutual are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Company 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 estimate(s) affecting the financial statements was (were):

Management's estimate of the reserve for loss and loss adjustment expenses are based on claims made during the policy period. This was supported by an actuarial opinion, and meets the standards required by general accepted accounting standards. We evaluated the key factors and assumptions used to develop the reserve for unpaid loss and loss adjustment expenses in determining that it is reasonable in relation to the financial statements taken as a whole.



CIRCULAR 230 DISCLAIMER: To ensure compliance with Treasury Regulations governing written tax advice, please be advised that any tax advice included in this communication, including any attachments, is not intended, and cannot be used, for the purpose of (i) avoiding any federal tax penalty or (ii) promoting, marketing or recommending any transaction or matter to another person.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of reserve for loss and loss adjustment expense in Note 5 to the financial statements.

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 Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 February 28, 2014.

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 Company'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 or Issues

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 Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and Management of Public Compensation Mutual and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

.

Casey, Neilon & Associates, LLC

Casey, Neilon and Associates

PUBLIC COMPENSATION MUTUAL
DECEMBER 31, 2013 AND 2012

**PUBLIC COMPENSATION MUTUAL
DECEMBER 31, 2013 AND 2012**

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Casey, Neilon & Associates, LLC
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Compensation Mutual

Report on the Financial Statements

We have audited the accompanying financial statements of Public Compensation Mutual (a Nevada non-profit pure captive insurer) which comprise the balance sheets as of December 31, 2013 and 2012 and the related statements of income and comprehensive income, changes in surplus and cash flows for the years ended December 31, 2013 and 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Compensation Mutual as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years ended December 31, 2013 and 2012, in conformity with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with the Nevada Administrative Code, we have also issued our report dated February 28, 2014, on our consideration of the Company's internal control over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.

Casey, Neilon & Associates, LLC

Carson City, Nevada
February 28, 2014

**PUBLIC COMPENSATION MUTUAL
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 1,407,959	\$ 153,574
Investments	34,210,274	32,636,551
Investment income receivable	<u>4,896</u>	<u>3,057</u>
Total Assets	<u>\$ 35,623,129</u>	<u>\$ 32,793,182</u>
LIABILITIES AND SURPLUS		
Accounts payable	\$ 10,640	\$ 10,242
Reserve for loss and loss adjustment expenses	1,218,000	1,102,000
Unearned assessments	<u>337,000</u>	<u>337,355</u>
Total Liabilities	<u>1,565,640</u>	<u>1,449,597</u>
Surplus	31,178,136	29,372,657
Accumulated other comprehensive income	<u>2,879,353</u>	<u>1,970,928</u>
Total Surplus	<u>34,057,489</u>	<u>31,343,585</u>
Total Liabilities and Surplus	<u>\$ 35,623,129</u>	<u>\$ 32,793,182</u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
INCOME		
Premiums	\$ 674,355	\$ 459,355
Investment income	<u>1,307,097</u>	<u>757,512</u>
Total Income	<u>1,981,452</u>	<u>1,216,867</u>
EXPENSES		
Administrative fees	59,972	63,981
Loss and loss adjustment expenses	<u>116,001</u>	<u>204,000</u>
Total Expenses	<u>175,973</u>	<u>267,981</u>
Net Income Before Income Taxes	1,805,479	948,886
Provision for Income Taxes	<u>-</u>	<u>-</u>
Net Income	<u>\$ 1,805,479</u>	<u>\$ 948,886</u>
OTHER COMPREHENSIVE INCOME		
Unrealized gains on available for sale securities arising during the period	\$ 1,070,112	\$ 1,660,497
Less: Reclassification adjustment for gains (losses) recognized in net income	<u>(161,687)</u>	<u>114,506</u>
Other Comprehensive Income	<u>908,425</u>	<u>1,775,003</u>
Comprehensive Income	<u>\$ 2,713,904</u>	<u>\$ 2,723,889</u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2011	\$ 28,288,172	195,925	\$ 28,484,097
Net income	948,886	-	948,886
Surplus contributed	135,599	-	135,599
Unrealized holding gains arising during the period	-	1,660,497	1,660,497
Reclassification adjustment for gains realized in net income	-	114,506	114,506
Balance, December 31, 2012	<u>\$ 29,372,657</u>	<u>1,970,928</u>	<u>\$ 31,343,585</u>
Net income	1,805,479	-	1,805,479
Surplus contributed	-	-	-
Unrealized holding gains arising during the period	-	1,070,112	1,070,112
Reclassification adjustment for losses realized in net income	-	(161,687)	(161,687)
Balance, December 31, 2013	<u>\$ 31,178,136</u>	<u>\$ 2,879,353</u>	<u>\$ 34,057,489</u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 1,805,479	\$ 948,886
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains(losses) on sale of securities	(161,687)	114,506
Changes in assets and liabilities:		
Increase (decrease) in:		
Investment income receivable	(1,839)	(1,661)
(Increase) decrease in:		
Reserve for loss and loss adjustment expenses	116,000	204,000
Accounts payable	398	2,642
Unearned assessments	(355)	215,355
	<u>1,757,996</u>	<u>1,483,728</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of securities	(1,951,127)	(5,887,807)
Sale of securities	1,447,516	2,828,858
	<u>(503,611)</u>	<u>(3,058,949)</u>
Net Cash Provided (Used) by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contribution of surplus	-	135,599
	<u>1,254,385</u>	<u>(1,439,622)</u>
Increase (Decrease) in Cash and Cash Equivalents		
CASH AND CASH EQUIVALENTS, Beginning of Period	<u>153,574</u>	<u>1,593,196</u>
CASH AND CASH EQUIVALENTS, End of Period	<u>\$ 1,407,959</u>	<u>\$ 153,574</u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

Public Compensation Mutual (“the Company”), a Nevada nonprofit captive association mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Public Agency Compensation Trust (PACT). Effective July 18, 2013, PCM became a pure captive authorized by State of Nevada Division of Insurance. PACT is a quasi-governmental entity formed by local governments for the purpose of organizing an association for self-insured workers compensation. The Company’s formation was approved on June 26, 2007 by the State of Nevada Division of Insurance and began operations July 1, 2007.

The Company provides coverage for members of PACT for worker’s compensation losses under a quota-share reinsurance arrangement. From inception through June 30, 2012, the Company provided excess insurance in the layer \$2,000,000 excess of \$500,000, subject to a one time corridor deductible of \$500,000 and a quota share of 25%. Effective July 1, 2013, the Company provides excess insurance in the layer \$250,000 excess of \$500,000 and \$2,225,000 excess of \$750,000 subject to a 25% quota share. Both layers are subject to a one time corridor deductible of \$500,000. The Company also provides \$1,500,000 aggregate excess (50% quota share of the \$3,000,000 layer) above an attachment point of approximately \$10,000,000.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the State of Nevada, Division of Insurance. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company do not vary materially from generally accepted accounting principles.

Cash Equivalents:

For the purpose of presentation in the Company’s financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Method of Accounting:

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Securities Available for Sale:

Investments not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. The fair value of substantially all securities is determined by quoted market prices.

Valuation of Investments:

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

Reserve for Loss and Loss Adjustment Expenses:

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

Premiums:

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reinsurance:

In the normal course of business, the Company may seek to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by purchasing reinsurance at certain levels of risk in various areas of exposure with other insurance enterprises.

Income Tax Status:

Under Internal Revenue Code Section 115, and pursuant to regulations and rulings issued by the Internal Revenue Service, organizations formed, operated and funded by political subdivisions formed to pool casualty and other risks arising from their obligations concerning public liability, may exclude income derived from such activities from taxable income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements, and no federal tax returns have been filed. As no tax returns have been filed, there is no statute of limitations to toll, and all years remain open to potential adjustment.

Investments and Investment Income:

Captive insurance companies are governed by 694C.340 regarding allowable investments, however, as a pure captive, the Company is not subject to any restrictions on allowable investments. The Board has, by policy, implemented investment guidelines to which the Company adheres such that investments are in accordance with NRS 682A.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest in the security. The investment guidelines, do not limit investments based upon the rating of a security, but it is policy to limit those securities with potential default risk such that the Company's annual investment income would exceed a loss on a single issuer's securities.

Concentration of Credit Risk:

The Company limits investments in revenue bonds of public utilities to no more than 25% of its assets, and investments in no more than 20% of its assets in corporate obligations.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company minimizes this risk by maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

Prior Year Reclassifications:

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

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value in conformity with Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157) (FASB ASC 820-10):

Cash and Cash Equivalents: For these short term instruments, the carrying amount is a reasonable estimate of fair value. This fair value estimate represents a level 1 as described in Note 1.

Investments in Marketable Securities: For investments in marketable securities, fair values are based on quoted market prices or dealer quotes if available. If a quoted market price is not available, fair value is estimated using quoted market price for similar securities. This fair value estimate represents a level 2 input as described in Note 1.

NOTE 3 - CONCENTRATIONS

As detailed in Note 1, the Company provides reinsurance insurance coverage to PACT; additionally, PACT provided the surplus contribution to the Company, and is the sole insured.

The Company maintains its cash balances in various institutions. As of December 3, 2012, all funds in commercial bank were insured in full by the Federal Deposit Insurance Corporation (FDIC). Starting January 1, 2013 the FDIC no longer fully insures deposits in non-interest bearing transaction accounts. Funds are insured to at least \$250,000 under the FDICs general deposit insurance rules.

Additionally, as of December 31, 2013 and 2012, the company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 - INVESTMENTS

Available-for-sale securities at December 31, 2013 and 2012 consist of various investments as indicated below:

	Cost	Estimated Fair Value	December 31, 2013	
			Gains	Losses
Fixed income mutual funds	\$ 15,763,933	\$ 15,755,412	\$ 233,266	\$ (241,787)
Treasury exchange traded funds	5,412,765	5,506,659	148,991	(55,097)
Equity mutual funds	9,093,913	11,347,643	2,253,730	
Common stock	1,060,310	1,600,560	540,250	-
Total	\$ 31,330,921	\$ 34,210,274	\$ 3,176,237	\$ (296,884)

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 4 – INVESTMENTS (continued)

	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>December 31, 2012</u> Gross Unrealized	
			<u>Gains</u>	<u>Losses</u>
Fixed income mutual funds	\$ 14,403,029	\$ 14,978,197	\$ 575,168	\$ -
Treasury exchange traded funds	5,412,765	5,806,702	393,937	-
Equity mutual funds	9,789,519	10,640,702	851,183	-
Equities	1,060,310	1,210,950	150,640	-
Total	\$ 30,665,623	\$ 32,636,551	\$ 1,970,928	\$ -

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

	<u>2013</u>	<u>2012</u>
Sales proceeds	<u>\$ 1,447,516</u>	<u>\$ 2,828,858</u>
Gross realized gains	<u>\$ 161,687</u>	<u>\$ 96,794</u>
Gross realized losses	<u>\$ -</u>	<u>\$ (211,300)</u>

Information pertaining to securities with gross unrealized losses at December 31, 2013, aggregated by length of time individual securities have been in a continuous loss position, is as follows:

	<u>Less Than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Fixed income mutual fund	\$5,620,387	\$ 241,787	\$ -	\$ -	\$ 5,620,387	\$ 241,787
Treasury exchange traded funds	3,405,849	55,097	-	-	3,405,849	55,097
Total	\$ 9,026,236	\$ 296,884	\$ -	\$ -	\$ 9,026,236	\$ 296,884

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 4 – INVESTMENTS (continued)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Group to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

All investments have been valued based on quoted prices in active markets for identical assets and liabilities.

All of the Company's investments are in mutual funds and equities, accordingly, there are no contractual maturities presented.

All investments conformed to the Board approved investment policy during the year ended December 31, 2013.

NOTE 5 – RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES

For the year ended December 31, 2013, estimated unpaid losses have been determined to range from a recommended low of \$1,218,000 to a recommended high of \$1,564,000 based on actuarial estimates; further the actuary has projected expected losses at \$784,000. For the year ended December 31, 2012, estimated paid losses have been determined to range from a recommended low of \$1,102,000 to a recommended high of \$1,375,000 based on actuarial estimates; further the actuary has projected expected losses at \$763,000. Management has estimated reserves to be \$1,218,000 and \$1,102,000 at December 31, 2013 and 2012. This estimate is based on funding the Company at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income.

Activity in the reserve for loss and loss adjustment expenses account is summarized as follows:

	<u>2013</u>	<u>2012</u>
Balance at January 1	\$ 1,102,000	\$ 898,000
Incurred related to:		
Current year	85,000	84,000
Prior years	<u>31,000</u>	<u>120,000</u>
Total incurred	<u>116,000</u>	<u>204,000</u>
Net paid	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 1,218,000</u>	<u>\$ 1,102,000</u>

As a result of changes in estimates of incurred events in the prior year, the provision for losses changed by \$31,000 and \$120,000, respectively, due to (lower)/higher than anticipated losses on the development of claims.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 6 – SURPLUS CONTRIBUTION

An additional \$ - and \$135,599 in surplus was contributed to the Company from PACT during the years ended December 31, 2013 and 2012 respectively, pursuant to authorization by the Executive Committee of PACT.

NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2013 and 2012.

NOTE 7 – RELATED PARTIES

All premiums and surplus contributions are made by PACT and all claims activity is attributable to the quota share reinsurance agreement with PACT.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to December 31, 2013 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2013. Management has evaluated subsequent events through February 28, 2014, which is the date the financial statements were available to be issued.

Casey, Neilon & Associates, LLC
Accountants and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors
Public Compensation Mutual

In planning and performing our audit of the GAAP basis financial statements of Public Compensation Mutual (PCM) as of and for the year ended December 31, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PCM's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction PCM is subject and is not intended to be and should not be used by anyone other than these specified parties.

Casey, Neilon & Associates, LLC

Carson City, Nevada
February 28, 2014



503 N. Division St. • Carson City, NV 89703
775.283.5555 • fax 775.283.0494
www.wealthcarecpas.com

February 28, 2014

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

Please find enclosed our audit report on the December 31, 2013 and 2012 financial statements of Public Compensation Mutual. In accordance with the provisions of Nevada Administrative Code 694C.210 we make the following representations:

- We are independent with regard to Public Risk Mutual.
- We conform to the standards set forth in the *AICPA Professional Standards* published by the American Institute of Public Accountants.
- We understand that the audit annual report and our opinions thereon will be filed with the Commissioner pursuant to NAC 694C.210.
- We agree to comply with NAC 694C.230.
- We are properly licensed by the Nevada State Board of Accountancy, and we are members in good standing of the American Institute of Public Accountants.
- The workpapers for this engagement are the property of Casey, Neilon & Associates, LLC and constitute confidential information. However, we may be requested to make certain workpapers available to the State of Nevada, Department of Business and Industry, Division of Insurance pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Casey, Neilon & Associates, LLC's personnel.

The staffs involved in the audit of Public Risk Mutual are as follows:

Darsi Casey, CPA, MST – Compliance Partner

25 years accounting and auditing experience, including 18 years of experience with auditing insurance entities in the following categories:

- Self insured associations for workers compensation (18 years)
- Self insured health fund of the State of Nevada (15 years)
- Self insured property and casualty fund of the State of Nevada (15 years)
- Captive insurers (11 years)



CIRCULAR 230 DISCLAIMER: To ensure compliance with Treasury Regulations governing written tax advice, please be advised that any tax advice included in this communication, including any attachments, is not intended, and cannot be used, for the purpose of (i) avoiding any federal tax penalty or (ii) promoting, marketing or recommending any transaction or matter to another person.

Board of Directors
Public Compensation Mutual
February 28, 2014
Page 2

Niki Neilon, CPA – Engagement Partner

17 years accounting and auditing experience, including 17 years of experience with auditing insurance entities in the following categories:

- Self insured associations for workers compensation (17 years)
- Self insured health fund of the State of Nevada (15 years)
- Self insured property and casualty fund of the State of Nevada (15 years)
- Captive insurers (11 years)

Xin Chen, CPA – Manager

9 years accounting and auditing experience

Nick Belanger – Staff Accountant

2 years accounting and auditing experience.

We appreciate the opportunity to be of service to Public Compensation Mutual.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicola Neilon". The signature is fluid and cursive, with the first name "Nicola" and last name "Neilon" clearly distinguishable.

Nicola Neilon, CPA

Encl.

PCM Board Members and Corporate Officers

	<u>Entity</u>	<u>Officers</u>	<u>Terms</u>	<u>Proposed</u>	<u>Necess Action</u>
Paul Johnson	White Pine CSD	Chair	2012-2015		
Alan Kalt	Churchill Co.	Vice Chair/Corp Sec.	2013-2016		
Josh Foli	Lyon Co.	Fiscal Officer/Corp Treas.	2011-2014	2014-2017	reelection
Cash Minor	Elko Co.		2011-2014	2014-2017	reelection
Mike Rebaleati	Eureka Co.		2013-2016		

Other Officers

Wayne Carlson		President			Ratification
Doug Smith		Vice President			Ratification

Note: President and Vice President are not elected positions but serve at the pleasure of the Boards

**AGREEMENT BETWEEN
PUBLIC COMPENSATION MUTUAL
AND
PUBLIC AGENCY RISK MANAGEMENT SERVICES, INC.**

WHEREAS, the Public Compensation Mutual, hereinafter called "PCM," requires the services of a captive management company to manage the day-to-day operations of the PCM and to carry out those duties in accordance with the Articles of Incorporation which established PCM, its Bylaws and amendments thereto and pursuant to the PCM Certificate of Authority; and

WHEREAS, Public Agency Risk Management Services Inc., a Nevada corporation, hereinafter called "PARMS," has offered to serve in the capacity of captive management company; and

WHEREAS, PARMS has the capacity to perform the functions of Captive management company of PCM;

NOW, THEREFORE, PCM and PARMS hereby agree to the following terms and conditions:

PARMS agrees:

1. To act as the Captive management company of PCM in accordance with the terms of the Articles of Incorporation and Bylaws that created PCM.
2. This agreement is one for personal services to be rendered by PARMS and may not be assigned by PARMS without prior written approval of PCM.
3. To manage the day-to-day operations of PCM as required to effect the purposes of PCM and as directed by PCM's Board of Directors.
4. To conduct its functions for PCM from the PCM designated office location and to report to and maintain the files and records of PCM during the term of this Agreement.

5. To consult with and advise the Board of Directors on matters affecting PCM's operations.
6. To coordinate dealings with the PCM's service providers and to manage their performance on behalf of the PCM Board of Directors.
7. To assist PCM with compliance with applicable State of Nevada laws and regulations pertaining to PCM's operations in the capacity as association administrator.
8. 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 PCM and the services provided to PCM by its current service providers. PARMS 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 PCM for the purpose of selling pooling, association risk sharing of similar insurance products, captive insurance company operations or providing similar services.
9. PARMS agrees all records resulting from services under this Agreement and held by PARMS on behalf of PCM shall be maintained and preserved in accordance with statutory requirements and shall remain the property of PCM at all times and will be surrendered to PCM upon termination or expiration of this Agreement. PARMS shall be permitted to copy, at its own expense, such portions of the files as may be necessary.
10. Conflicts of Interest. PARMS shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
11. To indemnify, defend and hold harmless PCM with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of PARMS and/or its employees unless the complained of actions of PARMS were taken at the specific direction of PCM.

PCM agrees:

1. To cooperate with PARMS in the establishment and funding of PCM's operations and its continuation.
2. To consult with and provide direction to PARMS as its captive management company.
3. To establish funds for payment of claims and other obligations of PCM and to authorize PARMS to be manager of the funds and to expend those funds for obligations of PCM pursuant to PCM's policies and procedures.
4. To establish Bylaws, policies and procedures to govern the operation of PCM.
5. To appoint legal counsel to advise PCM and its captive management company with respect to matters affecting the operation of PCM.
6. To establish the PCM office location from which PARMS will conduct PCM's operations and to fund the expenses thereof.
7. To indemnify, defend and hold harmless PARMS with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of PCM and/or its employees unless the complained of actions of PCM were taken at the specific direction of PARMS.
8. Not to employ a person who has been employed by PARMS at any time during the term of this Agreement, unless the person to be employed shall not have been employed by PARMS during the immediately preceding six (6) months or unless the hiring party shall have PARMS' prior written consent. This provision shall survive the termination of this agreement for a period of one (1) year.

A. TERM OF AGREEMENT

This Agreement shall commence upon July 1, 2014 and shall continue in full force and effect until July 1, 2019 with an option to extend with the same terms and conditions, subject to fee negotiation, for an additional two years upon mutual agreement with PARMS and the PRM Executive Committees subject to the termination or non-renewal provision of this agreement.

B. TERMINATION OR NON-RENEWAL

This agreement may be terminated or non-renewed by either party upon the giving of one hundred eighty (180) days written notice to the other.

C. COMPENSATION OF PARMS

1. Captive management company Services

PARMS shall be paid a fee of Thirty Thousand Dollars (\$35,000.00) annually for Captive management company services. Said fees shall be paid on a monthly basis and the contract year shall run from July 1 through June 30.

2. Annual Fee Adjustments

Effective July 1, 2015 and annually thereafter, the base fee shall be increased by 3% each year.

3. New Programs Fee

For new programs initiated by the PCM, any additional fee shall be negotiated at the time the program is initiated. Any fee for new programs initiated during the prior annual period shall be added to the otherwise applicable base fee for the subsequent period.

4. Expense Reimbursement

PCM shall reimburse PARMS for expenses incurred on behalf of PCM while acting in the scope of its capacity as captive management company including but not limited to the following:

- a. Automobile usage at the then current authorized rate for public employees as determined by the State of Nevada for its employees;
- b. Seminars, travel, entertainment or other necessary expenses at the actual costs thereof.

PCM shall not be responsible for any of PARMS' payroll, employee benefits, taxes, licenses, attorney's fees, or expenses for PARMS' activities not related to the services performed pursuant to this Agreement.

D. INDEPENDENT CONTRACTOR

Nothing in this Agreement shall be construed to create an employee-employer relationship between PCM and PARMS. PARMS shall at all times be considered an independent contractor which derives its authority to act from the Articles of Incorporation and Bylaws, as amended, which created PCM and from the Board of Directors of PCM.

E. INSURANCE REQUIRED

PARMS shall maintain general liability, automobile liability and errors and omissions insurance in an amount not less than One Million Dollars (\$1,000,000) per occurrence.

In light of PARMS' status as an independent contractor, PARMS acknowledges and agrees that PCM is not responsible for obtaining and maintaining in effect all worker's compensation insurance covering PARMS. In accordance with the provisions of Chapter 616 of the Nevada Revised Statutes and Chapter 616 of the Nevada Administrative Code, PARMS agrees to provide to PCM a proper certificate, certifying that it has obtained

worker's compensation insurance covering PARMS during the term of this agreement. PARMS agrees to pay any and all premiums necessary to keep said worker's compensation insurance effective during the term of this agreement.

F. GOVERNING LAW

This agreement is made subject to the laws of the State of Nevada.

G. ENTIRE AGREEMENT

This Agreement sets forth the intentions of the parties and incorporates the understandings prior to its execution.

H. ATTORNEY'S FEES

Should either party bring suit to enforce the provisions of this agreement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs.

EFFECTIVE DATE

This Agreement is entered into on _____, 2014, and effective July 1, 2014.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed:

PUBLIC AGENCY RISK
MANAGEMENT SERVICES, INC.

PUBLIC COMPENSATION MUTUAL

BY: _____

BY: _____

Wayne E. Carlson
President

Paul Johnson
Chair of the Board

DATE: _____

DATE: _____



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

**Notice of Meetings and Agendas for the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: 1:00 p.m. or
Upon adjournment of PACT Board Meeting
Date: April 25, 2014**

AGENDA

April 25, 2014

Notices:

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

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
 - Approval of Minutes of Board and Committee Meetings:**
 - Board Meeting April 26, 2013**
 - Acceptance of Interim Financial Statements**
- 4. For Possible Action: Acceptance of Audit for June 30, 2013**
- 5. For Possible Action: Acceptance of Reports**
 - a. Claims Review Report**
 - b. Claims Audit Report**
 - c. Large Loss Report**
 - d. Actuarial Update**
- 6. For Possible Action: Approval of POOL Form Effective July 1, 2014**

- a. Action to approve POOL Form and Changes
- b. Discussion Regarding Adding a “Hammer” Clause in the Future to Address Member Non-compliance with Claims Reporting Requirements or Failing to Follow Legal Counsel Advice

7. **For Possible Action:** Acceptance of Renewal Reinsurance Proposals and Options

8. **For Possible Action:** Acceptance of Budget for 2014-2015

9. **For Possible Action:** Action regarding these topics:

- a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition
- b. Review of the loss experience of each Member of the association - Claims Experience Report Summary
- c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition

10. **For Possible Action:** Election of Executive Committee for Two Year Terms from 2014-2016

- a. One Representative from School Districts
- b. One Representative from Counties and/or Cities with under 35,000 population
- c. One Representative from Special Districts/Towns

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

12. Public Comment

13. **For Possible Action:** Adjournment

ANNUAL MEETING OF THE MEMBERS OF PUBLIC RISK MUTUAL
Time: Upon Adjournment of the Meeting of Nevada Public Agency Insurance Pool
Agenda: See separate agenda for Public Risk Mutual

This Agenda was posted at the following locations:

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

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

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

Churchill County Administrative
155 North Taylor Street
Fallon, NV 89406

NOTICE TO PERSONS WITH DISABILITIES

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



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

**Minutes of Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: 1:00 p.m. or
Upon adjournment of PACT Board Meeting
Date: April 26, 2013**

1. Introductions and Roll

A sign-in sheet was circulated and a quorum determined to be present. Chair Rebaleati called the meeting to order at 1:12 p.m.

2. Public Comment

None was received.

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

- **Approval of Minutes of Board and Committee Meetings:**
 - **Board Meeting April 28, 2012**
 - **Claims Committee November 5, 2012**
 - **Executive Committee September 18, 2012**
- **Acceptance of Interim Financial Statements as of February 28, 2013**
- **Amend Records Retention Policy Statement to Remove Current NPAIP Policy Language and to Adopt the Local Government Records Retention Schedule as Published by the Nevada State Library and Archives as the NPAIP Records Retention Policy Statement**

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

4. For Possible Action: Acceptance of Audit for June 30, 2012

Chair Rebaleati noted that the Audit Committee and Executive Committee had reviewed the audit and found it acceptable.

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

5. For Possible Action: Acceptance of Reports

- a. **Claims Review Report**
- b. **Claims Audit Report**
- c. **Large Loss Report**
- d. **Actuarial Update**

- a. Wayne Carlson reviewed the highlights of each category of member, noting that certain very large losses affected multiple members and categories.
- b. Wayne noted that the POOL's independent claims auditor completed his audit recently and found that the reserves overall were on target. In one case, a large reserve change had not yet been posted at the time of the audit, but once posted, the overall difference was less than 1%. The auditor was satisfied with the claims handling process and quality of the defense counsel work.
- c. Doug Smith reviewed losses over \$100,000, commenting on several larger losses.
- d. Doug reviewed several pages of the actuarial report of reserves and the funding report to explain how the POOL loss trends developed into reserves and ultimately rates. He noted that overall funding would be flat compared to the prior year.

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

6. For Possible Action: Approval of POOL Form Changes Effective July 1, 2013

Wayne Carlson reviewed the proposed form changes. One liability exclusion for cyber liability was added to reflect that a new section was added granting cyber liability coverage with a sublimit of \$2,000,000. He reviewed some key definitions and terms under the Cyber Event section. He noted that County Reinsurance, United Educators and Public Risk Mutual would be providing reinsurance for this coverage. CRL would provide \$1,000,000 aggregate with a \$250,000 retention by POOL for other than school districts. UE would provide \$1,500,000 with a \$500,000 retention by POOL for school districts. PRM would provide \$1,000,000 excess of CRL for other than schools and \$250,000 excess of \$250,000 retention for schools. He commented that there were nominal charges by CRL and UE for the extension, but that POOL and PRM would not be charging for this extension.

In response to questions and cyber loss prevention and risk management, Wayne indicated that CRL was arranging for some cyber risk management training and a cyber response firm either under a master contract which we could utilize or contract with directly. Chair Rebaleati suggested that a cyber risk management task force may be an important service and other board members agreed.

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

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

Bob Lombard presented the renewal reinsurance proposals and options, noting that all incumbent reinsurers provided quotes. He indicated that one Lloyds syndicate had withdrawn its property capacity for its internal financial needs and two others had reduced their capacity for financial reasons. The replacement syndicates were being negotiated and the proposed costs reflected an additional potential premium to be used if needed to secure participation in the layer \$250,000,000 excess of \$50,000,000 where the other syndicates had cut back. He showed a graph of the insured value trends compared with premium trends, indicating that the rates had remained stable over a long period. The remaining reinsurers for various levels of liability offered reduced or flat pricing to renew as expiring. In addition, they offered extension of the cyber event liability coverage for an additional premium option. Overall property and liability reinsurance costs were up about \$20,000 for this option. On a comparable exposure basis, the overall reinsurance program cost comparison to the prior year was up about \$55,000 or about 1.1%.

On motion and second to approve the renewal with the cyber liability coverage extension, the motion carried.

8. For Possible Action: Acceptance of Budget for 2012-2013

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

- 9. For Possible Action: Approval of Amendments to Interlocal Cooperation Agreement**
- a.. Changing Member voting status upon change of form of government from independent to advisory board status**
 - b. Changing method for approving towns and special districts for voting status**
 - c. Changing composition of Executive Committee membership**
 - d. Changing notice of withdrawal from 120 days advance notice to 120 days notice in advance of program renewal date**
 - e. Changing method for approval of interlocal cooperation agreement changes**

Wayne Carlson walked the board through the various changes, explaining the purpose for each one. Regarding item 10.a., he explained that the Town of Pahrump was subject to a vote about dissolving the town board form of government into an advisory board which would eliminate their voting status on the POOL board. However, the ballot measure was appealed by the town, lost at district court and was pending Nevada Supreme Court review and decision, thus no action was necessary until 2015 when the vote takes effect or when the court makes its ruling. He suggested no change be made at this time.

Regarding 10.b., this change was to clarify the current language, but not the intent.

Regarding 10.c., he noted that this was a policy decision for the board

Item 10.e. changes a provision that was unworkable since the whenever there was a change in voting member representation, the POOL board was not the proper board to replace the representative, but the Member organization's board. In addition, changes to the Interlocal Cooperation Agreement should be made by the POOL board and not be subject to additional action by the individual member board.

Chair Rebaleati called for discussion of the various changes. Josh Foli proposed a motion, which was seconded, to accept the changes excluding any changes to the town provisions or the Executive Committee composition. It was suggested this be studied in the future perhaps as part of a retreat. The motion carried.

- 10. For Possible Action: Approval of Amendments to Bylaws**
- a. Changing method for filling vacancies of Member board positions**
 - b. Changing provision as to when a vacancy is deemed to have occurred**

Wayne Carlson reviewed the proposed changes as clarifications for handling vacancies. Josh Foli suggested that an additional item be added under 4.04 as (f) to eliminate the board position entirely if the Member withdraws. On motion and second to approve the changes and to direct staff to work with legal counsel for final language to add (f) as proposed, the motion carried.

- 11. For Possible Action: Election of Executive Committee for Two Year Terms from 2013-2015**
- a. One Representative from School Districts**
 - b. One Representative from Counties and/or Cities with under 35,000 population**
 - c. One Representative from Special Districts/Towns**

Chair Rebaleati reviewed the list of incumbents up for reelection noting they were willing to continue to serve. He noted the vacancy of the hospital position.

On motion and second to retain the incumbents, the motion carried.

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

Chair Rebaleati indicated that both he and Vice Chair Minor were willing to continue to serve. On motion and second to elect both incumbents, the motion carried.

13. Public Comment

None was received.

14. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 1:57 p.m.

The Agenda was posted at the following locations:

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

**Eureka County Courthouse

10 S. Main Street
Eureka, NV 89316**

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

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

NEVADA PUBLIC AGENCY INSURANCE POOL

Balance Sheet
February 28, 2014

ASSETS

Current Assets	
Cash - Claims - Wells Fargo	(\$ 223,657.22)
Cash - Admin. - Wells Fargo	588,221.80
A/R PARMS	47.00
Building Accounts Receivable	<u>17,556.93</u>
Total Current Assets	382,168.51
Property and Equipment	
Land - 2nd & Roop Streets	466,653.05
Building - 2nd & Roop Streets	1,783,715.41
Building Depreciation	(501,448.73)
Equipment	60,528.00
Equip Accumulated Depreciation	(94,856.66)
Building Equipment	28,645.91
Building Fixtures	1,323.00
Building Furniture	<u>4,359.75</u>
Total Property and Equipment	1,748,919.73
Other Assets	
WF - Investment Cash Account	22,698.59
Eagle - Cash Equivalents	1,173,967.12
Investment - Eagle Asset Mgmt.	30,689,933.01
Public Risk Mutual- Investment	17,988,540.00
PRM Amortization	(7,332,498.54)
Eagle Investment Income Rec.	100,681.70
Wells Investment Interest Rec.	0.17
Assessments Receivable	78,718.43
Specific Recoverable	(44,331.89)
Maintenance Deductibles	9,217.79
Prepaid Reinsurance	1,671,574.00
Prepaid Commission - Current	323,768.00
Prepaid Willis Pooling	85,000.00
Prepaid ASC	51,725.76
Prepaid Loss Control Fees	83,336.00
Prepaid Schools Security Prog	62,336.00
Other Prepaid	298.50
Prepaid Casualty Insurance	<u>34,052.51</u>
Total Other Assets	<u>44,999,017.15</u>
Total Assets	<u>\$ 47,130,105.39</u>

LIABILITIES AND CAPITAL

Current Liabilities	
Loss Fund	\$ 58,557,920.46
Loss Reserves - LAE	71,014.11
Loss Payments	(60,613,066.03)
Loss Payments - LAE	(30,262,638.66)
Specific Recoverable	22,957,409.52
Aggregate Recoverable	765,730.03
Deductible Reimbursement	12,489,545.24
Vouchers Within Deductible	8,412,161.06
Unearned Assessment Reserve	<u>4,781,218.10</u>
Total Current Liabilities	17,159,293.83
Long-Term Liabilities	
Total Long-Term Liabilities	<u>0.00</u>
Total Liabilities	17,159,293.83
Capital	
Retained Earnings	31,185,669.46
Net Income	<u>(1,214,766.90)</u>
Total Capital	<u>29,970,902.56</u>
Total Liabilities & Capital	<u>\$ 47,130,196.39</u>

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2014

	Current Month		Year to Date	
Revenues				
Rental Income	\$ 31,570.00	2.31	\$ 185,827.77	1.82
Phone Equipment Lease	672.00	0.05	3,024.00	0.03
Postage Reimbursement	209.45	0.02	923.00	0.01
Assessments Written	0.00	0.00	14,343,634.11	140.39
Taxes Written	0.00	0.00	7,234.00	0.07
Change in Unearned Assessments	1,195,302.00	87.30	(4,781,218.10)	(46.80)
Investment Interest Income	63,553.99	4.64	524,615.69	5.13
Realized Gain/(Loss) Invest.	(5,103.45)	(0.37)	435,992.57	4.27
Invest. Unrealized Gain/(Loss)	82,924.63	6.06	(510,922.91)	(5.00)
Other Income	0.00	0.00	8,157.60	0.08
Total Revenues	1,369,128.62	100.00	10,217,267.73	100.00
Cost of Sales				
Reinsurance Ceded	410,041.00	29.95	3,247,882.00	31.79
Loss Fund Expense	545,452.00	39.84	4,363,616.00	42.71
Commission Expense - Current	66,985.00	4.89	614,028.00	6.01
Willis Pooling Fees	21,250.00	1.55	170,000.00	1.66
ASC Claims Admin. Fees	51,725.00	3.78	420,359.80	4.11
Tax Expense	0.00	0.00	7,233.91	0.07
Loss Control Fees	20,833.00	1.52	166,664.00	1.63
Total Cost of Sales	1,116,286.00	81.53	8,989,783.71	87.99
Gross Profit	252,842.62	18.47	1,227,484.02	12.01
Expenses				
Management Services	40,845.00	2.98	326,760.00	3.20
Sponsorship Fees	0.00	0.00	2,515.00	0.02
Counsel Opinions	0.00	0.00	10,835.00	0.11
Travel	3,097.88	0.23	22,487.76	0.22
Casualty Insurance	3,115.00	0.23	24,921.14	0.24
Dues & Seminar Fees	700.00	0.05	9,940.56	0.10
Audit Expense	0.00	0.00	15,250.00	0.15
Printing/Copying/Subscriptions	721.29	0.05	4,887.20	0.05
Postage	4.46	0.00	498.09	0.00
Office Supplies	342.34	0.03	1,555.88	0.02
Telephone Expense	(6.24)	(0.00)	1,365.17	0.01
Legal Expense	1,301.72	0.10	2,481.72	0.02
Board & Committee Meetings	839.30	0.06	1,115.49	0.01
Actuary Expense	0.00	0.00	8,590.00	0.08
Member Education & Services	14,014.70	1.02	116,829.27	1.14
Bank Charges	0.00	0.00	1,856.62	0.02
Consultants Appraisals	32,148.00	2.35	114,660.00	1.12
PRI Contract Services	44,625.00	3.26	357,000.00	3.49
Loss Control Grants	125.00	0.01	78,777.95	0.77
Environmental Consultants	0.00	0.00	6,595.88	0.06
PRM Amortization Expense	149,904.00	10.95	1,186,732.00	11.61
Investment Expense	1,195.87	0.09	52,283.24	0.51

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2014

	Current Month		Year to Date	
Building Maintenance & Repairs	862.40	0.06	20,726.26	0.20
Custodial Services	1,971.94	0.14	15,866.40	0.16
Building Depreciation Expense	3,744.72	0.27	29,957.76	0.29
Bldg Equipment Maintenance	0.00	0.00	262.52	0.00
Building Equipment Lease	(2,523.96)	(0.18)	479.22	0.00
Building Copier Paper	(470.45)	(0.03)	165.63	0.00
Building Insurance Expense	725.00	0.05	5,800.00	0.06
Building Tax Expense	0.00	0.00	4,072.46	0.04
Postage for Meter	(157.50)	(0.01)	1,206.92	0.01
Building Utilities	<u>2,006.02</u>	<u>0.15</u>	<u>15,775.78</u>	<u>0.15</u>
Total Expenses	<u>299,131.49</u>	<u>21.85</u>	<u>2,442,250.92</u>	<u>23.90</u>
Net Income	<u>(\$ 46,288.87)</u>	<u>(3.38)</u>	<u>(\$ 1,214,766.90)</u>	<u>(11.89)</u>

**Nevada Public Agency Insurance Pool
Budget Comparison to Actuals
As of February 28, 2014**

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	% of Change
INCOME:					
Assessments Written	15,757,285	9,562,416	6,194,869	9,694,897	-1.39%
Taxes Written	7,254	7,234	20	7,346	-1.55%
Investment Revenues	610,000	449,685	160,315	426,396	5.18%
Bank Interest Income	0	-	-	-	0.00%
Other Income	4,000	8,158	(4,158)	44,309	-443.17%
TOTAL INCOME	16,378,539	10,027,493	6,351,046	10,172,949	-1.45%
LOSS FUND EXPENSES:					
Loss Fund Expense	5,646,000	4,363,616	1,282,384	3,997,568	8.39%
TOTAL LOSS FUND EXPENSES	5,646,000	4,363,616	1,282,384	3,997,568	8.39%
PROGRAM EXPENSES:					
Reinsurance Ceded	4,975,918	3,247,882	1,728,036	3,216,409	0.97%
Commission Expense	939,245	614,028	325,217	627,199	-2.15%
Willis Pooling Fees	255,000	170,000	85,000	170,000	0.00%
ASC Claims Admin. Fees	686,938	420,360	266,578	424,703	-1.03%
Tax Expense	7,254	7,234	20	7,401	-2.31%
Loss Control Fees	250,000	166,664	83,336	166,664	0.00%
Total Program Expenses	7,114,355	4,626,168	2,488,187	4,612,376	0.30%
ADMINISTRATION EXPENSES:					
Management Services	490,136	326,760	163,376	277,585	15.05%
Sponsorship Fees	5,000	2,515	2,485	1,618	35.69%
Counsel Opinions	40,000	10,835	29,165	31,539	-191.08%
Travel	30,000	22,488	7,512	21,023	6.51%
Casualty Insurance	40,000	24,921	15,079	24,921	0.00%
Dues & Seminar Fees	12,000	9,941	2,059	5,580	43.87%
Audit Expense	17,700	15,250	2,450	16,610	-8.92%
Printing/Copying/Subscriptions	7,000	4,887	2,113	2,749	43.75%
Postage	2,000	498	1,502	62	87.59%
Office Supplies	4,000	1,556	2,444	1,502	3.48%
Telephone Expense	3,000	1,365	1,635	1,370	-0.36%
Legal Expense	25,000	2,482	22,518	2,688	-8.30%
Miscellaneous Expense	-	-	-	-	0.00%
Board & Committee Meetings	10,000	1,115	8,885	485	56.54%
Actuary Expense	20,000	8,590	11,410	8,500	1.05%
Member Education, Training & Services	227,600	116,829	110,771	126,797	-8.53%
Bank Charges	-	1,857	(1,857)	-	100.00%
Loss Control Excellence Awards	20,000	-	20,000	-	0.00%
Consultants Appraisals	92,500	114,660	(22,160)	55,128	51.92%
Bad Debt Expense	500	-	500	-	0.00%
PRI Contract Services	535,500	357,000	178,500	306,250	14.22%
Equip Depreciation Expense	-	-	-	-	0.00%
Loss Control Grants	429,111	78,778	350,333	82,781	-5.08%
Investment Expense	-	52,283	(52,283)	15,368	70.61%
Environmental Consultants	22,000	6,596	15,404	86,429	-1210.35%
TOTAL ADMINISTRATION EXPENSES	2,033,047	1,161,206	871,841	1,068,984	7.94%
TOTAL LOSS FUND, PROGRAM & ADMINISTRATION EXPENSES	14,793,402	10,150,990	4,642,412	9,678,928	4.65%
NET INCOME	1,585,137	(123,497)	1,708,634	494,021	500.03%

NON-ALLOCABLE INCOME AND EXPENSES

**Nevada Public Agency Insurance Pool
Budget Comparison to Actuals
As of February 28, 2014**

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	% of Change
BUILDING INCOME:					
Conference Room Revenue	-	-	-	-	0.00%
Rental Income	259,347	185,828	73,519	154,927	16.63%
Phone Equipment Lease	4,000	3,024	976	2,688	11.11%
Postage Reimbursement	2,000	923	1,077	901	2.33%
TOTAL BUILDING INCOME	265,347	189,775	75,572	158,517	16.47%
BUILDING EXPENSES:					
Building Maintenance & Repairs	22,000	20,726	1,274	15,351	25.93%
Building Management & Accting	-	-	-	-	0.00%
Conference Room Expense	200	-	200	-	0.00%
Custodial Services	25,000	15,866	9,134	14,050	11.45%
Building Depreciation Expense	44,936	29,958	14,978	29,958	0.00%
Building Equipment Lease	-	479	(479)	3,231	-574.20%
Building Copier Paper	-	166	(166)	726	-338.61%
Bldg Equipment Maintenance	1,000	263	737	-	100.00%
Building Insurance Expense	8,000	5,800	2,200	7,000	-20.69%
Building Misc Expense	-	-	-	-	0.00%
Building Tax Expense	3,700	4,072	(372)	3,908	4.03%
Postage for Meter	2,000	1,207	793	1,745	-44.55%
Building Utilities	25,000	15,776	9,224	13,798	12.54%
TOTAL BUILDING EXPENSES	131,836	94,313	37,523	89,767	4.82%
NET BUILDING INCOME	133,511	95,462	38,049	68,749	27.98%
OTHER EXPENSES:					
PRM Amortization Expense	2,131,205	1,186,732	944,473	1,016,728	14.33%
TOTAL OTHER EXPENSES	2,131,205	1,186,732	944,473	1,016,728	14.33%
Net Income		(123,497)		494,021	
Net Building Income		95,462		68,749	
Other Expenses		(1,186,732)		(1,016,728)	
Income Statement Net Income		(1,214,767)		(453,957)	

NEVADA PUBLIC AGENCY INSURANCE POOL

General Ledger Trial Balance

As of Feb 28, 2014

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID	Account Description	Debit Amt	Credit Amt
1104	Cash - Claims - Wells Fargo		223,657.22
1105	Cash - Admin. - Wells Fargo	588,221.80	
1107	Land - 2nd & Roop Streets	466,653.05	
1108	Building - 2nd & Roop Streets	1,783,715.41	
1110	Building Depreciation		501,448.73
1200	WF - Investment Cash Account	22,698.59	
1203	Eagle - Cash Equivalents	1,173,967.12	
1204	Investment - Eagle Asset Mgmt.	30,689,933.01	
1210	Public Risk Mutual- Investment	17,988,540.00	
1212	PRM Amortization		7,332,498.54
1214	Eagle Investment Income Rec.	100,681.70	
1215	Wells Investment Interest Rec.	0.17	
1301	Assessments Receivable	78,718.43	
1310	Specific Recoverable		44,331.89
1313	Maintenance Deductibles	9,217.79	
1325	A/R PARMS	47.00	
1401	Prepaid Reinsurance	1,671,574.00	
1411	Prepaid Commission - Current	323,768.00	
1413	Prepaid Willis Pooling	85,000.00	
1414	Prepaid ASC	51,725.76	
1417	Prepaid Loss Control Fees	83,336.00	
1418	Prepaid Schools Security Prog	62,336.00	
1420	Other Prepaid	298.50	
1463	Prepaid Casualty Insurance	34,052.51	
1500	Equipment	60,528.00	
1510	Equip Accumulated Depreciation		94,856.66
1600-BLD	Building Equipment	28,645.91	
1620-BLD	Building Fixtures	1,323.00	
1625-BLD	Building Furniture	4,359.75	
2110	Loss Fund		58,557,920.46
2114	Loss Reserves - LAE		71,014.11
2200	Loss Payments	60,613,066.03	
2210	Loss Payments - LAE	30,262,638.66	
2310	Specific Recoverable		22,957,409.52
2311	Aggregate Recoverable		765,730.03
2312	Deductible Reimbursement		12,489,454.24
2320	Vouchers Within Deductible		8,412,161.06
2330	Unearned Assessment Reserve		4,781,218.10
3501	Retained Earnings		31,185,669.46
4000-BLD	Building Accounts Receivable	17,556.93	
4050-BLD	Rental Income		185,827.77
4075-BLD	Phone Equipment Lease		3,024.00
4080-BLD	Postage Reimbursement		923.00
4110	Assessments Written		14,343,634.11
4115	Taxes Written		7,234.00
4330	Change in Unearned Assessments	4,781,218.10	
4401	Reinsurance Ceded	3,247,882.00	
5110	Loss Fund Expense	4,363,616.00	
5411	Commission Expense - Current	614,028.00	
5413	Willis Pooling Fees	170,000.00	
5414	ASC Claims Admin. Fees	420,359.80	
5415	Tax Expense	7,233.91	
5417	Loss Control Fees	166,664.00	
5450	Management Services	326,760.00	
5456	Sponsorship Fees	2,515.00	
5457	Counsel Opinions	10,835.00	
5462	Travel	22,487.76	
5463	Casualty Insurance	24,921.14	
5464	Dues & Seminar Fees	9,940.56	
5465	Audit Expense	15,250.00	
5466	Printing/Copying/Subscriptions	4,887.20	
5467	Postage	498.09	
5468	Office Supplies	1,555.88	
5469	Telephone Expense	1,365.17	
5470	Legal Expense	2,481.72	
5472	Board & Committee Meetings	1,115.49	
5474	Actuary Expense	8,590.00	
5475	Member Education & Services	116,829.27	

NEVADA PUBLIC AGENCY INSURANCE POOL

General Ledger Trial Balance

As of Feb 28, 2014

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

<u>Account ID</u>	<u>Account Description</u>	<u>Debit Amt</u>	<u>Credit Amt</u>
5476	Bank Charges	1,856.62	
5478	Consultants Appraisals	114,660.00	
5482	PRI Contract Services	357,000.00	
5484	Loss Control Grants	78,777.95	
5485	Environmental Consultants	6,595.88	
6100	Investment Interest Income		524,615.69
6110	Realized Gain/(Loss) Invest.		435,992.57
6111	Invest. Unrealized Gain/(Loss)	510,922.91	
6112	PRM Amortization Expense	1,186,732.00	
6160	Other Income		8,157.60
6200	Investment Expense	52,283.24	
7100-BLD	Building Maintenance & Repairs	20,726.26	
7275-BLD	Custodial Services	15,866.40	
7300-BLD	Building Depreciation Expense	29,957.76	
7400-BLD	Bldg Equipment Maintenance	262.52	
7450-BLD	Building Equipment Lease	479.22	
7475-BLD	Building Copier Paper	165.63	
7500-BLD	Building Insurance Expense	5,800.00	
7750-BLD	Building Tax Expense	4,072.46	
7800-BLD	Postage for Meter	1,206.92	
7900-BLD	Building Utilities	15,775.78	
	Total:	<u>162,926,778.76</u>	<u>162,926,778.76</u>

NEVADA PUBLIC AGENCY INSURANCE POOL



Annual Report

June 30, 2013 and 2012

As the Chair of the Board of Directors, I am pleased to present the Annual Audited Financial Statements for the year ended June 30, 2013.

POOL completed its 26th year of operations with 14 counties, 12 cities, 15 school districts and 70 special districts, towns and others. POOL Members have utilized its extensive array of services which, coupled with the dedication of Members to reduction of losses, has resulted in fairly stable results over time. Severe property and liability claims have occurred in the most recent fiscal years, but POOL maintains sufficient financial strength to absorb the adversity.

The Board's fiscally responsible policies resulted in continuing gains in retained earnings, thus strengthening the POOL's financial position further. With the growth in retained earnings, the POOL was able to sustain substantial retentions per loss, thus reducing reliance on reinsurance and is well-positioned to consider even further risk retention.

The POOL's own captive mutual insurance company, Public Risk Mutual, writes a share of the POOL's property and liability coverage. POOL's completion of its conversion to a reinsurance program from excess insurance has saved expenses and enabled the POOL to write coverage designed specifically for its members.

The POOL maintains a portion of its liability reinsurance with County Reinsurance, Ltd., which is a captive mutual reinsurer dedicated to public sector risks, and of which POOL is an owner. In addition, the POOL is an owner of United Educators, a reciprocal risk retention group that provides reinsurance to our school district members. Reinsuring above PRM, CRL and UE for liability coverage is Government Entities Mutual, another captive reinsurer of which POOL is an owner. In addition to the audited financial statements, this annual report includes information about our Members, claims activities and the POOL's services and service providers.

We welcome your comments and suggestions to further strengthen your POOL, to provide you with additional information and to enhance Member services. I have been honored to serve as Chair of the Board of Directors. Thank you for participation as a Member of POOL.

Sincerely,

Michael Rebaleati
Chair of the Board

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MISSION

The Nevada Public Agency Insurance Pool (POOL) member services consortium provides interactive risk management resources for public agencies.

We Excel In:

- ◆ Innovative solutions that help Members serve the public
- ◆ Financial strength, security and durability
- ◆ Cost effective risk sharing and financing
- ◆ Interactive claims service
- ◆ Member networking and resource sharing

We are:

- ◆ Member governed
- ◆ Stewards of public assets
- ◆ Committed to quality member services
- ◆ Focused on the Future



VISION
YEARS OF SERVICE

Members anticipate and manage the risks encountered as a public agency. Membership is a privilege earned by effective agencies committed to sharing resources to benefit their employees and the public they serve.

MOTTO

We cooperatively deliver public agency risk/management solutions.

OVERVIEW OF POOL

HISTORY

What is a risk pool?

A risk pool is created through the Interlocal Cooperation Act, which permits local government agencies to join together to provide for joint purchase of insurance or for self-insurance of their property and casualty risks.

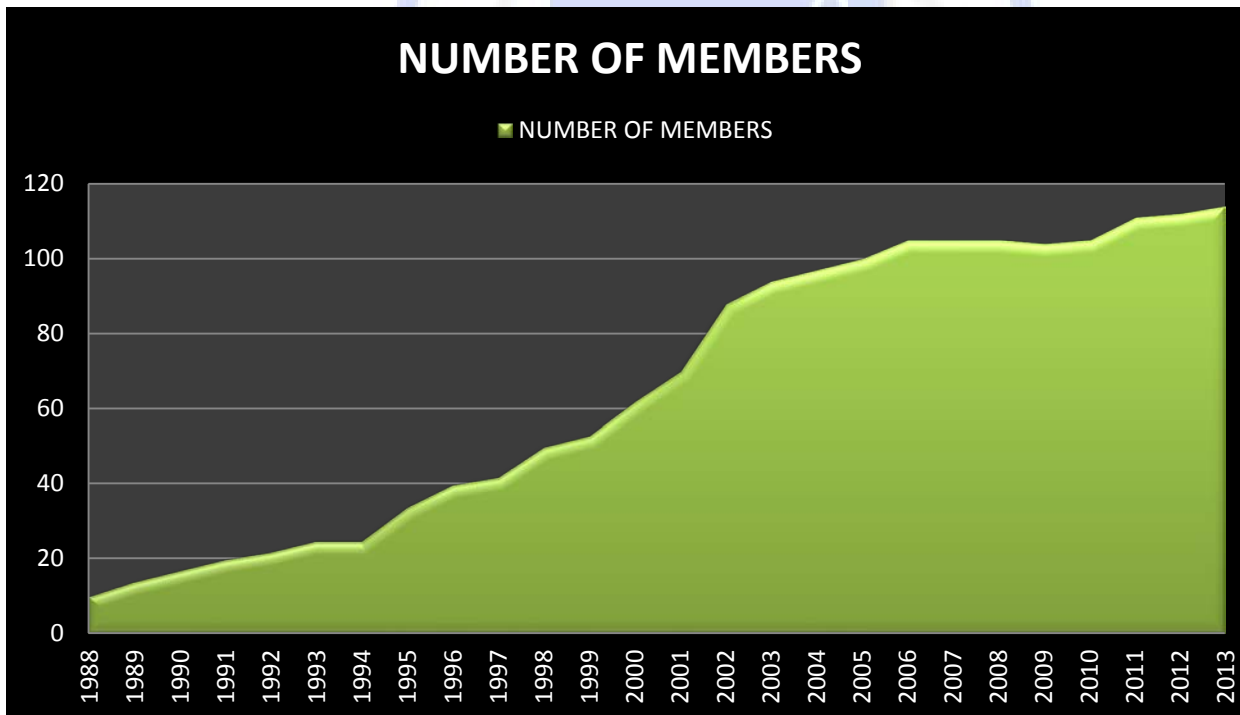
What is the Nevada Public Agency Insurance Pool?

The POOL was created as a result of legislation allowing pooling in 1985. The Nevada Association of Counties and the Nevada League of Cities sponsored this legislation in order to allow public agencies to develop alternatives to commercial insurance.

The Nevada Public Agency Insurance Pool provides members extensive and innovative risk management services that help the members serve the public and reduce risk.

When did it begin?

POOL was formed by four pioneering counties – Pershing County, Humboldt County, Lincoln County, and Douglas County and began operations of May 1, 1987, serving public agencies around Nevada.



POOL Membership**Counties:**

Churchill County
 Douglas County
 Elko County
 Esmeralda County
 Eureka County
 Humboldt County
 Lander County
 Lincoln County
 Lyon County
 Mineral County
 Nye County
 Pershing County
 Storey County
 White Pine County

School Districts:

Carson City School District
 Churchill County School District
 Douglas County School District
 Elko County School District
 Eureka County School District
 Esmeralda County School District
 Humboldt County School District
 Lander County School District
 Lincoln County School District
 Lyon County School District
 Mineral County School District
 Pershing County School District
 Nye County School District
 Storey County School District
 White Pine County School District

Cities:

Boulder City
 City of Caliente
 City of Carlin
 City of Ely
 City of Elko
 City of Fernley
 City of Lovelock
 City of Mesquite
 City of Wells
 City of West Wendover
 City of Winnemucca
 City of Yerington

Towns:

Town of Gardnerville
 Town of Genoa
 Town of Minden
 Town of Pahrump
 Town of Round Mountain
 Town of Tonopah

Others:

Central Nevada Regional Water Authority
 County Fiscal Officers Association
 Douglas County Redevelopment
 Elko Central Dispatch
 Elko County Economic Diversification Authority
 Humboldt River Basin Water Authority
 Nevada Association of Counties
 Nevada League of Cities
 Nevada Rural Housing Authority
 Nevada Commission for the Reconstruction of the V & T Railroad
 Pershing County Tourism Authority
 Truckee Meadows Regional Planning Agency
 U.S. Board of Water Commissioners
 Virginia City Convention & Tourism Authority
 Washoe County Fire Suppression Fund
 Wendover Administrative Authority
 Western Nevada Regional Youth Center
 William Bee Ririe Hospital
 White Pine County Tourism & Recreation Authority

Special Districts:

Alamo Sewer and Water District
 Amargosa Library District
 Beatty Library District
 Beatty Water & Sanitation District
 Canyon General Improvement District
 Carson Truckee Water Conservancy District
 Carson Water Subconservancy District
 Churchill County Mosquito and Weed Abatement District
 Coyote Springs General Improvement District
 Douglas County Mosquito Abatement District
 East Fork Swimming Pool District
 Elko County Agricultural Association
 Gardnerville-Ranchos General Improvement District
 Gerlach General Improvement District
 Incline Village General Improvement District
 Indian Hills General Improvement District
 Kingsbury General Improvement District
 Lakeridge General Improvement District
 Lincoln County Water District
 Logan Creek General Improvement District
 Lovelock Meadows Water District
 Moapa Valley Water District
 Marla Bay General Improvement District
 Minden Gardnerville Sanitation District
 Moapa Valley Water District
 Nevada Tahoe Conservation District
 North Lake Tahoe Fire Protection District
 Pahrnagat Valley Fire District
 Pahrump Library District
 Palomino Valley General Improvement District
 Pershing County Tourism Authority
 Pershing County Water Conservation District
 Sierra Estates General Improvement District
 Sierra Fire Protection District
 Silver Springs General Improvement District
 Skyland General Improvement District
 Smoky Valley Library District
 Stagecoach General Improvement District
 Storey County Regional Transportation District
 Sun Valley General Improvement District
 Tahoe Douglas District
 Tahoe Douglas Fire Protection District
 Tahoe Reno Industrial General Improvement District
 Tonopah Library District
 Truckee Meadows Fire Protection District
 Virgin Valley Water District
 Walker River Irrigation District
 Washoe County Water Conservation District
 West Wendover Recreation District
 Western Nevada Development District
 White Pine County Fire Protection District

SERVICES

What services does the POOL offer?

In addition to pooling of the risks and the joint purchase of reinsurance, POOL provides members substantial support and guidance for their efforts to manage risks. More detail is provided on our Web site at www.poolpact.com including E-learning opportunities.

Risk Management Consultation

POOL's staff assists members as a risk management advisor in addition to administering the pool. Assistance regarding establishing systems for managing risk, loss prevention, training, independent contractor insurance requirements and other concerns is provided on an interactive basis. POOL maintains a library of training materials and information for use by members.

Loss Control Services

POOL teams with Willis Pooling (WP) to provide loss control services to all members. WP's loss control representatives make regular visits around the state to assist safety committees, conduct inspections of facilities and operations, and to provide safety and loss prevention consultation based on the needs of each member. In cooperation with the POOL, WP has training videos, slides, manuals and other material for use by members. Loss control bulletins are distributed regularly. POOL's Loss Control Committee meets regularly to develop new programs and services for members. E-Learning modules and other resources can be found at www.poolpact.com.

Risk Management/Safety Guides

POOL produces risk management and safety guides to assist members with such issues as establishing effective risk management policies, risk management and safety committees, requirements for insurance for facility users and contracted service providers. Examples include a law enforcement guide on current case law, a model law enforcement policy manual and a model school district policy manual.

Loss Control Excellence Program

Members may apply for and achieve recognition for excellence in their loss control programs. Monetary awards accompany the recognition including Continuous Achievement Awards.

Risk Management Grants

Risk management grants are available to all Members. Applications can be found on the Website www.poolpact.com

Claims Administration

Through its claims administration firm, ASC, all incidents or claims are reported and handled to conclusion. ASC negotiates and settles claims on an interactive basis with Members, manages the litigation process and provides guidance to members regarding claims. Their goal is to achieve concurrence by members with their decisions whenever feasible. Members receive monthly claims reports showing all activity, types of claims, payments and reserves.

Newsletters and Bulletins

Periodic newsletters and bulletins are sent to members and posted on our Web site www.poolpact.com. They provide tips to board members and major departments on risk management and safety issues.

Research on New Issues

By tracking legislative and regulatory developments, POOL represents Members' interests and influences legislation that clarifies the law or changes it to benefit members. In addition, POOL conducts research into new techniques for managing public agency risk.

PRIMA Membership & AGRIP Membership

POOL pays membership dues to the national Public Risk Management Association and the Nevada Chapter on behalf of interested members. This provides members with their publications and access to their extensive training programs and conferences.

POOL is a founding member of the Association of Governmental Risk Pools. AGRIP represents the interests of pools nationwide. The POOL's Executive Committee attends their annual trustees' seminar and staff attends the annual Leadership Institute.

Policy Negotiations

POOL's Executive Director and staff negotiate the reinsurance program through meetings with Willis Pooling and the reinsurance program underwriters. The results are reviewed by the Executive Committee and then presented to the Board for selection of the best programs for the Members.



BOARD OF DIRECTORS

Chair: Mike Rebaleati, Auditor-Recorder of Eureka County

Vice Chair: Cash Minor, Assistant County Manager of Elko County

The Board of Directors of POOL is comprised of individuals appointed by each voting member city, county, school district or eligible special district. Each member is entitled to one vote cast by their voting representative or alternate.

Meetings of the Board generally occur annually in the Spring. The annual meeting addresses the renewal program design and pricing in addition to the programs and services plans for the following year. The semi-annual meeting focuses on progress reports and other issues that arise during the year.

EXECUTIVE COMMITTEE

Chair: Mike Rebaleati
Members: Cash Minor
 Lisa Jones
 Pat Whitten
 Josh Foli
 Dan Newell
 Kevin Curnes
 Gerry Eick

The Executive Committee consists of eight members from the Board of Directors. Two of the members come from cities or counties smaller than 35,000 in population, two from larger than 35,000 in population; two representatives of school districts and one representative of special districts. The Board Chair also chairs the Executive Committee.

The Executive Committee meets at the call of the chairman. It handles issues that arise between Board meetings, approves the budget, prospective members and serves as the financial and investment oversight committee.

POOL/PACT HUMAN RESOURCES OVERSIGHT COMMITTEE

Chair: Curtis Calder, Elko City Manager

Overseeing the scope of services to be delivered through a grant to Pooling Resources, Inc., this committee develops overall mission, vision and strategies for delivery of comprehensive human resources services to POOL Members. The committee meets periodically to measure progress on service plans.

LOSS CONTROL COMMITTEE

Chair: Cash Minor

The Loss Control committee creates, implements and oversees programs to prevent and reduce member losses. They serve as the review committee for the Loss Control Excellence Program. The committee holds an annual training and planning retreat.

CLAIMS COMMITTEE

The Claims Committee is appointed by the Chair of the Board when needed to resolve claims handling issues between members and the claims administrator. A task force on claims quality management reviews the services of the POOL's claims services provider.

AUDIT COMMITTEE

Members:

Josh Foli, Comptroller, Lyon County and
POOL Fiscal Officer
Cash Minor
Rogene Hill
Gerry Eick

Comprised of members of the Board of Directors, this committee oversees the audit process for POOL to assure compliance with the laws and regulations, proper reporting of financial information and that management recommendations from the auditor properly are acted upon.

FISCAL OFFICER

Josh Foli

The Fiscal Officer is responsible for oversight of POOL funds as set forth in the POOL Interlocal Cooperation Agreement and Bylaws.

SERVICE PROVIDERS

Public Agency Risk Management Services, Inc.

Wayne E. Carlson, MBA, CPCU, ARM
President
Douglas A Smith, MBA, CPCU, CLU
Chief Risk Officer
Ann Wiswell, CRM, CIC
Risk Management Specialist
Debra Connally
Member Services Administrator
Melissa Mack,
Accounting Technician
Linda Kaercher-Stewart,
Administrative Support

Wayne Carlson is the president and sole owner of this firm, which provides services as Executive Director and risk management advisor to POOL.

Through an arrangement with the Nevada Association of Counties in 1985, Wayne Carlson created this firm and successfully created the enabling legislation allowing pooling in Nevada. In addition, his services as a risk management consultant to public agencies became an exclusive program endorsed by NACO. Once enabling legislation was passed, he researched and initiated the POOL in 1987.

Willis Pooling (WP)

Robert Lombard, Managing Principal
Tammy Fahy and Courtney Giesseman
– NPAIP Account Executives
Rick Hudson and Mel Iida - Risk Control
Representatives
Josh Wilson, Wellness Coordinator

Willis Pooling's representatives for Nevada provide support in the negotiation of reinsurance contracts and provide support services to POOL members. WP assists POOL with underwriting, policy processing and services in cooperation with PACT.

In an interactive effort to help members manage their safety and loss prevention programs, WP's staff serves as a mentor and guide in support of each member's efforts.

Alternative Service Concepts, LLC (ASC)

Donna Squires, Claims Manager
Dan Hamlin, Senior Adjuster
Diane Evans, Senior Adjuster

ASC provides claims management services including investigations, adjusting, settlements, litigation support and management, and mediation services. They set reserves and track claims activity, providing monthly reports to members.

Bickmore

Mark Priven and Derek Burkhalter

Through actuarial studies and rate development, the actuaries assist POOL and its Executive Director with establishing a financially sound organization with adequate and appropriate rating plans. They provide the necessary analysis for financial accountability in accordance with GASB 10, 34 and other regulatory requirements.

INDEPENDENT AUDITOR

Michael J. Bertrand, Certified Public

Mr. Bertrand provides independent auditor services to POOL to assure members receive a proper accounting of the POOL's financial condition, in conformance with GASB 10, 34 and other authoritative accounting pronouncements.

Accountant Member American Institute of
Certified Public Accountants

INVESTMENT ADVISORS

Raymond James & Associates

Raymond James & Associates serves as the principal advisor, coordinating various investment managers in conjunction with the POOL's Chief Risk Officer Doug Smith.

Joe Woods, Local Representative of
Raymond James & Associates

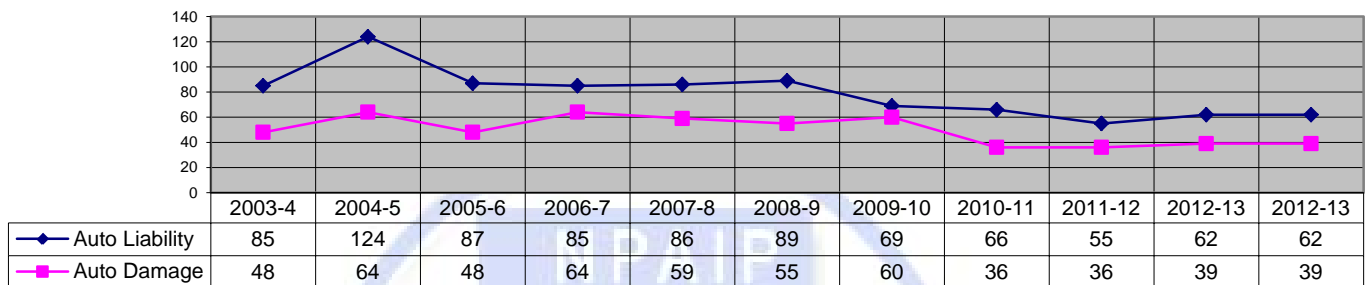


CLAIMS TRENDS REVIEW

AUTOMOBILE

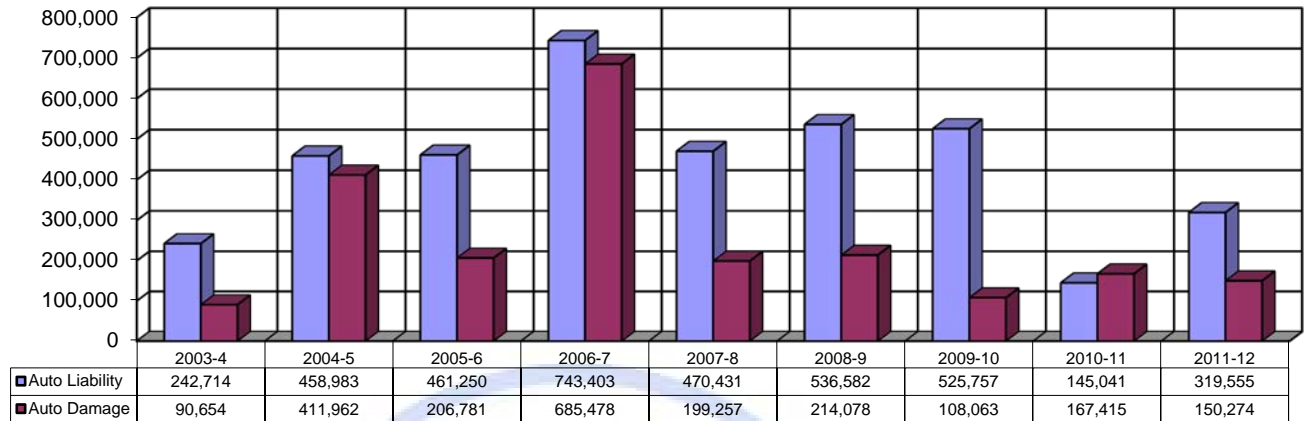
Automobile claims frequency tends to track the growth of membership. The total number of covered autos is 5,267. The average annual frequency of auto liability claims is 81 and auto damage is 51. There is a modest downward trend in frequency.

AUTO FREQUENCY



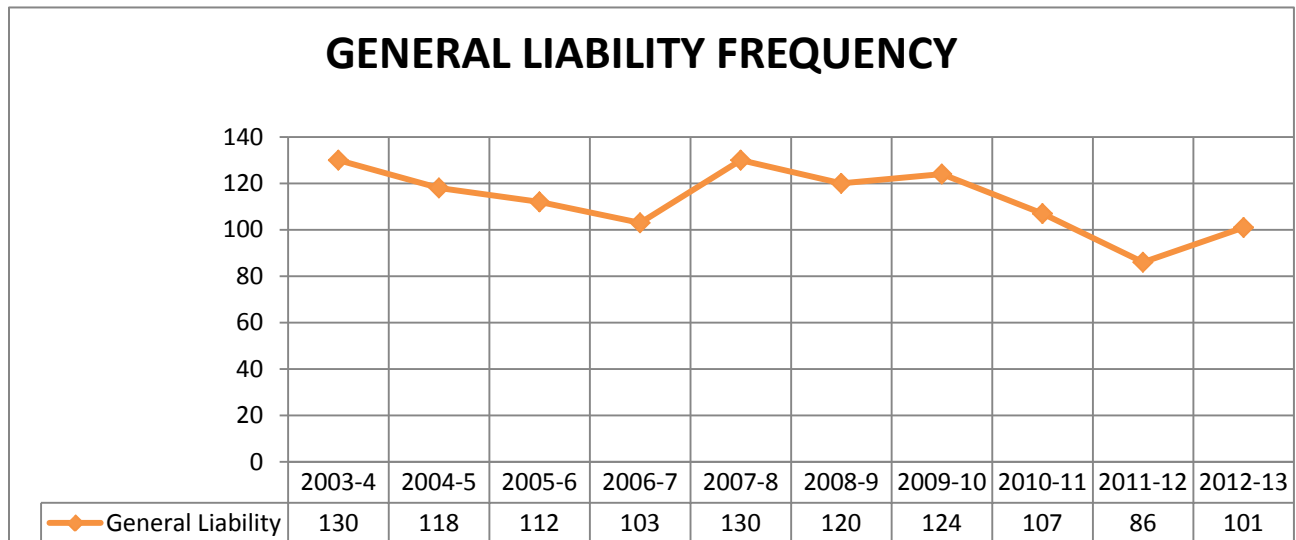
In three of the last ten years the annual liability claims exceeded \$500,000. For physical damage claims, costs trends have decreased since the worst year 2007. In combining liability and physical damage results, the year 2006-7 was the worst with \$1,428,881 or 20% of total costs for ten years followed by 2004-5 with 12% of total costs for ten years.

AUTO SEVERITY

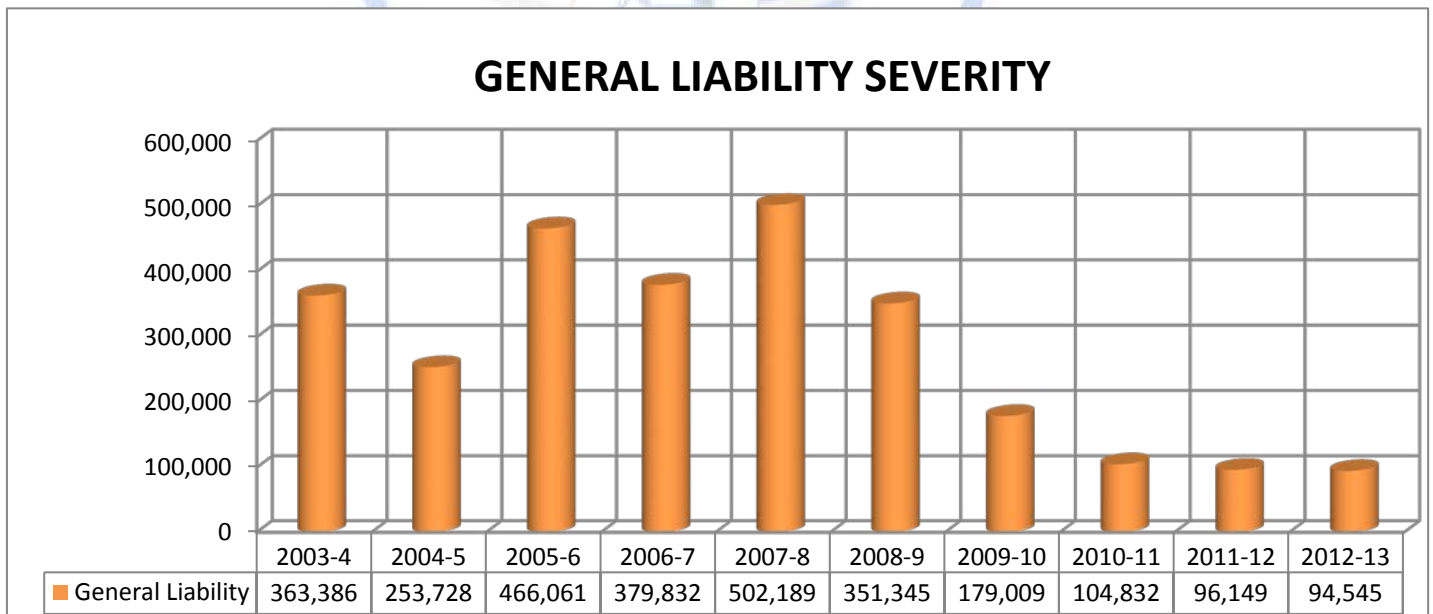


GENERAL LIABILITY

Averaging 112 claims per year for the ten year period, frequency of liability claims appeared to be on a downward trend since 2007-8, but ass at a low in 2011-12. For all years shown, the total number of claims is 1,238.



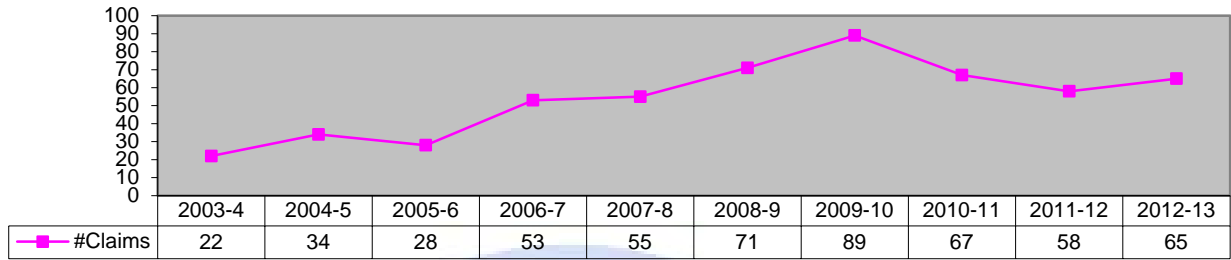
Severity has averaged about \$297,372 per year for these 10 years with a peak year totaling \$502,189 in 2007-8. Average annual incurred costs per claim for the period were about \$2,402.



ERRORS OR OMISSIONS

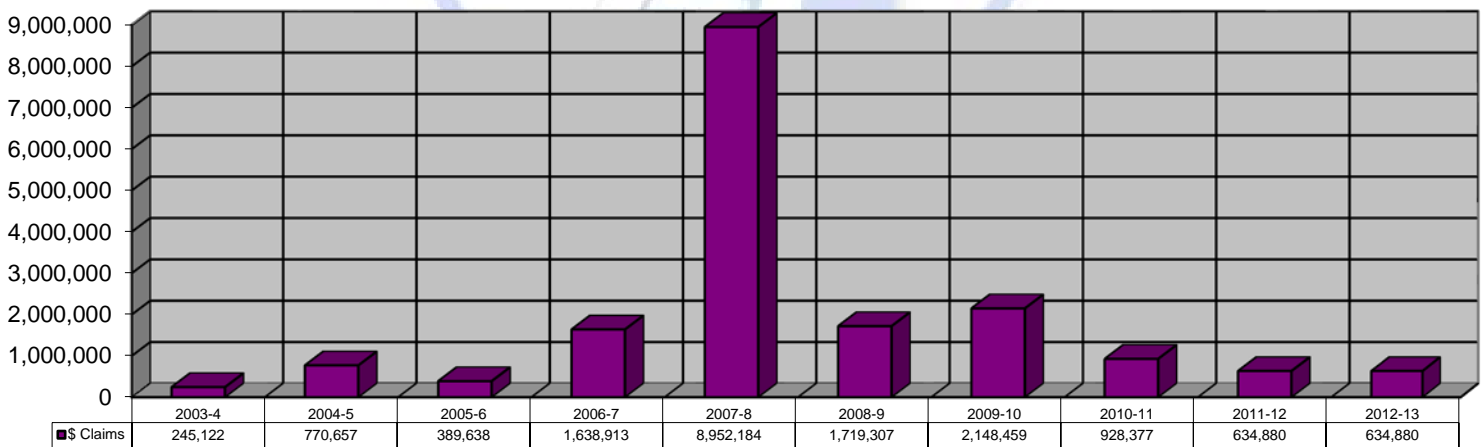
Frequency reached 89 for 2009-10, the highest in POOL history. Since 2003-5, claims reflect increased activity in part due to growth in members, but also in the number of employment related claims and the expansion of civil rights risks and remedies. The claim activity decreased from the peak, rose steadily after 2005-6, then has seen a downward trend since. Increased utilization of POOL/PACT Human Resources training and consultation has positively affected these types of issues.

ERRORS & OMISSIONS FREQUENCY



Severity has been stable until the spike to \$8,952,184 in 2007-8 for about 46% of the total costs for the ten year period. The 2007-8 spike largely comes from the Fernley Canal Breach class action litigation against two members in which both defense and indemnity costs were around 90% of total costs that year. POOL/PACT Human Resources appears to be moderating the employment practices liability severity trend.

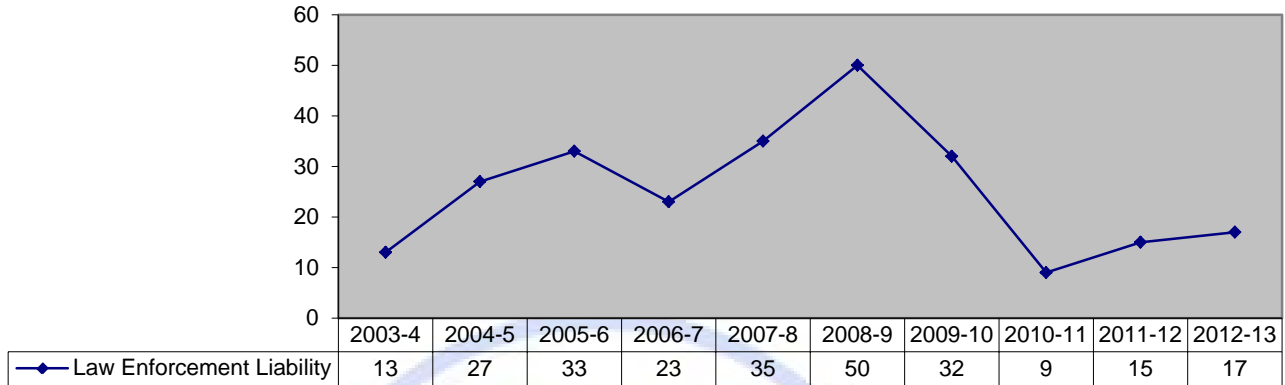
ERRORS & OMISSIONS SEVERITY



LAW ENFORCEMENT

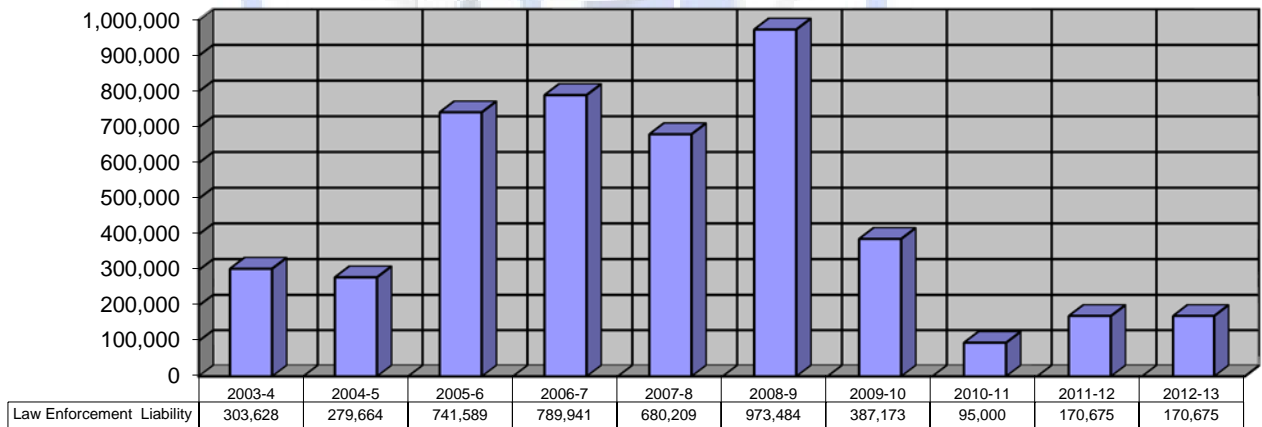
Law enforcement claims frequency peaked in 2008-9 at 50 claims. An average of 25 claims per year for the ten year period is a little over 1.1 per police agency per year. There are 254 claims for the ten year period with a declining trend in recent year.

LAW ENFORCEMENT LIABILITY FREQUENCY



Severity was high over the period from 2005-6 to 2008-9 compared to prior periods. Those four years account for 69% of the ten year total. The effectiveness of the police liability risk management and training efforts appears to have contributed to the reductions in the most recent four years, which declined to even lower than levels prior to 2005-6.

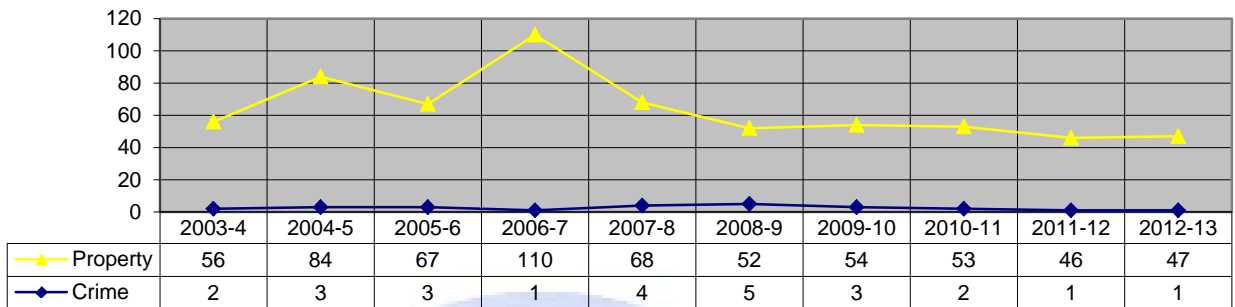
POLICE LIABILITY SEVERITY



PROPERTY AND CRIME

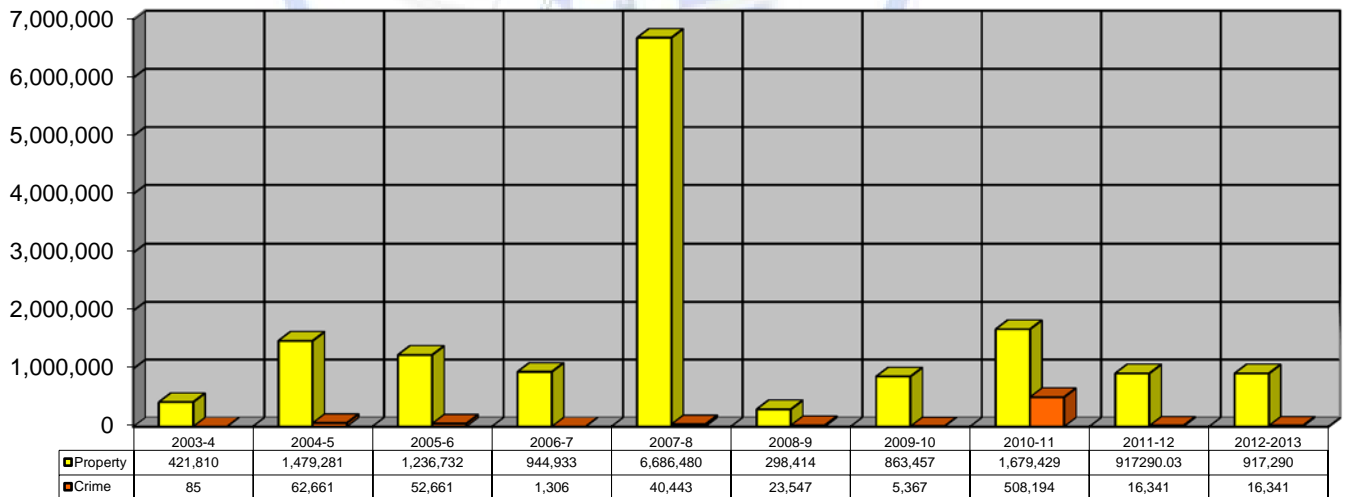
Property and crime losses reflect a somewhat downward trend since the peak in 2006-7. An average of 64 property claims per year for the ten years occurred with a peak of 110 claims in 2006-7. Crime claims averaged 3 per year.

PROPERTY & CRIME FREQUENCY



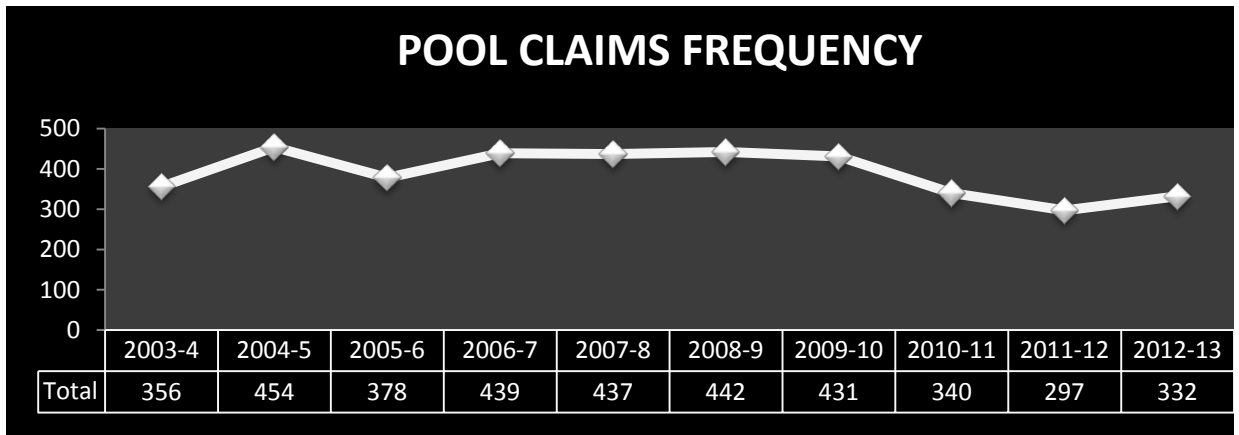
Severity from the major Wells earthquake loss in 2007-8 contributed nearly 73% of the 2007-8 losses and 43% of the losses over the ten year period. It is the largest property loss in POOL history. The average annual losses for the ten years was \$1,544,115 largely due to the 2007-8 shock loss year. With over \$4.08 billion of values at risk, losses historically have been low relative to risk. One large crime loss in 2010-11 accounts for 70% of the ten year losses.

PROPERTY & CRIME SEVERITY

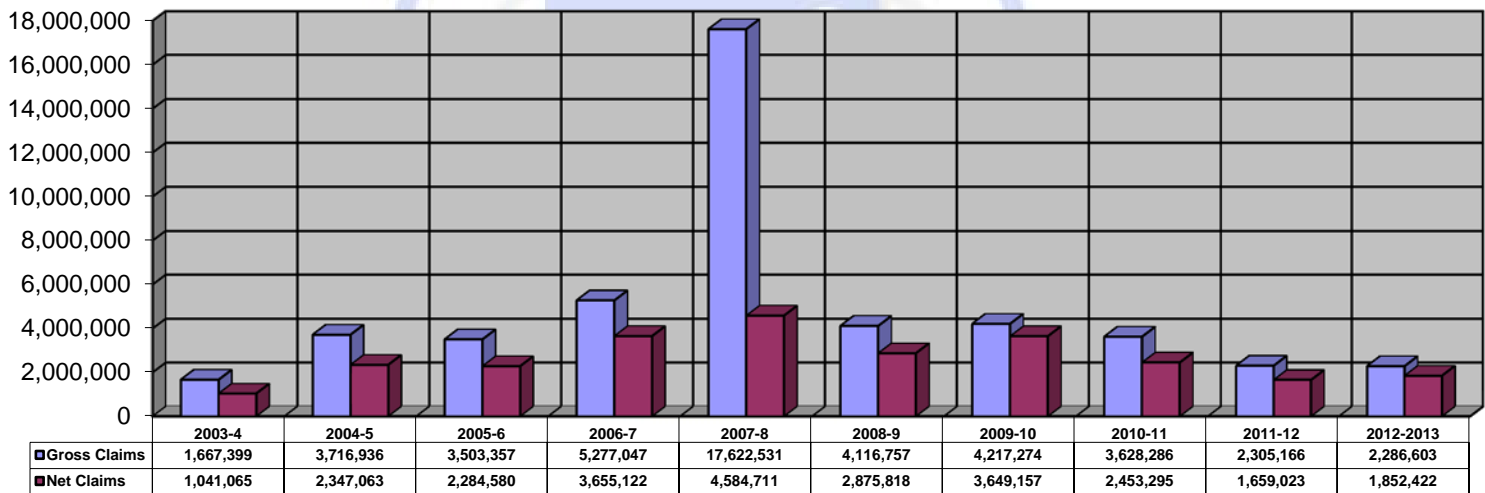


TOTAL POOL EXPERIENCE

The claims count per year averaged 391 for the ten year period. Claims activity overall appears to be fairly stable.



POOL CLAIMS SEVERITY



Severity, based on total loss costs incurred without deduction for excess/reinsurance or member deductibles, has averaged \$4,834,136 with the worst year (2007-8) at \$17,622,531 comprising 36.5% of total costs for all years. Net of member deductibles and of excess/reinsurance payments, 2007-8 also was the worst year at 17.4%. The POOL's retained incurred claims averaged \$2,640,225 for the period. Large losses in 2007-08 were from one catastrophic property and one class action liability loss.

SUMMARY 1997-2013

Type of loss	Frequency Closed	Claims Costs
Property	1098	\$18,395,926
Auto Physical Damage	1145	3,559,173
Crime	47	1,115,743
Auto Liability	1357	6,038,857
Errors & Omissions	871	30,906,070
General Liability	2088	5,256,246
Law Enforcement	439	10,869,549
Total:	7,045	\$76,141,565
Less Member's Deductibles		12,026,939
Less Losses Excess of SIR		24,254,249
Net Claims Costs:		\$39,960,378
Plus IBNR Estimates		2,535,205
Total Expected POOL Losses		39,012,473
Pro-Rated Loss Fund Contributions		42,495,583
Annualized Loss Fund Loss Ratio		62%
Total Claim Recoveries to Date		(\$2,330,617)

Note: All years: FY 1997/1998 through 2012/2013 as of June 30, 2013

25 YEARS OF SERVICE

**NEVADA PUBLIC AGENCY INSURANCE POOL
FINANCIAL STATEMENTS**

June 30, 2013 and 2012



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BERTRAND & ASSOCIATES LLC**CERTIFIED PUBLIC ACCOUNTANTS**Member American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Public Agency Insurance Pool

Report on the Financial Statements

We have audited the accompanying statement of net assets of the Nevada Public Agency Insurance Pool as of June 30, 2013 and 2012 and the related statements of revenues and expenses and changes in net position and statement of changes in cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nevada Public Agency Insurance Pool as of June 30, 2013 and 2012 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 5 and 10 year claims development schedule on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertland # Associates, LLC

Carson City, Nevada
November 20, 2013



Management's Discussion and Analysis

Purpose:

To further understanding of significant financial issues, this Nevada Public Agency Insurance Pool (NPAIP) management discussion and analysis a) provides an overview of the NPAIP's financial activities, b) identifies significant changes in the NPAIP's financial position and its ability to address subsequent year financial challenges, and c) provides insights into the long-term financial viability of NPAIP.

Background:

NPAIP implemented the Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*, NPAIP's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since the Nevada Public Agency Insurance Pool operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company.

Using this Annual Report:

Since the financial statements report information about the NPAIP using accounting methods similar to those used by private sector organizations, these statements offer short and long term financial information about the NPAIP's activity. The Statement of Net Position includes all of the NPAIP's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the liquidity and financial flexibility of NPAIP.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the NPAIP's operations for the fiscal year compared to the previous year and can be used as a measure of the NPAIP's credit worthiness and whether NPAIP successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about the NPAIP's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations and investments. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since NPAIP incurs financial obligations to pay for claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights:

By board policy, NPAIP is audited each year by an independent auditor. Since its inception on May 1, 1987 and continuing through this fiscal year, the independent auditor's report offers an unqualified opinion on the financial statements. Such an opinion reflects the highest opinion that can be obtained from an independent auditor.

Changes in Net Position:

Fiscal year ended June 30, 2013: \$31,185,669

Fiscal year ended June 30, 2012: \$29,769,405

Net change: \$1,416,264 or 4.8%.

Net Position changes reflect both operating and non-operating net investment income. Operating expense changes were attributable to increased losses, decreased reinsurance costs and increased amortization expenses. Non-operating investment income reflects current economic conditions causing declining fixed income investment performance. Increases in Net Position are retained to assure financial stability and strength of NPAIP based upon the board's long term strategy.

Both property and casualty coverages can experience significant volatility particularly when the retention levels per loss are high. Because NPAIP retains a substantial portion of the property and casualty risk, it is important to the long term viability of NPAIP to be able to meet its financial obligations to its Members by growing its Net Position. Insurance market conditions periodically make it

Important to be able to increase our retentions, which results in increased volatility that must be cushioned strongly. NPAIP board policy requires a 70% actuarial confidence level as a prudent level to develop a strong financial position in keeping with the NPAIP Board's goals of creating and sustaining a durable financial position.

During previous fiscal years 2001 and 2002, the board purchased land and built its office building located at 201 S. Roop Street, Carson City, Nevada. As a result, \$1,778,877 of the total assets for fiscal year end June 30, 2013 consists of capital assets (after depreciation).

Total revenues:

Fiscal year ended June 30, 2013: \$14,832,482
 Fiscal year ended June 30, 2012: \$14,902,485
 Net change: (\$70,003)

NPAIP's primary revenue source comes from Member contributions to the NPAIP's Loss Fund, administrative budget and reinsurance costs. Rental income constitutes the secondary revenue source and it was up due to finding a replacement tenant.

Total expenses:

Fiscal year ended June 30, 2013: \$13,292,093
 Fiscal year ended June 30, 2012: \$12,823,901
 Net change: \$468,192 or 3.7%.

The most significant factors in this change were attributable to increased losses and decreased reinsurance costs. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years.

Included in the total assets is NPAIP's capitalization to start its own non-profit captive mutual insurance company, Public Risk Mutual. Initially, in 2004, NPAIP invested \$1,000,000, an amount to be amortized over 10 years. At June 30, 2013, NPAIP had increased its contribution to surplus in Public Risk Mutual to \$16,488,540. Amortization expense as of June 30, 2013 rose to \$1,628,228 based upon NPAIP's policy to continue to amortize each of these contributions over a ten year period. Public Risk Mutual provided reinsurance to the NPAIP for certain property and liability coverage during this year.

Operating Net Position:

Fiscal year ended June 30, 2013: \$1,540,389
 Fiscal year ended June 30, 2012: \$2,078,584

Net change: (\$538,195) or (25.9%)

Increased losses and loss expenses comprised \$849,722 or 55.2% of the change in operating Net Position. A decrease of \$207,097 in reinsurance costs offset some of the increases in losses and loss expense. Increased amortization expense reflects the board's decision to increase contributions to surplus to PRM consistent with its long-term strategy.

Net investment income:

Fiscal year ended June 30, 2013: (\$124,125)
 Fiscal year ended June 30, 2012: \$1,429,499
 Net change: (\$1,553,624)

The net change of \$1,553,624 reflects current investment market conditions. Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Negative returns on a marked to market basis are consistent with current negative trends in the fixed income investment markets NPAIP is limited to using. The investment portfolio of \$27,905,067 is comprised of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of NPAIP's investments are anticipated to be held to maturity. NPAIP is restricted by Nevada statutes to invest in governmental securities in the same manner as other political subdivisions. Management adjusted the mix of investments as market conditions changed.

Capital Assets and Debt Administration:

With NPAIP's purchase of land and completion of construction of its headquarters building, the NPAIP's capital assets comprise 4.1% of its total assets. The building generates rental income and also diversifies NPAIP's investments. NPAIP remains debt free.

Comparative Key Performance Indicators:

In order to enhance analysis, comparative information is provided for Assets, Liabilities, Net Position, Revenues and Expenses as shown in the chart below. The benchmarks shown in the chart resulted from a pooling and captives' industry study conducted a few years ago by Tillinghast and provides a useful tool to facilitate management's analysis and understanding of the financial results. Other performance indicators may be used by insurance companies but are not necessarily useful comparative indicators for risk pools.

Financial Ratios	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Total Revenue	\$ 13,429,504	\$ 14,186,965	\$ 14,191,328	\$ 14,902,485	\$ 14,832,482
Total Income	\$ 2,531,847	\$ 4,553,218	\$ 2,475,162	\$ 3,508,083	\$ 1,416,264
Net Operating Income	\$ 777,289	\$ 3,018,451	\$ 1,702,336	\$ 2,078,584	\$ 1,540,389
Net Investment Income	\$ 1,754,558	\$ 1,534,767	\$ 772,826	\$ 1,429,499	\$ (124,125)
Total Assets	\$ 32,066,624	\$ 36,644,309	\$ 38,796,007	\$ 41,349,269	\$ 42,911,169
Total Liabilities	\$ 12,833,682	\$ 12,858,140	\$ 12,424,000	\$ 11,579,864	\$ 11,725,500
Net Position (Assets)	\$ 19,232,942	\$ 23,786,160	\$ 26,261,322	\$ 29,769,405	\$ 31,185,669
Net Position to SIR (Board target: 12:1)	38.5	47.6	52.5	59.5	62.4
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.03	0.02	0.02	0.02	0.02
% Assets attributable to Net Position	60.0%	64.9%	67.7%	72.0%	72.7%
Total assets/total liabilities	2.50	2.85	3.12	3.57	3.66
Revenues to Net Position (Benchmark: <2.5:1 and >0)	0.70	0.60	0.54	0.50	0.48
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.67	0.54	0.47	0.39	0.37
Total liabilities to liquid assets: Benchmark <100%	45%	39%	46%	40%	39%
Change in Net Position: >-10%	15.2%	23.7%	10.4%	13.4%	4.8%
Return on Net Position: Net Operating Income/Net Position	4.0%	12.7%	6.5%	7.0%	4.9%
Return on Net Position: Total Income/Net Position	13.2%	19.1%	9.4%	11.8%	4.5%

Economic Factors:

For fiscal year ending June 30, 2013, economic conditions showed continued uncertainty with tepid growth continuing for the nation and for Nevada. The economy stabilized somewhat during this fiscal year as a result of continuing federal support to the economy and some spotty growth in certain sectors of the economy. NPAIP's investments, although showing negative results this year, have performed consistently with fixed income investment markets in light of the statutory requirements to invest in governmental securities.

Medical inflation continues to be higher than the overall consumer price index nationally, which affects the underlying costs of liability claims payable by NPAIP. Based upon claims activity and the tendency of plaintiffs to appeal judgments more often, litigation costs continue to rise. The NPAIP's defense costs have risen as a result of the types of cases being filed and the increase in the hourly rate that assures retention of competent counsel to handle civil rights cases in particular.

Fiscal year ending June 30, 2013 evidenced changing insurance market conditions for property and liability reinsurance. Rates in property coverage were stable. Liability rates decreased. NPAIP continued its membership in the following reinsurers in which it has a financial interest:

- + Public Risk Mutual, its own captive, provides reinsurance for property and liability coverage
- + County Reinsurance, Ltd., a captive mutual reinsurer for all members other than schools for liability coverage
- + United Educators, a captive risk retention group for schools liability coverage reinsurance
- + Government Entities Mutual (GEM), a captive mutual reinsurer, that provides a layer of liability reinsurance

Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:

While the purpose of this discussion and financial report is to provide a general overview of the NPAIP's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop, Suite 102, Carson City, NV 89701-4790.

Wayne Carlson, Executive Director
Nevada Public Agency Insurance Pool



NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Net Position
June 30, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash and cash equivalents	\$ 2,163,709	\$ 814,553
Investments	27,905,067	27,128,610
Deductibles receivable	233,348	501,241
Assessments receivable	75,855	-
Other Receivables	9,716	3,507
Specific and aggregate recoverables	383,132	300,032
Prepaid expense	18,692	44,436
Total current assets	<u>30,789,519</u>	<u>28,792,379</u>
Capital assets:		
Land, building & equipment, net	1,778,877	1,823,470
Other assets:		
Contributed Surplus Public Risk Mutual, net	10,342,773	10,733,420
Total Assets	<u>42,911,169</u>	<u>41,349,269</u>
LIABILITIES		
Other current liabilities:		
Accounts payable	64,724	56,864
Payable to Public Risk Mutual	-	50,000
Deferred revenues	21,776	-
Current portion of reserve for claims and adjustment expense	4,811,009	4,586,498
Total current liabilities	<u>4,897,509</u>	<u>4,693,362</u>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	6,827,991	6,886,502
Total non-current liabilities:	<u>6,827,991</u>	<u>6,886,502</u>
Total Liabilities	<u>11,725,500</u>	<u>11,579,864</u>
NET POSITION		
Net Position, unrestricted	29,406,792	27,945,935
Net Position, invested in capital assets	1,778,877	1,823,470
Total Net Position	<u>\$ 31,185,669</u>	<u>\$ 29,769,405</u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Revenues, Expenses and Changes in Net Position
For Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Premiums written	\$ 14,551,486	\$ 14,676,635
Rental income	232,655	218,145
Other Income	48,341	7,705
Total revenues	<u>14,832,482</u>	<u>14,902,485</u>
Program expenses:		
Losses and loss adjustment expenses	2,994,002	2,144,280
Excess insurance premiums	4,812,711	5,019,808
Pooling and loss control fees	505,000	505,000
Third party administrator fees	644,938	624,571
Agent commissions	951,511	959,167
Taxes written	7,394	6,862
Total program expenses	<u>9,915,556</u>	<u>9,259,688</u>
Administration expenses:		
Management fees	475,860	462,000
Building maintenance and utilities	46,254	50,414
Depreciation	44,593	44,937
Amortization	1,628,228	1,506,033
Travel	35,354	33,347
Casualty insurance	37,381	38,649
Operating expenses	159,223	262,494
Legal expenses	22,422	27,862
Loss control awards & grants	109,584	253,625
Consultant appraisals	75,540	83,560
Environmental consultation	21,757	21,851
Member education & training	720,341	779,441
Total pool administration expenses	<u>3,376,537</u>	<u>3,564,213</u>
Total program and administration expenses	<u>13,292,093</u>	<u>12,823,901</u>
Increase in operating net position	1,540,389	2,078,584
Increase in non-operating net investment income	(124,125)	1,429,499
Increase in net position	1,416,264	3,508,083
Net position, beginning of year	29,769,405	26,261,322
Net position, end of year	\$ 31,185,669	\$ 29,769,405

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Cash Flows
For Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Premiums written	\$ 14,500,913	\$ 14,676,635
Rental income	232,655	218,145
Other revenues	38,625	7,706
Payment for claims	(2,828,001)	(3,423,691)
Payment to vendors	(8,529,223)	(8,521,072)
Net Cash Provided from Operating Activities:	3,414,969	2,957,723
Cash flows from investing activities:		
Interest and dividend income, net of expenses	796,376	825,708
Purchases of investments	(2,351,750)	(1,501,607)
Proceeds from sales of investments	727,142	554,458
Net cash Used in Investing Activities	(828,232)	(121,441)
Cash flows from financing activities:		
Increase in capitalization of PRM	(1,237,581)	(2,276,619)
Net Cash Used for Capital Activities	(1,237,581)	(2,276,619)
Increase in Cash and Cash Equivalents	1,349,156	559,663
Cash and Cash Equivalents, beginning of fiscal year	814,553	254,890
Cash and Cash Equivalents, year ended June 30	2,163,709	814,553
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating net income	1,540,389	2,078,585
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	44,593	44,937
Amortization expense	1,628,228	1,506,033
Decrease (increase) in deductibles receivable	195,544	(61,524)
Decrease in prepaid expense	16,028	527,013
Decrease in specific excess recoverable	(83,100)	(147,533)
(Increase) decrease in other receivables	(72,349)	15,034
Decrease accounts payable	(42,140)	(53,822)
Increase in deferred revenues	21,776	-
Increase (decrease) in claims and loss adjustment expenses	166,000	(951,000)
Net Cash Provided by Operating Activities	\$ 3,414,969	\$ 2,957,723

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL**Notes to Financial Statements****June 30, 2013 and 2012****NOTE 1 - NATURE OF ORGANIZATION**

The Nevada Public Agency Insurance Pool (NPAIP) is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the state of Nevada and organized to operate as a group self-insurer. The purpose of the organization is to seek the prevention or lessening of casualty losses to its members and injuries to persons, which might result in claims being made against such members. In addition to self-funding and excess insurance protection, the program provides risk management services with emphasis on loss control, claims administration, and management support services.

The NPAIP is fully funded by member participants. Members file claims with Alternative Service Concepts, LLC (ASC), which has been contracted to perform claims adjustments for the NPAIP.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESPrinciples of Presentation

The Nevada Public Agency Insurance Pool has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. NPAIP has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting.

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash Equivalents:

For purposes of the statement of cash flows, the NPAIP considers investments with original maturity dates less than 90 days to be cash equivalents.

Investment and Interest Income:

Investments are recorded at fair market value. Interest income, realized and unrealized gains and losses are shown as net investment income.

The NPAIP is authorized, by state statutes, to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury the maturities of which cannot be more than 10 years from date of purchase. The NPAIP is also authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, the U.S. Postal Service and Government National Mortgage Association securities.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest of the security. NPAIP's policy is to invest in corporate debt issues with a minimum of an "AA" rating from Moody's or Standard and Poor's rating services or U.S. Government and government backed securities. In addition, NPAIP's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk:

NPAIP limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. No more than 15% of the total investment pool will be invested in any one class of security, industry or company. NPAIP will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. Government and government backed securities.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. NPAIP will, to the extent possible, minimize this risk by matching investment maturities to liability due dates. This allows NPAIP to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from decreasing interest rates is minimized by investing predominantly in investments with short to mid-term maturities that perform in line with the return of a managed fund comprised of 1 – 3 year Treasury Bonds.

Deductible and Specific Excess Recoverable Receivables:

Deductibles receivable represents the portion of a claim to be collected from members. Specific excess recoverables represents amounts to be collected from excess insurers on claims made by members against the NPAIP in excess of the NPAIP's retention.

Fixed assets:

Equipment on the books is depreciated over the estimated useful lives of the assets using the straight-line method and the lives assigned to assets range from 5 years to 10 years. The office building cost is depreciated using the straight-line method over a period of 40 years with no salvage value.

Legal Fees:

Legal fees included in administration expenses are primarily for corporate legal work only; all legal expenses associated with a particular claim are charged directly to that claim's experience. Legal work on claims affects losses incurred and loss adjustment expenses.

Losses and Loss Adjustment Expenses:

Reserves for losses and allocated loss adjustment expenses are provided based on case basis estimates for losses reported and NPAIP's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined on the basis of an evaluation of the NPAIP's independent consulting actuary. The liability for unpaid losses and loss adjustment expenses has not been discounted for the time value of money. Although such estimates are NPAIP's best estimates of the expected values, the actual results may vary from these values.

Member Loss Fund Contributions and Unearned Member Loss Fund Contributions:

Member contributions are collected in advance and recognized as revenue in the period for which insurance protection is provided. Contributions are allocated by PARMS with actuarial input.

Federal Income Taxes

In accordance with Internal Revenue Service code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Supplementary development schedule - Unaudited

The statements and development schedule reports claims paid on a reported year basis. Loss reserves shown on the financial statements are discounted; however, the development schedule reflects undiscounted loss reserves.

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, 2013 and 2012

NOTE 3 – CASH AND INVESTMENTS

The carrying amount of NPAIP's deposits with financial institutions at June 30, 2013 and 2012 was \$2,163,709 and \$814,553.

The financial institution balance at June 30, 2013 and 2012 was \$2,372,322 and \$1,080,934 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.

	2013	2012
Amounts insured by FDIC	\$250,000	\$250,000
Amounts collateralized	7,346	191,222
Cash equivalents at brokerage firm	2,114,976	639,712
Total deposits at financial institutions	<u>\$2,372,322</u>	<u>\$1,080,934</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, 2013 is as follows:

	Investment Maturities in Years				
	Fair Value	1 year of less	1-5	5-10	Over 10
U.S. Treasuries	\$ 9,108,518	\$ 85,953	\$ 2,963,507	\$ 6,059,058	\$ -
U.S. Government & Agencies	2,807,107	35,201	2,723,723	-	48,183
U.S. Mortgage-backed securities	12,147,137	499,529	1,977,520	37,394	9,632,694
U.S. Government backed securities	3,842,305	32,896	1,772,065	1,436,625	600,719
Total cash and investments	<u>\$ 27,905,067</u>	<u>\$ 653,579</u>	<u>\$ 9,436,815</u>	<u>\$ 7,533,077</u>	<u>\$ 10,281,596</u>

A summary of investments as of June 30, 2012 is as follows:

	Investment Maturities in Years				
	Fair Value	1 year of less	1-5	5-10	Over 10
U.S. Treasuries	\$ 6,810,434	\$ 72,617	\$ 2,602,906	\$ 4,134,911	\$ -
U.S. Government & Agencies	4,529,320	32,372	3,042,795	1,398,423	55,730
U.S. Mortgage-backed securities	9,479,007	20,012	-	46,953	9,412,042
U.S. Government backed securities	6,309,849	681,316	3,102,174	1,867,040	659,319
Total cash and investments	<u>\$ 27,128,610</u>	<u>\$ 806,317</u>	<u>\$ 8,747,875</u>	<u>\$ 7,447,327</u>	<u>\$ 10,127,091</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. Investments are reported at fair value by the investment broker as determined by an outside pricing firm.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 4 – LAND, BUILDING AND EQUIPMENT

Building and land are reported at cost less accumulated depreciation. Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. NPAIP capitalizes equipment and building related expenditures that are greater than \$5,000. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. Activity for the year ended June 30, 2013 and 2012 was as follows:

Property and equipment activity for the year ended June 30, 2013 was as follows:

	Estimated Useful Life	June 30, 2012	Additions	Dispositions	June 30, 2013
Land	0	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	94,857	-	-	94,857
		2,345,225	-	-	2,345,225
Less accumulated depreciation		(521,755)	(44,593)	-	(566,348)
Capital assets net accumulated depreciation		\$ 1,823,470	\$ (44,593)	\$ -	\$ 1,778,877

Property and equipment activity for the year ended June 30, 2012 was as follows:

	Estimated Useful Life	June 30, 2011	Additions	Dispositions	June 30, 2012
Land	0	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	94,857	-	-	94,857
		2,345,225	-	-	2,345,225
Less accumulated depreciation		(476,818)	(44,937)	-	(521,755)
Capital assets net accumulated depreciation		\$ 1,868,407	\$ (44,937)	\$ -	\$ 1,823,470

NOTE 5 – RETENTION

Nevada Public Agency Insurance Pool retains a portion of claims prior to the application of coverage provided by its excess or reinsurance contracts. The coverage limits provided by the NPAIP within its retention amounts are as follows:

NPAIP Limits:	2012-2013	2011-2012
Property blanket limit (1)	\$200,000	\$200,000
Liability per event	\$500,000	\$500,000
Monies & securities per loss	\$500,000	\$500,000
Equipment breakdown	\$ 50,000	\$ 50,000

(1) Plus a \$250,000 corridor deductible for both years.

Should the cumulative losses paid within the NPAIP's retention in any one year exceed the NPAIP's loss fund contributions for that year, the balance would be payable from the NPAIP's equity.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 6 – EXCESS INSURANCE OR REINSURANCE

Nevada Public Agency Insurance Pool offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown on the table below. However, NPAIP obtains various excess or reinsurance policies from several excess or reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention.

Property limits:	2012 -2013	2011 - 2012
Blanket limit per loss:	\$300,000,000	\$300,000,000
Earthquake Aggregate Sub-limit:	100,000,000	100,000,000
Flood Aggregate Sub-limit:	100,000,000	100,000,000
Equipment Breakdown Sub-limit:	60,000,000	60,000,000
Money & Securities (including Employee Dishonesty) Sub-limit:	500,000	500,000
Liability limits:		
Each and Every Per Event Limit:	10,000,000	10,000,000
Emergency Response to Pollution Sub-limit	1,000,000	1,000,000
Sexual Abuse Sub-limit	2,500,000	2,500,000
Aggregate limits:		
General Aggregate (per member)	10,000,000	10,000,000
Products/Completed Operations Aggregate (per member)	Included	Included
Wrongful Acts Aggregate (per member)	Included	Included
Law Enforcement Aggregate (per member)	Included	Included
Emergency Response to Pollution Aggregate Sub-limit:	1,000,000	1,000,000

NPAIP reinsurance is as follows:

Property 2011-2012: The property limits shown above excess of NPAIP's retentions as follows:

Retention 1: \$200,000 per event

Retention 2: \$250,000 aggregate excess of \$250,000 all members

Retention 3: \$250,000 excess of \$250,000 per event monies and securities extension

Public Risk Mutual: \$50,000 limit per loss subject to \$200,000 NPAIP retention all coverages

Travelers Boiler Re: \$50,000 NPAIP retention for Equipment Breakdown

Lloyds of London various syndicates: NPAIP retentions \$250,000 per occurrence plus \$250,000 aggregate all coverages except no reinsurance for Equipment breakdown or money and securities

Property 2012-2013 The property limits shown above excess of NPAIP's retentions as follows: Retention 1: \$200,000 per event

Retention 2: \$250,000 aggregate excess of \$250,000 all members

Retention 3: \$250,000 excess of \$250,000 per event monies and securities extension

Public Risk Mutual: \$50,000 limit per loss subject to \$200,000 NPAIP retention all coverages

Travelers Boiler Re: \$50,000 NPAIP retention for Equipment Breakdown

Lloyds of London various syndicates: NPAIP retentions \$250,000 per occurrence plus \$250,000 aggregate all coverages except no reinsurance for Equipment breakdown or money and securities

Liability 2011-2012: The liability limits shown above excess of NPAIP's retention with of \$500,000 with:

- Public Risk Mutual 20% of \$2,500,000, excluding school districts
- County Reinsurance, LTD. 80% of \$2,500,000, excluding school districts
- United Educators \$2,500,000 for school districts only
- Government Entities Mutual, Inc. \$2,000,000 excess of \$3,000,000
- Lloyds of London Brit Syndicates, Ltd. \$5,000,000 excess of \$5,000,000

Liability 2012-2013: The liability limits shown above excess of NPAIP's retention with of \$500,000 with:

- Public Risk Mutual 20% of \$2,500,000, excluding school districts
- County Reinsurance, LTD. 80% of \$2,500,000, excluding school districts
- United Educators \$2,500,000 for school districts only
- Government Entities Mutual, Inc. \$2,000,000 excess of \$3,000,000
- Lloyds of London Brit Syndicates, Ltd. \$5,000,000 excess of \$5,000,000

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 7 – UNPAID CLAIMS LIABILITIES

NPAIP estimates losses and loss adjustment expense based on historical experience and payment and reporting patterns. These estimates are based on data available at the time of the estimate and are reviewed by NPAIP's independent consulting actuary.

Inherent in the estimates of the ultimate liability for unpaid claims are expected trends in claim severity, claim frequency, and other factors that may vary as claims are settled. The amount and uncertainty in the estimates are affected by such factors as the knowledge of the actual facts and circumstances and amount of historical claims experienced relative to the development period that has been affected by the change in premium levels and increase in closing and settlement of claims.

As discussed in Note A, the NPAIP establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the NPAIP in the last two years:

	2013	2012
Incurring claims and claim adjustment expenses		
At the beginning of the fiscal year	\$11,473,000	\$12,424,000
Incurring claims and claim adjustment expenses:		
Provisions for insured events of current year	5,370,000	5,471,000
(Decreases) increase in provision for insured events of prior years	(2,375,998)	(3,326,720)
Total Incurred claim adjustment expenses	2,994,002	2,144,280
Payments:		
Claims and Claim Adjustment Expenses attributable to Insured Events of Current year	(652,000)	(722,000)
Claims and Claim Adjustment Expenses attributable to insured events of prior years	(2,176,002)	(2,373,280)
Total payments	(2,828,002)	(3,095,280)
Total unpaid claims and claims adjustment expenses at fiscal year end June 30	\$11,639,000	\$11,473,000

In 2013 the current portion of the reserve, cash expected to be paid within 12 months, is \$4,811,009 and the long-term portion is \$6,827,991. At the end of 2012 the current portion was \$4,586,498 and the long term portion was \$6,886,502.

At June 30, 2013 and 2012, NPAIP recorded the liability for losses and loss adjustment expenses based on an estimate of its independent consulting actuary. The reserve balances were developed by an independent actuary and is management's best estimate of reserves at June 30, 2013 and 2012.

NEVADA PUBLIC AGENCY INSURANCE POOL**Notes to Financial Statements****June 30, 2013 and 2012****NOTE 8 - RELATED PARTY TRANSACTIONS**

Public Agency Risk Management Services, Inc. (PARMS) is presently contracting with the NPAIP and PACT to provide management services. PARMS serves both the NPAIP and the PACT as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees paid for year ended June 30, 2013 and 2012 was \$475,000 and \$462,000. Beginning July 1, 2012, PARMS began leasing office space at 201 S. Rook St. in Carson City, Nevada and terminating on June 30, 2013. Amounts received for rent in 2013 and 2012 were \$65,772 and \$63,864 respectively.

PARMS provides accounting services to the Nevada Association of Counties and Wayne Carlson is authorized as the second signer on checks disbursed from that organization's accounts.

Effective July 1, 2006, NPAIP jointly with PACT entered into a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Wayne Carlson, Alan Kalt and Michael Rebaleati. Cost for this grant was \$525,000 and \$583,500 for years 2013 and 2012 respectively. The grant was renewed for three years beginning July 1, 2012 with future costs being \$525,000, \$535,500 and \$546,500 for years ended June 30, 2013, 2014 and 2015 respectively. PRI provides human resources management services to NPAIP and Public Agency Compensation Trust members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

POOL is the sole policy holder of Public Risk Mutual Company which was formed as a captive insurance company.

NOTE 9 – CONTRIBUTED SURPLUS TO PUBLIC RISK MUTUAL

In May 2004, NPAIP's board of directors authorized the start up of a member-owned nonprofit captive mutual insurance company and contributed to the surplus of the company with an initial \$1,000,000 surplus contribution. The company, Public Risk Mutual, is domiciled in Nevada and as of September 1, 2004, became the excess property insurer for NPAIP. Subsequent contributions to surplus were made by NPAIP. The cumulative contributions were \$16,488,540 as of June 30, 2013 and \$15,250,959 as of June 30, 2012. Some of the Public Risk Mutual's board members also serve as board members of NPAIP.

Public Risk Mutual was formed by members of NPAIP to reduce the costs of insurance, to obtain direct access to reinsurance, to provide broader coverage for policyholders, to broaden investment opportunities and to build equity to enable providing coverage not obtainable elsewhere.

As a condition of providing surplus contributions, but without any expectation that the funds will be returned, NPAIP will recoup the contributions to surplus. Therefore, management considers the surplus contributions a development cost asset that can provide lower operating costs in the future and estimates that the savings in excess insurance costs to NPAIP will recoup the contributions to surplus. Therefore, the NPAIP's interest in PRM is being amortized over 10 years. Amortization expense was \$1,628,228 and \$1,506,033 for fiscal years ended 2013 and 2012.

	June 30, 2012	Additions	June 30, 2013
Contributed surplus to Public Risk Mutual	\$ 15,250,959	\$ 1,237,581	\$ 16,488,540
Accumulated amortization	(4,517,539)	(1,628,228)	(6,145,767)
Contributed Surplus net of accumulated amortization	<u>\$ 10,733,420</u>	<u>\$ (390,647)</u>	<u>\$ 10,342,773</u>

	June 30, 2011	Additions	June 30, 2012
Contributed surplus to Public Risk Mutual	\$ 12,974,340	\$ 2,276,619	\$ 15,250,959
Accumulated amortization	(3,011,506)	(1,506,033)	(4,517,539)
Contributed Surplus net of accumulated amortization	<u>\$ 9,962,834</u>	<u>\$ 770,586</u>	<u>\$ 10,733,420</u>

NEVADA PUBLIC AGENCY INSURANCE POOL

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 10 - COPIER LEASE

In April of 2011 NPAIP entered into a lease agreement with Xerox Corporation for a high-speed copy machine. The lease is classified as an operating lease with minimum monthly payments of \$365. Future minimum lease payments are as follows:

<u>Fiscal year ended:</u>	<u>Amount</u>
2014	\$ 4,380
2015	4,010
	\$ 8,390
	=====

NOTE 11 -SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2013 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2013. Management has evaluated subsequent events through November 20, 2013 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,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Required Contributions & Investment Income:										
Earned	\$11,131,225	\$11,568,331	\$11,786,124	\$13,785,893	\$14,643,824	\$15,184,061	\$15,721,731	\$14,964,155	\$16,331,984	\$14,843,453
Ceded	(4,057,661)	(3,718,455)	(3,358,462)	(3,758,623)	(3,681,857)	(3,919,235)	(4,388,536)	(4,642,512)	(5,019,808)	(4,812,711)
Net earned	7,073,564	7,849,876	8,427,662	10,027,270	10,961,967	11,264,826	11,333,195	10,321,643	11,312,176	10,030,742
Unallocated Expenses	2,762,681	2,846,143	3,031,993	3,255,602	3,715,519	4,103,075	4,521,913	4,968,874	5,659,813	5,485,380
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	3,753,413	3,626,034	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	3,753,413	3,626,034	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000
Paid (cumulative) as of:										
End of policy year	287,229	862,908	434,000	845,000	1,020,000	397,000	417,000	833,000	722,000	652,000
One Year Later	637,081	1,421,000	936,000	1,764,000	3,301,000	1,078,000	1,546,000	1,736,000	1,538,000	
Two Years Later	861,000	1,717,000	1,380,000	3,209,000	4,041,000	1,767,000	2,386,000	2,083,000		
Three Years Later	942,000	1,935,000	1,973,000	3,832,000	4,403,000	2,443,000	2,827,000			
Four Years Later	1,151,000	2,045,000	2,169,000	3,836,000	4,505,000	2,594,000				
Five Years Later	1,196,000	2,150,000	2,212,000	3,797,000	4,579,000					
Six Years Later	1,198,000	2,269,000	2,236,000	3,887,000						
Seven Years Later	1,140,000	2,295,000	2,225,000							
Eight Years Later	1,140,000	2,308,000								
Nine Years Later	1,140,000									
Re-estimated ceded claims & Expenses	-	757,715	442,343	323,287	12,168,623	-	21,824	604,151	40,455	291,705
Re-estimated Claims & Expense										
End of policy year	3,753,413	3,626,034	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000
One Year Later	3,019,000	3,482,000	3,676,000	3,676,000	6,844,000	4,793,000	4,953,000	4,973,000	4,461,000	
Two Years Later	2,010,000	3,431,000	3,054,000	5,344,000	5,972,000	3,921,000	4,185,000	4,287,000		
Three Years Later	1,547,000	2,755,000	2,838,000	4,714,000	5,353,000	3,272,000	3,618,000			
Four Years Later	1,453,000	2,599,000	2,599,000	4,260,000	4,874,000	3,054,000				
Five Years Later	1,256,000	2,315,000	2,493,000	4,056,000	4,848,000					
Six Years Later	1,218,000	2,352,000	2,411,000	4,073,000						
Seven Years Later	1,145,000	2,350,000	2,314,000							
Eight Years Later	1,140,000	2,308,000								
Nine Years Later	1,140,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(2,613,413)	(1,318,034)	(2,041,000)	(1,425,000)	(2,384,000)	(3,064,000)	(2,418,000)	(1,651,000)	(1,010,000)	



POOL Counties

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	TOTAL	TOTAL	2008/2009- 2012/2013	2010/2011- 2012/2013
CARSON CITY	49	\$ 200,693	82	\$ 142,559	0	\$ -	0	\$ -	0	\$ -	131	\$ 343,251	\$ 171,626	\$ -
CHURCHILL COUNTY	13	\$ 76,227	13	\$ 161,665	1	\$ -	8	\$ 201,378	6	\$ 20,573	41	\$ 459,842	\$ 91,968	\$ 73,984
DOUGLAS COUNTY	26	\$ 183,583	28	\$ 182,950	36	\$ 216,300	28	\$ 125,596	30	\$ 87,714	148	\$ 796,144	\$ 159,229	\$ 143,204
ELKO COUNTY	34	\$ 96,347	21	\$ 314,863	22	\$ 45,267	17	\$ 474,300	21	\$ 157,351	115	\$ 1,088,128	\$ 217,626	\$ 225,639
ESMERALDA COUNTY	3	\$ 3,664	0	\$ -	6	\$ 15,923	0	\$ -	2	\$ 12,211	11	\$ 31,799	\$ 6,360	\$ 9,378
EUREKA COUNTY	7	\$ 42,159	9	\$ 42,675	2	\$ 41,501	5	\$ 39,633	12	\$ 90,485	35	\$ 256,453	\$ 51,291	\$ 57,206
HUMBOLDT COUNTY	7	\$ 218,791	18	\$ 663,145	7	\$ 41,724	11	\$ 6,546	11	\$ 82,807	54	\$ 1,013,013	\$ 202,603	\$ 43,692
LANDER COUNTY	5	\$ 47,580	6	\$ 27,901	8	\$ 106,280	6	\$ 63,672	7	\$ 194,747	32	\$ 440,179	\$ 88,036	\$ 121,566
LINCOLN COUNTY	9	\$ 37,108	6	\$ 19,564	2	\$ 10,150	5	\$ 23,920	3	\$ 22,956	25	\$ 113,698	\$ 22,740	\$ 19,009
LYON COUNTY	16	\$ 149,921	13	\$ 119,690	12	\$ 44,821	12	\$ 124,895	9	\$ 60,433	62	\$ 499,760	\$ 99,952	\$ 76,716
MINERAL COUNTY	6	\$ 30,055	6	\$ 31,558	4	\$ 38,903	11	\$ 26,851	5	\$ 97,320	32	\$ 224,688	\$ 44,938	\$ 54,358
NYE COUNTY	37	\$ 1,204,041	27	\$ 696,166	20	\$ 174,051	22	\$ 203,019	12	\$ 130,177	118	\$ 2,407,454	\$ 481,491	\$ 169,082
PERSHING COUNTY	11	\$ 208,903	9	\$ 49,953	8	\$ 31,176	3	\$ 1,316	5	\$ 70,388	36	\$ 361,735	\$ 72,347	\$ 34,293
STOREY COUNTY	14	\$ 79,908	20	\$ 39,594	7	\$ 35,255	4	\$ 10,221	8	\$ 97,919	53	\$ 262,897	\$ 52,579	\$ 47,799
WHITE PINE COUNTY	17	\$ 162,840	11	\$ 98,134	12	\$ 95,272	6	\$ 29,775	7	\$ 23,286	53	\$ 409,306	\$ 81,861	\$ 49,444
TOTAL	254	\$ 2,741,820	269	\$ 2,590,416	147	\$ 896,624	138	\$ 1,331,120	138	\$ 1,148,368	946	\$ 8,708,348	\$ 1,844,645	\$ 1,125,371

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
	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	TOTAL	TOTAL	2008/2009- 2012/2013	2010/2011- 2012/2013
BOULDER CITY	19	\$ 317,629	24	\$ 255,566	23	\$ 15,041	30	\$ 123,360	25	\$ 98,668	121	\$ 810,263	\$ 162,053	\$ 79,023
CALIENTE	3	\$ -	4	\$ 2,160	2	\$ -	6	\$ 258,655	0	\$ -	15	\$ 260,815	\$ 52,163	\$ 86,218
CARLIN CITY	2	\$ 8	2	\$ 31,711	1	\$ 1,837	1	\$ 19,000	3	\$ 3,000	9	\$ 55,556	\$ 11,111	\$ 7,946
CITY OF ELKO	17	\$ 24,250	10	\$ 23,098	13	\$ 98,787	14	\$ 38,401	19	\$ 112,164	73	\$ 296,701	\$ 59,340	\$ 83,117
ELY CITY	11	\$ 13,762	8	\$ 16,091	7	\$ 10,520	8	\$ 10,266	8	\$ 25,339	42	\$ 75,978	\$ 15,196	\$ 15,375
CITY OF FERNLEY	12	\$ 37,831	13	\$ 91,536	13	\$ 25,886	6	\$ 12,246	7	\$ 69,125	51	\$ 236,624	\$ 47,325	\$ 35,752
CITY OF LOVELOCK	3	\$ 3,127	1	\$ -	3	\$ 1,905	1	\$ 4,112	0	\$ -	8	\$ 9,144	\$ 1,829	\$ 2,006
MESQUITE CITY	14	\$ 374,291	4	\$ 132,425	8	\$ 92,502	18	\$ 55,148	17	\$ 53,712	61	\$ 708,078	\$ 141,616	\$ 67,121
WELLS CITY	1	\$ 839	4	\$ 23,209	1	\$ -	2	\$ 47,639	2	\$ 41	10	\$ 71,728	\$ 14,346	\$ 15,893
WEST WENDOVER	9	\$ 1,727	4	\$ 2,139	7	\$ 24,989	7	\$ 16,311	2	\$ 19,000	29	\$ 64,166	\$ 12,833	\$ 20,100
CITY OF WINNEMUCCA	5	\$ 20,619	3	\$ 36,634	8	\$ 33,640	5	\$ 56,214	1	\$ 2,457	22	\$ 149,565	\$ 29,913	\$ 30,770
CITY OF YERINGTON	0	\$ -	1	\$ -	3	\$ 18,449	1	\$ -	0	\$ -	5	\$ 18,449	\$ 3,690	\$ 6,150
TOTAL	96	\$ 794,083	78	\$ 614,571	89	\$ 323,556	99	\$ 641,352	84	\$ 383,506	446	\$ 2,757,067	\$ 551,413	\$ 449,471

POOL School Districts

Member Name	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
	7/1/08-6/30/09	7/1/08-6/30/09	7/1/09-6/30/10	7/1/09-6/30/10	7/1/10-6/30/11	7/1/10-6/30/11	7/1/11-6/30/12	7/1/11-6/30/12	7/1/12-6/30/13	7/1/12-6/30/13	TOTAL	TOTAL	2008/2009-2012/2013	2010/2011-2012/2013
CARSON CITY SCHOOL DISTRICT	15	\$ 35,747	9	\$ 28,516	9	\$ 5,103	7	\$ 61,594	21	\$ 21,079	61	\$ 152,039	\$ 30,408	\$ 29,259
CHURCHILL COUNTY SCHOOL DISTRICT	4	\$ 14,331	11	\$ 283,048	7	\$ 657,696	14	\$ 69,092	11	\$ 171,047	47	\$ 1,195,214	\$ 239,043	\$ 299,278
DOUGLAS COUNTY SCHOOL DISTRICT	11	\$ 13,977	15	\$ 59,005	22	\$ 48,837	22	\$ 23,846	24	\$ 30,359	94	\$ 176,024	\$ 35,205	\$ 34,347
ELKO COUNTY SCHOOL DISTRICT	11	\$ 2,933	9	\$ 1,631	11	\$ 322,575	18	\$ 33,168	20	\$ 372,840	69	\$ 733,147	\$ 146,629	\$ 242,861
ESMERALDA COUNTY SCHOOL DISTRICT	6	\$ 26,340	0	\$ -	0	\$ -	2	\$ 3,982	0	\$ -	8	\$ 30,322	\$ 6,064	\$ 1,327
EUREKA COUNTY SCHOOL DISTRICT	2	\$ 83,429	1	\$ 1,498	0	\$ -	1	\$ 56,045	2	\$ 2,500	6	\$ 143,473	\$ 28,695	\$ 19,515
HUMBOLDT COUNTY SCHOOL DISTRICT	5	\$ 26,115	5	\$ 2,225	6	\$ 13,320	7	\$ 111,864	10	\$ 48,819	33	\$ 202,343	\$ 40,469	\$ 58,001
LANDER COUNTY SCHOOL DISTRICT	5	\$ 364	2	\$ 10,747	1	\$ 4,800	1	\$ -	5	\$ 358,417	14	\$ 374,329	\$ 74,866	\$ 121,072
LINCOLN COUNTY SCHOOL DISTRICT	1	\$ 29,454	0	\$ -	7	\$ 301,399	0	\$ -	4	\$ 47,363	12	\$ 378,216	\$ 75,643	\$ 116,254
LYON COUNTY SCHOOL DISTRICT	18	\$ 57,703	8	\$ 26,491	5	\$ 5,709	14	\$ 9,376	15	\$ 79,226	60	\$ 178,505	\$ 35,701	\$ 31,437
MINERAL COUNTY SCHOOL DISTRICT	2	\$ 30,685	10	\$ 107,286	2	\$ 1,295	3	\$ 207,656	5	\$ 77,079	22	\$ 424,001	\$ 84,800	\$ 95,343
NYE COUNTY SCHOOL DISTRICT	6	\$ 9,538	9	\$ 122,431	20	\$ 789,387	13	\$ 114,356	15	\$ 87,520	63	\$ 1,123,233	\$ 224,647	\$ 330,421
PERSHING COUNTY SCHOOL DISTRICT	2	\$ 3,862	2	\$ 2,100	0	\$ -	0	\$ -	1	\$ 5,000	5	\$ 10,962	\$ 2,192	\$ 1,667
STOREY COUNTY SCHOOL DISTRICT	2	\$ 1,508	3	\$ 8,169	1	\$ 10,971	0	\$ -	1	\$ 5,000	7	\$ 25,648	\$ 5,130	\$ 5,324
WHITE PINE COUNTY SCHOOL DISTRICT	9	\$ 6,672	5	\$ 15,197	10	\$ 6,149	8	\$ 149,475	5	\$ 27,642	37	\$ 205,134	\$ 41,027	\$ 61,089
TOTAL	99	\$ 342,658	89	\$ 668,345	101	\$ 2,167,241	110	\$ 840,456	139	\$ 1,333,890	489	\$ 5,110,846	\$ 1,070,518	\$ 1,447,196

POOL Special Districts, Towns Others

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	7/1/11- 6/30/12	7/1/11- 6/30/12	7/1/12- 6/30/13	7/1/12- 6/30/13	TOTAL	TOTAL	2008/2009- 2012/2013	2010/2011- 2012/2013
CARSON CITY:														
CARSON WATER SUBCONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSN OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA COMMISSION FOR RECONSTRUCTION OF V&T	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	2	\$ 5,079	2	\$ 9,000	1	\$ 52,500	0	\$ -	1	\$ 12,000	6	\$ 78,579	\$ 15,716	\$ 21,500
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CLARK COUNTY:														
MOAPA VALLEY WATER DISTRICT	1	\$ -	0	\$ -	0	\$ -	1	\$ 10,000	0	\$ -	2	\$ 10,000	\$ 2,000	\$ 3,333
VIRGIN VALLEY WATER DISTRICT	1	\$ 1,395	9	\$ 342,134	1	\$ 505,000	0	\$ -	4	\$ 14,642	15	\$ 863,171	\$ 172,634	\$ 173,214
CHURCHILL COUNTY:														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	0	\$ -	1	\$ 601	0	\$ -	0	\$ -	2	\$ 801	3	\$ 1,402	\$ 280	\$ 267
DOUGLAS COUNTY:														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS CO. REDEVELOPMENT AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
EAST FORK SWIMMING POOL DISTRICT	3	\$ -	4	\$ 150	2	\$ 7,741	3	\$ 1,130	0	\$ -	12	\$ 9,021	\$ 1,804	\$ 2,957
TOWN OF GARDNERVILLE	6	\$ 21,527	3	\$ -	3	\$ 1,568	2	\$ -	0	\$ -	14	\$ 23,095	\$ 4,619	\$ 523
GARDNERVILLE RANCHOS GID	2	\$ 8,705	0	\$ -	22	\$ 47,818	0	\$ -	1	\$ -	25	\$ 56,524	\$ 11,305	\$ 15,939
TOWN OF GENOA	3	\$ 725	2	\$ -	1	\$ -	0	\$ -	1	\$ 5,000	7	\$ 5,725	\$ 1,145	\$ 1,667
INDIAN HILLS GID	6	\$ 42,153	3	\$ 25,775	1	\$ 2,417	0	\$ -	1	\$ 35,000	11	\$ 105,345	\$ 21,069	\$ 12,472
KINGSBURY GID	1	\$ 8,003	5	\$ 5,357	2	\$ 253	4	\$ 1,029	0	\$ -	12	\$ 14,643	\$ 2,929	\$ 427
LAKERIDGE GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LOGAN CREEK ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF MINDEN	4	\$ 614	0	\$ -	1	\$ -	0	\$ -	0	\$ -	5	\$ 614	\$ 123	\$ -
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
NEVADA TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ROUND HILL GID (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SIERRA ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SKYLAND GID	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
TAHOE DOUGLAS DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
TAHOE DOUGLAS FIRE PROTECTION DIST	1	\$ 1,885	2	\$ 100	3	\$ 21,941	0	\$ -	1	\$ -	7	\$ 23,926	\$ 4,785	\$ 7,314
ELKO COUNTY:														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ELKO CO. AGRICULTURAL ASSOCIATION	4	\$ 1,891	0	\$ -	0	\$ -	1	\$ -	0	\$ -	5	\$ 1,891	\$ 378	\$ -
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	2	\$ -	\$ -	\$ -
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	1	\$ -	0	\$ -	0	\$ -	1	\$ 1,486	3	\$ 1,173	5	\$ 2,658	\$ 532	\$ 886
ESMERALDA COUNTY:														
EUREKA COUNTY:														
COUNTY FISCAL OFFICERS ASSOCIATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CENTRAL NEVADA REGIONAL WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
HUMBOLDT COUNTY:														
HUMBOLDT RIVER BASIN WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY:														
LINCOLN COUNTY:														
ALAMO SEWER AND WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
COYOTE SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	1	\$ 20,957	0	\$ -	0	\$ -	0	\$ -	1	\$ 20,957	\$ 4,191	\$ -
LYON COUNTY:														
SILVER SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STAGECOACH GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
US BOARD OF WATER COMMISSIONERS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WALKER RIVER IRRIGATION DISTRICT	0	\$ -	0	\$ -	2	\$ -	0	\$ -	0	\$ -	2	\$ -	\$ -	\$ -
WESTERN NEVADA REGIONAL YOUTH CENTER	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NYE COUNTY:														
BEATTY WATER & SANITATION	0	\$ -	1	\$ 2,408	1	\$ 18,702	1	\$ 3,960	0	\$ -	3	\$ 25,069	\$ 5,014	\$ 7,554

POOL Special Districts, Towns Others

TOWN OF PAHRUMP	6	\$113,616	1	\$ 42,500	4	\$ 42,338	5	\$124,393	2	\$ 27,525	18	\$ 350,371	\$ 70,074	\$ 64,752
PAHRUMP LIBRARY DISTRICT	0	\$ -	0	\$ -	1	\$ 3,194	0	\$ -	0	\$ -	1	\$ 3,194	\$ 639	\$ 1,065
ROUND MOUNTAIN TOWN	1	\$ 72,400	0	\$ -	1	\$ -	1	\$ 6,350	0	\$ -	3	\$ 78,750	\$ 15,750	\$ 2,117
TOWN OF TONOPAH	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY:														
LOVELOCK MEADOWS WATER DISTRICT	0	\$ -	0	\$ -	3	\$ 15,982	0	\$ -	0	\$ -	3	\$ 15,982	\$ 3,196	\$ 5,327
PERSHING CO. TOURISM AUTHORITY	0	\$ -	2	\$110,625	0	\$ -	0	\$ -	0	\$ -	2	\$ 110,625	\$ 22,125	\$ -
PERSHING CO WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STOREY COUNTY:														
CANYON GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STOREY RTC (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TAHOE RENO INDUSTRIAL GID	0	\$ -	2	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ -	\$ -	\$ -
VIRGINIA CITY CONVENTION & TOURISM	2	\$ 2,637	0	\$ -	0	\$ -	1	\$ 1,040	0	\$ -	3	\$ 3,677	\$ 735	\$ 347
WASHOE COUNTY:														
CARSON TRUCKEE WATER CONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
INCLINE VILLAGE GID	4	\$ 7,606	7	\$ 3,622	16	\$150,529	12	\$ 91,544	10	\$ 89,004	49	\$ 342,305	\$ 68,461	\$ 110,359
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	2	\$ 18,602	1	\$ -	0	\$ -	3	\$ 1,055	1	\$ 3,249	7	\$ 22,906	\$ 4,581	\$ 1,435
SIERRA FIRE PROTECTION DISTRICT	0	\$ -	2	\$ 8,404	1	\$ -	1	\$ 2,646	2	\$ 6,538	6	\$ 17,588	\$ 3,518	\$ 3,061
SUN VALLEY GID	2	\$ -	4	\$ 33,668	9	\$ 2,206	7	\$ 420	3	\$ 336	25	\$ 36,630	\$ 7,326	\$ 987
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	1	\$ 5,238	3	\$ 501	0	\$ -	4	\$ 15	0	\$ -	8	\$ 5,754	\$ 1,151	\$ 5
TRUCKEE MEADOWS REGIONAL PLANNING AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -
WASHOE CO. WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY														
WHITE PINE CO. FIRE PROTECTION DISTRICT	0	\$ -	2	\$ 3,196	0	\$ -	0	\$ -	0	\$ -	2	\$ 3,196	\$ -	\$ -
WHITE PINE CO. TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WILLIAM BEE RIRIE HOSPITAL	0	\$ -	0	\$ -	2	\$ 30,462	0	\$ -	0	\$ -	2	\$ 30,462	\$ 6,092	\$ 10,154
TOTAL	53	\$312,075	57	\$ 608,998	79	\$ 902,651	51	\$ 245,068	34	\$ 195,268	274	\$ 2,264,059	\$ 452,173	\$ 447,662

POOL Summary of All Claims
as of 6/30/13

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
7/1/08-6/30/09	7/1/08-6/30/09	7/1/09-6/30/10	7/1/09-6/30/10	7/1/10-6/30/11	7/1/10-6/30/11	7/1/11-6/30/12	7/1/11-6/30/12	7/1/12-6/30/13	7/1/12-6/30/13	TOTAL	TOTAL	2008/2009-2012/2013	2010/2011-2012/2013
502	\$ 4,190,637	493	\$ 4,482,329	416	\$ 4,290,071	398	\$ 3,057,996	395	\$ 3,061,031	2,204	\$ 19,082,064	\$ 3,816,413	\$ 3,469,699

2013 - CLAIM REVIEW
OF
PROPERTY, CASUALTY AND OTHER LIABILITY CLAIMS

April 14, 2013

Claim innovative Solutions LLC– (931) 854-9070

Excerpts from Report

The Nevada Public Agency Insurance Pool (NPAIP), hereinafter referred to as the Pool, engaged the services of Claim Innovative Solutions LLC (CIS), formerly known as Casualty Claim Consultants and Auditors LLC (CCCA), a claim management consulting firm to conduct a claim review of a statistically valid sample of its pending/open claim files.

Alternative Service Concepts (ASC), a property and casualty third-party administrator (TPA), administers claims on behalf of NPAIP out of its Reno, Nevada offices.

The pending/open claim file review commenced on Tuesday, March 18, 2013 and incorporated a review of 64 pending/open claims reflecting individual total incurred gross losses, inclusive of expenses, of \$10,000 or greater.

With respect to this year's review of pending/open claims with total gross incurred losses in excess of \$10,000, some claim files selected might reflect minimal total incurred pure loss (e.g., \$0.00, \$2,500, \$5,000, etc.) However, the gross incurred legal defense expenses elevated these same claims to a level which reflected total gross incurred losses in excess of \$10,000, inclusive of expenses.

The 64 pending/open claims reviewed were picked at random and represent a statistically valid sample of claims, suggesting that the results of the sample are reflective of the pending/open claims universe of claims with total gross incurred values, inclusive of expenses, of \$10,000 or more. The findings of the statistically valid sample represent a confidence range level of 90%-95%, that the findings relative to the sample mirror the claims universe.

General Findings:

- Claim oversight by the claims manager is excellent and the TPA does an excellent job of keeping clients and excess insurers informed of pertinent developments.
- Gross outstanding current case reserves, inclusive of allocated loss adjustment expenses, are found to be understated in the aggregate by \$142,203.40. Said aggregate understatement in case reserves is due primarily one claim only, which requires a significant increase.
- Gross outstanding current case reserves with respect to legal defense expenses only are overstate by \$62,000.00, which warrant reduction individually, but are never the less appropriate in the aggregate.

Date Of Loss	Location	Coverage	Incurred Total	Accident Description
3/21/2007	LYON COUNTY	EO	\$ 297,500.00	MULTIPLE CAUSES OF ACTION BOTH FEDERAL AND STATE, IN CONNECTION W/ ACTIONS OF PUBLIC ADMINISTRATOR. ALLEGED BREACH OF FIDUCARY DUTY/FAITHFUL PERFORMANCE.
3/14/2008	INCLINE VILLAGE GID	EO	\$ 272,750.07	COMPLAINT FOR DEC/INJ RELIEF AND ALLEGED CIVIL RIGHTS VIOLATIONS W/ RESPECT TO PRIVATE BEACHES
8/19/2008	NYE COUNTY	EO	\$ 150,000.00	FEDERAL COMPLAINT ALLEGING VIOLATION OF 5TH & 14TH AMENDMENTS W/ STATE LAW CLAIMS FOR CONSPIRACY, NEGLIGENCE HIRING, TRAINING & SUPERVISION AND NEGLIGENCE W/ RESPECT TO COMMERCIAL DEVELOPMENT. SEEKS DEC/INJ RELIEF
9/11/2008	MESQUITE (CITY OF)	PL	\$ 317,673.94	ALLEGED SEXUAL MISCONDUCT BY POLICE OFFICER.
2/14/2009	NYE COUNTY	AL	\$ 110,157.93	IV FAILED TO REDUCE SPEED ON ICY ROADWAY STRIKING V2 IN REAR-CAUSED V2 TO HIT V3 IN REAR & STRIKE BYSTANDER ON ROADSIDE
4/8/2010	ELKO COUNTY	RB	\$ 143,127.45	ANNEX BUILDING FLOODED
4/9/2010	VIRGIN VALLEY WATER DISTRICT	EO	\$ 379,781.42	ALLEGED BREACH OF CONTRACT, FRAUDULENT INDUCEMENT, DUE PROCESS AND CONSPIRACY RE DISPUTE OVER COMMUNICATION TOWER.
7/22/2010	DOUGLAS COUNTY	EO	\$ 122,000.00	VARIOUS CAUSES OF ACTION ALLEGING BREACH OF CONTRACT, BREACH OF IMPLIED GOOD FAITH AND FAIR DEALING, BREACH OF PARTICIPATION AGREEMENT, NEGLIGENCE MISREPRESENTATION, CONSPIRACY, AND UNJUST ENRICHMENT.
11/24/2010	NYE COUNTY SCHOOL DISTRICT	EO	\$ 1,833,999.99	ALLEGED CHILD ABUSE/NEGLECT OF STUDENTS WITH MENTAL OR PHYSICAL DISABILITIES
12/6/2010	CHURCHILL COUNTY SCHOOL DISTRICT	EO	\$ 865,560.56	ALLEGED 14TH AMENDMENT DUE PROCESS VIOLATION FOLLOWING SUSPENSION FOR INVOLVEMENT IN HAZING INCIDENT
8/17/2010	VIRGIN VALLEY WATER DISTRICT	CM	\$ 505,000.00	ALLEGED EMPLOYEE DISHONESTY
3/15/2011	NYE COUNTY	EO	\$ 107,264.00	PLAINTIFF ALLEGES FALSE ARREST, MALICIOUS PRESECUTION, DUE PROCESS, PROSECUTORIAL, MISCONDUCT, ETC. AGAINST FORMER DA

6/2/2011	NYE COUNTY SCHOOL DISTRICT	RC	\$ 293,058.72	PRANK DAY, STUDENTS SPRAYED SOME TYPE OF BAIT ALL THROUGHOUT THE SCHOOL.
8/1/2011	ELKO COUNTY	PL	\$ 442,000.00	ALLEGED ILLEGAL SEARCH IN VIOLATION OF 4TH & 14TH AMENDMENT WITH STATE LAW CLAIMS
1/17/2012	CHURCHILL COUNTY	CM	\$ 511,000.00	EMPLOYEE DISHONESTY
9/3/2013	MESQUITE (CITY OF)	RB	\$ 125,110.14	LIGHTNING STORM DAMAGE
1/14/2014	STOREY COUNTY	AP	\$ 129,078.00	STREET SWEEPER CAUGHT ON FIRE
			\$ 6,605,062.22	

Date Of Loss	Location	Coverage	Incurred Total	Accident Description
12/15/1988	WHITE PINE COUNTY	EO	\$ 175,964.93	THREE DEPUTY SHERIFF'S BRINGING SUIT FOR WRONGFUL TERMINATION AFTER,OPPOSING INCUMBENT
6/2/1989	STOREY COUNTY	RC	\$ 400,063.72	FIRE DESTROYED PUBLIC WORKS BUILDING AND DAMAGED ATTACHED BUILDING
8/23/1989	DOUGLAS COUNTY	PL	\$ 110,353.87	PLAINTIFF ALLEGES HIS CIVIL RIGHTS WERE VIOLATED WHEN ATTACKED/ARRESTED BY,COUNTY POLICE.
11/1/1990	EUREKA COUNTY	PL	\$ 100,090.12	PLAINTIFFS ALLEGED THEY WERE DAMAGED BY THE WILLFUL MISCONDUCT OF THE,DEPUTY D.A., SHERIFF, AND D.A.
4/20/1992	CHURCHILL COUNTY	EO	\$ 215,695.54	PLAINTIFF ALLEGES WRONGFUL TERMINATION DUE TO ALLEGED SEXUAL AND RACIAL,DISCRIMINATION.
7/23/1992	WINNEMUCCA (CITY OF)	FC	\$ 1,005,802.38	TOTAL FIRE LOSS - NIXON HALL
9/24/1992	DOUGLAS COUNTY	EO	\$ 143,294.11	PLAINTIFF MAKES ALLEGATIONS OF WRONGDOING BY COUNTY OFFICIALS AFTER,PURCHASING,PROPERTY IN THE COUNTY
10/9/1992	HUMBOLDT COUNTY	GL	\$ 113,261.95	CLAIMANT ALLEGES INJURIES FROM EXPLOSION IN MINE SHAFT.
1/5/1993	LYON COUNTY	EO	\$ 353,908.68	CLAIMANT ALLEGES CONSTRUCTIVE TERMINATION.
10/20/1993	INCLINE VILLAGE GID	EO	\$ 426,120.83	RECEIVED DEMAND LETTER FROM EMPLOYEE REPRESENTATION.,CLAIMANT ALLEGES VIOLATION OF ADA AND WRONGFUL TERMINATION.
1/3/1994	LYON COUNTY	PL	\$ 165,105.42	Wrongful Death
2/25/1994	STOREY COUNTY	RC	\$ 218,125.16	PROPANE HEATER EXPLODED, ENTIRE BUILDING BURNED DOWN.
7/12/1994	ELKO (CITY OF)	EO	\$ 471,358.99	CLAIMANT ALLEGES JOB HARRASSMENT WITHOUT DUE CAUSE. SEXUAL DISCRIMINATION. ,Wrongful termination.
3/6/1995	HUMBOLDT COUNTY	OA	\$ 454,401.64	FIRE LOSS AT HOSPITAL.
6/17/1995	ELY (CITY OF)	RB	\$ 501,794.12	LOOSE RAIL CAR COLLIDED WITH HISTORIC TOURIST TRAIN CAUSING
7/12/1995	NYE COUNTY	EO	\$ 149,538.22	Wrongful termination claim
8/25/1995	BOULDER CITY (CITY OF)	RC	\$ 117,414.25	OLD PLUG IN PIPING BEHIND COFFEE ROOM WALL DISSOLVED AND CAUSED FLOODING,IN CI TY HALL BUILDING.
11/8/1995	NYE COUNTY	EO	\$ 175,035.38	PLAINTIFFS ALLEGES MALICIOUS PROSECUTION, ABUSE OF PROCESS, INTENTIONAL,INFUNCTION OF EMOTIONAL DISTRESS AND CIVIL RIGHTS VIOLATION UNDER 42 USC-,SECTION 1983.
1/18/1996	CARLIN (CITY OF)	EO	\$ 176,811.41	CLMT CLAIMS SEXUAL ASSAULT & ABUSE BY CITY POLICE OFFICER
4/15/1996	NYE COUNTY	GL	\$ 1,481,380.78	Clmt alleges sexual assault by County Manager while employed as an,Administra- tor at the Hospital.
7/8/1996	NYE COUNTY	GL	\$ 490,634.82	DOL: 1/1/92 (Loss date not within coverage effective date); Clmt alleges, sexual harassment by County Manager.
8/21/1996	LANDER COUNTY	PL	\$ 122,690.99	ALLEGATIONS OF CONSTITUTION VIOLATION AFTER ARREST.
8/25/1996	NYE COUNTY	PL	\$ 110,304.56	ALLEGATIONOF FALSE ARREST, EXCESSIVE FORCE, MALICIOUS PROSECUTION.
1/2/1997	CARSON CITY	OA	\$ 120,349.80	TWO DUMP TRUCKS WERE IN THE SHOP FOR REPAIR, AND WERE DAMAGED BY FLOODING
3/24/1997	MINERAL COUNTY	EO	\$ 145,320.37	CLAIMANT ALLEGES EMPLOYMENT DISCRIMINATION
4/14/1997	INCLINE VILLAGE GID	EO	\$ 258,084.57	ALLEGED WRONGFUL TERMINATION.
6/27/1997	CARSON CITY	PL	\$ 307,218.29	PLT ALLEGES FALSE ARREST AND IMPRISONMENT
10/1/1997	ELKO COUNTY	EO	\$ 211,366.44	SEXUAL ASSUALT BY EMPLOYEE AGAINST JUVENILLE DETAINEE
4/12/1998	NYE COUNTY	OA	\$ 115,857.89	INSURED FAILED TO YIELD RIGHT AWAY AND CAUSED COLLISION AT THE, INTERSECTION OF SR 160 AND BASIN ROAD.
6/8/1998	STOREY COUNTY	EO	\$ 257,822.85	PLTS BUSINESS LICENSE REVOKED BY COUNTY.,PLTS ALLEGE CIVIL RIGHTS VIOLATED BY THE OUTRAGEOUS CONDUCT OF,SHERIFF-UNDER COLOR OF LAW.
7/21/1998	ELKO COUNTY	GL	\$ 102,640.68	US GOVT ALLEDGES INSURED VIOLATED CLEAN WATER ACT, AS WELL AS OTHER,FEDERAL POLICIES AND REGULATIONS, WHEN AGENTS OF INSURED ATTEMPTED TO,CONSTRUCT A ROAD IN AREA OF NAT'L FOREST.
11/23/1998	CHURCHILL COUNTY	NC	\$ 118,104.75	EMPLOYEE DISHONESTY; EMBEZZLED APPROX. \$108,000
11/30/1998	WHITE PINE COUNTY	NC	\$ 244,914.18	Employee of the Regional Plng Commission, embezzled, monies fr the City of Ely and White Pine County.
12/14/1998	CHURCHILL COUNTY	EO	\$ 150,635.36	CLAIMANT WAS TERMINATED WITHOUT POST TERMINATION HEARING
1/11/1999	LANDER COUNTY SCHOOL DISTRICT	EO	\$ 184,117.64	CLAIMANT ALLEGES WRONGFUL TERMINATION, DUE TO HIS DISABILITY
7/11/1999	MESQUITE (CITY OF)	PL	\$ 206,657.92	CLAIMANTS ALLEGE CIVIL RIGHTS VIOLATIONS PURSUANT TO 42 U.S.C. 1983 FALSE, ARREST, MALICIOUS PROSECUTION, HARASSMENT, STALKING, ETC.
8/25/1999	NYE COUNTY	PL	\$ 154,003.62	Pltf alleges defamation, libel, slander and constructive discharge
9/3/1999	ELKO COUNTY	EO	\$ 109,843.98	CLMT ALLEDGES DISCRIMINATION BY FORMER EMPLOYER
10/11/1999	DOUGLAS COUNTY	AL	\$ 169,298.95	IV pulled out on to highway in front of OV, who was travelling at the,maximum speed limit. Extensive bodily injury and property damage resulted.
10/26/1999	ELKO (CITY OF)	GL	\$ 151,077.26	CLMTS HAVE REQUESTED THE COURT ISSUE A WRIT OF MANDAMUS AGAINST THE CITY, OF ELKO, FORCING THE CITY TO ENFORCE CITY CODES AND ORDINANCES IN REGARDS ,TO THE PARKING OF RECREATIONAL VEHICLES.
11/16/1999	PAHRUMP (TOWN OF)	AL	\$ 125,121.66	I/V ENTERED INTERSECTION, DID NOT SEE O/V AND THEY COLLIDED.
2/1/2000	BOULDER CITY (CITY OF)	GL	\$ 132,616.32	NEGLIGENCE, TRESPASS, NUISANCE, AND FAULTY CONSTRUCTION IN REGARDS TO, INSD'S CONSTRUCTION AND MAINTENANCE OF FLOOD AND WATER RUN OFF CONTROLS,, RESULTING IN EXTENSIVE PROPERTY DAMAGE.
3/21/2000	LYON COUNTY	PL	\$ 107,873.46	ALLEGED CIVIL RIGHTS VIOLATIONS IN CONNECTION W/LAW ENFORCEMENT.
3/28/2000	CARSON CITY	EO	\$ 193,403.21	ALLEGED INTENTIONAL BREACH OF OPERATIONAL DUTY AND CONSPIRACY
5/25/2000	MESQUITE (CITY OF)	PL	\$ 2,510,755.89	PLAINTIFFS ALLEGE GROSS NEGLIGENCE AND VIOLATION OF 42U.S.C.A. 1983 IN, CONNECT ION W/LAW ENFORCEMENT PURSUING A NON-VIOLENT SUSPECT RESULTING IN ,SERIOUS INJU RY AND ONE FATALITY.
6/15/2000	NYE COUNTY	AL	\$ 208,217.54	Tire blew out on the Senior Center bus, causing the driver to lose, control, ru n off the roadway, and roll the vehicle. The bus had 8, passengers, all with different degrees of injury.
7/27/2000	CHURCHILL COUNTY	EO	\$ 422,278.46	FALSE ARREST AND PROSECUTORIAL MISCONDUCT
10/28/2000	WELLS (CITY OF)	PL	\$ 167,335.95	ALLEGED CIVIL RIGHTS AND TORT LAW VIOLATIONS RELATING TO LAW ENFORCEMENT
10/30/2000	NYE COUNTY	PL	\$ 427,606.82	ALLEGED CIVIL RIGHTS VIOLATIONS AND TORT CLAIMS IN CONNECTION WITH FATAL, SHOOTING OF SCOTT ZIESKE AND DONNA HEWITT BY NYE COUNTY DEPUTIES.
1/20/2001	LYON COUNTY	GL	\$ 212,512.64	ALLEGED NEGLIGENCE IN CONNECTION WITH ROADWAY IN AUTO ACCIDENT.
5/28/2001	DOUGLAS COUNTY	PL	\$ 141,448.06	ALLEGED CIVIL RIGHTS VIOLATIONS (5TH, 8TH, 9TH & 14TH AMENDMENTS) AND, WRONGFUL ALLEGED IN CONNECTION WITH PRISONER WHO COMMITTED SUICIDE.
6/1/2001	NYE COUNTY	PL	\$ 118,906.75	ALLEGED FALSE ARREST, CIVIL RIGHTS COMPLAINT PURSUANT TO 42USC, 1983
8/21/2001	NYE COUNTY	EO	\$ 124,476.75	CLASS ACTION ALLEGING VIOLATION OF RIGHT TO DUE PROCESS AND EQUAL, PROTECTION, ALLEGED TAKINGS AND CIVIL CONSPIRACY WITH REGARD TO, ANNEXATION OF CALVADA 14 INTO THE UNINCORPORATED TOWN OF
10/12/2001	EUREKA COUNTY SCHOOL DISTRICT	EO	\$ 176,489.06	PLAINTIFF ALLEGES CIVIL RIGHTS AND TORT CLAIMS IN CONNECTION WITH, EMPLOYMENT
10/16/2001	CHURCHILL COUNTY	EO	\$ 646,743.54	Alleged Federal wiretapping violations
10/24/2001	LYON COUNTY	EO	\$ 5,571,591.30	ALLEGED VIOLATION OF DUE PROCESS & INTERFERENCE WITH PROSPECTIVE ECONOMIC, ADVANTAGE
11/14/2001	NYE COUNTY	EO	\$ 112,329.76	ALLEGED BREACH OF CONTRACT, INTENTIONAL INTERFERENCE WITH A CONTRACT,, VIOLATION OF CIVIL RIGHTS, AND CIVIL CONSPIRACY
1/2/2002	STOREY COUNTY	EO	\$ 127,088.98	ALLEGED DUE PROCESS VIOLATIONS AND OPEN MEETING LAW VIOLATIONS WITH, RESPECT TO APPROVAL OF BROTHEL LICENSE
2/13/2002	LINCOLN COUNTY	EO	\$ 139,321.57	PETITION FOR WRIT OF MANDATE CONCERNING DENIAL OF ZONE CHANGE .
5/17/2002	NYE COUNTY SCHOOL DISTRICT	RB	\$ 383,524.06	SPRINKLER SYSTEM FAILED AND FLOODED BUILDING
6/2/2002	STOREY COUNTY	RB	\$ 126,827.96	PIPE FAILURE FROM UNKNOWN CAUSE
10/7/2002	MINERAL COUNTY SCHOOL DISTRICT	EO	\$ 207,781.29	14-YEAR-OLD STUDENT ALLEGEDLY SEXUALLY ASSAULTED BY 19-YEAR-OLD TITLE I, STUDENT.
12/14/2002	STOREY COUNTY SCHOOL DISTRICT	RB	\$ 138,868.52	WIND/STORM RELATED DAMAGE TO ROOF/MAJOR WATER DAMAGE.
1/1/2003	WEST WENDOVER (CITY OF)	EO	\$ 459,576.83	ALLEGED INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE, ETC. IN, CONNECTION WITH ATTEMPTS TO CHANGE WATER SERVICE OF STATE LINE HOTEL &, CASINO FROM UTAH TO NEVADA.
4/2/2003	HUMBOLDT COUNTY	AL	\$ 104,382.00	IV STRUCK BICYCLIST.
5/1/2003	EUREKA COUNTY SCHOOL DISTRICT	RB	\$ 101,024.57	GYM FLOOR SUNK DUE TO WATER DAMAGE.
5/24/2003	HUMBOLDT COUNTY	EO	\$ 223,080.88	ALLEGED SEXUAL HARRASSMENT AND RETALIATION
8/15/2002	BOULDER CITY (CITY OF)	PL	\$ 147,445.25	ALLEGED EXCESSIVE FORCE AND BATTERY

12/19/2003	CARSON CITY	RB	\$	141,114.93	STRUCTURE FIRE--BACK SERVICE PORCH OF KITCHEN AREA. MEMBERS COOKING, TURKEYS IN OIL VATS. ONE BOILED OVER & CAUGHT FIRE TO WOOD DECKING &, SURROUNDING AREA.
7/7/2004	LYON COUNTY	RC	\$	924,857.39	COMMUNITY CENTER DESTROYED BY FIRE "WATERFALL FIRE" DAMAGE TO MOBILE HOME KNOWN AS "QUILL TANK, CARSON CITY" ,PER MEMORANDUM OF UNDERSTANDING OF REVOCABLE LICENSE. CARETAKER, RESIDENCE; RESPONSIBLE TO CITY THROUGH WATER UTILITY DIVISION OF UTILITY ,DEPARTMENT
7/14/2004	CARSON CITY	AP	\$	189,941.68	UTILITY DIVISION OF UTILITY ,DEPARTMENT
8/1/2004	ELKO (CITY OF)	RB	\$	232,858.00	HIGH WINDS BLEW OFF ROOF AND WALLS OF HANGAR. PART OF ROOF LANDED IN, CIVIL AIR PATROL BUILDING. POWER OUTAGE DUE TO TRANSFORMER DOWN. ALLEGED VIOLATION OF FOURTH AND FOURTEENTH AMENDMENTS--DEPRIVATION OF, RIGHTS--UNLAWFUL SEARCH OF PREMISES, UNLAWFUL SEIZURE OF PROPERTY AND, SEIZURE RESULTING IN DESTRUCTION OF BUSINESS & BUSINESS OPPORTUNITY
12/3/2004	WELLS (CITY OF)	EO	\$	157,731.59	OV FAILED TO YIELD RIGHT OF WAY TO FIRE TRUCK. OV BROADSIDED & ROLLED. , DOUBLE FATALITY,IV: 1982 INTERNATIONAL TENDER 2, VIN #10057, FIRE DEPARTMENT, JOHN, O'BRIEN
5/27/2005	PAHRUMP (TOWN OF)	AC	\$	168,299.72	OV FAILED TO YIELD RIGHT OF WAY TO FIRE TRUCK. OV BROADSIDED & ROLLED. , DOUBLE FATALITY,IV: 1982 INTERNATIONAL TENDER 2, VIN #10057, FIRE DEPARTMENT, JOHN, O'BRIEN
11/12/2004	CHURCHILL COUNTY	PL	\$	113,824.69	INMATE IN CUSTODY--FOUND DEAD ON CELL FLOOR
7/7/2005	MESQUITE (CITY OF)	AL	\$	101,396.42	IV REAR-ENDED OV
12/31/2005	STOREY COUNTY	RC	\$	610,226.76	FLOOD WATERS DAMAGED BRIDGES AND ROADS
2/14/2006	NYE COUNTY	PL	\$	410,753.52	EXCESSIVE FORCE--CLAIMANT TASED FOUR TIMES BY SHERIFF DEPUTY
4/23/2006	BOULDER CITY (CITY OF)	AL	\$	100,497.74	IV REAR-ENDED OV
7/18/2006	TRUCKEE MEADOWS FPD	AP	\$	374,188.92	FIRE STARTED IN PUMPER TRUCK DAMAGING TRUCK, RESCUE VEHICLE & ENGINE BAY
7/14/2006	CARSON CITY	AP	\$	185,195.77	FIRE--COMPACTOR
9/3/2006	FERNLEY (CITY OF)	EO	\$	184,335.88	ALLEGED SEXUAL HARASSMENT IV T-BONED OV
10/19/2006	DOUGLAS COUNTY SCHOOL DISTRICT	AL	\$	500,409.93	
10/19/2006	DOUGLAS COUNTY	EO	\$	340,943.33	ALLEGED 5TH AND 14TH AMENDMENT VIOLATIONS IN CONNECTION WITH REQUIRED CONDITIONAL LETTER OF MAP REVISION (CLOMR) FOR ISSUANCE OF PERMIT
11/24/2006	NYE COUNTY	PL	\$	253,093.77	ALLEGED CIVIL RIGHTS VIOLATIONS AND STATE LAW CLAIMS REGARDING EMT RESPONSE AND RESULTING INVESTIGATION, ARREST & CRIMINAL CHARGES.
7/29/2006	YERINGTON (CITY OF)	PL	\$	186,450.98	ALLEGED EXCESSIVE FORCE, FALSE ARREST, AND STATE LAW CLAIMS IN CONNECTION W/ ARREST
2/14/2007	CALIENTE (CITY OF)	RB	\$	586,193.44	DAMAGE TO BEAM DISCOVERED BY POOL MANAGER WHEN REPAIRING PUMP
1/24/2007	NYE COUNTY	PL	\$	254,777.83	INMATE SUICIDE
2/20/2007	ELKO COUNTY SCHOOL DISTRICT	EO	\$	113,463.73	SEXUAL ASSAULT OF STUDENT BY BUILDING SUPERINTENDENT.
3/21/2007	NYE COUNTY SCHOOL DISTRICT	AL	\$	127,300.20	MALE CHILD ON BIKE DARTED INTO PATH OF SCHOOL BUS
3/26/2007	CHURCHILL COUNTY	RB	\$	154,622.86	EXTENSIVE FIRE DAMAGE TO NEW FRONTIER TREATMENT CENTER, Site 007/Bldg 001 \$1,499,800 bldg / \$289,600 Contents
9/21/2007	NYE COUNTY SCHOOL DISTRICT	RB	\$	248,214.20	DAMAGE TO GYM FLOOR CAUSED BY RAINSTORMS
10/5/2007	PAHRUMP (TOWN OF)	RC	\$	273,713.50	HIGH WINDS BLEW TOWER DOWN.
9/16/2007	LYON COUNTY	AL	\$	133,600.98	NON-OWNED TRACTOR TRAILER LOST CONTROL-2ND TRAILER W/PASSENGERS FLIPPED OVER
8/23/2007	LYON COUNTY	PL	\$	120,164.52	ALLEGED ARREST WITH OUT PROBABLE CAUSE, EXCESSIVE FORCE, BATTERY, AND FALSE IMPRISONMENT IN VIOLATION OF 4TH AND 14TH AMENDMENTS.
2/21/2008	WELLS (CITY OF)	RB	\$	4,908,176.05	6.0 EARTHQUAKE
4/13/2008	LINCOLN COUNTY	RC	\$	403,968.77	PIPE BROKE AND FLOODED COURTHOUSE
3/31/2008	WINNEMUCCA (CITY OF)	GL	\$	230,542.32	12" WATER MAIN BROKE CAUSING WATER DAMAGE TO HOME
5/21/2008	TONOPAH (TOWN OF)	RB	\$	223,808.87	WIND DAMAGE TO TIN FACADE ROOF. PARTS OF ROOF STRUCK AND DAMAGED PRIVATE PROPERTY.
6/28/2008	STOREY COUNTY SCHOOL DISTRICT	RC	\$	123,602.78	WATER LINE BREAK IN CEILING OF SCHOOL
12/2/2008	NYE COUNTY	EO	\$	210,878.09	ALLEGED RACIAL DISCRIMINATION
1/5/2008	LYON COUNTY	EO	\$	2,261,280.15	CLASS ACTION LAW SUIT REGARDING CANAL BREACH
1/5/2008	FERNLEY (CITY OF)	EO	\$	5,812,328.73	ALLEGED VIOLATION OF DUE PROCESS & INTERFERENCE WITH PROSPECTIVE ECONOMIC, ADVANTAGE
3/16/2009	HUMBOLDT COUNTY SCHOOL DISTRICT	EO	\$	171,867.31	ALLEGED CONSTRUCTIVE DISCHARGE AND VIOLATION OF 1ST AND 14TH AMENDMENT RIGHTS.
3/17/2009	NYE COUNTY	EO	\$	454,833.72	COMPLAINT FOR DEC. AND INJ. RELIEF AND DUE PROCESS/EQUAL PROTECTION VIOLATIONS IN CONNECTION WITH REFUSAL TO ISSUE BROTHEL LICENSE TO POTENTIAL PURCHASER FO THE CHICKEN RANCH,
5/19/2009	BOULDER CITY (CITY OF)	EO	\$	125,382.19	ALLEGED NEGLIGENT HIRING AND SUPERVISION OF REC CENTER EE ACCUSED OF CHILD PORN/MOLESTATION.
7/7/2009	VIRGIN VALLEY WATER DISTRICT	BM	\$	170,744.00	WELL PUMP QUIT WORKING
9/1/2009	PERSHING COUNTY TOURISM AUTHORITY	EO	\$	114,710.52	NERC COMPLAINT ALLEGING GENDER DISCRIMINATION IN AQUASIZE CLASS.
9/10/2009	CHURCHILL COUNTY SCHOOL DISTRICT	EO	\$	909,343.31	COMPLAINT BY TEACHER OF INAPPROPRIATE SEXUAL CONDUCT BY JANITOR
4/27/2010	CHURCHILL COUNTY	RB	\$	101,919.50	HIGH WINDS DAMAGED ROOF COMPLAINT FOR DECLARATORY & INJUNCTIVE RELIEF & DAMAGES AND PETITION FOR JUDICIAL REVIEW CONCERNING COUNTY REVERSAL OF 5 YEAR EXTENSION OF CONDITIONAL USE PERMIT BE GRANTED BY PLANNING COMMISSION.
4/28/2010	HUMBOLDT COUNTY	EO	\$	358,283.25	COMMISSION.
6/7/2010	NYE COUNTY	EO	\$	521,823.84	ALLEGED 4TH & 14TH AMENDMENT VIOLATIONS MALICIOUS PROSECUTION, IIED & CONSPIRACY IN CONNECTION WITH PERJURY CHARGES
10/3/2010	CHURCHILL COUNTY SCHOOL DISTRICT	RB	\$	161,916.99	PIPE BURST FLOODING LOCKER ROOMS, GYM FLOOR AND COACHES OFFICE AT THE HIGH SCHOOL
11/19/2010	LINCOLN COUNTY SCHOOL DISTRICT	RC	\$	264,661.41	HEATER FAILURE CAUSING BLOWING SOOT THROUGHOUT THE SCHOOL
11/30/2010	CHURCHILL COUNTY SCHOOL DISTRICT	NC	\$	267,370.10	STEAM LINE BURST AT THE OLD HIGH SCHOOL
5/6/2011	ELKO COUNTY SCHOOL DISTRICT	RB	\$	295,196.28	FIRE SPRINKLER HEAD BROKE CAUSING WATER DAMAGE TO GYM FLOOR, CEILING, WALLS AND BLEACHERS
9/27/2011	PAHRUMP (TOWN OF)	AC	\$	104,892.53	EMT DOING A NON-EMERGENCY INTERFACILITY TRANSPORT, RAN THROUGH STOP SIGN AND INTO A DITCH
10/8/2011	ELKO COUNTY	RB	\$	144,326.18	PIPE IN ATTIC BURST CAUSING DAMAGE TO THREE FLOORS
11/29/2011	CALIENTE (CITY OF)	RB	\$	240,455.25	CITY POOL LEAKING APPROX 500,000 GALLONS OF WATER PER MONTH
1/6/2013	ELKO COUNTY SCHOOL DISTRICT	RC	\$	729,624.95	FIRE SPRINKLER LINE FROZE AND BURST
			\$	50,745,204.87	

Actuarial Report – NPAIP (POOL) – April, 2014

Each year we receive three primary actuarial reports from Bickmore and Associates for POOL, one which estimates reserve liabilities for end-of-year financials, and two which forecast rates (one property, one casualty) for the coming year. The report which follows contains selected pages from all three reports.

The reserve report, dated September 27, 2013, was prepared in conjunction with last year's audit, and ties to the audit report. 13 of the 50 pages are enclosed.

The two rate studies (four pages for property, four for casualty, each beginning with a cover letter) indicate no change of substance for property, and a decrease in loss costs for casualty. This is obviously a good thing since these are used to forecast prices for next year.

POOL ratemaking is rather complex, since expenses and reinsurance costs are quite significant, so these loss cost indications alone are not the whole story. Still, the decreases are meaningful enough that we feel we may see a flat overall cost for the POOL program at renewal again. Of course, each member's individual costs will vary somewhat depending on loss experience and changes in exposure. The rate studies are still in draft form, but will likely not change. They will be formalized before the annual meeting date.

Prior to the annual meeting, staff will incorporate the POOL budget and all reinsurance pricing into the rating matrix. Then the Executive Committee will convene to review and approve final rates. Nearly all of this work will be done well after our deadline for preparation of the board packets. However, the loss cost indications which follow should help in our reinsurance renewal negotiations, too, so we are hopeful there will be no pricing surprises at the annual meeting. We should of course have all final results by the time of the Board Meeting, and will discuss those results at that time.



Actuarial Review of the Self-Insured Liability/Property Programs - POOL

Outstanding Liabilities as of June 30, 2013

Presented to
Nevada Public Agency Insurance Pool

September 27, 2013





Friday, September 27, 2013

Mr. Wayne Carlson
Executive Director
Nevada Public Agency Insurance Pool
201 S. Roop St. Suite 102
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured Liability/Property Program

Dear Mr. Carlson:

As you requested, we have completed our review of Nevada Public Agency Insurance Pool's self-insured liability & property program. We estimate the program's liability for outstanding claims net of deductibles and aggregate limits to be \$9,870,000 as of June 30, 2013. This amount includes allocated loss adjustment expenses (ALAE), but excludes unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). The amount also does not include any discount for investment income.

The \$9,870,000 estimate is the minimum liability to be booked by NPAIP at June 30, 2013 for NPAIP's liability program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires NPAIP to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding NPAIP's liability for unpaid loss and allocated loss adjustment expenses (ALAE) at June 30, 2013 are summarized in the table below.

NPAIP
Self-Insured Liability & Property Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2013

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Liability – Gross of Deductibles and Aggregate Limit	\$9,099,000	\$10,145,000	\$10,609,000	\$11,146,000	\$11,820,000	\$12,720,000
Property – Gross of Deductibles and Aggregate Limit	\$1,631,000	\$1,913,000	\$2,044,000	\$2,197,000	\$2,388,000	\$2,642,000
TOTAL – Gross of Deductibles & Aggregate Limit	\$10,730,000	\$12,058,000	\$12,653,000	\$13,343,000	\$14,208,000	\$15,362,000
TOTAL – Net of Deductibles & Aggregate Limit, Incl. Corridor Deductible	\$9,870,000	\$11,092,000	\$11,639,000	\$12,274,000	\$13,069,000	\$14,131,000

GASB #10 does not address an actual funding requirement for the program, but only speaks to the liability to be recorded on NPAIP's financial statements.

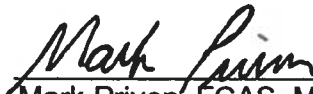
Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a margin for contingencies. Generally, the amount should be sufficient to bring funding to the 75% to 85% confidence level for primary programs. We consider funding to the 70% confidence level to be marginally acceptable and funding to the 90% confidence level to be conservative.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NPAIP's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to NPAIP in preparing this report. Please feel free to call Mark Priven at (916) 244-1161 or Derek Burkhalter at (916) 244-1167 with any questions you may have concerning this report.

Sincerely,

Bickmore



Mark Priven, FCAS, MAAA
Director, Regulatory and Alternative Risk Consulting, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries



Derek Burkhalter, ACAS, MAAA
Manager, Property and Casualty Actuarial Services, Bickmore
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

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, 2013, before recognition of investment income.

NPAIP			
Self-Insured Liability & Property Program			
Estimated Liability for Unpaid Loss and ALAE at June 30, 2013			
Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2005-06	73,957	1,783	75,740
2006-07	137,485	20,384	157,869
2007-08	147,904	79,909	227,813
2008-09	297,412	93,094	390,506
2009-10	397,562	272,947	670,509
2010-11	1,147,715	720,971	1,868,686
2011-12	780,892	1,697,131	2,478,023
2012-13	1,808,517	2,192,430	4,000,947
Loss and ALAE	\$4,791,443	\$5,078,649	\$9,870,092

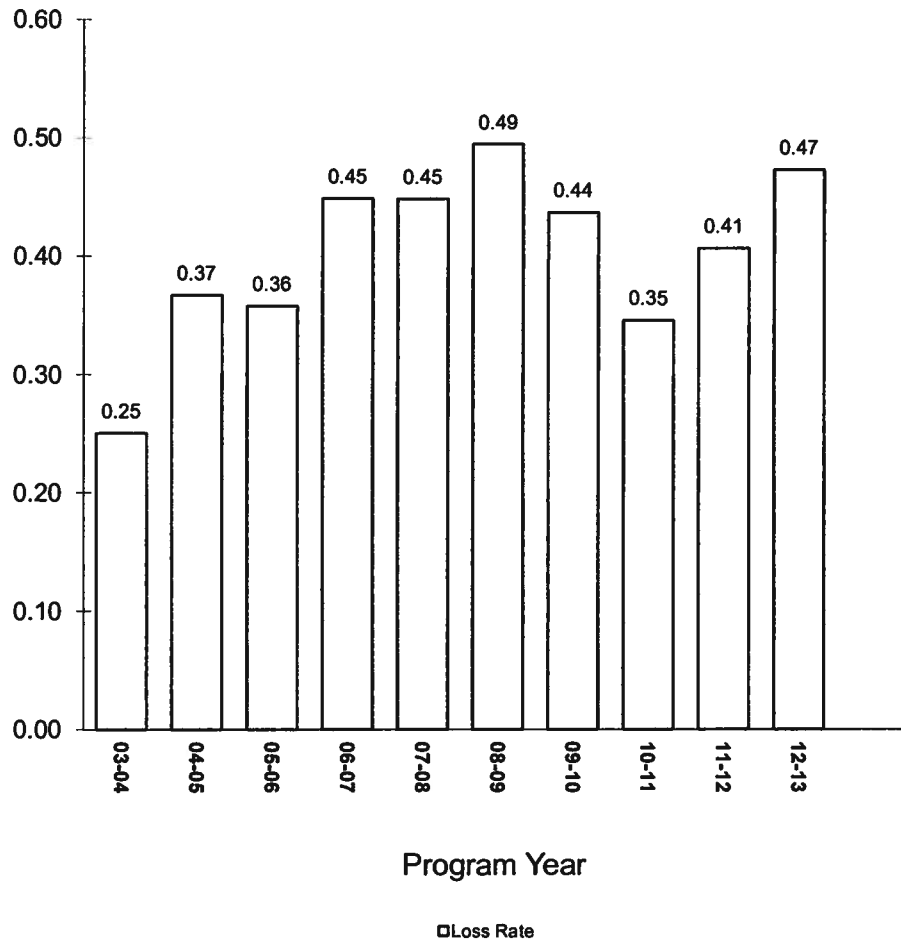
C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

Please note that for the purposes of the following graphs, losses have been limited to \$100,000 per occurrence, and are gross of all deductibles and aggregate limits.

The dollar of loss per \$100 of payroll, or loss rate, for liability generally increased between 2003-04 and 2008-09, and then decreased between 2008-09 and 2010-11. Since 2010-11, the loss rate has been increased again. Our selection for 2012-13 of \$0.47 is based on this increasing trend.

Graph 2

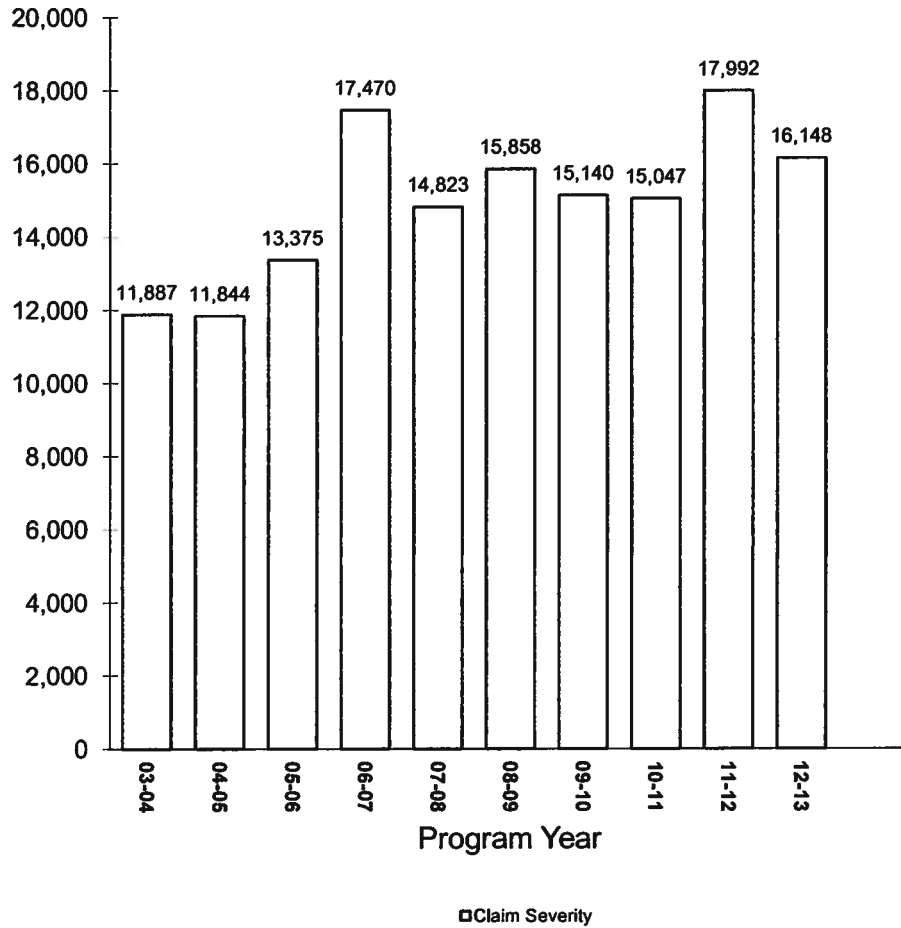
NPAIP- Liability
Dollars of Loss per
\$100 of Payroll



The average dollars of loss per claim, or severity, for liability had been relatively stable over the last few years until 2011-12. Our estimate of the average limited claim size is \$16,148 for 2012-13.

Graph 3

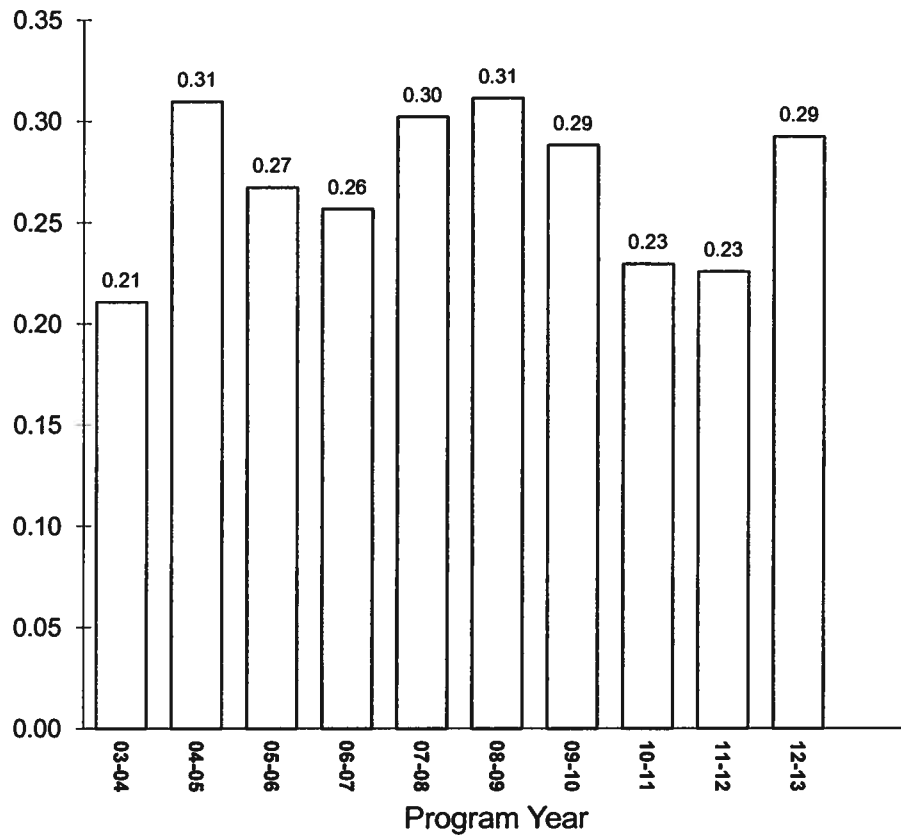
NPAIP- Liability
Dollars of Loss per Claim



The number of claims per \$1 million of payroll, or frequency, for liability has varied over the past ten years. Our selection for 2012-13 is 0.29 claims per \$1 million payroll.

Graph 4

NPAIP- Liability
Number of Claims per
\$1 Million of Payroll

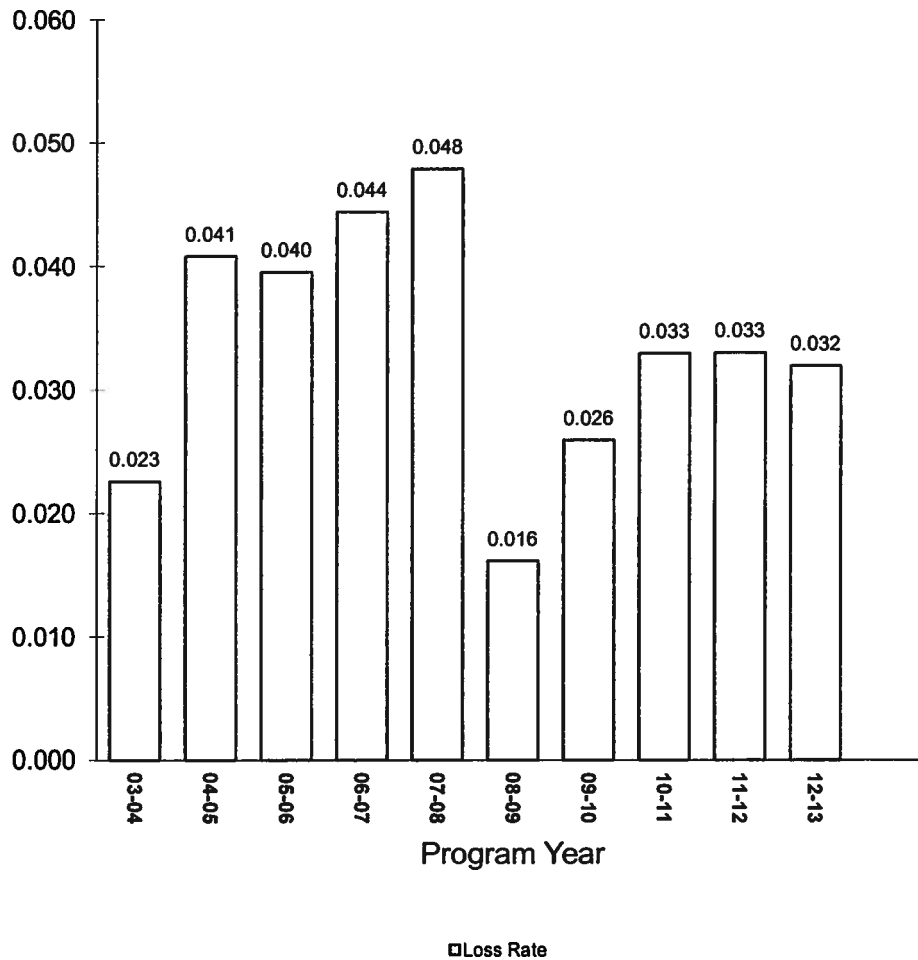


□ Claim Frequency

For property, the loss rate has been relatively variable ranging from a high of \$0.048 in 2007-08 per \$100 Total Insured Value (TIV) to a low of \$0.016 in 2008-09. Our estimate of \$0.032 for 2012-13 is similar to that of the prior two years.

Graph 5

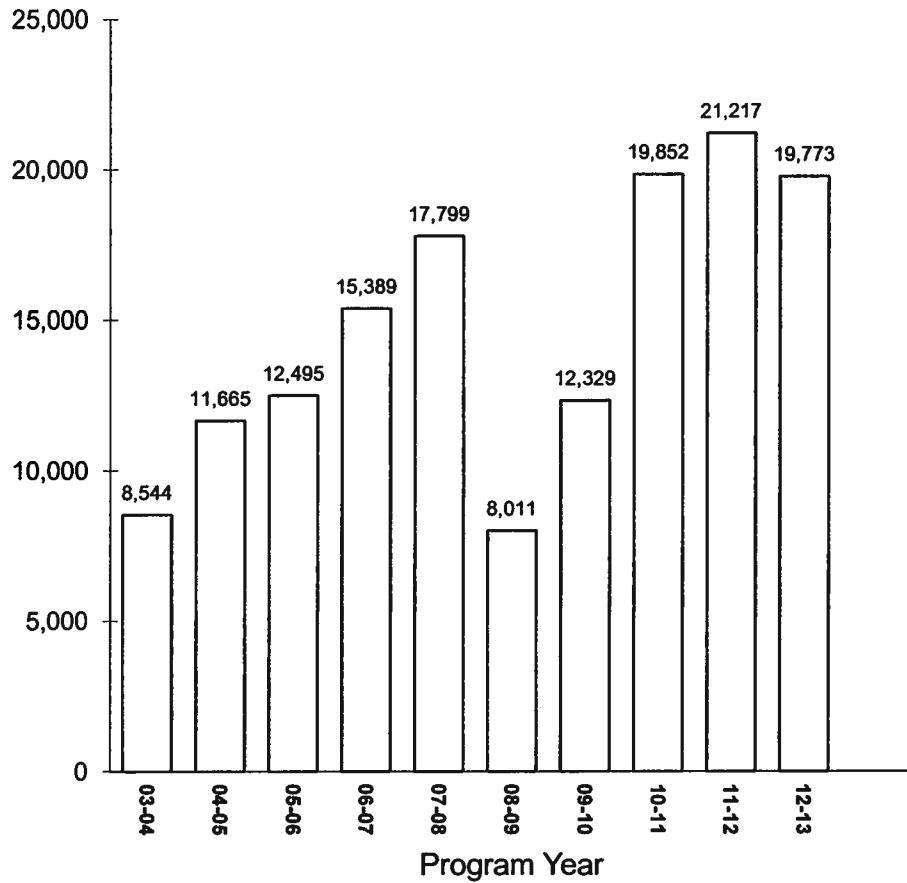
NPAIP - Property
Dollars of Loss per
\$100 of Total Insured Value



The average severity for property had generally been increasing since 2003-04, with the exception of decreases in 2008-09 and 2009-10. Our estimate for 2012-13 is \$19,773.

Graph 6

NPAIP - Property
Dollars of Loss per Claim

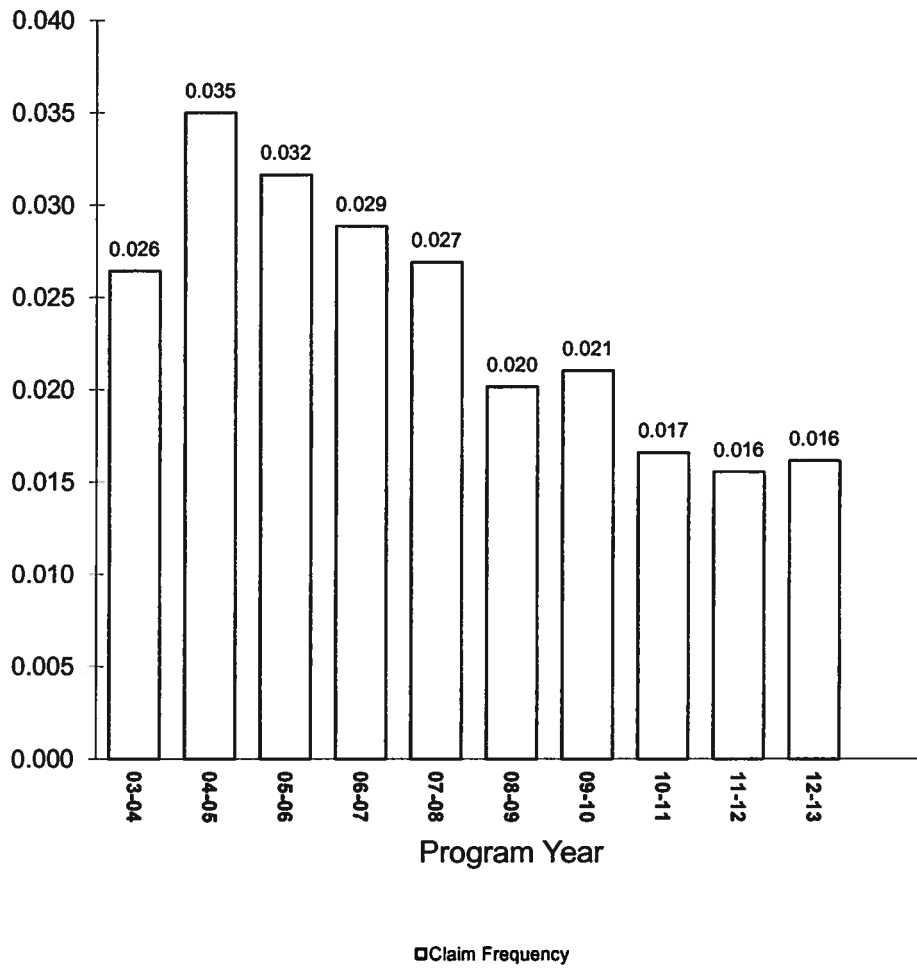


□ Claim Severity

The frequency for property has decreased significantly from its high of 0.035 per \$1 million TIV in the 2004-05 program year. The estimate for 2012-13 is 0.016 claims per \$1 million TIV, based on this decreasing trend.

Graph 7

NPAIP - Property
Number of Claims per
\$1 Million of Total Insured Value



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for NPAIP was dated September 25, 2012. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 6/30/12 evaluation date of the prior report and the 6/30/13 evaluation date of the current report. Please note that these amounts are gross of any deductibles or aggregate limits.

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$0	\$0
2004-05	2,000	(30,644)	(32,644)
2005-06	34,000	(32,620)	(66,620)
2006-07	41,000	66,267	25,267
2007-08	91,000	83,799	(7,201)
2008-09	214,000	29,542	(184,458)
2009-10	614,000	174,729	(439,271)
2010-11	1,194,000	637,304	(556,696)
2011-12	1,280,000	682,214	(597,786)
2012-13	2,771,000	2,662,257	(108,743)
Total	\$6,241,000	\$4,272,848	(\$1,968,152)

As shown, actual incurred development was less than anticipated since the prior report. Although \$6,241,000 was expected to be incurred in total, the actual amount was only \$4,273,000. In fact, with the exception of the 2006-07, each individual year came in less than expected as well. This favorable experience appears to be mainly due to the declining frequency observed for both liability and property particularly in the most recent three accident years.

DRAFT



Thursday, March 20, 2014

Mr. Wayne Carlson
Executive Director
Nevada Public Agency Insurance Pool
201 S. Roop St. Suite 102
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured Property Program:
Forecast for Program Year 2014-15

Dear Mr. Carlson:

As you requested, we have completed our review of Nevada Public Agency Insurance Pool's self-insured property program. Assuming an SIR of \$200,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2014-15 program year to be \$1,855,000. This figure is net of the expected amount to be covered by individual members' deductibles, but includes losses which are expected to apply against the Pool's \$250,000 corridor deductible excess of \$250,000. It also includes allocated loss adjustment expenses (ALAE) which is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). Unallocated loss adjustment expenses (ULAE) are not included. This amount also does not include any discount for investment income.

The table on the following page shows our funding recommendations for Nevada Public Agency Insurance Pool for the 2014-15 fiscal year.

DRAFT

Nevada Public Agency Insurance Pool
Self-Insured Property Program
Loss and ALAE Funding Guidelines for 2014-15
Self-Insured Retention (SIR) of \$200,000
Including \$250,000 Corridor Deductible (Excess of \$250,000)

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE – Gross of Members’ Deductibles	\$1,863,000					
Expected Amount from Corridor Deductible	250,000					
Expected Amount from Members’ Deductibles	(258,000)					
Loss and ALAE – Net of Members’ Deductible	1,855,000	\$2,165,000	\$2,311,000	\$2,484,000	\$2,701,000	\$2,988,000
Rate per \$100 of 2014-15 Total Insured Value	\$0.044	\$0.051	\$0.055	\$0.059	\$0.064	\$0.071

The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2014. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

DRAFT

At the time of the prior report, our funding estimate for the 2013-14 year was \$1,872,000 at the expected level. That amount included allocated loss adjustment expenses (ALAE) and the expected amount for losses within the corridor deductible, but was net of individual members' deductibles. Our current estimate for the 2014-15 year is \$1,855,000 at the expected level, a decrease in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE

	Prior Report 2013-14 SIR = \$200,000	Current Report 2014-15 SIR = \$200,000	Change
(A) Ultimate Loss and ALAE – Net of Members' Deductibles:	\$1,622,000	\$1,605,000	(\$17,000)
(B) Corridor Deductible Losses:	250,000	250,000	0
(C) Total Claim Costs:	\$1,872,000	\$1,855,000	(\$17,000)
(D) Funding per \$100 of Total Insured Value:	\$0.044	\$0.044	\$0.000

As you can see, our funding recommendations at the expected level have decreased slightly between 2013-14 and 2014-15, as shown in our prior and current reports respectively. Our projected rate per \$100 of TIV has not changed since the prior report.

Nevada Public Agency Insurance Pool - Property Coverages

Funding Options for Program Year 2014-2015 (SIR = \$200,000) - Net of Deductible
One-Year Funding Plan

	Dollar Amount	TIV Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix F)	\$1,863,000	\$0.044			
(B) Estimated Deductible Adjustment Factor: (From Exhibit 3, Page 1, item (O))	0.861				
(C) Estimated Ultimate Losses Incurred in Accident Year (Net of Deductible): ((A) x (B))	<u>\$1,605,000</u>	<u>\$0.038</u>			
(D) Incurred Loss from Corridor Deductible \$250,000 Excess of \$250,000 (From Exhibit 3, Page 1, item (S))	250,000	0.006			
(E) Estimated Claims Administration Fees Incurred in Accident Year 2014-2015: (From Exhibit 3, Page 1, item (L))	0	0.000			
(F) Total Claims Costs Incurred in Accident Year 2014-2015: ((C) + (E))	<u>\$1,855,000</u>	<u>\$0.044</u>			
(G) Loss Discount Factor (Appendix G, (F))	1.000				
(H) Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((F) x (G))	<u>\$1,855,000</u>	<u>\$0.044</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%		75%	80%	85%
(I) Confidence Level Factor: (From Appendix H)	1.167		1.246	1.339	1.456
(J) Margin for Adverse Experience: ((H) x [(I) - 1])	310,000		456,000	629,000	846,000
(K) Recommended Funding in 2014-2015 for Claims Costs and Other Expenses: ((H) + (J))	<u>\$2,165,000</u>		<u>\$2,311,000</u>	<u>\$2,484,000</u>	<u>\$2,701,000</u>
(L) Rate per \$100 of TIV: ((K) / \$42,346,730)	\$0.051		\$0.055	\$0.059	\$0.064
				\$0.064	\$0.071

TIV rates are per hundred dollars of 2014-2015 TIV of \$4,234,673,000.

DRAFT



Thursday, March 20, 2014

Mr. Wayne Carlson
Executive Director
Nevada Public Agency Insurance Pool
201 S. Roop St. Suite 102
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured Liability Program:
Forecast for Program Year 2014-15

Dear Mr. Carlson:

As you requested, we have completed our review of Nevada Public Agency Insurance Pool's self-insured liability program. Assuming an SIR of \$500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2014-15 program year to be \$2,681,000. This figure includes allocated loss adjustment expenses (ALAE) but is net of the expected amount to be covered by individual members' deductibles. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). Unallocated loss adjustment expenses (ULAE) are not included. This amount also does not include any discount for investment income.

The table on the following page shows our funding recommendations for Nevada Public Agency Insurance Pool for the 2014-15 fiscal year.

DRAFT

Nevada Public Agency Insurance Pool
 Self-Insured Liability Program
 Loss and ALAE Funding Guidelines for 2014-15
 Self-Insured Retention (SIR) of \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE – Gross of Deductible	\$3,703,000					
Expected Amount from Member Deductibles	<u>(1,022,000)</u>					
Loss and ALAE – Net of Deductible	\$2,681,000	\$3,126,000	\$3,338,000	\$3,587,000	\$3,898,000	\$4,314,000
Rate per \$100 of 2014-15 Payroll	\$0.49	\$0.57	\$0.61	\$0.65	\$0.71	\$0.78

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2014. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

DRAFT

At the time of the prior report, our funding estimate for the 2013-14 year was \$2,971,000 at the expected level. That amount included allocated loss adjustment expenses (ALAE) and was net of individual members' deductibles. Our current estimate for the 2014-15 year is \$2,681,000 at the expected level, a decrease in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE

	Prior Report 2013-14 SIR = \$500,000	Current Report 2014-15 SIR = \$500,000	Change
(A) Total Recommended Funding:	\$2,971,000	\$2,681,000	(\$290,000)
(B) Funding per \$100 of Payroll:	\$0.553	\$0.487	(\$0.066)

As you can see, our funding recommendations at the expected level have decreased between 2013-14 and 2014-15, as shown in our prior and current reports respectively. These changes are the result of favorable loss development since the prior report.

Nevada Public Agency Insurance Pool - Liability Coverages

Funding Options for Program Year 2014-2015 (SIR = \$500,000) - Net of Deductible
One-Year Funding Plan

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix F)	\$3,703,000	\$0.673			
(B) Estimated Deductible Adjustment Factor: (From Exhibit 3, Page 1, item (O))	0.724				
(C) Estimated Ultimate Losses Incurred in Accident Year (Net of Deductible): ((A) x (B))	\$2,681,000	\$0.487			
(D) Estimated Claims Administration Fees Incurred in Accident Year 2014-2015: (From Exhibit 3, Page 1, item (L))	0	0.000			
(E) Total Claims Costs Incurred in Accident Year 2014-2015: ((C) + (D))	\$2,681,000	\$0.487			
(F) Loss Discount Factor (Based on a Discount Rate of .0%.) (Appendix G, (F))	1.000				
(G) Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((E) x (F))	\$2,681,000	\$0.487			
	Marginally Acceptable	75%	Recommended 80%	85%	Conservative 90%
(H) Confidence Level Factor: (From Appendix H)	1.166	1.245	1.338	1.454	1.609
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	445,000	657,000	906,000	1,217,000	1,633,000
(J) Recommended Funding in 2014-2015 for Claims Costs and Other Expenses: ((G) + (I))	\$3,126,000	\$3,338,000	\$3,587,000	\$3,898,000	\$4,314,000
(L) Rate per \$100 of Payroll: ((J) / \$5,502,948)	\$0.568	\$0.607	\$0.652	\$0.708	\$0.784

Payroll rates are per hundred dollars of 2014-2015 payroll of \$550,294,800.

POOL Form War and Terrorism Exclusion Proposed Changes

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.

Potential POOL Form Changes

“Hammer” Clause:

Some other pools have coverage forms that include what is called a “hammer” clause. This clause is designed to penalize members for such things as late reporting of claims, non-cooperation with claims handling, failure to utilize pool provided human resources advisors and failure to follow legal advice. The language generally states that the penalties for a particular claim could result in a substantially increased deductible or paying a percentage of the costs of a claim. The POOL Executive Committee discussed whether or not such a clause should be considered for the POOL Form and requested this be an item for discussion at the annual meeting.

Examples from our own experience include all of the types of situations other pools have encountered. We had one member who against defense counsel advice proceeded to pay additional amounts to an employee as part of a claim settlement. We have had a few instances of members failing to submit claims or lawsuits timely that could have jeopardized defenses. A few larger deductible members have tried to settle or defend claims they think will be settled below the deductible, thus not reporting them or working with the POOL’s claims team which violates our existing cooperation clauses (excerpts are shown below):

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.

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 may at its 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.

**Approved by Exec comm at 70%
confidence level 3/3/2014
Approved by Board xx/xx/2014**

Revenues

Assessments Written	\$ 14,987,858
Other Income	\$ 504,000
Total Revenues	\$ 15,491,858

Loss Fund Expenses

Claims & Adjustment Expenses	\$ 5,928,300
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Program Expenses

Reinsurance Premiums Ceded	\$ 5,132,590
Agent Compensation	\$ 967,423
Willis Pooling & Loss Control Fees	\$ 505,000
ASC Claims Management Fees	\$ 664,286
Total Program Expenses:	\$ 7,269,299

POOL Administration Expenses

Management Services	\$ 462,000
Casualty Insurance	\$ 40,000
Operating Expenses	\$ 106,500
Legal Services Fees	\$ 65,000
Professional Services	\$ 45,400
Consultants Appraisals	\$ 92,500
Member Education & Training	\$ 239,000
HR Services Fees	\$ 696,150
Total Administration Expenses	\$ 1,746,550

Total Loss Fund, Program and Administration Expenses	\$ 14,944,149
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Net Revenues Over Expenses	\$ 547,709
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Revenues Building

Rental Income	\$ 259,347
Other Income	\$ 6,000
	\$ 265,347

Building Expenses	\$ 132,793
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NET BUILDING INCOME	\$ 132,554
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OTHER EXPENSES:

PRM Amortization Expense	1,786,354
TOTAL OTHER EXPENSES	1,786,354

OTHER BUDGET ITEMS (paid from equity):
Risk management grant program up to 1% of net assets: \$100,000 minimum

POOL Executive Committee

	Re-election Term	Entity	Chair and Vice Chair	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)
Mike Rebaleati	2013-2015	Eureka County	Chair				
Cash Minor	2013-2015	Elko County	Vice Chair		X		
Pat Whitten	2013-2015	Storey County		X			
Josh Foli	2013-2015	Lyon County			X		
Lisa Jones	2013-2015	Eureka Co. School District				X	
Dan Newell	2012-2014	City of Yerington		X			
Kevin Curnes	2012-2014	Carson City School District				X	
Gerry Eick	2012-2014	Incline Village GID					X

Eligible Special Districts/Towns:

Bob Spellberg	Gardnerville Ranchos GID	x
Susan Severt or Garth Elliott	Sun Valley GID	x
Terry Bostwick	Town of Pahrump	x
James Eason	Town of Tonopah	x
Gerry Eick	Incline Village GID	x

Public Risk Mutual



**Notice of Annual Members Meeting and Agenda for
Public Risk Mutual
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: Upon Adjournment of
Nevada Public Agency Insurance Pool Board Meeting
Date: April 25, 2014**

AGENDA

1. Roll
2. **Action Item:** Approval of
 - a. Minutes of Annual Member Meeting April 26, 2013
 - b. Ratification of Board Action Taken Since the 2013 Annual Meeting
3. Report - Minutes of Meetings
 - Meeting of the Board of Directors of April 23, 2013
 - Meeting of the Board of Directors of January 27, 2014
 - Meeting of the Board of Directors of March 3, 2014
4. Investments Report
5. Report - Audited Financial Reports for 2013 (Calendar Year)
6. Status Report – Change of PRM to Single-Parent Status
7. Discussion of Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2014-2015
8. **Action Item:** Elections/Ratification of Board Members and Officers
9. **Action Item:** Approval of Public Agency Risk Management Services, Inc. Management Contract
10. **Action Item:** Adjournment

Public Risk Mutual



**Minutes of Annual Members Meeting of
Public Risk Mutual
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: Upon Adjournment of
Nevada Public Agency Insurance Pool Board Meeting
Date: April 26, 2013**

1. Roll

A sign in sheet was distributed and a quorum determined to be present. Chairman Cash Minor called the meeting to order at 1:57 p.m.

- ## **2. Action Item: Approval of**
- a. Minutes of Annual Member Meeting April 27, 2012**
 - b. Ratification of Board Action Taken Since the 2012 Annual Meeting**

On motion and second to approve the minutes and to ratify board actions, the motion carried.

3. Report - Minutes of Meetings

- Meeting of the Board of Directors of April 24, 2012**
- Meeting of the Board of Directors of October 23 2012**
- Meeting of the Board of Directors of December 18, 2012**
- Meeting of the Board of Directors of March 4, 2013**

No action was taken.

4. Investments Report (including Investment Policy changes and Money Management Controls)

Doug Smith commented that the investment advisor's and manager's report heard under the Joint POOL/PACT agenda covered this topic so nothing further was necessary.

5. Report - Audited Financial Reports for 2012 (Calendar Year)

Chair Minor noted that the board had accepted the audit and that this was a report item only, Doug commented that the audit raised no issues of substance and that the audit team had released their report with no reservations.

6. Action Item: Status Report – Change of PRM to Single-Parent Status

Doug Smith reminded members that both PCM and PRM had funded a study by Willis last year regarding the potential re-domicile of the captives and asking whether the current association captive form should be changed to a pure captive form. As a result of that study, both captives applied to the

Nevada Division of Insurance to convert to single-parent or pure status. The primary reason was to attain a status requiring less rigorous (and far less costly) examinations by the Division.

On motion and second to direct staff to change to the pure captive form if approved by the Division and subject to final Board approval, the motion carried.

7. Discussion of Reinsurance Program Provided to Nevada Public Agency Insurance Pool (POOL) for its Fiscal Year 2013-2014

Doug Smith noted that this had been discussed fully by the PRM board prior to offering terms to POOL, which were discussed under the POOL annual meeting agenda. No action was taken.

8. Action Item: Elections/Ratification of Board Members and Officers

Doug Smith noted that terms for Board Members Alan Kalt and Mike Rebealiti were expiring. On motion and second to reelect both members to the board (including Mike's positions of Vice Chair and Corporate Secretary) and to reelect officers (Wayne Carlson and Doug Smith), the motion carried.

9. Action Item: Adjournment

On motion and second to adjourn, the meeting was adjourned at 2:00 p.m.

Public Risk Mutual



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

Minutes of the Board of Directors of Public Risk Mutual (PRM)

Date: Tuesday, April 23, 2013

Time: 10:00 A.M. or when Exec. Boards and/or PCM concludes

Place: POOL building and by conference call
Carson City, Nevada 89701

DRAFT

1. Roll

The meeting was called to order by Chairman Cash Minor at 12:15 p.m. on April 23, 2013.

Present: Alan Kalt, Mike Rebaleati, Cash Minor, Paul Johnson, Josh Foli
Others Present: Wayne Carlson, Debbie Connally, Ann Wiswell, Bob Lombard, Joe Woods,
Doug Smith and various POOL/PACT Executive Committee Members.

2. Action Item: Approval of Minutes of March 4, 2013

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

3. Action Item: Status of Pure Captive application to Insurance Division

Doug reported that the Insurance Division had not take action on our request to change PRM Into a single parent captive (copies of the revised business plan and a letter penned by Steve Balkenbush were provided to the Board in advance of the meeting). Doug explained that he was not pressing the Division at this time due to the recent untimely death of Chief Examiner Bill McCune, who was a friend of our programs, was very helpful, and will be missed.

4. Staff Reports and Old Business (Action as Necessary):

- a. Financial Statements
- b. Claims Report
- c. Investment Report

Doug reviewed claims status and investment status briefly, pointing out that there was only one change of substance since the last meeting. A new property claim was set up under the name Lander County School District, involving water/freezing damage in January 2013. There are currently 21 claims being processed for different entities in Northern Nevada, all related to the same severe weather event. The event will likely be handled as a single claim, so should result in only one single \$50,000 retention for PRM. However, it will take some time for settlement.

PRM has incurred 16 property losses and 2 casualty losses since inception.

Other detailed financial and investment reports were deferred until the annual meeting later in the week. However, Doug noted there were no changes of note in the financials, and observed that PRM investments for the first quarter of 2013 continued strong, with 'risk assets' such as domestic and international equities returning over 4%. This led to a reallocation in the first week or so of April, with equities being traded and bonds being purchased, as was done in January as well.

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Joe briefly discussed the low returns for the high-quality fixed assets PRM holds, most of which are managed by Eagle, and will discuss the low interest rates at the annual meeting as well.

Staff made reference to expense estimates which were budgeted at \$104,000 for 2012 and will be about \$112,000 for 2013. Details were to be provided in the minutes, and follow:

<u>Estimated Expenses</u>	2012	2013
	<u>PRM</u>	<u>Budgeted</u>
Actuary	12000	12000
Admin	32000	33000
Audit	15000	15000
Investment - Wells Brokerage (trades)		3000
Investment - Wells Custody 0.015%	2760	3150
Investment - RJFS Advisory 0.067%	15000	14070
Investment - Performance Reports	3000	5000
Investment - Eagle Expense 0.25%	12500	14500
Associations, Conferences, Training & Education	7000	7000
Insurance Division Audit/Fees	<u>5000</u>	<u>5000</u>
<u>TOTALS</u>	104,260	111,720

5. Action Item: Recommended PRM Board Members and Officers

Both Mike Rebaleati (Vice Chairman/Corporate Secretary) and Alan Kalt expressed willingness to serve as Board Members for the coming 2013-2016 term. Upon motion and second to reelect both, as well as ratifying Wayne Carlson (President) and Doug Smith (Vice President) as continuing officers, the motion carried. The action is on the agenda for ratification at the annual meeting April 26, 2013.

6. Action Item: Renewal Offer for POOL (NPAIP)

Doug reported that actuarial projections for the existing degree of participation by PRM in the POOL program changed only slightly, with pricing contemplated to remain at the 75% confidence level. The property layer (\$50,000 excess of \$200,000) was priced at \$143,000 last year, \$146,000 this year. Expenses were projected by staff at \$112,000, as noted earlier.

Casualty participation (20% of the layer \$2,500,000 excess of \$500,000) was priced actuarially at \$215,000 last year, \$223,000 this year.

Doug stated that the total budget would therefore be \$481,000. In addition, he recommended that PRM cover certain layers of coverage for a new POOL cyber liability form without charge,

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and that the slight increase in premium be waived. He suggested this waiver is easily justified based on the investment returns from the past year. The total offer to POOL by PRM, then, assuming no other retention changes, would be \$462,000 renewal premium (identical to \$462,000 last year).

The Cyber Liability layers (which provide a total of \$2,000,000 in coverage as a sublimit on the POOL form) will be structured as follows: POOL will retain the first \$250,000 of all losses, then for non-school members CRL will take \$750,000 excess of POOL and PRM the next layer of \$1,000,000; for schools, PRM will take \$250,000 excess of POOL and UE will take the next \$1,500,000 excess of \$500,000.

Doug noted that the additional premiums charged by CRL and UE were not substantial, and that we have no statistics to aid in pricing the cyber exposure at this time, so the retention should not affect PRM materially at this time. He will ask Bickmore for input prior to next year's renewal.

On motion and second to approve offering renewal terms as recommended by staff, the motion carried.

7. Next Meeting: Tentatively Approved Future Dates

- **Tuesday, July 3, 2013, 10:00 a.m.**
- **Tuesday, Oct. 23, 2013, 10:00 a.m.**
- **Tuesday, Dec. 18, 2013, 10:00 a.m.**

8. Action Item: Other New Business and Announcements

No other business was pending or announcements were made.

9. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.

Public Risk Mutual



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Carson City, NV 89701-4790
775-885-7475

Minutes for the Meeting of the Board of Directors of Public Risk Mutual (PRM)

Date: Monday January 27, 2014

Scheduled Time: 9:00 A.M. or when PCM concludes

**Place: POOL building or by conference call
Carson City, Nevada 89701**

(Held Jointly with PCM)

1. Roll

A joint meeting of PRM and PCM was called to order by PRM Chairman Cash Minor and PCM Chairman Paul Johnson at 9:00 a.m. on January 27, 2014.

Board Members Present: Cash Minor, Josh Foli, Paul Johnson, Mike Rebaleati, and Alan Kalt

Others Present: Joe Woods, Debbie Connally, Wayne Carlson, Doug Smith

2. Action Item: Approval of Minutes of April 23, 2013 and Annual Meeting Minutes of April 26, 2013

Josh noted some dates were incorrect in the April 23 minutes. On motion and second to approve the minutes, subject to minor corrections, the motion carried.

3. Staff Reports and Old Business (Action as Necessary):

a. Approval of Single Parent Status

Staff reported that the Insurance Division approved PRM to be a Pure Captive as of July 18, 2013.

b. Financial Statements

Doug provided attendees with copies of the year-end 2013 tentative financials; the financials will change when actuarial reports and audit adjustments are completed during the next month. PRM appears to have a net loss of about \$700,000 for the year, with claims activity causing over \$1.7 million in increased reserves. Staff did not see any need for concern, as an excess program will be subject to such volatility. Investment returns were strong, again. The program is still quite sound, in Doug's opinion.

Public Risk Mutual



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c. Claims Reports

Staff reported three new large liability claims and one new property claim have been incurred since the last meeting. Each full property claim costs the captive about \$50,000, and each liability claims about \$550,000. PRM has incurred five liability claims since inception, and seventeen property claims.

d. Investment Reports

Investment summaries for fourth quarter 2013 and summarizing annual results for 2013 for all entities were provided members by Joe Woods II. Joe provided portfolio summaries, asset allocation summaries, annual reports on mutual funds and exchange traded funds held, and portfolio 'snapshots' with detail in comparison with indices. PRM finished the year with approximately a 7% return, with the Eagle-managed bond portfolio losing about -1.34% and the non-Eagle portfolio returning 13.01%. Joe felt this result was quite in line with our asset mix. Bonds fell in value and equities increased, generally. Joe will provide a full report at the April annual meetings. He felt that asset allocation was in pretty good shape at this time.

Doug reminded members that the SAA investment conference will be held March 12-14 in San Diego; Joe invited us all to connect with him while there if schedules permit.

By motion and second to accept the staff reports, the motion carried.

4. Action Item: Annual Review of Investment Policy

Members had been provided with a copy of the current investment policy, and during brief discussion concluded there were no changes needed at this time. By motion and second to approve the investment policy, the motion carried.

5. Action Item: Approval of audit engagement - Casey, Neilon & Assoc.

Doug provided members with auditors "Communication with those charged with Governance" and "Engagement Letter" for the 2013 audit. Alan said that he hoped the costs would decline slightly over time as the auditors should have comfort with our operations and we are now a single-parent captive which may simplify the process. Upon motion and second to engage Casey, Neilon and Associates for the audit, the motion carried.

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6. 2014 Tentative Board Meetings

Staff affirmed the following scheduled meeting dates:

- **Tuesday, February 25, 2014, 10:00 a.m.**
- **Tuesday, April 22, 2014, 10:00 a.m.**
- **Friday, April 25, 2014, Annual Meeting TBD**

7. Action Item: Other New Business and Announcements

Members wished Mike Rebaleati well with his planned career changes, and hope he will be able to continue to serve the captives.

No other items were discussed.

8. Action Item: Adjournment

On motion and second the meeting adjourned at about 9:40 a.m.

Public Risk Mutual



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

Minutes for the Meeting of the Board of Directors of Public Risk Mutual (PRM)

Date: Monday March 3, 2014

Scheduled Time: 1:00 P.M. or when PRM concludes

**Place: POOL building or by conference call
Carson City, Nevada 89701**

(Held Jointly with PCM)

1. Roll

A joint meeting of PRM and PCM was called to order by PRM Chairman Cash Minor and PCM Chairman Paul Johnson at 1:00 P.M. on March 3, 2014. The joint meetings of NPAIP/PACT were recessed for the convenience of the captive auditors to present their report.

Board Members Present: Cash Minor, Josh Foli, Paul Johnson, Mike Rebaleati, and Alan Kalt

Others Present: Wayne Carlson, Ann Wiswell, Doug Smith, Niki Neilon, Xin Chen and various members of the POOL/PACT executive committees.

2. Action Item: Approval of Minutes of January 27, 2014

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

3. Staff Reports and Old Business (Action as Necessary):

Staff reported no changes of substance since the last meeting.

4. Action Item: Approval of audit report - Casey, Neilon & Assoc.

Niki Neilon, accompanied by audit team leader Xin Chen, presented audit reports for both captives, went over notes and details, answered questions, and stated that both entities were in fine condition and that she had no reservations or concerns. This audit was the first to address the new 'single-parent' status of the captive.

It was suggested that a note be added to the report addressing 'related party transactions.'

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Niki also noted that a 'clean' opinion was included, and concluded with communications regarding internal controls and governance. No changes of note since the prior year were noted.

Upon motion and second to approve the audit report with the change noted, the motion carried.

5. 2014 Tentative Board Meetings

Staff reaffirmed the following scheduled meeting dates:

- **Tuesday, April 22, 2014, 10:00 a.m.**
- **Friday, April 25, 2014, 10:00 a.m.**

6. Action Item: Other New Business and Announcements

No other items were discussed.

7. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at about 1:15.

PUBLIC RISK MUTUAL
DECEMBER 31, 2013 AND 2012

**PUBLIC RISK MUTUAL
DECEMBER 31, 2013 AND 2012**

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Casey, Neilson & Associates, LLC
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Risk Mutual

Report on the Financial Statements

We have audited the accompanying financial statements of Public Risk Mutual (a Nevada non-profit pure captive insurer) which comprise the balance sheets as of December 31, 2013 and 2012 and the related statements of income and comprehensive income, changes in surplus and cash flows for the years ended December 31, 2013 and 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Risk Mutual as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years ended December 31, 2013 and 2012, in conformity with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with the Nevada Administrative Code, we have also issued our report dated March 1, 2014, on our consideration of the Company's internal control over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.

Casey, Neilson & Associates, LLC

Carson City, Nevada
March 1, 2014

**PUBLIC RISK MUTUAL
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents		
Investments	\$ 1,672,744	\$ 454,954
Investment income receivable	22,967,954	20,734,006
Reinsurance recoverable receivable	70,136	65,626
	<u>-</u>	<u>286,434</u>
Total Assets	<u>\$ 24,710,834</u>	<u>\$ 21,541,020</u>
LIABILITIES AND SURPLUS		
Accrued expenses	\$ 8,843	\$ 11,183
Unearned premium	231,000	230,071
Reserve for loss and loss adjustment expenses	<u>2,494,190</u>	<u>1,096,276</u>
Total Liabilities	<u>2,734,033</u>	<u>1,337,530</u>
Surplus	19,518,197	18,712,650
Accumulated other comprehensive income	<u>2,458,604</u>	<u>1,490,840</u>
Total Surplus	<u>21,976,801</u>	<u>20,203,490</u>
Total Liabilities and Surplus	<u>\$ 24,710,834</u>	<u>\$ 21,541,020</u>

See accompanying notes.

**PUBLIC RISK MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
REVENUES		
Premiums earned	\$ 461,071	\$ 516,315
Net investment income	597,571	427,160
Total Revenues	1,058,642	943,475
EXPENSES		
Administrative expenses	66,051	69,925
Loss and loss adjustment expenses	1,687,044	20,678
Total Expenses	1,753,095	90,603
Net Income (Loss) Before Income Taxes	(694,453)	852,872
Provision for Income Taxes	-	-
Net Income (Loss)	\$ (694,453)	\$ 852,872
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ 1,029,066	\$ 1,103,864
Less: Reclassification adjustment for (gains) losses recognized in net income	(61,302)	(85,263)
Other Comprehensive Income	967,764	1,018,601
Comprehensive Income	\$ 273,311	\$ 1,871,473

See accompanying notes.

**PUBLIC RISK MUTUAL
STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2011	\$ 16,622,197	\$ 545,415	\$ 17,167,612
Net income	852,872	-	852,872
Surplus contributions	1,237,581	-	1,237,581
Unrealized holding gains (losses) arising during the period	-	1,030,688	1,030,688
Less: Reclassification adjustment for (gains) losses included in net income	-	(85,263)	(85,263)
Balance, December 31, 2012	<u>18,712,650</u>	<u>1,490,840</u>	<u>20,203,490</u>
Net income (loss)	(694,453)	-	(694,453)
Surplus contributions	1,500,000	-	1,500,000
Unrealized holding gains (losses) arising during the period	-	1,029,066	1,029,066
Less: Reclassification adjustment for (gains) losses included in net income	-	(61,302)	(61,302)
Balance, December 31, 2013	<u><u>\$ 19,518,197</u></u>	<u><u>\$ 2,458,604</u></u>	<u><u>\$ 21,976,801</u></u>

See accompanying notes.

**PUBLIC RISK MUTUAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (694,453)	\$ 852,872
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Realized (gains) losses on sales of securities	(61,302)	(85,263)
Amortization of premium or discount	102,860	30,856
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(4,510)	(12,532)
Reinsurance recoverable receivable	286,434	346,497
Increase (decrease) in:		
Accrued expenses	(2,340)	700
Unearned premium	929	(54,929)
Reserve for loss and loss adjustment expenses	1,397,914	(325,820)
	<u>1,025,532</u>	<u>752,381</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities	6,338,231	3,260,161
Purchase of investments	(7,645,973)	(6,556,976)
	<u>(1,307,742)</u>	<u>(3,296,815)</u>
Net Cash Provided (Used) by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contribution of surplus	1,500,000	1,237,581
	<u>1,500,000</u>	<u>1,237,581</u>
Increase (Decrease) in Cash and Cash Equivalents	1,217,790	(1,306,853)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>454,954</u>	<u>1,761,807</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 1,672,744</u>	<u>\$ 454,954</u>

See accompanying notes.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Public Risk Mutual (the "Company"), a Nevada nonprofit captive association mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Nevada Public Agency Insurance Pool (POOL). Effective July 18, 2013, the Company became a pure captive authorized by State of Nevada Division of Insurance. POOL is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the State of Nevada, and organized to operate as a group self insurer. The Company's formation was approved on July 26, 2004 by the State of Nevada Division of Insurance and began operations September 1, 2004.

The Company provides property reinsurance to POOL on an excess of loss basis. Since July 1 2007, the limit of liability for all covered perils is \$50,000 per loss excess of the underlying POOL retention of \$200,000 per loss. Prior to that time, coverage was for \$50,000 excess of \$150,000. Also, from inception of the captive until June 30, 2010, Lloyds of London reinsured the Company for property losses exceeding \$50,000 net loss per incident, but that reinsurance is now directly contracted by POOL, not the Company.

The Company's coverage incepted on July 1, 2005. For program years 2005/06 through 2010/11, the Company provided excess insurance in the layer \$250,000 excess of \$2,000,000 to Nevada Public Agency Insurance Pool's liability program. In addition, for program years 2007/08 through 2010/11, the Company provided excess insurance in the layer \$1,500,000 excess of \$500,000, subject to a 20% quota share with County Reinsurance Limited, for all non-school entities. Schools were fully insured in this layer by United Educators. Effective July 1, 2011, the Company provides excess insurance in the layer \$2,500,000 excess of \$500,000, again subject to a 20% quota share for all non-school entities.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the Division of Insurance of the State of Nevada for Property and Casualty Insurance Companies. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company, do not vary materially from generally accepted accounting principles.

Cash Equivalents:

For the purpose of presentation in the Company's financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Method of Accounting:

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Securities Available for Sale:

Investments not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. Realized gains and losses are calculated using the specific identification method. The fair value of substantially all securities is determined by quoted market prices.

Valuation of Investments:

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

Reserve for Loss and Loss Adjustment Expenses:

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

Premiums:

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Reinsurance:

In the normal course of business, the Company may seek to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by purchasing reinsurance at certain levels of risk in various areas of exposure with other insurance enterprises.

Income Tax Status:

Under Internal Revenue Code Section 115, and pursuant to regulations and rulings issued by the Internal Revenue Service, organizations formed, operated and funded by political subdivisions formed to pool casualty and other risks arising from their obligations concerning public liability, may exclude income derived from such activities from taxable income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements, and no federal tax returns have been filed. As no tax returns have been filed, there is no statute of limitations to toll, and all years remain open to potential adjustment.

Investments and Investment Income:

Captive insurance companies are governed by 694C.340 regarding allowable investments, however, as a pure captive, the Company is not subject to any restrictions on allowable investments. The Board has, by policy, implemented investment guidelines to which the Company adheres such that investments are in accordance with NRS 682A.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest in the security. The investment guidelines, do not limit investments based upon the rating of a security, but it is policy to limit those securities with potential default risk such that the Company's annual investment income would exceed a loss on a single issuer's securities.

Concentration of Credit Risk:

The Company limits investments in revenue bonds of public utilities to no more than 25% of its assets, and limits investments in corporate obligations to no more than 20% of its assets. Further no more than 10% of assets should be held in any single mutual fund or exchange traded fund except for diversified money market funds approved by the NAIC (National Association of Insurance Commissioners).

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company minimizes this risk through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

Prior Year Reclassifications:

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

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value in conformity with FASB ASC 820-10:

Cash and Cash Equivalents: For these short term instruments, the carrying amount is a reasonable estimate of fair value. This fair value estimate represents a level 1 as described in Note 1.

Investments in Marketable Securities: For investments in marketable securities, fair values are based on quoted market prices or dealer quotes if available. If a quoted market price is not available, fair value is estimated using quoted market process for similar securities. This fair value estimate represents a level 2 input as described in Note 1.

NOTE 3 - CONCENTRATIONS:

As detailed in Note 1, the Company provides excess insurance coverage to POOL; additionally, POOL provided the surplus contribution to the Company, and is the sole insured.

The Company maintains its cash balances in various institutions. As of December 3, 2012, all funds in commercial banks were insured in full by the Federal Deposit Insurance Corporation (FDIC). Starting January 1, 2013 the FDIC no longer fully insures deposits in non-interest bearing transaction accounts. Funds are insured to at least \$250,000 under the FDIC's general deposit insurance rules.

Additionally, as of December 31, 2013 and 2012, the company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 - REINSURANCE ACTIVITY:

Until June 30, 2011, the Company ceded insurance to another company and this reinsurance contract did not relieve the Company from its obligations to policyholders. Failure of the reinsurers to honor its obligations could result in losses to the Company; the Company does not believe that there is a substantial risk of the reinsurer not honoring its obligations, consequently no allowance has been established. At December 31, 2013 and 2012, the Company had reinsurance receivables with a carrying value of \$ - and \$286,434. Effective July 1, 2010, POOL no longer passes the property premiums through the Company, and is directly reinsured by an outside reinsurer.

The amount of recoveries pertaining to reinsurance contracts that were deducted from losses incurred during 2013 and 2012 were approximately - and \$286,434, respectively.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 5 - INVESTMENTS:

Available-for-sale securities at December 31, 2013 and 2012 consist of various investments as indicated below:

	December 31, 2013			
	Cost	FMV	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 3,105,779	\$ 3,084,801	\$ 3,094	\$ (24,072)
U.S. states and local authorities	281,185	286,280	5,095	-
Foreign government bonds	190,615	190,361	-	(254)
Mortgage backed securities	5,392	5,914	522	-
U.S. corporate bonds	5,074,031	5,044,492	23,327	(52,866)
Total debt securities	8,657,002	8,611,848	32,038	(77,192)
Common stocks	5,748,574	7,737,316	1,988,742	-
Exchange traded funds	6,103,774	6,618,790	535,519	(20,503)
Total equity securities	11,852,348	14,356,106	2,524,261	(20,503)
Total available-for-sale securities	\$ 20,509,350	\$ 22,967,954	\$ 2,556,299	\$ (97,695)

	December 31, 2012			
	Cost	FMV	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 3,023,287	\$ 3,142,182	\$ 118,895	\$ -
U.S. states and local authorities	284,672	302,353	17,681	-
Foreign government bonds	174,788	178,974	4,186	-
Mortgage backed securities	7,438	8,003	565	-
U.S. corporate bonds	4,286,988	4,406,555	122,104	(2,537)
Total debt securities	7,777,173	8,038,067	263,431	(2,537)
Common stocks	6,614,121	7,605,617	991,496	-
Exchange traded funds	4,851,872	5,090,322	238,450	-
Total equity securities	11,465,993	12,695,939	1,229,946	-
Total available-for-sale securities	\$ 19,243,166	\$ 20,734,006	\$ 1,493,377	\$ (2,537)

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 5 - INVESTMENTS (continued):

For purposes of determining gross realized gains, the cost of securities sold is based on specific identification. Net unrealized holding gains (losses) on available-for-sale debt and equity securities in the amount of \$1,029,066 and \$1,103,864 for the years ended December 31, 2013 and 2012 have been included in accumulated other comprehensive income.

During 2013 and 2012, sales proceeds and gross realized gains and losses on securities classified as available-for-sale were:

	<u>2013</u>	<u>2012</u>
Sale proceeds	<u>\$ 6,338,231</u>	<u>\$ 3,260,161</u>
Gross realized gains	<u>\$ 94,876</u>	<u>\$ 86,244</u>
Gross realized losses	<u>\$ (33,575)</u>	<u>\$ (981)</u>

Contractual maturities of available-for-sale debt securities at December 31, 2013 and 2012 are as follows:

	<u>Estimated Fair Values</u>	
	<u>2013</u>	<u>2012</u>
1 year or less	\$ -	\$ 493,295
Due in 1 - 5 years	7,002,988	4,483,145
Due in 5 - 10 years	1,602,946	2,858,930
Due in 10 years or more	<u>5,914</u>	<u>202,697</u>
Total investment in debt securities	<u>\$ 8,611,848</u>	<u>\$ 8,038,067</u>

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Information pertaining to securities with gross unrealized losses at December 31, 2013, aggregated by length of time individual securities have been in a continuous loss position, is as follows:

	<u>Less Than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
U.S. government obligations	\$ 1,787,362	\$ 24,072	\$ -	\$ -	\$ 1,787,362	\$ 24,072
Foreign government bonds	190,361	254			190,361	254
U.S. corporate bonds	2,885,251	43,870	275,749	8,996	3,161,000	52,866
Exchange traded funds	1,981,808	20,503			1,981,808	20,503
Total available-for-sale securities	<u>\$ 6,844,782</u>	<u>\$ 88,699</u>	<u>\$ 275,749</u>	<u>\$ 8,996</u>	<u>\$ 7,120,531</u>	<u>\$ 97,695</u>

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 5 - INVESTMENTS (continued):

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Group to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES:

For the year ended December 31, 2013, estimated unpaid losses have been determined to range from a recommended low of \$618,000 to a recommended high of \$887,000 with a conservative estimate of \$1,156,000 based on actuarial estimates; further the actuary has projected expected losses at \$406,000. For the year ended December 31, 2012, estimated unpaid losses have been determined to range from a recommended low of \$666,000 to a recommended high of \$935,000 with a conservative estimate of \$1,206,000 based on actuarial estimates; further the actuary has projected expected losses at \$456,000. Management has estimated reserves to be \$1,494,190 and \$1,096,276 at December 31, 2013 and 2012. This estimate is based on funding the Company at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income.

Activity in the reserve for loss and loss adjustment expenses account is summarized as follows:

	<u>2013</u>	<u>2012</u>
Balance at January 1	\$ 1,096,276	\$ 1,422,096
Less reinsurance recoverables	<u>(286,434)</u>	<u>(632,931)</u>
Net Balance at January 1	<u>809,842</u>	<u>789,165</u>
Incurred related to:		
Current year	274,000	167,250
Prior years	<u>1,413,044</u>	<u>(146,573)</u>
Total incurred	<u>1,687,044</u>	<u>20,677</u>
Net paid	<u>2,696</u>	<u>-</u>
Plus reinsurance recoverables	<u>-</u>	<u>286,434</u>
Balance at December 31	<u>\$ 2,494,190</u>	<u>\$ 1,096,276</u>

As a result of changes in estimates of incurred events in prior years, the provision for losses changed by \$1,413,044 and \$(146,573) for the years ended December 31, 2013 and 2012 respectively, due to higher (lower) than anticipated losses on the development of claims.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 7 - SURPLUS CONTRIBUTION:

An additional \$1,500,00 and \$1,237,581 in capital was contributed to the Company from POOL during the years ended December 31, 2013 and 2012 respectively, pursuant to authorization by the Executive Committee of POOL on December 27, 2012 and March 16, 2012 respectively.

NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2013 and 2012.

NOTE 8 – RELATED PARTIES

All premiums and surplus contributions are made by POOL and all claims activity is attributable to the quota share reinsurance agreement with POOL.

NOTE 9 - SUBSEQUENT EVENTS:

Management has evaluated the activities and transactions subsequent to December 31, 2013 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2013, and there were none. Management has evaluated subsequent events through March 1, 2014, which is the date the financial statements were available to be issued.

Casey, Neilon & Associates, LLC
Accountants and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors
Public Risk Mutual

In planning and performing our audit of the GAAP basis financial statements of Public Risk Mutual (PRM) as of and for the years ended December 31, 2013 and 2012 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PRM's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction PRM is subject and is not intended to be and should not be used by anyone other than these specified parties.

Casey, Neilon & Associates, LLC

Carson City, Nevada
March 1, 2014



503 N. Division St. • Carson City, NV 89703
775.283.5555 • fax 775.283.0494
www.wealthcarecpas.com

March 1, 2014

To the Board of Directors
Public Risk Mutual

We have audited the financial statements of Public Risk Mutual for the year ended December 31, 2013, and have issued our report thereon dated March 1, 2014. 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. We have communicated such information in our letter to you dated November 25, 2013. Professional standards also require that we communicate to you the following information related to our audit.

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 Public Risk Mutual are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Company 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 estimate(s) affecting the financial statements was (were):

Management's estimate of the reserve for loss and loss adjustment expenses are based on claims made during the policy period. This was supported by an actuarial opinion, and meets the standards required by general accepted accounting standards. We evaluated the key factors and assumptions used to develop the reserve for unpaid loss and loss adjustment expenses in determining that it is reasonable in relation to the financial statements taken as a whole.



CIRCULAR 230 DISCLAIMER: To ensure compliance with Treasury Regulations governing written tax advice, please be advised that any tax advice included in this communication, including any attachments, is not intended, and cannot be used, for the purpose of (i) avoiding any federal tax penalty or (ii) promoting, marketing or recommending any transaction or matter to another person.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of reserve for loss and loss adjustment expense in Note 5 to the financial statements.

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 Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 March 1, 2014.

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 Company'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 or Issues

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 Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and Management of Public Risk Mutual and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

.

Casey, Neilon & Associates, LLC

Casey, Neilon and Associates



503 N. Division St. • Carson City, NV 89703
775.283.5555 • fax 775.283.0494
www.wealthcarecpas.com

March 1, 2014

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

Please find enclosed our audit report on the December 31, 2013 and 2012 financial statements of Public Compensation Mutual. In accordance with the provisions of Nevada Administrative Code 694C.210 we make the following representations:

- We are independent with regard to Public Risk Mutual.
- We conform to the standards set forth in the *AICPA Professional Standards* published by the American Institute of Public Accountants.
- We understand that the audit annual report and our opinions thereon will be filed with the Commissioner pursuant to NAC 694C.210.
- We agree to comply with NAC 694C.230.
- We are properly licensed by the Nevada State Board of Accountancy, and we are members in good standing of the American Institute of Public Accountants.
- The workpapers for this engagement are the property of Casey, Neilon & Associates, LLC and constitute confidential information. However, we may be requested to make certain workpapers available to the State of Nevada, Department of Business and Industry, Division of Insurance pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of Casey, Neilon & Associates, LLC's personnel.

The staffs involved in the audit of Public Risk Mutual are as follows:

Darsi Casey, CPA, MST – Compliance Partner

25 years accounting and auditing experience, including 18 years of experience with auditing insurance entities in the following categories:

- Self insured associations for workers compensation (18 years)
- Self insured health fund of the State of Nevada (15 years)
- Self insured property and casualty fund of the State of Nevada (15 years)
- Captive insurers (11 years)



CIRCULAR 230 DISCLAIMER: To ensure compliance with Treasury Regulations governing written tax advice, please be advised that any tax advice included in this communication, including any attachments, is not intended, and cannot be used, for the purpose of (i) avoiding any federal tax penalty or (ii) promoting, marketing or recommending any transaction or matter to another person.

Board of Directors
Public Compensation Mutual
March 1, 2014
Page 2

Niki Neilon, CPA – Engagement Partner

17 years accounting and auditing experience, including 17 years of experience with auditing insurance entities in the following categories:

- Self insured associations for workers compensation (17 years)
- Self insured health fund of the State of Nevada (15 years)
- Self insured property and casualty fund of the State of Nevada (15 years)
- Captive insurers (11 years)

Xin Chen, CPA – Manager

9 years accounting and auditing experience

Nick Belanger – Staff Accountant

2 years accounting and auditing experience.

We appreciate the opportunity to be of service to Public Compensation Mutual.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicola Neilon". The signature is fluid and cursive, with the first name "Nicola" and last name "Neilon" clearly distinguishable.

Nicola Neilon, CPA

Encl.

PRM Board Members and Corporate Officers

	<u>Entity</u>	<u>Officers</u>	<u>Terms</u>	<u>Proposed</u>	<u>Necess Action</u>
Cash Minor	Elko Co.	Chair	2011 - 2014	2014-2017	reelection
Mike Rebaleati	Eureka Co.	Vice Chair/Corp Sec.	2013 - 2016		
Paul Johnson	White Pine CSD	Fiscal Officer/Corp Treas.	2012-2015		
Josh Foli	Lyon Co.		2011 - 2014	2014-2017	reelection
Alan Kalt	Churchill Co.		2013 - 2016		

Other Officers

Wayne Carlson		President			Ratification
Doug Smith		Vice President			Ratification

Note: President and Vice President are not elected positions but serve at the pleasure of the Boards

**AGREEMENT BETWEEN
PUBLIC RISK MUTUAL
AND
PUBLIC AGENCY RISK MANAGEMENT SERVICES, INC.**

WHEREAS, the Public Risk Mutual, hereinafter called "PRM," requires the services of a captive management company to manage the day-to-day operations of the PRM and to carry out those duties in accordance with the Articles of Incorporation which established PRM, its Bylaws and amendments thereto and pursuant to the PRM Certificate of Authority; and

WHEREAS, Public Agency Risk Management Services Inc., a Nevada corporation, hereinafter called "PARMS," has offered to serve in the capacity of captive management company; and

WHEREAS, PARMS has the capacity to perform the functions of Captive management company of PRM;

NOW, THEREFORE, PRM and PARMS hereby agree to the following terms and conditions:

PARMS agrees:

1. To act as the Captive management company of PRM in accordance with the terms of the Articles of Incorporation and Bylaws that created PRM.
2. This agreement is one for personal services to be rendered by PARMS and may not be assigned by PARMS without prior written approval of PRM.
3. To manage the day-to-day operations of PRM as required to effect the purposes of PRM and as directed by PRM's Board of Directors.
4. To conduct its functions for PRM from the PRM designated office location and to report to and maintain the files and records of PRM during the term of this Agreement.
5. To consult with and advise the Board of Directors on matters affecting PRM's operations.

6. To coordinate dealings with the PRM's service providers and to manage their performance on behalf of the PRM Board of Directors.
7. To assist PRM with compliance with applicable State of Nevada laws and regulations pertaining to PRM's operations in the capacity as association administrator.
8. 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 PRM and the services provided to PRM by its current service providers. PARMS 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 PRM for the purpose of selling pooling, association risk sharing of similar insurance products, captive insurance company operations or providing similar services.
9. PARMS agrees all records resulting from services under this Agreement and held by PARMS on behalf of PRM shall be maintained and preserved in accordance with statutory requirements and shall remain the property of PRM at all times and will be surrendered to PRM upon termination or expiration of this Agreement. PARMS shall be permitted to copy, at its own expense, such portions of the files as may be necessary.
10. Conflicts of Interest. PARMS shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
11. To indemnify, defend and hold harmless PRM with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of PARMS and/or its employees unless the complained of actions of PARMS were taken at the specific direction of PRM.

PRM agrees:

1. To cooperate with PARMS in the establishment and funding of PRM's operations and its continuation.
2. To consult with and provide direction to PARMS as its captive management company.
3. To establish funds for payment of claims and other obligations of PRM and to authorize PARMS to be manager of the funds and to expend those funds for obligations of PRM pursuant to PRM's policies and procedures.
4. To establish Bylaws, policies and procedures to govern the operation of PRM.
5. To appoint legal counsel to advise PRM and its captive management company with respect to matters affecting the operation of PRM.
6. To establish the PRM office location from which PARMS will conduct PRM's operations and to fund the expenses thereof.
7. To indemnify, defend and hold harmless PARMS with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of PRM and/or its employees unless the complained of actions of PRM were taken at the specific direction of PARMS.
8. Not to employ a person who has been employed by PARMS at any time during the term of this Agreement, unless the person to be employed shall not have been employed by PARMS during the immediately preceding six (6) months or unless the hiring party shall have PARMS' prior written consent. This provision shall survive the termination of this agreement for a period of one (1) year.

A. TERM OF AGREEMENT

This Agreement shall commence upon July 1, 2014 and shall continue in full force and effect until July 1, 2019 with an option to extend with the same terms and conditions, subject to fee negotiation, for an additional two years upon mutual agreement with PARMS and the PRM Board subject to the termination or non-renewal provision of this agreement.

B. TERMINATION OR NON-RENEWAL

This agreement may be terminated or non-renewed by either party upon the giving of one hundred eighty (180) days written notice to the other.

C. COMPENSATION OF PARMS

1. Captive management company Services

PARMS shall be paid a fee of Thirty Thousand Dollars (\$35,000.00) annually for Captive management company services. Said fees shall be paid on a monthly basis and the contract year shall run from July 1 through June 30.

2. Annual Fee Adjustments

Effective July 1, 2015 and annually thereafter, the base fee shall be increased by 3% each year.

3. New Programs Fee

For new programs initiated by the PRM, any additional fee shall be negotiated at the time the program is initiated. Any fee for new programs initiated during the prior annual period shall be added to the otherwise applicable base fee for the subsequent period.

4. Expense Reimbursement

PRM shall reimburse PARMS for expenses incurred on behalf of PRM while acting in the scope of its capacity as captive management company including but not limited to the following:

- a. Automobile usage at the then current authorized rate for public employees as determined by the State of Nevada for its employees;
- b. Seminars, travel, entertainment or other necessary expenses at the actual costs thereof.

PRM shall not be responsible for any of PARMS' payroll, employee benefits, taxes, licenses, attorney's fees, or expenses for PARMS' activities not related to the services performed pursuant to this Agreement.

D. INDEPENDENT CONTRACTOR

Nothing in this Agreement shall be construed to create an employee-employer relationship between PRM and PARMS. PARMS shall at all times be considered an independent contractor which derives its authority to act from the Articles of Incorporation and Bylaws, as amended, which created PRM and from the Board of Directors of PRM.

E. INSURANCE REQUIRED

PARMS shall maintain general liability, automobile liability and errors and omissions insurance in an amount not less than One Million Dollars (\$1,000,000) per occurrence.

In light of PARMS' status as an independent contractor, PARMS acknowledges and agrees that PRM is not responsible for obtaining and maintaining in effect all worker's compensation insurance covering PARMS. In accordance with the provisions of Chapter 616 of the Nevada Revised Statutes and Chapter 616 of the Nevada Administrative Code, PARMS agrees to provide to PRM a proper certificate, certifying that it has obtained worker's compensation insurance covering PARMS during the term of this agreement. PARMS agrees to pay any and all premiums necessary to keep said worker's compensation insurance effective during the term of this agreement.

F. GOVERNING LAW

This agreement is made subject to the laws of the State of Nevada.

G. ENTIRE AGREEMENT

This Agreement sets forth the intentions of the parties and incorporates the understandings prior to its execution.

H. ATTORNEY'S FEES

Should either party bring suit to enforce the provisions of this agreement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs.

EFFECTIVE DATE

This Agreement is entered into on _____, 2014, and effective July 1, 2014.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed:

PUBLIC AGENCY RISK
MANAGEMENT SERVICES, INC.

PUBLIC RISK MUTUAL

BY: _____

BY: _____

Wayne E. Carlson
President

Cash Minor
Chairman of the Board

DATE: _____

DATE: _____