



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

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

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

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 28, 2016

Board Workshops

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

2:30 p.m. – 2:45 p.m. Break

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

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

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

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 29, 2016

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

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

- a. Strategic Asset Alliance Investment Advisor Report**
- b. GR-NEAM Management Investment Manager Report**
- c. GR-NEAM Enterprise Risk Management, Investments and Retention Strategy Overview**
- d. Bickmore Actuarial Report for POOL and PACT**

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

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

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

a. Approval of Minutes of Board:

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

b. Acceptance of Minutes of Committee Meetings

Joint Executive Committee Meeting of May 27, 2015

Joint Executive Committee Meeting of August, 31, 2015

Joint Executive Committee Meeting of October, 23, 2015

Joint Executive Committee Meeting of March, 21, 2016

Audit Committee Meeting of October 15, 2015

Human Resources Oversight Committee Meeting of June 19, 2015

Human Resources Oversight Committee Meeting of October 2, 2015

Human Resources Oversight Committee Meeting of December 11, 2015

Human Resources Oversight Committee Meeting of March 18, 2016

Loss Control Committee Meeting of June 5, 2015

Loss Control Committee Meeting of September 4, 2015

Loss Control Committee Meeting of December 15, 2015

Loss Control Committee Meeting of February 9, 2016

Loss Control Committee Meeting of April 13, 2016

- c. **Acceptance of Reports**
 - o **Executive Director's Report**
 - o **Strategic Plan Progress 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**
 - d. **Data Security Project Report: Mike Rebaleati and Antonio Rucci**
- 8. **For Possible Action: Stewardship Reports**
 - a. **Alternative Service Concepts**
 - b. **Willis Pooling**
- 9. **For Possible Action: POOL/PACT Human Resources**
 - a. **HR Oversight Committee Report**
 - b. **Grant Financial Audit Report**
- 10. **For Possible Action:**
 - a. **Board Orientation: POOL PACT Overview**
 - b. **Adoption of Changes to Mission, Vision, Goals and Core Values**
- 11. **Public Comment**
- 12. **For Possible Action: Adjournment**

This Agenda was posted at the following locations and on the State's Website:

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

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

**Eureka County Courthouse
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.



Investment Review As of December 31st, 2015

February 4th, 2016

Daniel Smereck
Managing Director



STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

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

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Executive Summary

- For the quarter, investment grade fixed income portfolios posted negative returns due to rising yields on the heels of the Fed's rate increase of 0.25% in December. Meanwhile, equities posted strong positive returns within the PRM and PCM portfolios as markets recovered from the Q3 equity drawdown.
 - However, strong negative sentiment gripped the market in late December (think China slowdown & oil prices) and spilled violently over into January 2016 as investors continue to have a difficult time pricing risk given global growth concerns.
- This is the final report showing Eagle Asset Management and PFM; both managers were terminated effective 1/1/2016 when NEAM officially took over core fixed income investment management responsibilities. Some other transition highlights are noted below:
 - Custody accounts were changed in late Q4-2015 to save some costs and better organize the accounts given the single fixed income manager set-up.
 - SAA has been running parallel with Wells Fargo's performance reports through 2015 for PCM and PRM, these reports are no longer required and were terminated effective 1/1/2016 with savings of approximately \$20K per year.
 - The enterprise-based asset allocation work ("ERM") is in progress with NEAM and targeted for completion late March/early April after which asset allocation, investment policy and benchmark changes may be recommended.
 - Prospectively, the format of this report will change and adapt to reflect the streamlined management structure and reporting capabilities NEAM has to offer through its investment accounting platform.





CAPITAL MARKETS REVIEW Q4-2015



SAA Capital Market Commentary – 4th Quarter 2015

● GLOBAL FINANCIAL MARKETS

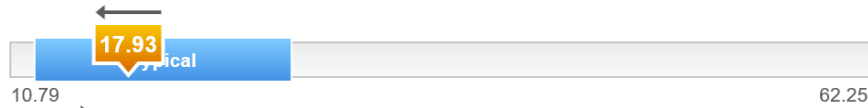
- Global equities delivered positive returns for the fourth quarter despite generally poor performance in December. Government bond markets broadly reflected the policy trajectories of the world's major central banks.
 - US equities gained over the quarter. The Federal Reserve increased its main policy rate in December following strong domestic macroeconomic data.
 - Eurozone equities posted positive returns overall, buoyed by hopes for further quantitative easing. However, the eventual announcement disappointed investors and weighed on returns in December.
 - Japan was the best performing equity market over the quarter. A sharp rebound in October was driven by a recovery in cyclical sectors.
 - Emerging market equities underperformed their developed world counterparts. The Chinese equity market posted a solid gain as the central bank provided further support to the economy. Economic data in Brazil continued to deteriorate.
- In U.S fixed income markets, this quarter marked by the first Fed rate hike since June 2006, most US investment grade fixed income benchmarks posted modest losses, while high yield indices faced additional challenges.
 - Higher-quality corporates and securitized assets, which represent 26.9% and 23.5% of the US Aggregate Index, respectively, helped the index earn an excess return over like-duration Treasuries.



Key U.S. Economic Indicators

Market Volatility (CBOE VIX)

Monthly: Jan '90 - Dec '15



10 Yr. U.S. Treasury Yield

Monthly: May '53 - Dec '15



Yield Spread

Monthly: Jan '54 - Dec '15



Home Prices (HPI)

Monthly: Jan '01 - Oct '15



▲ MARKET INDICATORS

▼ ECONOMIC INDICATORS

Inflation (CPI)

Monthly: Jan '48 - Nov '15



Unemployment

Monthly: Jan '48 - Dec '15



Economic Expansion (GDP)

Quarterly: Jun '47 - Sep '15



Consumer Sentiment (CSI)

Monthly: Jan '78 - Dec '15



FOR EACH INDICATOR, THE HORIZONTAL BAR SHOWS FOUR THINGS.

- A BLUE COLOR BAND represents the typical range for this indicator, +/- 1 standard deviation of the historical values for the indicator fall in this range.
- AN ORANGE MARKER shows the most recent value – the closer the marker is to the blue bar, the closer it is to historically typical conditions.
- A WHITE AREA outside of the blue band which shows the range of actual conditions.
- AN ARROW shows the most recent three-month trend indicating if it is moving toward or away from the typical range.

Two key data points for Fed policy determination with +0.25% liftoff Dec. 2015.



Key Capital Market Index Returns

Index	Asset Class	Oct-15	Nov-15	Dec-15	Q4-2015	2015	Trailing 2 Yr
Dow Jones Industrial Average	U.S. Equity	8.59%	0.71%	-1.52%	7.70%	0.21%	5.01%
Dow Jones U.S. Select REIT	U.S. Real Estate	5.83%	-0.55%	2.18%	7.54%	4.48%	17.44%
S&P Composite 1500 Growth	U.S. Equity	8.96%	0.28%	-1.74%	7.36%	5.21%	9.49%
S&P 500	U.S. Equity	8.44%	0.30%	-1.58%	7.04%	1.38%	7.36%
S&P Composite 1500	U.S. Equity	8.14%	0.45%	-1.88%	6.59%	1.01%	6.88%
S&P Composite 1500 Value	U.S. Equity	7.20%	0.66%	-2.06%	5.68%	-3.53%	4.01%
MSCI World Index	World Equity	7.95%	-0.45%	-1.72%	5.62%	-0.32%	2.55%
MSCI EAFE Index	International Equity	7.82%	-1.54%	-1.33%	4.75%	-0.39%	-2.46%
MSCI World Ex. US Index	World Equity	7.54%	-1.58%	-1.77%	3.97%	-2.60%	-3.24%
S&P SmallCap 600	U.S. Equity	6.10%	2.68%	-4.79%	3.72%	-1.97%	1.82%
S&P MidCap 400	U.S. Equity	5.63%	1.35%	-4.17%	2.60%	-2.18%	3.62%
Barclays Capital Municipal Bond	U.S. Fixed Income	0.40%	0.40%	0.70%	1.50%	3.30%	6.14%
MSCI EM (Emerging Market)	International Equity	7.14%	-3.89%	-2.17%	0.73%	-14.60%	-8.43%
BofA Merrill Lynch US Convertibles	U.S. Convertible Bond	3.69%	-0.88%	-2.13%	0.59%	-3.24%	2.90%
Citigroup 3-month T-bill	Cash/Cash Equivalent	0.00%	0.00%	0.01%	0.01%	0.03%	0.03%
Barclays Capital U.S. Aggregate	U.S. Fixed Income	0.02%	-0.26%	-0.32%	-0.57%	0.55%	3.22%
Barclays Capital U.S. Credit	U.S. Fixed Income	0.42%	-0.22%	-0.78%	-0.58%	-0.68%	3.31%
Barclays U.S. Treasury: U.S. TIPS	U.S. Fixed Income	0.25%	-0.10%	-0.79%	-0.64%	-1.44%	1.07%
Barclays Int. U.S. Government/Credit	U.S. Fixed Income	-0.10%	-0.26%	-0.33%	-0.69%	1.07%	2.09%
Barclays U.S. Government/Credit	U.S. Fixed Income	0.00%	-0.32%	-0.43%	-0.74%	0.15%	3.04%
Merrill Lynch US Treasury Master	U.S. Fixed Income	-0.36%	-0.42%	-0.16%	-0.93%	0.83%	3.39%
Citigroup WorldBIG Index	World Fixed Income	0.08%	-1.71%	0.59%	-1.06%	-3.24%	-1.22%
Barclays Capital U.S. Corporate High Yield	U.S. Fixed Income	2.75%	-2.22%	-2.52%	-2.07%	-4.47%	-1.07%
Alerian MLP	Master Limited Partnerships	9.69%	-8.08%	-3.57%	-2.76%	-32.59%	-15.95%

▶ As December came to a close, negative market volatility continued to spill over heavily into early 2016 as investors reevaluated global economic growth prospects and struggled to price risk.



- Indices sorted high/low by Q4 performance.

U.S. Fixed Income Sector Yields & Returns

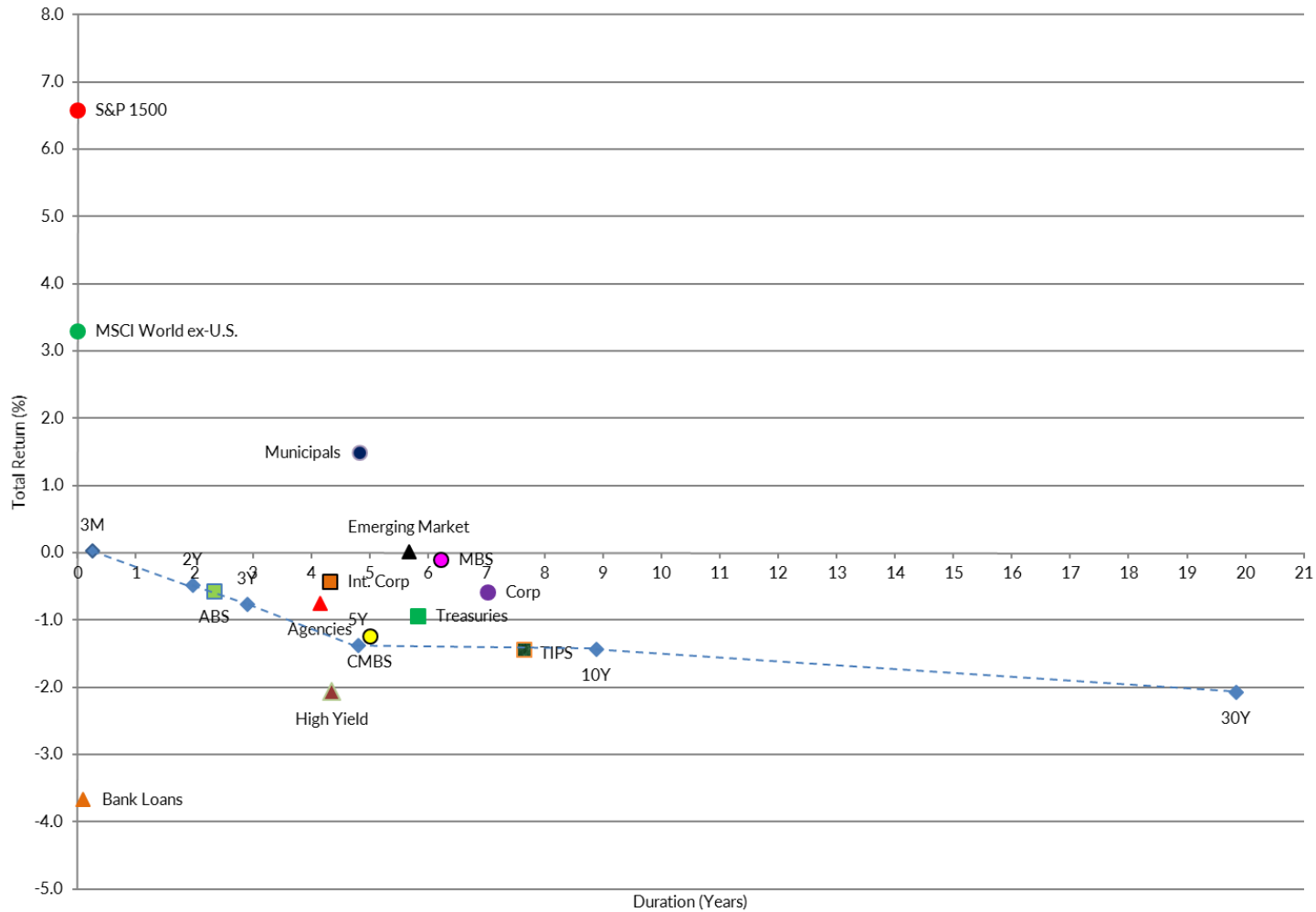
Index	Averages						Total Returns (%)						
	Coupon (%)	Price (\$)	Yield (%)	Spread (bps)	Maturity (yrs.)	Duration (yrs.)	1-Mo.	3-Mo.	YTD	1Y	3Y	5Y	10Y
Barclays U.S. Aggregate Index	3.18	103.1	2.59	56	7.9	5.7	-0.32	-0.57	0.55	0.55	1.44	3.25	4.51
U.S. Treasury	2.07	102.4	1.73	-	7.2	5.9	-0.16	-0.94	0.84	0.84	1.00	2.91	4.18
U.S. Agency	2.33	103.4	1.66	21	4.7	3.6	-0.27	-0.64	1.01	1.01	1.05	2.02	3.72
U.S. Mortgage Backed Securities	3.69	104.6	2.77	24	6.9	4.5	-0.03	-0.10	1.51	1.51	2.01	2.96	4.64
U.S. Asset Backed Securities	1.97	100.3	1.88	72	2.5	2.3	-0.19	-0.57	1.25	1.25	0.95	2.31	3.29
U.S. Commercial Mortgage Backed Securities	3.62	101.7	2.97	121	5.6	5.0	-0.89	-1.24	0.97	0.97	1.68	4.09	5.20
U.S. Corp. Investment Grade	4.25	102.3	3.67	165	10.5	7.0	-0.78	-0.58	-0.68	-0.68	1.67	4.53	5.29
Barclays Municipal Bond Index	4.80	109.1	2.11	-	13.1	6.2	0.70	1.50	3.30	3.30	3.16	5.35	4.72
BofAML US Inflation-Linked Treasury Index	1.02	102.8	0.64	-	9.0	5.5	-0.85	-0.59	-1.71	-1.71	-2.36	2.65	3.99
BofAML Preferred Index (Fixed Rate)	6.15	103.5	4.56	158	-	4.8	0.57	3.46	7.58	7.58	6.16	7.19	3.30
Barclays U.S. Corp. High Yield Index	6.70	89.1	8.74	660	6.2	4.3	-2.52	-2.07	-4.47	-4.47	1.69	5.04	6.96
S&P / LSTA Leveraged Loan Index	4.39	91.3	6.61	623	4.8	0.1	-1.05	-2.10	-0.69	-0.69	2.04	3.41	4.31
JPMorgan EM Bond Index Plus (EMBI+)	6.57	99.5	6.43	410	-	7.5	-1.28	1.77	1.82	1.82	-0.30	5.02	6.69
JPMorgan Corp. EM Bond Index (CEMBI) Diversified	5.31	96.4	6.22	425	-	5.2	-1.39	0.46	1.18	1.18	-	-	-
JPMorgan Govt. Bond Index-EM (GBI-EM) Global Diversified	6.61	-	7.13	-	-	4.8	-2.23	-0.01	-14.92	-14.92	-9.95	-3.48	4.31
Barclays Global Aggregate Ex-U.S. Index	2.72	111.2	1.05	38	9.0	7.4	1.24	-1.26	-6.02	-6.02	-4.07	-0.83	3.10
BofAML U.K. Gilts Index	3.75	118.2	1.86	-	15.3	10.6	-3.17	-3.99	-5.03	-5.03	0.01	4.54	3.76
BofAML European Union Government Bond Index	3.38	117.9	0.97	31	10.3	7.9	0.64	-2.69	-7.96	-7.96	-0.90	2.30	3.93

▶ Government bond market movements over the final quarter of 2015 broadly reflected the diverging policy trajectories of the world's major central banks. Mounting expectations of a rate rise from the US Fed were realized in December; with the 25 bps rate rise the first in almost a decade. In the Eurozone, the ECB delivered on its promise to extend policy accommodation, but the measures ultimately fell short of market hopes.

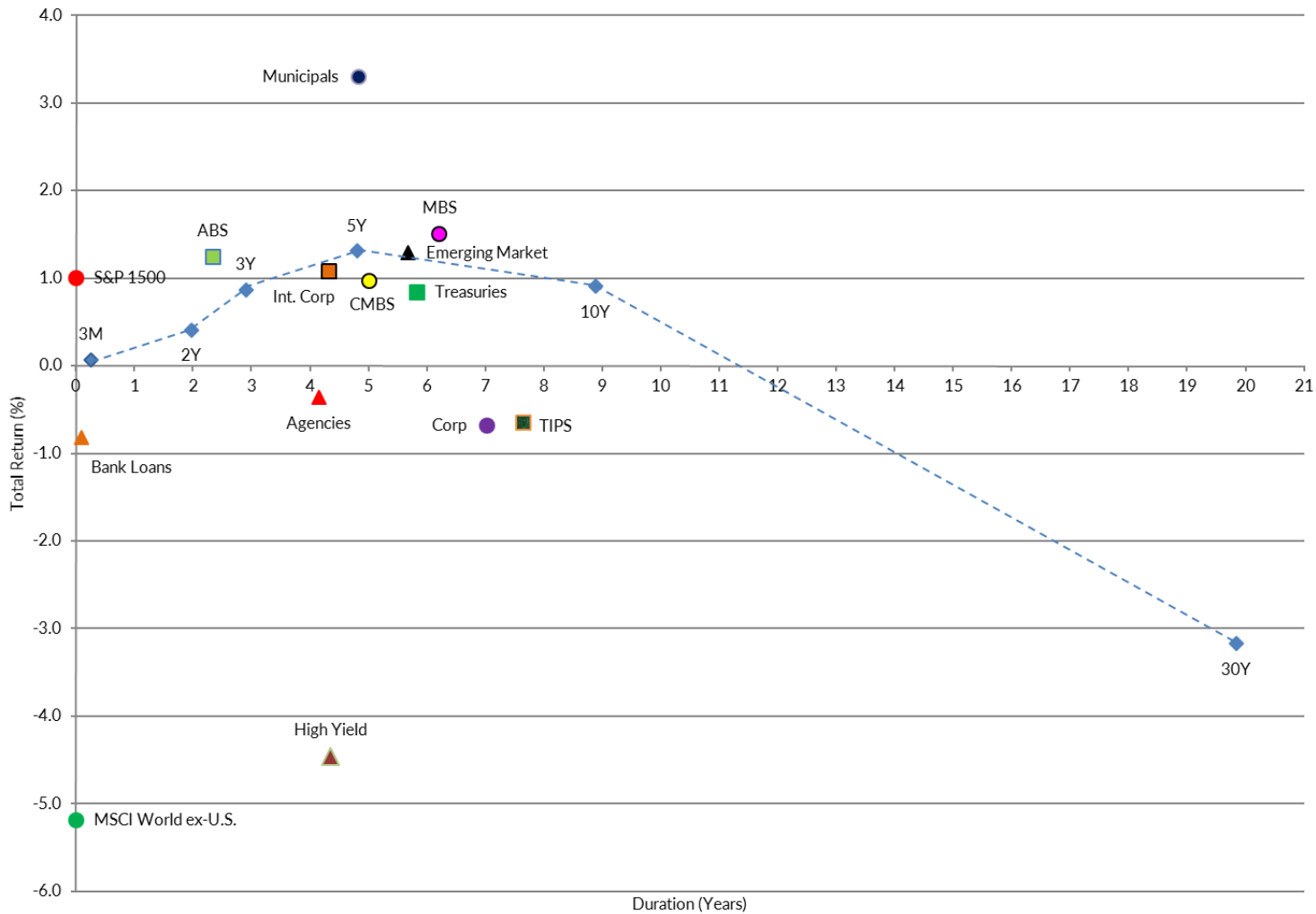
▶ In corporate bonds, investors in euro credit markets balanced a general improvement in domestic economic data with negative developments from emerging markets and high profile companies such as Petrobras, Glencore and Volkswagen. In the US, the oil price weighed more significantly on corporate bonds, with high yield particularly vulnerable to the energy price declines.



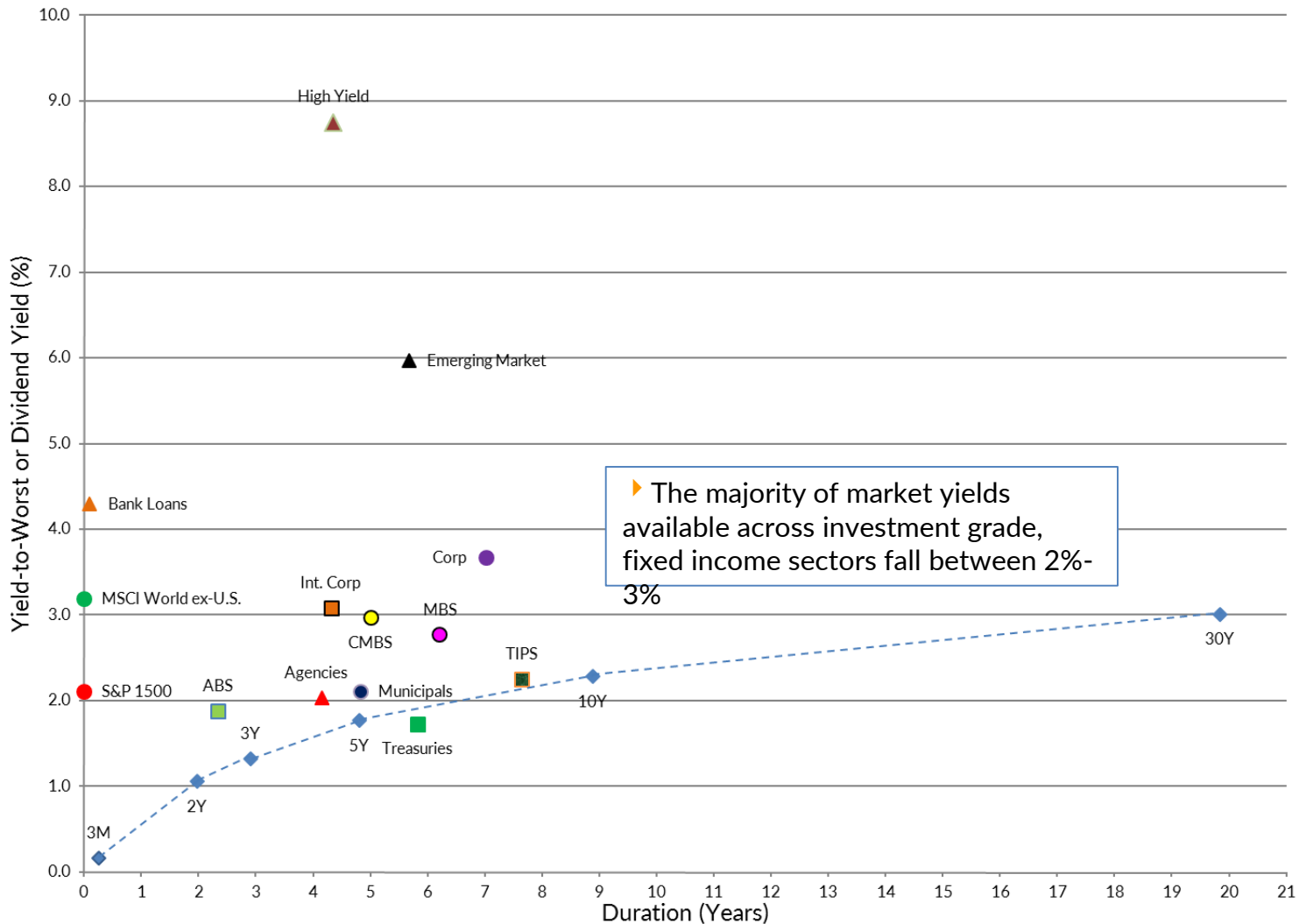
Q4-2015 Fixed Income Sector (Total Returns/Duration)



Year 2015 Fixed Income Sector (Total Returns/Duration)



Fixed Income Sector (Yields/Duration)

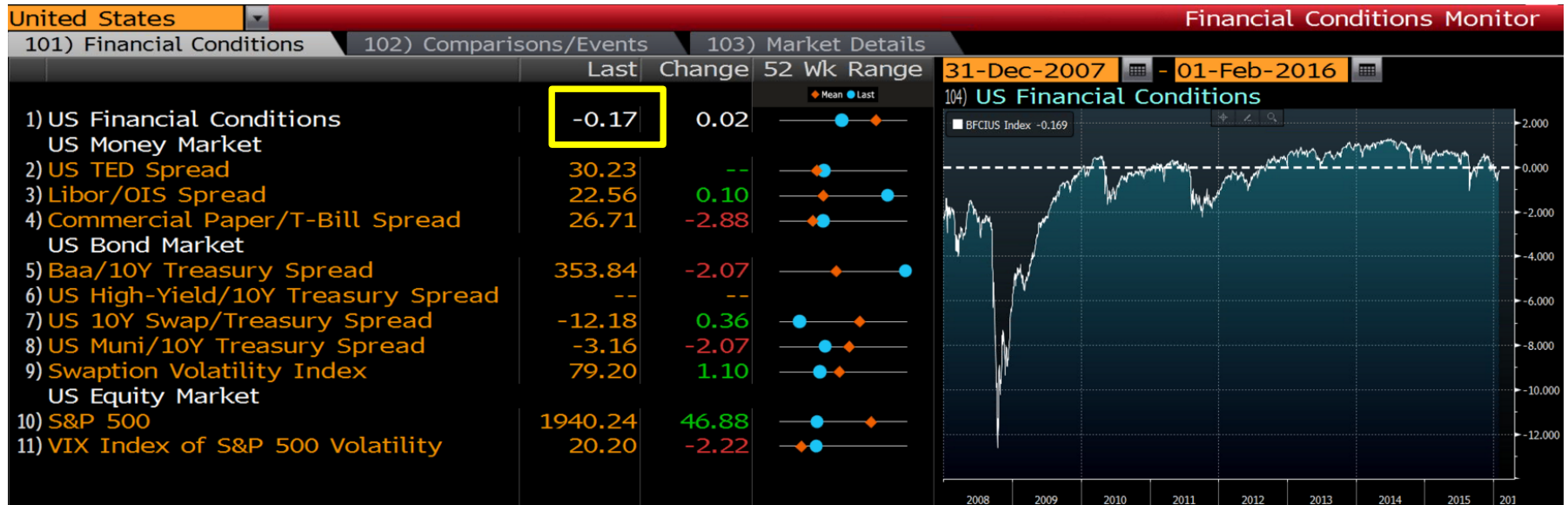


Outlook for 2016

- Expect financial market volatility to continue as the U.S. and World monetary policies remain divergent.
 - In reviewing the financial conditions benchmarks from Bloomberg (next three pages), recent global financial market volatility has not been a proxy for the systematic impact experienced in 2008/2009.
 - Portfolio diversification mitigates individual asset class volatility; think 2008/2009 (see drawdown slides).
- China's migration from an economy led by government investment to one driven by consumers will be volatile and continue to impact the commodity-driven economies of the world, especially emerging market.
 - Recent policy decisions and stock market interventions by the Chinese government have enhanced volatility and spooked markets...expect surprises.
 - While the world is certainly more interconnected (especially via the media), revenue exposure for the S&P 500 (at 12/31/2014, most recent breakout available) from non-US and China sources was 33% and 2%, respectively.
- In addition to China leadership and economic concerns, Middle East politics (exacerbated by low oil prices) and a U.S. Presidential election year will only add to the near-term uncertainty.
- Expect merger and acquisition trends to continue as companies look for revenue growth.
- Balance sheet leverage in the U.S. continues to increase placing more emphasis on investment managers' credit research and evaluation processes. Hard to recover from credit mistakes in a low coupon, low yield environment.
- Thinking longer-term and as low yields persist across the world, insurance investment portfolios may continue to benefit from long-term, diversification away from core fixed income.



U.S. Financial Condition Index

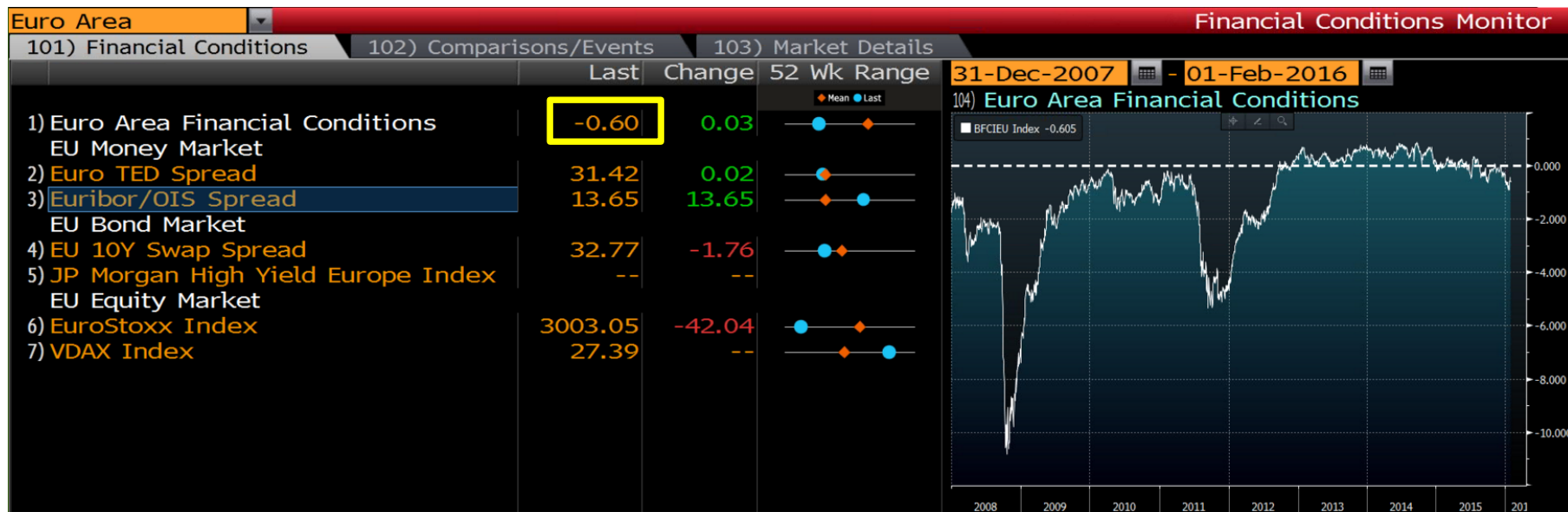


▶ The Bloomberg U.S. Financial Conditions Index tracks the overall level of financial stress in the U.S. money, bond, and equity markets to help assess the availability and cost of credit. A positive value indicates accommodative financial conditions, while a negative value indicates tighter financial conditions relative to pre-crisis norms.

▶ All of the indicators included in the composite financial conditions index are normalized by subtracting the mean and dividing by the standard deviation for each series. The mean and standard deviation are calculated from observations during the pre-crisis period, which is defined as the period from 1994 to July 1, 2008. The normalized values are then combined into the composite index, which is itself normalized relative to its pre-crisis values. As such, the index value is a Z-Score that indicates the number of standard deviations by which current financial conditions deviate from normal (pre-crisis) levels.



Euro Area Financial Condition Index



▶ The Bloomberg Euro Area Financial Conditions Index tracks the overall level of financial stress in Euro area money, bond, and equity markets to help assess the availability and cost of credit. A positive value indicates accommodative financial conditions, while a negative value indicates tighter financial conditions relative to pre-crisis norms.

▶ All of the indicators included in the composite BFCIEU index are normalized by subtracting the mean and dividing by the standard deviation for each series. The mean and standard deviation are calculated from observations during the pre-crisis period, which is defined as the period from 1999 to July 1, 2008. The normalized values are then combined into the composite BFCIEU index, which is itself normalized relative to its pre-crisis values. As such, the BFCIEU index is a Z-Score that indicates the number of standard deviations by which current financial conditions deviate from normal (pre-crisis) levels.



Asia ex-Japan Financial Condition Index

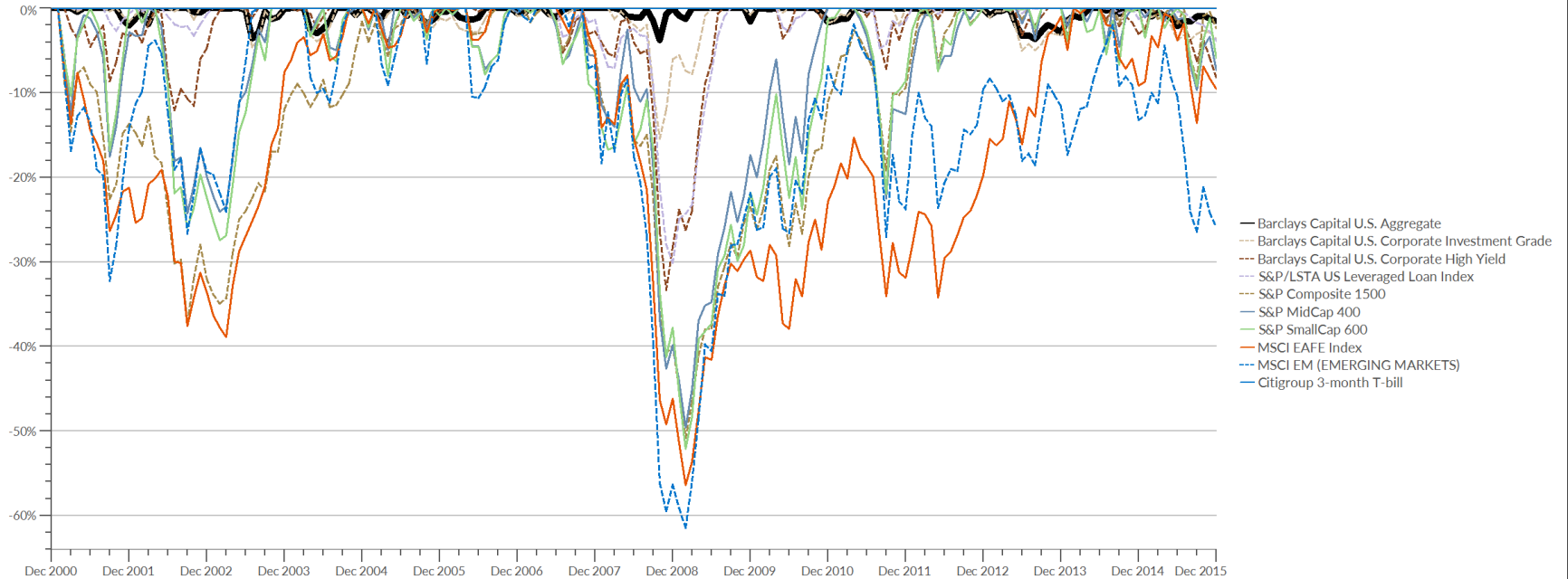


- ▶ The Bloomberg Asia ex Japan Financial Conditions Index tracks the overall level of financial stress in Asia (excluding Japan) money, bond, and equity markets to help assess the availability and cost of credit. A positive value indicates accommodative financial conditions, while a negative value indicates tighter financial conditions relative to pre-crisis norms.
- ▶ The composite BFCIAXJ index also includes a proxy for capital flows into Asia, which are considered to be an indicator of financial conditions.
- ▶ All of the indicators included in the composite BFCIAXJ index are normalized by subtracting the mean and dividing by the standard deviation for each series. The mean and standard deviation are calculated from observations during the pre-crisis period, which is defined as the period from 2000 to July 1, 2008. The normalized values are then combined into the composite BFCIAXJ index, which is itself normalized relative to its pre-crisis values. As such, the BFCIAXJ index is a Z-Score that indicates the number of standard deviations by which current financial conditions deviate from normal (pre-crisis)

Asset Class Drawdown Profiles

Drawdown

January 2001 - December 2015



Drawdown Table

January 2001 - December 2015: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Average Up Return	Average Down Return	Max Drawdown	Max Drawdown Length	Longest Drawdown	Gain to Loss Ratio
Barclays Capital U.S. Aggregate	4.97%	3.49%	0.99	122	58	0.93%	-0.69%	-3.83%	7	-3.83%	1.35
Barclays Capital U.S. Corporate Investment Grade	5.89%	5.72%	0.76	121	59	1.30%	-1.17%	-15.42%	8	-2.85%	1.11
Barclays Capital U.S. Corporate High Yield	7.59%	10.01%	0.61	124	56	1.98%	-2.28%	-33.31%	18	-33.31%	0.87
S&P/LSTA US Leveraged Loan Index	4.61%	6.74%	0.46	140	40	0.97%	-1.60%	-30.08%	18	-30.08%	0.60
S&P Composite 1500	5.40%	15.19%	0.26	112	68	3.18%	-3.81%	-50.84%	16	-37.14%	0.83
S&P MidCap 400	8.32%	17.24%	0.39	110	70	3.84%	-4.00%	-49.62%	21	-49.62%	0.96
S&P SmallCap 600	8.92%	18.54%	0.40	111	69	4.16%	-4.45%	-52.15%	21	-52.15%	0.93
MSCI EAFE Index	3.98%	17.47%	0.14	103	77	3.79%	-4.01%	-56.40%	16	-38.94%	0.95
MSCI EM (EMERGING MARKETS)	8.87%	22.81%	0.32	103	77	5.30%	-4.91%	-61.44%	16	-61.44%	1.08
Citigroup 3-month T-bill	1.52%	0.50%	0.00	180	0	0.13%	0.00%	0.00%	0	0.00%	N/A



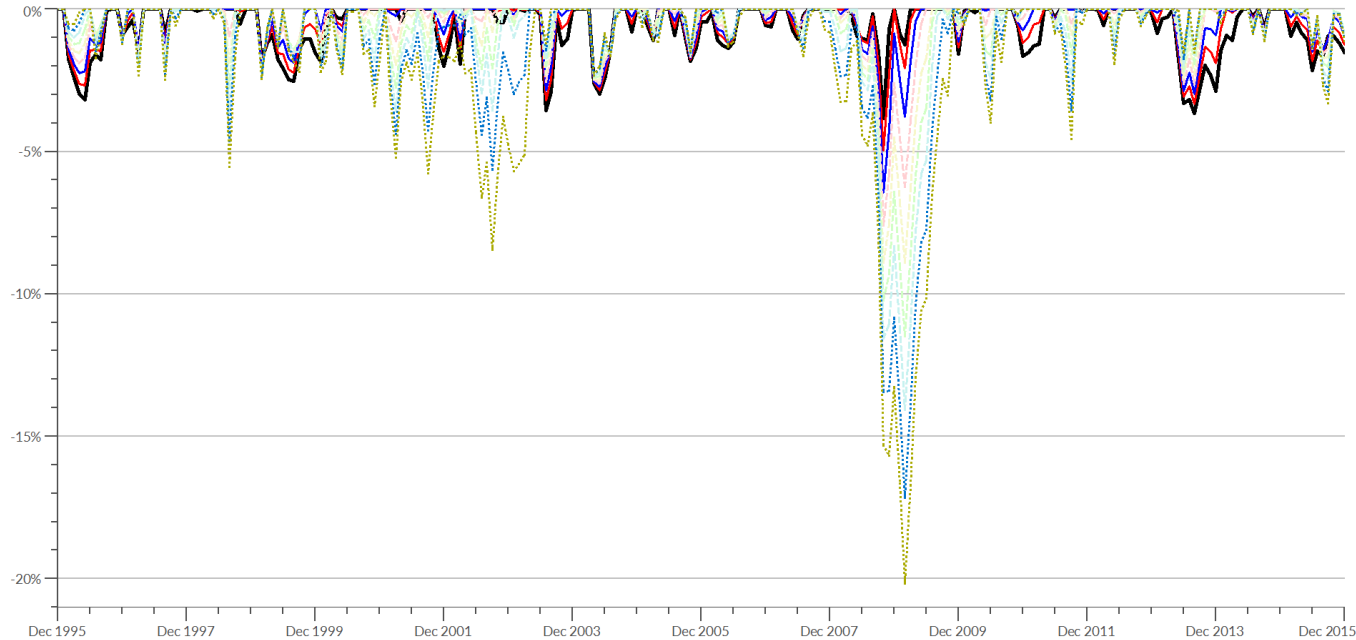
To state the obvious, individual asset classes can be volatile and this exhibit illustrates the magnitude of that historical downside volatility.



Market Volatility, Drawdown & Diversification

Drawdown

January 1996 - December 2015



Barclays Aggregate
S&P 1500
Rebalanced Quarterly

- Barclays Capital U.S. Aggregate
- 95% Fixed Income / 5% Equity
- 90% Fixed Income / 10% Equity
- 85% Fixed Income / 15% Equity
- 80% Fixed Income / 20% Equity
- 75% Fixed Income / 25% Equity
- 70% Fixed Income / 30% Equity
- 65% Fixed Income / 35% Equity
- 60% Fixed Income / 40% Equity

Drawdown Table

January 1996 - December 2015: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Average Up Return	Average Down Return	Best Period Return	Worst Period Return	Max Drawdown	Max Drawdown Length	Longest Drawdown	Gain to Loss Ratio
Barclays Capital U.S. Aggregate	5.34%	3.47%	0.84	162	78	0.97%	-0.66%	3.73%	-3.36%	-3.83%	7	-3.83%	1.46
95% Fixed Income / 5% Equity	5.56%	3.37%	0.93	167	73	0.94%	-0.66%	3.62%	-3.09%	-4.96%	6	-2.22%	1.44
90% Fixed Income / 10% Equity	5.80%	3.45%	0.98	169	71	0.96%	-0.67%	3.56%	-3.86%	-6.43%	6	-6.43%	1.43
85% Fixed Income / 15% Equity	6.00%	3.70%	0.96	170	70	1.00%	-0.74%	3.53%	-4.45%	-7.60%	6	-7.60%	1.35
80% Fixed Income / 20% Equity	6.20%	4.09%	0.92	173	67	1.05%	-0.89%	3.80%	-5.16%	-8.91%	6	-8.91%	1.18
75% Fixed Income / 25% Equity	6.40%	4.59%	0.86	168	72	1.17%	-0.98%	4.08%	-5.88%	-11.49%	10	-11.49%	1.19
70% Fixed Income / 30% Equity	6.59%	5.15%	0.81	161	79	1.33%	-1.06%	4.35%	-6.60%	-14.08%	16	-14.08%	1.26
65% Fixed Income / 35% Equity	6.78%	5.77%	0.75	162	78	1.44%	-1.26%	4.62%	-7.33%	-17.17%	16	-5.65%	1.14
60% Fixed Income / 40% Equity	6.95%	6.43%	0.70	160	80	1.58%	-1.42%	4.89%	-8.06%	-20.18%	16	-8.44%	1.11



□ Even with recent market volatility, diversified portfolios still hedge against individual asset class volatility.



NEVADA PUBLIC AGENCY INSURANCE POOL



POOL - Performance Summary

Portfolio	Market Value	% of MV	Q4-2015	Annualized						Inception Date
				1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	
POOL										
Eagle Asset Management - Fixed Income	\$35,530,456	100.0%	-0.72%	1.29%	1.87%	0.83%	2.23%	3.90%	4.76%	Jul-91
Benchmark - BC Int. Government			-0.85%	1.34%	1.92%	0.86%	2.06%	3.72%	5.22%	
Relative Performance			▲ 0.13%	▼ -0.05%	▼ -0.05%	▼ -0.03%	▲ 0.17%	▲ 0.18%	▼ -0.46%	
Key Market Indices										
Barclays U.S. Aggregate			-0.57%	0.55%	3.22%	1.44%	3.25%	4.51%		
Barclays Intermediate U.S. Government/Credit			-0.69%	1.07%	2.09%	1.10%	2.58%	4.04%		
Barclays U.S. Corporate Investment Grade			-0.58%	-0.68%	3.31%	1.67%	4.53%	5.29%		
Notes:										
-- All returns net of fees										
-- Fixed Income Market values include accrued income										
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance										

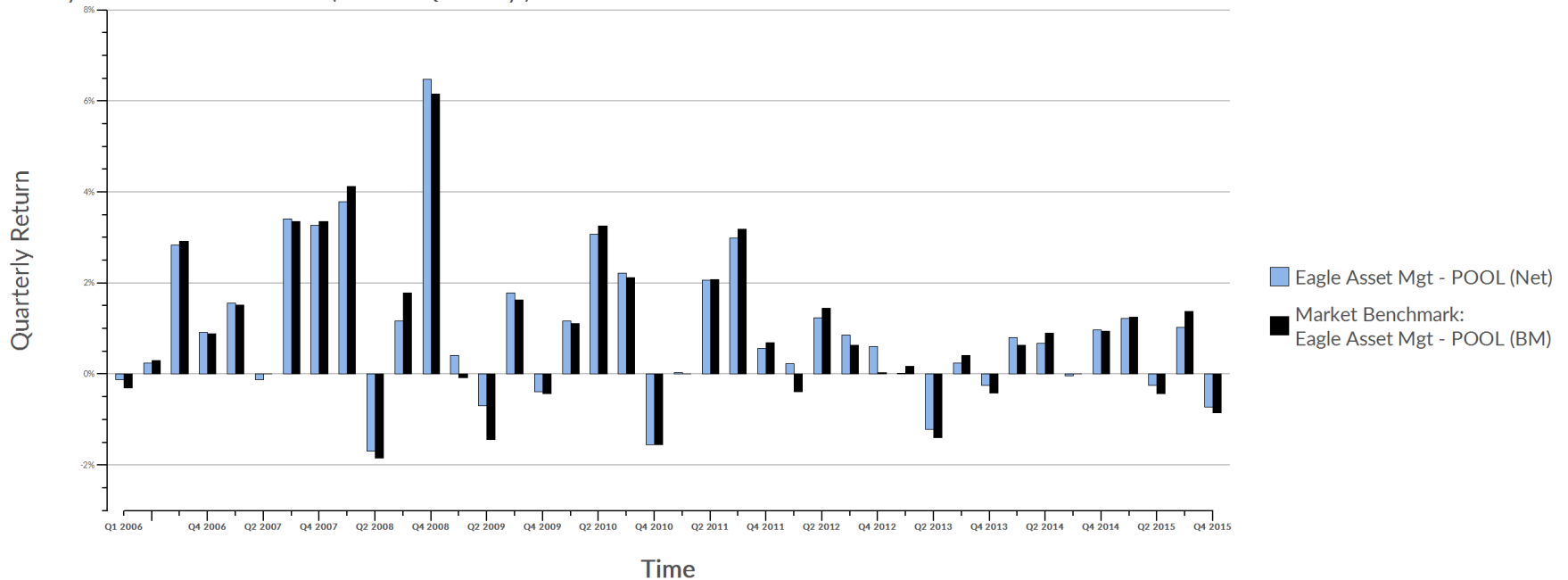
- With the regulatory restrictions in place, recent trailing years' returns are low due to lower reinvestment yields within already low yielding government/agency fixed income sectors.



Quarterly Return Profile – Latest 10 Years

Quarterly Return / Time

January 2006 - December 2015 (Shown Quarterly)



Custom Table

January 2006 - December 2015: Summary Statistics

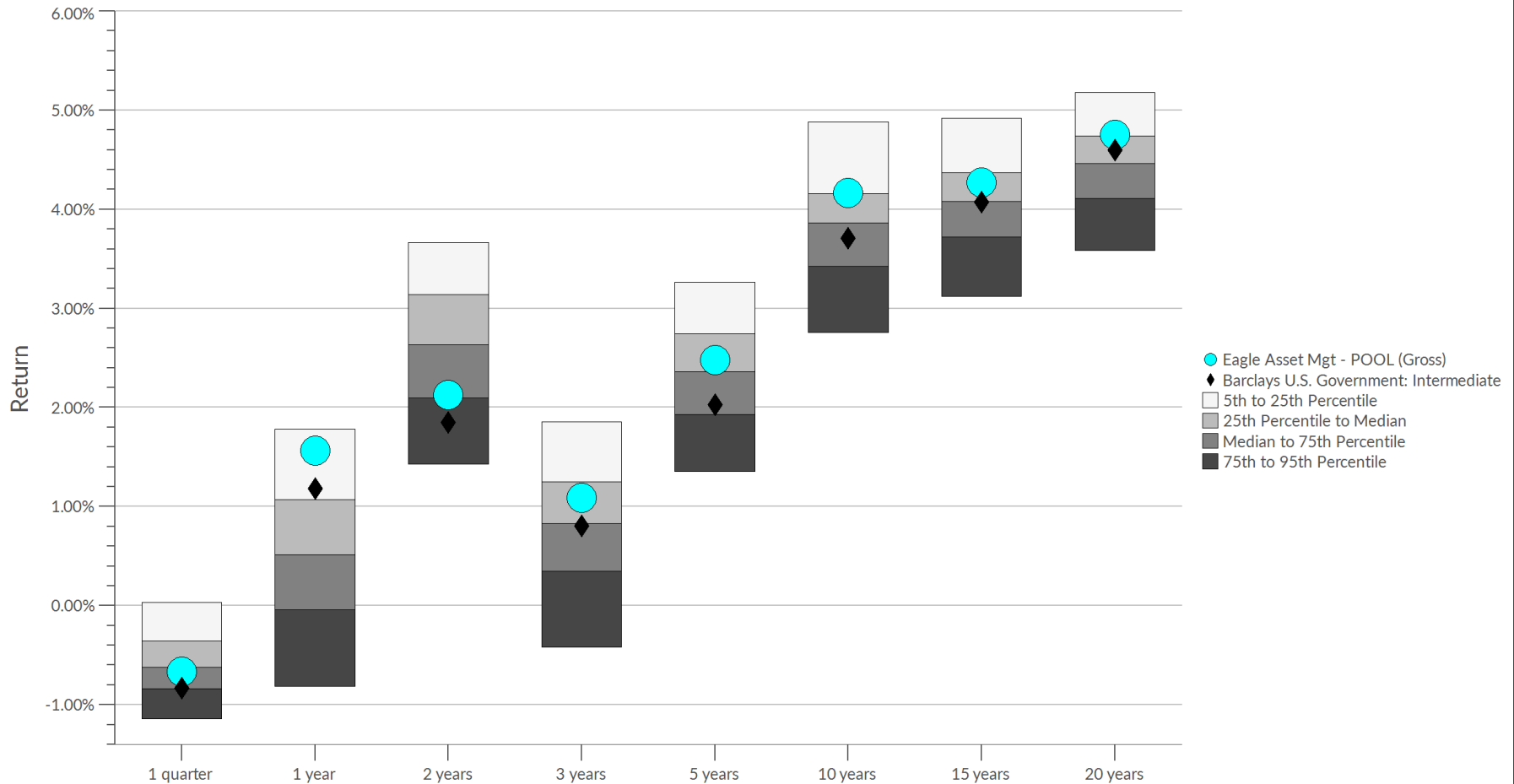
	Return	Standard Deviation	Sharpe Ratio	# of Down Periods	Average Down Return	# of Up Periods	Average Up Return	Maximum Drawdown	Information Ratio vs. Market	Alpha vs. Market	Beta vs. Market
Eagle Asset Mgt - POOL (Net)	3.90%	3.23%	0.84	11	-0.64%	29	1.58%	-1.69%	0.34	0.37%	0.94
Eagle Asset Mgt - POOL (BM)	3.72%	3.38%	0.76	11	-0.83%	29	1.60%	-1.85%	0.00	0.00%	1.00



Performance Peer Analysis

POOL Fixed Income Portfolio vs Morningstar Intermediate Government: Return

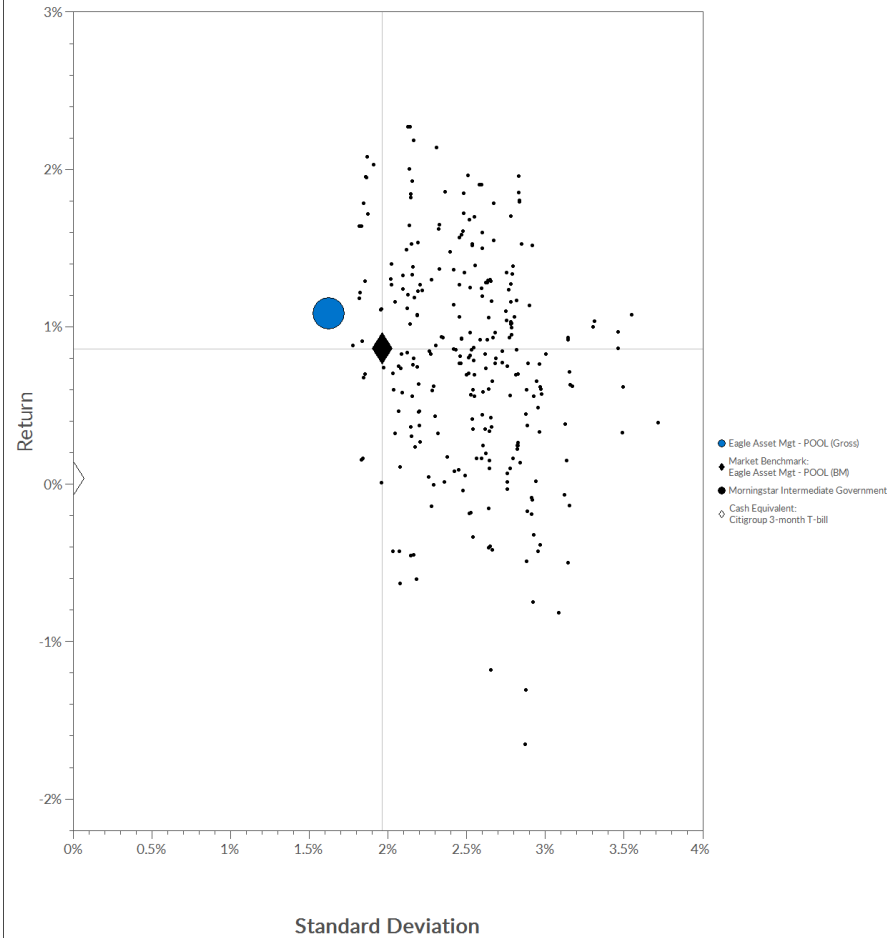
July 1991 - December 2015 (not annualized if less than 1 year)



Performance Risk/Reward Analysis

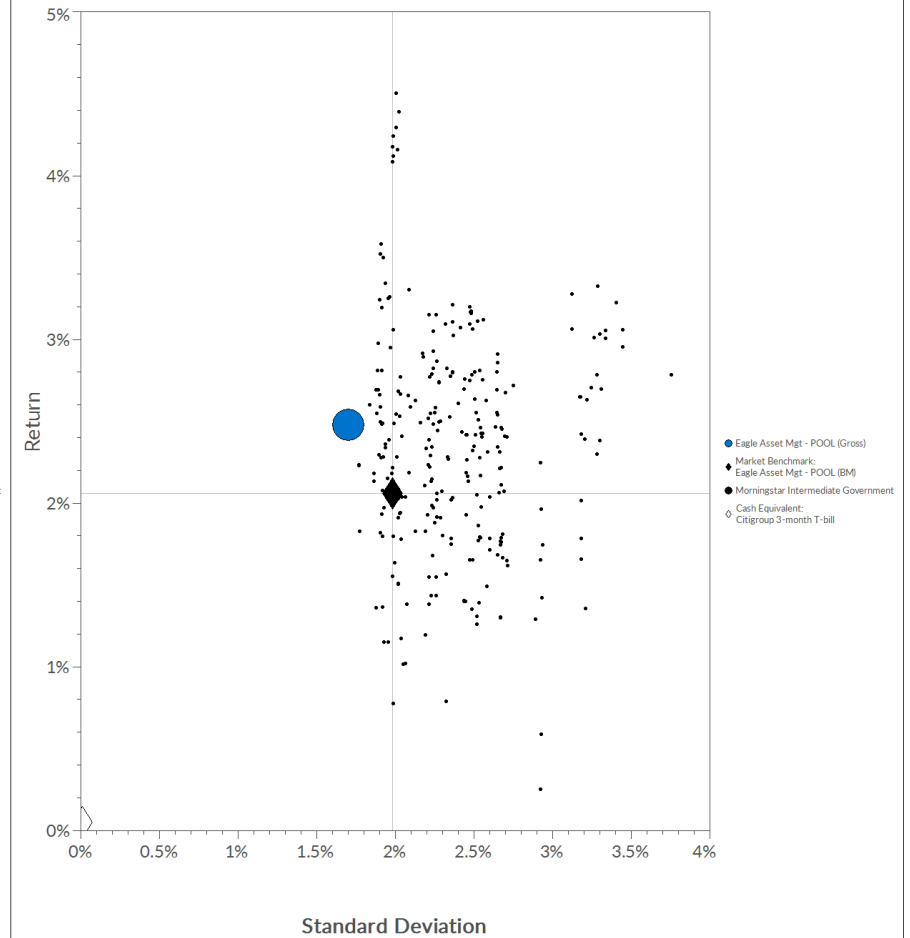
Risk / Return - Latest 3 Years

January 2013 - December 2015 (Single Computation)



Risk / Return - Latest 5 Years

January 2011 - December 2015 (Single Computation)





PUBLIC RISK MUTUAL



PRM - Performance Summary

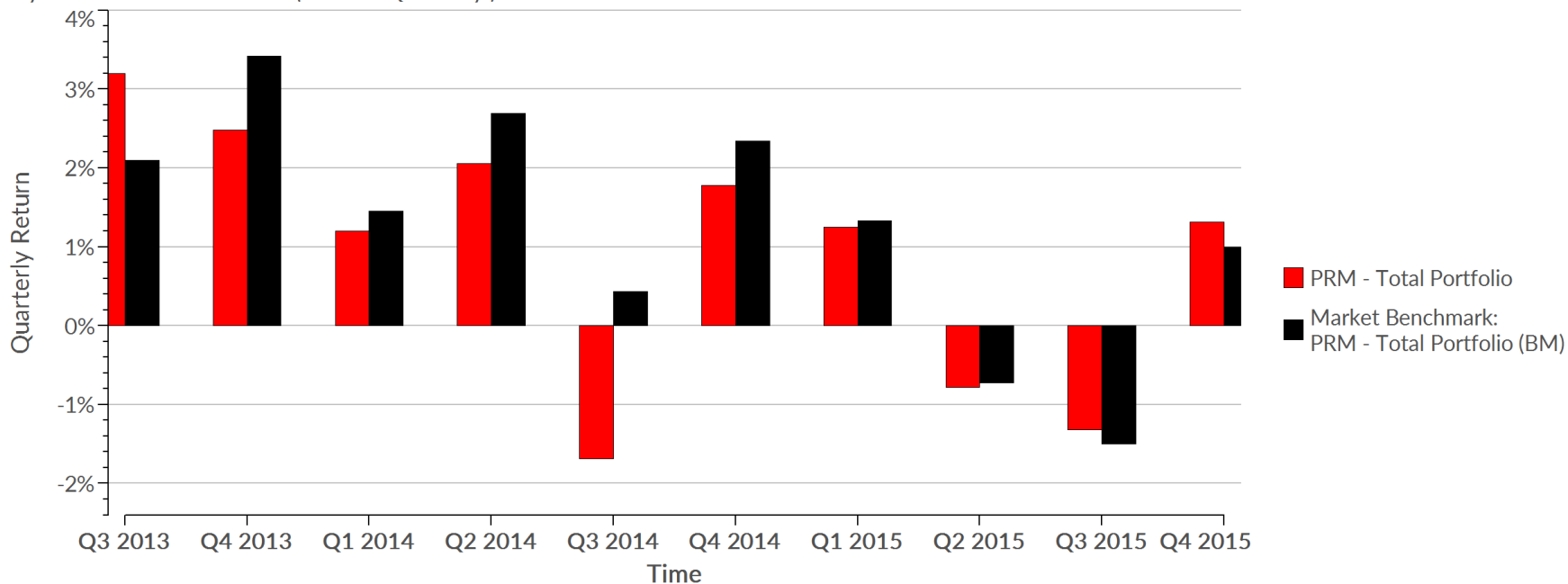
Portfolio	Market Value	% of MV	Q4-2015	Annualized						Inception Date
				1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	
PRM - Captive										
Eagle Asset Management - Core Fixed Income	\$18,667,731	67.1%	-0.46%	1.02%	1.69%	0.67%	2.05%	3.85%	3.51%	Oct-04
Benchmark - BC Int. Gov/Credit			-0.69%	1.07%	2.09%	1.10%	2.58%	4.04%	3.77%	
Relative Performance			▲ 0.23%	▼ -0.05%	▼ -0.40%	▼ -0.43%	▼ -0.53%	▼ -0.19%	▼ -0.26%	
HY/Global Fixed Income ETF/Mutual Fund	\$1,357,281	4.9%	0.39%	-3.85%	-0.83%	N/A	N/A	N/A	-0.23%	Jul-13
HY/Global Benchmark			-1.74%	-3.53%	-0.26%	N/A	N/A	N/A	0.03%	
Relative Performance			▲ 2.13%	▼ -0.32%	▼ -0.57%	N/A	N/A	N/A	▼ -0.26%	
Equity ETF/Mutual Fund	\$7,757,950	27.9%	6.05%	-0.22%	2.60%	N/A	N/A	N/A	8.25%	Jul-13
Benchmark - S&P 500			7.04%	1.38%	7.36%	N/A	N/A	N/A	12.44%	
Relative Performance			▼ -0.99%	▼ -1.60%	▼ -4.76%	N/A	N/A	N/A	▼ -4.19%	
Consolidated ETF/Mutual Fund¹	\$9,164,060	32.9%	5.14%	-0.39%	1.79%	N/A	N/A	N/A	5.08%	Jul-13
Benchmark ²			4.66%	-1.59%	3.85%	N/A	N/A	N/A	6.64%	
Relative Performance			▲ 0.48%	▲ 1.20%	▼ -2.06%	N/A	N/A	N/A	▼ -1.56%	
Consolidated PRM Portfolio	\$27,831,791	100.0%	1.31%	0.43%	1.88%	N/A	N/A	N/A	3.80%	Jul-13
Benchmark ³			1.00%	0.08%	3.52%	N/A	N/A	N/A	5.07%	
Relative Performance			▲ 0.31%	▲ 0.35%	▼ -1.64%	N/A	N/A	N/A	▼ -1.27%	
Key Market Indices										
Barclays U.S. Aggregate			-0.57%	0.55%	3.22%	1.44%	3.25%	4.51%		
Barclays Intermediate U.S. Government/Credit			-0.69%	1.07%	2.09%	1.10%	2.58%	4.04%		
Barclays U.S. Corporate Investment Grade			-0.58%	-0.68%	3.31%	1.67%	4.53%	5.29%		
Barclays U.S. Corporate High Yield			-2.07%	-4.47%	-1.07%	1.69%	5.04%	6.96%		
Barclays U.S. Treasury: U.S. TIPS			-0.64%	-1.44%	1.07%	-2.27%	2.55%	3.93%		
S&P 500			7.04%	1.38%	7.36%	15.13%	12.57%	7.31%		
S&P MidCap 400			2.60%	-2.18%	3.62%	12.75%	10.68%	8.18%		
S&P SmallCap 600			3.72%	-1.97%	1.82%	13.57%	11.48%	8.01%		
MSCI EAFE Index			4.75%	-0.39%	-2.46%	5.46%	4.07%	3.50%		
MSCI Emerging Markets			0.73%	-14.60%	-8.43%	-6.42%	-4.47%	3.95%		
MSCI Frontier Emerging Markets			-2.62%	-17.99%	-6.09%	-2.66%	-1.54%	N/A		
MSCI World Ex. US Index			3.97%	-2.60%	-3.24%	4.41%	3.28%	3.41%		
Notes:										
1) Includes cash balances.										
2) Blended benchmark of 55% S&P 500 / 35% Barclays Intermediate Gov/Credit / 10% 90 day T-Bill to March 2015; thereafter market-weighted by fund/ETF benchmark.										
3) Market-weighted benchmark using Eagle fixed income and Consolidated ETF/Mutual Fund benchmarks.										
-- All returns net of fees										
-- Fixed Income Market values include accrued income										
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance										

As we work through the ERM analysis, the overall allocation to fixed income and risk assets will be reviewed relative to surplus usage and operating expectations.

Quarterly Return Profile**

Quarterly Return / Time

July 2013 - December 2015 (Shown Quarterly)



Custom Table

July 2013 - December 2015: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Down Periods	Average Down Return	# of Up Periods	Average Up Return	Maximum Drawdown	Information Ratio vs. Market	Alpha vs. Market	Beta vs. Market
PRM - Total Portfolio	3.80%	3.31%	1.14	3	-1.26%	7	1.90%	-2.09%	-0.74	-0.89%	0.93
PRM - Total Portfolio (BM)	5.07%	3.05%	1.65	2	-1.11%	8	1.85%	-2.21%	0.00	0.00%	1.00



PRM – Asset Allocation

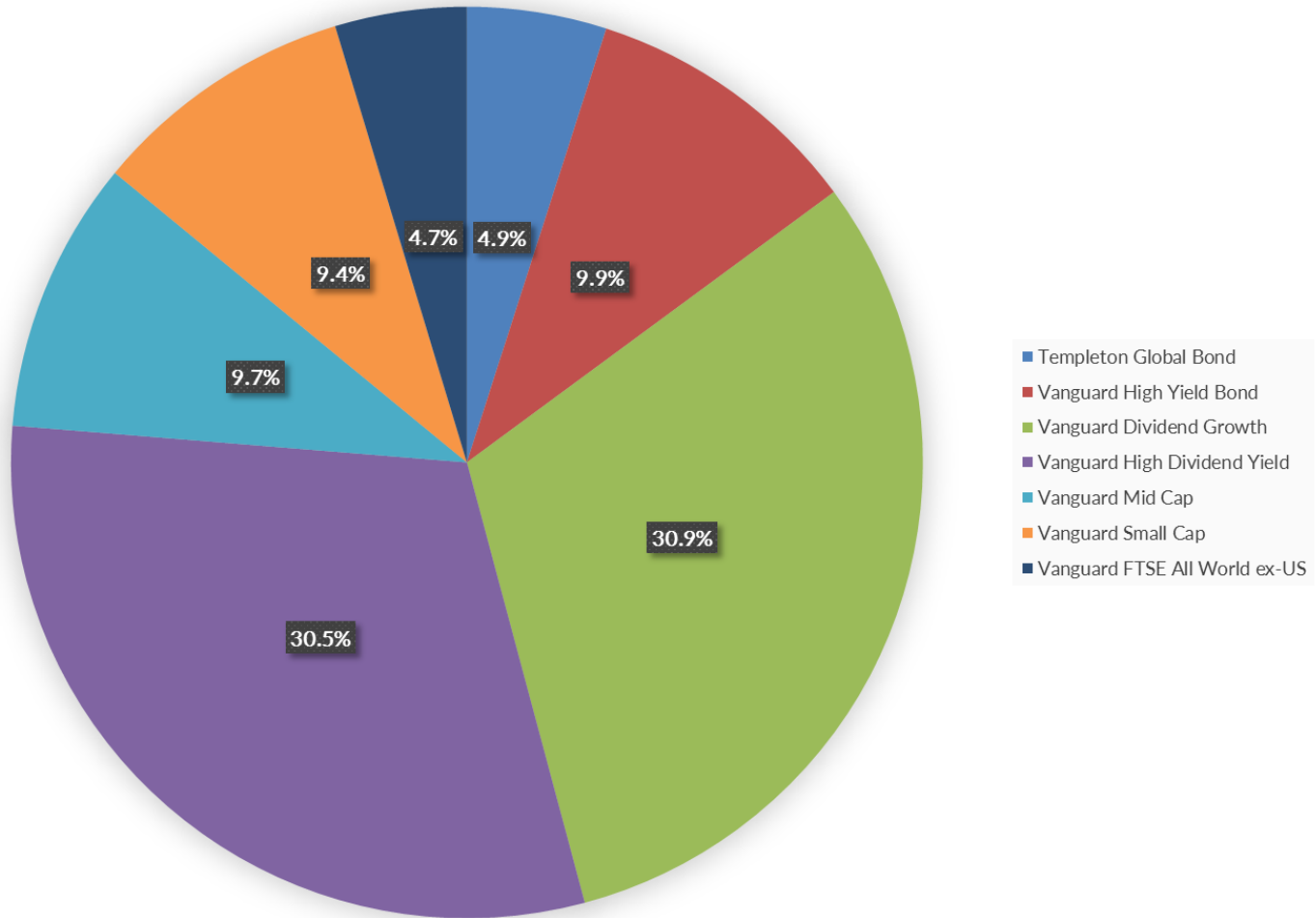
Asset Class	Market Value	Minimum	Maximum	Old Target	SAA Target	Current vs. SAA Target	Current	Prior Quarter	QTR Chg
U.S. Equities - Large Cap	\$ 5,596,696	10%	20%	15%	24%	▼ -3.89%	20.11%	18.97%	▲ 1.14%
U.S. Equities - Other	\$ 1,735,836	5%	15%	10%	8%	▼ -1.76%	6.24%	6.11%	▲ 0.13%
International Equities	\$ 425,418	5%	15%	10%	2%	▼ -0.47%	1.53%	1.53%	▲ 0.00%
U.S. Domestic Corporate Bonds	\$ 7,252,022	10%	40%	20%	24%	▲ 2.06%	26.06%	24.83%	▲ 1.23%
International Bonds	\$ 450,757	0%	10%	5%	2%	▼ -0.38%	1.62%	1.60%	▲ 0.02%
U.S. Government & Agency Securities	\$ 12,053,550	20%	100%	40%	40%	▲ 3.31%	43.31%	45.02%	▼ -1.71%
Cash & Equivalents	\$ 317,506	0%	100%	0%	0%	▲ 1.14%	1.14%	1.95%	▼ -0.81%
Fixed Income	\$ 19,623,077			60%	64%		71%	72%	
Risk Assets	\$ 8,208,707			40%	36%		29%	28%	
Total	\$ 27,831,784			100%	100%		100%	100%	

□ Domestic corporate bonds includes the Vanguard high yield mutual fund.



PRM Risk Asset Allocation

PRM Risk Asset Allocation: \$9.1M / 35% of Surplus



PRM - ETF/Mutual Fund Holdings – Returns Detail

Manager vs Benchmark: Return

July 2013 - December 2015 (not annualized if less than 1 year)

	1 quarter	1 year	2 years	Analysis Period
PRM - Total Portfolio	1.31%	0.43%	1.88%	3.80%
-- PRM - Total Portfolio (BM)	1.00%	0.08%	3.52%	5.07%
PRM - Fixed Income	0.39%	-3.85%	-0.83%	-0.23%
-- Barclays Intermediate U.S. Government/Credit	-0.69%	1.07%	2.09%	1.91%
PRM - Risk Assets	6.05%	-0.22%	2.60%	8.25%
-- S&P 500	7.04%	1.38%	7.36%	12.44%
Vanguard Short-Term Bond ETF (MKT)	-0.52%	0.92%	1.15%	1.20%
-- ML 1-5 Year US Corp/Gov Index	-0.54%	1.05%	1.28%	1.35%
Templeton Global Bond Adv	2.26%	-4.03%	-1.14%	0.58%
-- Citigroup World Government Bond Index	-1.23%	-3.57%	-2.04%	-0.94%
Vanguard High-Yield Corporate Adm	-0.47%	-1.30%	1.65%	3.34%
-- ML BB-B US High Yield Index	-1.14%	-2.86%	0.25%	2.37%
Vanguard High Dividend Yield Index Inv	7.57%	0.30%	6.64%	10.22%
-- FTSE High Dividend Yield Index	7.56%	0.36%	6.76%	10.35%
Vanguard Dividend Growth Inv	6.83%	2.62%	7.13%	11.41%
-- NASDAQ US Dividend Achievers Select Index	6.13%	-1.88%	3.96%	9.07%
Vanguard Mid Cap Index Adm	3.44%	-1.34%	5.94%	11.50%
-- CRSP US Mid Cap TR Index	3.46%	-1.28%	6.01%	11.57%
Vanguard Small Cap Index Adm	3.11%	-3.64%	1.78%	8.67%
-- CRSP US Small Cap TR Index	3.10%	-3.68%	1.78%	8.66%

Funds/ETFs shown in this exhibit inception in March 2015; showing performance back to available result per Wells Fargo reporting.





PUBLIC AGENCY COMPENSATION TRUST



PACT - Performance Summary

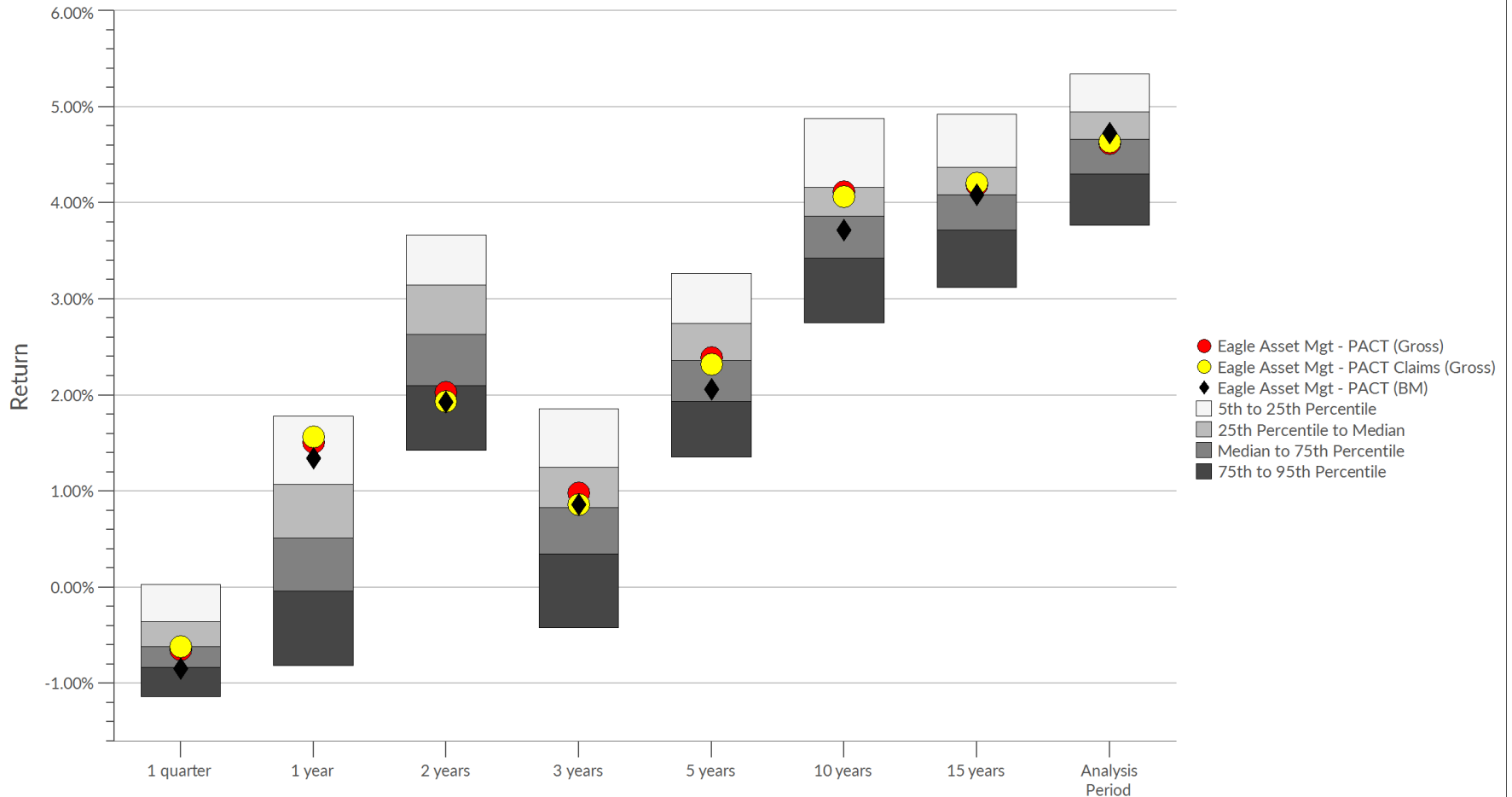
Portfolio	Market Value	% of MV	Q4-2015	Annualized						Inception Date
				1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	
PACT	\$69,147,398	100%								
Eagle Asset Management - Consolidated¹	\$61,381,957	88.8%	-0.70%	1.23%	1.77%	N/A	N/A	N/A	4.32%	Jul-91
Benchmark - BC Int. Government			-0.85%	1.34%	1.92%	N/A	N/A	N/A	4.73%	
Relative Performance			▲ 0.15%	▼ -0.11%	▼ -0.15%	N/A	N/A	N/A	▼ -0.41%	
Eagle Asset Management - Core	\$16,172,513	23.4%	-0.70%	1.23%	1.77%	0.73%	2.14%	3.85%	4.32%	Jul-96
Benchmark - BC Int. Government			-0.85%	1.34%	1.92%	0.86%	2.06%	3.72%	4.73%	
Relative Performance			▲ 0.15%	▼ -0.11%	▼ -0.15%	▼ -0.13%	▲ 0.08%	▲ 0.13%	▼ -0.41%	
Eagle Asset Management - Claims	\$45,209,444	65.4%	-0.67%	1.28%	1.67%	0.61%	2.07%	3.80%	4.33%	Jul-96
Benchmark - BC Int. Government			-0.85%	1.34%	1.92%	0.86%	2.06%	3.72%	4.73%	
Relative Performance			▲ 0.18%	▼ -0.06%	▼ -0.25%	▼ -0.25%	▲ 0.01%	▲ 0.08%	▼ -0.40%	
PFM - Other Admin	\$2,577,404	3.7%	-0.37%	0.62%	0.60%	0.52%	N/A	N/A	0.61%	Jul-11
Benchmark - ML U.S. Treasury 1-3 Year			-0.44%	0.54%	0.58%	0.50%	N/A	N/A	0.58%	
Relative Performance			▲ 0.07%	▲ 0.08%	▲ 0.02%	▲ 0.02%	N/A	N/A	▲ 0.03%	
PFM - Other Claims	\$5,188,038	7.5%	-0.37%	0.61%	0.60%	0.49%	N/A	N/A	0.60%	Jul-11
Benchmark - ML U.S. Treasury 1-3 Year			-0.85%	1.34%	1.92%	0.86%	N/A	N/A	4.73%	
Relative Performance			▲ 0.48%	▼ -0.73%	▼ -1.32%	▼ -0.37%	N/A	N/A	▼ -4.13%	
Key Market Indices										
Barclays U.S. Aggregate			-0.57%	0.55%	3.22%	1.44%	3.25%	4.51%		
Barclays Intermediate U.S. Government/Credit			-0.69%	1.07%	2.09%	1.10%	2.58%	4.04%		
Barclays U.S. Corporate Investment Grade			-0.58%	-0.68%	3.31%	1.67%	4.53%	5.29%		
Barclays U.S. Treasury: U.S. TIPS			-0.64%	-1.44%	1.07%	-2.27%	2.55%	3.93%		
Notes:										
1) Includes cash balances.										
2) Blended benchmark of 55% S&P 500 / 35% Barclays Intermediate Gov/Credit / 10% 90 day T-Bill.										
-- All returns net of fees										
-- Fixed Income Market values include accrued income										
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance										



Eagle Asset Management - Performance Peer Analysis

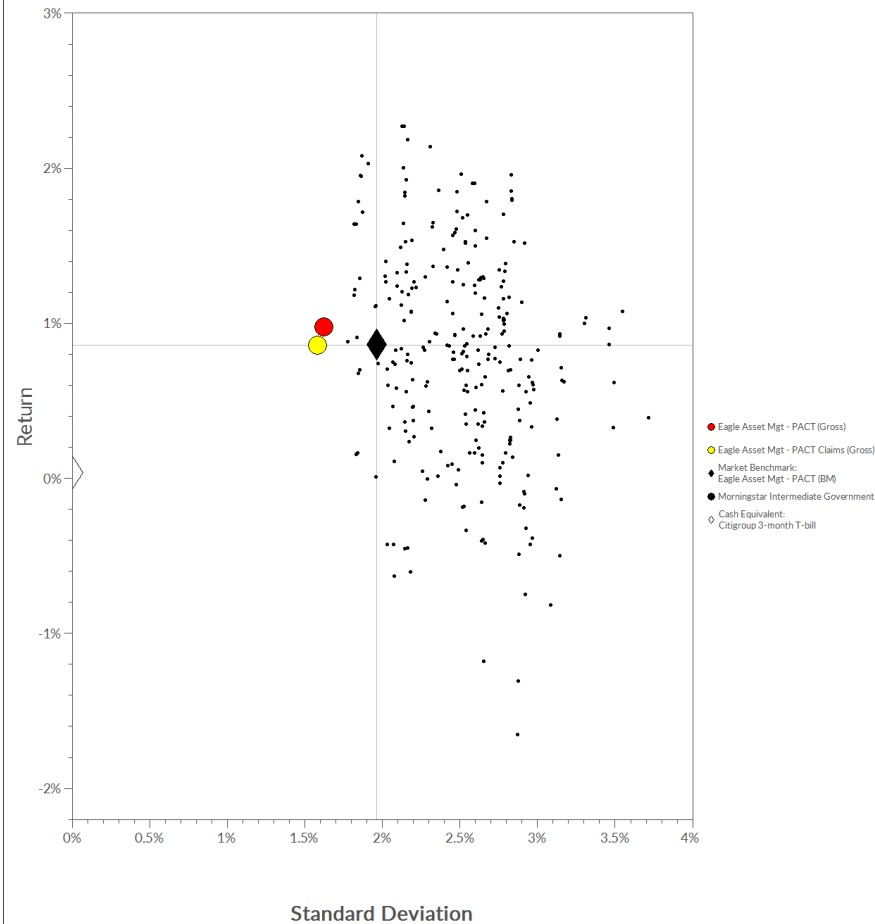
PACT - Eagle Fixed Income Portfolios vs Morningstar Intermediate Government: Return

July 1996 - December 2015 (not annualized if less than 1 year)

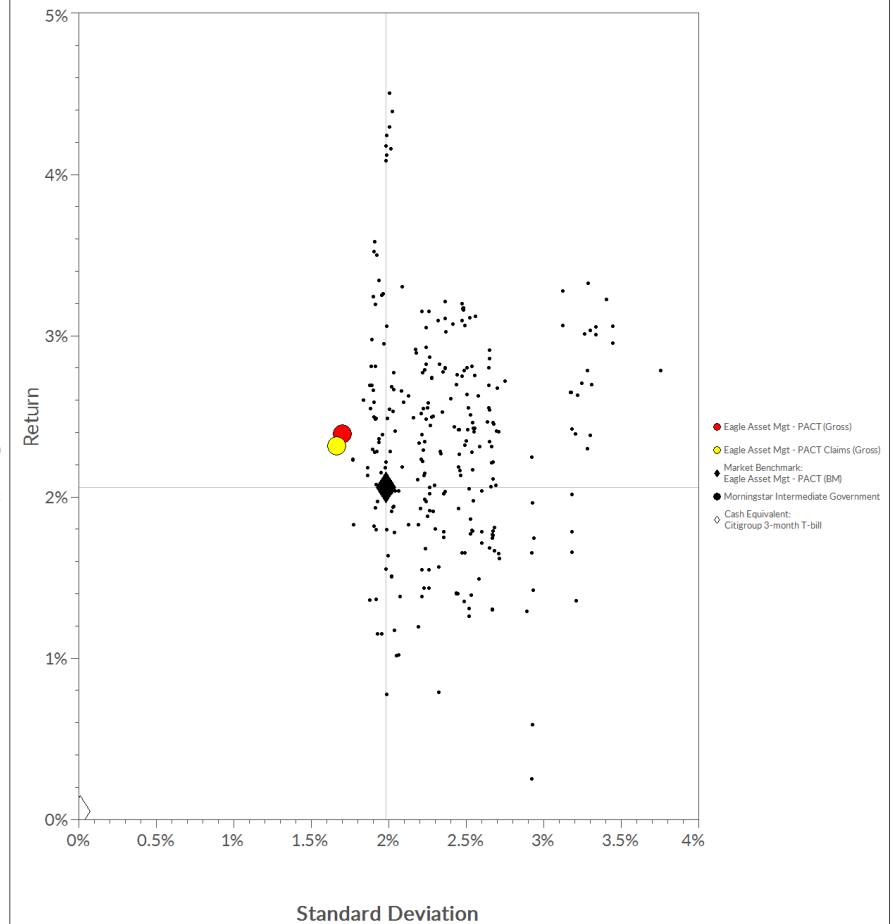


Eagle Asset Management - Performance Risk/Reward Analysis

Risk / Return - Latest 3 Years
January 2013 - December 2015 (Single Computation)



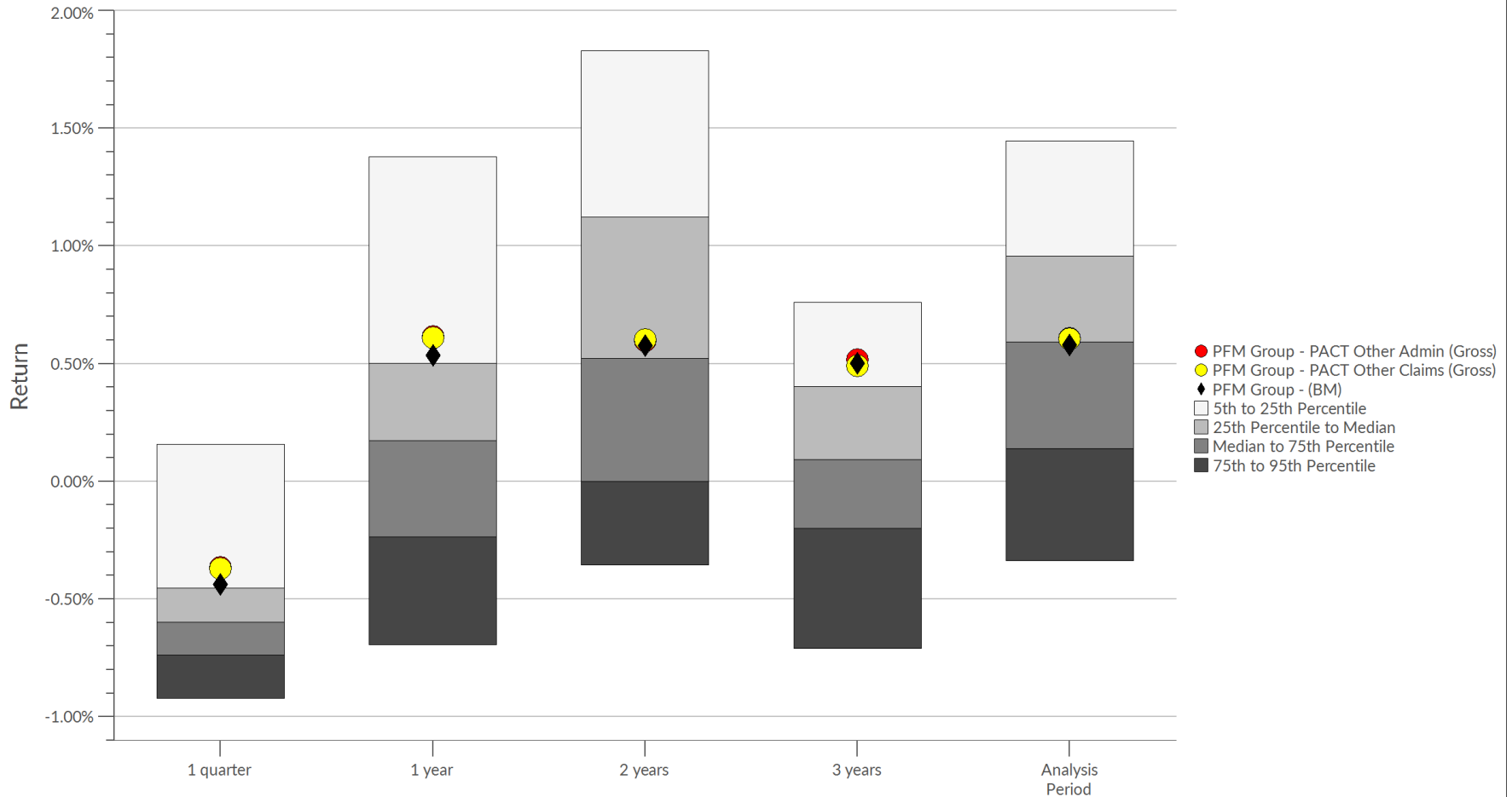
Risk / Return - Latest 5 Years
January 2011 - December 2015 (Single Computation)



PFM - Performance Peer Analysis

PACT - PFM Fixed Income Portfolios vs Morningstar Short Government: Return

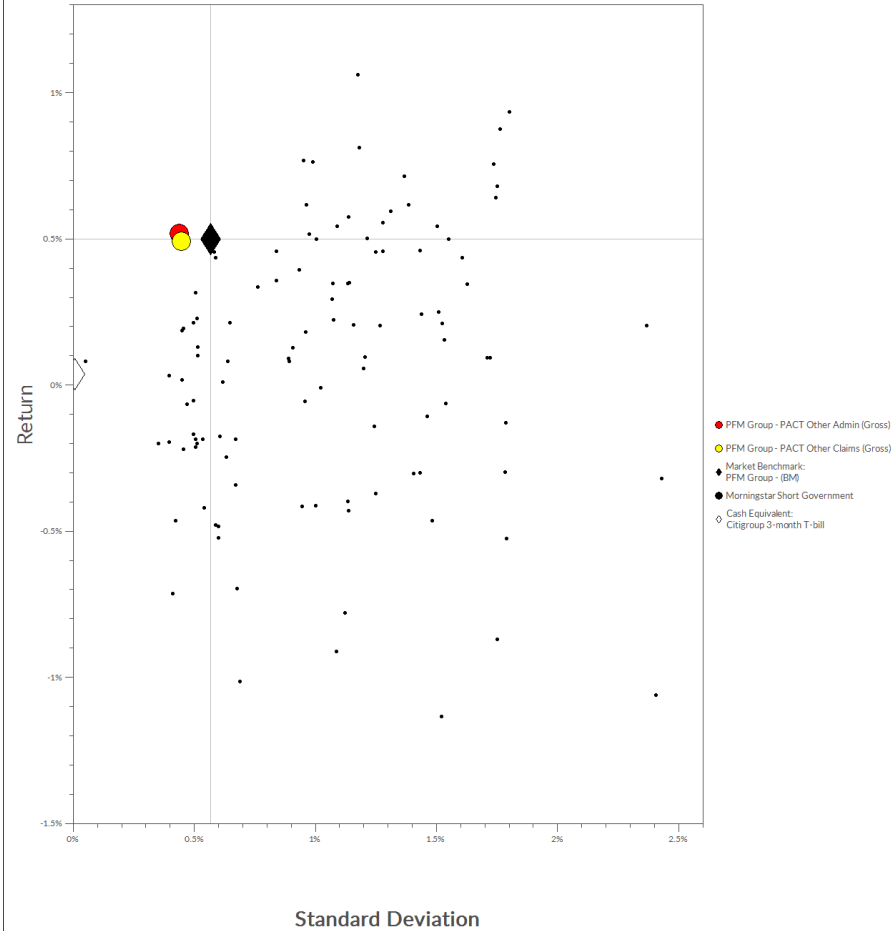
July 2011 - December 2015 (not annualized if less than 1 year)



PFM - Performance Risk/Reward Analysis

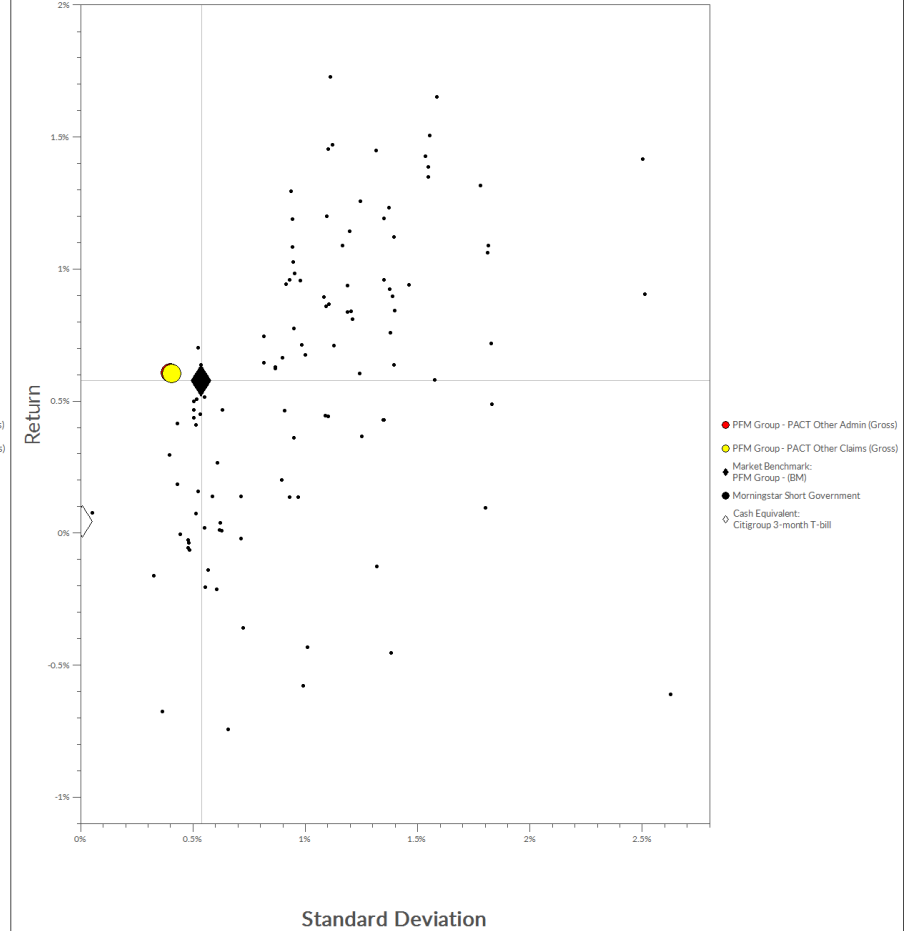
Risk / Return - Latest 3 Years

January 2013 - December 2015 (Single Computation)



Risk / Return - Latest 5 Years

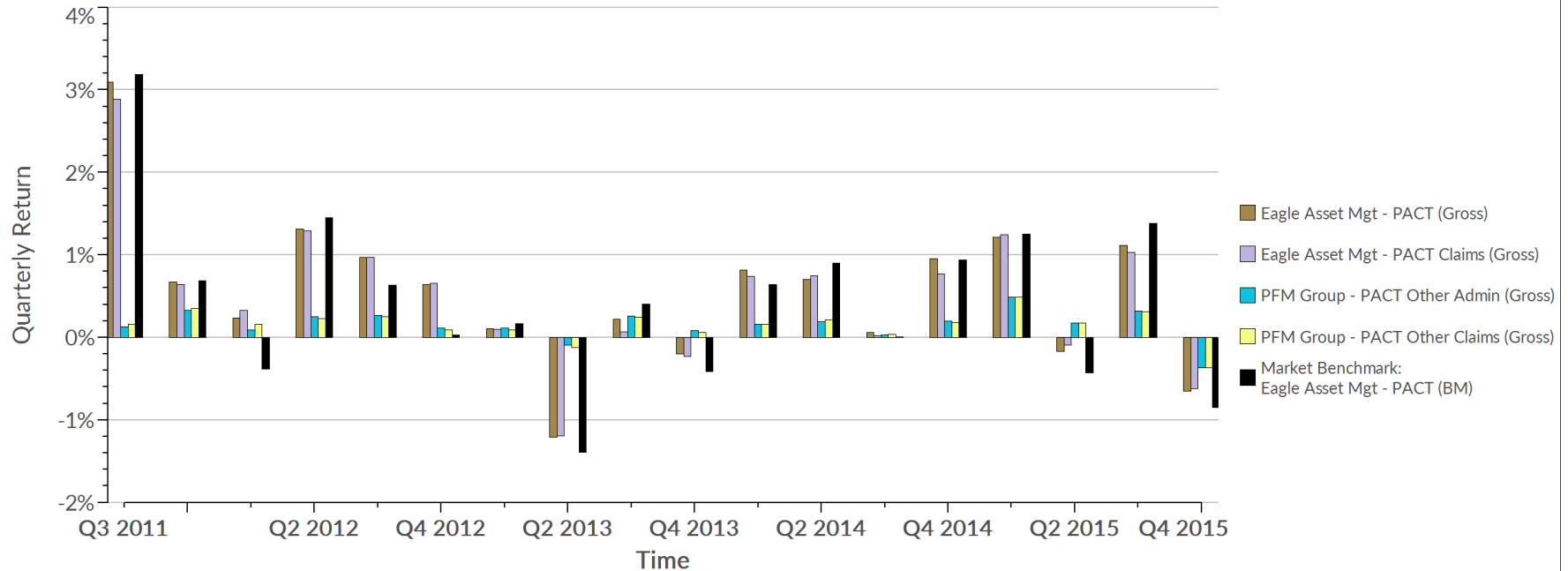
July 2011 - December 2015 (Single Computation)



Eagle vs. PFM – Return Profile & Style Contrast

Quarterly Return / Time

July 2011 - December 2015 (Shown Quarterly)



Custom Table

July 2011 - December 2015: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Down Periods	Average Down Return	# of Up Periods	Average Up Return	Maximum Drawdown	Information Ratio vs. Market	Alpha vs. Market	Beta vs. Market
Eagle Asset Mgt - PACT (Gross)	2.20%	1.85%	1.16	4	-0.56%	14	0.87%	-1.21%	0.74	0.61%	0.87
Eagle Asset Mgt - PACT Claims (Gross)	2.08%	1.76%	1.16	4	-0.53%	14	0.82%	-1.35%	0.43	0.59%	0.82
PFM Group - PACT Other Admin (Gross)	0.61%	0.37%	1.54	2	-0.23%	16	0.20%	-0.37%	-0.64	0.42%	0.10
PFM Group - PACT Other Claims (Gross)	0.60%	0.37%	1.51	2	-0.25%	16	0.20%	-0.37%	-0.65	0.41%	0.11
Eagle Asset Mgt - PACT (BM)	1.82%	2.08%	0.86	5	-0.69%	13	0.90%	-1.40%	0.00	0.00%	1.00





PUBLIC COMPENSATION MUTUAL



PCM - Performance Summary

Portfolio	Market Value	% of MV	Q4-2015	YTD	Annualized					Since Inception	Inception Date
					1 Yr	2Yr	3Yr	5Yr	10Yr		
PCM - Captive											
Fixed Income ETF/Mutual Fund	\$28,318,021	71.3%	-0.45%	0.58%	0.58%	1.87%	N/A	N/A	N/A	0.55%	Apr-13
Benchmark - BC Int. Gov/Credit			-0.69%	1.07%	1.07%	2.09%	N/A	N/A	N/A	1.10%	
Relative Performance			▲ 0.24%	▼ -0.49%	▼ -0.49%	▼ -0.22%	N/A	N/A	N/A	▼ -0.55%	
Risk Assets ETF/Mutual Fund	\$11,375,089	28.7%	6.04%	-0.37%	-0.37%	2.17%	N/A	N/A	N/A	6.75%	Apr-13
Benchmark - S&P 500			7.04%	1.38%	1.38%	7.36%	N/A	N/A	N/A	12.41%	
Relative Performance			▼ -1.00%	▼ -1.75%	▼ -1.75%	▼ -5.19%	N/A	N/A	N/A	▼ -5.66%	
Consolidated ETF/Mutual Fund¹	\$39,693,110	100.0%	1.35%	0.31%	0.31%	1.97%	N/A	N/A	N/A	2.69%	Apr-13
Benchmark ²			1.14%	0.28%	0.28%	4.84%	N/A	N/A	N/A	7.02%	
Relative Performance			▲ 0.21%	▲ 0.03%	▲ 0.03%	▼ -2.87%	N/A	N/A	N/A	▼ -4.33%	
Key Market Indices											
Barclays U.S. Aggregate			-0.57%	0.55%	0.55%	3.22%	1.44%	3.25%	4.51%		
Barclays Intermediate U.S. Government/Credit			-0.69%	1.07%	1.07%	2.09%	1.10%	2.58%	4.04%		
Barclays U.S. Corporate Investment Grade			-0.58%	-0.68%	-0.68%	3.31%	1.67%	4.53%	5.29%		
Barclays U.S. Corporate High Yield			-2.07%	-4.47%	-4.47%	-1.07%	1.69%	5.04%	6.96%		
Barclays U.S. Treasury: U.S. TIPS			-0.64%	-1.44%	-1.44%	1.07%	-2.27%	2.55%	3.93%		
S&P 500			7.04%	1.38%	1.38%	7.36%	15.13%	12.57%	7.31%		
S&P MidCap 400			2.60%	-2.18%	-2.18%	3.62%	12.75%	10.68%	8.18%		
S&P SmallCap 600			3.72%	-1.97%	-1.97%	1.82%	13.57%	11.48%	8.01%		
MSCI EAFE Index			4.75%	-0.39%	-0.39%	-2.46%	5.46%	4.07%	3.50%		
MSCI Emerging Markets			0.73%	-14.60%	-14.60%	-8.43%	-6.42%	-4.47%	3.95%		
MSCI Frontier Emerging Markets			-2.62%	-17.99%	-17.99%	-6.09%	-2.66%	-1.54%	N/A		
MSCI World Ex. US Index			3.97%	-2.60%	-2.60%	-3.24%	4.41%	3.28%	3.41%		
Notes:											
1) Includes cash balances.											
2) Blended benchmark of 55% S&P 500 / 35% Barclays Intermediate Gov/Credit / 10% 90 day T-Bill to March 2015; thereafter market-weighted by fund/ETF benchmark.											
-- All returns net of fees											
-- Fixed Income Market values include accrued income											
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance											

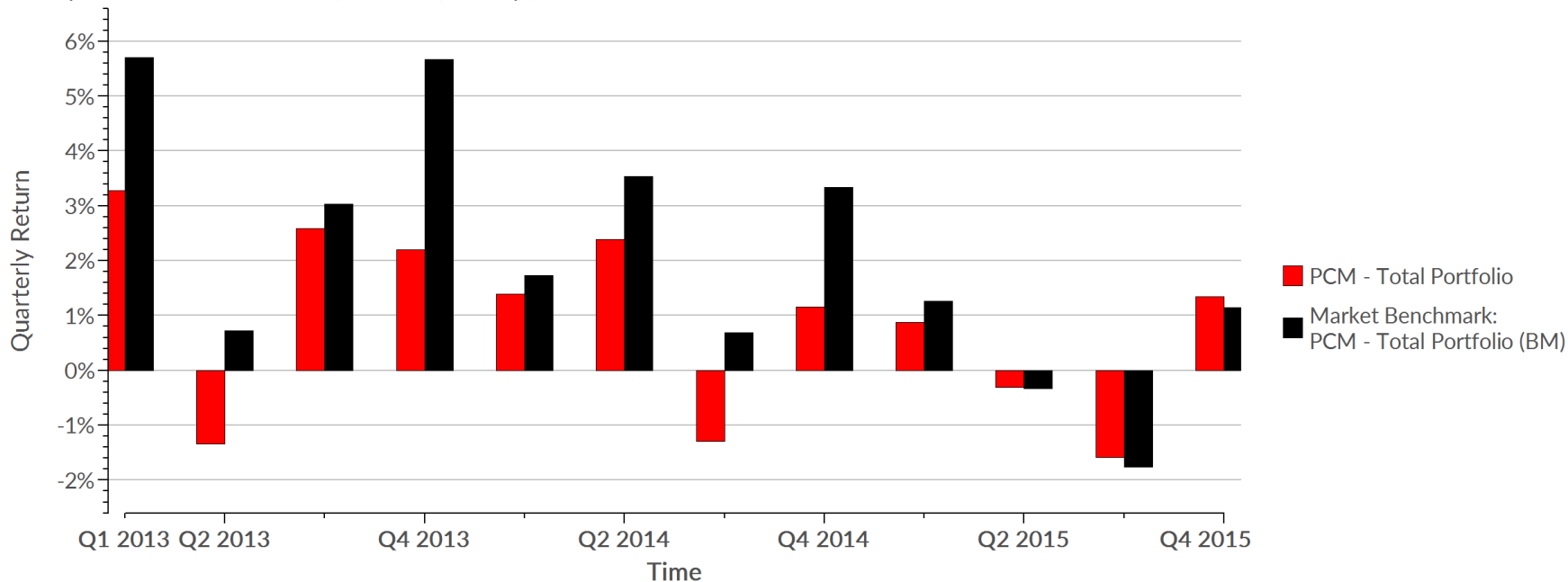
As we work through the ERM analysis, the overall allocation to fixed income and risk assets will be reviewed relative to surplus usage and operating expectations.



Quarterly Return Profile**

Quarterly Return / Time

January 2013 - December 2015 (Shown Quarterly)



Custom Table

April 2013 - December 2015: Summary Statistics

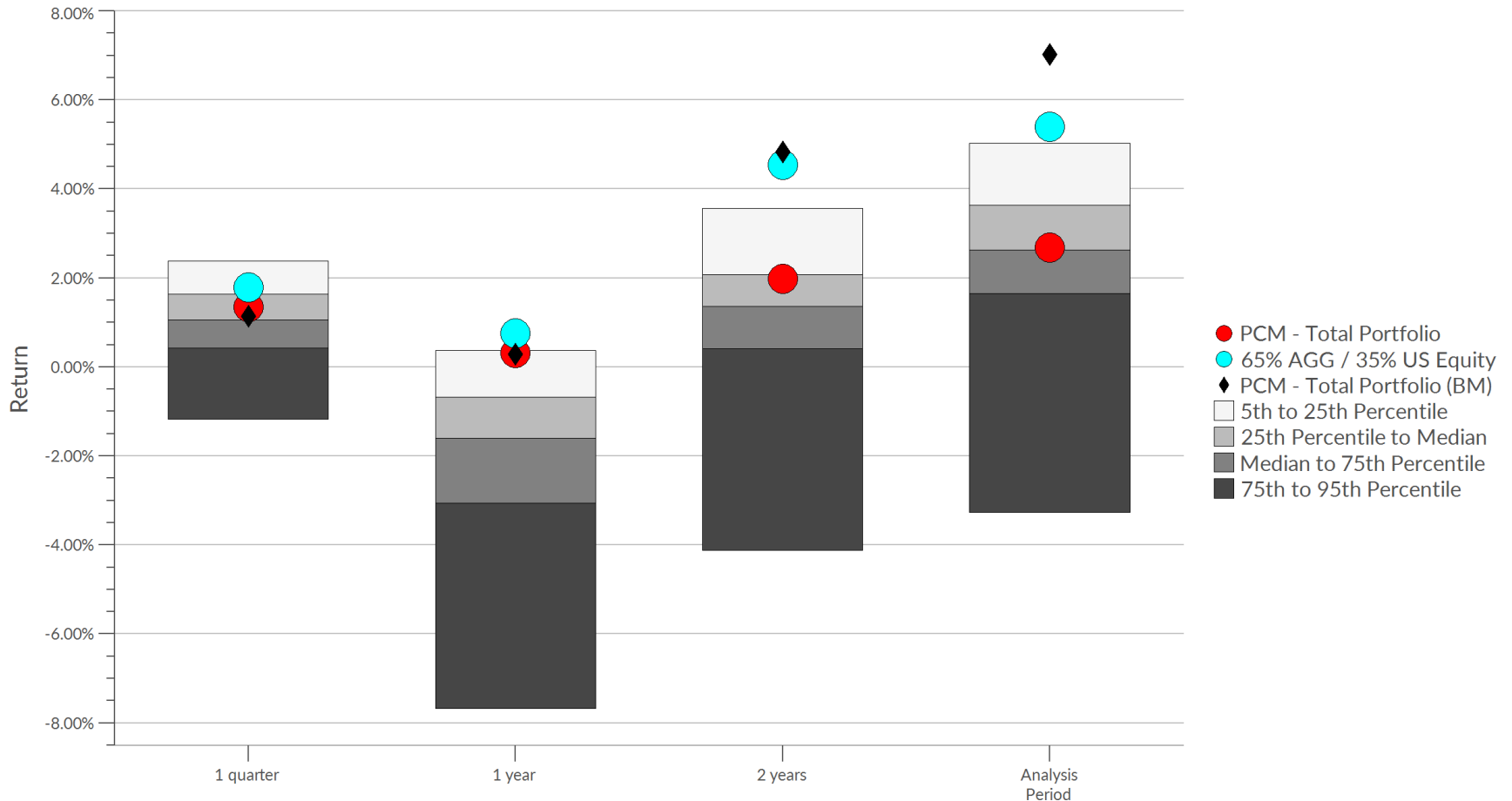
	Return	Standard Deviation	Sharpe Ratio	# of Down Periods	Average Down Return	# of Up Periods	Average Up Return	Maximum Drawdown	Information Ratio vs. Market	Alpha vs. Market	Beta vs. Market
PCM - Total Portfolio	2.69%	3.11%	0.85	4	-1.13%	7	1.71%	-1.89%	-1.79	-1.53%	0.61
PCM - Total Portfolio (BM)	7.02%	4.11%	1.70	2	-1.04%	9	2.35%	-2.08%	0.00	0.00%	1.00



Performance Peer Analysis

PCM ETF/Mutual Fund Portfolio vs Morningstar Conservative Allocation: Return

April 2013 - December 2015 (not annualized if less than 1 year)



☐ Using Morningstar Conservative Allocation Peer Universe: 20-50% Domestic Equity / 50-80% Fixed Income.



PCM – Asset Allocation

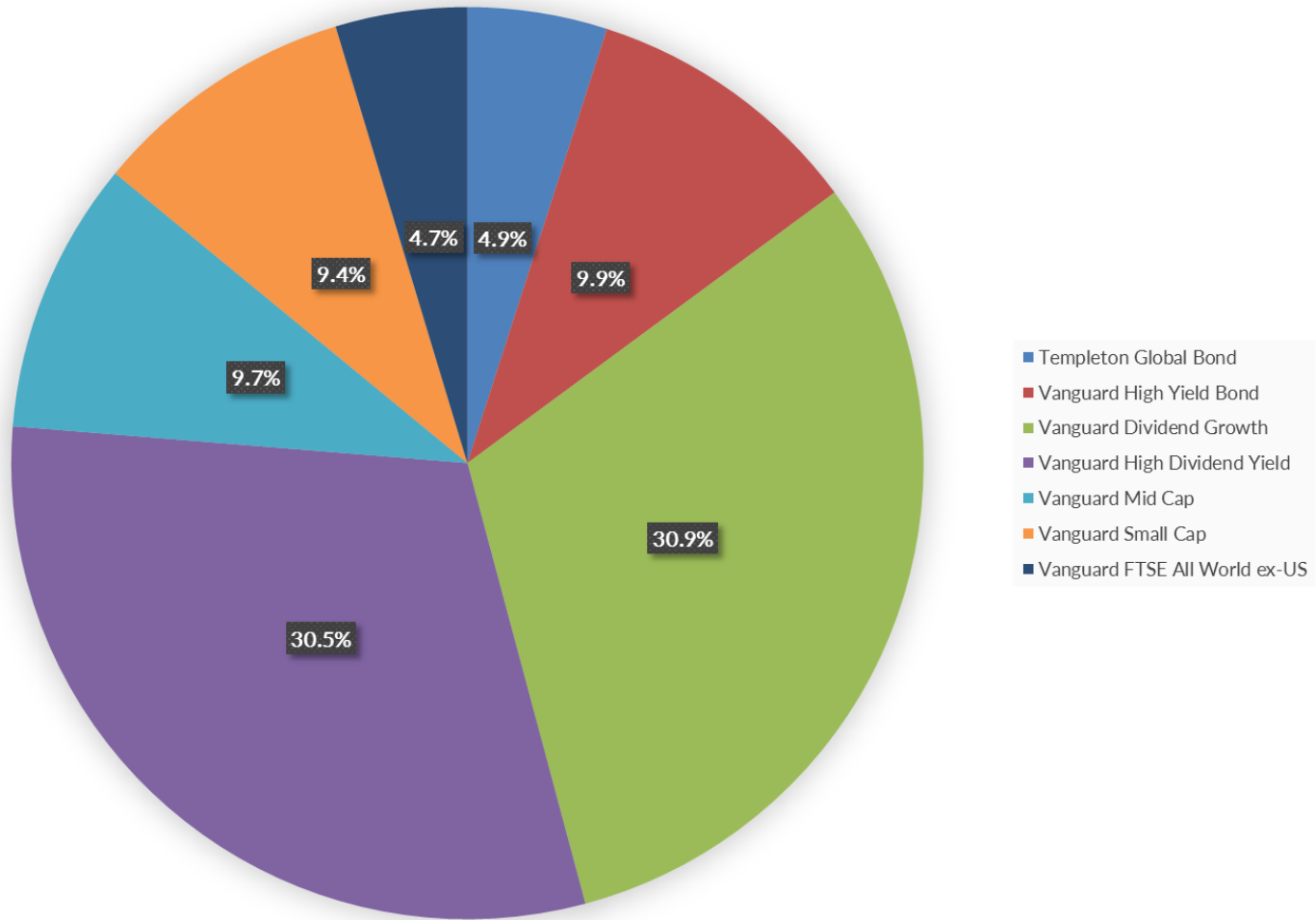
Asset Class	Market Value	Minimum	Maximum	Old Target	SAA Target	Current vs. SAA Target	Current	Prior Quarter	QTR Chg.
U.S. Equities - Large Cap	\$ 8,170,618	10%	20%	15%	24%	▼ -3.42%	20.58%	19.45%	▲ 1.14%
U.S. Equities - Other	\$ 2,592,390	5%	15%	10%	8%	▼ -1.47%	6.53%	6.41%	▲ 0.12%
International Equities	\$ 612,081	5%	15%	10%	2%	▼ -0.46%	1.54%	1.54%	▼ 0.00%
U.S. Domestic Corporate Bonds	\$ 9,527,393	10%	40%	20%	24%	▲ 0.00%	24.00%	22.03%	▲ 1.97%
International Bonds	\$ 661,749	0%	10%	5%	2%	▼ -0.33%	1.67%	1.65%	▲ 0.02%
U.S. Government & Agency Securities	\$ 16,014,196	20%	100%	40%	40%	▲ 0.35%	40.35%	45.48%	▼ -5.14%
Cash & Equivalents	\$ 2,114,455	0%	100%	0%	0%	▲ 5.33%	5.33%	3.44%	▲ 1.89%
Fixed Income	\$ 27,656,044			60%	64%		70%	71%	
Risk Assets	\$ 13,386,981			40%	36%		30%	29%	
Total	\$ 39,692,883			100%	100%		100%	100%	

❑ Domestic corporate bonds includes the Vanguard high yield mutual fund.



PCM Risk Asset Allocation

PCM Risk Asset Allocation: \$13.4M / 38% of Surplus



PCM ETF/Mutual Fund Holdings – Returns Detail

Manager vs Benchmark: Return

April 2013 - December 2015 (not annualized if less than 1 year)

	1 quarter	1 year	2 years	Analysis Period
PCM - Total Portfolio	1.35%	0.31%	1.97%	2.69%
-- PCM - Total Portfolio (BM)	1.14%	0.28%	4.84%	7.02%
PCM - Fixed Income	-0.45%	0.58%	1.87%	0.55%
-- Barclays Intermediate U.S. Government/Credit	-0.69%	1.07%	2.09%	1.10%
PCM - Risk Assets	6.04%	-0.37%	2.17%	6.75%
-- S&P 500	7.04%	1.38%	7.36%	12.41%
Vanguard Short-Term Bond ETF (MKT)	-0.52%	0.92%	1.15%	0.81%
-- ML 1-5 Year US Corp/Gov Index	-0.54%	1.05%	1.28%	0.93%
Templeton Global Bond Adv	2.26%	-4.03%	-1.14%	-0.48%
-- Citigroup World Government Bond Index	-1.23%	-3.57%	-2.04%	-1.94%
Vanguard High-Yield Corporate Adm	-0.47%	-1.30%	1.65%	2.21%
-- ML BB-B US High Yield Index	-1.14%	-2.86%	0.25%	1.56%
Vanguard High Dividend Yield Index Inv	7.57%	0.30%	6.64%	10.70%
-- FTSE High Dividend Yield Index	7.56%	0.36%	6.76%	10.84%
Vanguard Dividend Growth Inv	6.83%	2.62%	7.13%	11.83%
-- NASDAQ US Dividend Achievers Select Index	6.13%	-1.88%	3.96%	8.71%
Vanguard Mid Cap Index Adm	3.44%	-1.34%	5.94%	11.35%
-- CRSP US Mid Cap TR Index	3.46%	-1.28%	6.01%	11.42%
Vanguard Small Cap Index Adm	3.11%	-3.64%	1.78%	8.93%
-- CRSP US Small Cap TR Index	3.10%	-3.68%	1.78%	8.93%





POOLING RESOURCES, INC.



Pooling Resources Inc. - Performance Summary

Portfolio	Market Value	% of MV	Q4-2015	YTD	Annualized					Since Inception	Inception Date
					1 Yr	2Yr	3Yr	5Yr	10Yr		
Pooling Resources, Inc.											
Consolidated - Fixed Income	\$1,257,832	100.0%	-0.38%	0.63%	0.63%	0.61%	0.52%	N/A	N/A	0.58%	Jul-11
Benchmark - BC Int. Government			-0.44%	0.54%	0.54%	0.58%	0.50%	N/A	N/A	0.58%	
Relative Performance			▲ 0.06%	▲ 0.09%	▲ 0.09%	▲ 0.03%	▲ 0.02%	N/A	N/A	■ 0.00%	
Key Market Indices											
Barclays U.S. Aggregate			-0.57%	0.55%	0.55%	3.22%	1.44%	3.25%	4.51%		
Barclays Intermediate U.S. Government/Credit			-0.69%	1.07%	1.07%	2.09%	1.10%	2.58%	4.04%		
Barclays U.S. Corporate Investment Grade			-0.58%	-0.68%	-0.68%	3.31%	1.67%	4.53%	5.29%		
Barclays U.S. Corporate High Yield			-2.07%	-4.47%	-4.47%	-1.07%	1.69%	5.04%	6.96%		
Barclays U.S. Treasury: U.S. TIPS			-0.64%	-1.44%	-1.44%	1.07%	-2.27%	2.55%	3.93%		
Notes:											
1) Includes cash balances.											
-- All returns net of fees											
-- Fixed Income Market values include accrued income											
-- For each measurement period, Green indicates outperformance, and Red indicates underperformance											



Glossary of Terms – Page One

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



Glossary of Terms – Page Two

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



GR-NEAM®

POOL / PACT
Annual Meeting Investment Review

Data as of March 31, 2016

Meeting Date: April 29, 2016



General Re-New England Asset Management

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Firm Overview



Investment Management Firm Focused on Serving the Unique Needs of Insurance Companies

- \$64 billion in Assets Under Management
- General Re-New England Asset Management, Inc.
Founded in 1984
- A Global Client Base of 99 Insurance Clients*
- 106 People Dedicated to Insurance Asset Management
- Offices in:
 - Farmington, CT, USA & San Diego, CA, USA
 - Dublin, Ireland & London, UK

Partnership-like Approach with Clients

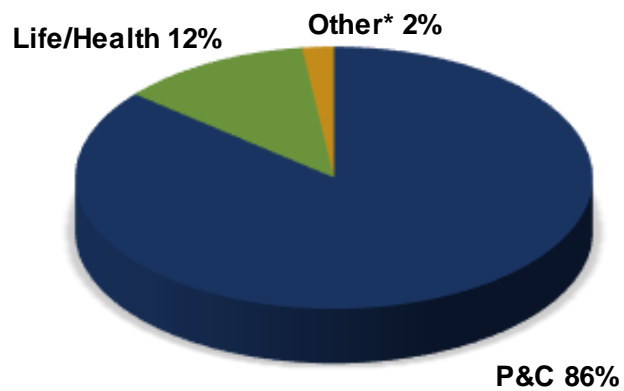
Figures represent aggregated assets, clients and personnel of both GR-NEAM, Inc. and GR-NEAM Limited, the majority of which are dedicated to the Farmington office. Unaffiliated Insurance Company Asset Management Clients as of 12/31/15.

*Three of these clients operate as insurance entities controlled or managed by State or Governmental entities.

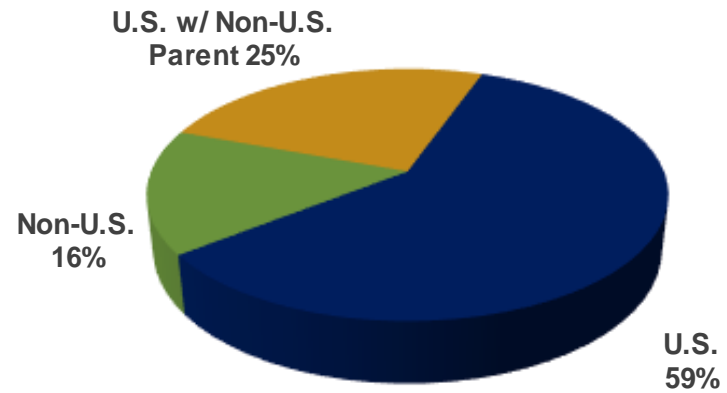
General Re-New England Asset Management, Inc.® (GR-NEAM, Inc.), is located in Farmington, CT with a client service office in San Diego, CA. Our wholly owned subsidiary, GR-NEAM Limited, is incorporated in Ireland with a branch office in London. GR-NEAM Limited is regulated by the Central Bank of Ireland. GR-NEAM Limited is authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request. GR-NEAM Limited is not registered with the SEC. GR-NEAM Limited London branch is not registered with the SEC. GR-NEAM, Inc. is registered as an investment adviser with the SEC. Registration with the SEC does not imply a certain level of skill or training.

GR-NEAM: Client Profile

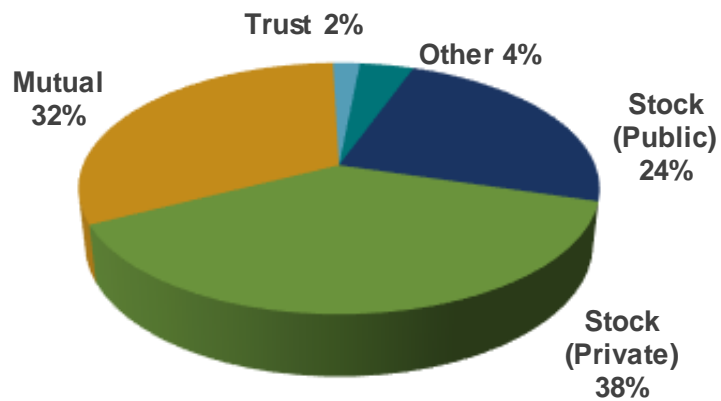
Business – By Asset Size



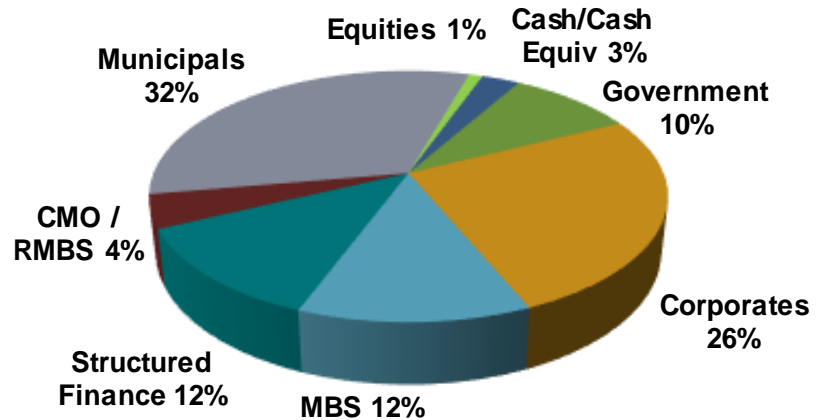
Region – By Asset Size



Organization – By Asset Size



By Asset Class



Unaffiliated Insurance Company Asset Management Clients as of 12.31.15 GR-NEAM, Inc. and GR-NEAM Limited) the majority of which are managed by GR-NEAM, Inc. Detailed information available upon request.

GR-NEAM: *Comprehensive Scope of Services*

- **Core Asset Management**

- Sovereigns/Agencies
- Corporate Bonds
- Agency and Non-Agency Mortgage-Backed Securities
- Collateralized Mortgage Obligations
- Commercial Mortgage-Backed Securities
- Asset Backed Securities
- Municipal Bonds

- **Specialty Asset Management**

- Focus Value Equity Management (FVEM)
- Dividend Select Equity Strategy
- Preferreds
- High Yield Bonds / Senior Secured Loans
- Structured Products
- Alternative High Yield
- Non-Dollar Bonds
- TIPS
- Funding Agreements / FHLB Program Management

- **Enterprise Capital Return and Risk Management™ (ECRRM™) Services**

- Enterprise Based Asset Allocation
- Investment Guidelines Recommendations and Performance Benchmarks
- Stress Testing
- Financial Statement Simulation
- Competitive Assessment

- **Capital and Risk Analytics (CARA® Toolset)**

- Nightly Priced*, Web Based Risk Management Platform
- Risk Profiles
- Surveillance Reporting
- Capital Charge Reporting
- Portfolio Optimization
- Cash Flow and NII Forecasting
- Peer Reporting
- Performance Attribution

- **Investment Accounting and Reporting Services**

- Investment Accounting Services
- Regulatory and Rating Agency Reporting Support
- Pre / Post-Trade Investment Guideline Compliance Monitoring & Reporting
- Performance Reporting
- Customized Reporting / Data Warehouse Report Services

*When available

Services and Asset classes will vary depending on whether GR-NEAM, Inc. or GR-NEAM Ltd is providing services.

What Differentiates GR-NEAM?

- **Insurance Focus & Strategic Vision**
 - Built to Serve the Unique Needs of Insurance Companies
 - Thought Partner
- **Core Competencies**
 - Enterprise Capital Management
 - Investment Management
 - Investment Accounting Services & Reporting Support
 - Capital and Risk Analytics
 - Client Service
- **Commitment to Technology**
 - Integrated Financial/Investment Accounting/Risk Management Platform
 - Empowers Client
 - Creates Efficiency
- **Our People, Culture and Values**

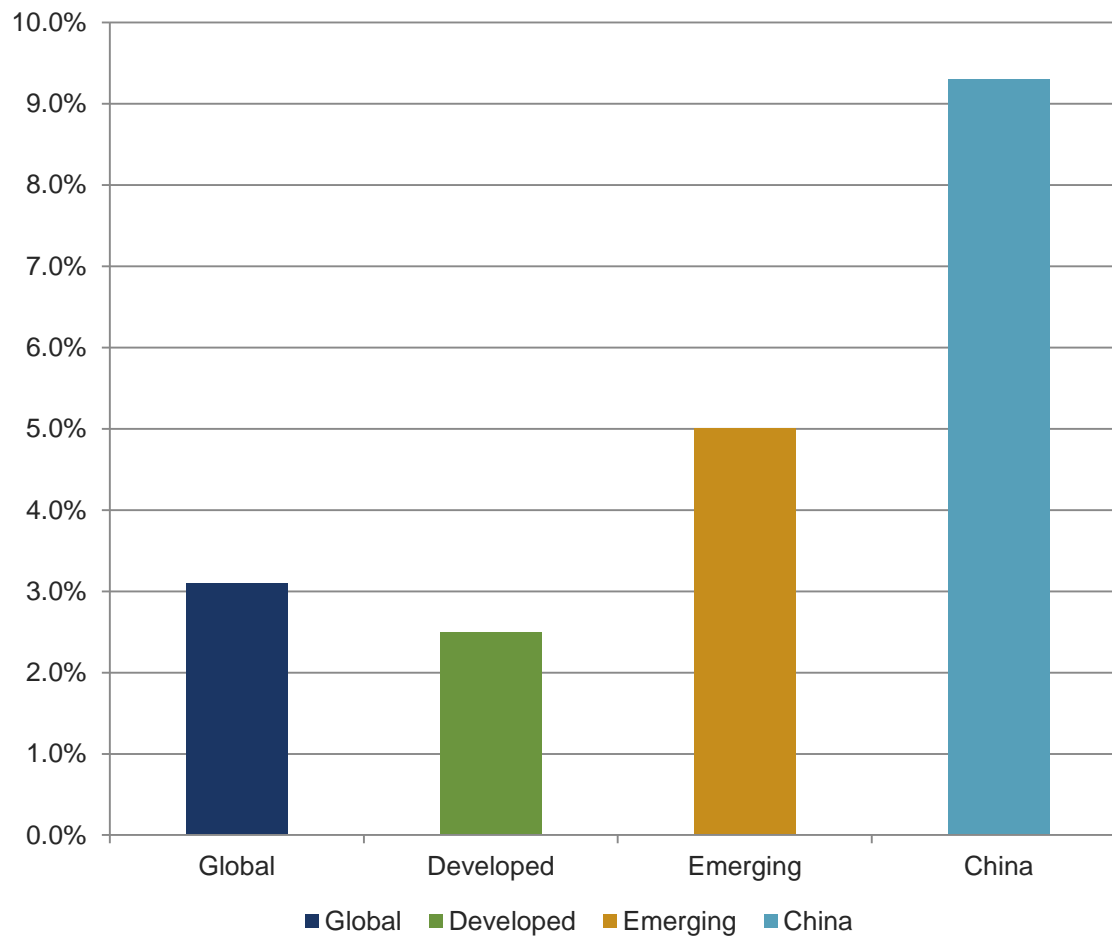


Economic and Capital Market Review



The Old Growth Model is Broken

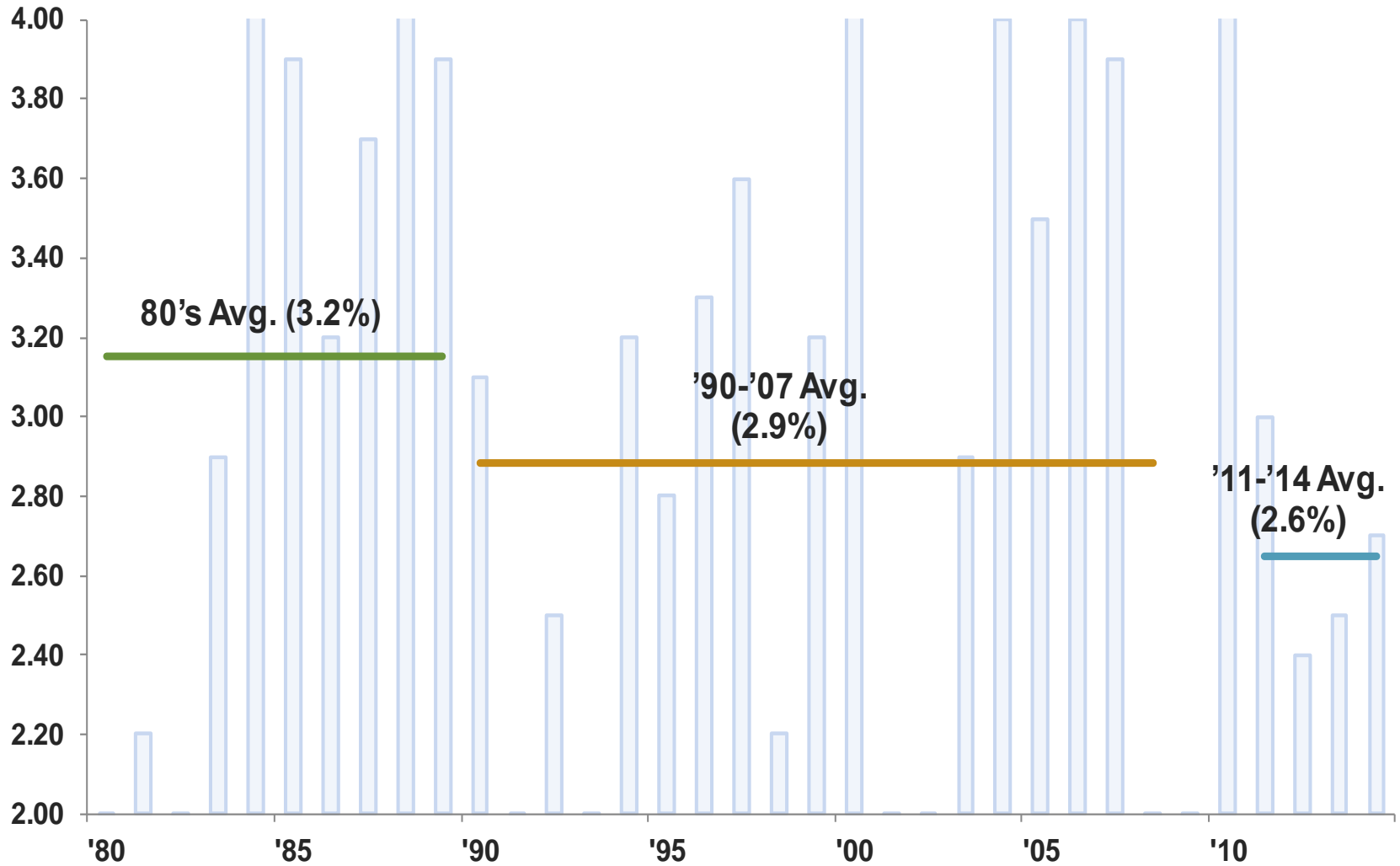
GDP Growth Rate



1970 -2014

Global	3.1%
Developed	2.5%
Emerging	5.0%
China	9.3%

World Global Growth Rates

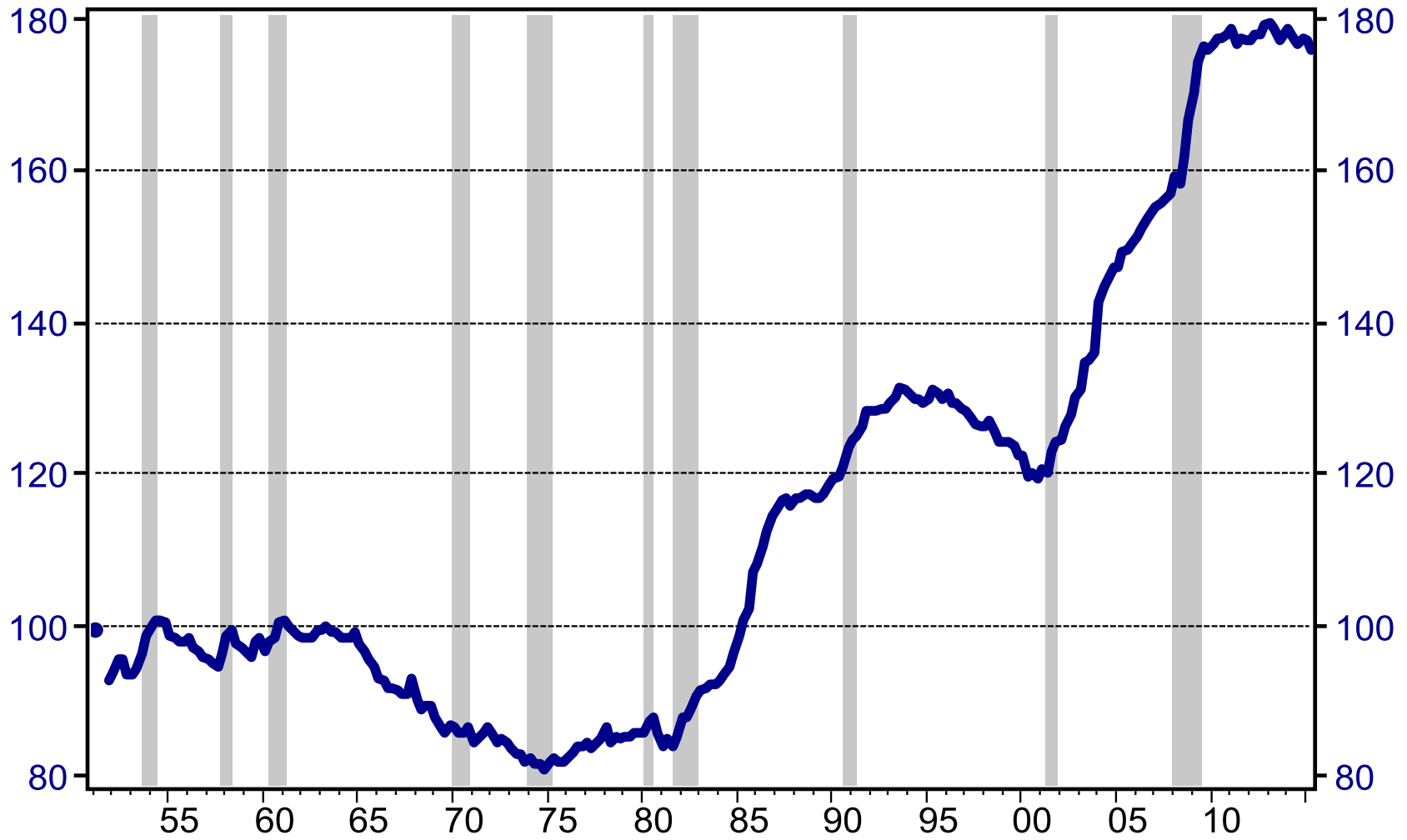


Source: International Monetary Fund, Haver Analytics, GR-NEAM Analytics

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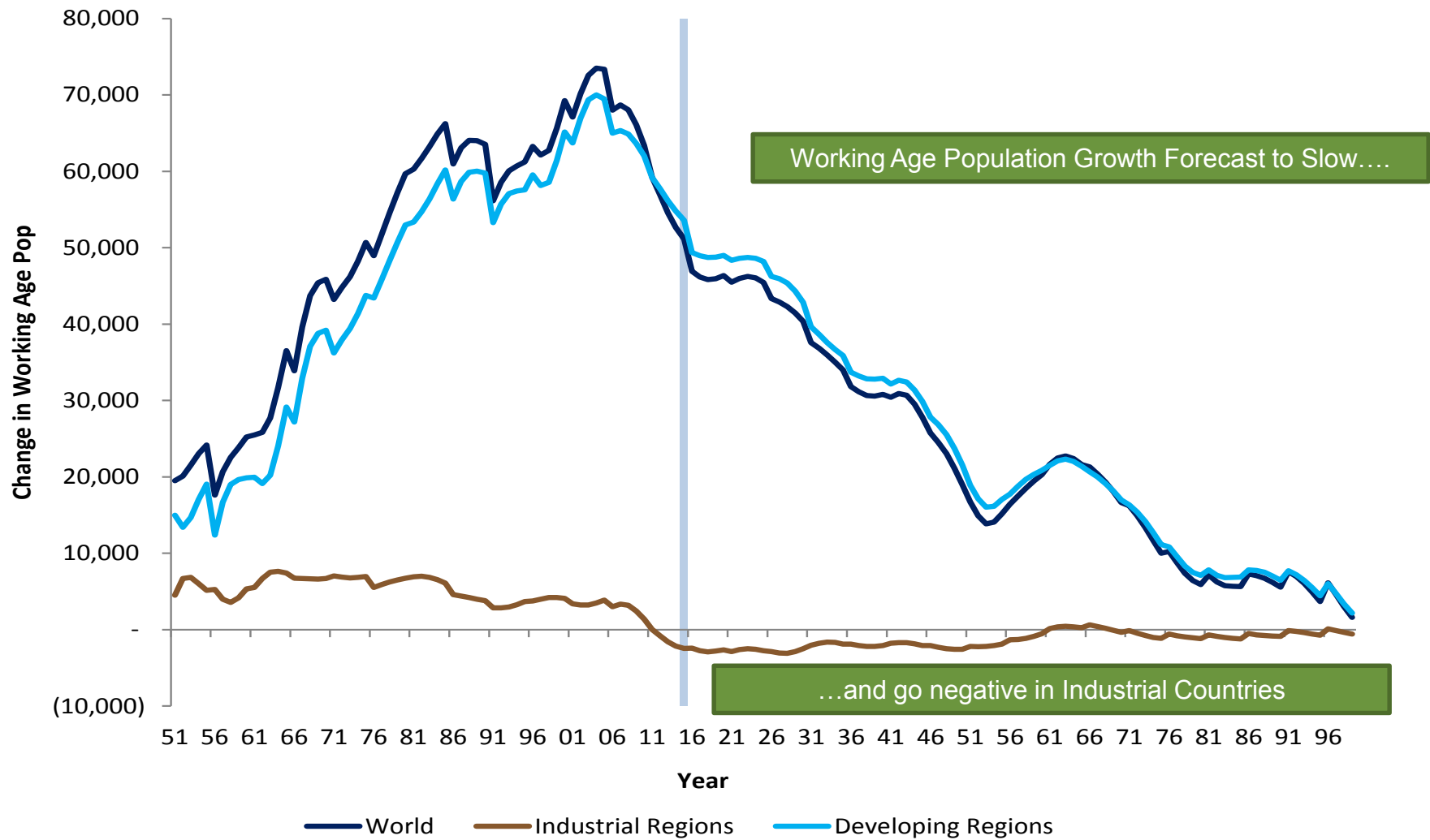
US Household and Government Debt

As a % of GDP



Source: Haver Analytics

Demographics – Working Age Population Change



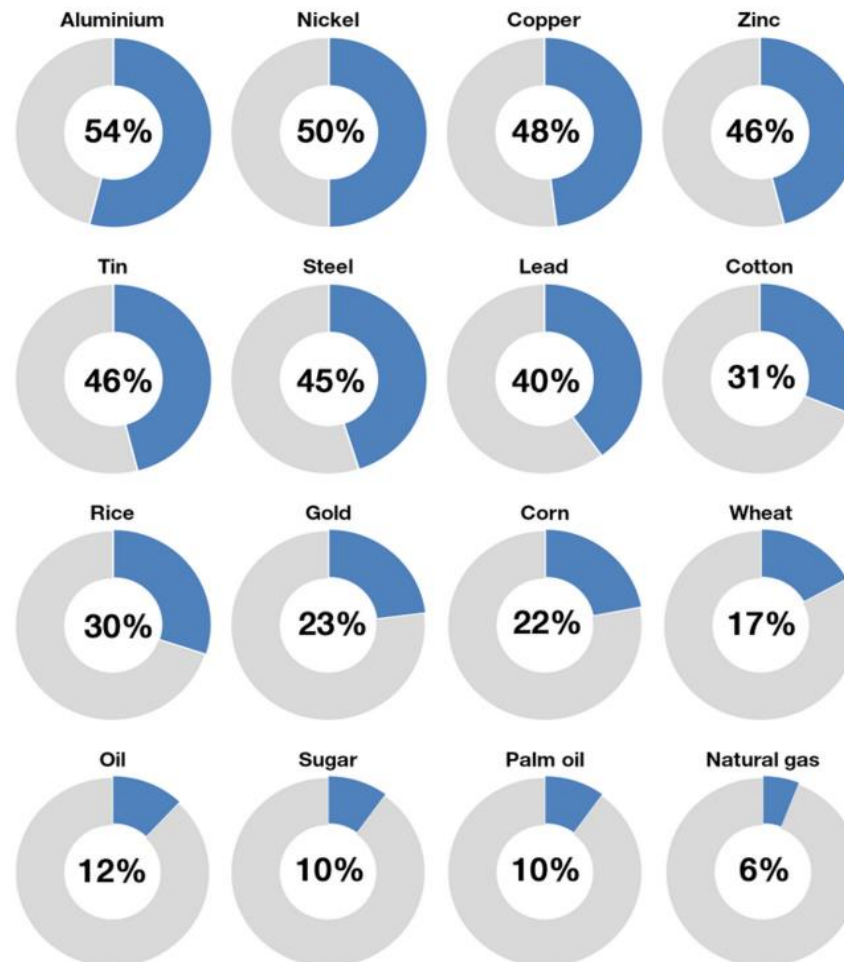
Source: UN/ Haver/ GR-NEAM. Industrial Regions: Europe & North America plus Japan, Australia & New Zealand. Developing Regions: All regions of Africa, Asia (ex Japan), Latin America, and the regions of Melanesia, Micronesia and Polynesia. Source: Haver

China – Major Consumer of Commodities



COMMITTED TO IMPROVING THE STATE OF THE WORLD

How much does China consume? China's share of global consumption



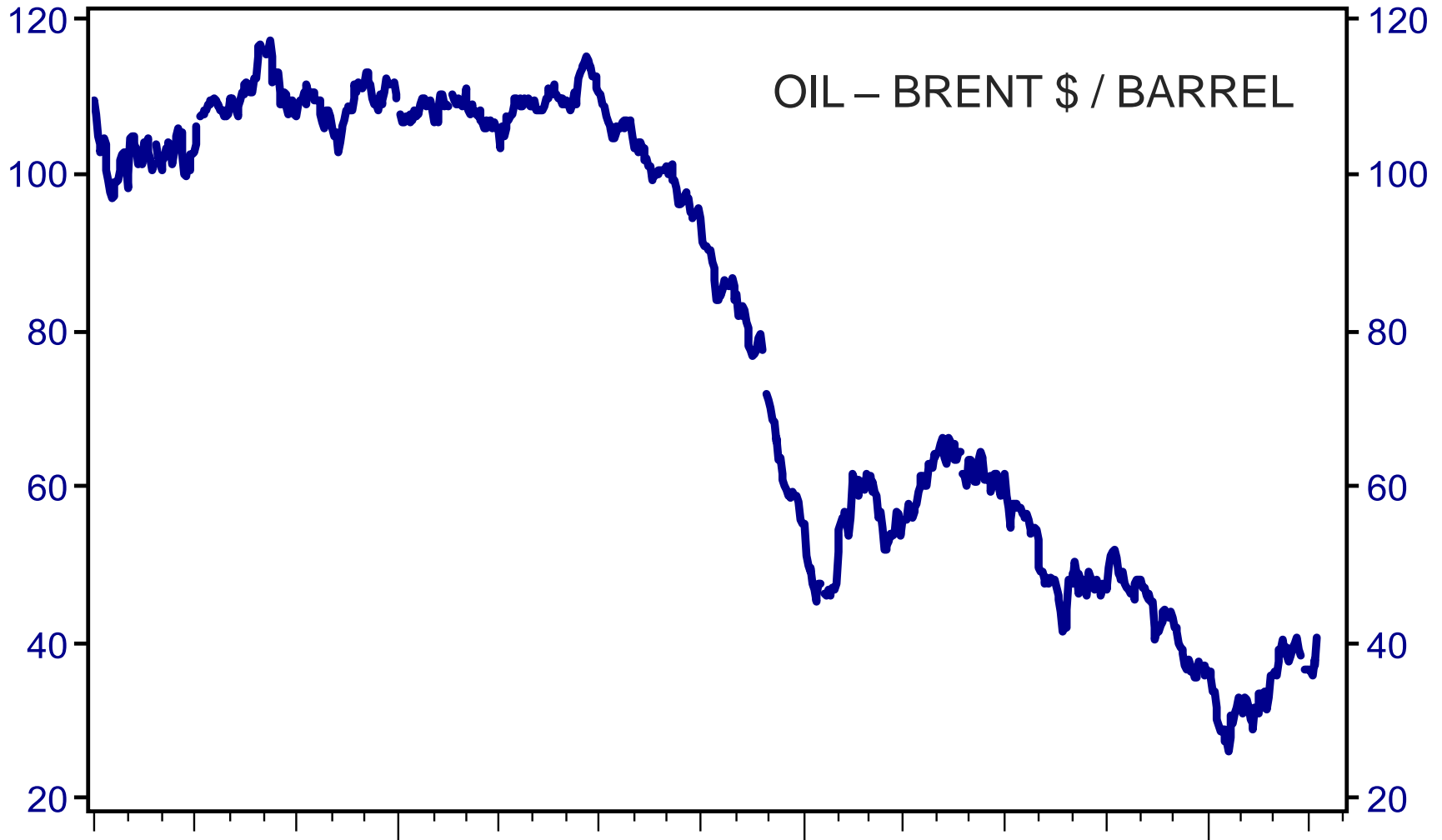
Source: World Economic Forum

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Source: The Wall Street Journal, World Bureau of Metal Statistics, World Gold Council, BP Statistical Review of World Energy 2015, Metalytics via Morgan Stanley, US Department of Agriculture.

Oil: Brent Crude

Appears to have stabilized

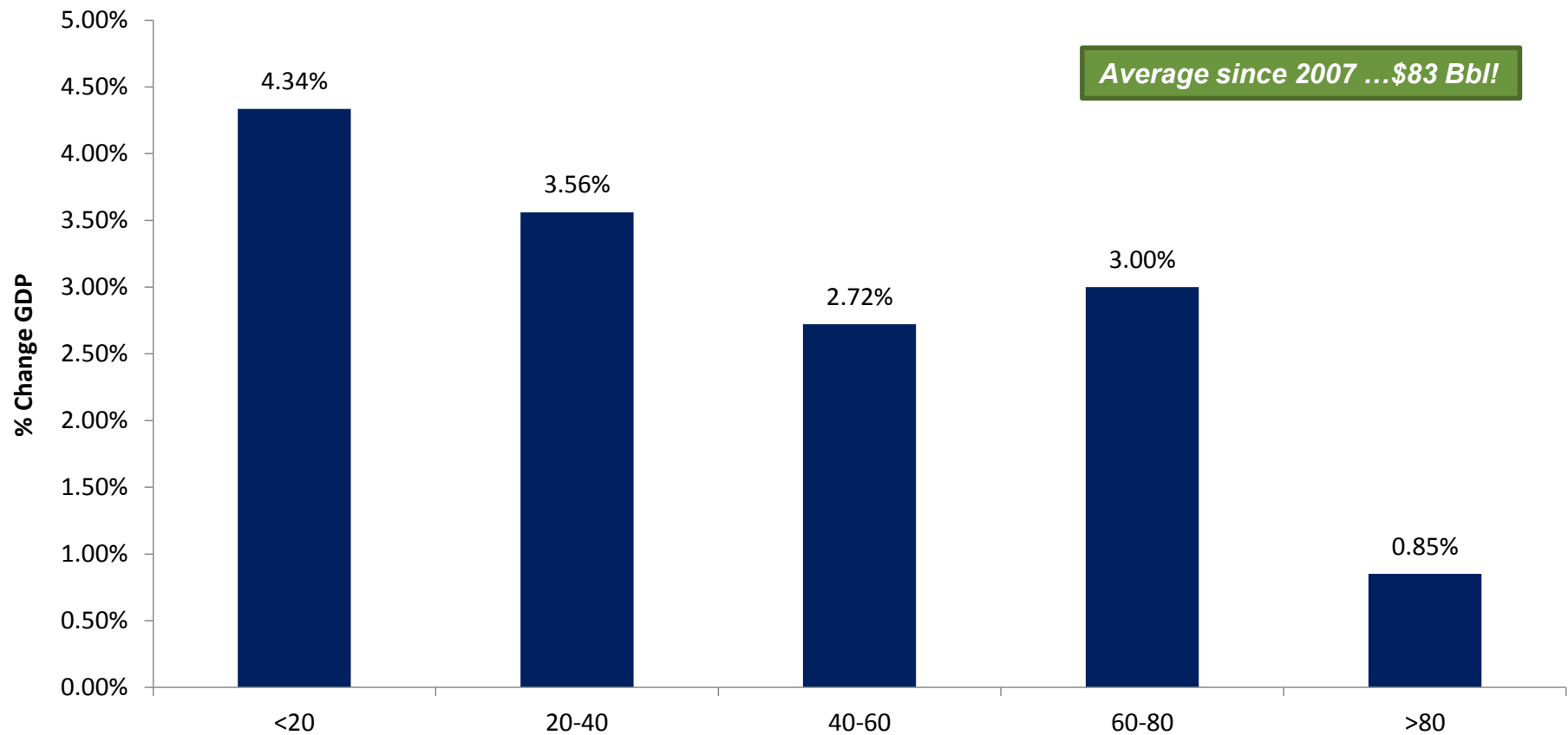


Source: ¹³Energy Information Administration / ¹⁴Haver Analytics

15

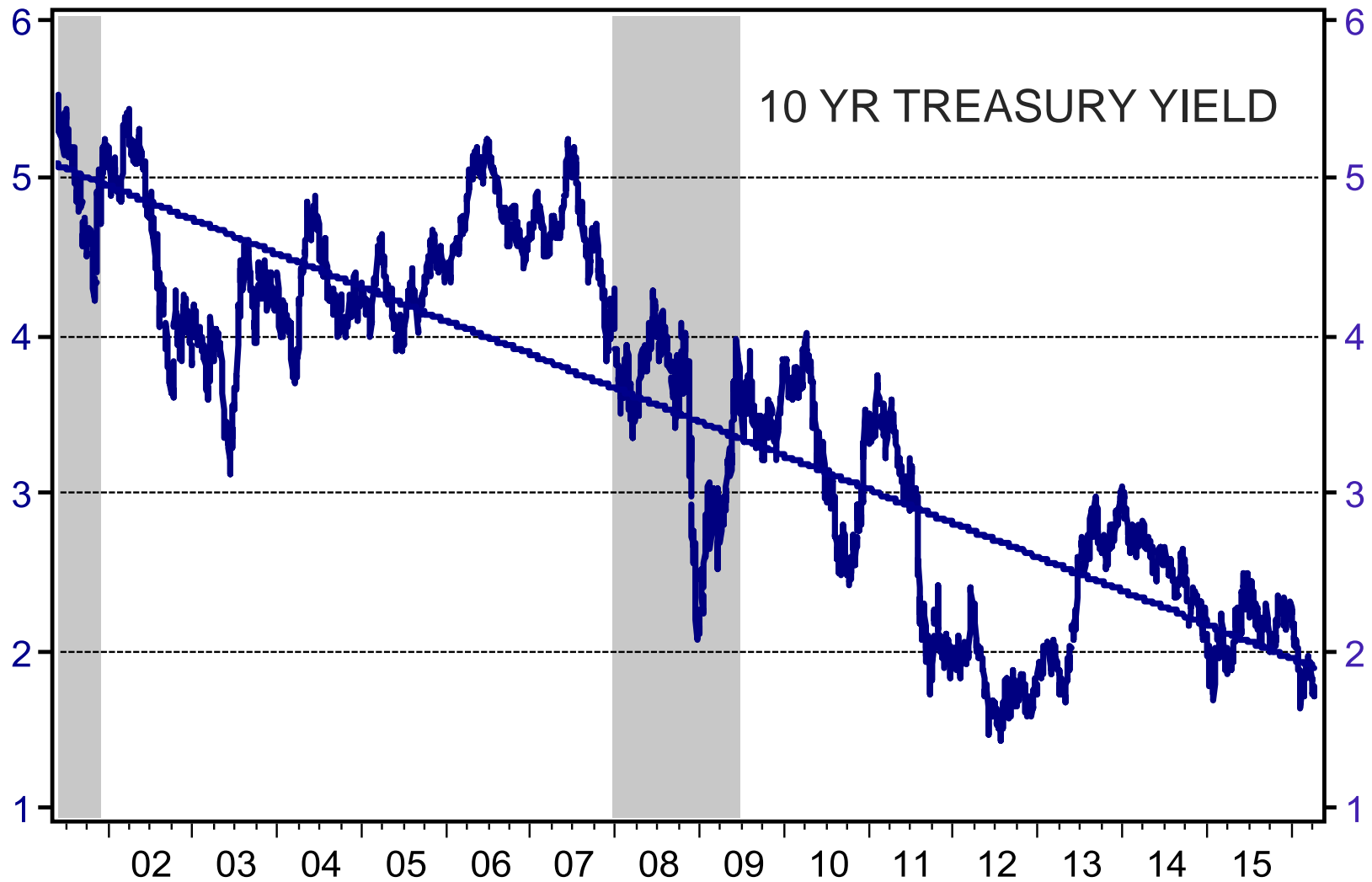
Oil Prices – Favorable Implications for Growth

Real GDP Growth vs Real Crude Price - Quintiles (1946-2015)



Interest Rate Trend

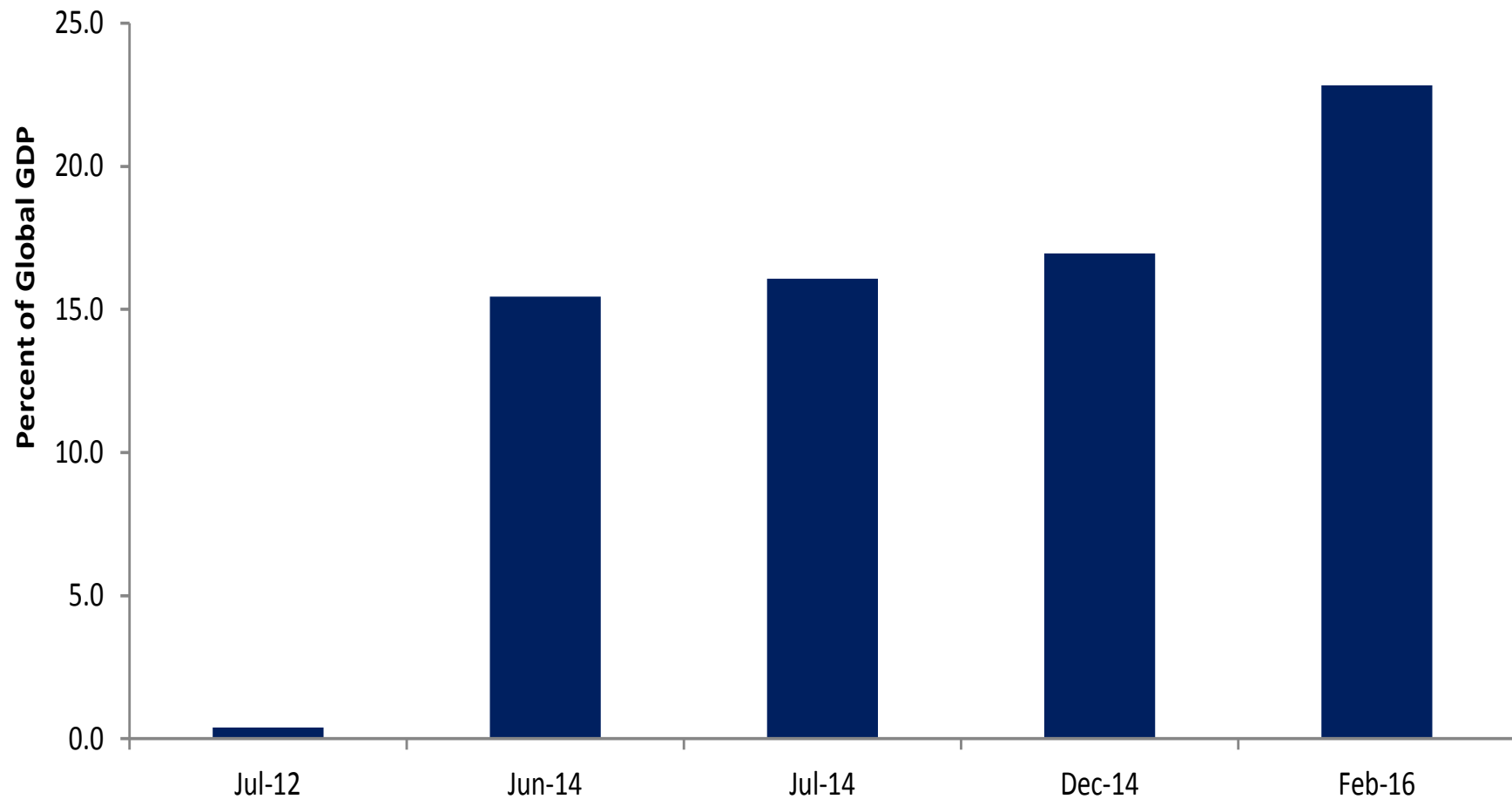
Fed Still Too Optimistic in the Out Years



Source: Federal Reserve Board /Haver Analytics

Nearly 25% of World GDP is Derived From Jurisdictions With Negative Rates

GDP of Countries with Negative Rates as % of World GDP



Source: SCB/ SECO/ DSI/ EUROSTAT/ CAO/ Haver/ GR-NEAM

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Global / Macro Conclusions and Observations

Global Summary

Global Growth Slowing

Debt Growth Continues

EM Weakness – China a Driving Force

Weaker Commodity Prices (oil in particular)
are very stimulative

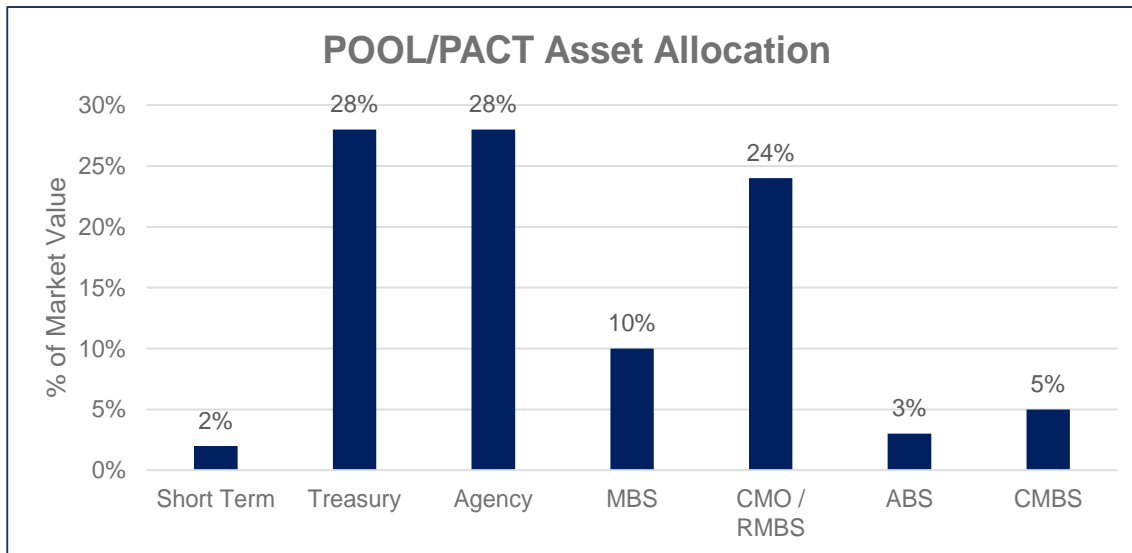
Accommodative Monetary Policy from
Major Central Banks



POOL/PACT Portfolio Strategy Overview



POOL / PACT Fixed Income Portfolio Strategy Overview



Duration (Interest Rate Sensitivity)
3.26 years

Average Credit Quality
AA+

Book Yield
1.84%

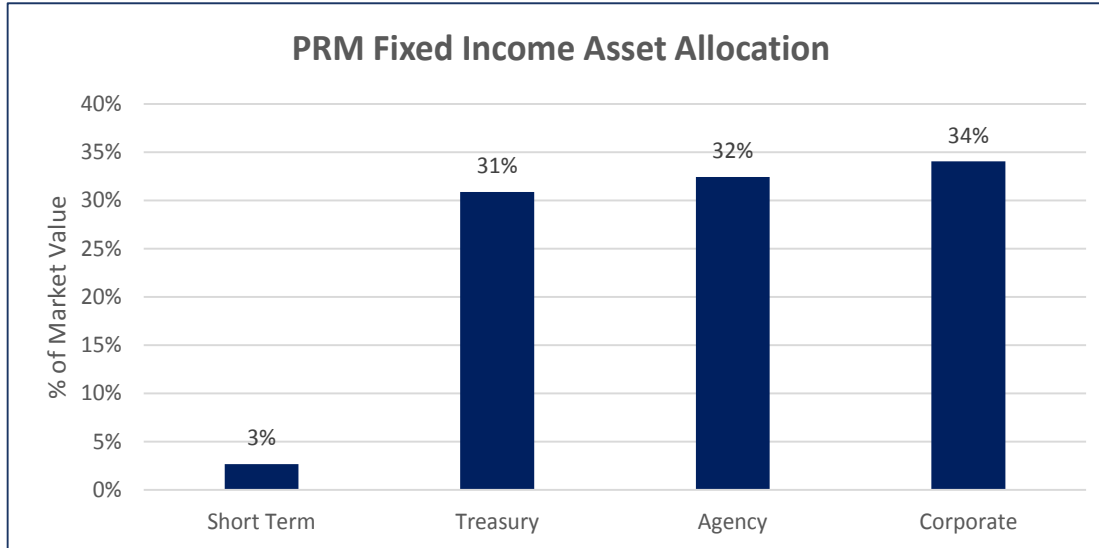
- High quality, governmental focused portfolios per Nevada State Statutes.
- Maintain high credit quality and liquidity.
- Enhance income and diversification via sector rotations:
 - Reduce Treasury/Agency and increase agency ABS/CMBS allocation
 - Reduce agency CMO in favor of agency MBS
- Reposition duration to be neutral to the benchmark.



PRM/PCM Portfolio Strategy Overview



PRM Fixed Income Portfolio Strategy Overview



Duration (Interest Rate Sensitivity)
3.67 years

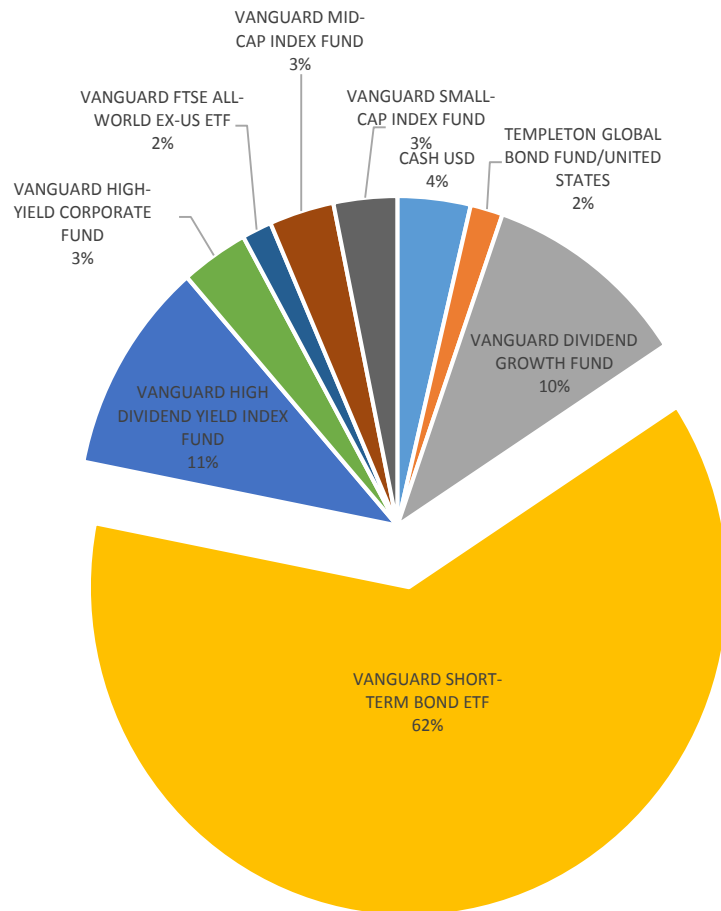
Average Credit Quality
AA

Book Yield
1.74%

- Maintain high credit quality and liquidity
- Enhance investment income and diversification via sector rotations:
 - Reduce Treasury/Agency allocation
 - Introduce allocation to taxable municipals and AAA rated structured securities
 - Agency Mortgage Backed Securities (MBS)
 - Asset Backed Securities (ABS)
 - Commercial Mortgage Backed Securities (CMBS)
- Maintain portfolio duration in line with benchmark.

PCM Fixed Income Portfolio Strategy Overview

PCM Portfolio Allocation



- Currently invested entirely in funds
 - Fixed income component invested in Short Term Bond Fund (~\$25mm)
 - Rotate out of bond fund and into specific fixed income securities

- Redeploy proceeds of Short Term Bond Fund into:
 - Taxable Municipals
 - Agency Mortgage Backed Securities (MBS)
 - Asset Backed Securities (ABS)
 - Commercial Mortgage Backed Securities (CMBS)

- Fixed income portion of the portfolio to be managed similarly to PRM, with a focus on:
 - Improving investment income
 - Increasing diversification
 - Maintaining high credit quality and liquidity

Appendix





Asset Class Sector Summary

U.S. Fixed Income – Asset Class Sector Summary

Sector	Overall	Fundamentals	Technicals	Valuations	Macro/Other	Conclusion	Recommendation	Change
U.S. Corporates	↔↔ / ↑	↓	↔↔ / ↑	↔↔ / ↑	↔↔ / ↓	After underperforming rather steadily in 2H14 and 2015 and moving sharply wider in Jan and early Feb 2016, corporate bonds rebounded dramatically in late Feb and March. We believe that the remarkable reversal in the corporate market in 1Q16 not only reflects changing risk appetite across markets, but also illustrates liquidity challenges in the corporate market – and suggests that continued volatility is likely	At the margin, temper our overweight allocations to corporate bonds overall, to BBBs, and to the energy subsector, limiting purchases and considering select sales	Temper Overweight
U.S. High Yield	↔↔	↓	↔↔	↔↔	↔↔	HY and LL spreads rallied significantly as higher oil prices, improving US macro, dovish Central Banks led to improved demand for risk assets. Credit trends on balance remain directionally negative. Continue to expect default activity to increase for the Energy and Metals & Mining sectors. Valuations remain attractive however the level of price dispersion varies significantly across industries/issuers. Continue to advocate adding to positions in a measured and selective manner.	Maintain neutral weighting with a preference for leveraged loans over high yield considering its capital structure advantages and lower interest rate sensitivity.	No change
U.S. Leveraged Loans	↔↔	↓	↔↔ / ↓	↔↔	↔↔			

Note: To the extent not reflected above, instances where an underweight/ overweight bias may exist can be balanced through the substitution/ subtraction of certain other sub groups of asset classes based on relative value. While the addition of these may lead ultimately to a higher/ lower than targeted allocation to a sector as grouped above, this could be mitigated by the specifics of the sub group of the asset class, or securities considered, and the relative value they would present.

U.S. Fixed Income – Asset Class Sector Summary

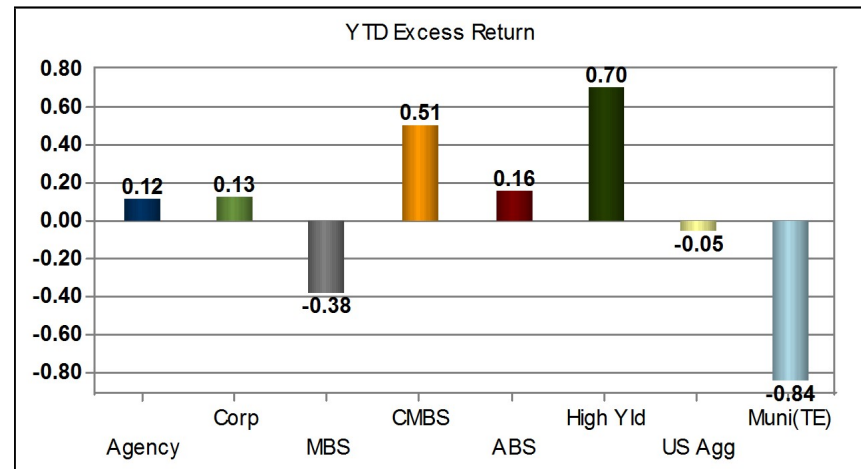
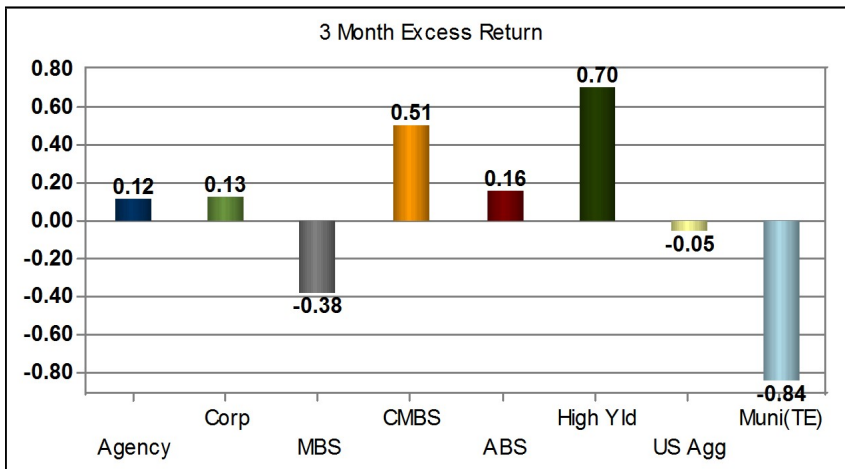
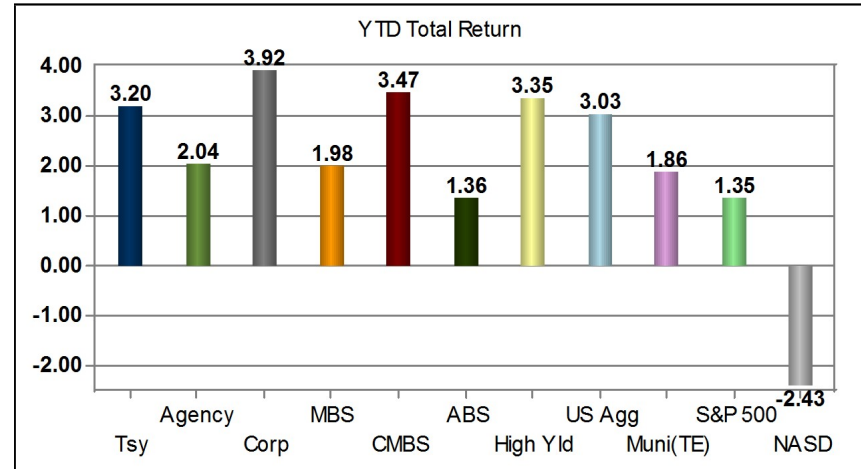
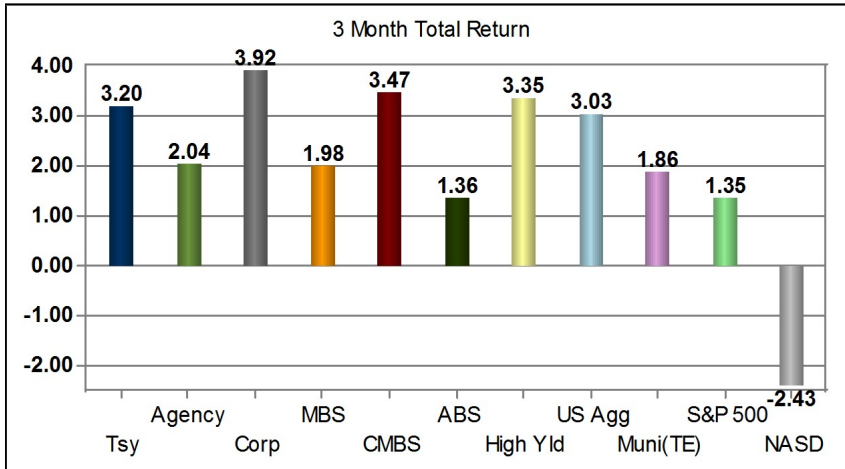
Sector	Overall	Fundamentals	Technicals	Valuations	Macro/ Other	Conclusion	Recommendation	Change
Municipals	↔	↔	↔ / ↑	↔	↔ / ↑	Municipal market remains orderly, lots of money chasing relatively limited supply. Maintain watchful eye on potential market disruption/precedent from credit catalyst (PR, Chicago, IL, etc.)	Maintain neutral, remain selective on purchases	No Change
ABS/CMBS/ Other Structured	↔	↔ / ↓	↑	↔ / ↑	↔ / ↓	Valuations are in a fair value across credit-related structured space Subordinate participation depending on collateral quality and leverage point. Single asset/single borrower (SASB) in floating rate form can achieve attractive all-in yields with low duration profile.	Return to neutral positioning based on valuations, recognizing potential for further volatility. Maintain selective bias. ↑ CLOs/ Select CMBS/ Esoteric ABS	Return to Neutral
MBS	↔	↔	↔ / ↑	↔	↔ / ↑	The mortgage basis remains in the fair value range, but carry should continue to produce excess returns versus treasuries as reinvestment will continue well into 2016. Latest rally has caused MBS to widen as negative convexity concerns comes back into the market.	Hold a neutral weighting in MBS while maintaining the 30yr/15yr percentages versus benchmarks. Specified pools have fluctuated in value along with rates. We continue to see value in lower payup stories as they offer prepayment protection and price appreciation if another rate rally is realized.	No Change

Note: To the extent not reflected above, instances where an underweight/ overweight bias may exist can be balanced through the substitution/ subtraction of certain other sub groups of asset classes based on relative value. While the addition of these may lead ultimately to a higher/ lower than targeted allocation to a sector as grouped above, this could be mitigated by the specifics of the sub group of the asset class, or securities considered, and the relative value they would present.



Capital Market Performance Review

Capital Market Performance Review as of March 2016



Sources: Barclays, BofA Merrill, Bloomberg



Portfolio Review

Multi Portfolio Comparison

	PACT	PCM	POOL	PRM	PRI
Portfolio Overview (000's Omitted)					
Book Value	75,967	40,688	33,924	28,465	1,270
Market Value	76,755	40,387	34,548	28,477	1,274
Total Unrealized Gain/Loss	788	(301)	624	12	4
Gross Gains	1,141	152	717	329	18
Gross Losses	(353)	(454)	(93)	(317)	(14)
Fixed Income Unrealized Gain/Loss	788	-	624	315	4
Gross Gains	1,141	-	717	320	18
Gross Losses	(353)	-	(93)	(4)	(14)
Equity Unrealized Gain/Loss	-	(301)	-	(303)	-
Gross Gains	-	152	-	10	-
Gross Losses	-	(454)	-	(312)	-
Annualized Book Income	1,347	582	672	478	11
Asset Types					
Cash / Cash Equivalents	2.5%	3.7%	0.5%	1.8%	4.0%
Taxable Fixed Income	97.5%	-	99.5%	65.4%	96.0%
Common Stock	-	96.3%	-	32.8%	-
Fixed Income Analytics					
Book Yield	1.77%	-	1.98%	1.74%	0.84%
Market Yield	1.39%	0.23%	1.50%	1.34%	0.73%
Average OAD	3.11	0.08	3.58	3.67	1.37
Average Life	3.31	0.09	3.75	3.98	1.59
Average OAC	(15.96)	0.05	(9.19)	20.59	3.09
Average Quality	AA+	AAA	AA+	AA	AA+
5 Year US Govt On The Run	1.21%	1.21%	1.21%	1.21%	1.21%
Sector					
Short Term	3%	100%	< 1%	3%	4%
Sovereign	29%	-	23%	31%	49%
Quasi Government	27%	-	31%	32%	35%
Corporate	-	-	-	34%	-
MBS	11%	-	9%	-	-
CMO / RMBS	22%	-	27%	-	1%
ABS	3%	-	4%	-	-
CMBS	5%	-	6%	-	11%

Multi Portfolio Comparison

	<u>PACT</u>	<u>PCM</u>	<u>POOL</u>	<u>PRM</u>	<u>PRI</u>
Duration					
< 1 Year	12.5%	100.0%	4.2%	10.4%	28.7%
1-3 Years	47.1%	-	46.8%	34.2%	71.3%
3-5 Years	22.8%	-	27.0%	29.0%	-
5-10 Years	17.6%	-	22.0%	26.4%	-
Average Duration	3.11	0.08	3.58	3.67	1.37
Quality					
AAA	2.6%	100.0%	0.9%	5.1%	4.0%
AA	97.4%	-	99.1%	68.4%	96.0%
A	-	-	-	25.8%	-
BBB	-	-	-	0.7%	-
Average Quality	AA+	AAA	AA+	AA	AA+

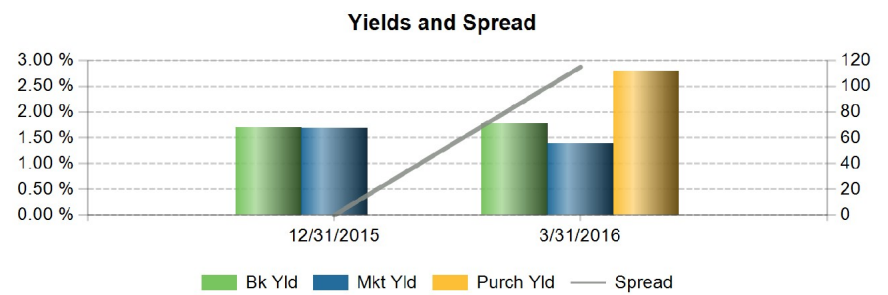
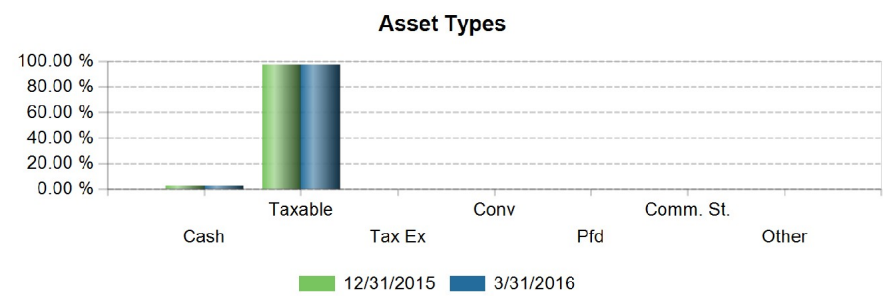
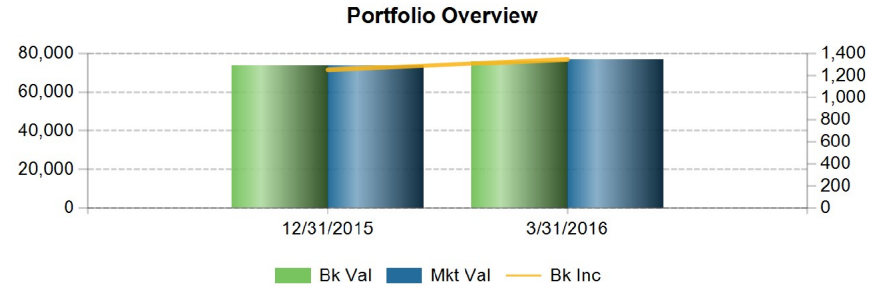
A Foreign Exchange Rate as of 3/31/2016, was used to convert amounts to USD.



PACT

PACT - Portfolio Multi-Period Summary - Comparative Overview

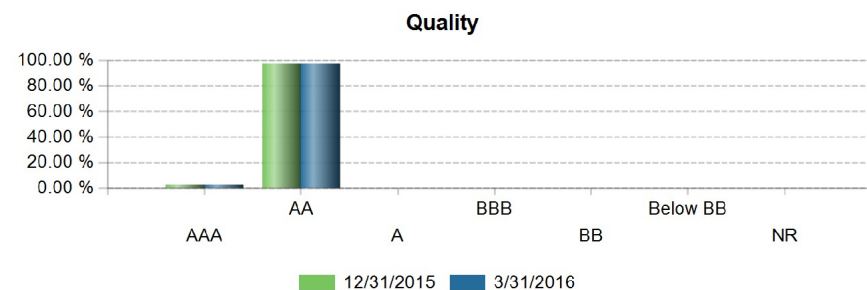
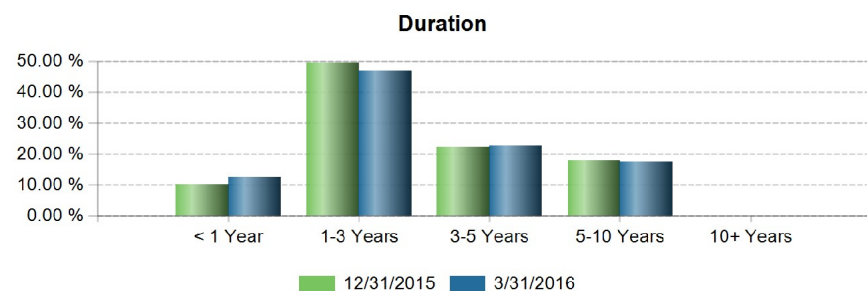
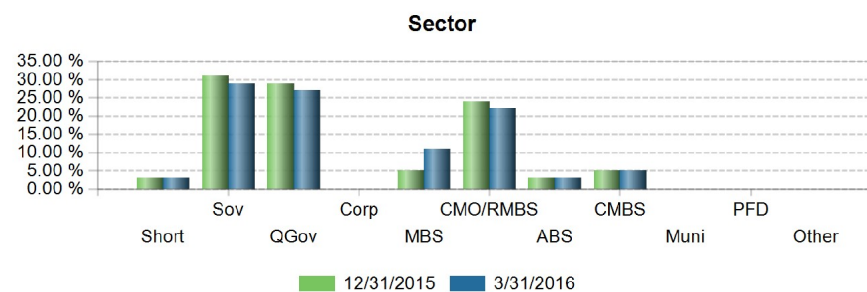
	12/31/2015	3/31/2016	Change since 12/31/2015
Portfolio Overview (000's Omitted)			
Book Value	73,743	75,967	2,223
Market Value	73,547	76,755	3,207
Total Unrealized Gain/Loss	(196)	788	984
Gross Gains	385	1,141	756
Gross Losses	(581)	(353)	229
Realized Gain / Loss	-	(2)	
Annualized Book Income	1,251	1,347	96
Asset Types			
Cash / Cash Equivalents	2.6%	2.5%	(0.1%)
Taxable Fixed Income	97.4%	97.5%	0.1%
Fixed Income Analytics			
Book Yield	1.70%	1.77%	0.08%
Market Yield	1.68%	1.39%	(0.29%)
Average OAD	3.22	3.11	(0.10)
Average Life	3.41	3.31	(0.10)
Average OAC	0.43	(15.96)	(16.39)
Average Quality	AA+	AA+	
Average Purchase Yield	-	2.80%	2.80%
Average Spread Over Tsy	-	115	115
5 Year US Govt On The Run	1.76%	1.21%	(0.55%)



A Foreign Exchange Rate as of 12/31/2015 and 3/31/2016, respectively was used to convert amounts to USD.

PACT - Portfolio Multi-Period Summary - Fixed Income Summary

	12/31/2015	3/31/2016	Change since 12/31/2015
Sector			
Short Term	3%	3%	-
Sovereign	31%	29%	(2%)
Quasi Government	29%	27%	(2%)
MBS	5%	11%	6%
CMO / RMBS	24%	22%	(2%)
ABS	3%	3%	-
CMBS	5%	5%	-
Fixed Income	100%	100%	-
Duration			
< 1 Year	10.2%	12.5%	2.3%
1-3 Years	49.5%	47.1%	(2.4%)
3-5 Years	22.4%	22.8%	0.4%
5-10 Years	17.9%	17.6%	(0.3%)
Average Duration	3.22	3.11	(0.10)
Quality			
AAA	2.8%	2.6%	(0.2%)
AA	97.2%	97.4%	0.2%
Average Quality	AA+	AA+	



PACT Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Summary

(000's Omitted)

Purchases	Market Value	%	Spread (Bp)	Bk Yield	Rating	Duration
MBS	4,607	100.0	115	2.80	AA+	6.85
Total Purchases	4,607	100.0	115	2.80	AA+	6.85

Other Transactions	Market Value	%	Realized G/L	Bk Yield	Rating	Duration
Calls	150	6.8	-	0.84	AA+	1.06
Paydowns	1,726	78.3	(2)	1.50	AA+	2.44
Sinking Funds	329	14.9	-	1.51	AA-	1.95
Total Other Transactions	2,206	100.0	(2)	1.45	AA+	2.28

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PACT Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

Purchases

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Cost	Price	Spread	At Purchase			
									Average Life	Duration	Book Yield	
MBS												
02/17/2016 03/14/2016	FEDERAL HOME LN MTG CORP #Q18658 3132JAB46	3.50	06/01/2043	AA+	1,448	1,518	104.84	112	8.10	6.76	2.78	
02/24/2016 03/14/2016	FEDERAL HOME LN MTG CORP #G60361 31335AMJ4	3.50	12/01/2045	AA+	1,488	1,559	104.80	119	8.52	7.03	2.82	
02/26/2016 03/14/2016	FEDERAL HOME LN MTG CORP #Q07758 3132GS5T2	3.50	04/01/2042	AA+	960	1,005	104.72	118	7.85	6.59	2.78	
03/01/2016 03/14/2016	FEDERAL NATIONAL MTG ASSOC #AL8105 3138ETAF3	3.50	02/01/2046	AA+	499	524	104.97	105	8.60	7.10	2.79	
Total MBS					4,395	4,607		115	8.24	6.85	2.80	
Total Purchases					4,395	4,607		115	8.24	6.85	2.80	

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PACT Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

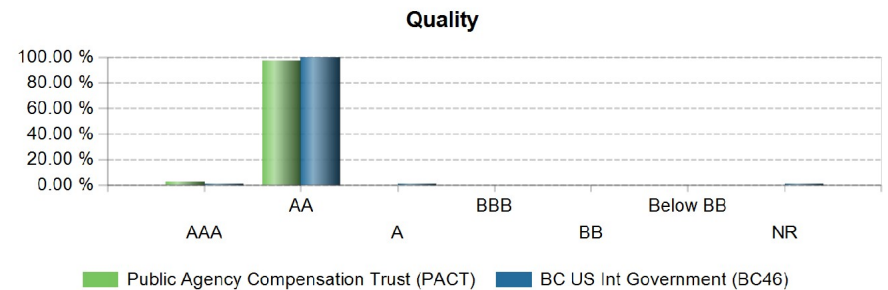
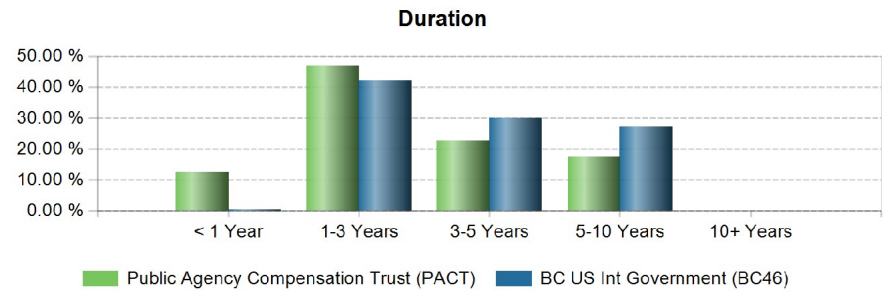
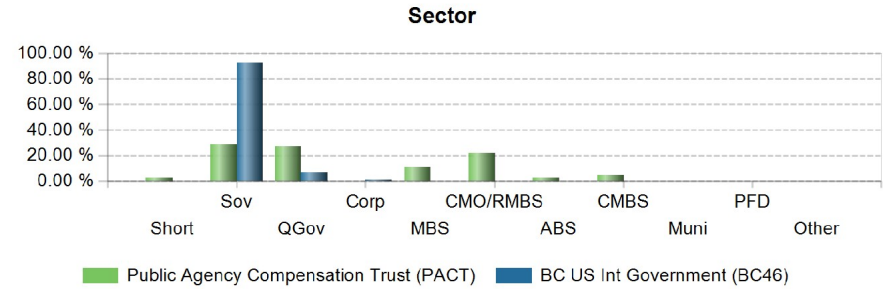
Other Transactions

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Book Value	Principal Proceeds	Price	Realized G/L	Most Recent		Tran Type
										Duration	Book Yield	
CALLS												
03/24/2016 03/24/2016	FEDERAL HOME LOAN BANK 3130A4QV7	0.84	03/24/2017	AA+	150	150	150	100.00	-	1.06	0.84	CALL
Total Calls					150	150	150		-	1.06	0.84	
SINKING FUNDS												
01/15/2016 01/15/2016	NEW VALLEY GENERATION IV 649081AA4	4.69	01/15/2022	AA-	136	136	136	100.00	-	2.66	1.95	SINK
03/15/2016 03/15/2016	NEW VALLEY GENERATION I 649083AA0	7.30	03/15/2019	AA-	193	193	193	100.00	-	1.46	1.20	SINK
Total Sinking Funds					329	329	329		-	1.95	1.51	
Total Other Transactions					479	479	479		-	1.67	1.30	

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PACT Portfolio to Benchmark Profile - Fixed Income Summary

Sector	Public Agency Compensation Trust (PACT)	BC US Int Government (BC46)	Diff
Sector			
Short Term	3%	-	3%
Sovereign	29%	93%	(64%)
Quasi Government	27%	7%	20%
Corporate	-	< 1%	< 0%
MBS	11%	-	11%
CMO / RMBS	22%	-	22%
ABS	3%	-	3%
CMBS	5%	-	5%
Total	100%	100%	
Duration			
< 1 Year	12.5%	0.5%	12.0%
1-3 Years	47.1%	42.3%	4.8%
3-5 Years	22.8%	29.9%	(7.1%)
5-10 Years	17.6%	27.3%	(9.7%)
Average Duration	3.11	3.83	(0.72)
Quality			
AAA	2.6%	0.2%	2.4%
AA	97.4%	99.7%	(2.3%)
A	-	< 0.1%	< 0.0%
NR	-	0.1%	(0.1%)
Average Quality	AA+	AA+	



PACT Performance Report

	PACT portfolios	BC U.S. Government: Intermediate	Difference
Inception Date	Jan 2016	Jan 2016	
2016	1.72	2.28	(0.56)
Q1 2016	1.72	2.28	(0.56)
January 2016	1.15	1.59	(0.44)
February 2016	0.39	0.49	(0.10)
March 2016	0.17	0.19	(0.02)
Since Inception	1.72	2.28	(0.56)

Please see the accompanying Disclosure Page for important information regarding this Performance Exhibit.

PACT Performance Report

Disclosures

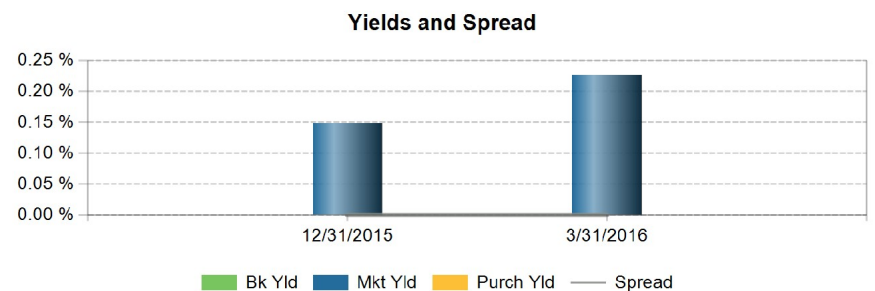
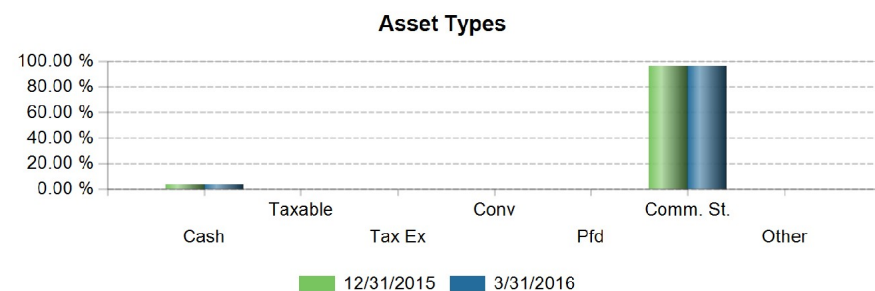
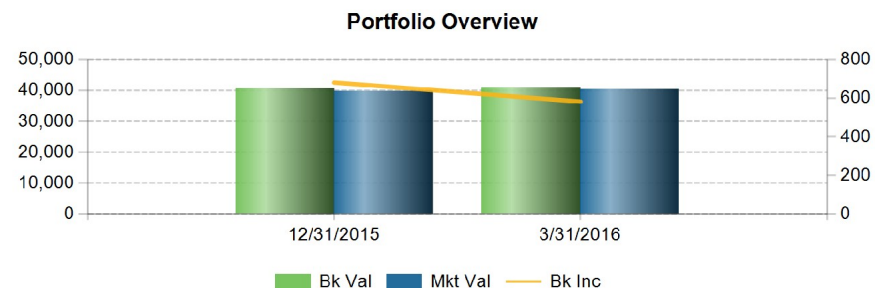
The performance results reflect Pool/Pact portfolios managed by GR-NEAM. A Daily Valuation Methodology that adjusts for cash flows is utilized to calculate portfolio performance. Portfolio returns are calculated daily and geometrically linked to create monthly gross of fee rates of return. Performance results are reported gross of management fees and of custody fees and other charges by the custodian for your account and net of commissions, mark-ups or mark-downs, spreads, discounts or commission equivalents. The performance results for your account are shown in comparison to a benchmark that has been chosen by you. The securities comprising this benchmark is not identical to those in your account. The benchmark is comprised of securities that are not actively managed and does not reflect the deduction of any management or other fees or expenses. Past performance is not indicative of future performance.



PCM

PCM - Portfolio Multi-Period Summary - Comparative Overview

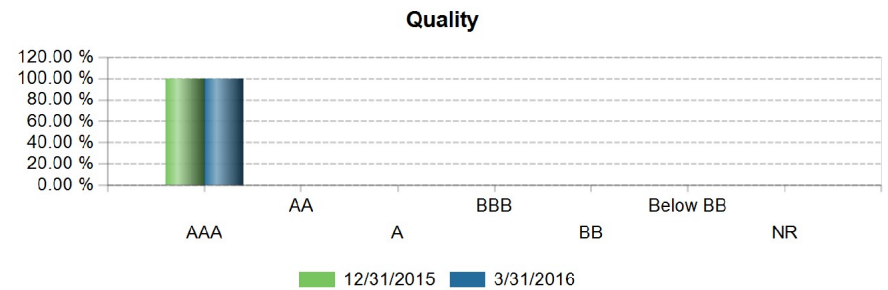
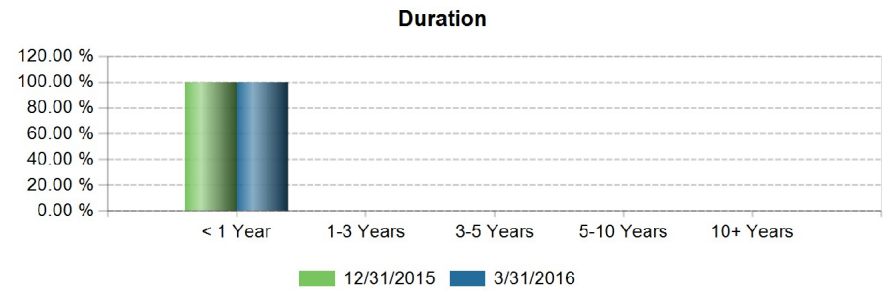
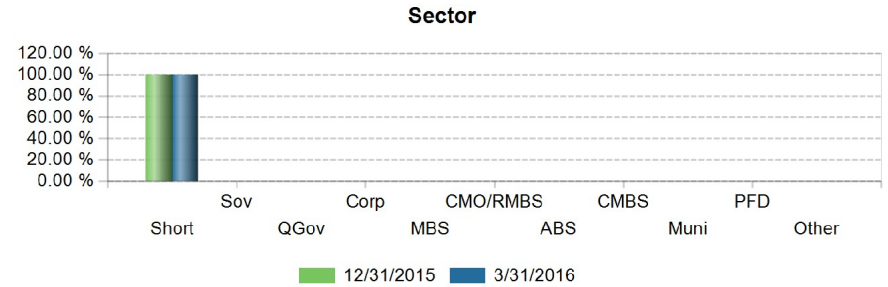
	12/31/2015	3/31/2016	Change since 12/31/2015
Portfolio Overview (000's Omitted)			
Book Value	40,589	40,688	99
Market Value	39,693	40,387	694
Total Unrealized Gain/Loss	(896)	(301)	595
Gross Gains	8	152	144
Gross Losses	(904)	(454)	450
Fixed Income Unrealized Gain/Loss	-	-	-
Gross Gains	-	-	-
Gross Losses	-	-	-
Equity Unrealized Gain/Loss	(896)	(301)	595
Gross Gains	8	152	144
Gross Losses	(904)	(454)	450
Annualized Book Income	681	582	(99)
Asset Types			
Cash / Cash Equivalents	3.7%	3.7%	-
Common Stock	96.3%	96.3%	-
Fixed Income Analytics			
Market Yield	0.15%	0.23%	0.08%
Average OAD	0.10	0.08	(0.01)
Average Life	0.09	0.09	(0.01)
Average OAC	0.06	0.05	(0.01)
Average Quality	AAA	AAA	
5 Year US Govt On The Run	1.76%	1.21%	(0.55%)



A Foreign Exchange Rate as of 12/31/2015 and 3/31/2016, respectively was used to convert amounts to USD.

PCM - Portfolio Multi-Period Summary - Fixed Income Summary

	12/31/2015	3/31/2016	Change since 12/31/2015
Sector			
Short Term	100%	100%	-
Fixed Income	100%	100%	-
Duration			
< 1 Year	100.0%	100.0%	-
Average Duration	0.10	0.08	(0.01)
Quality			
AAA	100.0%	100.0%	-
Average Quality	AAA	AAA	-



PCM Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Summary

(000's Omitted)

Purchases	Market Value	%	Spread (Bp)	Bk Yield	Rating	Duration
Equity	75	100.0	-	2.80	-	-
Total Purchases	75	100.0	-	2.80	-	-

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PCM Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

Purchases

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Cost	Price	Spread	At Purchase		Book Yield
									Average Life	Duration	
Equity											
01/04/2016 01/04/2016	VANGUARD HIGH-YIELD CORP FUND ADM 922031760	-			1,281	7,095	5.54	-	-	-	5.69
01/14/2016 01/14/2016	VANGUARD HIGH-YIELD CORP FUND ADM 922031760	-			189	1,041	5.52	-	-	-	5.71
01/20/2016 01/20/2016	TEMPLETON GLOBAL BOND-ADV 880208400	-		NR	169	1,860	11.02	-	-	-	3.53
02/01/2016 02/01/2016	VANGUARD HIGH-YIELD CORP FUND ADM 922031760	-			947	5,173	5.46	-	-	-	5.77
02/18/2016 02/18/2016	TEMPLETON GLOBAL BOND-ADV 880208400	-		NR	171	1,854	10.87	-	-	-	3.58
03/01/2016 03/01/2016	VANGUARD HIGH-YIELD CORP FUND ADM 922031760	-			1,144	6,246	5.46	-	-	-	5.77
03/15/2016 03/15/2016	VANGUARD HIGH DIV YIELD INDEX FD 921946505	-		NR	1,063	28,582	26.88	-	-	-	2.77
03/15/2016 03/15/2016	VANGUARD MID CAP INDEX-ADM 922908645	-		NR	21	3,070	146.60	-	-	-	0.48
03/15/2016 03/15/2016	VANGUARD SML CAP INDX-ADM 922908686	-		NR	68	3,534	51.91	-	-	-	1.13
03/17/2016 03/17/2016	TEMPLETON GLOBAL BOND-ADV 880208400	-		NR	166	1,871	11.26	-	-	-	-
03/17/2016 03/17/2016	VANGUARD DIVIDEND GROWTH-INV 921908604	-		NR	186	4,210	22.58	-	-	-	-

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PCM Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

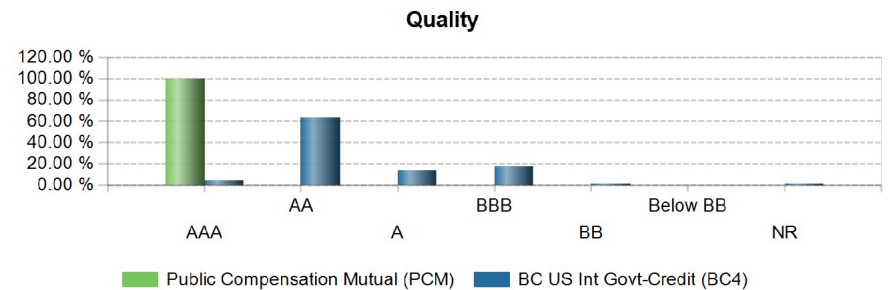
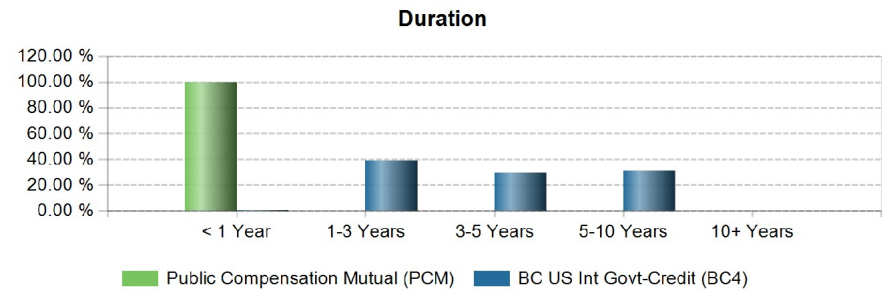
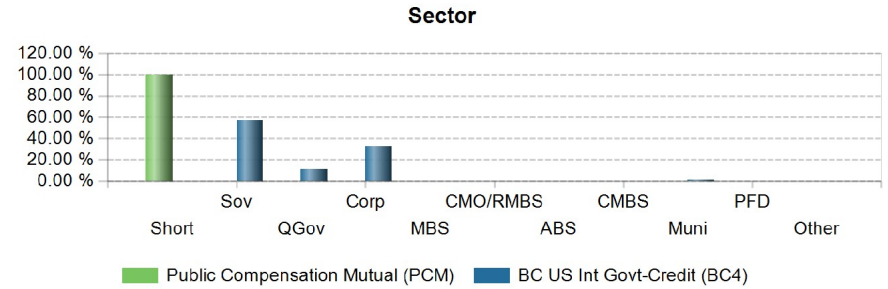
Purchases

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Cost	Price	Spread	At Purchase			
									Average Life	Duration	Book Yield	
Equity												
03/17/2016	VANGUARD DIVIDEND GROWTH-INV											
03/17/2016	921908604	-		NR	462	10,435	22.58	-	-	-	-	-
Total Equity					5,867	74,970		-	-	-	2.80	
Total Purchases					6	75		-	-	-	2.80	

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PCM Portfolio to Benchmark Profile - Fixed Income Summary

Sector	Public Compensation Mutual (PCM)	BC US Int Govt-Credit (BC4)	Diff
Sector			
Short Term	100%	-	100%
Sovereign	-	57%	(57%)
Quasi Government	-	11%	(11%)
Corporate	-	32%	(32%)
Municipal	-	< 1%	< 0%
Total	100%	100%	
Duration			
< 1 Year	100.0%	0.5%	99.5%
1-3 Years	-	39.1%	(39.1%)
3-5 Years	-	29.4%	(29.4%)
5-10 Years	-	31.0%	(31.0%)
Average Duration	0.08	4.02	(3.93)
Quality			
AAA	100.0%	4.4%	95.6%
AA	-	63.9%	(63.9%)
A	-	13.3%	(13.3%)
BBB	-	17.1%	(17.1%)
BB	-	1.2%	(1.2%)
NR	-	0.1%	(0.1%)
Average Quality	AAA	AA-	



PCM Performance Report

	PCM Portfolios	Barclays Intermediate Govt/Credit	Difference
Inception Date	Jan 2016	Jan 2016	
2016	1.84	2.45	(0.61)
Q1 2016	1.84	2.45	(0.61)
January 2016	(0.71)	1.22	(1.94)
February 2016	0.28	0.49	(0.21)
March 2016	2.29	0.72	1.57
Since Inception	1.84	2.45	(0.61)

Please see the accompanying Disclosure Page for important information regarding this Performance Exhibit.

PCM Performance Report

Disclosures

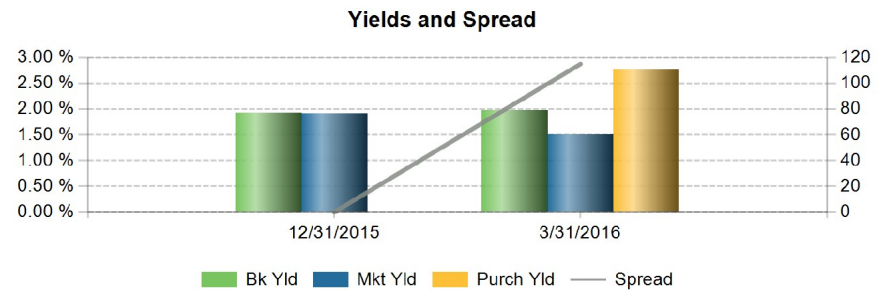
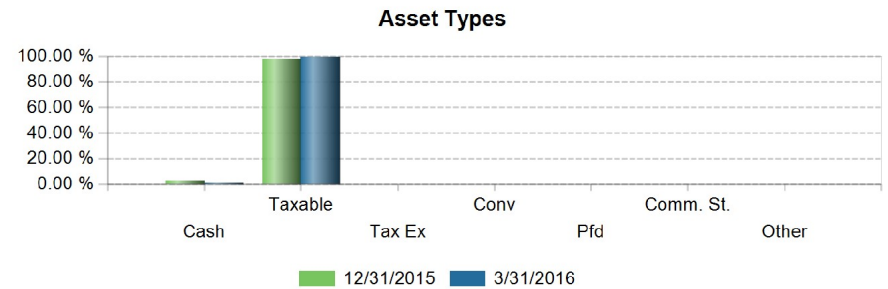
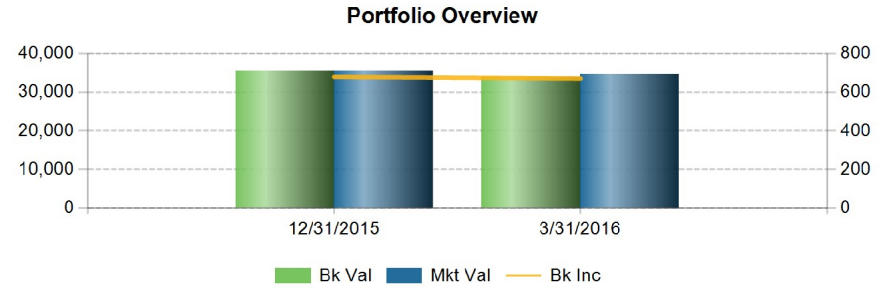
The performance results reflect Pool/Pact portfolios managed by GR-NEAM. A Daily Valuation Methodology that adjusts for cash flows is utilized to calculate portfolio performance. Portfolio returns are calculated daily and geometrically linked to create monthly gross of fee rates of return. Performance results are reported gross of management fees and of custody fees and other charges by the custodian for your account and net of commissions, mark-ups or mark-downs, spreads, discounts or commission equivalents. The performance results for your account are shown in comparison to a benchmark that has been chosen by you. The securities comprising this benchmark is not identical to those in your account. The benchmark is comprised of securities that are not actively managed and does not reflect the deduction of any management or other fees or expenses. Past performance is not indicative of future performance.



POOL

POOL - Portfolio Multi-Period Summary - Comparative Overview

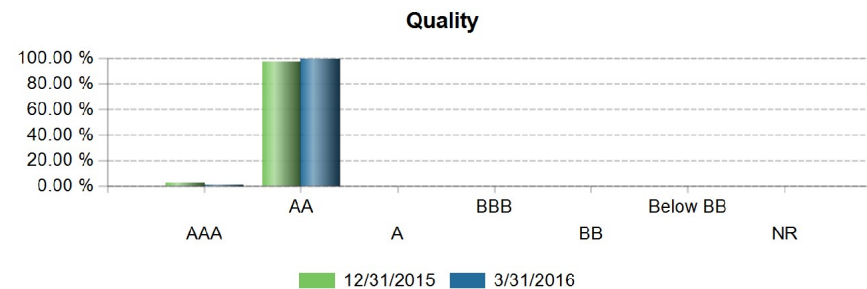
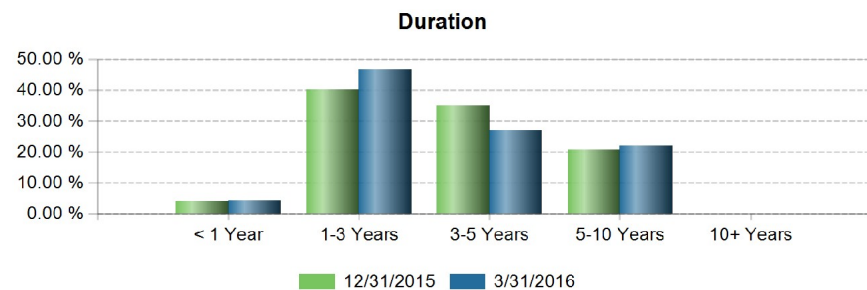
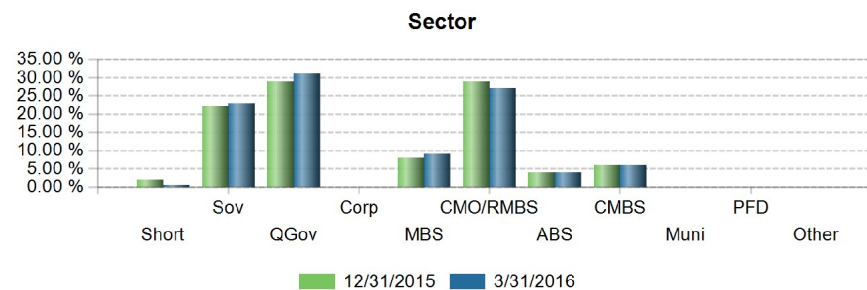
	12/31/2015	3/31/2016	Change since 12/31/2015
Portfolio Overview (000's Omitted)			
Book Value	35,403	33,924	(1,479)
Market Value	35,419	34,548	(871)
Total Unrealized Gain/Loss	16	624	608
Gross Gains	257	717	460
Gross Losses	(241)	(93)	148
Realized Gain / Loss	-	< 0	
Annualized Book Income	680	672	(8)
Asset Types			
Cash / Cash Equivalents	2.4%	0.5%	(2.0%)
Taxable Fixed Income	97.6%	99.5%	2.0%
Fixed Income Analytics			
Book Yield	1.92%	1.98%	0.06%
Market Yield	1.91%	1.50%	(0.41%)
Average OAD	3.71	3.58	(0.14)
Average Life	3.93	3.75	(0.18)
Average OAC	(1.08)	(9.19)	(8.12)
Average Quality	AA+	AA+	
Average Purchase Yield	-	2.77%	2.77%
Average Spread Over Tsy	-	115	115
5 Year US Govt On The Run	1.76%	1.21%	(0.55%)



A Foreign Exchange Rate as of 12/31/2015 and 3/31/2016, respectively was used to convert amounts to USD.

POOL - Portfolio Multi-Period Summary - Fixed Income Summary

	12/31/2015	3/31/2016	Change since 12/31/2015
Sector			
Short Term	2%	< 1%	(2%)
Sovereign	22%	23%	1%
Quasi Government	29%	31%	2%
MBS	8%	9%	1%
CMO / RMBS	29%	27%	(2%)
ABS	4%	4%	-
CMBS	6%	6%	-
Fixed Income	100%	100%	-
Duration			
< 1 Year	4.0%	4.2%	0.2%
1-3 Years	40.1%	46.8%	6.7%
3-5 Years	35.0%	27.0%	(8.0%)
5-10 Years	20.9%	22.0%	1.1%
Average Duration	3.71	3.58	(0.14)
Quality			
AAA	2.8%	0.9%	(1.9%)
AA	97.2%	99.1%	1.9%
Average Quality	AA+	AA+	



POOL Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Summary

(000's Omitted)

Purchases	Market Value	%	Spread (Bp)	Bk Yield	Rating	Duration
MBS	525	100.0	115	2.77	AA+	7.11
Total Purchases	525	100.0	115	2.77	AA+	7.11
Other Transactions	Market Value	%	Realized G/L	Bk Yield	Rating	Duration
Paydowns	1,083	87.3	< 0	1.77	AA+	2.46
Sinking Funds	157	12.7	-	1.64	AA-	2.17
Total Other Transactions	1,240	100.0	< 0	1.75	AA+	2.42

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

POOL Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

Purchases

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Cost	Price	Spread	At Purchase			
									Average Life	Duration	Book Yield	
MBS												
02/12/2016 03/14/2016	FEDERAL NATIONAL MTG ASSOC #AL8105 3138ETAF3	3.50	02/01/2046	AA+	499	525	105.09	115	8.60	7.11	2.77	
Total MBS					499	525		115	8.60	7.11	2.77	
Total Purchases					499	525		115	8.60	7.11	2.77	

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

POOL Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

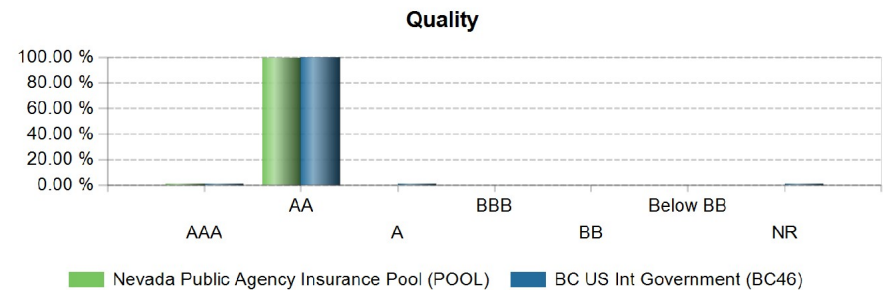
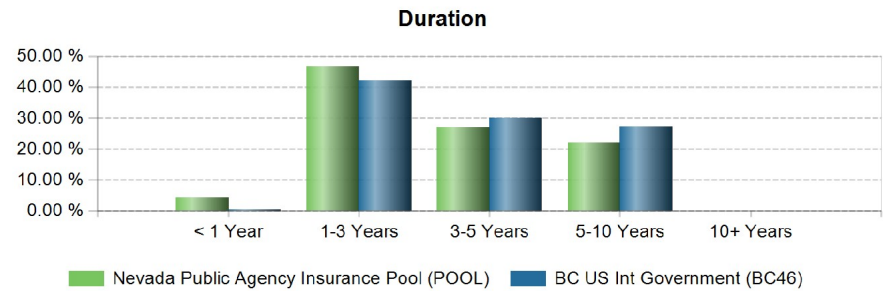
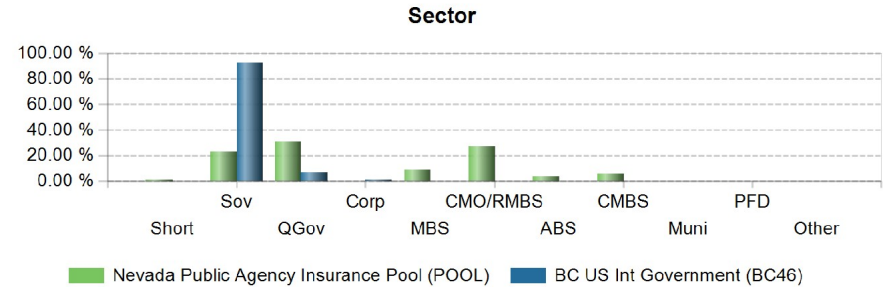
Other Transactions

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Book Value	Principal Proceeds	Price	Realized G/L	Most Recent		Tran Type
										Duration	Book Yield	
SINKING FUNDS												
01/15/2016 01/15/2016	NEW VALLEY GENERATION IV 649081AA4	4.69	01/15/2022	AA-	93	93	93	100.00	-	2.66	1.95	SINK
03/15/2016 03/15/2016	NEW VALLEY GENERATION I 649083AA0	7.30	03/15/2019	AA-	64	64	64	100.00	-	1.46	1.20	SINK
Total Sinking Funds					157	157	157		-	2.17	1.64	
Total Other Transactions					157	157	157		-	2.17	1.64	

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

POOL Portfolio to Benchmark Profile - Fixed Income Summary

Sector	Nevada Public Agency Insurance Pool (POOL)	BC US Int Government (BC46)	Diff
Sector			
Short Term	< 1%	-	< 1%
Sovereign	23%	93%	(70%)
Quasi Government	31%	7%	24%
Corporate	-	< 1%	< 0%
MBS	9%	-	9%
CMO / RMBS	27%	-	27%
ABS	4%	-	4%
CMBS	6%	-	6%
Total	100%	100%	
Duration			
< 1 Year	4.2%	0.5%	3.7%
1-3 Years	46.8%	42.3%	4.5%
3-5 Years	27.0%	29.9%	(2.9%)
5-10 Years	22.0%	27.3%	(5.3%)
Average Duration	3.58	3.83	(0.25)
Quality			
AAA	0.9%	0.2%	0.7%
AA	99.1%	99.7%	(0.6%)
A	-	< 0.1%	< 0.0%
NR	-	0.1%	(0.1%)
Average Quality	AA+	AA+	



POOL Performance Report

	POOL Portfolio	BC U.S. Government: Intermediate	Difference
Inception Date	Jan 2016	Jan 2016	
2016	2.19	2.28	(0.10)
Q1 2016	2.19	2.28	(0.10)
January 2016	1.47	1.59	(0.12)
February 2016	0.51	0.49	0.01
March 2016	0.20	0.19	0.01
Since Inception	2.19	2.28	(0.10)

Please see the accompanying Disclosure Page for important information regarding this Performance Exhibit.

POOL Performance Report

Disclosures

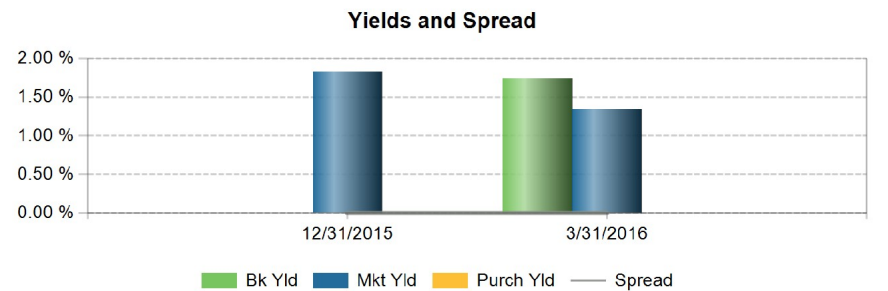
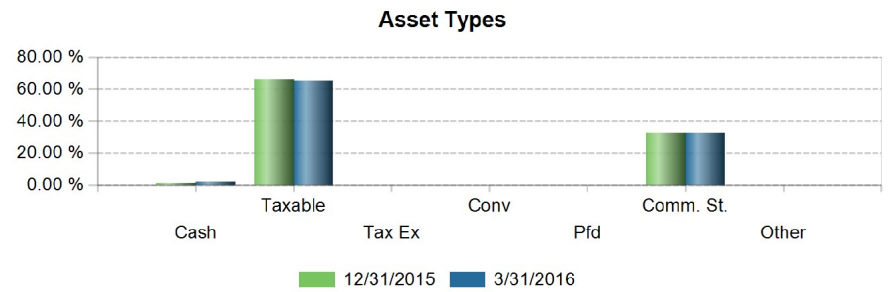
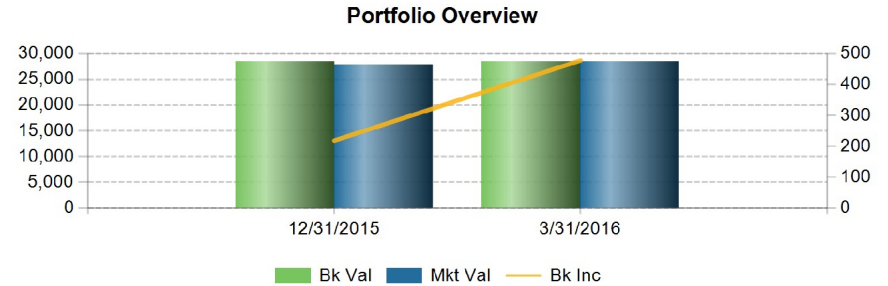
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PRM

PRM - Portfolio Multi-Period Summary - Comparative Overview

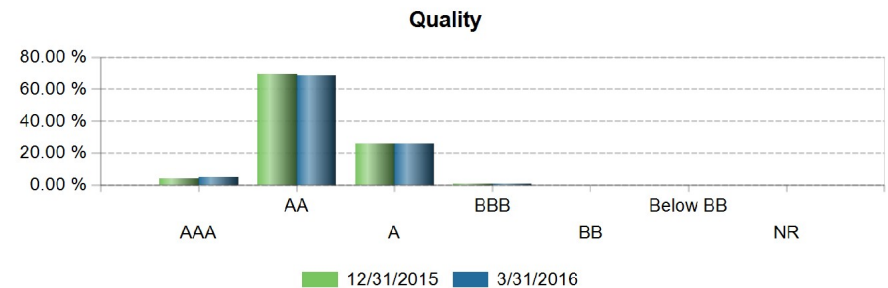
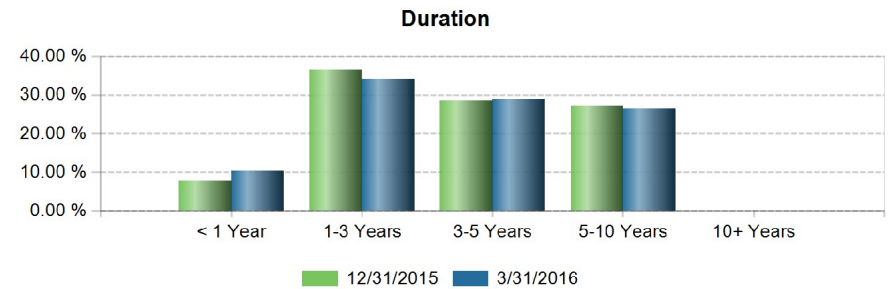
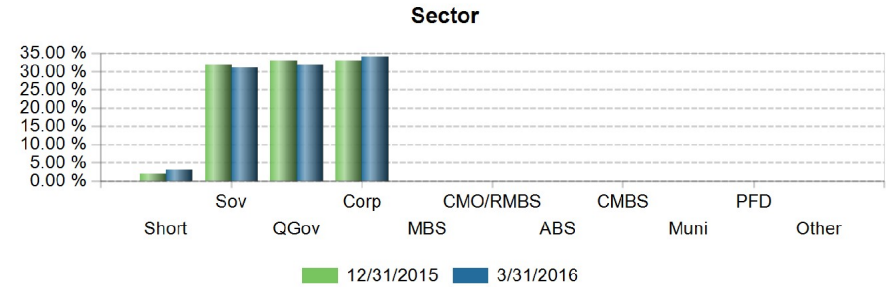
	12/31/2015	3/31/2016	Change since 12/31/2015
Portfolio Overview (000's Omitted)			
Book Value	28,409	28,465	56
Market Value	27,854	28,477	623
Total Unrealized Gain/Loss	(555)	12	567
Gross Gains	60	329	269
Gross Losses	(615)	(317)	299
Fixed Income Unrealized Gain/Loss	(72)	315	387
Gross Gains	54	320	266
Gross Losses	(126)	(4)	121
Equity Unrealized Gain/Loss	(483)	(303)	180
Gross Gains	7	10	3
Gross Losses	(489)	(312)	177
Annualized Book Income	218	478	259
Asset Types			
Cash / Cash Equivalents	1.1%	1.8%	0.7%
Taxable Fixed Income	66.1%	65.4%	(0.7%)
Common Stock	32.7%	32.8%	0.1%
Fixed Income Analytics			
Book Yield	-	1.74%	1.74%
Market Yield	1.83%	1.34%	(0.48%)
Average OAD	3.85	3.67	(0.18)
Average Life	4.20	3.98	(0.22)
Average OAC	22.03	20.59	(1.43)
Average Quality	AA	AA	
5 Year US Govt On The Run	1.76%	1.21%	(0.55%)



A Foreign Exchange Rate as of 12/31/2015 and 3/31/2016, respectively was used to convert amounts to USD.

PRM - Portfolio Multi-Period Summary - Fixed Income Summary

	12/31/2015	3/31/2016	Change since 12/31/2015
Sector			
Short Term	2%	3%	1%
Sovereign	32%	31%	(1%)
Quasi Government	33%	32%	(1%)
Corporate	33%	34%	1%
Fixed Income	100%	100%	
Duration			
< 1 Year	7.9%	10.4%	2.5%
1-3 Years	36.5%	34.2%	(2.3%)
3-5 Years	28.4%	29.0%	0.6%
5-10 Years	27.2%	26.4%	(0.8%)
Average Duration	3.85	3.67	(0.18)
Quality			
AAA	4.1%	5.1%	1.0%
AA	69.4%	68.4%	(1.0%)
A	25.8%	25.8%	-
BBB	0.7%	0.7%	-
Average Quality	AA	AA	



PRM Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Summary

(000's Omitted)

Purchases	Market Value	%	Spread (Bp)	Bk Yield	Rating	Duration
Equity	51	100.0	-	2.79	-	-
Total Purchases	51	100.0	-	2.79	-	-

Other Transactions	Market Value	%	Realized G/L	Bk Yield	Rating	Duration
Maturities	144	100.0	-	-	AA+	0.05
Total Other Transactions	144	100.0	-	-	AA+	0.05

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PRM Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

Purchases

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Cost	Price	Spread	At Purchase		Book Yield
									Average Life	Duration	
Equity											
01/04/2016 01/04/2016	VANGUARD HIGH-YIELD CORP FUND ADM 922031760	-			860	4,764	5.54	-	-	-	5.69
01/20/2016 01/20/2016	TEMPLETON GLOBAL BOND-ADV 880208400	-		NR	115	1,267	11.02	-	-	-	3.53
02/01/2016 02/01/2016	VANGUARD HIGH-YIELD CORP FUND ADM 922031760	-			764	4,170	5.46	-	-	-	5.77
02/18/2016 02/18/2016	TEMPLETON GLOBAL BOND-ADV 880208400	-		NR	116	1,263	10.87	-	-	-	3.58
03/01/2016 03/01/2016	VANGUARD HIGH-YIELD CORP FUND ADM 922031760	-			768	4,194	5.46	-	-	-	5.77
03/15/2016 03/15/2016	VANGUARD HIGH DIV YIELD INDEX FD 921946505	-		NR	726	19,519	26.88	-	-	-	2.77
03/15/2016 03/15/2016	VANGUARD MID CAP INDEX-ADM 922908645	-		NR	14	2,069	146.62	-	-	-	0.48
03/15/2016 03/15/2016	VANGUARD SML CAP INDX-ADM 922908686	-		NR	45	2,351	51.91	-	-	-	1.13
03/17/2016 03/17/2016	TEMPLETON GLOBAL BOND-ADV 880208400	-		NR	113	1,274	11.26	-	-	-	-
03/17/2016 03/17/2016	VANGUARD DIVIDEND GROWTH-INV 921908604	-		NR	128	2,893	22.58	-	-	-	-
03/17/2016 03/17/2016	VANGUARD DIVIDEND GROWTH-INV 921908604	-		NR	317	7,169	22.58	-	-	-	-
Total Equity					3,967	50,932		-	-	-	2.79

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PRM Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

Purchases

Trade Date	Description	Settle Date	CUSIP	Cpn	Maturity	Rating	Quantity	Cost	Price	Spread	At Purchase		Book Yield				
											Average Life	Duration					
Total Purchases												4	51	-	-	-	2.79

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PRM Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

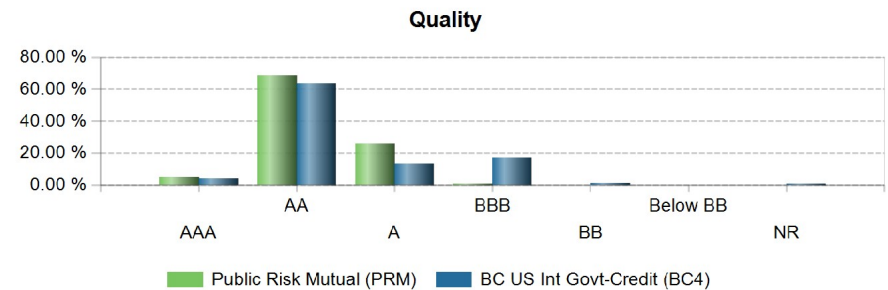
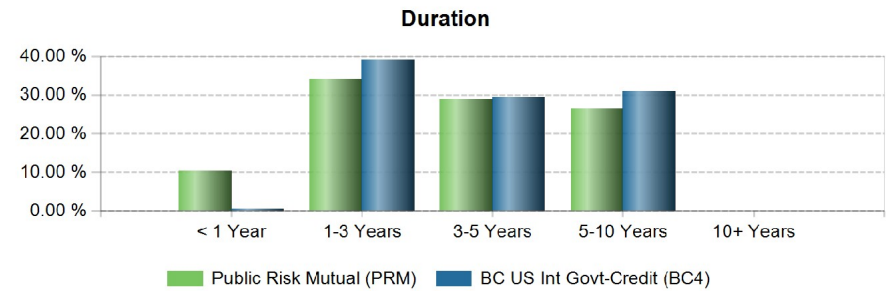
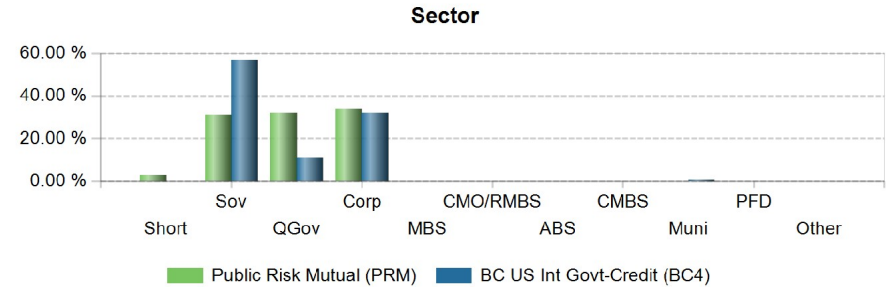
Other Transactions

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Book Value	Principal Proceeds	Price	Realized G/L	Most Recent		Tran Type
										Duration	Book Yield	
MATURITIES												
02/15/2016	UNITED STATES TREASURY NOTES											
02/15/2016	912828EW6	4.50	02/15/2016	AA+	144	144	144	100.00	-	0.05	-	MATURITY
Total Maturities					144	144	144		-	0.05	-	
Total Other Transactions					144	144	144		-	0.05	-	

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PRM Portfolio to Benchmark Profile - Fixed Income Summary

Sector	Public Risk Mutual (PRM)	BC US Int Govt-Credit (BC4)	Diff
Sector			
Short Term	3%	-	3%
Sovereign	31%	57%	(26%)
Quasi Government	32%	11%	21%
Corporate	34%	32%	2%
Municipal	-	< 1%	< 0%
Total	100%	100%	
Duration			
< 1 Year	10.4%	0.5%	9.9%
1-3 Years	34.2%	39.1%	(4.9%)
3-5 Years	29.0%	29.4%	(0.4%)
5-10 Years	26.4%	31.0%	(4.6%)
Average Duration	3.67	4.02	(0.34)
Quality			
AAA	5.1%	4.4%	0.7%
AA	68.4%	63.9%	4.5%
A	25.8%	13.3%	12.5%
BBB	0.7%	17.1%	(16.4%)
BB	-	1.2%	(1.2%)
NR	-	0.1%	(0.1%)
Average Quality	AA	AA-	



PRM Performance Report

	PRM Portfolios	Barclays Intermediate Govt/Credit	Difference
Inception Date	Jan 2016	Jan 2016	
2016	2.52	2.45	0.08
Q1 2016	2.52	2.45	0.08
January 2016	(0.20)	1.22	(1.42)
February 2016	0.41	0.49	(0.07)
March 2016	2.31	0.72	1.59
Since Inception	2.52	2.45	0.08

Please see the accompanying Disclosure Page for important information regarding this Performance Exhibit.

PRM Performance Report

Disclosures

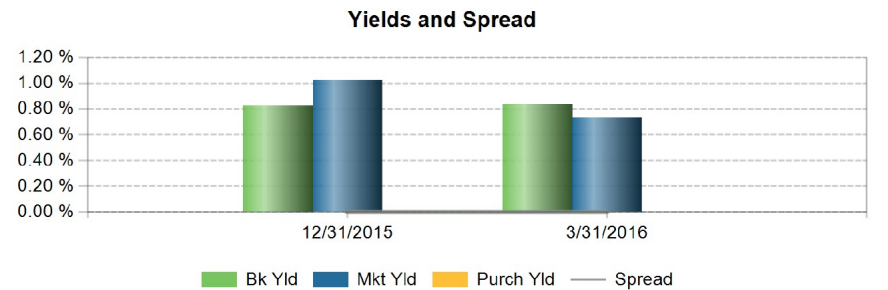
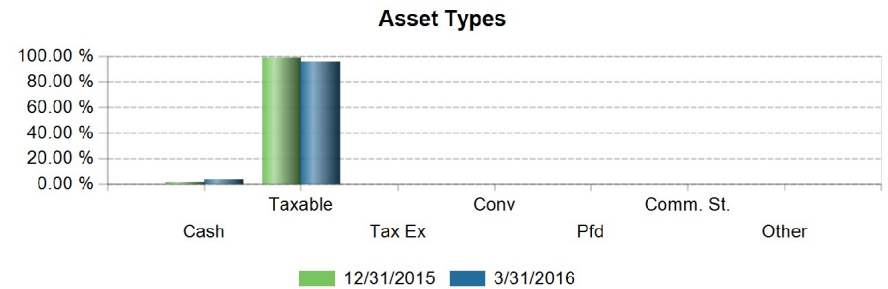
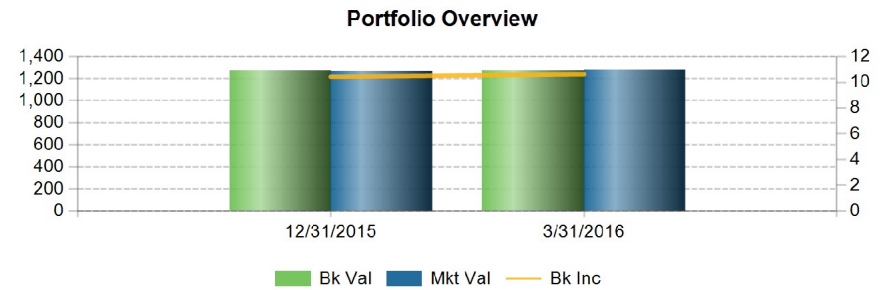
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PRI

PRI - Portfolio Multi-Period Summary - Comparative Overview

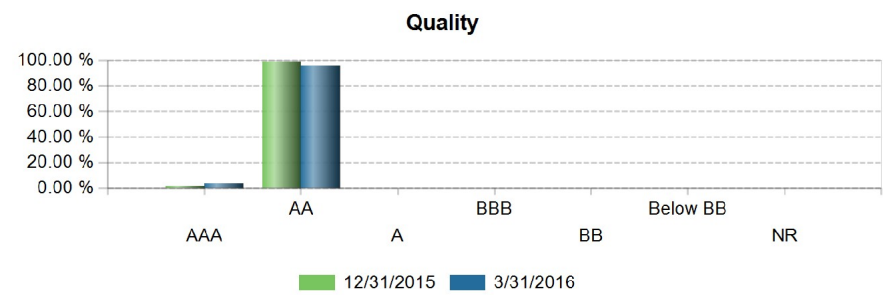
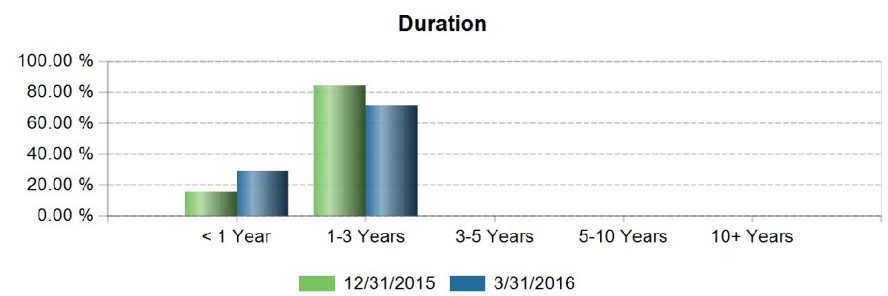
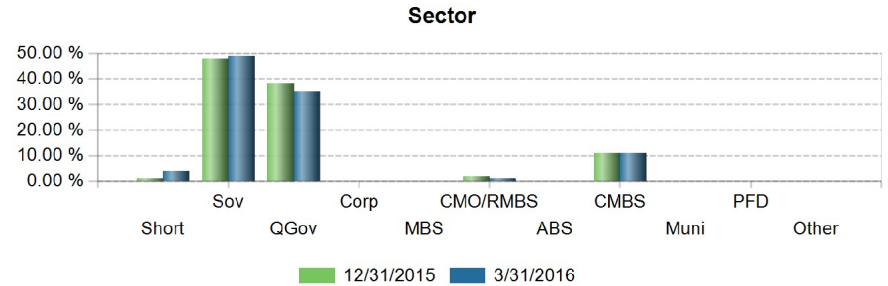
	12/31/2015	3/31/2016	Change since 12/31/2015
Portfolio Overview (000's Omitted)			
Book Value	1,268	1,270	2
Market Value	1,266	1,274	9
Total Unrealized Gain/Loss	(2)	4	6
Gross Gains	16	18	2
Gross Losses	(18)	(14)	4
Realized Gain / Loss	-	< 1	
Annualized Book Income	10	11	< 1
Asset Types			
Cash / Cash Equivalents	1.3%	4.0%	2.7%
Taxable Fixed Income	98.7%	96.0%	(2.7%)
Fixed Income Analytics			
Book Yield	0.82%	0.84%	0.01%
Market Yield	1.02%	0.73%	(0.29%)
Average OAD	1.60	1.37	(0.23)
Average Life	1.86	1.59	(0.27)
Average OAC	2.25	3.09	0.84
Average Quality	AA+	AA+	
5 Year US Govt On The Run	1.76%	1.21%	(0.55%)



A Foreign Exchange Rate as of 12/31/2015 and 3/31/2016, respectively was used to convert amounts to USD.

PRI - Portfolio Multi-Period Summary - Fixed Income Summary

	12/31/2015	3/31/2016	Change since 12/31/2015
Sector			
Short Term	1%	4%	3%
Sovereign	48%	49%	1%
Quasi Government	38%	35%	(3%)
CMO / RMBS	2%	1%	(1%)
CMBS	11%	11%	-
Fixed Income	100%	100%	
Duration			
< 1 Year	15.5%	28.7%	13.2%
1-3 Years	84.5%	71.3%	(13.2%)
Average Duration	1.60	1.37	(0.23)
Quality			
AAA	1.3%	4.0%	2.7%
AA	98.7%	96.0%	(2.7%)
Average Quality	AA+	AA+	



PRI Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Summary

(000's Omitted)

Other Transactions	Market Value	%	Realized G/L	Bk Yield	Rating	Duration
Calls	25	80.1	< 1	0.84	AA+	1.06
Paydowns	6	19.9	-	0.73	AA+	0.76
Total Other Transactions	31	100.0	< 1	0.82	AA+	1.00

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PRI Portfolio Transaction Analysis - 1/1/2016 thru 3/31/2016 - Transaction Detail

(000's Omitted for Fixed Income)

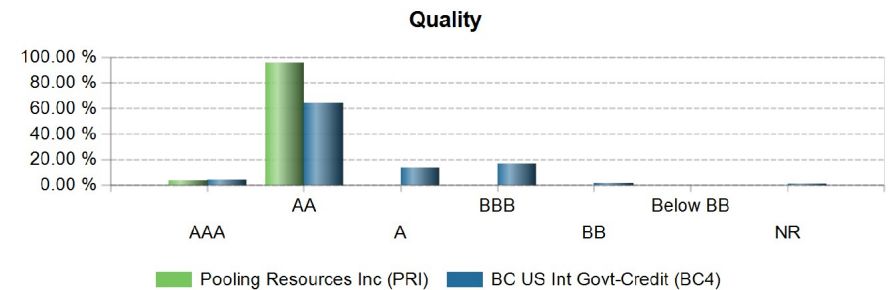
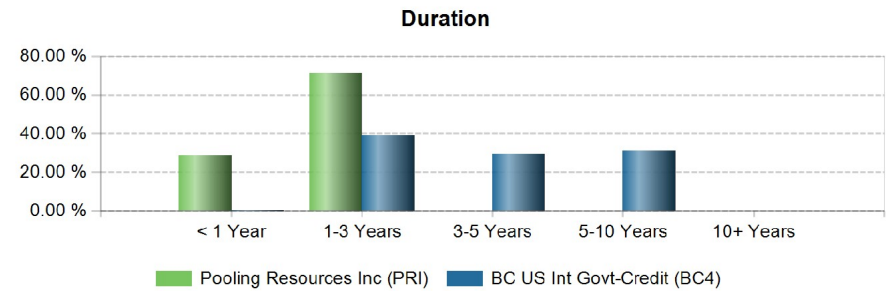
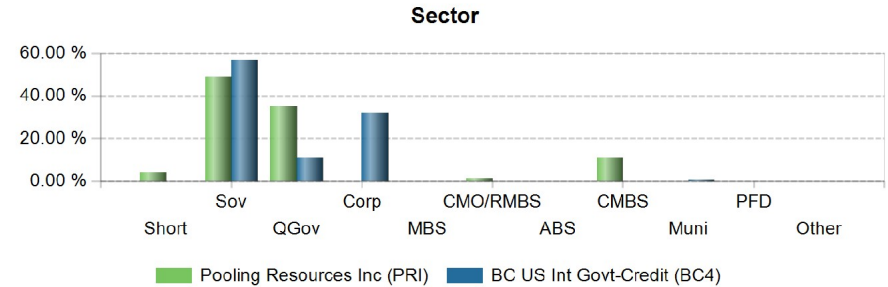
Other Transactions

Trade Date Settle Date	Description CUSIP	Cpn	Maturity	Rating	Quantity	Book Value	Principal Proceeds	Price	Realized G/L	Most Recent		Tran Type
										Duration	Book Yield	
CALLS												
03/24/2016 03/24/2016	FEDERAL HOME LOAN BANK 3130A4QV7	0.84	03/24/2017	AA+	25	25	25	100.00	< 1	1.06	0.84	CALL
Total Calls					25	25	25		< 1	1.06	0.84	
Total Other Transactions					25	25	25		< 1	1.06	0.84	

A Foreign Exchange Rate as of 03/31/2016 was used to convert amounts to USD.

PRI Portfolio to Benchmark Profile - Fixed Income Summary

	Pooling Resources Inc (PRI)	BC US Int Govt-Credit (BC4)	Diff
Sector			
Short Term	4%	-	4%
Sovereign	49%	57%	(8%)
Quasi Government	35%	11%	24%
Corporate	-	32%	(32%)
CMO / RMBS	1%	-	1%
CMBS	11%	-	11%
Municipal	-	< 1%	< 0%
Total	100%	100%	
Duration			
< 1 Year	28.7%	0.5%	28.2%
1-3 Years	71.3%	39.1%	32.2%
3-5 Years	-	29.4%	(29.4%)
5-10 Years	-	31.0%	(31.0%)
Average Duration	1.37	4.02	(2.65)
Quality			
AAA	4.0%	4.4%	(0.4%)
AA	96.0%	63.9%	32.1%
A	-	13.3%	(13.3%)
BBB	-	17.1%	(17.1%)
BB	-	1.2%	(1.2%)
NR	-	0.1%	(0.1%)
Average Quality	AA+	AA-	



PRI Performance Report

	PRI Portfolio	BC U.S. Government/Credit: Intermediate	Difference
Inception Date	Jan 2016	Jan 2016	
2016	0.71	2.45	(1.74)
Q1 2016	0.71	2.45	(1.74)
January 2016	0.49	1.22	(0.73)
February 2016	0.10	0.49	(0.39)
March 2016	0.12	0.72	(0.60)
Since Inception	0.71	2.45	(1.74)

Please see the accompanying Disclosure Page for important information regarding this Performance Exhibit.

PRI Performance Report

Disclosures

The performance results reflect Pool/Pact portfolios managed by GR-NEAM. A Daily Valuation Methodology that adjusts for cash flows is utilized to calculate portfolio performance. Portfolio returns are calculated daily and geometrically linked to create monthly gross of fee rates of return. Performance results are reported gross of management fees and of custody fees and other charges by the custodian for your account and net of commissions, mark-ups or mark-downs, spreads, discounts or commission equivalents. The performance results for your account are shown in comparison to the BC Intermediate Govt/Credit. While the securities comprising this index are not identical to those in your account, GR-NEAM believes this may be useful to you in evaluating the performance of your account. The benchmark is comprised of securities that are not actively managed and does not reflect the deduction of any management or other fees or expenses. Past performance is not indicative of future performance.



Credit Report

Portfolio Rating Change

Cusip	Description	Insurer	Cpn	Maturity	OAD	Avg Life	Quantity	Market Value	Unrealized Gain/Loss	Previous Rater	Previous Rating	Moody	S&P	Post Fitch	Lowst	NAIC	Eff Date
<u>Downgrades</u>																	
144141CZ9	DUKE ENERGY PROGRESS LLC		5.30	01/15/2019	2.78	3.04	171,000	187,842	(564)	MOODY	Aa2	Aa3	A	A+	A	1FE	01/13/2016
<u>Upgrades</u>																	
375558AU7	GILEAD SCIENCES INC		4.40	12/01/2021	5.16	5.92	225,000	243,027	(3,427)	S&P	A-	A3	A	NR	A-	2FE	01/13/2016
					4.93	5.67	225,000	250,670	5,100	NAIC	2FE	A3	A	NR	A-	1FE	03/31/2016

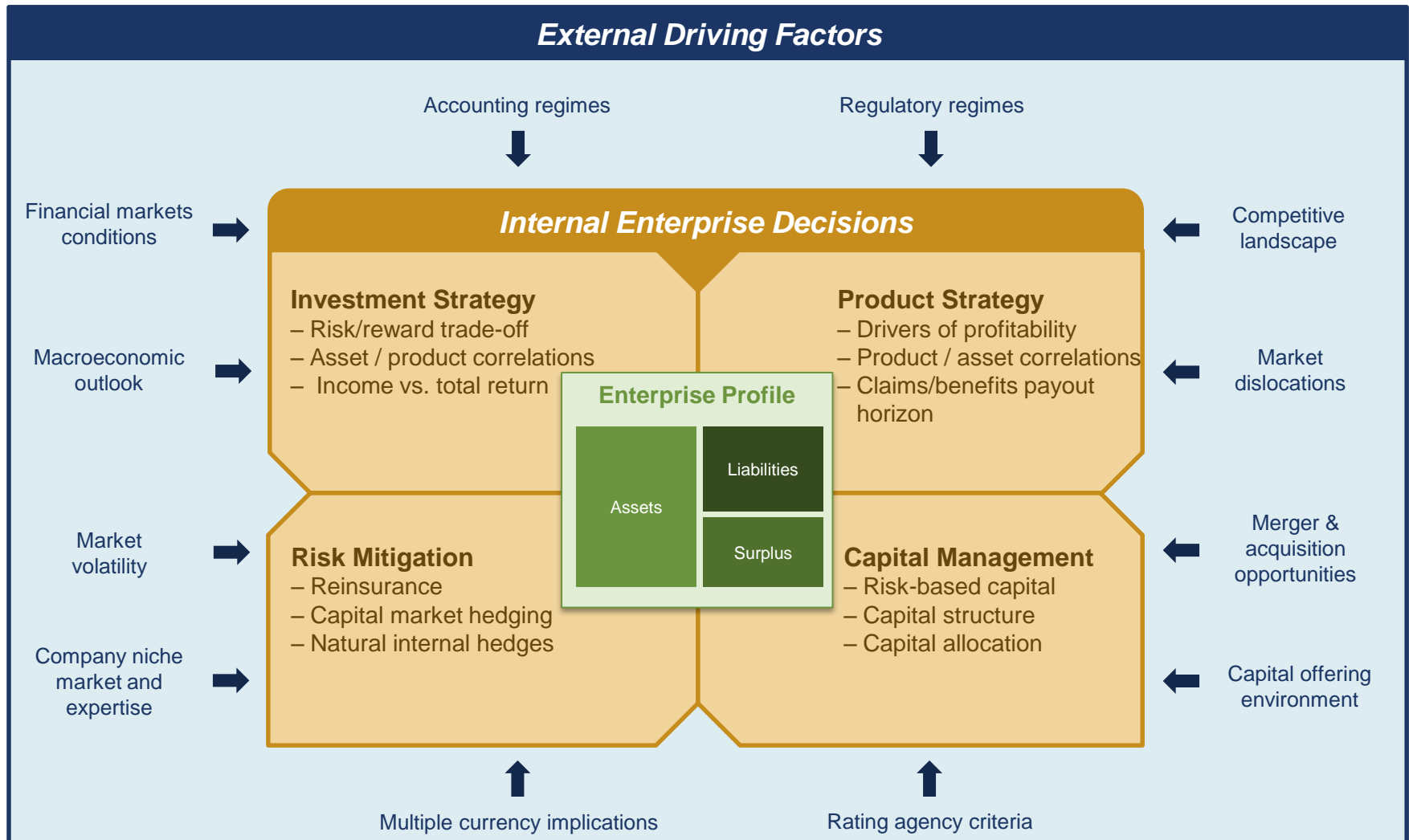


An Overview of GR-NEAM's Enterprise Based Asset Allocation™ (EBAA™)

April 29, 2016

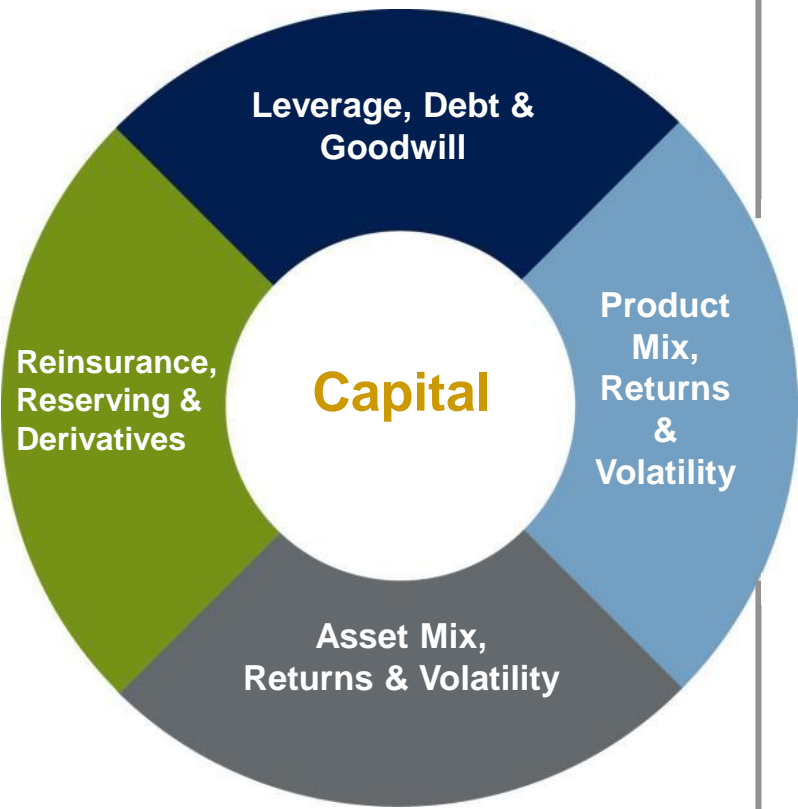
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Reaching an enterprise profile geared towards optimal risk adjusted returns



Enterprise Based Asset Allocation™ – An Integrated Approach

“Enterprise Decisions”



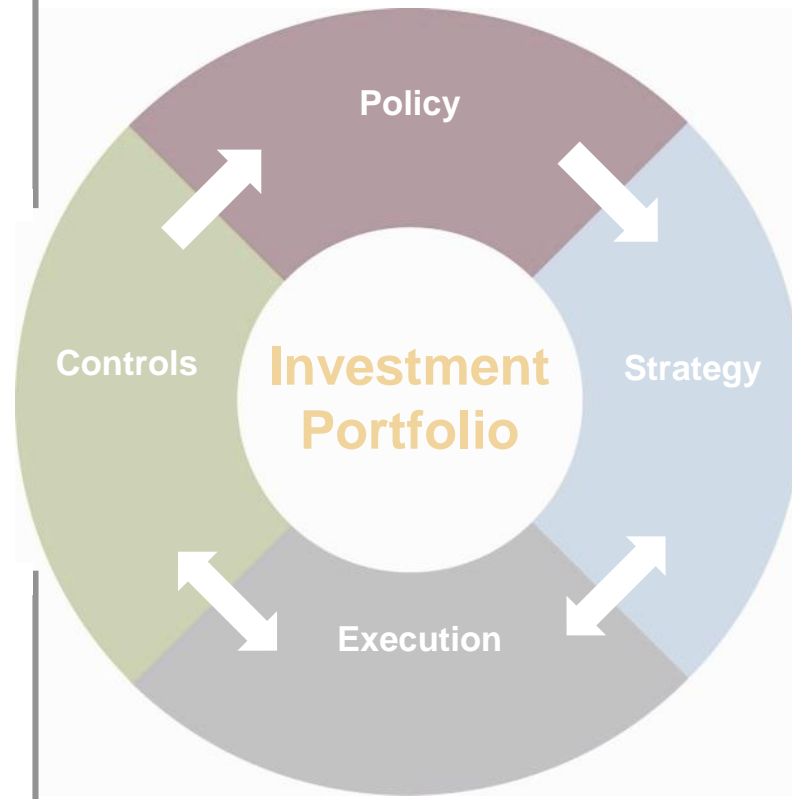
Enterprise Objectives

Return / Risk Metrics

Enterprise Risk Budget

Performance Benchmarks*

“Portfolio Execution”



Sources of Enterprise Return and Risk – DuPont Framework

Enterprise Capital Return and Risk Impacted by Four Dominant Factors and Their Interdependencies . . .

$$\text{Return on Equity} = \frac{\text{Earnings}}{\text{Equity}} = \left[\text{Premium Leverage} \times \text{U/W Margin} \right] + \left[\text{Investment Leverage} \times \text{Investment Returns} \right]$$

For these four factors

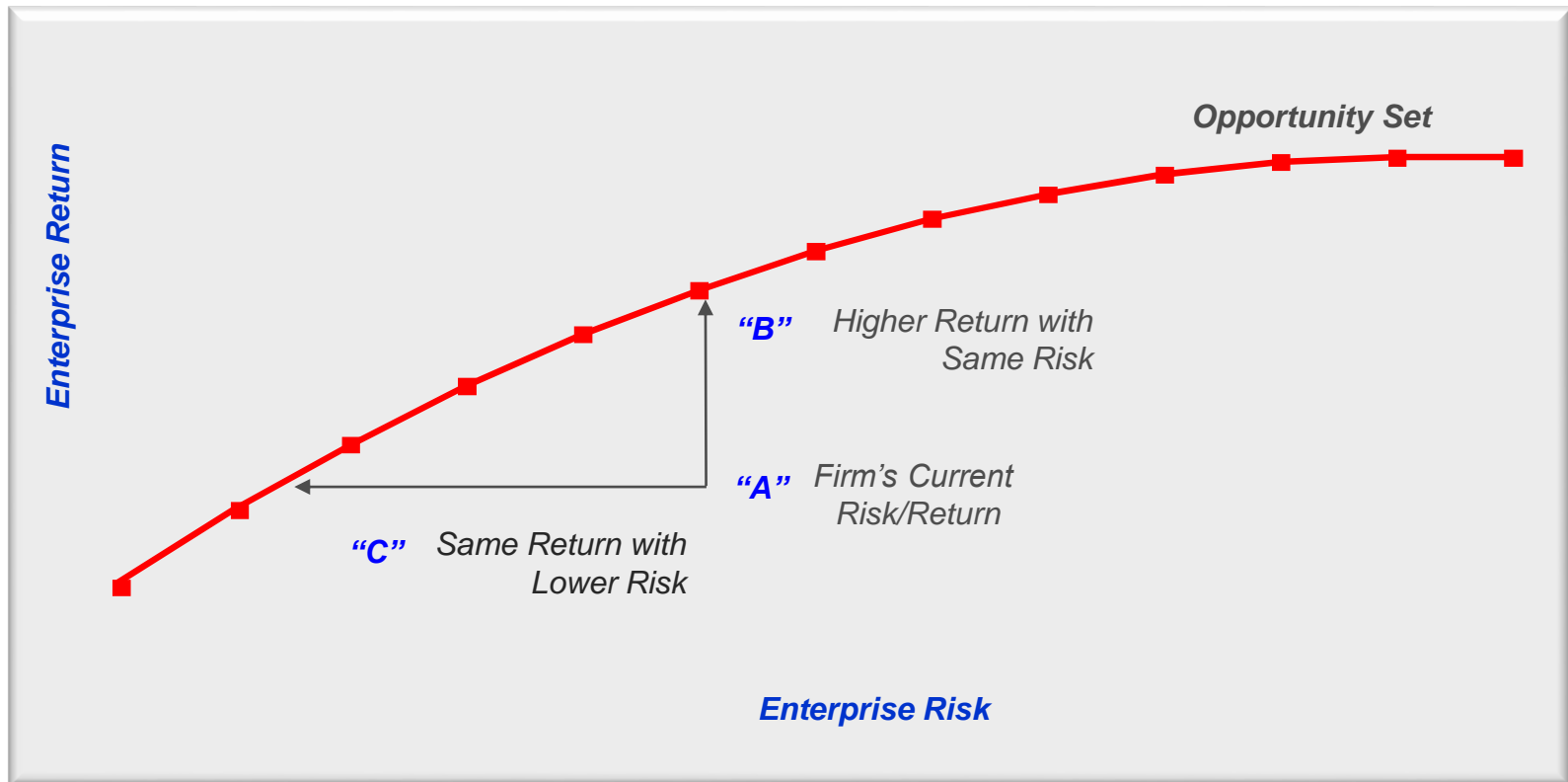
- *Understand the interdependencies*
- *Align to risk tolerances and budgets*
- *Review ratings and solvency implications*

Components of the analysis reflect

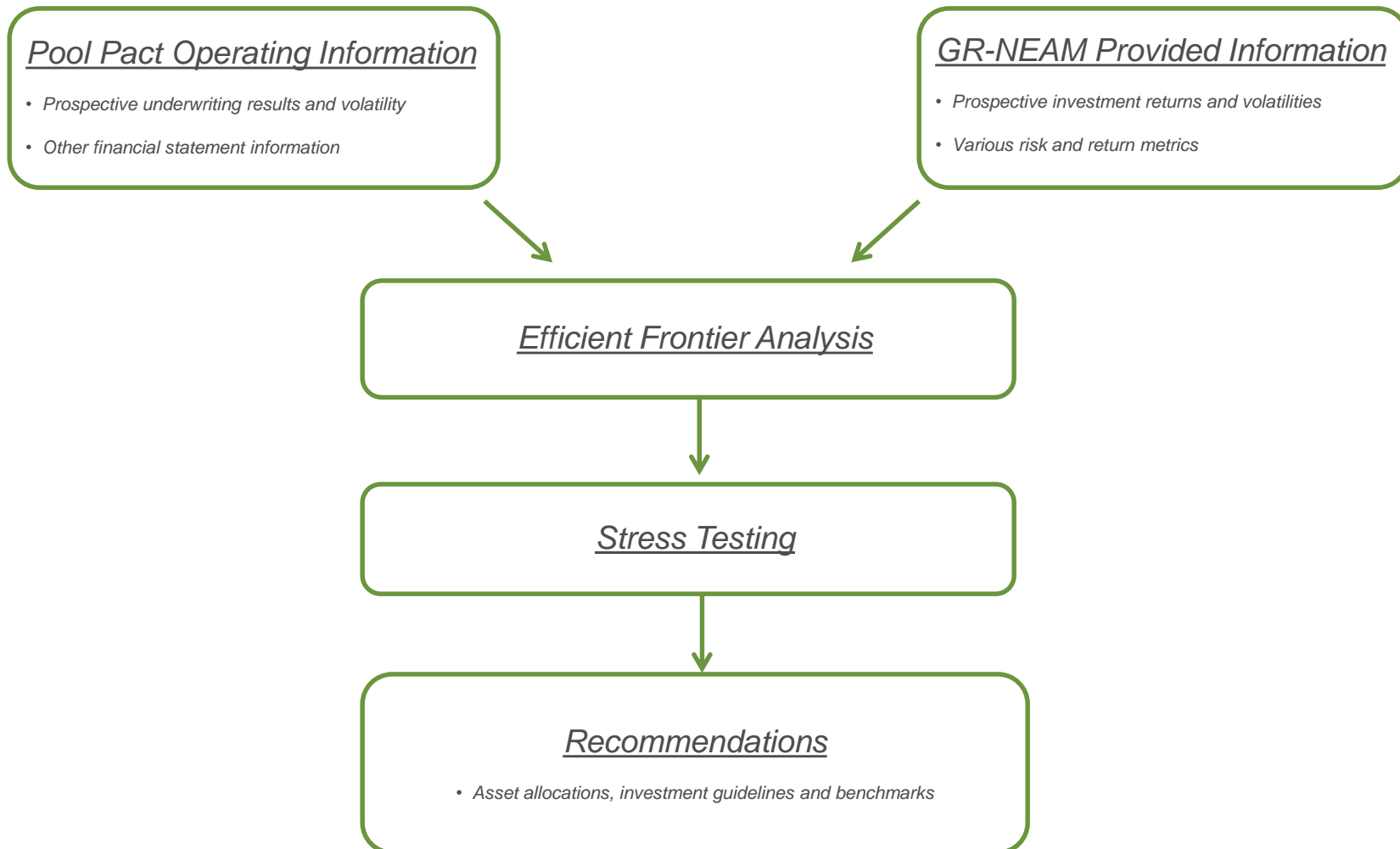
- *Prospective returns, margins and volatilities*
- *Asymmetric and correlated risk*
- *Company specific customization*

Enterprise Viewed as a Stream of Probabilistic Cash Flows with Contingent Calls Occasioned by Taxes

Enterprise Based Asset Allocation™ – Efficient Frontier



Enterprise Based Asset Allocation™ - Process

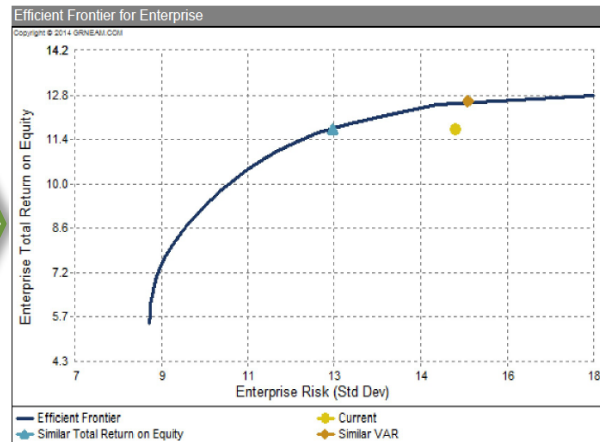


Asset allocation is addressed in the context of “Enterprise” return/risk trade-offs and “Micro” risk outcomes – an interactive process

Illustration

Operating within your risk budget

- Enterprise risk/not traditional ALM
- Defining eligible asset classes
- Sector allocation impact



Results	Current	Similar Total Return	Similar VAR
Enterprise Statistics			
Total Return on Equity	11.73	11.73	12.60
Earnings Risk (Std Dev)	15.09	12.52	15.34
Capital Risk -10% VAR, t=1	26.97	16.54	26.43
99.50 VAR % Capital	33.18	25.88	33.18
99.50 T-VAR % Capital	36.99	28.99	37.04
Sector Distribution			
Short Term/Govt/Agency	3.1	3.0	3.0
Municipal	42.5	53.8	53.2
Investment Grade Credit	13.8	8.4	8.8
High Yield	2.9	0.0	0.2
Structured Securities	19.6	18.1	10.0
Bank Loans	2.4	3.7	4.8
U.S. Equity	12.1	11.3	15.0
Intl Equity	3.6	1.7	5.0
Total	100.0	100.0	100.0

Micro risk considerations

- Rating agency and regulatory capital charges
- Interest rate risk and spread risk
- Credit risk considerations

Results	Current	Similar Total Return	Similar VAR
Enterprise Statistics			
Total Return on Equity	11.73	11.73	12.60
Earnings Risk (Std Dev)	15.09	12.52	15.34
99.50 VAR % Capital	33.18	25.88	33.18
Add. Return/Risk Metrics			
AMB CAR (\$)	28.54	24.65	33.45
Default Loss (\$)	3.52	2.34	2.56
Acct/Liquidity	1.99	1.82	1.90
Duration	4.16	4.84	4.90
KeyRate 7-10	0.28	0.15	0.15
KeyRate 10+	0.00	0.05	0.05
Convexity	0.00	(0.15)	0.02
Book Yield	3.16	3.19	3.34
Average Rating	AA-	AA-	AA-
BBB %	4.6	2.3	4.3
<BBB %	5.3	3.7	5.0

E.g.,

Capital charges
Expected defaults

Fixed income duration

Convexity

Credit quality

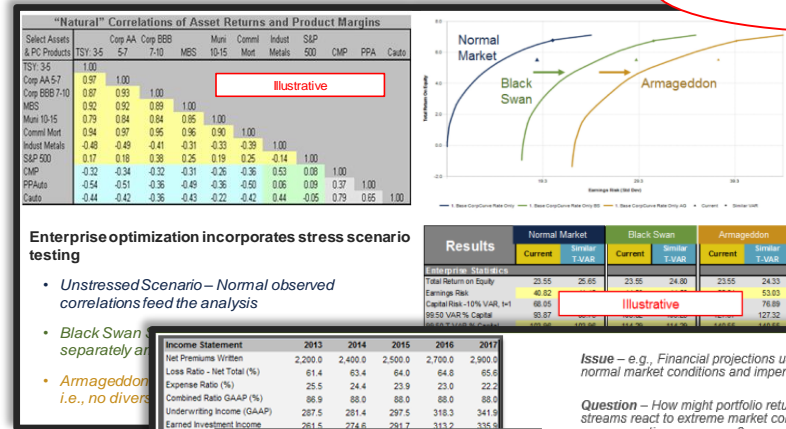
Several others

Multiple Methods of Stress Testing To “Assess The Consequence Of Being Wrong”

Illustration

Optimization Stress Testing

- Correlation stress tests highlight diversification benefits
- Stress testing tail risk with “Black Swan” and “Armageddon” events



Financial Projections Stress Testing

- Sequential stresses to underwriting and investments
- Impact upon GAAP / STAT financial reported results
- What is “capacity” to withstand severe/sustained shocks?



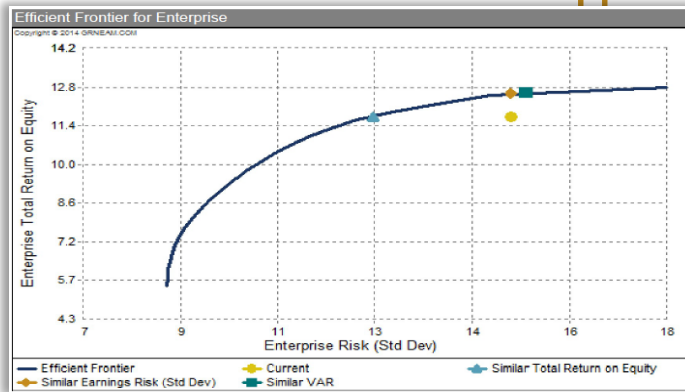
Portfolio Stress Test

- Return & loss forecasts under historic/prospective events
- Decomposes the impact of loss sensitivity by sector and risk factor
- Core risk management and reporting (ORSA) technology

Enterprise Based Investment Benchmark® (EBIB®) - Align investment performance benchmark to enterprise risk capacity

Illustration

Enterprise efficient frontier highlights optimal alternatives



Results	Current	Similar Total Return	Similar Earnings Risk	Similar VAR
Enterprise Statistics				
Total Return on Equity	11.73	11.73	12.58	12.60
Earnings Risk (Std Dev)	15.09	12.52	15.09	15.34
Total Return on Assets	2.94	2.94	3.27	3.27
Income Return on Assets	2.53	2.63	2.69	2.69
99.50 VAR % Capital	33.18	25.88	32.48	33.18
Quality Distribution				
Average Rating	AA-	AA-	AA-	AA-
AAA/AA	52.54	47.06	47.39	46.52
A	21.85	33.96	24.36	24.17
BBB	4.61	2.28	3.25	4.31
<BBB	5.31	3.70	5.00	5.00
Sector Distribution				
(Quasi) Government / Short Term	3.10	3.00	3.00	3.00
Municipals	42.49	53.82	54.28	53.24
Investment Grade Corporate	13.81	8.38	7.72	8.76
Structured	19.60	18.10	10.00	10.00
Bank Loans	2.43	3.70	5.00	4.77
High Yield	2.88	0.00	0.00	0.23
Equity	15.69	12.99	20.00	20.00
Total	100.00	100.00	100.00	100.00

Preferred configuration provides target rating, duration and sector allocations

Fixed Income Benchmark Components

Sector	ML Tracker	Weight
US TSY & Agency 1-10 yrs	G5A0	7%
Municipals 1-22 yrs (Exempt)	U0T1	35%
Broad US Taxable Muni	TXMB	3%
US Corp A-AAA 1-10 yrs	C510	20%
Mortgage Master	MOA0	25%
CMO: Agency 0-10 yrs	CMOS	5%
ABS and CMBS	CABS	5%
Fixed Income Total		100%

Investment Guidelines: Ranges and Target Allocations

Sector	Minimum	Target	Maximum
(Quasi) Government / Short term	2.0	5.0	100.0
Municipals	0.0	50.0	60.0
Corporates	0.0	10.0	20.0
High Yield	0.0	2.5	10.0
MBS / CMO	0.0	10.0	25.0
ABS / CMBS	0.0	10.0	25.0
Bank Loans	0.0	2.5	10.0
Equity	0.0	10.0	25.0
Total	N/A	100.0	N/A
Duration	4.0	5.0	6.0
Average Rating	A+	AA	AAA

Allocations guide customized index weights

Process Summary

Client's Integrated Business Management Process

- Identify, measure and optimally manage return / risk trade-offs
- Governance and broad based participation
- Ownership of assumptions and results

Not Conventional Strategic Asset Allocation (i.e., Not "cast in stone")

- Embraces dynamic enterprise behavior
- Prospective / forward assessments
- Identify issues > provide unbiased solutions

Components

- Marked-to-market framework
- Leverages internal capital models
- Supports Own Risk and Solvency Assessment (ORSA) best practice

Caveats

- Improbable extreme events frequently happen repeatedly
- Directional guideposts, not a destination
- Requires stress testing consequences of being wrong

POOL/PACT


Discussion Regarding the Self-Funded Property-Liability and Workers'
Compensation Programs

Spring Board Meeting

Friday, April 29, 2016

Derek Burkhalter, ACAS, MAAA
Manager, Property and Casualty Insurance Services
Bickmore

This document was designed for discussion purposes only and is not intended to present detailed information on our analysis and findings. It is incomplete, and not intended to be used, without the accompanying oral presentation and discussion.



NPAIP Property-Liability

Loss Experience Since Prior Report



Loss Experience – Property

PROPERTY

Actual Versus Expected Incurred Loss and ALAE Development

Accident <u>Year</u>	<u>Expected</u> <u>Incurred Development</u>	<u>Actual</u> <u>Incurred Development</u>	<u>Actual</u> <u>Minus Expected</u>
2006-07	\$1,000	\$170,000	\$169,000
2007-08	0	0	0
2008-09	0	0	0
2009-10	2,000	(166,000)	(168,000)
2010-11	30,000	0	(30,000)
2011-12	71,000	0	(71,000)
2012-13	74,000	5,000	(69,000)
2013-14	376,000	104,000	(272,000)
2014-15	1,080,000	1,081,000	1,000
Total	\$1,634,000	\$1,194,000	(\$440,000)

Loss Experience – Property

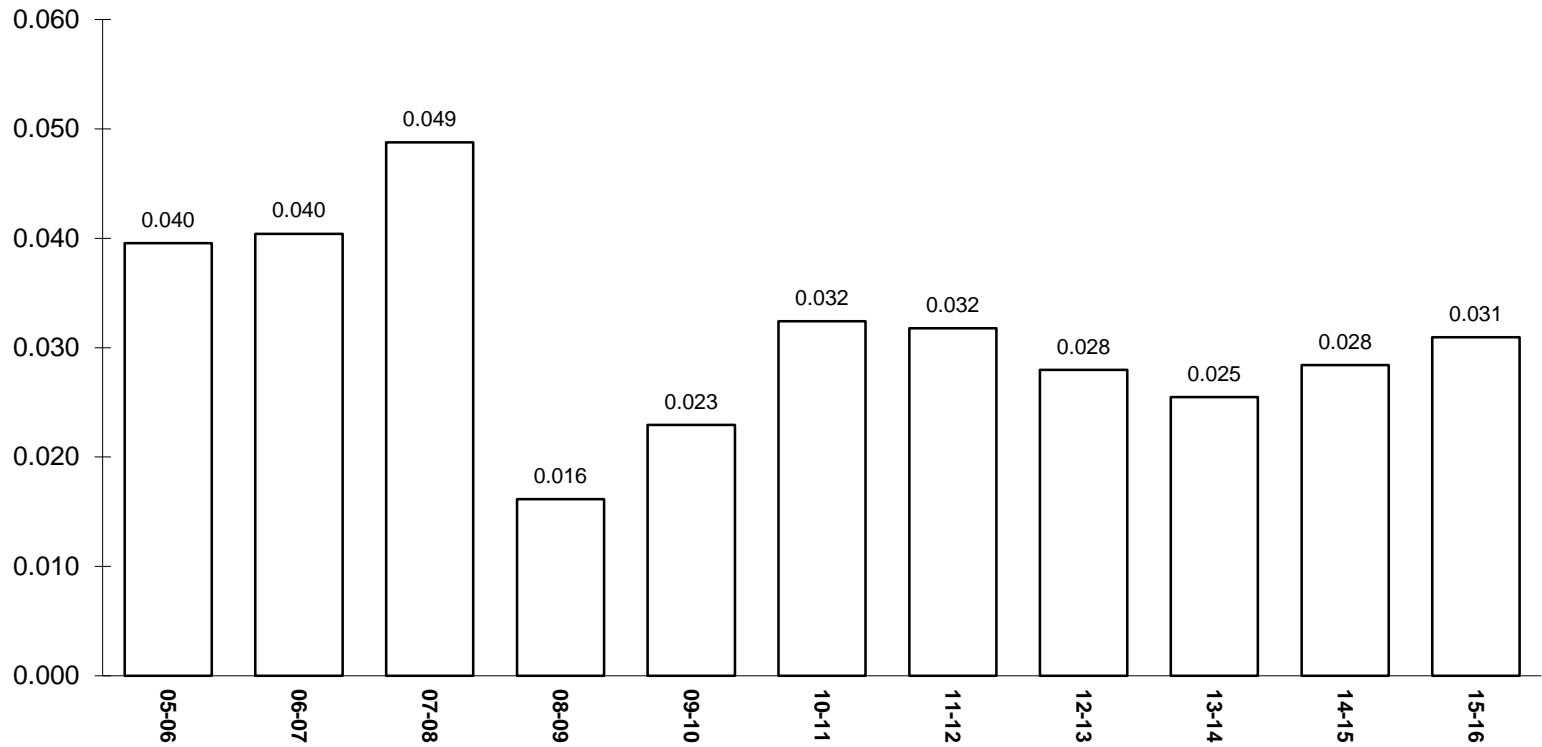
PROPERTY Change in Ultimate Loss and ALAE

<u>Accident Year</u>	<u>Prior Ultimate</u>	<u>Current Ultimate</u>	<u>Change</u>
2006-07	\$1,030,000	\$1,200,000	\$170,000
2007-08	1,955,000	1,955,000	0
2008-09	529,000	529,000	0
2009-10	1,036,000	868,000	(168,000)
2010-11	1,767,000	1,758,000	(9,000)
2011-12	1,597,000	1,494,000	(103,000)
2012-13	1,457,000	1,335,000	(122,000)
2013-14	1,555,000	1,290,000	(265,000)
2014-15	1,779,000	1,803,000	24,000
Total	\$12,705,000	\$12,232,000	(\$473,000)

Loss Experience – Property

NPAIP - Property

Dollars of Loss per \$1,000 of TIV
Based on Losses Limited to \$100,000 per Occurrence



□ Loss Rate

Loss Experience – Liability

LIABILITY

Actual Versus Expected Incurred Loss and ALAE Development

Accident <u>Year</u>	Expected <u>Incurred Development</u>	Actual <u>Incurred Development</u>	Actual <u>Minus Expected</u>
2005-06	\$0	\$2,000	\$2,000
2006-07	0	190,000	190,000
2007-08	18,000	96,000	78,000
2008-09	26,000	(32,000)	(58,000)
2009-10	136,000	268,000	132,000
2010-11	158,000	269,000	111,000
2011-12	293,000	155,000	(138,000)
2012-13	683,000	345,000	(338,000)
2013-14	768,000	1,145,000	377,000
2014-15	1,244,000	1,021,000	(223,000)
Total	\$3,326,000	\$3,459,000	\$133,000

Loss Experience – Liability

LIABILITY

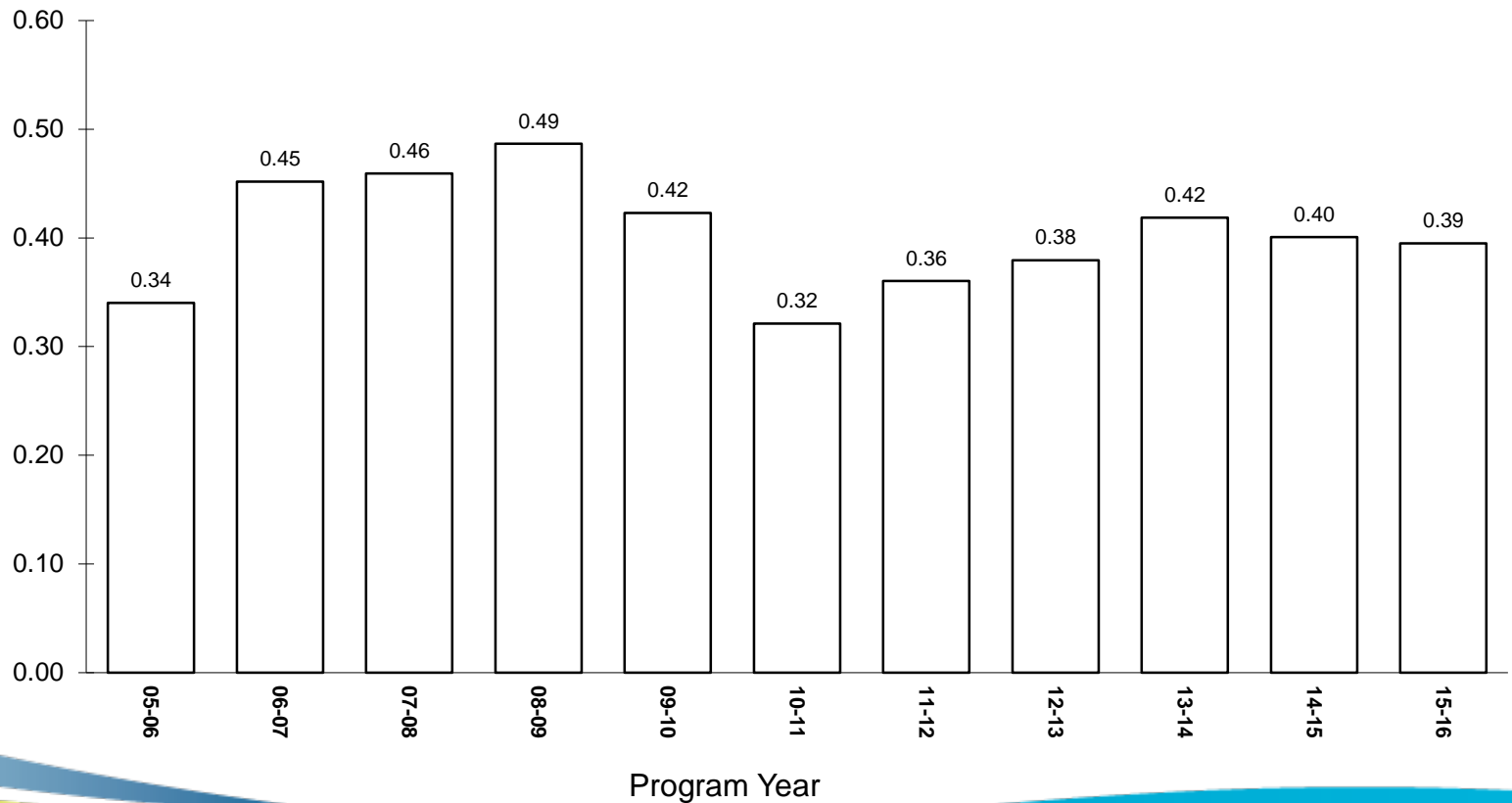
Change in Ultimate Loss and ALAE

<u>Accident Year</u>	<u>Prior Ultimate</u>	<u>Current Ultimate</u>	<u>Change</u>
2005-06	\$1,941,000	\$1,943,000	\$2,000
2006-07	3,669,000	3,858,000	189,000
2007-08	3,604,000	3,682,000	78,000
2008-09	3,688,000	3,628,000	(60,000)
2009-10	3,966,000	4,026,000	60,000
2010-11	2,660,000	2,715,000	55,000
2011-12	2,687,000	2,499,000	(188,000)
2012-13	2,724,000	2,433,000	(291,000)
2013-14	3,176,000	3,493,000	317,000
2014-15	3,318,000	3,262,000	(56,000)
Total	\$51,548,000	\$51,654,000	\$106,000

Loss Experience – Liability

NPAIP - Liability
Dollars of Loss per
\$100 of Payroll

Based on Losses Limited to \$100,000 per Occurrence



□ Loss Rate

Property-Liability

Outstanding Liabilities at 6/30/15



Outstanding Liabilities – Property & Liability

Estimated Liability for Unpaid Loss and ALAE at June 30, 2015

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Property Loss and ALAE	\$1,873,000	\$2,182,000	\$2,323,000	\$2,489,000	\$2,695,000	\$2,971,000
Liability Loss and ALAE	<u>\$7,664,000</u>	<u>8,576,000</u>	<u>8,975,000</u>	<u>9,450,000</u>	<u>10,040,000</u>	<u>10,822,000</u>
Total – Gross of Deductibles	\$9,537,000	\$10,758,000	\$11,298,000	\$11,939,000	\$12,735,000	\$13,793,000
Estimated Deductibles	<u>(991,000)</u>	<u>(1,118,000)</u>	<u>(1,174,000)</u>	<u>(1,241,000)</u>	<u>(1,323,000)</u>	<u>(1,433,000)</u>
Total – Net of Deductibles	\$8,546,000	\$9,640,000	\$10,124,000	\$10,698,000	\$11,412,000	\$12,360,000

Outstanding Liabilities – Property & Liability

Outstanding Claim Liabilities for Loss and ALAE

	Prior Report at June 30, 2014	Current Report at June 30, 2015	Change
(A) Case Reserves:	\$3,759,000	\$4,641,000	\$882,000
(B) IBNR Reserves:	4,801,000	3,905,000	(896,000)
(C) Total Outstanding Claim Liabilities:	\$8,560,000	\$8,546,000	(\$14,000)

Property-Liability

Projected 2016-17 Funding



Projected 2016-17 Funding – Property

Self-Insured Property Program Funding Guidelines for Fiscal Year 2016-17 Current Property SIR = \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,884,000					
Expected Member Deductible	(283,000)					
Net Loss and ALAE	1,601,000	\$1,868,000	\$1,995,000	\$2,144,000	\$2,329,000	\$2,579,000
Rate per \$1,000 of 2016-17 TIV	\$0.035	\$0.041	\$0.043	\$0.047	\$0.051	\$0.056

Projected 2016-17 Funding – Property

Comparison of Funding for Loss and LAE – Property

	Prior Report 2015-16 SIR = \$500,000	Current Report 2016-17 SIR = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$1,588,000	\$1,601,000	\$13,000
(B) Funding Rate per \$1,000 TIV:	\$0.036	\$0.035	(\$0.001)

Projected 2016-17 Funding – Liability

Self-Insured Liability Program Funding Guidelines for Fiscal Year 2016-17 Current Liability SIR = \$500,000

	Expected	Marginally	Recommended Range			Conservative
		Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,372,000					
Expected Member Deductible	(947,000)					
Net Loss and ALAE	\$2,425,000	\$2,832,000	\$3,024,000	\$3,254,000	\$3,541,000	\$3,921,000
Rate per \$100 of 2016-17 Payroll	\$0.425	\$0.496	\$0.530	\$0.570	\$0.621	\$0.687

Projected 2016-17 Funding – Liability

Comparison of Funding for Loss and LAE – Liability

	Prior Report 2015-16 SIR = \$500,000	Current Report 2016-17 SIR = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$2,536,000	\$2,425,000	(\$111,000)
(B) Funding Rate per \$100 of Payroll:	\$0.458	\$0.425	(\$0.033)

Workers' Compensation

Loss Experience Since Prior Report



Loss Experience – Workers' Compensation

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$60,000	\$399,000	\$339,000
2007-08	92,000	10,000	(82,000)
2008-09	124,000	17,000	(107,000)
2009-10	142,000	68,000	(74,000)
2010-11	247,000	758,000	511,000
2011-12	359,000	423,000	64,000
2012-13	629,000	412,000	(217,000)
2013-14	1,161,000	708,000	(453,000)
2014-15	2,695,000	2,663,000	(32,000)
Total	\$5,509,000	\$5,458,000	(\$51,000)

Loss Experience – Workers’ Compensation

Change in Ultimate Loss and ALAE

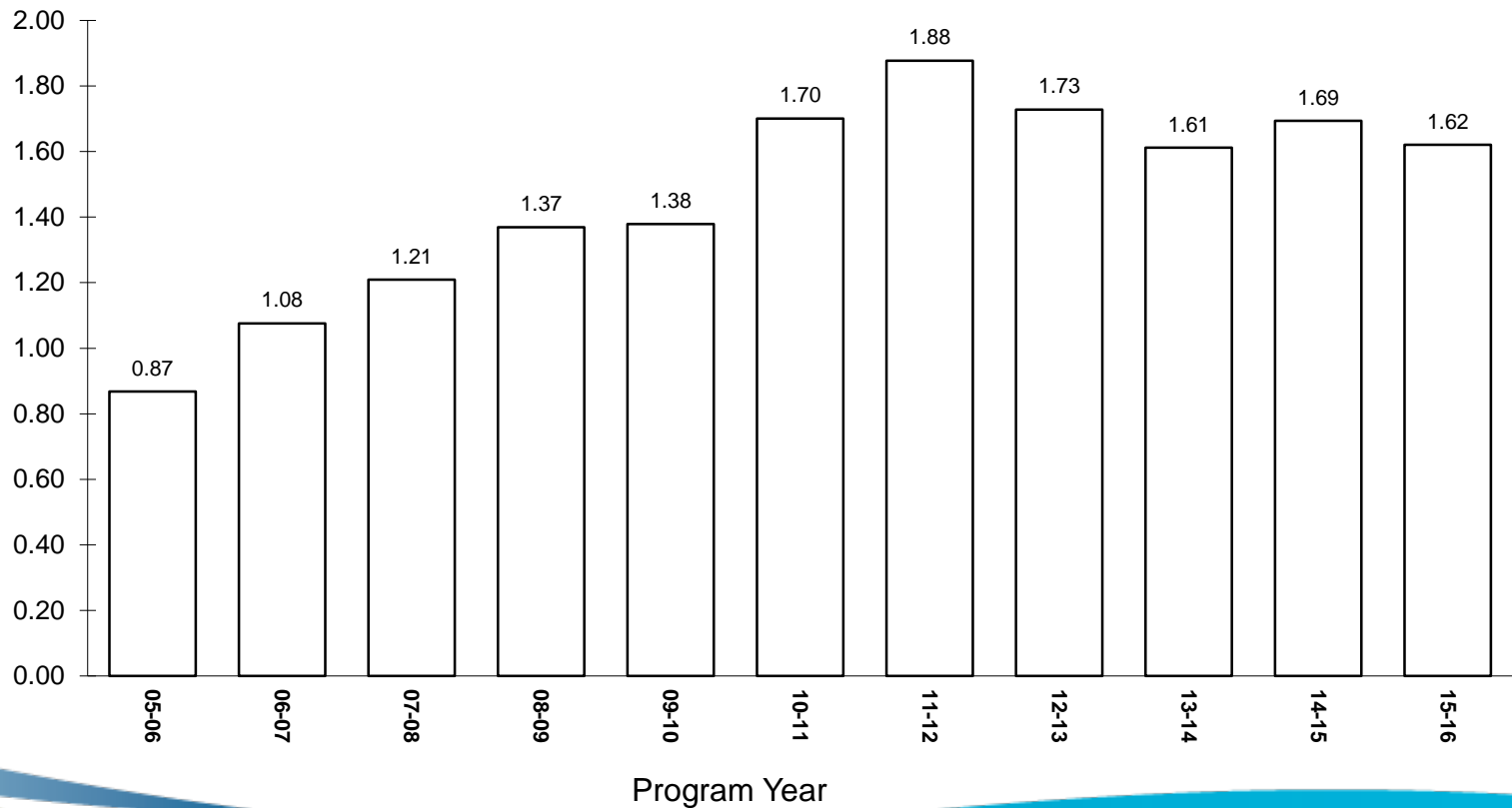
Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$39,959,000	\$40,360,000	\$401,000
2007-08	6,371,000	6,295,000	(76,000)
2008-09	5,695,000	5,601,000	(94,000)
2009-10	6,153,000	5,990,000	(163,000)
2010-11	6,428,000	6,898,000	470,000
2011-12	6,822,000	6,873,000	51,000
2012-13	5,641,000	5,427,000	(214,000)
2013-14	6,164,000	5,807,000	(357,000)
2014-15	6,084,000	6,000,000	(84,000)
Total	\$89,317,000	\$89,251,000	(\$66,000)

Loss Experience – Workers' Compensation

PACT - Workers' Compensation

Dollars of Loss per
\$100 of Payroll

Based on Losses Limited to \$100,000 per Occurrence



Loss Rate

Workers' Compensation

Outstanding Liabilities at 6/30/15



Outstanding Liabilities – Workers’ Compensation

Estimated Liability for Unpaid Loss and LAE at June 30, 2015

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	80% CL	Target 85% CL	
Loss and ALAE	\$21,706,000					
Heart/Lung	17,868,000					
ULAE	967,000					
Investment Income Offset	(2,801,000)					
Discounted Loss and LAE	\$37,740,000	\$39,648,000	\$40,482,000	\$41,456,000	\$42,668,000	\$44,278,000

Outstanding Liabilities – Workers’ Compensation

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2014	Current Report at June 30, 2015	Change
(A) Case Reserves:	\$9,622,000	\$9,911,000	\$289,000
(B) IBNR Reserves:	8,604,000	8,789,000	185,000
(C) Corridor Deductible:	3,121,000	3,006,000	(115,000)
(D) Heart/Lung:	15,492,000	17,868,000	2,376,000
(E) Claims Administration Reserves:	941,000	967,000	26,000
(F) Total Undiscounted Liabilities:	\$37,780,000	\$40,541,000	\$2,761,000
(G) Offset for Investment Income:	(2,687,000)	(2,801,000)	(114,000)
(H) Total Discounted Liabilities:	\$35,093,000	\$37,740,000	\$2,647,000

Workers' Compensation

Projected 2016-17 Funding



Projected 2016-17 Funding – Workers’ Compensation

Funding Guidelines for Fiscal Year 2016-17 Current Liability SIR = \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$6,171,000					
Investment Income Offset	<u>(528,000)</u>					
Discounted Loss and ALAE	\$5,643,000	\$6,219,000	\$6,450,000	\$6,715,000	\$7,042,000	\$7,477,000
Rate per \$100 of 2016-17 Payroll	\$2.22	\$2.45	\$2.54	\$2.65	\$2.78	\$2.95

Projected 2016-17 Funding – Workers' Compensation

Comparison of Funding for Loss and ALAE

	Prior Report 2015-16	Current Report 2016-17	
	SIR = \$500,000	SIR = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$6,272,000	\$6,171,000	(\$101,000)
(B) Offset for Investment Income:	(523,000)	(528,000)	(5,000)
(C) Total Recommended Funding:	\$5,749,000	\$5,643,000	(\$106,000)
(D) Funding per \$100 of Payroll:	\$2.30	\$2.22	(\$0.07)

PUBLIC AGENCY COMPENSATION TRUST

INVESTMENT GUIDELINES

1. Scope

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

2. Statement of Purpose

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

3. Investment Strategy

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

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

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

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

- 1) capital preservation;

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

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

4. Investment Risk

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

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

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

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

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

5. Investment Responsibility

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

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

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

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

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

6. Authorized Investments

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

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

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

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

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

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

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

7. Authorized Financial Dealers and Institutions

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

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

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

8. Investment Guidelines and Limitations

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

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

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

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

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

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

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

9. Safekeeping and Custody

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

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

10. Collateralization

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

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

The right of collateral substitution is granted.

11. Selection and Performance Review of Investment Managers

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

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

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

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

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

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

12. Reporting

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

13. Investment Policy Adoption

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

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

NEVADA PUBLIC AGENCY INSURANCE POOL

INVESTMENT GUIDELINES

1. Scope

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

2. Statement of Purpose

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

3. Investment Strategy

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

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

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

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

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

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

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

4. Investment Risk

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

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

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

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

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

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

8. Investment Guidelines and Limitations

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

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

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 POOL'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 POOL will attempt to match its investments with anticipated cash flow requirements. The Pool will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The average maturity of the portfolio will not exceed five (5) years.
- C. **Return on Investment.** The POOL's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the POOL's investment risk constraints and the cash flow characteristics of the portfolio.
- D. **Performance Standards.** The investment portfolio results will be compared to reasonably comparable indexes reflective of the investment goals listed below:
 - 1. Goal - to outperform over a 4-5 year period the risk free return from short-term U.S. Treasury bills by at least 100 to 200 basis points per year.
 - 2. Goal - to outperform the Consumer Price Index over a 4 to 5 year period by at least 200 basis points per year.
 - 3. Goal - to perform in line with the iShares Lehman 1-3 Year Treasury Bond Fund (currently trading as SHY) over a 4 to 5 year period.

9. Safekeeping and Custody

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

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

10. Collateralization

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

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

The right of collateral substitution is granted.

11. Selection and Performance Review of Investment Managers

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

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

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

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

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

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

12. Reporting

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

12. Investment Policy Adoption

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

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



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

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

Date: April 30, 2015 Time: 1:30 p.m.

Date: May 1, 2015 Time: 8:00 a.m.

JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA

April 30, 2015

Board Workshops

Developing Trends in Public Sector and How POOL/PACT Can Help:

- **Cyber Security: Antonio Rucci, Root Technology**

Mr. Rucci presented an overview of current cyber security issues and concerns. He gave tips to prevent security breaches.

- **The Aging Workforce: Reengineering the Workplace with H.I.L.T
Brandon Honea, H.I.L.T.**

Mr. Honea provided an explanation of the HILT lifting device and how it prevents back injuries and helps with patient transport. Following his presentation, he gave a live demonstration of the use of the tool.

- **Heart/Lung Exposures and the Cardiac Wellness Program: Shanti Wolfe and
Ethan Opdahl, Specialty Health**

Jackie Cox, Dr. Greenwald, Shanti Wolfe and Ethan Opdahl review the data from PACT members showing the trends in insulin resistance. They compared results with national indices. They showcased three case studies about changing the outcomes. Also, they explained some new approaches they are implementing to further the reach of the preventative efforts.

- **Body Worn Cameras: Nick Crosby, Marquis Aurbach Coffing Law Firm**

Mr. Crosby described the current state of the body cameras issues and the police policy and practices implications of such use. In addition, he commented on the cost considerations from acquisition and data storage, both of which can be significant.

JOINT BOARDS and EXECUTIVE COMMITTEES' MINUTES

May 1, 2015

1. Introductions and Roll

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

2. Public Comment

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

3. Board Orientation

Wayne Carlson presented an overview of board members roles and responsibilities.

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

a. Investments and Retention Strategy Overview

b. Eagle Asset Management Investment Manager Report

c. Strategic Asset Alliance Investment Advisor Report

a. Doug Smith presented a history of the retentions of both pools over a ten year period and the connection with investment policies and strategies. He then introduced Ed Rick, a representative from Eagle Asset Management, investment managers, complimenting them on their recently announced reduction in their investment fees.

b. Doug Smith introduced Ed Rick who reviewed the firm's staff team serving the pools, then reviewed the investment performance results for the fixed income investments for all of the organizations and responded to questions.

c. Doug Smith then introduced Dan Smerek, independent investment advisor from Strategic Asset Alliance. Doug explained that Dan had replaced Joe Woods of Raymond James to accomplish independence since Eagle Asset Management is a subsidiary of Raymond James and their custodial role had been split off to Wells Fargo to make it independent as well. Dan Smerek then discussed the overall market and the performance of all investments for all of the organizations. He also discussed the investment guidelines that directed each of the money managers and how he analyzed their performance against various benchmarks. He responded to questions. Doug Smith added that A manager search would be conducted later this year led by Dan Smerek, not as a criticism of Eagle Asset Management, but as due diligence.

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

a. PACT Investment Guidelines

b. POOL Investment Guidelines

a. and b. Doug Smith reviewed the investment guidelines noting that they were the same for both organizations. Paul Johnson commented that a guideline addition regarding liquidity would be in order given Dan Smerek's and Doug Smith's comments regarding liquidity monitoring being important to pools.

On motion and second to add the following to each guideline Item 3. C.: "4) Liquidity to meet operating obligations," the motion carried.

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

a. Approval of Minutes of Board:

Joint Board Meeting April 24 & 25, 2014

b. Acceptance of Minutes of Committee Meetings

Joint Executive Committee Meeting of May 22, 2014

Joint Executive Committee Meeting of September 22, 2014

Joint Executive Committee Meeting of December 10, 2014

Joint Executive Committee Meeting of March 2, 2015

Audit Committee Meeting of October 20, 2014

Audit Committee Meeting of December 1, 2014

Human Resources Oversight Committee Meeting of June 20, 2014

Human Resources Oversight Committee Meeting of September 19, 2014

Human Resources Oversight Committee Meeting of December 5, 2014

Human Resources Oversight Committee Meeting of March 20, 2015

Loss Control Committee Meeting of October 9, 2014

Loss Control Committee Meeting of February 10, 2015

Loss Control Committee Meeting of April 2, 2015

c. Acceptance of Reports

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

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

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

a. and b. Ann Wiswell presented the Loss Control Committee report noting the current voting members of the committee must be holders of the Loss Control Excellence Program award. She reviewed the strategic plan progress and new additions to the plan adopted by the committee. An extensive list of 19 new e-learning courses was noted. She then reviewed the history of the risk management grants noting the funds available and the utilization level. She indicated that the committee was considering earmarking some of the available funds for initiatives such as for an earthquake mitigation program, additional power cots, H.I.L.T. lifting devices and other major projects.

c. Cash Minor, Chair of the Loss Control Committee, presented Loss Control Excellence Program awards to these entities: Elko County, Elko City, City of Carlin, Humboldt County, Storey County and Nevada Rural Housing Authority.

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

8. For Possible Action: Stewardship Reports

a. Alternative Service Concepts

b. Willis Pooling

a. Pam Finch and Tracy Moore from ASC's Nashville headquarters introduced themselves and noted that Donna Squires from the Reno office could not be present this year. Pam said that she was replacing Sherie Prosser as the Operations Officer for the company and Tracy Moore was taking over

the Regional director duties including over the Reno office. She also introduced Mike Livermore to review the PACT report. Mike reviewed the claims statistics, noting the most expensive ones were heart claims for the most part, except for one expensive cancer claim. He commented about the trends over the years. Wayne Carlson reviewed the large claims results and trends for the POOL. He noted that an independent claims audit was conducted on the POOL this year and that the results were very positive as it had been for PACT last year.

b. Bob Lombard and Mel Iida presented the Willis Pooling report reviewing the market conditions, the renewal marketing efforts and the risk control team services. He noted that the Willis Pooling unit was now assigned as part of the Willis Re division in light of the mostly reinsured status of the clients. He provided a chart showing the Willis Pooling team.

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

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

John Bates presented the report on behalf of Jeanne Greene. He noted the current committee members and invited others interested in serving to step forward. John then reviewed the new training courses and regional training and workshops being offered. He reviewed the progress under the strategic plan and the plans for the next year. Curtis Calder, Chair of the HR Oversight Committee, then presented awards to the following members for completing HR Assessment Phase I: Beatty Water and Sanitation District, Churchill County, Churchill County School District, Indian Hills General Improvement District, Kingsbury General Improvement District, City of Elko, Lyon County School District and City of Winnemucca; and for completing Phase II: Nevada Rural Housing Authority and Carson Water Subconservancy District.

10. For Possible Action: Ratify Joint Executive Committee's Approval of Pooling Resources, Inc. Grant Renewal for Five Year Term

On motion and second to ratify the Joint Executive Committee's approval of Pooling Resources, Inc.'s grant, the motion carried.

11. For Possible Action: Acceptance of Employee Assistance Program Report and Approval of Employee Assistance Program Agreement with Resources for Living, an Aetna Company

Wayne Carlson reviewed the changes in the EAP program, noting the regulatory requirements that reduced the benefits. He referred to the explanatory memo that was part of the board packet. He then reviewed the utilization report.

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

12. For Possible Action: Review of Legislation and Recommendations for Action

Mike Rebaleati reviewed key legislative matters and their status (AB293, AB353 and SB153) of particular interest to the pools. He explained the key elements of each of these bills and the amendments being sought. Bob Balkenbush commented on SB153 and the implications regarding heart disease coverage under PACT.

No action was taken.

13. Public Comment

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

14. For Possible Action: Adjournment

On motion and second to adjourn, the meeting was adjourned at 12:17 p.m.

The Agenda was posted at the following locations and on the State's Website:

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

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

Date: May 27, 2015

Time: 2:00 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: Cash Minor, Josh Foli, Lisa Jones, Holly Luna, Bev Conley, Gerald Eick, Alan Kalt, Roger Mancebo, Pat Irwin, Steve West

Members Absent: Pat Whitten, James Eason, Paul Johnson

Others Present: Wayne Carlson, Ann Wiswell, Mike Rebaleati

2. Public Comment

Chair Kalt opened 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 29, 2015

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

4. For Possible Action: Approval of Mission, Vision, Goals, Motto

Chair Kalt opened discussion. Wayne Carlson commented that the proposed revisions were developed at the board retreat last year. He had intended to place this on the annual meeting agenda, but omitted doing so. However, he wanted to have the Executive Committee review it in the event they wanted to approve the changes or to defer to the next annual meeting. Several committee members commented positively on the proposed changes.

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

5. For Possible Action: Approval of AGRiP Recognition Applications for NPAIP and PACT

Chair Kalt asked Wayne Carlson to comment. Wayne said that the AGRiP Membership Practices Committee (which he chairs) had adopted the new format so he completed it to test the workability of it. Chair Kalt noted the thoroughness of the applications and that this demonstrates how important the recognition is to the pools. He suggested this be noted to the Members during renewal presentations since it demonstrates compliance with nationally

recognized pooling best practices of which Members should be aware. Other committee members made similar supportive comments.

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

6. For Possible Action: Approval of Prospective NPAIP/PACT Members:

a. Mt. Charleston Fire Protection District – NPAIP/PACT

b. Southern Nevada Health District - PACT

c. Charter Schools as Potential Members – NPAIP/PACT

6. a. Wayne Carlson commented that Mt Charleston FPD was a carve-out of the State fire agency and consolidation with the Clark County volunteer fire department. He said that they had hired a fire chief with staffed operations to begin July 1, 2015. Because they had hire the fire chief, Wayne bound coverage for both NPAIP and PACT to protect them during the process of standing up the fire district and asked the board to approve them as members. He responded to questions indicating that they would hire 7-8 paid firefighters and take over the volunteer operations. Clark County had approved their startup budget.

On motion and second to approve membership in NPAIP effective 5/19/2015, the motion carried.

On motion and second to approve membership in PACT effective 5/19/2015, the motion carried.

6.b. Wayne Carlson explained that the Southern Nevada Hospital District was being separated from Clark County as a stand-alone agency for budget reasons, thus the need for separate coverage from their self-insurance program. He commented that the PACT actuary had calculated an experience modification factor of .66 subsequent to the packet being sent to the committee. He noted their very positive loss experience. He mentioned that in discussions, they expressed a desire to participate in our human resources and safety programs since they were losing the Clark County support in these areas. He responded to questions. Gerry Eick commented that he had reviewed their financial statements and was satisfied with their status.

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

6.c. Wayne Carlson provided an overview of the situation regarding charter schools as prospective members. He indicated that the range of charter schools was from very small to 20,000 students in a virtual academy. He indicated that he had received interest from a couple of charter schools but had deferred discussion until the committee had a chance to review the potential membership in concept. He responded to questions by noting that there was considerable information on the State Public Charter School Authority website about how charters were approved, the details of the application process and the ongoing oversight. He noted that there is pending legislation to create an Achievement School District under the auspices of the State that will create even more than the current 28 charter schools. Some charters are self-managed, others are managed by non-profit or for profit organizations. Each has a governing board separate from the management organization. Considerable discussion ensued about the issues associated with charter schools that may not have adequate resources to be potentially good members of NPAIP or PACT while others could be doing quite well. The range of sizes of the current charter schools could be an issue as well in terms of use of NPAIP or PACT resources. Some concerns were raised about the effect on current public school districts as their student count drops with charter school enrollments. Some expressed concerns about understanding the risks associated with charters, particularly where they have charter

management companies operating them and how the liability would be distributed. Ann Wiswell responded to a question about United Educators views by indicated that UE had provided some underwriting guidelines that they use which we could adapt. Wayne Carlson responded to a question about the agenda action as approving any charter or the concept of charters with individual applications approval subsequently. He noted that this was conceptual at this time and individual approvals would be subject to the normal membership approval process. Chair Kalt suggested that perhaps a committee could be established to review and evaluate the charter school risks for underwriting and operations issues and suggested some possibly names that he and Cash Minor could jointly appoint.

On motion and second to appoint a committee to further evaluate charter schools for underwriting and operations issues, the motion carried.

Chair Kalt and Chair Minor discussed Holly Luna, Gerry Eick and Lisa Jones as possible appointees and asked whether they would be willing to serve and they expressed interest. It was also suggested that Paul Johnson be included. The two Chairs appointed these four individuals to serve as the committee. Chair Kalt suggested that staff bring the State agency to a future meeting to respond to questions.

Chair Kalt excused himself to attend another meeting and Chair Minor took over for the rest of the meeting.

7. For Possible Action: Legislative Update and Action Regarding Pending Legislation

Mike Rebaleati gave an update on AB293 (Public Administrators bill), SB 153 (heart-lung bill) and AB353 (bidding mandate bill). He indicated that AB293 and SB 153 were likely to pass today or very soon. He said that we had opposed AB353 and it presently was buried in Assembly Ways and Means and hopefully will not surface, but he'll keep looking for any changes. No action was deemed necessary.

8. For Possible Action: Approval of Changes to Risk Management Grant Program

Ann Wiswell commented that the Loss Control Committee had been discussing allocating money to additional pool initiated risk management projects in addition to the normal risk management grants driven by members. It was suggested to increase the risk funds from 1% of net assets of each pool to 2% of net assets of each pool, which would double available funds. She responded to questions. Gerry Eick asked whether or not unused funds from one year rolled over and Wayne Carlson responded that they did not. Cash Minor suggested it remain as one year funding without roll over due to accounting issues. He also said that if there was a need for additional funds in any given year, the Executive Committees could approve those.

On motion and second to amend the risk management grants program from 1% to 2% of net assets each year with an annual reset, the motion carried.

9. Public Comment

Wayne Carlson said that he had just received an application for NPAIP membership from Silver Springs Stagecoach Hospital District and indicated that this would have to be approved at another meeting. Josh Foli commented that there have been problems with recent district board actions that resulted in termination of their only employee and the reason they were seeking coverage was to protect themselves against any legal action against them. Wayne

Carlson commented that he was aware of their current coverage, which excluded employment liability. He noted that the retroactive date for NPAIP membership would be July 1, 2015, thus excluding any prior acts such as this. He agreed to bring this back to a subsequent meeting for review.

10. For Possible Action: Adjournment

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

The Agenda was posted at the following locations:

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

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

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

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Facsimile (775) 883-7398

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

Date: August 31, 2015

Time: 9:00 A.M.

Place: 201 S. Roop St., Suite 102

Carson City, Nevada 89701

Conference Call

AMENDED AGENDA

1. Roll

Members Present: Alan Kalt, Cash Minor, Bev Conley, Gerry Eick, Josh Foli, Pat Whitten, Pat Irwin, Paul Johnson, Roger Mancebo, Steve West

Members Absent: Lisa Jones, Holly Luna, James Eason

Others Present: Mike Rebaleati, Ann Wiswell, Wayne Carlson

2. Public Comment

Chair Kalt opened public comment, but none was 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 May 27, 2015

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

4. For Possible Action: Approval of Prospective NPAIP/PACT Members:

a. Silver Springs Stagecoach Hospital District – NPAIP

Wayne Carlson discussed the prospective members underwriting review form comments and noted that under public comment at the May 27, 2015 meeting, he said that the application had been received that day so not timely for decision. Josh Foli also had commented then about his concerns. Subsequent to receiving that application, staff decided not to pursue offering terms at that time until additional information could be gathered. Wayne indicated that since then he had discussed the changes in the board with Josh Foli. Josh commented that four of the five board members had been replaced and that the new board was working effectively with their interactions with Lyon County. Various committee members commented about the need to continue to monitor the new board.

On motion and second to accept for NPAIP Membership, the motion carried.

5. **For Possible Action: Revise NPAIP and PACT Board Policies on Administration to Fund Executive Committee Expenses for Meetings in Addition to the AGRiP Trustees Annual Conferences**

Wayne Carlson said that this item was added to the agenda at the request of Pat Irwin and turned the item over to Pat for explanation. Pat said he served on behalf of Pershing General Hospital and Roger Mancebo served on behalf of Pershing County, but the Pershing County Commissioners had been subsidizing the travel costs for the hospital in light of their financial recovery issues. He asked that the board revise its current policy to reimburse travel expenses for meetings in addition to the AGRiP conferences. Paul Johnson confirmed that White Pine County School District was undergoing substantial cuts due to a charter school so the issue now impacted them as well. In discussion, several committee members indicated that perhaps an ad hoc solution would be a way to assist under the circumstances. Wayne Carlson noted that the board policy could be changed to reimburse for committee travel expenses if they wanted to broaden the policy statement.

On motion and second to set aside up to \$5,000 for reimbursement of Executive Committee travel expenses, the motion carried.

Committee members requested that staff provide an update at the budget meeting in March.

6. **Public Comment**

Chair Kalt opened public comment.

Committee members asked Mike Rebaleati how his transition to staff was proceeding. Mike commented that he has been deeply involved attending conferences, internal operations and particularly the RFP process for investment managers. He said the transition was going well. Wayne commented that Mike had been invaluable in the transition to a new managed information technology company, IQ Technology Solutions. Mike responded that IQ has been very good to work with.

Chair Kalt closed the public comment period.

7. **For Possible Action: Adjournment**

On motion and second to adjourn, the meeting was adjourned at 9:25 a.m.

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

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

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

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

Date: October 23, 2015

Time: 9:00 A.M.

Place: Alpine Conference Room

Whitney Peak Hotel

255 N. Virginia St.

Reno, NV 89501

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

1. Roll

Members present: Cash Minor, Josh Foli, Lisa Jones, Bev Conley, Holly Luna, Gerry Eick, Alan Kalt, Roger Mancebo, Pat Irwin

Members absent: Steve West, Paul Johnson, Pat Whitten

Others present: Dan Smerek, Mike Rebaleati, Doug Smith, Wayne Carlson

A quorum was determined to be present and Chair Minor called the meeting to order.

2. Public Comment

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

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

a. Approval of Minutes of Meeting of Joint Executive Committee August 31, 2015

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

4. Presentations by and Interviews of Fixed Income Investment Managers

Pursuant to a request for proposal process facilitated by Dan Smerek of Strategic Asset Alliance, investment advisor to the pools and captives, two finalists had been selected for oral presentations and interviews at this meeting. Dan Smerek described the process for the presentations and the evaluation guidelines he suggested. He then brought in representatives of the first presenter: GR-NEAM. The proposed GR-NEAM team included Calvin "Chip" Clark, Jr., President, Patrick Scully, Senior Client Strategist and Marie Callahan, New Business Development Professional.

The GR-NEAM team reviewed key elements of its written proposal including its investment philosophy and enterprise based asset allocation approach. They discussed their investment strategy and process generally. Then they reviewed their analysis of the NPAIP, PACT, PRM

and PCM portfolio using various iterations for each organization separately and grouped by line of business to show an overall approach for all entities estimating the potential investment gains from the various approaches. They discussed their enterprise based asset allocation process which looks at the balance sheet risks, economic risks, underwriting risks and investment risks as influencers of investment strategies. They showed a potential asset allocation strategy. They also described their investment accounting and reporting services which are included in their fees. Throughout the presentation, they responded to questions from the committee members about their services and strategies. The committee thanked them for their presentation and excused them from the meeting.

Dan Smerek then brought in representatives from AAM: John Schaefer, President, Daniel Byrnes, Vice President and Senior Portfolio Manager and Neelm Pradham, Vice President of Business Development.

The AAM team reviewed their involvement with similar small insurers and risk sharing pools, noting their growth in assets under management in this space. They showed a timeline of their interactions with various board and staff members of the Nevada pools over the last five years. They described their investment process and knowledge of the varying needs of the pools and captives. They described their use of an enterprise risk management framework in analyzing the approach for investment strategy. They showed an overview of their analysis of NPAIP, PACT, PRM and PCM as separate entities and a combinations by line of coverage relating such things a duration to net position. Included in the materials was a portfolio assessment and recommendations. They responded to questions from various committee members. In response to a question about whether their investment accounting and reporting services were included in their fees, they indicated they would get back to us on that question. (Note: subsequently, they advised the service was included). The committee thanked them for their presentation and excused them from the meeting.

5. For Possible Action: Selection of Fixed Income Investment Manager

Chair Minor opened discussion on this agenda topic. Each member of the committee made comments and asked questions about each firm and the qualities they brought. Both firms were considered high quality, offering similar valuable services although the approaches differed. Discussion of the similarities and differences continued for some time in order to assure a thorough vetting.

On motion and second to select GR-NEAM to be the fixed income investment manager for NPAIP and PACT with a transition process to occur as soon as practicable, the motion carried.

6. Public Comment

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

7. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

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

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Eureka, NV 89316**

Carson City, NV 89701

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

**Minutes of Meeting of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Monday, March 21, 2016
Time: 10:00 A.M.
Place: at 201 S. Roop Street, Carson City, NV 89701
Conference Call-In Phone No: 1-800-593-9034; Passcode: WayneC.**

1. Roll

Members Present: Cash Minor, Alan Kalt, Pat Irwin, Gerry Eick, Lisa Jones, Pat Whitten, Holly Luna, Roger Mancebo, Josh Foli, Steve West

Members Absent: Paul Johnson, Bev Conley

Others Present: Mike Rebaleati, Wayne Carlson, Doug Smith, Donna Squires, Mike Livermore, Mary Wray, Stephen Romero and Jeanne Greene

2. Public Comment

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

3. For Possible Action: Consent Agenda

- a. **Approval of Minutes of Meeting of October 23, 2015**
- b. **Executive Director's Report**
- c. **Financial Reports of NPAIP and PACT**
- d. **Approval of East Fork Fire District (Currently sub-entity of Douglas County) as a Separate PACT Member**
- e. **Approval of Elko County Television District as POOL Member (currently a PACT Member as sub-entity of Elko County)**

Chair Kalt asked whether anyone had any item on the consent agenda that needed further discussion, then called for a motion.

A motion was made and seconded to approve items 3a-e. Under discussion, Wayne Carlson asked to comment. Wayne Carlson elaborated on the Executive director's report, noting that he had received information from the broker that Truckee Meadows FPD was considering rescinding its notice of intent to withdraw. He further discussed the PACT experience rating issue and how it affected Douglas County and other members. He noted that he had discussed the issues with the affected members who agreed to have the correction made effective July 1, 2016. Douglas County, its towns and East Fork Fire & Paramedic Districts requested a ten year retrospective restatement of the experience mods to show the effect of the error over time. He discussed a transitional process with them and is awaiting their response going forward.

Chair Kalt called for the vote and the consent agenda was approved as a whole.

4. For Possible Action: Investment Strategies

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

a. Wayne Carlson commented that no changes were proposed at this time, but that it was being reviewed by both SAA and GR-NEAM for possible revision in the future. Gerry Eick raised questions about the language in the present guidelines regarding authorized investments maturity limitations under NRS to 10 years; 10%

limitation versus 15% limitations on types of securities; importance to specifically reference statutory constraints in the guidelines. Wayne commented that the current guidelines had been drafted with those statutes in mind and have been reviewed by various investment advisors and managers over the years. Dan Smerek indicated he will address Gerry's concerns in the policy review process.

Dan Smerek of SAA reviewed the investment results including for the captives (PRM and PCM).

On motion and second to accept the guidelines knowing that future changes will be considered, including the issues raised in this meeting, after the review by the investment advisors and managers, the motion carried.

b. Patrick Scully and Kelly Sullivan of GR-NEAM, the fixed income investment manager, reviewed the current investment market and the pools' results.

Wayne Carlson commented about the ERM project being developed by GR-NEAM. Mark Yu of GR-NEAM reviewed the purpose, scope and approach under the enterprise risk management (ERM) project. He reviewed that parameters and data inputs, then showed the scenario output options and how that helps organizations understand and plan for investment risks in conjunction with other risks of the organization. Wayne commented that various scenarios for each pool and captive plus combinations with the respective captives would be evaluated through the ERM process. Dan Smerek commented about how these scenarios can assist with investment planning.

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

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

Wayne Carlson noted that this will be reviewed as well under the captives' meeting which will be held during a recess in the joint meeting.

6. **For Possible Action: Capitalization Policies and Review of Captives' Performance**
a. Authorize Additional Capitalization of Public Risk Mutual based on NPAIP Capitalization Policy Statement
b. Authorize Additional Capitalization of Public Compensation Mutual based on PACT Capitalization Policy Statement

Wayne Carlson directed the committee to the respective audited net assets as the basis for the capitalization policy decision. Committee discussion ensued.

a. On motion and second to transfer 50% less \$4.00 (\$612,600) of net assets from NPAIP to PRM, the motion carried.

b. On motion and second to transfer 50% (\$1,093,260) of net assets from PACT to PCM, the motion carried.

7. **For Possible Action: Review of Committee on Local Government Finance Decision on Heart Data**

Wayne Carlson reiterated his Executive Director's report on the CLGF's decision to suspend further consideration of its proposed regulation on heart data reporting for at least three years. He explained that the legislation had modified the heart eligibility which may reduce future liability, but no data will be collected in the meantime by the Dept. of Taxation or the Legislature to monitor the effect for at least the next few years. No action taken.

Chair Minor recessed the meeting at noon to allow the captive boards to meet and hear the auditors to present the audits. Upon conclusion of the captives' meeting, the joint meeting remained in recess for lunch. The meeting was reconvened at 1:00 p.m.

8. For Possible Action: Acceptance of Reports

- a. Claims Administrator Report**
- b. Loss Control Committee Report**
- c. Data Security Project Staff Report**
- d. Human Resources Oversight Committee Report**

a. Donna Squires reviewed NPAIP losses valued over \$300,000, noting there were 43 losses since 1987 over this threshold. The total incurred came to about \$46 million over this same period. 27 were casualty losses totaling \$32 million (legal expenses were 26% of this); 16 property losses occurred over this period and totaled \$13 million. Thus, casualty losses were 70% and property losses were 30% of the totals. Errors or omissions losses comprised \$13 million of the \$32 million casualty losses. She then reviewed highlights of specific cases and outcomes. Alan Kalt asked about how we communicate best practices from lessons learned from cases. Wayne Carlson noted he was working on a training presentation for public administrators and other situations were provided in bulletins. Legislative efforts also were considered for issues such as we did for public administrators and may have to do again for them. Mike Rebaleati noted that the Litigation Workshop was another forum for this purpose.

Mike Livermore reviewed PACT losses valued over \$300,000 totaling \$26 million. He noted that the highest percentage of large losses were heart claims (12 claims) plus 4 fatalities. He noted that subsequent injury fund recoveries and excess insurance recoveries would return a significant portion of the \$17 million that would be payable. He noted that post-employment heart claims were limited to medical only based upon the legislative change in 2015. PACT has a district court case addressing whether there is an offset with PERS regarding other post employment cases in which indemnity and PERS applied in the past. He also commented about a pending case in which ASC was added as an indispensable party, which seems to be improper. The case involves post-employment heart disease in which both EiCON and PACT denied coverage. The former employee left employment in 1994, prior to PACT's formation. It is possible that this case could result in appeals to the Nevada Supreme Court so we are monitoring it closely.

b. Mike Rebaleati provided a review of the loss control and risk management efforts. He will be proposing to the Loss Control Committee at its next meeting on April 13, 2016 to consolidate the approach to the risk management grants for common percentage participation by the members. He has been promoting these grants and the educational grants. He noted other changes he will propose as well. The Risk Management Symposium will be held May 19-20 at the Silver Legacy with some excellent presenters. He mentioned the progress on the Hazard Vulnerability Assessments project for school districts which may be completed by Fall 2016.

c. Mike Rebaleati described the data security project and how he is working with a cyber security specialist to develop assessment tools for members and ultimately a security testing option. He described the scope of the project and the pilot Members he plans to work with toward tightening their security systems and learning how to extend the service to other members. He discussed future needs such as legal documents to further the scope of the project, especially in the security testing option. He also added comments about promotion of the eLearning training for both risk management and human resources.

d. Jeanne Greene indicated that the HR Oversight Committee reviewed and updated their strategic plan. Their progress fulfills the goals of the plan thus far. He indicated the number of classes offered and planned. Requests for training have grown significantly from the members. This year's HR seminar will be held in September. Discussion ensued about the value of the HR services as an important part of the POOL/PACT service mission.

On motion and second to accept the reports under items 8 a-d, the motion carried.

9. For Possible Action: Acceptance of Pooling Resources, Inc. Grant Budget

Wayne Carlson commented on the highlights of the budget. Jeanne Green noted that they had an increase in travel costs due to demand. Gerry Eick suggested that the telephone expense item be increased. Jeanne Greene replied that the toll-free number was getting calls from other states not relevant to us so it now has restricted hours and in-state only.

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

10. For Possible Action: Approval of Contracts:

a. POOL Appraisal Services 3 Year Contract with AssetWorks

b. Willis Pooling POOL and PACT Broker/Loss Control Services 5 Year Agreement

a. Wayne Carlson reviewed the proposed contract and changes including a defined timeline for submission of the reports to avoid delays that occurred this year. The three year cycles would continue, but the threshold for on-site appraisals was raised to values over \$200,000 now that all location have had ground-up appraisals over the last three years. He noted the option for special historical building appraisals was available at an additional cost. He responded to questions particularly regarding water utilities valuations.

On motion and second to approve the contract with the amendments, the motion carried.

b. Wayne Carlson noted that the contract essentially was the same as the existing, but a five year term was proposed in lieu of the current three year term.

On motion and second to approve the Willis Pooling agreement, the motion carried.

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

a. Willis Pooling Report

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

c. Review of NPAIP Coverage Form Changes for 2016-2017

1. Mold/Asbestos Remediation Extension to Debris Removal Coverage Sublimit

2. Cleanup of Clerical Errors in Drafting and Clarifying Certain Provisions

d. Consider new programs for unmanned aerial vehicles and pollution legal liability

Chair Minor opened discussion on items a-d.

a-b. Mary Wray provided an overview of current market conditions noting modest potential declines in property and liability rates as underwriters are being more cautious in their underwriting approach. Workers compensation rates generally are increasing slightly at about 3%. She noted they will be going to London along with Wayne and Mike to negotiate the property program. An option for higher Flood Zone A limits was being sought. She mentioned an option for property from CRL and are reviewing the details to compare it with our current program. BoilerRe has offered to increase the limit from \$60,000,000 to \$100,000,000 along with a 14% decrease and continued service credits. Wayne noted that those service credit dollars have been placed in the loss control

budget to enhance our ability to provide more services. She then reviewed a graph of the current reinsurance programs structure and some options on the liability structure to reduce Brit's share and increase PRM's share of the higher limits as an option. She showed the structure of the CRL option to replace our current program entirely. Wayne added comments about the joint effort being done to review the CRL form and compare it to the current program. He noted one concern is that the CRL coverage may require purchase of NFIP policies by members in order to get the higher flood zone A limits. The estimate cost and practical considerations of doing this would need to be evaluated carefully. Workers Compensation likely will be steady.

Stephen Romero presented an overview of the work he has done to obtain a quote for pollution coverage on a blanket basis for all members as an option. He responded to questions. In addition, they are looking at expansion of the student accident medical coverage beyond the current transportation risks only to include all student activities. He is awaiting a pricing indication and terms. Another option is to expand the terrorism policy to include a cyber event trigger of coverage for physical damage or loss.

c. Wayne Carlson reviewed the proposed POOL Form changes to offer a sublimit on mold & asbestos removal resulting from water damage claims which would speed up the adjusting process and help members who did not have the resources to remediate. The proposed changes along with some clerical corrections are being reviewed by coverage counsel.

d. Wayne Carlson commented on the possibility of an endorsement to extend coverage for scheduled unmanned aerial vehicles and to include non-owned or hired UAVs. He also mentioned the blanket pollution legal liability program for all members would be a substitute for the current matrix applicable only to certain members. The matrix program is being non-renewed by AIG's exiting that line of business although that broker is trying to find a replacement.

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

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

a. PACT Budget for 2016-2017

b. NPAIP Budget for 2016-2017

Wayne Carlson noted that he had a call from the broker for Truckee Meadows Fire Protection District who indicated that the district planned to rescind its notice of intent to withdraw from NPAIP and PACT.

a. Wayne then reviewed the PACT budget noting the modest increase in revenue. Regarding the post-employment heart rate (code 9999), he indicated that subsequent to preparing the budget he thought that since PACT had accomplished its goal of a minimum of \$20,000,000 within the actuarial estimated range of \$20 to \$80 million for this exposure, the board could cease accelerating the rate by 10% per year in light of the legislative changes. Alternatively, the board could drop the additional rate and let interest earnings continue to grow the balance. In discussion, the committee discussed what to do within this range of options, including incremental rate reductions. Gerry Eick commented that the regulatory cost budget reduction probably should be increased by about \$125,000 to avoid a future concern should that cost increase beyond the average from the past.

On motion and second to reduce the code 9999 rate by \$1.00 this year and then review annually for revaluation, the motion carried.

On motion and second to approve the PACT budget with the revision to code 9999 and the increase in the regulatory cost line item, the motion carried.

b. Wayne Carlson noted the exposure increase built in was for about 3% with rates otherwise flat or down.

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

13. 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**

b. This item was discussed first. Jeanne Greene noted that the HR session would be named the HR Quiz and would be a fun, interactive session. Wayne noted that the Utility Players, an improv comedy group, would provide the evening entertainment with a black swan theme.

a. Wayne Carlson discussed the member special district that were eligible for voting status, but had not sought it, including a number of fire districts. This made it difficult to have candidates for the executive committee for this category. The committee discussed potential candidates from possible voting members if new voting members were added. It was suggest that some board members contact potential candidates particularly from fire districts for PACT. Other executive committee members were asked whether they wanted to continue to service. Alan Kalt noted that Holly Luna, Douglas County School District, left him a note that she did not plan to run and suggested Ann Wiswell as a possible candidate who indicated interest to Holly.

14. Public Comment

Discussion by committee about setting the next meeting date prior to annual meeting, which was set for 10:00 a.m. on April 28th (first day of annual meeting). No other public comments.

15. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

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

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

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

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

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

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



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

**Minutes of Meeting of the
Audit Committee of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: October 15, 2015
Time: 3:00 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

Members Present: Gerry Eick, Josh Foli, Cash Minotr
Others Present: Michael Bertrand, Debbie Connally, Wayne Carlson

2. Public comment

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

3. Action Item: Approval of Minutes of Meeting of December 1, 2014

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 presented highlights of the audited financial statements. He then reviewed in detail his recommendations to improve internal controls. He noted that prior year assessments receivables had been accumulating and that an aging of such receives be prepared quarterly for appropriate action. Further, nonrecurring journal entries should be subject to secondary approval regardless which staff member prepares them. He particularly emphasized the need to protect formula cells in the supporting spreadsheets used by staff to avoid inadvertent errors. He also recommended again that the assessments be reconciled quarterly so that adjustments would be made timely and to improve processes. He recommended a task control log for all key tasks to assure that this and other tasks are assigned, tracked and completed timely. Debbie Connally commented that she has begun work on the reconciliations. Wayne Carlson commented that Mike Rebaleati had agreed to work on the creation of the task log and monitoring of the quarterly reporting recommendations. Michael then responded to questions from the committee members.

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



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Facsimile (775) 883-7398

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

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

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

Michael Bertrand presented highlights of the audited financial statements. He then reviewed in detail his recommendations to improve internal controls. He recommended cell protection for supporting spreadsheets. He also noted that a capital asset was expensed when it should have been capitalized according to policy. One exception he commented on regarding the claims administrator was that a large payment was documented by a quote, not an invoice, at the time of his review. The amount was consistent with other documents, but should have had an invoice. He responded to questions from the committee.

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

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

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

8. Public comment

None received.

9. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at 3:26 p.m.

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

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

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

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

Churchill County Courthouse
155 North Taylor Street
Fallon, NV 89406

NOTICE TO PERSONS WITH DISABILITIES

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



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

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

(APPROVED AT OCTOBER 2, 2015 HR OVERSIGHT COMMITTEE MEETING)

Date: June 19, 2015 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: No members. Members participating by phone: Chairman Curtis Calder; Jose Delfin; Cindy Hixenbaugh; Geof Stark; Robert Quick; Pat Whitten; Emily Carter; Alan Reeder. Not participating: Tina Hubbard; Danelle Shamrell; Ben Sharit. PRI Staff: Jeanne Greene; Christine Vido; Dora Moya.

2. Item: Public comment:

None

3. For Possible Action: Approval of Minutes of Meeting March 20, 2015

Geof Stark made a motion to approve the Minutes of March 20, 2015. Curtis Calder seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 14/15 Strategic Plan to date

Jeanne reviewed the 14/15 Strategic Plan.

New Trainings - Seven new trainings were developed this fiscal year: *You Can't do THAT at Work! Anti-Harassment (Part I and Part II); Dealing with the Irate Customer; Workplace Conflict Resolution Series (Part I-Taking Control of Conflict; Part II-SAM, Part III-MAM); and Ethics in the Workplace.*

New Briefings - Three new HR Briefings are being developed: *Strategic Planning* is completed; *Unemployment Process* and *Bring Your Own Device* are in process and will be completed by July.

Regional Trainings - Regional trainings were offered throughout the state: Three *EMS* and *Advanced EMS*; two in Carson City and one in Elko. *Bullying in the Workplace* and *Advanced EMS* were cancelled due to low registration.

One *Advanced HR Representative Certificate Program* was completed; the class scheduled to begin in May was rescheduled to August 2015. Erickson, Thorpe, and Swainston presented seven sessions of *Conducting Internal Investigations* this year; trainings were held in Elko, Hawthorne, Carson City (twice), Winnemucca, Eureka, and Pahrump. Next fiscal year, Charlie Cockerill and Thoran Towler will be presenting *Negotiations* training around the state. Mr. Towler was the Labor Commissioner for the State of Nevada, worked in the District Attorney's office in Carson City, and has been involved with many labor negotiations.

Jeanne stated that Becky Bruch of Erickson, Thorpe, and Swainston will be providing training around the state to discuss the impact of medical marijuana in the workplace; it is planned to be presented in Elko, Ely, Pahrump, and Carson City in March 2016; final dates will be given in the next Strategic Plan.

Review and Update of HR Briefings - Eighteen briefings have been updated this year.

Member Survey - Survey was completed at the beginning of this fiscal year. Results were presented to the Oversight Committee in the fall.

Research New Methods of Delivering HR Trainings/Briefings - Jeanne stated POOL/PACT HR has researched new methods of providing trainings and briefings to our members from the POOL/PACT HR office through Skype or some other type of web-based service. At this point, it is primarily briefings.

Post Members Pay Plan/Scale on Website – Jeanne stated POOL/PACT HR has updated all pay plans on the website.

Review and Update Sample Forms – Jeanne stated this project is ongoing.

Update Collective Bargaining Database – Jeanne stated this project is complete for the fiscal year. There is a separate agenda item related to this item which will be discussed later during the meeting.

Review and Update Sample Job Descriptions – This is continually being worked on.

Statewide Webinars - Four have been completed.

Sample Personnel Policy Annual Update – Sample policies are targeted to be released by June 26, 2015. Jeanne stated that Thoran is doing a thorough review on all of the large policies; there will be a couple additions from the legislative session.

Alerts – Two Alerts have been issued: *FMLA Update: Same Sex Marriages*; *Changes to Employee Assistance Program*.

Trainings – 210 trainings have been completed with 3,742 participants; average evaluation for course content was 4.6; average instructor evaluation was 4.8. Jeanne stated POOL/PACT HR trainings have increased significantly and provided training totals of past years to committee members: FY 11/12 - 123; FY 12/13 - 115; FY 13/14 - 133; FY 14/15 - 210. POOL/PACT HR is being asked to do more training; i.e., organizations are requesting more of our services.

HR Briefings – 28 HR briefings are completed with 623 participants. Jeanne stated the high participant numbers for the HR briefings is due to the fact that POOL/PACT HR is providing the briefings for larger groups; e.g., the EAP HR Briefing is for the full workforce.

Phase I HR Compliance Assessment Program – Town of Round Mountain and Moapa Water will be moved to next fiscal year.

Phase II HR Compliance Assessment Program – Nine Phase II Assessments were planned; all but one have been completed. Douglas County has been unable to make a commitment; they may push the assessment out until next fiscal year.

FRISK – City of Fernley and Tahoe Douglas Fire Protection District requested to move training until next fiscal year.

Pat asked if HR should focus on members who are not participating in services such as Phase I or II assessments or *FRISK* training. Jeanne stated POOL/PACT HR targets organizations that have not gone through *EMS* or *HR Representative*. Pat stated he will talk to Wayne Carlson and see if statistics are available to see losses of members who participate versus those who do not. Curtis mentioned “The Hammer Clause” issue which was a topic of discussion in Eureka.

Employment Opportunity Listing Website

Jeanne reiterated that this website links member webpages so applicants can view vacant job notices. POOL/PACT HR maintains statistics on the numbers of visits/hits. She stated that the May numbers went down but did not have any concerns. Nevada Pioneer territory took over Nevada Cowboy territory in terms of number of visits.

5. For Possible Action: Report on Other Activities

a. Report on Employment Related Claims

Jeanne stated this report is as of June 4. She stated year to date there were 28 claims; four were closed at no cost. POOL/PACT HR is taking a proactive approach and advising ASC of potential claims.

Curtis stated the report was very encouraging. Jeanne believes these numbers reflect the benefit from all the trainings and direct contact with the members. Pat stated it also includes educational outreach and obtaining validation from legal counsel to make sure decisions are made consistently.

b. Eureka County Service Status Report

Jeanne reported the types of issues addressed which included two issues requiring an outside investigator, one termination and one ongoing, and a disability retirement which involved working with ASC.

Curtis asked who pays for outside investigators. Jeanne responded PRI pays and Eureka County is billed for the cost. Curtis asked how the other committee members feel about the level of service they are receiving from PRI. Pat stated he has seen zero diminished service. Robert Quick asked if Eureka has made any effort hiring someone permanently who is qualified. Jeanne stated they are not actively searching; they had two HR people but had problems and are looking for a long term solution. Robert stated if it's going to be long term, he's afraid that other organizations will request the same type of service. Jeanne stated if other organizations were to request this type of service, a separate unit within POOL/PACT HR would be established. Jeanne also reiterated that the committee would have final say approving future contracts.

6. For Possible Action: Collective Bargaining Database

Jeanne advised the EMRB is collecting and posting CBAs on their website. This information was provided by Geof. Jeanne questioned if it's a duplication of effort. In looking at statistics on the POOL/PACT website of how often the CBA database is viewed, the numbers are very disappointing. Jeanne asked if Christine should continue collecting and updating this information or is the information in EMRB is sufficient. Pat stated committee members should check with their HR staff and take a look at the EMRB website, as well as find out if they have utilized the POOL/PACT HR CBA database. Jeanne stated this could be discussed again in the next OSC meeting. Jeanne asked committee members if they have looked at the EMRB site. Geof responded he had not; he just forward the information. Geof also stated that he completed the negotiations for the County and did not go into the POOL/PACT HR website to review contracts. Geof stated he goes directly to other County sites and pulls contracts. Robert stated he calls and asks for them. Jeanne mentioned EMRB site has links which breaks the agreements out by different types of districts/organizations. Robert stated he has viewed the site and does not know if all are listed. Alan mentioned he has seen negotiated agreements on EMRB and it is great for School Districts; he has not looked at POOL/PACT website and thanked Jeanne for pointing it out. Robert Quick stated the EMRB will only have what districts/organizations send to them. He further stated as long as EMRB keeps updating this information, it won't be necessary for POOL/PACT to do it. Jeanne stated she thought the same. Geof also advised the law requires the labor organizations to send EMRB the finalized agreements. Jeanne reiterated to pend this item for next meeting and requested committee members to check with their staff before a final determination is made.

Curtis asked for a motion to pend this item for the next oversight meeting. Pat Whitten made a motion; Robert seconded; motion carries.

7. For Possible Action: 2015 HR-Related Legislation

Jeanne stated it is still in draft form and hopes to release to members on Monday, June 22.

Curtis mentioned POOL/PACT HR was ahead of other organizations; it's the first comprehensive report he has seen and really well done. Pat stated, "Great job." Robert stated it takes him weeks to review and read bills; it's very nice. Jeanne asked if there were any questions; there were none.

Jeanne pointed out two bills she found interesting:

SB-447 Counties and Cities with law enforcement: They can adopt a policy which will prohibit accommodations for an employee in Law Enforcement or specific employees of District Attorney's offices for the use of medical marijuana. Jeanne advised the committee that the revised sample policy will have language related to this in the Drug and Alcohol section which organizations may choose to adopt.

SB-482 Salaries/Compensation for Elected County officials: There is a provision that the County Commissioners can determine if the organization has sufficient resources or salary increases for the elected officials and may elect not to pay increases based upon those findings.

8. For Possible Action: HR Scholarship Application Approval

No scholarship applications were presented for approval.

9. For Possible Action: HR Assessment Grant Application Approval

Applications presented to the committee included: Churchill County (Phase I), City of Winnemucca (Phase I), Sun Valley GID (Phase I), Carson Water Subconservancy District (Phase II), and Gerlach GID (Phase II). Curtis asked for a motion to approve all applications as presented. Robert made a motion; Jose seconded; motion carries.

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

Next meeting is scheduled for October 2, 2015, at 10:30 a.m., in Carson City.

11. Item: Public comment

None

12. For Possible Action: Adjournment

Curtis called the meeting adjourned at 11:12 a.m.



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

Date: October 2, 2015 Time: 10:30 a.m.
Place: POOL/PACT Offices
201 S. Roop Street
Carson City, NV 89701

1. Oversight Committee Roll Call

Members participating in person: Pat Whitten (acting Chairperson); Geof Stark. Members participating by phone: Tim Logan; Robert Quick; Ben Sharit; Cindy Hixenbaugh; Emily Carter; Jose Delfin. Members not participating: Chairman Curtis Calder; Tina Hubbard; Danelle Shamrell. PRI Staff: Jeanne Greene; Dora Moya.

2. Item: Public comment:

None

3. For Possible Action: Approval of Minutes of Meeting June 9, 2015

Ben Sharit made a motion to approve the Minutes of June 9, 2015. Robert Quick seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 14/15 Strategic Plan Final

Jeanne reviewed the 14/15 Strategic Plan.

New Trainings - Seven new trainings were developed this fiscal year: *You Can't do THAT at Work! Anti-Harassment (Part I and Part II); Dealing with the Irate Customer; Workplace Conflict Resolution Series (Part I-Taking Control of Conflict; Part II-Self as Mediator, Part III-Manager as Mediator); and Ethics in the Workplace.* The Board has requested POOL/PACT HR develop two new courses every year. This year seven were developed. *Diversity Awareness* was moved to next year due to other priorities.

Regional Trainings – Eleven regional trainings were offered throughout the state: Three *EMS*; two in Carson City and one in Elko. *HR Representative* was offered once. *Bullying in the*

Workplace and Advanced EMS were cancelled due to low registration. *Advanced HR Representative* was postponed to August.

Workshops Utilizing Outside Resources – Internal investigation training was provided in six locations around the state by attorneys from Erickson, Thorpe and Swainston. Ann Alexander presented *Investigation Techniques for Bullying Complaints* to Nye County School District.

New Briefings - Three new HR Briefings were developed: *Strategic Planning, Unemployment Process, and Bring Your Own Device*.

Updated Briefings – 18 briefings were updated.

Member Survey - Survey was completed at the beginning of this fiscal year. Results were presented to the Oversight Committee in the fall and the results of the survey were used to create POOL/PACT HR's strategic plan for FY15/16.

Post Members Pay Plan/Scale on Website – Jeanne stated POOL/PACT HR has updated all pay plans on the website. The members pay plans are linked or uploaded to the POOL/PACT website and also include links back to the organization's website if they have the job descriptions available.

Review and Update Sample Forms – Jeanne stated this project is ongoing. Staff continues to update the sample forms.

Update Collective Bargaining Database – Jeanne stated this project is complete for the fiscal year.

Review and Update Sample Job Descriptions – This is continually being worked on. They provide members with types of essential functions they may want to include in their job descriptions.

Statewide Webinars – Four webinars were presented to the members through *Resources For Living*.

Sample Personnel Policy Annual Update – Sample Personnel policies were released after legislation was completed this year. Updates were sent out on June 26 for the large and both small sample policies, the school policies were delayed due to extensive changes in school statutes; they were not released until July 13.

Alerts – Two Alerts have been issued: *FMLA Update: Same Sex Marriages; Changes to Employee Assistance Program*. These are topics members need to know immediately if there has been a change in law, significant court decision, or change in program.

Trainings – 222 trainings have been completed, with 3,742 participants which are more than in any other previous year; average evaluation for course content was 4.6; average instructor evaluation was 4.8. Jeanne stated POOL/PACT HR trainings have increased significantly and provided training totals of past years to committee members: FY 11/12 - 123; FY 12/13 - 115; FY 13/14 - 133. POOL/PACT HR is being asked to do more training; i.e., organizations are requesting

more of our services. Jeanne stated this is a really good sign; a lot of this occurred after the elections, a number of newly elected individuals are making significant changes, they are wanting to do things the right way. Jeanne also advised three new sheriffs throughout the state, are taking their organization in a different direction and they are working closely with their HR person within their county, it is exciting and is good for POOL/PACT.

Phase I HR Compliance Assessment Program – POOL/PACT HR keeps working with the members trying to help them in completing the assessments. Town of Round Mountain was moved to this fiscal year, their town manager is retiring and he wants to wait until their new manager comes in before the assessment is done. Moapa Water decided they did not want it done.

Phase II HR Compliance Assessment Program – There are four from previous years that have not been completed, but the members continue to work on implementing the recommendations made. Nine assessments were scheduled this year; Douglas County was not completed due to their HR manager leaving.

FRISK – There were nine completed and two were moved to this year, the City of Fernley and Tahoe Douglas Fire Protection District.

b. 15/16 Strategic Plan to date

New Trainings - *HR Representative Certificate Program*, the five day regional training is being written from scratch by Stacy Norbeck. Jeanne stated it is about ten year old and it needed to be revamped. Stacy has completed the first two sessions and has three more to complete. Once *HR Representative* is finished she will go on to creating new *Drug and Alcohol* classes.

Revised Trainings – Currently no revised trainings have been identified.

Regional Trainings - *EMS* has been scheduled seven times, twice in Carson City and once in Elko, Boulder City, Nye County, Fernley, and Hawthorne, all based upon request from members.

Workshops Utilizing Outside Resources - *Negotiations* training will be presented by Charlie Cockerill and Thoran Towler of Allison Mackenzie. Jeanne advised that it is similar training that has been provided in the past. Thoran was the previous Labor Commissioner for the State of Nevada and also was a Deputy District Attorney with Carson City so he has much experience with negotiations, it will be a good addition.

Becky Bruch with Erickson, Thorpe and Swainston, will be going around the state discussing *Medical Marijuana* in the Spring. She discussed this topic at the HR Seminar and Jeanne thought it was very interesting. The presentation will be an opportunity to have more time to discuss the issue and have a time allotted for questions; it is planned to be presented in Elko, Ely, Pahrump, and Carson City in March 2016; final dates will be given in the next Strategic Plan.

New HR Briefings - Three new briefings have been identified to be completed this year.

Updated HR Briefings - 29 briefings are scheduled to be updated, four are completed.

Statewide Webinars – These are the webinars POOL/PACT HR hosts through the EAP. The first webinar this fiscal year is *Respectful Communication in the Workplace*. It is the most popular webinar POOL/PACT HR has hosted to date, additional lines needed to be provided. There were 67 participants but there were multiple people listening in on a single line. It was a very popular topic and received good feedback. A recording is made available which is posted on the POOL/PACT website after the fact, but is only available for thirty days. Geof asked if it was already available online. Jeanne answered she would ask Christine.

Update Member Pay Plan/Scale- The member's pay scale on the website has not been done yet this fiscal year.

Update Collective Bargaining Database- Topic will be discussed later in meeting.

Sample Personnel Policy Annual Update - Personnel policies will be updated at the end of the fiscal year.

Trainings- 23 training classes were completed, as of a couple of weeks ago, there have been a few more since then with over 1000 participants.

FRISK- John Bates has trained everyone in China Springs. Elko County and City of Carlin also indicated an interest, he will be doing training with them this year and those will be added to the strategic plan for next time. Lyon County has been scheduled; there are 70 supervisors that will be going through so John will be doing it in three sessions.

HR Assessment Phase I – Only four have been identified. Jeanne explained to the committee almost all of the large organizations have participated in the program.

HR Assessment Phase II – Five members have been identified.

Geof Stark asked what types of recommendations are implemented. Jeanne stated some include pre-payment plans with fire departments. Jeanne also advised that all exempt job descriptions are reviewed. Payment practices are also reviewed not only against federal and state law but also to make sure that it is in compliance with collective bargaining agreements and personnel policies.

Pat Whitten asked if a review has been completed between members who participate in POOL/PACT HR trainings vs. their loss history and the premiums each member is paying. Jeanne stated she would obtain statistics.

c. Employment Opportunity Listing Website

Jeanne explained the website links member webpages so applicants can view vacant job notices. POOL/PACT HR maintains statistics on the number of visits/hits. She stated that the numbers in July and August were higher.

5. For Possible Action: Report on Other Activities

a. Report on Employment Related Claims

Jeanne stated last year there were a total of 31 claims; this is the lowest number of claims since 07/08. POOL/PACT HR is taking a proactive approach and advising ASC of potential claims.

b. Eureka County Service Status Report

Jeanne reported there have been a number of employee issues in Eureka County recently prompting POOL/PACT HR to bill twice for additional hours over the contracted amount. A unique issue Jeanne worked on included an employee who left to join the Army three years ago and returned to their former position so the current employee in that position had to be RIF'ed, PERS was contacted to buy back the service credit that would have been accrued, and brought the employee back to comply with USERRA.

Geof Stark asked Jeanne about current staffing levels considering the amount of training as well as the time spent doing HR for Eureka County. Jeanne believes current staffing levels are adequate. Jeanne explained the parameters of the Eureka County contract including hours, monthly cost, and Jeanne stated the workload remains manageable, however if requests for services/trainings continue to increase there may be a need to increase staff.

6. For Possible Action: Collective Bargaining Database

This is an item that was carried over from the previous meeting. Jeanne gave the committee a brief overview of the Collective Bargaining Database project. She also explained the EMRB now collects and posts all negotiated agreements onto their website. Jeanne stated POOL/PACT HR does break down common areas of collective bargaining in a spreadsheet and EMRB does not. According to the statistics, this area of the website is not being accessed. Robert Quick stated he has looked at the EMRB site and based upon the statistics, he does not think that there is justification for POOL/PACT HR's continued work on this project.

Robert Quick made a motion to discontinue the CBA database. Ben Sharit seconded. Motion was carried.

7. For Possible Action: HR Scholarship Application Approval

Amanda Osborne from Elko County and Cindy Hixenbaugh from Pershing General Hospital submitted applications to attend Mediation training to assist POOL/PACT HR with trainings. Jeanne explained the cost for this class is \$1,000 each and hotel costs are \$318. Additional travel costs will be reimbursed so Jeanne could not provide an exact number. She anticipates the cost per person would be around \$1,600.

Robert Quick made a motion to approve the applications as presented. Emily Carter seconded the motion. Motion was carried.

Jeanne took a moment to explain the scholarship program started in 2013 and since its inception, 11 applications have been approved. Only one did not pass the examination so the pass rate for the program is very high and Jeanne considers the program a success. Jeanne also stated that \$17,484 has been paid toward scholarships. Pat Whitten stated it has been money very well spent.

8. For Possible Action: HR Assessment Grant Application Approval

Applications presented to the committee included: Virgin Valley Water District (Phase I) and City of Elko (Phase I).

Ben Sharit made a motion to approve the applications as presented. Jose Delfin seconded the motion. Motion was carried.

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

Next meeting is scheduled for December 11, 2015, at 10:30 a.m., in Carson City.

10. Item: Public comment

Pat Whitten stated he heard the HR Seminar was a great success. Geof Stark agreed and thought it was well attended. Jeanne agreed it went very well and explained POOL/PACT HR staff was going to meet in the afternoon to debrief and view evaluation results. Jose Delfin stated he was in attendance and took some of the items presented and discussed in a staff meeting.

11. For Possible Action: Adjournment

Pat Whitten called the meeting adjourned at 11:20 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 11, 2015 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: Ben Sharit. Members participating by phone: Chairman Curtis Calder; Cindy Hixenbaugh; Emily Carter; Danelle Shamrell; Geof Stark. Members not participating: Pat Whitten; Tina Hubbard; Robert Quick; Tim Logan. PRI Staff: Jeanne Greene; Erica Amatore.

2. Item: Public comment:

Jeanne Greene introduced Erica Amatore to the Oversight Committee. Erica has been an employee of PRI for approximately two months and will take over managing the minutes for the meetings.

3. For Possible Action: Approval of Minutes of Meeting October 2, 2015

Geof Stark made a motion to approve the Minutes of October 2, 2015. Robert Quick seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 15/16 Strategic Plan to date

Jeanne reviewed the 15/16 Strategic Plan.

New Trainings —Jeanne stated a complete rewrite of the *HR Representative* course was planned in the current fiscal year. This is a five session, five day course written by training manager Stacy Norbeck. The first three sessions are complete and Stacy is currently writing session four. The program will start in March. The new *Drug and Alcohol* class has not been started yet as Stacy is looking for a new video for the course. At this time she has not found a video which meets the needs for the class.

Revisions — Three classes are scheduled this year to be revised. Two have been identified: *AEMS* and *EMS 4*. Another class will be identified by the end of the fiscal year.

Regional Trainings — *EMS* has been given twice this year; once in Carson City and once in Fernley. *Advanced HR Rep* was presented in August. *AEMS* was presented in November. *EMS* will be taught again in February in Carson City. The notice has been sent to members and currently there are seven participants signed up. John Bates will teach *EMS* in Elko this spring. *EMS* was originally scheduled to be taught in Hawthorne this fall, but is rescheduled for the spring due to low registration. *AEMS* will be taught this spring in Eureka with participants from White Pine, Eureka, Elko, and Lander Counties. The *HR Rep* class is being rewritten and will start in March and conclude in April. *Workplace Conflict Resolution* is the new class supported by scholarships for participants to go through the mediation process. Committee member, Cindy Hixenbaugh, took the class to become a trainer. *AHRR and AEMS* are being taught this spring. Two additional *EMS* classes will be taught in the spring in Nye County and Boulder City; 50 participants already registered for the class in Boulder City.

Workshops Utilizing Outside Resources — Negotiations training was provided in four locations around the state by Charlie Cockerill and Thoran Towler. Ann Alexander and Becky Bruch will present medical marijuana and legal court cases about pregnancy discrimination in four different locations starting in March. The advertisement will go out at the beginning of the year.

New Briefings — Three new HR Briefings are in draft form at this time and will be 100% complete by the next meeting.

Updated Briefings — Briefings have been identified for revision and will be complete by June 30th.

Statewide Webinars — *Diversity* is 100% complete. *Respectful Communication in the Workplace* was very popular.

Post Member Pay Plan/Scale on Website — Currently in process now.

Sample Personnel Policy Annual Update – Sample personnel policies will be updated by the end of June. Changes have been noted, but will not be released until June.

Alerts – One alert has been issued: FLSA changes from the Department of Labor. The DOL will not be making the changes until May or June; thus, policy and training changes are anticipated to be made this fiscal year.

Trainings – 73 trainings have been completed with over 1,800 participants.

HR Briefings — Three completed with 17 participants.

FRISK – John Bates completed nine classes with approximately 91 participants.

Curtis Calder asked when FRISK is presented a second time, is it a refresher or the original training from the beginning? Jeanne stated it is the original course; many participants have

stated the concepts make more sense after they have used it and want to go through the class again to fine tune their knowledge.

Jeanne advised John presented a FRISK briefing with Tahoe Douglas Fire Protection District on December 2, but they have not yet scheduled the actual training. Ben Sharit stated they will schedule it in the spring.

Danelle Shamrell asked if briefings are presented first to see if they work before implementing the training. Ben stated that is correct and what they are doing.

Jeanne stated John has completed FRISK for China Springs, which is part of Douglas County; however Douglas County has not adopted FRISK. The City of Carlin supervisors have also all gone through FRISK training.

Phase I HR Compliance Assessment Program — Some older assessments are still not complete, but progress is being made so they remain on the schedule. If there has not been any progress in three years, members are removed and will have to reapply for the assessment at a future date.

15/16 Assessments

Nye Schools on December 15

Grover C. Dils on January 8

Douglas County Sewer in January

Ely is TBD

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

Phase II HR Compliant Assessment Program- Gardnerville Ranchos GID has completed.

15/16 Assessments

City of Yerington — December 11: results from on-site assessment given

Sun Valley — January 20

Beatty Water and Sanitation — agreed to assessment, but not yet scheduled

Central Dispatch — agreed to assessment, but not yet scheduled

Indian Hills — agreed to assessment, but not yet scheduled

b. Employment Opportunity Listing Website

Jeanne explained the website links member webpages so applicants can view vacant job notices. POOL/PACT HR maintains statistics on the number of visits/hits. She asked the committee if they would still like to get this quarterly or if annually would be sufficient. Curtis stated annually would be fine as he doesn't see any major changes from quarter to quarter. Jeanne asked if anyone disagreed with getting the report annually. Geof indicated he doesn't have an issue with receiving the report annually, but asked if the report takes a lot of our time to complete. Jeanne states it really doesn't take a lot of time and we are able to update it accordingly every quarter. All board members agreed to receive on an annual basis.

5. For Possible Action: Report on Other Activities

a. Report on Employment Related Claims

Jeanne stated there are 13 claims as of the end of October; none of them have incurred any expenses. Some claims reported were outside of the HR scope.

b. Eureka County Service Status Report

Jeanne reported this update is from September 24th - November 24th. There was an online survey conducted for the employees. Eureka County is looking to cut three million dollars from the next fiscal year budget and an additional three million the second year. Jeanne stated she doesn't know if they will be able to make the indicated cuts. They requested a survey to get the employee's feedback; this survey was created through the Constant Contact program and they were charged an additional fee as this service is outside the scope of the contract. Jeanne mentioned it has been asked how long the contract will last with Eureka County. She stated Eureka County is currently making some organizational changes and they plan to hire a Comptroller, which they have never had before. Jeanne feels this change may allow the county to take on the HR duties by the end of the fiscal year. She also stated PRI will provide support during the transition if this occurs.

Geof asked Jeanne about the amount of training and time spent providing HR services for Eureka County and if it took too much time away from PRI services. Jeanne stated we are able to provide services they need at this time without putting any PRI services aside.

6. For Possible Action: 16/17 Strategic Plan — Jeanne stated this item needs approval before going to the Executive Committee.

New Trainings — Three new trainings will be written; Communication Styles (for all employees) and The Toughest Supervisor Challenges (for managers and supervisors). A third training has not yet been identified.

Revised Courses — No revisions are currently identified, but will be addressed as they come up. There will be possible changes due to FLSA changing exempt and non-exempt definitions.

Regional Trainings — Trainings have been identified and all are in Carson City. More will be added throughout the year.

Jeanne asked if there were any other regional trainings anyone would want added at this time. Curtis stated one thing he hears a lot about is questions related to Obamacare. He is not sure if this is outside of PRI's scope. Jeanne stated the upcoming presidential election could pose changes to healthcare in general. At this point, members are directed to their insurance brokers. Curtis suggested that we put a place holder here and come back to it if needed. Pat stated he uses their broker when they need to. Danelle stated she also uses her broker. Jeanne asked if they are obtaining helpful information from using their brokers. Pat and Danelle both agreed it has been helpful. Jeanne stated the biggest concern is, more than likely, the Cadillac Tax, which will go into effect in 2018. Curtis stated to be careful with regard to union trusts when

renegotiating health plans because he is not sure the information is accurate. Jeanne agreed to revisit this in the June meeting.

Regional Trainings Using Outside Resources — Social Media and Records Retention have been suggested. Jeanne indicated the State has been contacted several times to provide trainings on record retention, but they are not responsive. If a presentation occurs, additional categories of records retention outside HR could be discussed, such as elections, financial, etc.; the audience will be much bigger than just HR employees.

Pat asked if public records request could also be addressed. Jeanne stated that is a good point. Danelle stated she agrees with Pat on public records requests as she receives numerous requests. Jeanne stated she would look into this further.

New Briefings — Three new topics are identified: Employee Recognition, Tips to Staying Happy at Work, and Medical Marijuana.

Statewide Webinars — Four webinars will be presented by the EAP: Mental Health Awareness, Addressing Negativity for Employees, Emotional Intelligence, and Motivating Your Staff and Improving Morale.

FRISK — Two new members have been identified for FRISK; North Lake Tahoe Fire Protection District and Storey County School District.

Member Survey — A survey is sent out every other year to the members to determine if PRI is meeting their needs and to evaluate the quality of services. A draft will be presented to the June meeting for approval. Jeanne advised to email her with any suggestions for the survey and she will add them.

Phase I HR Compliance Assessment Program — 11 identified: Battle Mountain General Hospital, Churchill County Mosquito and Weed Abatement District, Lander County School District, Lovelock, Mineral County, North Lyon County Fire Protection District, Pershing County, Pershing County School District, Storey County School District, Western Nevada Development District, and West Wendover Recreation District.

Phase II HR Compliance Assessment Program — Three identified: City of Elko, Winnemucca, and Virgin Valley Water District.

Jeanne asked if there were any questions or comments about the proposed 16/17 strategic plan. Curtis stated it looks great and advised anyone to notify Jeanne with suggestions. Curtis mentioned PERS audits might be a good idea for a briefing topic. Jeanne stated we can contact PERS and see if they will work with PRI. Emily and Danelle agreed with PERS audits. Jeanne concludes there will be no changes to existing services.

Pat made a motion to approve the 16/17 strategic plan. Danelle seconded the motion. Motion was carried.

- 7. For Possible Action: Approval of Template for Summary of Member HR Services** — Jeanne stated a suggestion from Pat at the last meeting was to track services members are utilizing, as well as the legal costs.

Pat stated the template looked amazing and Jeanne did a great job. Danelle also agreed the template looked great and is really helpful. Jeanne asked what timeframe is of interest for the POOL defense costs. Pat stated three years would provide a good idea. Geof agreed with three years. Jeanne stated the policies will have a date listed when they were updated and *HR Rep* and *EMS* will indicate how many employees from each organization have attended. Curtis suggested the template be broken up by counties, school districts, special districts, and towns in order to correlate correctly. Pat suggested talking to Wayne about bringing this to the Executive Board and discussing offsetting costs. Jeanne stated she will update this and bring to the next meeting.

Danelle made a motion to approve the Template for Summary of Member HR Services. Pat seconded the motion. Motion was carried.

For Possible Action: HR Scholarship Application Approval — There are three applications for approval. Brenda Willey from Humboldt County submitted an application to attend training to obtain her SHRM Senior Certified Professional Designation. Jeanne explained she is the first one of our members to go this route. The total scholarship amount is \$1,395.00.

Geof asked if the amount included the test fee or does she apply separately. Jeanne stated it does include the test fee of \$300.00. The virtual seminar is \$1,095.00.

The second and third applicants are Lori Norcutt and Janel Buchan both from Churchill County School District. They are both Human Resources Analysts and have been in their positions over ten years. Both are applying for the PHR program. The total cost for each one is \$1,300.00.

Curtis asked if there is any discussion on the applications. Geof made a motion to approve the three HR Scholarship Applications as presented. Danelle seconded the motion. Motion was carried.

- 8. For Possible Action: HR Assessment Grant Application Approval** — Jeanne stated this is for Indian Hills GID. They completed their assessment a couple years ago, but John Lufrano was having a difficult time determining what he could use the grant money for. He is requesting to use the money on a security camera. The camera will cost \$363.14. Jeanne stated they have customers who come in to pay their water and sewer bills and there have been conflict with the customers.

Pat asked if we can make sure there are proper signs displayed to notify customers of the security camera. Jeanne stated she will ask John to do so.

Danelle made a motion to approve the HR Grant Application as presented. Cindy seconded the motion. Motion was carried.

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

Next meeting is tentatively scheduled for either March 11th or March 18th. Curtis stated to pencil in both dates for now and advised everyone to look at their calendars. Jeanne suggested sending out a survey in the middle of January and to schedule at that point for either March 11th or 18th.

10. Item: Public comment

None

11. For Possible Action: Adjournment

Curtis called the meeting adjourned at 11:21 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 18, 2016 Time: 10:30 a.m.
Place: POOL/PACT Offices
201 S. Roop Street
Carson City, NV 89701

1. Oversight Committee Roll Call

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

2. Item: Public comment:

No public present; no public comment.

3. For Possible Action: Approval of Minutes of Meeting December 11, 2015

Ben Sharit made a motion to approve the revised Minutes of December 11, 2015. Jose Delfin seconded the motion. Motion was carried.

4. For Possible Action: Report on Current Activities

a. 15/16 Strategic Plan to date

Jeanne reviewed the 15/16 Strategic Plan.

New Trainings — Jeanne stated a complete rewrite of the *HR Representative* course was in progress. The first four sessions are complete and the last session is currently being finalized. The new *Drug and Alcohol* class will be complete by May 6, 2016.

Revisions — Three classes were updated and are complete.

Regional Trainings — 15 scheduled. *EMS* has been given three times this year; twice in Carson City and once in Fernley. *Advanced HR Rep* was presented in August. *AEMS* was presented in November. *EMS* is currently being taught in Elko and Hawthorne. *AEMS* will be taught this spring in Eureka with participants from White Pine, Eureka, Elko, and Lander Counties and also in

Carson City. The *HR Rep* class has started in Carson City with two sessions completed and the remaining three are scheduled. *Workplace Conflict Resolution* is scheduled to be taught in Carson City on March 23 and March 24, 2016. *AHRR and AEMS* are being taught this spring. Two additional *EMS* classes will be taught in the spring in Nye County and Boulder City.

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

New Briefings — Three scheduled. Two are complete at this time and Regular Rate of Pay is currently pending.

Updated Briefings — Briefings have been identified for revision and will be complete by June 30th.

Statewide Webinars — *Emotional Intelligence* was completed on March 2, 2016 with 26 participants. One more is scheduled this fiscal year.

Post Member Pay Plan/Scale on Website — Currently in process.

Sample Personnel Policy Annual Update – Changes have been noted and sample personnel policies will be updated by the end of June.

Alerts – Three alerts have been issued: FLSA changes from the Department of Labor. The DOL will not be making the changes until May or June; thus, policy and training changes are anticipated to be made this fiscal year. The DOT Random Drug Testing Change has been complete. Paid Sick Leave for Federal Contractors went out last week.

Trainings – 124 trainings have been completed with approximately 2,500 participants. The average instructor rating is 4.7 out of 5.

HR Briefings — Seven completed, which is lower than years past as we have not had the request for briefings.

FRISK – John Bates completed nine classes with approximately 91 participants. The status of members listed on the service plan:

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

Tahoe Douglas Fire is at 100% complete.

Nye County and Boulder City have not been scheduled yet.

Lyon County and China Springs are both complete.

Elko County will be moved to next year.

Phase I HR Compliance Assessment Program — Some older assessments are still not complete, but progress is being made so they remain on the schedule. There have been staff changes in some of these organizations. There needs to be a manager on site before an assessment is performed.

Lander County Schools — scheduled for 4/11/16
Ely — not yet committed

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

Phase II HR Compliant Assessment Program- Sun Valley General Improvement District and Yerington have completed the onsite assessment.

Central Dispatch — agreed to assessment, but not yet scheduled
Indian Hills — scheduled for 4/1/16

5. For Possible Action: Report on Other Activities

a. Report on Employment Related Claims

Jeanne stated there were 20 claims opened as of the end of February; two have been closed, leaving 18 open at this time.

b. Eureka County Service Status Report

Jeanne reported this update is current from the last presented on 12/11/15. The majority of assistance to Eureka has involved job descriptions and recruitment. The District Attorney's office called Jeanne and requested the contract be extended for one more year under the same terms and conditions as the last contract. This would be an action needed for approval.

Geof asked Jeanne if she is still traveling to Eureka frequently or on an as-needed basis. Jeanne stated that visits are scheduled once a month to Eureka. If they need more frequent visits, they are billed for the additional time requested. Jeanne stated there were two times this year Eureka was charged for additional services. Jeanne has been working with the school district recently; they did not renew the contract with the Superintendent. Jeanne is helping with the recruitment of a Superintendent and when she is in Eureka assisting the school district, she will go to the County and help with HR business as well.

Curtis asks if continuing to help Eureka will take time away from other members that we serve. Jeanne stated at this time it is not. Jeanne strongly encourages Eureka to look at their existing staff and provide HR training to tend to needed responsibilities. So far, Eureka has eliminated over 10 positions, which at this time will not be re-filled; therefore, they do not have someone designated to take these responsibilities over at this time.

Curtis asked the committee how they feel about the one year extension of the contract. Emily stated she is okay with it. Ben stated he is good with it. Curtis stated as long as Jeanne feels

assisting Eureka is not preventing other members from receiving services; he is okay with extending the contract on a year-to-year basis.

Ben made a motion to approve to extend the contract with Eureka for an additional year. Geof seconded the motion. Motion was carried.

- 6. Summary of Member HR Services** — Jeanne stated this item was initially requested by Pat. We have listed the trainings that the members have participated in, as well as, the number of claims, and the cost for those claims.

Curtis stated this is a great piece of information and he asked to continue this report for the annual board meeting. Curtis asked if the costs listed combined just POOL costs or defense costs as well. Jeanne stated both are included.

Curtis asked if the committee had any questions or comments on the report. Danelle and Emily stated this report is great. Jeanne stated any questions or additional comments about this report after the meeting can be discussed by contacting the POOL/PACT office.

- 7. For Possible Action: HR Assessment Grant Application Approval** — Jeanne stated this is for Gardnerville Ranchos GID Phase II Assessment; they completed the Phase I Assessment a few years ago. They have implemented the recommended changes.

Danelle made a motion to approve the HR Grant Application as presented. Jose seconded the motion. Motion was carried.

- 8. For Possible Action: HR Scholarship Application Approval** — There are no scholarships at this time for approval.

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

Next meeting is scheduled for June 17, 2016, at 10:30 a.m., in Carson City.

- 10. Item: Public comment**

Jose mentioned the School District office is overflowing with files. He asked if anyone has considered scanning and archiving files. Jeanne stated the State Library of Archives does this for a fee. Danelle stated they have scanned most of their terminated employee files and had an employee who was on light duty for three months do the scanning. Jose stated that he will look further into this.

- 11. For Possible Action: Adjournment**

Curtis called the meeting adjourned at 11:13 a.m.



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**Minutes of Meeting of
Loss Control Committee of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: June 5, 2015**

1. Roll

The meeting was called to order by Chairman Cash Minor at 10:09 a.m. Ann Wiswell confirmed that a quorum was present.

Members present: Cash Minor (Elko County), John Dollar (Incline Village GID), Bryce Boldt (City of Boulder City), Bob Spellberg (Gardnerville Ranchos GID), Darren Wagner (City of Yerington), Dan Murphy (Pershing County School District)

Others present: Ann Wiswell

2. Public Comment

None

3. For Possible Action: Approval of Minutes of Committee Meeting of April 2, 2015

Upon motion and second, the minute were approved.

4. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by Churchill County

Geoff Stark described the need for an access control system for the social services building, providing added security for employees and night time access. Upon motion and second the committee approved the Risk Management Grant in the amount of \$14,286.00. Geoff Stark abstained.

5. For Possible Action: Review and Approval of Risk Management Grant Program Guidelines and Supporting Documents Effective July 1, 2015.

Ann reviewed the draft web based applications forms that would be available on the POOL/PACT website to facilitate online application for both educational and risk management grants. Geoff Stark recommended that a field for attachments be included.

6. Public Comment

None

7. For Possible Action: Adjournment

Upon motion and second, the meeting was adjourned.



**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 Loss Control Committee of
Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**
Date: Friday, September 4, 2015
Time: 11:00 AM
Place: POOL/PACT Offices
201 S. Roop St. Carson City, NV 89701
CONFERENCE CALL-IN # 1-800-351-4899, Passcode: AnnW.

1. Roll

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

2. Public Comment

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

3. For Possible Action: Approval of Minutes of Committee Meeting of June 5, 2015

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

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

Chair Minor opened this agenda item and Ann Wiswell reviewed the application. She noted that the grant proposer was unavailable for this meeting so she would present the details. She reviewed the application noting the need to replace a non-functioning fire alarm system in the county courthouse. She noted that the proposal was from an approved State of Nevada contractor. She responded to questions including about the number of grants funded over \$100,000 and the available funds for risk management grants. The grant proposal is for a new system at a cost of \$145,000. County match must be 25% and they do have the funds for this purpose.

On motion and second to approve the grant in the amount of \$108,750 with a match of \$36,250, subject to confirmation of the total budget of \$145,000 and the matching funds of \$36,250, the motion carried.

5. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by Pershing County School District

Chair Minor opened this agenda item. Dan Murphy reviewed their grant application for an upgrade to their security surveillance system that is antiquated in the amount of \$39,028.00 for the equipment with the school district staff doing the installation. The district's proposed system is similar to that used by other school districts.

On motion and second to approve the grant in the amount of 50% of \$19,514.00 with equal match by the school district, the motion carried. Dan Murphy abstained since it was his district's proposal.

6. For Possible Action: Review and Approval of Estimate from Silver Legacy for Facility Use For May 19th-May 20th Risk Management Symposium

Ann Wiswell explained the status of the proposed meeting at the Atlantis, Silver Peak or Silver Legacy. Estimated cost would be about \$13,000.

On motion and second to approve the contract with Silver Legacy Hotel for the May 19th-20th, 2016 risk management symposium, the motion carried.

7. For Possible Action: Staff report on H.I.L.T program

Ann Wiswell reported that 300 of the H.I.L.T. devices had been received and that Risk Hudson and Josh Wilson were beginning to deliver them to members.

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

8. For Possible Action: Staff report on Grants to School Districts for Emergency Response and Preparedness

Ann Wiswell commented that a contract with School Safety Solutions was entered into three months ago to conduct assessments for all 15 school district members. Jeff Kaye has begun the school assessments with Lander CSD, Churchill CSD and will do Mineral CSD and Storey CSD shortly. The scope of these assessments includes facility assessments, interviews with various stakeholders in the school district and in the community. The reports are quite thorough and go to the school district development committees for review and then they work on the emergency operations plans.

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

9. Public Comment

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

10. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

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

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

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

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

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



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MINUTES

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

Date: Tuesday, December 15, 2015

Time: 9:00 AM

Place: POOL/PACT Offices

201 S. Roop St. Carson City, NV 89701

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

1. Roll

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

Members Present: Mike Rebaleati, Cash Minor, John Dollar, Gina Mendez, Dan Murphy, Geof Stark, Bryce Boldt, Bob Spellberg

Members Absent: Darren Wagner

Others Present: Wayne Carlson, Ann Wiswell, Rick Hudson, Mel Iida, Josh Wilson

2. Public Comment

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

3. For Possible Action: Approval of Minutes of Committee Meeting of September 4, 2015

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

4. Discussion Only: Loss Control Excellence Program Renewals; Member Notifications

An update to the board was given by Michael Rebaleati and Rick Hudson. No renewals are outstanding as of this meeting and any renewal proposal will be presented to the board at the February 2016 Loss Control Committee meeting.

5. For Possible Action: Review and Approval of Stryker Grant Fund

There was discussion concerning the issue if applicants were interested in other equipment besides Stryker equipment. This issue will be addressed at future Loss Control Committee meetings with the possibility of a separate grant process.

On motion and second to approve up to \$150,000 available to applicants for the Stryker Grant Funds, the motion carried.

6. For Possible Action: Review and Approval of 2016 Risk Management Symposium Program

There also will be a dinner/bar provided to attendees on May 19 and a buffet breakfast on May 20. Announcements and notices will be delivered to the members mid January 2016. The symposium's topic and speaker list is being developed by Mike Rebaleati and Wayne Carlson.

On motion and second to approve three training tracks and a keynote speaker for the 2016 Risk Management Symposium on May 19 and 20, 2016 at the Sivler Legacy Casino, the motion carried.

7. For Possible Action: Staff report on H.I.L.T program

Rick Hudson and Josh Wilson from Willis overviewed the current status of the H.I.L.T. program. 300 of the H.I.L.T. units are in the process of being delivered to our member's first responders throughout the state. No action was taken.

8. For Possible Action: Staff report on Grants to School Districts for Emergency Response and Preparedness

Jeff Kaye, president of School Safety Operations, has completed and delivered the Hazard and Vulnerability Assessment Reports for the Pershing County School District, Mineral County School District, Churchill County School District, Carson City School District and Storey County School District. Mr. Kaye is in the process of the remaining school district members and is on schedule in completing the other district's reports.

9. Public Comment

No public comment was received.

10. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

The Agenda was posted at the following locations:

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**Eureka County Courthouse
10 S. Main Street
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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

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

Date: Tuesday, February 9, 2016

Time: 1:00 PM

Place: POOL/PACT Offices

201 S. Roop St. Carson City, NV 89701

CONFERENCE CALL-IN # 1-800-351-6805, Passcode: MikeR.

AGENDA

1. Roll

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

2. Public Comment

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

3. For Possible Action: Approval of Minutes of Committee Meeting of December 15, 2015

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

4. For Possible Action: Loss Control Excellence Program. Items will include future program dates, approving awards, renewals, and member notifications.

Chair Minor opened this agenda item. Discussion was held concerning the different application process and renewals. The criteria of the applications was discussed and minimum level to meet. The timeline for renewal of three years was clarified. Eureka County and Pershing County submitted an application for renewal. White Pine County School District submitted their first application for a loss control award. Despite areas of concerns in the applications, the emphasis on renewal applications will be to focus on areas of improvement from the prior applications to ensure progress has been made.

On motion and second, the two renewals were contingently approved with the applying entities to improve the areas of concern.

5. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by Mason Valley Fire Protection District.

Mason Valley Fire Protection District submitted a risk management grant application for Stryker Power Load ambulance lifting equipment for a total of \$25,188.00.

On motion and second, the Mason Valley Fire Protection District grant applicant was approved.

6. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by Churchill County.

Churchill County grant application for a security system upgrade for the Churchill County Juvenile Detention Center. Total cost is estimated to be \$94,885 with \$70,000 to be Churchill County share and \$24,885 to be Pool/Pact share.

On motion and second, the Churchill County grant application was approved. Geoff Stark abstained.

7. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by Elko County Fire Protection District.

Elko County Fire Protection District grant application for road way and highway hazard mitigations for first responders. Discussion was held on clarifying the minimum threshold amounts that the applying entity will be required to contribute and new notifications to all members to announce the availability of the grant monies.

On motion and second, the Elko County Fire Protection District was approved with a one-time waiver to grant \$36,000 from Pool Pact funding for the total budget of \$45,184 and a remaining \$9,184 to be supplied by in kind work. Chairman Minor abstained.

8. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by City of Caliente.

City of Caliente submitted a grant application for safety equipment for utility workers. Discussion was held on the possibility of another exception, the type of listed items requested, and matching share.

On motion and second, direction was given to Pool/Pact to contact the City of Caliente to modify the request to remove certain non-qualifying items to bring the applicant funding to the 25% level.

9. For Possible Action: Review and Approval of Stryker Grant Fund Applications and deciding on future grant application dates.

Chair Minor opened this agenda item. Discussion was held concerning the dates for application due dates, for the overall risk management grant criteria, and the requirement form.

On motion and second, the dates of March 1 and September 1 were approved as grant application due dates.

10. Discussion only: Update on the 2016 Risk Management Symposium Program.

The symposium timeline for the first day to be held on the afternoon of May 18 and the morning of May 19 was discussed. The location will be the Silver Legacy Casino in Reno Nevada. Dinner and breakfast will be provided.

11. Discussion only : Staff report on H.I.L.T program

Discussion on the distribution of the H.I.L.T. product was given by Josh Wilson. All entities will receive these H.I.L.T. products and committee members were

12. For Possible Action: Staff report on Grants to School Districts for Emergency Response and Preparedness

Discussion on the HVA process being provided by Jeff Kay was held. This process is proceeding with approximately 40 % of the school districts close to being completed. The HVA process is on schedule according to the contract. Ann Wiswell from Carson City School District also announced a special SRO training available to other School Districts for the last week of March. No motion was needed at this time.

13. For Possible Action: Request from Churchill County for Fallon Volunteer Fire Department Respirator Fitness Test.

Discussion was held on the fact that the City of Fallon does not participate with Pool/Pact but Churchill County does. However, the Fallon Volunteer Fire Department serves both the City of Fallon and Churchill County.

On motion and second, the request for respirator fit tests to be provided to the Churchill County. Geoff Stark abstained.

14. Public Comment

The request for "Torch" training concerning School personnel requirements to report bullying. United Educators and additional state resources will be researched.

15. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.



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

Date: Wednesday April 13, 2016

Time: 11:00 am

Place: POOL/PACT Offices

201 S. Roop St. Carson City, NV 89701

CONFERENCE CALL-IN # 1-800-351-6805, Passcode: MikeR.

1. Roll

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

Others Present: Mike Rebaleati, Wayne Carlson, Zaria Hanses

2. Public Comment

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

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

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

4. For Possible Action: Review and Approval of Combining the Grant Application process for the Stryker and Risk management grants. This item will include the overall process of procuring Pool/Pact grants. Address whether the number of educational grants is for the member entity including all sub-entities or not and how to adjust the applying process to get approval from Liaisons.

Mike Rebaleati reviewed his memo regarding changes to the risk management grant program with the following recommendations:

- 1) Have one consolidated grant application.
- 2) Leave all existing criteria as it is stated on the Pool/Pact website.
- 3) Leave the Risk Management Training criteria as is.
- 4) Change all other Risk management initiative grants to a uniform 75% pool pact contribution and 25% member contribution match.
- 5) All applications must have the signature of the department of the applying entity and the approval of the applicant's Pool/Pact liaison and/or board approval.
- 6) Pool/Pact staff has the authority to approve Risk Management Initiative grants up to \$10,000. These will be presented to the Loss Control Committee and the subsequent meeting. All Risk Management Initiative grants exceeding \$10,000 must be submitted to the Loss Control Committee by March 1 and September 1 of each calendar year.

The committee discussed these recommendations.

On motion and second to approve the recommendations subject to no one Member being able to receive more than two grants valued under \$10,000 each in a given fiscal year and all grants being reported to the Loss Control Committee by March 1 and September 1 each calendar year, the motion carried.

5. For Possible Action: Review and Approval of Risk Management/ Stryker Grant Application Submitted by Mt. Charleston FPD.

The committee reviewed the grant application, noting that it came in under the 50% match requirement.

On motion and second to approve the grant with a 50% match, the motion carried.

6. For Possible Action: Review and Approval of Risk Management/ Stryker Grant Application Submitted by Pershing County.

The committee reviewed the grant application, noting that it came in under the 50% match requirement.

On motion and second to approve the grant with a 50% match, the motion carried.

7. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by Mineral County PD.

The committee reviewed the grant application, noting that it came in under the 25% match requirement. It was noted that there are Department of Justice grants funds available for such personal protective equipment.

On motion and second to approve the grant with a 25% match, subject to further review of availability of Department of Justice grant funds, the motion carried.

8. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by Gardnerville Ranchos General Improvement District.

The committee reviewed the grant application, noting that it came in under the 25% match requirement.

On motion and second to approve the grant as submitted with the matching funds, the motion carried.

9. For Possible Action: Review and Approval of Risk Management Grant Application Submitted by Mineral County FPD.

The committee reviewed the grant application, noting that it came in under the 25% match requirement. It was noted that such equipment should have been a regularly budgeted item for replacement as an operational obligation. Concerns were expressed regarding potential for members to try to use the risk management grants as a substitute for their operational budgets.

Chair Minor called for a motion. No motion was made regarding this item.

10. Discussion only: Loss control topics and updates such as the 2016 Risk Management Symposium Program, Grant process for School Districts Hazard and Vulnerability Assessment/Training

program, School District Bus Driver training update, Cyber Security program, and the HILT grant will be presented at the Annual meeting on April 29, 2016.

Mike Rebaleati gave an overview of the status of these programs and advised the committee that he will give a fuller presentation to the entire board at the annual meeting. No action.

11. Public Comment

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

12. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned.

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

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155 North Taylor Street
Fallon, NV 89406**

Assigned to PARMS/Risk Management

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

Objectives:	Strategies	Target Date	Progress/Status Report
Goal: Enhance Communications with Members and Access to Information			
Communications Plan			
Written plan to address: periodic print publications;	Risk Management Bulletins	FY 2015-18	4 bulletins a years + as needed 4 Newsletters a year+ new letter for LMS admins only; "Sparks" newsletter for Torch administrators; Website refreshed 2/2016
online communications;	Website enhancements; Pooling Perspectives newsletter	FY 2015-18	as needed by BLG
meeting and conference materials;	Board packets, RM Conference materials, banners, giveaways	FY 2015-18	as needed by BLG
media relations and public relations materials;	Industry association communications, member orientation tools	FY 2015-18	as needed by BLG; updated RM Grant online 2016
marketing and sales tools;	targeted communication pieces; LCEP, Property Risk Control, ELearning brochures	FY 2015-18	Adobe Connect licensed for unlimited online meetings w/ up to 100 persons in meeting
committee and board communiques;	Web Meetings, enhanced meeting tools (Connect)	FY 2015-18	ongoing; periodicals
annual reports;	Access online and in print	FY 2015-18	As defined by LC Committee; launched several new ones in FY 2015-16
Enhance & Market POOL/PACT E-Learning Program			
	Course development	FY 2015-18	Torch updated and expanded FY 2015-16
	LMS Development	FY 2015-18	Site visits, webinars, reference materials
	Member Utilization	FY 2015-18	
Goal: Plan, promote and implement risk management initiatives to reduce liability and protect public assets.			
Evaluate loss trends	Quarterly review of large losses; monthly review of loss development		ongoing
Monitor Swimming Pool exposures and continually train operators	Inspect each swimming pool every three years; host annual Swimming Pool Operators certification course.	FY 2015-18	annual pool inspections 6/2015; 6/2016
Monitor electrical hazards in aging buildings	Conduct thermal imaging surveys of select buildings based on COPE data	FY 2015-18	annual electrical inspections rotating every three years & as needed
Plan, promote and implement risk management initiatives to address exposures unique to school districts	Host workshops on relevant topics	FY 2015-18	Bullying legislation, EOP's, Security issues
	Webinar series on student affairs policies	FY 2015-18	updates planned FY 2016-18
	Circulate UE publications	FY 2015-18	ongoing;periodicals
Plan, promote and implement risk management initiatives to address exposures unique to law enforcement agencies	Constitutional Law Update, Supervising the Toxic Officer	annually	Elko & IVGID FY 2015; Reno 5/2016
	Implement standardized policies; available on website	annually	Full update FY 2015
	Deliver Emergency Management Dispatch Training	quarterly	ongoing quarterly program
	PATC Law Enforcement Training modules via Website portal	monthly	FY 2016
Deliver Elected Officials Liability Training Workshops	Open Meeting Law	FY 2015-18	available online 2015 and for 16 members onsite FY2014-15; 2 on site FY 2015-16
	Positive Governance	FY 2015-18	completed1 members FY2014-15; 2 in FY2015-16
	Ethics	FY 2015-18	available online 2015 and for 16 members onsite FY2014-15; 2 on site FY 2015-16
	Review member contracts for risk transfer, assumption of liability and insurance requirements	FY 2015-18	ongoing
Risk Management Contract Review	Conduct ad hoc research and publish relevant findings to membership in newsletters and rm bulletins	FY 2015-18	ongoing
Risk Research Projects	Promote Cardiac Wellness to Law Enforcement and Fire agencies	annually	done 2015-16
Wellness programs			

Loss Control

Assigned to: Loss Control Control Committee/Willis

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

Objectives:	Strategies	Target Date	Progress/Status Report	2015-18
OSHA and ADA Compliance	Accessibility Surveys as requested	FY2015-18	as requested of Willis	as requested of Willis
	Playground Surveys as requested	FY2015-18	as requested of Willis	as requested of Willis
	Premises Site Surveys	FY2015-18	as requested of Willis	as requested of Willis
	MSDS Online Web Service expansion of scope	FY2015-18	Contract renewed 2015, Service under utilized. Needs more promotion for more utilization.	renewing 7/1/15;evaluating options
E-Learning Curriculum Development	HAZCOM Globalization Harmonization Systems (GHS)	FY2015-18	course license renewed FY 2015	
	Promote and deliver Fire Extinguisher Training Program	FY2015-18	as requested of Willis	as requested of Willis
	Respirator Fit Testing Program	FY2015-18	Routine annual testing by Willis and by request if needed	as requested of Willis
	ADA training on 2010 Accesibility Design Standards	FY2015-18	completed; evaluating on going need FY2015-18	
Emergency Planning	Torch Online training development	FY2015-18	19 new courses FY2015; 5 more FY 2016-18	
	Further coordination with DoE on School EOP's Non Structural Earthquake Mitigation		Coordination efforts with DOE - Jeff Kaye HVA reports are being deployed. Belfor training being coordinated FY 2015-16	
Claims Analysis/Benchmarking	Committee evaluates major POOL/PACT trends	FY2015-18	semi annual review of PACT; reviewed 2/2015	ongoing
	Aging workforce trends	FY2015-18		ongoing
	EMC/First Responder back injury rates and the impact of the Stryk	FY2015-18	reviewed 2/2015	ongoing
	Property losses/aging infrastructure impact		reviewed 2/2015	
Auto/Driver Safety training	Cyber liability trends		presented on @ board workshops 3/2015	
	Online Defensive Driving course (includes backing accidents)	FY2015-18	ELEARNING source ??? Ongoing program. Assets located in Boulder City, Elko & Nye County. No additions planned FY 2015-18	Elearning/Torch
Wellness/Body Mechanics	Skidcar instructor training and courses for members	FY2015-18		as requested by Willis
	Ergonomics, Back Injury Prevention; Wellness education & awarer	FY2015-18	as requested by Willis	as requested by Willis
	Bloodborne Pathogens, CPR training	FY2015-18	as requested by Willis	as requested by Willis
Cyber Risk			Being develop in cooperation with Insider Threats - Policy and Procedures templates plus onsite vulnerability assessments by request	
	Cyber Security Training	FY2015-18		as requested by Willis
Annual Risk Management Symposium	Symposium at Silver Legacy	FY2015-18	Reno May 2016	POOL/PACT Risk Mgmt seminars coming back 2016
Loss Control Excellence Program	Promote excellence in risk management through promotion of LCEP	FY2015-18	program promoted through Pooling Perspectives, website & Willis Pooling	ongoing
	Promote risk management through funding of training, compliance and acquisition of safety equipment	FY2015-18	program promoted through Pooling Perspectives, website, ASC , HR & Willis	
Risk Management Grant Program	Promote risk management through funding of Stryker emergency services equipment grants	FY2012-15	fully funded 8/1/12; new round of funding being offered FY 2015	addressed in LC Plan/RM Grants evaluating another round of funding for Stryker
	Monitor and revise grant program as necessary	FY2012-15	revised 7/2012, 7/2015	evaluating annual grant deadlines FY 2015-18, rolling training grants

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	FY2015/16, Completed 7 new courses
	Update and revise three instructor-led training courses.	Annually	FY2015/16, Completed 3 courses
	Provide regional workshops utilizing outside resources.	Annually	FY2015/16, Completed 8 sessions
	Offer six regional training courses throughout the State.	Annually	FY2015/16, Completed 9 regionals, additional 6 scheduled
	Offer four mandatory on-line training courses for new employees.	Annually	FY2015/16, Completed
Enhance and Market Online Training Communications and Access to Information	Market and promote e-learning and webinars.	Annually	FY2015/16, Completed
	Develop three new briefings.	Annually	FY2015/16, 2 Completed; 1 in process
	Update ten briefings.	Annually	FY2015/16, 10 Completed; 19 in process
	Maintain a library of 200 job descriptions	Annually	FY2015/16, Completed
Continue to Improve Use of Technology	Issue alerts as needed.	Annually	FY2015/16, Completed, 3 alerts issued
	Conduct three to six webinars on timely issues as necessary.	Annually	FY2015/16, Completed 3; 1 scheduled
	Update and maintain HR documents on website	Annually	FY2015/16, Completed
Conduct HR Practices Assessments	Offer HR compliance assessment 1 program to a minimum of ten members.	Annually	FY2015/16, Completed 4; 1 scheduled; balance of members have not committed
	Offer HR compliance assessment 2 program to a minimum of 3 members.	Annually	FY2015/16, Completed 2, 2 more scheduled
Develop and Deliver Member Service Plans	Develop member service plans to include trainings, briefings, and policy development.	Annually	FY2015/16, Completed
Maintain Sample HR Policies	Annually review, update, and create new sample policies for small organizations, large organizations, schools and CDL holders.	Annually	FY2015/16, Completed
Coaching and Problem Solving	Assist members with HR-related issues by providing advice and consultation.	Annually	FY2015/16, Completed
New Services	Conduct biennial survey of services	FY16/17	

Claims

Assigned to: ASC/PARMS

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

Objectives:	Strategies:	Target Date	Progress/Status Report
POOL			
Excellence in claims management	POOL claims audit every two years		2013 Audit completed week of March 18, 2013. Results reported at 2013 POOL/PACT Board meeting
	POOL claims audit every two years		2015 Audit completed week of March 2, 2015. Results reported at 2015 POOL/PACT Board meeting 2018 Next audit due Spring 2018. Results will be reported at Spring 2018 Board Meeting # of litigated claims closed in 2015 calendar year=97. Total paid in legal expense \$2,607,000.00. Average legal paid is \$27,000.00 per claim. Total indemnity paid \$2,130,000.00. Average indemnity paid \$23,000.00 per claim. All but one claim resolved for less than the SIR. 73 cases closed with no indemnity payment. 12 cases closed with indemnity payment < \$25,000 authority. 4 cases closed with indemnity payment between \$25,001 and \$50,000. 6 cases closed with indemnity payment between \$50,001 and \$500,000.00. 1 case closed with indemnity payment of \$800,000.00 (38% of total indemnity paid for all cases) and legal payment of \$913,000 (35% of the total legal paid for all cases). Will be presented at the 2016 Board meeting
Reduce claims severity	Use effective litigation management; # cases resolved < authority, < \$50,000 and < SIR	annually	ASC staff regularly attends webinars sponsored by various vendors and reinsurers throughout the year. All staff attends annual fraud training through G4S. In September 2015 Donna attended the UE conference. In November 2015 Donna attended the CRL conference. In March 2016, Donna, Dan and Jasmine attended an employment law update seminar put on by Erickson, Thorpe & Swainston as well as the POOL Litigation Strategy Workshop.
	Large loss report (cases with total incurred xs \$300k)	annually	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	annually	
Enhance members understanding of loss trends and risks	Conduct lessons learned workshop and publications from case histories ; Trends Reports	annually	
Enhance defense and members' counsel capacity to prevent and contain litigation	Assist Members with internal claims management and prevention; Conduct litigation strategy educational workshop	annually	Litigation Strategy Workshop held March 18, 2016
Train members on claims management practices	Train members on internal claims reporting, adjusters role, members role	ongoing	Meeting with Sun Valley General Improvement District March 2016
PACT			
Excellence in claims management	PACT claims audit every three years after 2014		2017 Audit will take place approx. Feb. 2017; results to annual board meeting April 2017
	PACT claims audit every two years through 2014		2014 completed 4/2014; results reported at annual board meeting
Reduce claims severity	Police/fire members cardiac wellness program expand to more members	ongoing	Work with ARC to bring standardized, improved annual physicals to members. CWP member participation expansion is handled by Specialty Health.
	Produce annual claims trend analysis reports and review with members during quarterly visits	ongoing	Met with PACT members this past year: Nye County, Town of Pahrump, City of Boulder City, City of Mesquite, Lincoln Co. School Dist., Lincoln County, City of Caliente, Grover C. Dills Hospital; So. Nevada Health District, & Truckee Meadows Fire Prot. Dist. ASC screens all new claims for potential SIF recovery. Ten open claims have been granted SIF recovery. 22 claims are currently under workup for potential SIF recovery or pending a written decision from the SIF Board for potential appeal. 1 claim is in litigation on the SIF Board's denial of recovery.
Utilize Subsequent Injury Fund	Identify potential SIF cases and file timely	ongoing	Monthly meetings are held with SH for review of complex claims selected for case management.
Utilize SpecialtyHealth MCO	Consult for medical management of difficult cases; identify potential heart/lung problems in any claim for fire or law enforcement; involve SH in cardiac wellness training	ongoing	All requests for surgery, physical therapy and diagnostic testing (other than x-rays) are submitted to SH for preauthorization utilization review.
	Utilize SH to identify potential medical complexities in all new claims	ongoing	All new claims are submitted to SH for Medical Director review of diagnosis correlation to injury mechanism. All claims meeting prespecified injury criteria (major joint or spine involvement, etc.) are assigned for MCO case management.
Train members on claims management practices	Train members on internal claims communications with employees, adjusters role, members role, SH role with filing claims, evidence preservation, documenation, and claim reviews.	ongoing	Met with PACT members this past year: Nye County, Town of Pahrump, City of Boulder City, City of Mesquite, Lincoln Co. School Dist., Lincoln County, City of Caliente, Grover C. Dills Hospital; So. Nevada Health District, & Truckee Meadows Fire Prot. Dist.
	Conduct quarterly visits with members for training purposes on rotating basis.	annually	Met with PACT members this past year: Nye County, Town of Pahrump, City of Boulder City, City of Mesquite, Lincoln Co. School Dist., Lincoln County, City of Caliente, Grover C. Dills Hospital; So. Nevada Health District, & Truckee Meadows Fire Prot. Dist.

Executive

Assigned to: Executive Committee & PARMS Jointly

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

Objectives:	Strategies:	Target Date	Progress/Status Report
Goal: Grow Members net assets; Increase Financial Strength of Pools			
Grow net assets of each pool and captive	POOL & PACT: Target at least 15% average net assets growth per year over rolling 4 year cycles;	annually	POOL 14.8% PACT 2.7% for period 2012-2015
	Maintain net assets to highest SIR ratio of at least 12:1 for each pool	annually	68:1 even with amorization of contributions to captive
Enhance boards' understanding of financial results	POOL: continue to grow above target to enable increased retention - SIR \$500,000 = \$6,000,000	annually	96:1 even with amorization of contributions to captive
	PACT: continue to grow above target to cushion for increased retention - SIR \$500,000 = \$6,000,000	annually	
	Produce M D & A reports showing critical benchmarks and financial performance ratios; review with Boards	annually	done 2015
	Provide actuarial summary each board meeting	annually	done 2015
	Prepare annual report with financial audit	annually	done 2015
	Include fiscal impact notes in budget documents showing overall effect of changes	annually	done 4/2015
	Review budgets with Executive Committees; include discussion of actuarial confidence level selection and allocation methodology	annually	done 3/2015; 3/2016
	Goal: Grow Leadership Capacity of Pools		
Enhance board leadership	Executive Committees attend AGRIP trustees training	annually	3/2015; 3/2016
Board & Member Development	Conduct new board member orientation	annually	5/1/2015
	Conduct board development training at annual meeting	annually	done 2015
Strenghten Services Delivery	Conduct member orientations about POOL/PACT programs and services	annually	done 4/2015
	Monitor strategic plan progress on goals and review objectives	annually	done 4/2015; 3/2016
	Monitor service provider performance	annually	done 4/2015; 3/2016
Monitor Legislation and Regulation	Require annual stewardship reports from service providers	annually	done 4/2015; 3/2016
	Utilize lobbyist effectively during legislative sessions	bi-annually	done 2015 session
	Participate in regulatory process for Division of Insurance and Division of Industrial Insurance Regulation	annually	2015; 2016

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
2015	\$ 34,163,124	\$ 47,790,198	\$ 81,953,322	4.4%	68.33	95.58
2014	\$ 32,917,916	\$ 45,603,678	\$ 78,521,594	3.5%	65.84	91.21
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 2012-2015	\$ 4,393,719	\$ 1,243,512	\$ 5,637,231	979.3%	% Change since 2001	Excess of Target 15% Annually
Net Asset Change between 2001-2015	\$ 29,065,774	\$ 45,294,329	\$ 74,360,103	65.3%	Average Annual	50.3%
Net Asset % Change 2012-2015	14.8%	2.7%	7.4%			

Audit Year Ended June 30	POOL Net Assets	% Change vs. Prior Year	Audit Year Ended June 30	PACT Net Assets	% Change vs. Prior Year
2015	\$ 34,163,124	4%	2015	\$ 47,790,198	5%
2014	\$ 32,917,916	6%	2014	\$ 45,603,678	2%
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 2012-2015	\$ 4,393,719	14.8%	Net Asset Change between 2012-2015	\$ 1,243,512	2.7%
Net Asset Change between 2001-2015	\$ 29,065,774	38.0%	Net Asset Change between 2001-2015	\$ 45,294,329	121.0%
		23.0%			106.0%
		Excess of Target 15% Annually			Excess of Target 15% Annually
		Average Annual			Average Annual

Executive Director's Report to Board April 2016

POOL and PACT Budgets:

PACT expenses increased by about 3% for exposure and loss fund changes combined. In light of the 2015 Legislative change, the PACT presumptive benefits post-employment rate increase (normally increased by 10% per board policy), was approved by the executive committee for a decrease in the rate by \$1.00 (a 17% decrease) from \$5.85 to \$4.85.

For POOL, there will be a modest increase in the schools' liability costs due to a couple of very substantial settlements in recent years. Property rates should be stable or decline and other liability rates also should be stable. Overall, the budget adds 3% to the gross assessments from exposure changes.

Amortization of contributions to the captives continues to reduce results from operating income, although that is a planned conservative strategy to grow the captives. Both POOL and PACT have accumulated substantial reserves from positive years, so overall financial standing remains sufficient.

Both program budgets rely on a 70% actuarial confidence level to generate sufficient margin. Ratable exposures appear fairly flat this renewal so POOL/PACT revenues will likewise be fairly flat. The draft budget will need further revision following receipt of quotes prior to and at the annual board meeting after renewal decisions are reached.

Renewal Strategies:

POOL:

The property coverage program is placed through Willis Re in various syndicates at Lloyds of London. We held our renewal negotiations in London the week of April 4-8, 2016. Wayne Carlson and Mike Rebaleati of PARMS and Mary Wray, Stephen Romero and Courtney Giesseman of Willis Pooling met with various syndicates and Willis Re London. Property market conditions have shown some rate decreases due to increased market capacity and competition. As a result of our London meetings, we should receive favorable rates based upon our experience and long term relationships. We negotiated to retain our current \$500,000 retention and the \$150 million of earthquake and flood aggregates. We also requested an increase in the Flood Zone A aggregate from \$10,000,000 to \$25,000,000.

Public Risk Mutual will offer a liability renewal at current terms in which it takes a 15% quota share of \$7,000,000 excess of \$3,000,000 POOL retention as well as 20% of the \$2,500,000 liability limit above POOL's retention of \$500,000. Additional coverage layers in both property and liability may present opportunities to grow participation depending upon renewal terms from other reinsurers.

County Reinsurance, Ltd. (CRL), a member owned captive insurance company in which NPAIP placed a substantial capital contribution, reinsures the liability layer of \$2,500,000 above the POOL retention of \$500,000 on an 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 \$2,500,000 excess of the POOL's \$500,000 retention. UE is a member-owned captive risk retention group in which POOL has a subscribers' surplus account. We intend to continue this relationship.

Government Entities Mutual (GEM), a member owned captive insurance company in which NPAIP placed a substantial capital contribution, reinsures 35% quota share of the layer of \$7,000,000 above the POOL retention of \$3,000,000. Rates are expected to remain stable. They are offering an optional higher layer through their own reinsurance arrangements which we will evaluate as part of our renewal strategies.

Brit provides 50% quota share of liability limits of \$7,000,000 excess of POOL's \$3,000,000 retention. Rates are expected to remain stable. We also will review reducing their percentage in order to increase PRM's percentage.

Our equipment breakdown reinsurer is Travelers Boiler Re which provides up to \$60,000,000 with various sublimits. They have offered to increase the limits to \$100,000,000 with a decrease in pricing so renewal with them appears to be our best option.

NOTICES OF INTENT TO WITHDRAW:

We received notices of intent to withdraw from:

- City of Mesquite
- Virgin Valley Water District

It is doubtful that all will withdraw, but it will have an impact on the budget.

PACT:

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

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

PACT Member Nye County was placed on fiscal watch by the Committee on Local Government Finance which will require additional monitoring and reporting about their financial condition. Also PACT Member PrimeCare, Inc. the local Nye County hospital facility filed for bankruptcy. Nye County formed a hospital district and sought to enter into a contract with Renown Hospital to provide certain clinic services with some subsidy from the hospital district, but there is a dispute with the Dept. of Taxation over the ability to subsidize. PACT will have to continue to monitor this situation to satisfy regulatory requirements regarding the financial condition of a member.

NOTICES OF INTENT TO WITHDRAW:

We received notices of intent to withdraw from:

- City of Mesquite
- Virgin Valley Water District
- Douglas County

It is doubtful that all will withdraw, but it will have a significant impact on the budget particularly should Douglas County leave to go self-funded. If all were to withdraw, the impact would be a significant reduction of revenue. East Fork Fire & Paramedic Districts (a sub-entity of Douglas County) was approved to become a separate member of PACT effective 7/1/2016.

In reviewing Douglas County's claims regarding their possible withdrawal to go self-funded, I noted no split out of claims by sub-entity. Apparently, ten years ago several county members requested that some of their sub-entities be split out for assessment allocation purposes. Unfortunately, in the process of doing this, ASC was not notified to also create separate location codes for their claims. As a result, experience modification factors were not properly accounted for since all losses were assigned to the county and none to the sub-entities. For most situations this was a minor difference and I have discussed it with the members to apply a single modification factor to be applicable to the county or city and their sub-entities. Douglas County's discrepancy was significant because one of the sub-entities was East Fork Fire & Paramedic Districts (EFFPD), a sizable sub-entity. They requested a retrospective analysis so we undertook to re-code 10 years of claims data, then recalculated what the experience modification factors would have been. The results were sent to the county. They decided to have each sub-entity's experience modification factor calculated separately. EFFPD requested a transition process for implementing the increased experience rating beginning 7/1/2016 and we proposed a three year phase in process.

PACT Regulatory Issues

The subcommittee on the heart claims data issues decided not to pursue making the regulation permanent. We and any self-insureds no longer are obligated to file Form 33 and to do the actuarial heart study every five years as was required in the temporary regulation. They have left it up to each of us to decide whether or not to do a study and when to update it. I had suggested that they change the study intervals to 10 years, but the subcommittee had no energy to pursue any study or reporting requirements in spite of the clear public policy issues for not informing the public about the burden on taxpayers if the funding is not there. I suppose one mitigating factor is that the effectiveness of heart disease prevention has improved over the years so the cost curve is bent somewhat even though heart disease still ranks as the #1 killer with cancer #2 for the general population.

At this point, we are projected to be close to the minimum \$20,000,000 of the most recent actuarial study's range. The executive committee approved reducing the current rate from \$5.85 to \$4.85 (a 17% rate reduction) in lieu of 10% increase we have been doing for several years. We'll still collect close to \$2,000,000 per year.

The Nevada Division of Insurance is in the process of conducting its periodic regulatory examination of PACT for fiscal years 2012-2015. These have been done every three years historically.

PACT Cardiac Wellness Program:

Participation remains low although we continue to promote the program to more agencies. We have had some success stories that demonstrate the efficacy of the program. SpecialtyHealth staff continues to make site visits with members to recruit

participation. We continue to experience resistance to submission of physical examinations to SpecialtyHealth, often as a result of misunderstanding of the law and the program purposes. SpecialtyHealth will present an update of the cardiac wellness program at the annual board meeting.

POOL Data Security Liability Program:

One data security liability event occurred since we launched the program. The data security event liability consulting law firm helped us walk through the case evaluation and it was determined that a breach did not occur that prompted any notification requirements. Use of eRisk Hub will continue to be promoted along with other data security training. Mike Rebaleati initiated a contract with Tony Rucci, a data security consultant, to assist with data security risk evaluations on a pilot basis.

Pollution Legal Liability Program:

We received notice from the broker that AIG, our current insurer, that AIG was exiting this line of business and that he was pursuing an alternative market which had expressed some interest. Willis Pooling was asked to search for a blanket pollution program for all members and will present an option to the board as well.

POOL Form Changes:

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

- We have been reviewing the Debris Removal coverage extension for modification to include mold and asbestos removal made necessary as a result of an otherwise covered loss, with a sublimit of \$100,000.
- Since Nevada was selected as an Unmanned Aerial Systems (UAS) State, the University partnered with drone development companies to form NEVADA INSTITUTE FOR AUTONOMOUS SYSTEMS (“NIAS”), a non-profit which serves as the Trusted Agent for the State of Nevada in fulfillment of the obligations of the FAA to develop the UAS industry. NIAS has been contacting Member airports to site UAS launch operations. An endorsement was drafted to schedule such drones as an extension of coverage for physical damage and liability in the event a member purchases a UAS. CRL also extended a sublimit for such coverage and may expand it to nonowned UAS as well.
- We determined that re-naming the Cyber Security Event coverage to Data Security Event coverage would be clearer as to scope since some breaches may not be cyber in nature.
- A detailed explanation of all of the proposed changes is in the board packet.

Special Risk Accident Coverage:

Presently, we have an optional excess medical coverage program for the school districts for transportation risks only. Districts may or may not offer excess medical coverage for

other school activities including sports. Willis Pooling obtained quotes for a blanket program for all school districts for consideration by the board.

NPAIP/PACT Service Provider Agreements Renewing in FY 2016-17:

Willis Pooling: This agreement runs from July 1, 2013 through July 1, 2016. Some changes in key personnel occurred with Bob Lombard's departure to another firm. They replaced Bob with Stephen Romero who has been a producer for Wells Fargo Insurance Services for several of our NPAIP and PACT members. Stephen is being mentored by Mary Wray to fulfill Bob's role. Willis Pooling has been internally realigned as part of the Willis Re Division, which brings additional resources that will inure to our pools' benefit. The Joint Executive Committee approved renewal of the contract on the same terms for five years from July 1, 2016-July 1, 2021.

AssetWorks: The agreement runs from July 1, 2016 through July 1, 2019. They have completed ground-up, on-site appraisals for all Members over the last three years. The proposal shows a three-year on-site appraisal schedule for properties valued over \$200,000 with trended values for all other property. It also defines a timeline for delivery of the appraisals to coordinate with our renewal process. The Joint Executive Committee approved the agreement.

POOL/PACT Loss Control

Strategic Plan 2016-2019

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
- John Dollar, Incline Village G.I.D.
- Bryce Boldt, Boulder City
- Norma Santoyo, Nevada Rural Housing Authority
- Geof Stark, Churchill County

Voting Alternates:

- Darren Wagner, Yerington
- Dan Murphy, Pershing County Schools
- Gina Mendez, City of Mesquite
- Ann Wiswell, Carson City School District

Strategies 2016-19

- OSHA and ADA Compliance
- E-Learning curriculum development
- Emergency Planning
- Claims Analysis
- Wellness/Body Mechanics
- Auto/Driver Safety training
- Data Risk Awareness
- LCEP Administration
- Grant Program Administration
- Annual Risk Management Summit:
May 18-19 2016

OSHA & ADA Compliance

- Fire Extinguisher Training
- Respiratory Protection Fit Testing
- Global Harmonization Systems Training
 - Hazard Communications (2013)
- MSDS Online
- New Online Safety Courses

E-learning courses for 2016-17

- **Effective Safety Programs**
- **Electrical Safety**
- **OML, Ethics & Open Records Act**
- **Fire Extinguisher Safety**
- **Forklift Operation**
- **Hearing Loss Prevention**
- **Infectious Disease**

New E Learning Courses:

- Ladder Safety
- Personal Protective Equipment
- Respiratory Protection Programs
- Contracting Fundamentals
- Civil Rights Training for School Lunch Programs
- Children In Transition and Aversive Restraints
- Teaching Science Safely
- Student Threat Assessment Teams

Emergency Planning

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

Claims Analysis/Bench Marking

Special Emphasis on:

- Aging Workforce Trends
- Cyber liability development
- Property losses; impact of aging infrastructure

Data Risk Solutions

- Data Security Awareness training for members
- E-Risk Hub access for management/IT
- Data Security Project
- Potential of offering data vulnerability assessments to members

Wellness/Body Mechanics

- Stryker grant impact
- Fit Responder
- Focus on: Healthcare sector

Risk Management Symposium

- **MAY 18-19, 2016**

Risk Management Grant

Purpose:

As an incentive for Members to invest in risk management and safety efforts, a POOL and PACT risk management grants program is established as an ongoing program supported by each pool.

Funding Amounts:

Each pool will provide up to 1% of its net assets, initially \$100,000 each, for the grants program.

2016 Grant Administration

	2015 Net Position	2%
POOL	34,163,124	683,262
PACT	47,790,198	955,804
TOTAL GRANT FUND		1,639,066

2016 Grant Program Administration

- *New Grant Guidelines effective 4/29/16*

Training Grants	RM Grants
rolling	March and September
\$2,000 per person/ 5 per member	Ranked & prioritized
100% Pool/Pact	75%PoolPact/25%member
Online submission	Online submission

HILT

- 2016 Deployment of 300 HILT devices is currently under way
- \$125,000, 100% funding for each unit
- Supports the hydraulic cot program by further reducing injuries in patient transport.
- www.getahilt.com
-

Loss Control Excellence Awards 2015-16

- Eureka County
- Pershing County
- White Pine CSD

Grant Report
YTD

<u>Date</u>	<u>Entity</u>	<u>Purpose</u>	<u>Grant Amount</u>	<u>Received</u>	<u>Money Returned</u>	<u>Net Grant</u>
7/31/15	Mineral County	EMS World Expo	\$7,147.75			\$7,147.75
8/7/15	Douglas County	NEOGOV training & conference	\$1,934.00	11/18/2015		\$1,934.00
8/20/15	North Lake Tahoe FPD	2015 Gerogia Fire Service Conference	\$2,000.00	10/13/2015		\$2,000.00
8/24/15	Pershing County School District	New Surveillance System	\$19,514.00	12/15/2015		\$19,514.00
8/25/15	Churchill County School Dist.	Social Media Awareness & Resource Training	\$1,745.00	3/8/2016		\$1,745.00
8/26/15	Mineral County	Fire Alarm Systems for several buildings	\$108,750.00	3/30/2016		\$108,750.00
8/27/15	Carson City School District	Safer Schools Together	\$1,000.00			\$1,000.00
9/21/15	Churchill County School Dist.	National organization of School Pupils Transportaion Di	\$1,600			\$1,600.00
9/24/15	Mineral County Sheriffs Office	Yes it can.. Happen in our schools	\$900.00			\$900.00
11/13/15	White Pine CSD	National School Response Conference & Periodic Trai	\$5,193.00			\$5,193.00
11/16/15	West Wendover PD	EMD Training	\$1,165.44	1/11/2016		\$1,165.44
12/14/15	Eureka County	EMS Certificate Program	\$500.00			\$500.00
12/18/15	West Wendover PD	EMD Training	\$1,225.44	2/11/2016	\$436.18	\$789.26
1/5/16	Truckee Meadows FPD	Ergonomics Training	\$3,000.00			\$3,000.00
1/6/16	Elko Central Dispatch	EMD Training	\$4,207.88			\$4,207.88
1/12/16	Nevada Rural Housing Authority	SHRM Conference	\$2,000.00			\$2,000.00
1/15/16	Carson City School District	ASP Preparatory Workshop	\$2,000.00	4/8/2016		\$2,000.00
1/19/16	Churchill County	Surveillance System	\$24,885.00			\$24,885.00
1/22/16	Elko County	Reflective Striping for emergency vehicles	\$36,000.00			\$36,000.00
1/25/16	Mineral County School District	SHRM Conference	\$2,000.00			\$2,000.00
1/26/16	Elko Central Dispatch	HR Rep. Certificate Program (PRI)	\$1,927.48			\$1,927.48
2/9/16	Mason Valley FPD	Stryker Power Load	\$12,594.00			\$12,594.00
2/12/16	Lyon County School District	OSHA Training	\$849.00			\$849.00
3/3/16	City of Caliente	HR Management Training	\$2,000.00			\$2,000.00
3/8/16	West Wendover PD	EMD Training	\$1,165.44			\$1,165.44
3/17/16	Gardnerville Ranchos GID	Surveillance System for parks	\$10,000.00			\$10,000.00
4/13/2016	Pershing County	Stryker Power Load	\$12,500.00			\$12,500.00
4/13/2016	Mt. Charleston FPD	Stryker Power Load	\$10,378.50			\$10,378.50
					Total	\$277,745.75

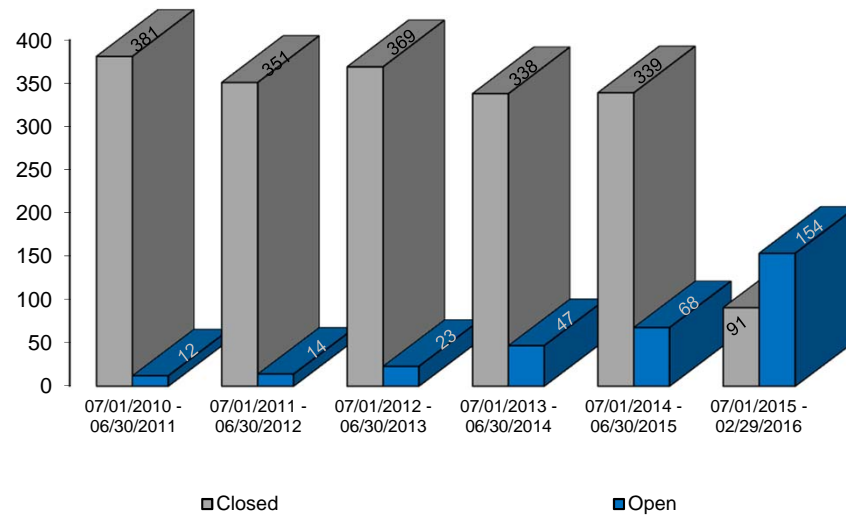


Liability Report



Total Claims by Policy Year excluding Incidents 07/01/2010 - 02/29/2016

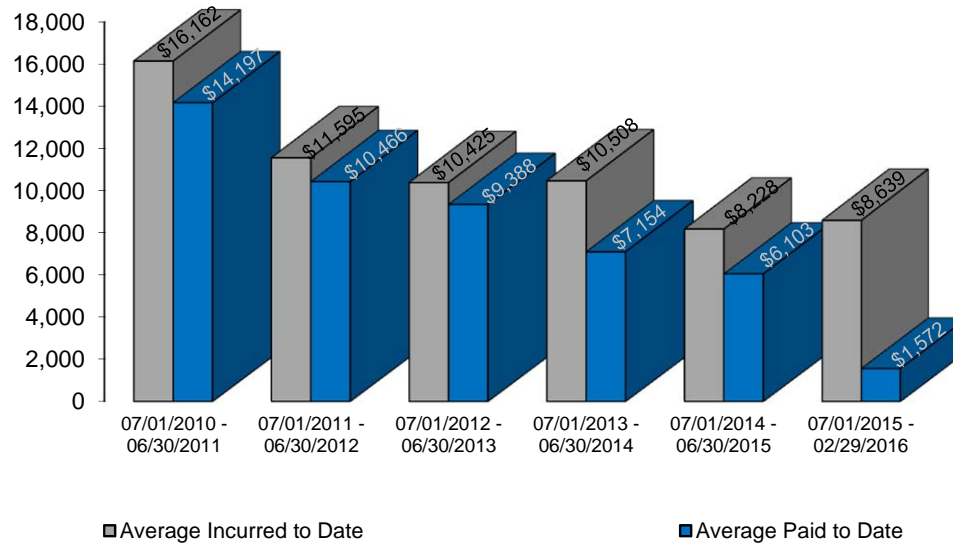
Policy Year	Total Claims	
	Closed	Open
07/01/2010 - 06/30/2011	381	12
07/01/2011 - 06/30/2012	351	14
07/01/2012 - 06/30/2013	369	23
07/01/2013 - 06/30/2014	338	47
07/01/2014 - 06/30/2015	339	68
07/01/2015 - 02/29/2016	91	154





Average Incurred & Paid by Policy Year 07/01/2010 - 02/29/2016

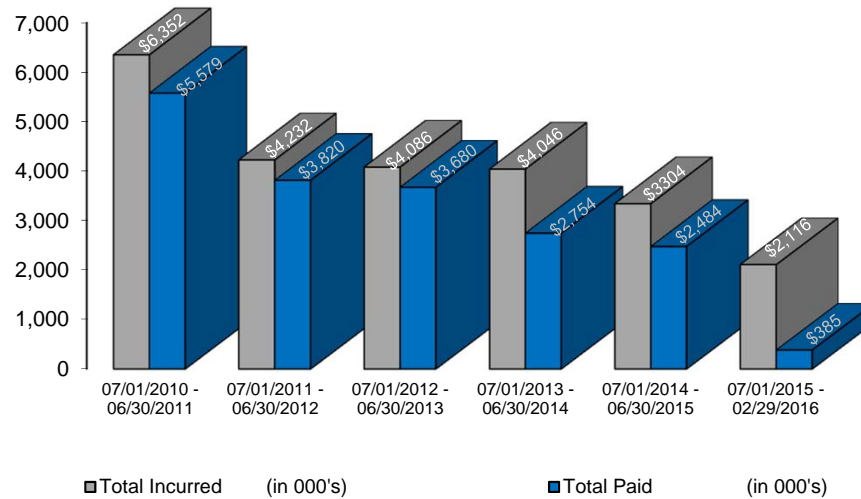
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/2010 - 06/30/2011	\$16,162	\$14,197
07/01/2011 - 06/30/2012	\$11,595	\$10,466
07/01/2012 - 06/30/2013	\$10,425	\$9,388
07/01/2013 - 06/30/2014	\$10,508	\$7,154
07/01/2014 - 06/30/2015	\$8,228	\$6,103
07/01/2015 - 02/29/2016	\$8,639	\$1,572





Incurred vs Paid by Policy Year 07/01/2010 - 02/29/2016

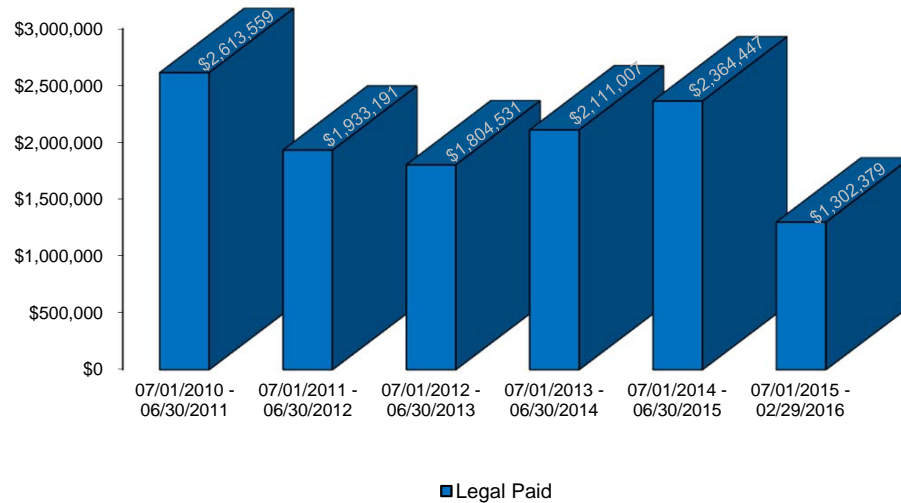
Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/2010 - 06/30/2011	\$6,352	\$5,579
07/01/2011 - 06/30/2012	\$4,232	\$3,820
07/01/2012 - 06/30/2013	\$4,086	\$3,680
07/01/2013 - 06/30/2014	\$4,046	\$2,754
07/01/2014 - 06/30/2015	\$3,349	\$2,484
07/01/2015 - 02/29/2016	\$2,116	\$385





Legal Expenses Paid to Date by Policy Year for All Claims 07/01/2010 - 02/29/2016

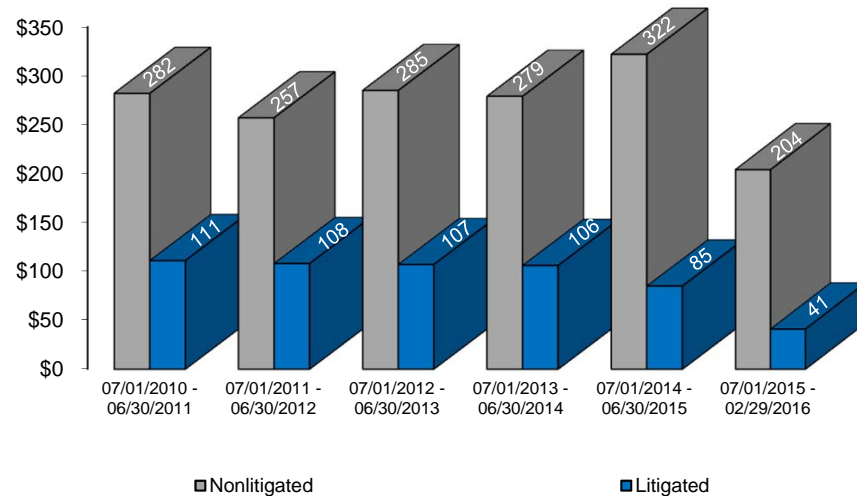
Policy Year	Legal Expenses Paid to Date
07/01/2010 - 06/30/2011	\$2,613,559
07/01/2011 - 06/30/2012	\$1,933,191
07/01/2012 - 06/30/2013	\$1,804,531
07/01/2013 - 06/30/2014	\$2,111,007
07/01/2014 - 06/30/2015	\$2,364,447
07/01/2015 - 02/29/2016	\$1,302,379
Grand Total	\$12,129,114





Litigated Claims by Policy Year for claims reported 07/01/2010 - 02/29/2016

Policy Year	Litigated Claims	
	Nonlitigated	Litigated
07/01/2010 - 06/30/2011	282	111
07/01/2011 - 06/30/2012	257	108
07/01/2012 - 06/30/2013	285	107
07/01/2013 - 06/30/2014	279	106
07/01/2014 - 06/30/2015	322	85
07/01/2015 - 02/29/2016	204	41





Lag Time Average - by Location

07/01/2010 - 02/29/2016

Location	Avg. Days
Elko Co. Agricultural Assoc., Db a Elko Co. Fair Board	245
Minden Gardnerville Sanitation District	209
Lovelock (City Of)	162
Nye County	158
Esmeralda County	155
Palomino Valley General Improvement Dist	150
Tahoe Douglas District	146
Nye County School District	139
Carlin (City Of)	131
Pahrump (Town Of)	93
Churchill County	92
Lyon County	78
Humboldt County	78
Humboldt County School District	75
Tahoe-Douglas Fpd	68
Elko County	63
East Fork Swimming Pool District	62
Pershing County	60
Mineral County	60
Churchill County School District	54
Incline Village Gid	52
Boulder City (City Of)	49
Beatty Water & Sanitation District	49
Moapa Valley Water District	48
Gardnerville Ranchos Gid	48
Nevada Association Of Counties	43
Lovelock Meadows Water District	43
Walker River Irrigation District	42



Lag Time Average - by Location

07/01/2010 - 02/29/2016

Location	Avg. Days
Mesquite (City Of)	42
Winnemucca (City Of)	38
Yerington (City Of)	38
Elko County School District	37
Virgin Valley Water District	37
White Pine County	35
White Pine County Fire Protection	33
Virginia City Convention & Tourism Autho	33
West Wendover (City Of)	33
Genoa (Town Of)	32
Douglas County	31
Lander County	29
William Bee Ririe Hospital	29
White Pine Co. Tourism & Rec. Board,Db	28
White Pine Co. Tourism & Rec. Board,Db	28
Pahrump Library District	27
White Pine County School District	26
Elko (City Of)	25
Storey County	25
Sierra Fpd	25
Lander County School District	24
Kingsbury Gid	23
West Wendover Recreation District	22
Skyland Gid	22
Fernley (City Of)	21
Tonopah (Town Of)	20
Churchill County Mosquito & Weed Abateme	20
Nevada Public Agency Insurance Pool	19
Truckee Meadows Fpd	19



Lag Time Average - by Location

07/01/2010 - 02/29/2016

Location	Avg. Days
Ely (City Of)	18
Eureka County	18
Carson City School District	17
Caliente (City Of)	16
Lyon County School District	15
Douglas County School District	15
Indian Hills Gid	14
Nevada Rural Housing Authority	12
North Lake Tahoe Fpd	11
Round Mountain (Town Of)	10
Wells (City Of)	9
Lincoln County School District	9
Esmeralda County School District	9
Sun Valley Gid	8
Lincoln County	7
Elko Convention & Visitors Authority	7
Storey County School District	7
U.S. Board Of Water Commissioners	7
Eureka County School District	6
Nevada Commission For The Reconstruction	5
Minden (Town Of)	5
Gardnerville (Town Of)	5
Mineral County School District	5
Pershing County School District	4
Western Nevada Regional Youth Center	3
Wendover Administrative Authority	2
Truckee Meadows Regional Planning Agency	2
Carson City	1



Lag Time Average - by Location 07/01/2010 - 02/29/2016

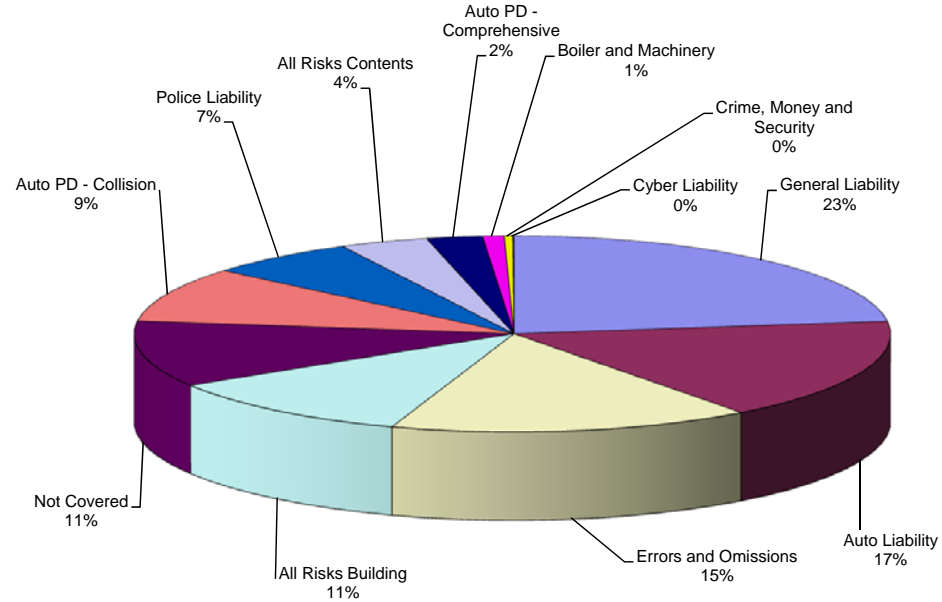
Location	Avg. Days
Elko Central Dispatch	1
Stagecoach Gid	1
Fernley Swimming Pool District	0



Frequency of Claims by Coverage

07/01/2010 - 02/29/2016

Coverage	# of Claims
General Liability	502
Auto Liability	369
Errors and Omissions	336
All Risks Building	240
Not Covered	239
Auto PD - Collision	198
Police Liability	140
All Risks Contents	82
Auto PD - Comprehensive	52
Boiler and Machinery	20
Crime, Money and Security	8
Cyber Liability	1

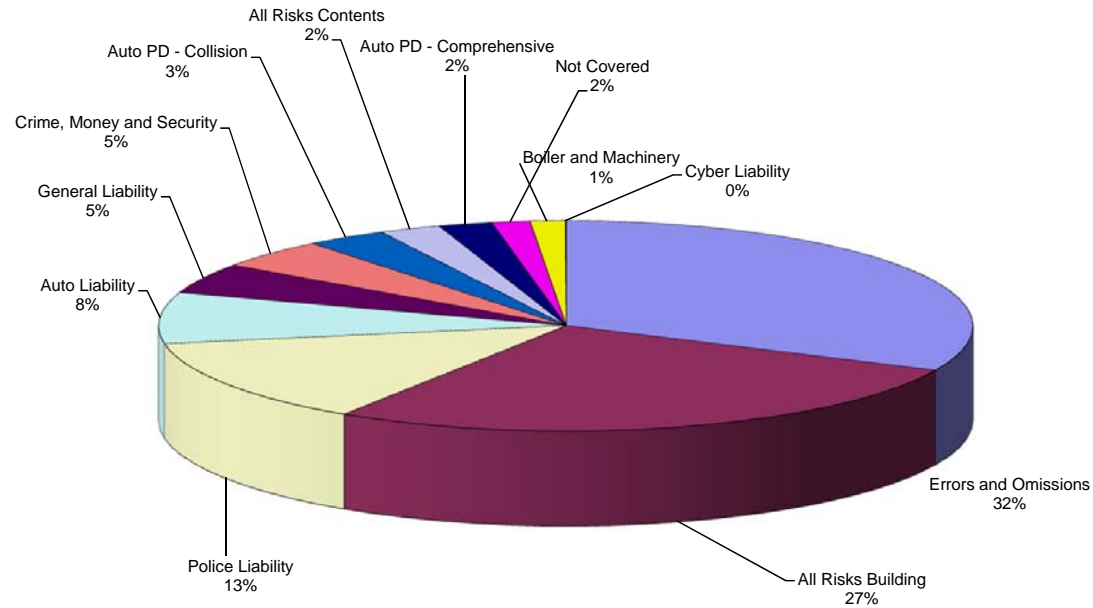




Severity of Claims by Coverage

07/01/2010 - 02/29/2016

Coverage	Total Incurred
Errors and Omissions	\$ 7,729,741
All Risks Building	\$ 6,572,019
Police Liability	\$ 3,169,629
Auto Liability	\$ 1,895,887
General Liability	\$ 1,132,390
Crime, Money and Security	\$ 1,088,707
Auto PD - Collision	\$ 777,288
All Risks Contents	\$ 589,179
Auto PD - Comprehensive	\$ 515,500
Not Covered	\$ 366,157
Boiler and Machinery	\$ 335,057
Cyber Liability	\$ 9,283

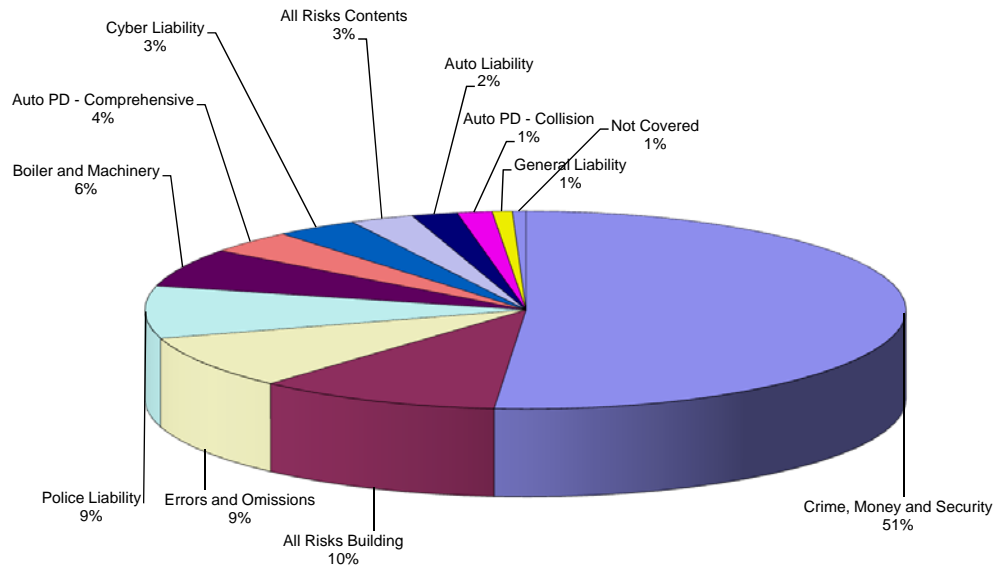




Average Incurred by Coverage

07/01/2010 - 02/29/2016

Coverage	Average Incurred
Crime, Money and Security	\$ 136,088
All Risks Building	\$ 27,383
Errors and Omissions	\$ 23,005
Police Liability	\$ 22,640
Boiler and Machinery	\$ 16,753
Auto PD - Comprehensive	\$ 9,913
Cyber Liability	\$ 9,283
All Risks Contents	\$ 7,185
Auto Liability	\$ 5,138
Auto PD - Collision	\$ 3,926
General Liability	\$ 2,256
Not Covered	\$ 1,532





Historical Data Excluding Incidents 07/01/2010 - 02/29/2016

	07/01/10 - 06/30/11	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 02/29/16
Nbr of Claims						
Open	12	14	23	47	68	154
Closed	381	351	369	338	339	91
Total	393	365	392	385	407	245
Total Incurred						
Open	\$1,241,280	\$1,017,337	\$829,000	\$2,468,606	\$1,531,875	\$1,911,095
Closed	\$5,110,318	\$3,214,789	\$3,257,492	\$1,576,967	\$1,816,719	\$205,359
Total	\$6,351,599	\$4,232,126	\$4,086,492	\$4,045,572	\$3,348,594	\$2,116,454
Total Paid						
Open	\$469,153	\$605,338	\$422,425	\$1,177,287	\$667,265	\$179,802
Closed	\$5,110,318	\$3,214,789	\$3,257,492	\$1,576,967	\$1,816,719	\$205,359
Total	\$5,579,471	\$3,820,127	\$3,679,917	\$2,754,253	\$2,483,984	\$385,161
Average Incurred						
Open	\$103,440	\$72,667	\$36,043	\$52,524	\$22,528	\$12,410
Closed	\$13,413	\$9,159	\$8,828	\$4,666	\$5,359	\$2,257
Average Incurred	\$16,162	\$11,595	\$10,425	\$10,508	\$8,228	\$8,639
Open Claims						
Claims	12	14	23	47	68	154
Total	12	14	23	47	68	154



Summary by Location

07/01/2010 - 02/29/2016

Location	# of Claims	# Open Claims	Total Incurred
Beatty Water & Sanitation District	7		\$ 48,416
Boulder City (City Of)	147	10	\$ 536,810
Caliente (City Of)	17	1	\$ 481,653
Carlin (City Of)	13	2	\$ 170,993
Carson City	1		\$ -
Carson City School District	57	12	\$ 484,734
Churchill County	26	5	\$ 598,505
Churchill County Mosquito & Weed Abateme	3		\$ 811
Churchill County School District	42	7	\$ 1,405,076
Douglas County	189	23	\$ 1,094,736
Douglas County School District	108	7	\$ 287,210
East Fork Swimming Pool District	4		\$ 8,871
Elko (City Of)	94	11	\$ 505,330
Elko Central Dispatch	1	1	\$ 19,000
Elko Co. Agricultural Assoc., Dba Elko Co. Fair Board	3		\$ 93,068
Elko Convention & Visitors Authority	3		\$ 1,498
Elko County	72	10	\$ 1,138,139
Elko County School District	91	12	\$ 916,130
Ely (City Of)	39	4	\$ 138,261
Esmeralda County	23	4	\$ 327,583
Esmeralda County School District	6	2	\$ 46,457
Eureka County	35	4	\$ 301,584
Eureka County School District	3		\$ 56,045
Fernley (City Of)	44	8	\$ 159,833
Fernley Swimming Pool District	1		\$ 1,725
Gardnerville (Town Of)	10	1	\$ 10,368
Gardnerville Ranchos Gid	22		\$ 45,818
Genoa (Town Of)	3		\$ 4,455
Humboldt County	56	9	\$ 874,149
Humboldt County School District	44	5	\$ 541,091



Summary by Location

07/01/2010 - 02/29/2016

Location	# of Claims	# Open Claims	Total Incurred
Incline Village Gid	57	6	\$ 393,037
Indian Hills Gid	3		\$ 31,117
Kingsbury Gid	7	1	\$ 46,282
Lander County	39	9	\$ 813,371
Lander County School District	13	2	\$ 476,475
Lincoln County	20		\$ 123,120
Lincoln County School District	21	4	\$ 572,193
Lovelock (City Of)	9	2	\$ 28,028
Lovelock Meadows Water District	5	1	\$ 22,773
Lyon County	83	21	\$ 899,895
Lyon County School District	62	7	\$ 196,463
Mesquite (City Of)	63	8	\$ 1,183,639
Minden (Town Of)	13	2	\$ 324,491
Minden Gardnerville Sanitation District	3		\$ 2,664
Mineral County	43	7	\$ 298,700
Mineral County School District	24	3	\$ 680,041
Moapa Valley Water District	5		\$ 29,252
Nevada Association Of Counties	1		\$ -
Nevada Commission For The Reconstruction	1		\$ -
Nevada Public Agency Insurance Pool	2	1	\$ 10,399
Nevada Rural Housing Authority	7	2	\$ 172,944
North Lake Tahoe Fpd	6	1	\$ 21,327
Nye County	124	44	\$ 1,935,792
Nye County School District	65	8	\$ 2,555,920
Pahrump (Town Of)	22	4	\$ 363,694
Pahrump Library District	2		\$ 5,079
Palomino Valley General Improvement Dist	1	1	\$ 2,970
Pershing County	30	1	\$ 113,139
Pershing County School District	5	1	\$ 92,798
Round Mountain (Town Of)	3	1	\$ 11,350



Summary by Location

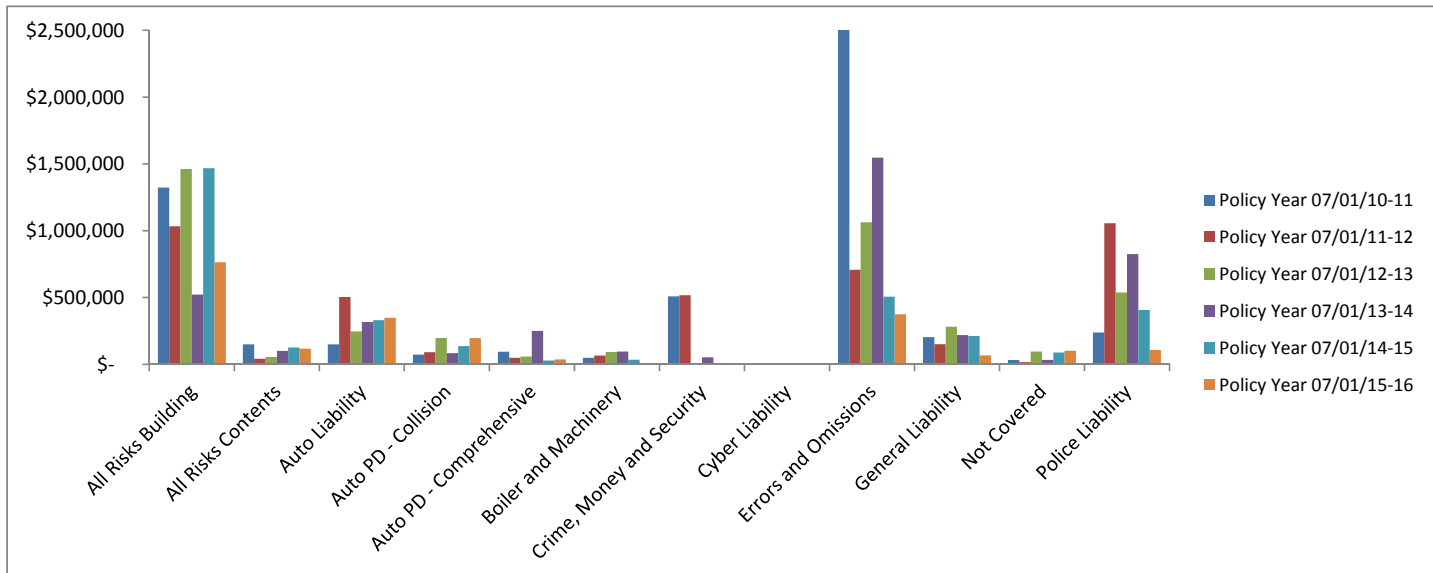
07/01/2010 - 02/29/2016

Location	# of Claims	# Open Claims	Total Incurred
Sierra Fpd	6	1	\$ 11,714
Skyland Gid	2		\$ 5
Stagecoach Gid	1		\$ -
Storey County	35	7	\$ 493,463
Storey County School District	5	1	\$ 32,629
Sun Valley Gid	23	2	\$ 45,512
Tahoe Douglas District	7	3	\$ 25,287
Tahoe-Douglas Fpd	3		\$ 21,941
Tonopah (Town Of)	5		\$ 1,620
Truckee Meadows Fpd	15	3	\$ 70,261
Truckee Meadows Regional Planning Agency	1		\$ -
U.S. Board Of Water Commissioners	2		\$ 3,299
Virgin Valley Water District	6	1	\$ 577,810
Virginia City Convention & Tourism Autho	1		\$ 1,040
Walker River Irrigation District	2		\$ -
Wells (City Of)	7		\$ 66,249
Wendover Administrative Authority	1		\$ -
West Wendover (City Of)	29	6	\$ 61,653
West Wendover Recreation District	5	1	\$ 182,658
Western Nevada Regional Youth Center	3		\$ 19,819
White Pine Co. Tourism & Rec.	2	1	\$ 5,000
White Pine County	56	11	\$ 338,549
White Pine County Fire Protection	1		\$ -
White Pine County School District	31	1	\$ 222,469
William Bee Ririe Hospital	2		\$ 30,462
Winnemucca (City Of)	25	4	\$ 144,548
Yerington (City Of)	8	1	\$ 119,547
TOTAL	2187	318	\$24,180,837



Total Incurred by Coverage by Policy Year

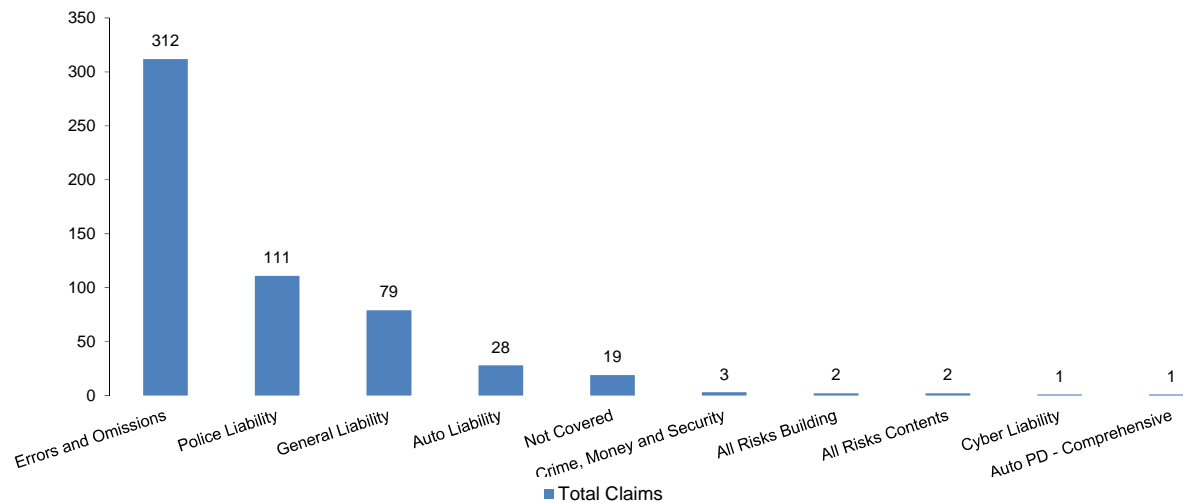
Coverage	Policy Year 07/01/10-11	Policy Year 07/01/11-12	Policy Year 07/01/12-13	Policy Year 07/01/13-14	Policy Year 07/01/14-15	Policy Year 07/01/15-16
All Risks Building	\$ 1,323,511	\$ 1,032,867	\$ 1,462,155	\$ 522,339	\$ 1,467,509	\$ 763,638
All Risks Contents	\$ 149,578	\$ 42,083	\$ 54,353	\$ 100,632	\$ 125,577	\$ 116,956
Auto Liability	\$ 149,041	\$ 504,386	\$ 246,108	\$ 317,547	\$ 330,687	\$ 348,117
Auto PD - Collision	\$ 72,929	\$ 90,988	\$ 196,707	\$ 83,502	\$ 136,633	\$ 196,530
Auto PD - Comprehensive	\$ 93,986	\$ 48,351	\$ 58,531	\$ 250,270	\$ 27,867	\$ 36,496
Boiler and Machinery	\$ 48,115	\$ 66,020	\$ 91,458	\$ 95,470	\$ 33,994	\$ -
Crime, Money and Security	\$ 508,194	\$ 517,387	\$ -	\$ 52,000	\$ 6,127	\$ 5,000
Cyber Liability	\$ -	\$ -	\$ -	\$ -	\$ 9,283	\$ -
Errors and Omissions	\$ 3,532,066	\$ 707,446	\$ 1,063,515	\$ 1,546,775	\$ 505,680	\$ 374,260
General Liability	\$ 203,730	\$ 150,430	\$ 281,112	\$ 219,000	\$ 211,132	\$ 66,986
Not Covered	\$ 32,347	\$ 16,406	\$ 95,531	\$ 32,898	\$ 87,678	\$ 101,296
Police Liability	\$ 238,102	\$ 1,055,762	\$ 537,023	\$ 825,140	\$ 406,426	\$ 107,175





Litigated Claims by Coverage for Policy Years 07/01/2010 - 02/29/2016

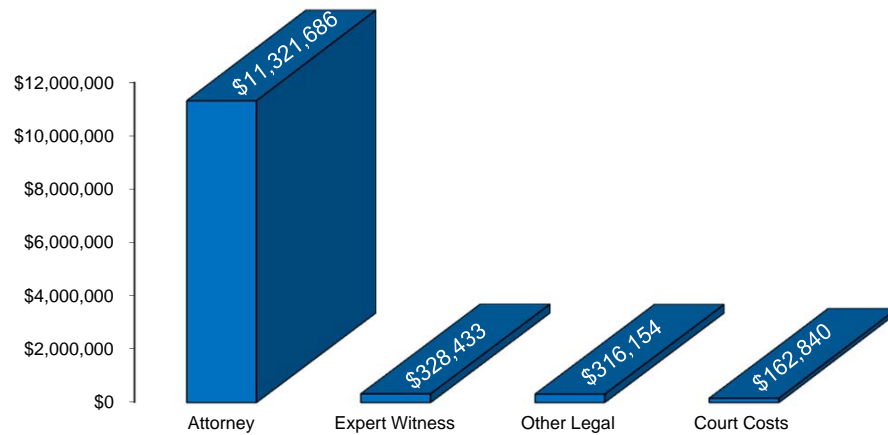
Litigated Claims by Coverage	
Coverage	Total Claims
Errors and Omissions	312
Police Liability	111
General Liability	79
Auto Liability	28
Not Covered	19
Crime, Money and Security	3
All Risks Building	2
All Risks Contents	2
Cyber Liability	1
Auto PD - Comprehensive	1





Legal Expenses Paid by Type for 07/01/2010 - 02/29/2016

Legal Expenses paid by Type	
Legal Expense Type	Amount
Attorney	\$ 11,321,686
Expert Witness	\$ 328,433
Other Legal	\$ 316,154
Court Costs	\$ 162,840
Grand Total	\$ 12,129,113



■ Legal Expenses paid by Type

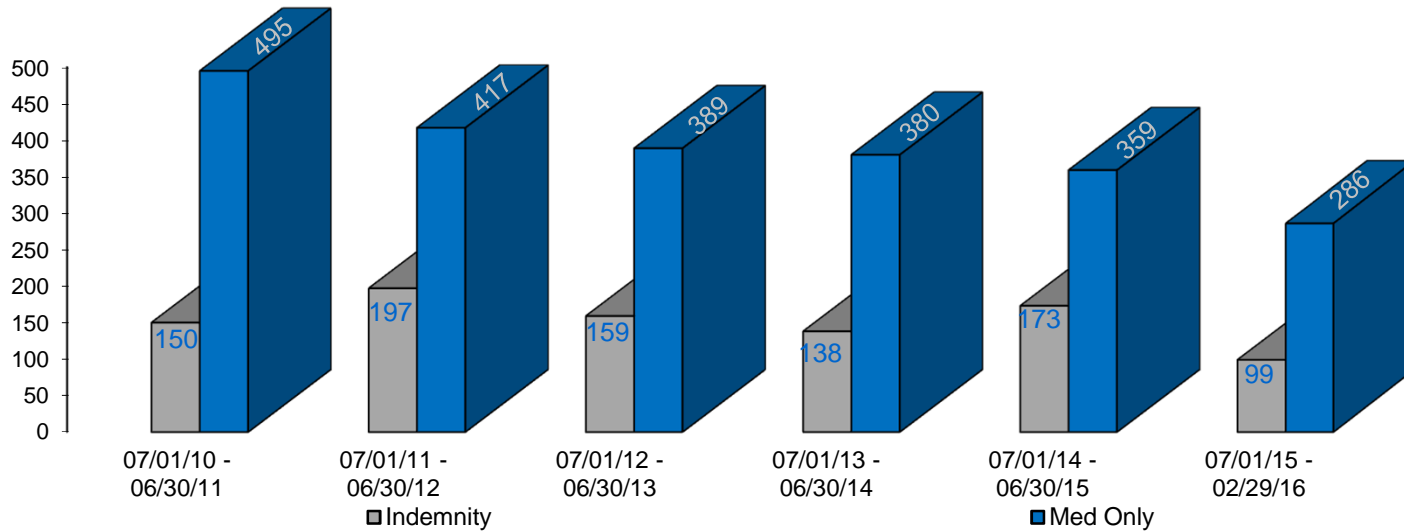


Worker's Compensation Report



Claim Frequency excluding Incidents 07/01/2010 - 02/29/2016

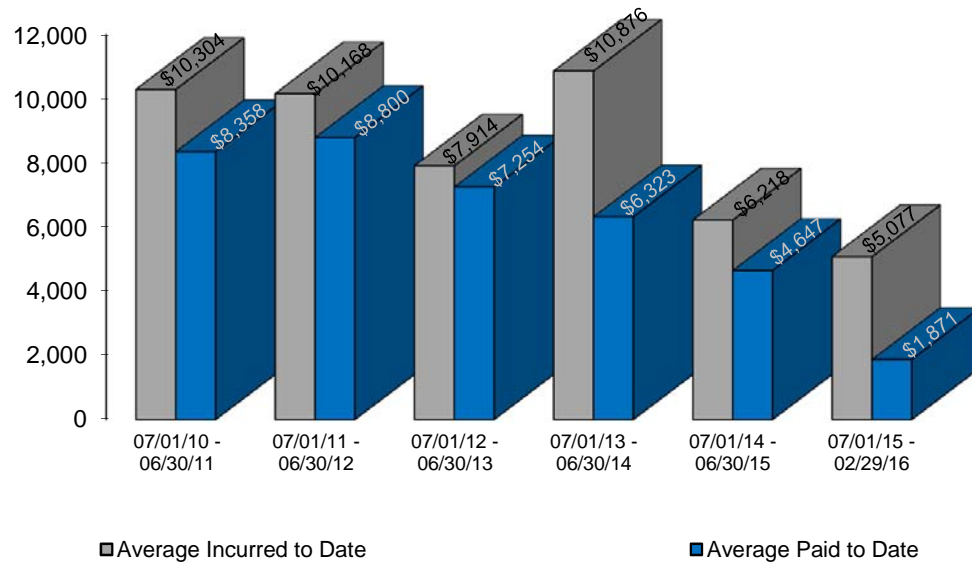
Policy Year	Indemnity		Medical Only		Total Claims
	Open	Closed	Open	Closed	
07/01/10 - 06/30/11	14	136	0	495	645
07/01/11 - 06/30/12	18	179	0	417	614
07/01/12 - 06/30/13	9	150	0	389	548
07/01/13 - 06/30/14	22	116	0	380	518
07/01/14 - 06/30/15	45	128	14	345	532
07/01/15 - 02/29/16	74	25	160	126	385
					3,242





Average Incurred & Paid by Policy Year 07/01/2010 - 02/29/2016

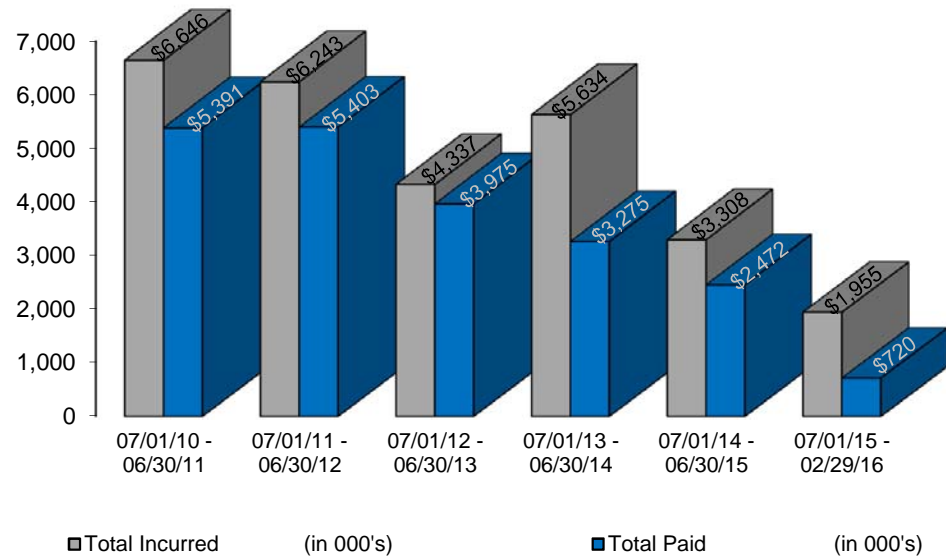
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/10 - 06/30/11	\$10,304	\$8,358
07/01/11 - 06/30/12	\$10,168	\$8,800
07/01/12 - 06/30/13	\$7,914	\$7,254
07/01/13 - 06/30/14	\$10,876	\$6,323
07/01/14 - 06/30/15	\$6,218	\$4,647
07/01/15 - 02/29/16	\$5,077	\$1,871





Incurred vs Paid by Policy Year 07/01/2010 - 02/29/2016

Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/10 - 06/30/11	\$6,646	\$5,391
07/01/11 - 06/30/12	\$6,243	\$5,403
07/01/12 - 06/30/13	\$4,337	\$3,975
07/01/13 - 06/30/14	\$5,634	\$3,275
07/01/14 - 06/30/15	\$3,308	\$2,472
07/01/15 - 02/29/16	\$1,955	\$720





Lag Time Average by Location 07/01/2010 - 02/29/2016

Location	Avg. Days
Elko Convention & Vistors Authority	47
East Fork Swimming Pool District	27
Esmeralda County School District	22
Wells (City Of)	22
Incline Village General Improvement Dist	20
Pershing County Water Conservation Distr	20
Lander County	18
Lincoln County School District	18
Eureka County	18
East Fork Fire & Paramedic District	16
Winnemucca (City Of)	16
Mason Valley Fpd	16
Grover C. Dils Medical Center	15
Fallon (City Of)	15
Ely (City Of)	15
Lincoln County	15
Pahrump (Town Of)	14
Douglas County	14
Pershing General Hospital	13
South Lyon Medical Center	13
Mesquite (City Of),Personnel Director	13
Nye County	13
Churchill County Communications	13
Pershing County	13
Central Lyon County Fpd	13
Tahoe-Douglas Fpd	13
White Pine County School District	12
Boulder City (City Of)	12
Lyon County	12



Lag Time Average by Location 07/01/2010 - 02/29/2016

Location	Avg. Days
Mineral County School District	12
Storey County	12
Humboldt County	12
Elko (City Of)	11
Douglas Co Sever Improvement District #1	11
Pershing County School District	10
Elko County	10
Nevada Rural Housing Authority	10
Humboldt General Hospital	10
Carlin (City Of)	9
Boulder City Hospital	9
Caliente (City Of)	9
Lander County School District	9
Genoa (Town Of)	9
Sierra Fpd	9
Mineral County	8
Elko Central Dispatch	8
Humboldt County School District	8
White Pine County	8
North Lake Tahoe Fpd	8
Churchill County	7
Battle Mountain General Hospital	7
Minden (Town Of)	7
Douglas County Mosquito Abatement Distri	7
Truckee Meadows Fpd	7
Virgin Valley Water District	7
Yerington (City Of)	6
Fernley (City Of)	6
Tonopah (Town Of)	6



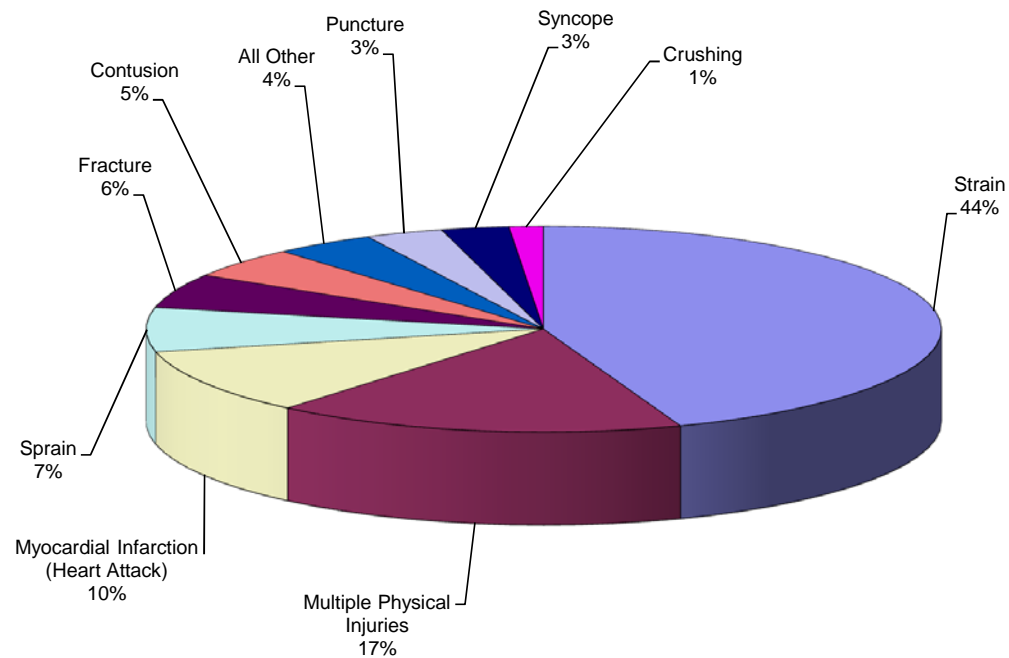
Lag Time Average by Location 07/01/2010 - 02/29/2016

Location	Avg. Days
Esmeralda County	6
White Pine Historical Railroad Foundatio	6
West Wendover (City Of)	6
Mount Grant General Hospital	6
Eureka County School District	5
White Pine County Fp District	5
Southern Nevada Health District	4
Lovelock (City Of)	4
North Lyon County Fire Protection District	4
Beatty Water & Sanitation District	4
Gardnerville (Town Of)	4
Churchill County Mosquito & Weed Abatement Distric	4
Smith Valley Fpd	3
Canyon Gid	2
Fernley Swimming Pool District	1
Sun Valley Gid	1



Top Ten Nature of Injury 07/01/2010 - 02/29/2016

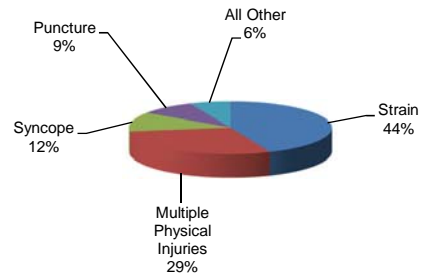
Nature of Injury	# of Claims	Total Incurred
Strain	940	\$ 11,247,677
Multiple Physical Injuries	300	\$ 4,230,174
Myocardial Infarction (Heart Attack)	10	\$ 2,613,966
Sprain	308	\$ 1,753,910
Fracture	104	\$ 1,370,388
Contusion	349	\$ 1,224,690
All Other	195	\$ 1,040,073
Puncture	252	\$ 800,295
Syncopal	21	\$ 696,813
Crushing	27	\$ 352,106



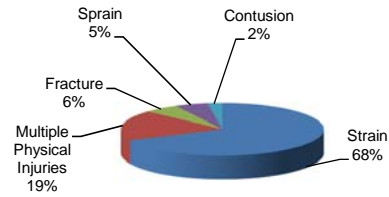


Nature of Injury Trends for 07/01/2010 - 02/29/2016

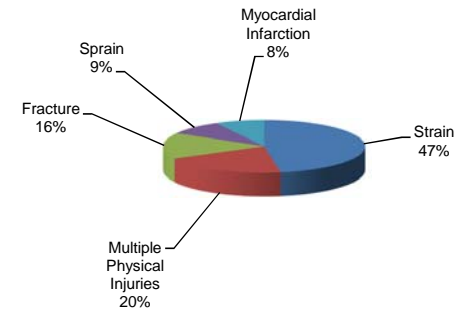
2010 Top 5 Nature



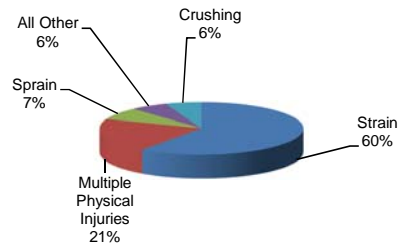
2012 Top 5 Nature



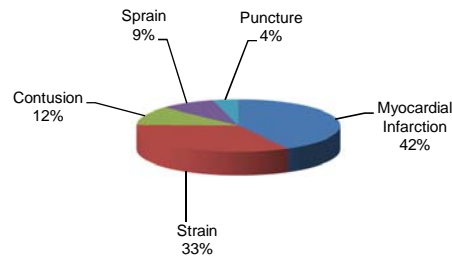
2014 Top 5 Nature



2011 Top 5 Nature



2013 Top 5 Nature



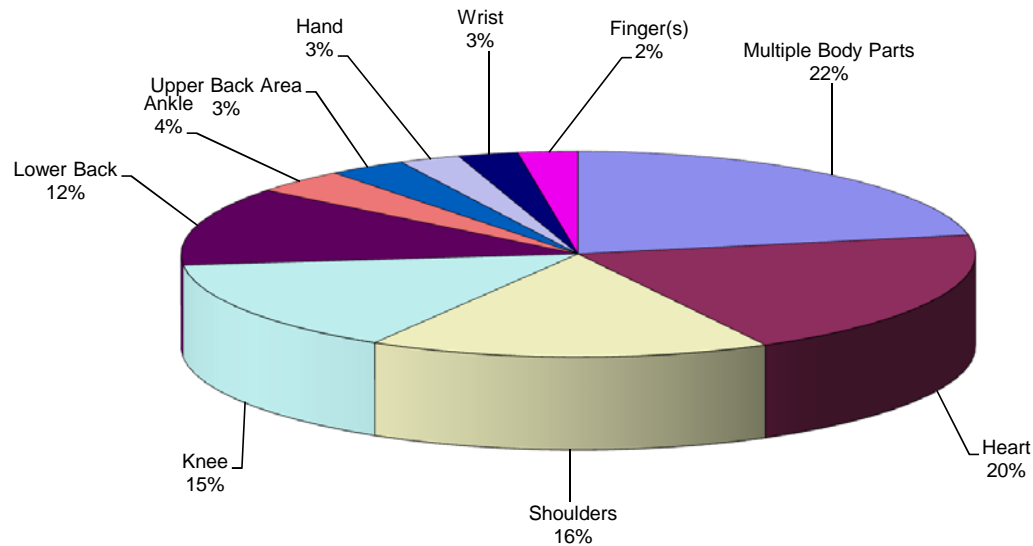
2015 Top 5 Nature





Top Ten Part of Body 07/01/2010 - 02/29/2016

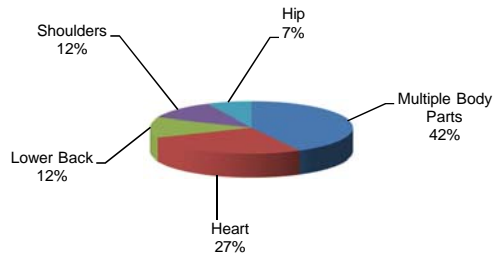
Part of Body	# of Claims	Total Incurred
Multiple Body Parts	336	\$ 4,983,898
Heart	58	\$ 4,553,958
Shoulders	192	\$ 3,693,950
Knee	311	\$ 3,332,701
Lower Back	306	\$ 2,797,523
Ankle	114	\$ 861,083
Upper Back Area	47	\$ 718,214
Hand	180	\$ 562,530
Wrist	97	\$ 551,736
Finger(s)	264	\$ 551,029



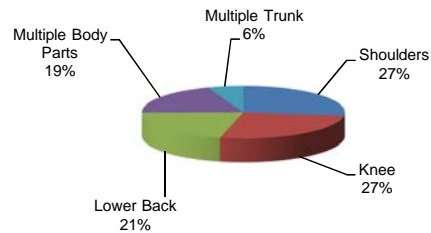


Body Part Trends for 07/01/2010 - 02/29/2016

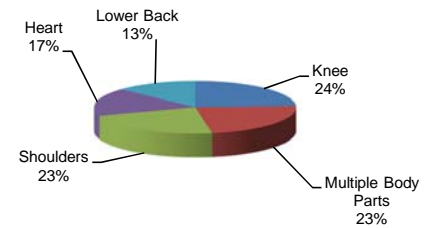
2010 Top 5 Body Part



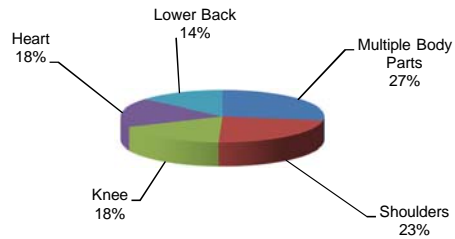
2012 Top 5 Body Part



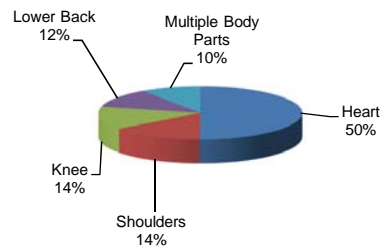
2014 Top 5 Body Part



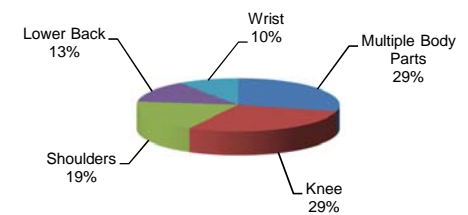
2011 Top 5 Body Part



2013 Top 5 Body Part



2015 Top 5 Body Part

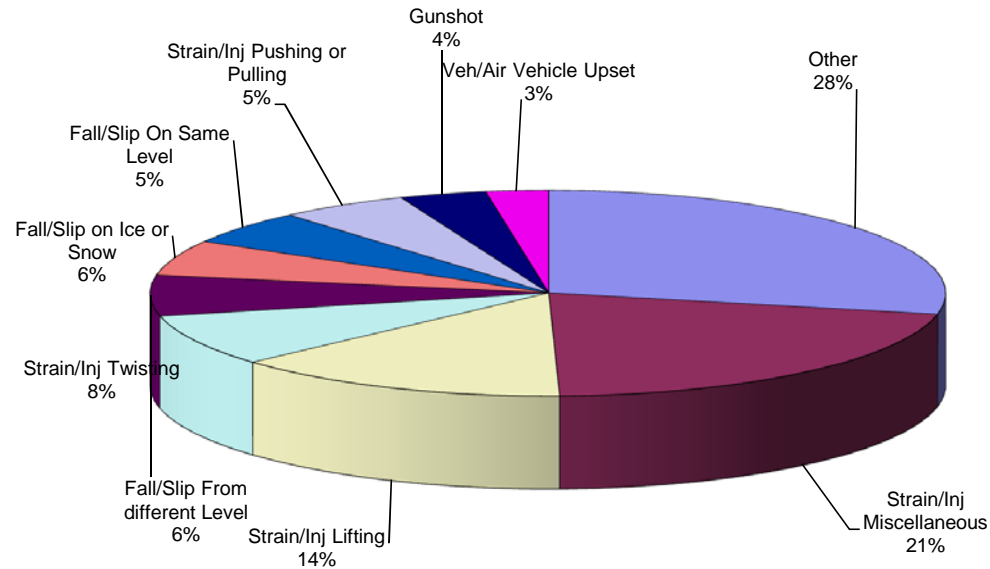




Top Ten Cause of Injury

07/01/2010 - 02/29/2016

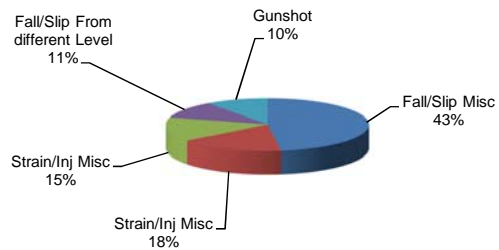
Cause of Injury	# of Claims	Total Incurred
Other	225	\$ 5,705,801
Strain/Inj Miscellaneous	430	\$ 4,285,073
Strain/Inj Lifting	282	\$ 2,766,548
Strain/Inj Twisting	156	\$ 1,630,617
Fall/Slip From different Level	71	\$ 1,290,529
Fall/Slip on Ice or Snow	83	\$ 1,124,066
Fall/Slip On Same Level	150	\$ 1,077,708
Strain/Inj Pushing or Pulling	68	\$ 1,055,682
Gunshot	10	\$ 710,109
Veh/Air Vehicle Upset	15	\$ 511,689



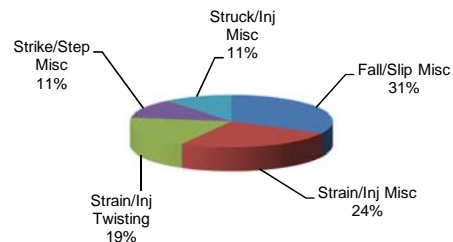


Cause of Injury Trends for 07/01/2010 - 02/29/2016

2010 Top 5 Cause of Injury



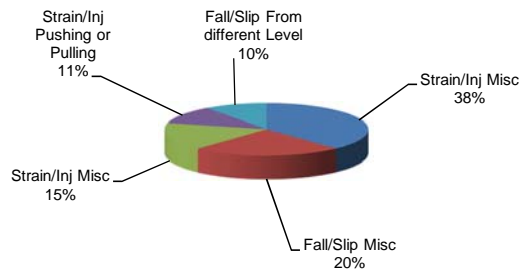
2012 Top 5 Cause of Injury



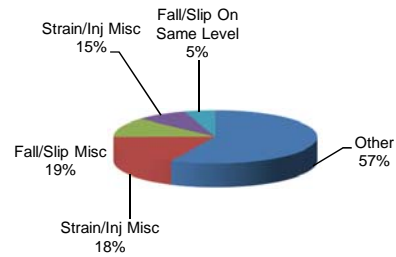
2014 Top 5 Cause of Injury



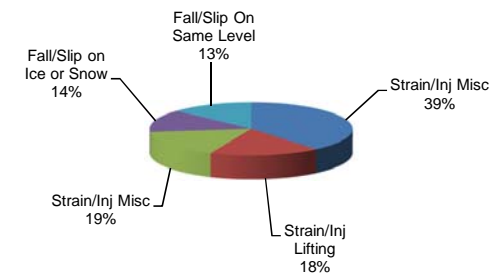
2011 Top 5 Cause of Injury



2013 Top 5 Cause of Injury



2015 Top 5 Cause of Injury





Historical Data Excluding Incidents 07/01/2010 - 02/29/2016

Nbr of Claims

	07/01/10 - 06/30/11	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 02/29/16
Indemnity	150	197	159	138	173	99
Med Only	495	417	389	380	359	286
Total	645	614	548	518	532	385

Total Incurred

	07/01/10 - 06/30/11	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 02/29/16
Indemnity	\$6,203,209	\$6,002,156	\$4,094,172	\$5,294,337	\$3,033,867	\$1,500,117
Med Only	\$442,558	\$241,243	\$242,787	\$339,352	\$273,856	\$454,520
Total	\$6,645,767	\$6,243,399	\$4,336,958	\$5,633,689	\$3,307,722	\$1,954,638

Total Paid

	07/01/10 - 06/30/11	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 02/29/16
Indemnity	\$4,948,617	\$5,162,036	\$3,732,312	\$2,935,732	\$2,224,820	\$537,514
Med Only	\$442,558	\$241,243	\$242,787	\$339,352	\$247,327	\$182,817
Total	\$5,391,175	\$5,403,279	\$3,975,099	\$3,275,084	\$2,472,147	\$720,332

Average Incurred

	07/01/10 - 06/30/11	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 02/29/16
Indemnity	\$41,355	\$30,468	\$25,750	\$38,365	\$17,537	\$15,153
Med Only	\$894	\$579	\$624	\$893	\$763	\$1,589
Average Incurred	\$10,304	\$10,168	\$7,914	\$10,876	\$6,218	\$5,077

Open Claims

	07/01/10 - 06/30/11	07/01/11 - 06/30/12	07/01/12 - 06/30/13	07/01/13 - 06/30/14	07/01/14 - 06/30/15	07/01/15 - 02/29/16
Indemnity	14	18	9	22	45	74
Med Only					14	160
Total	14	18	9	22	59	234



Summary by Location

07/01/2010 - 02/29/2016

Location	# of Claims	# Open Claims	Total Incurred
Douglas County	274	46	\$ 2,527,519
Nye County	256	39	\$ 2,467,666
Central Lyon County Fpd	38	2	\$ 2,044,132
Lyon County	157	21	\$ 1,994,681
Boulder City (City Of)	86	13	\$ 1,497,251
Elko County	143	19	\$ 1,300,453
Truckee Meadows Fpd	88	20	\$ 1,285,124
North Lake Tahoe Fpd	144	5	\$ 1,045,524
East Fork Fire & Paramedic District	86	14	\$ 971,645
Mineral County	106	4	\$ 844,776
Pahrump (Town Of)	58	5	\$ 772,667
Lander County	68	4	\$ 760,950
Storey County	68	7	\$ 752,363
White Pine County	77	11	\$ 544,676
Elko (City Of)	120	7	\$ 532,255
Eureka County	41	5	\$ 521,347
Tahoe-Douglas Fpd	71	12	\$ 514,075
Humboldt General Hospital	93	11	\$ 514,028
Lincoln County School District	24	3	\$ 479,331
Fallon (City Of)	61		\$ 466,665
Incline Village General Improvement Dist	56	15	\$ 410,099
South Lyon Medical Center	85	1	\$ 408,019
Humboldt County	63	10	\$ 374,773
Pershing County School District	25	3	\$ 361,284
Sierra Fpd	33	1	\$ 352,401
Mesquite (City Of),Personnel Director	78	3	\$ 351,804
Churchill County	64	3	\$ 337,250
Yerington (City Of)	20	5	\$ 335,353
Ely (City Of)	30	4	\$ 312,427
Pershing County	40	2	\$ 284,584
Fernley (City Of)	22	1	\$ 216,643



Summary by Location

07/01/2010 - 02/29/2016

Location	# of Claims	# Open Claims	Total Incurred
West Wendover (City Of)	25	2	\$ 204,855
Winnemucca (City Of)	36	7	\$ 179,969
Mineral County School District	38	4	\$ 161,817
Esmeralda County School District	6	1	\$ 160,574
Mount Grant General Hospital	69	3	\$ 158,391
Humboldt County School District	29		\$ 150,867
White Pine County School District	42	3	\$ 149,269
Boulder City Hospital	42	1	\$ 148,385
Pershing General Hospital	42	4	\$ 118,802
Lander County School District	21	2	\$ 112,419
Churchill County Mosquito & Weed Abatement Distric	3	1	\$ 105,303
Lincoln County	33	2	\$ 99,347
Carlin (City Of)	27	3	\$ 90,290
Pershing County Water Conservation Distr	10	1	\$ 83,873
Lovelock (City Of)	15	1	\$ 83,157
North Lyon County Fire Protection District	15	1	\$ 81,982
White Pine Historical Railroad Foundatio	11	2	\$ 52,824
Esmeralda County	17	1	\$ 45,215
Virgin Valley Water District	5	1	\$ 42,492
Mason Valley Fpd	12		\$ 36,663
Tonopah (Town Of)	6		\$ 29,903
Wells (City Of)	8		\$ 28,954
Battle Mountain General Hospital	34	5	\$ 27,542
Churchill County Communications	9		\$ 26,003
Caliente (City Of)	12	2	\$ 23,653
White Pine County Fp District	8	2	\$ 23,490
East Fork Swimming Pool District	22	1	\$ 22,565
Eureka County School District	9	1	\$ 21,733
Minden (Town Of)	16		\$ 18,722
Grover C. Dils Medical Center	17	1	\$ 17,483
Gardnerville (Town Of)	6	1	\$ 9,688



Summary by Location

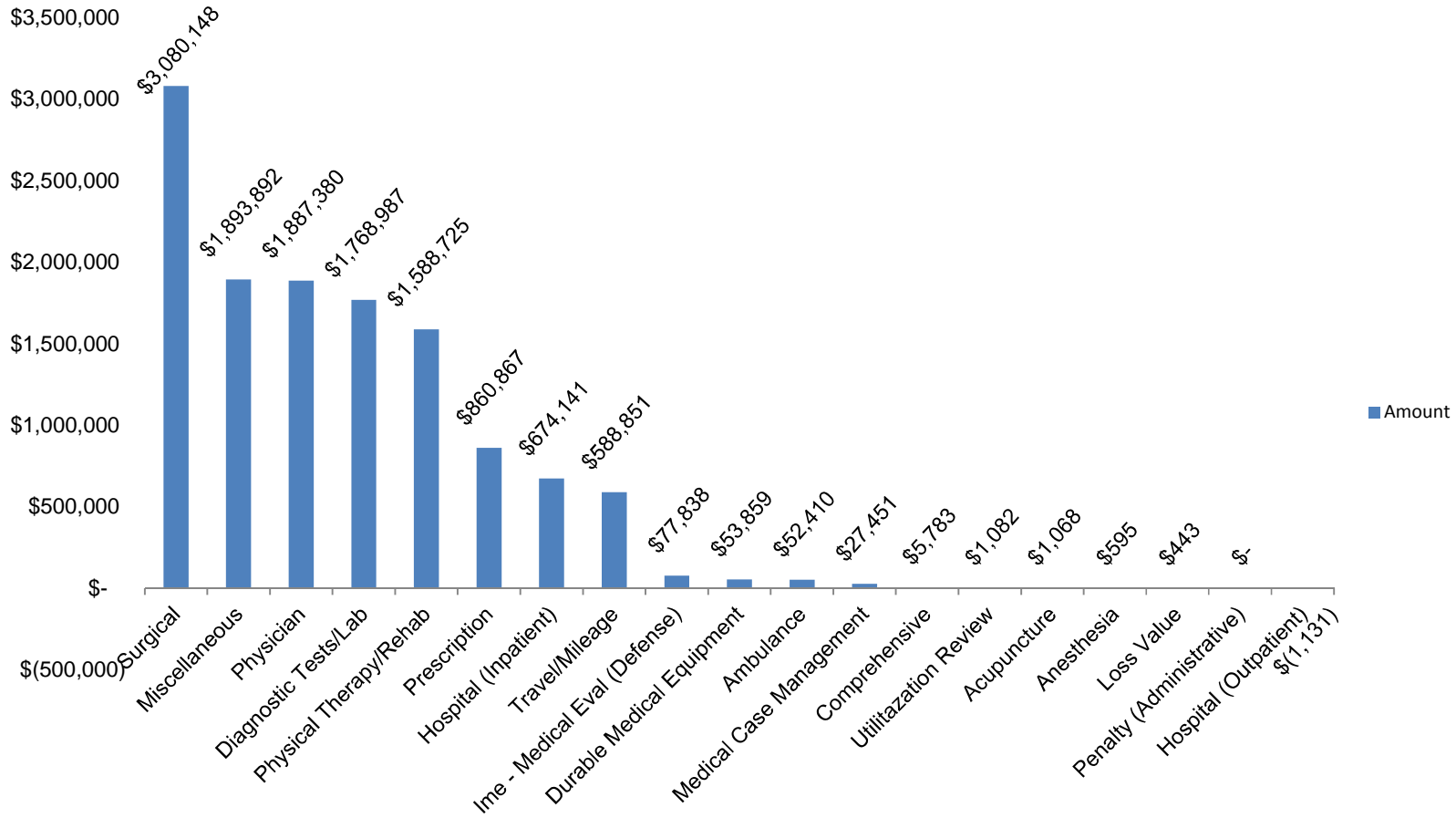
07/01/2010 - 02/29/2016

Location	# of Claims	# Open Claims	Total Incurred
Canyon Gid	3	1	\$ 6,537
Southern Nevada Health District	5	5	\$ 6,465
Douglas Co Sever Improvement District #1	2	1	\$ 1,641
Nevada Rural Housing Authority	1		\$ 1,507
Smith Valley Fpd	1		\$ 1,501
Genoa (Town Of)	2		\$ 1,472
Fernley Swimming Pool District	2		\$ 1,422
Douglas County Mosquito Abatement Distri	2		\$ 1,350
Elko Central Dispatch	1		\$ 1,145
Beatty Water & Sanitation District	1		\$ 723
Sun Valley Gid	1		\$ 412
Elko Convention & Vistors Authority	1		\$ -
Total	3242	356	\$28,122,173



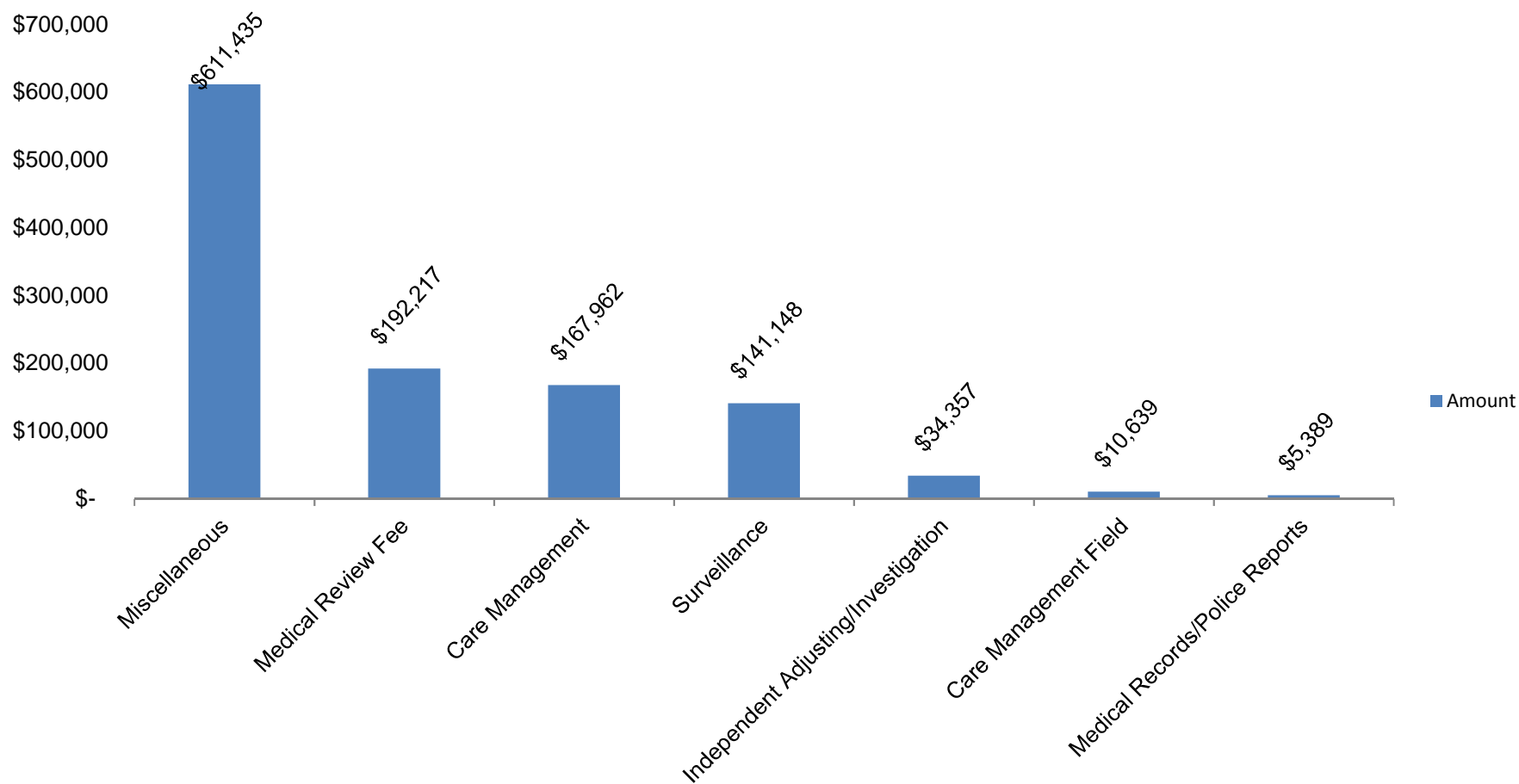
Medical Payments by Type

7/1/2010 - 2/29/2016



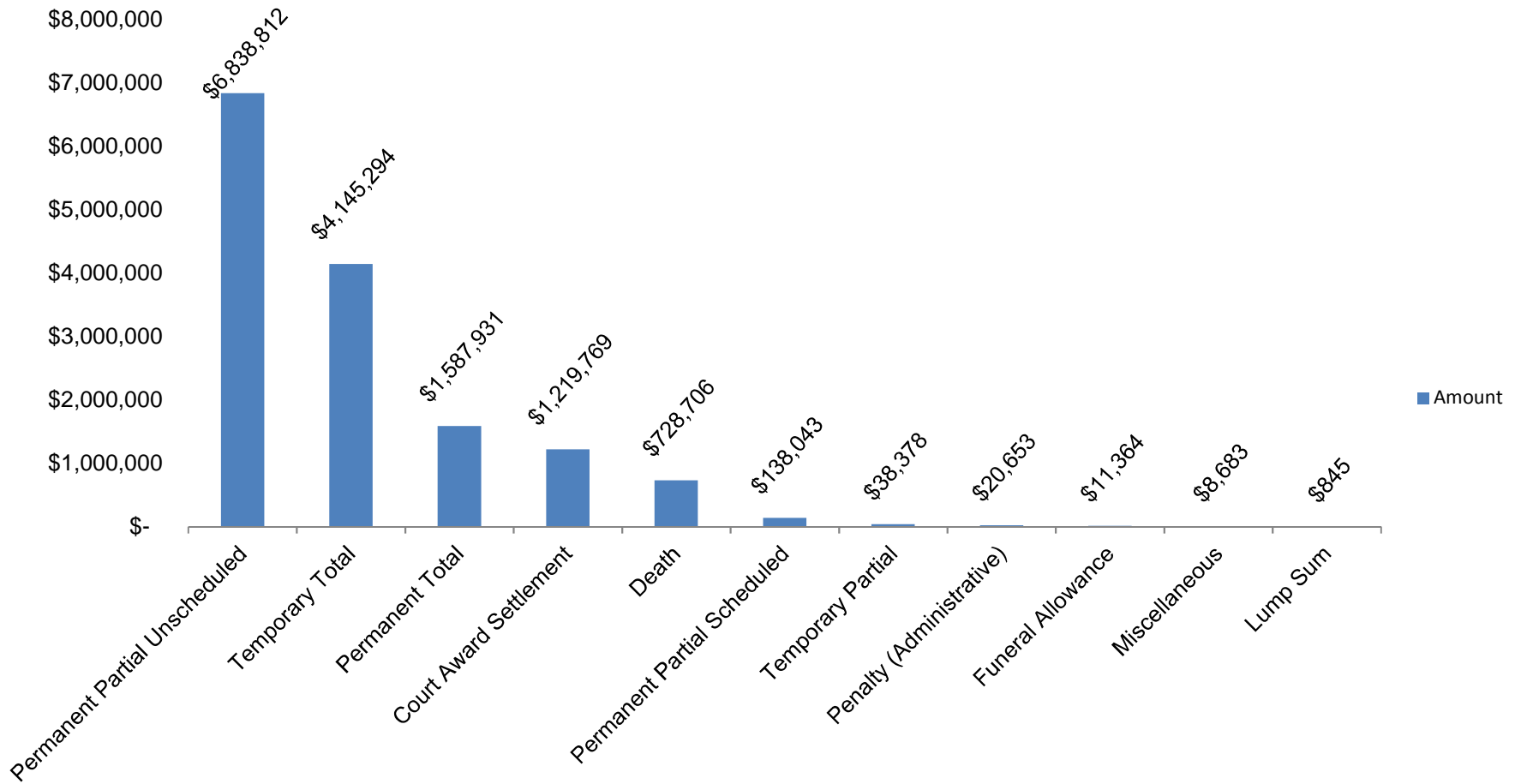


Expense Payments by Type 07/01/2010 - 02/29/2016





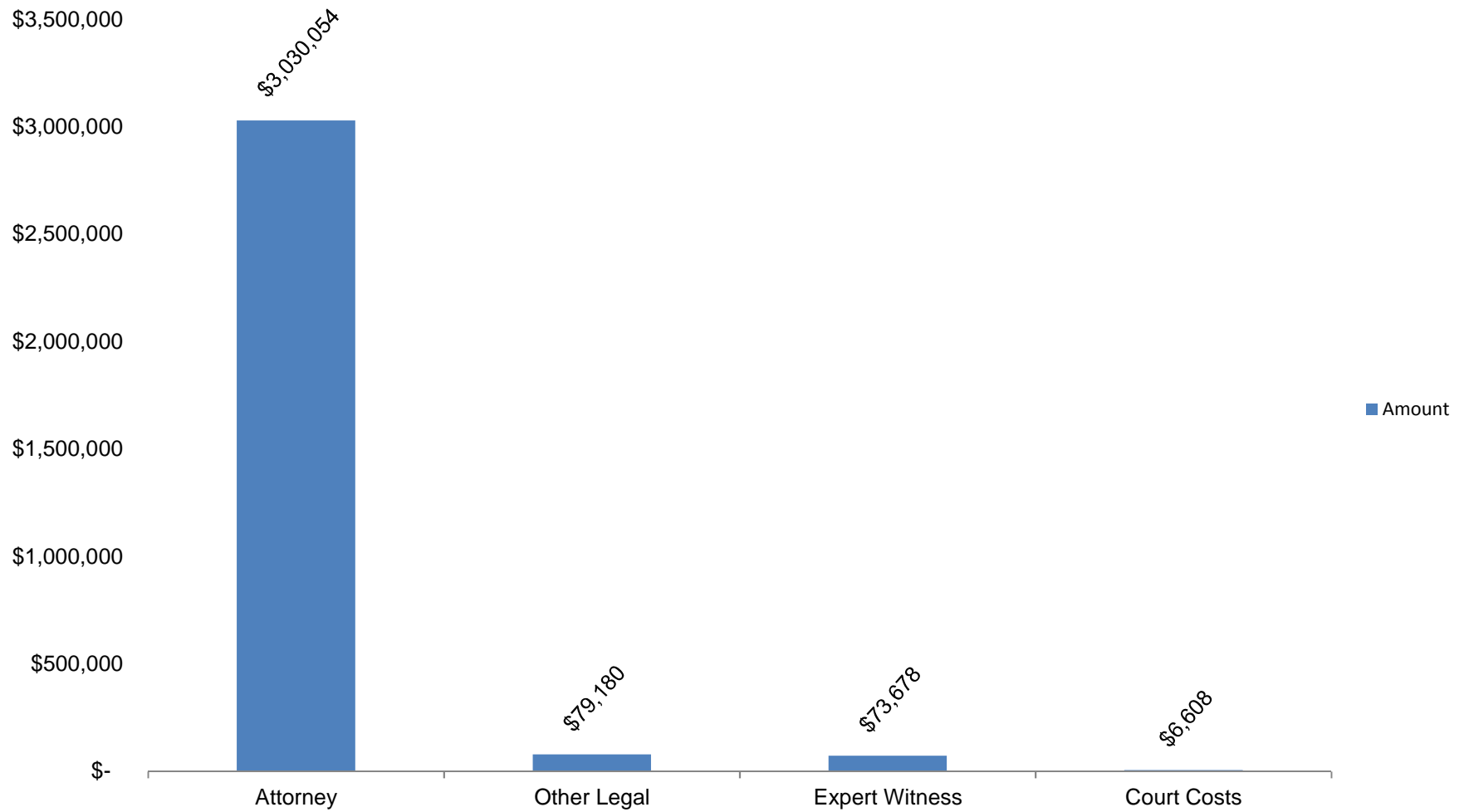
Indemnity Payments by Type 07/01/2010 - 02/29/2016





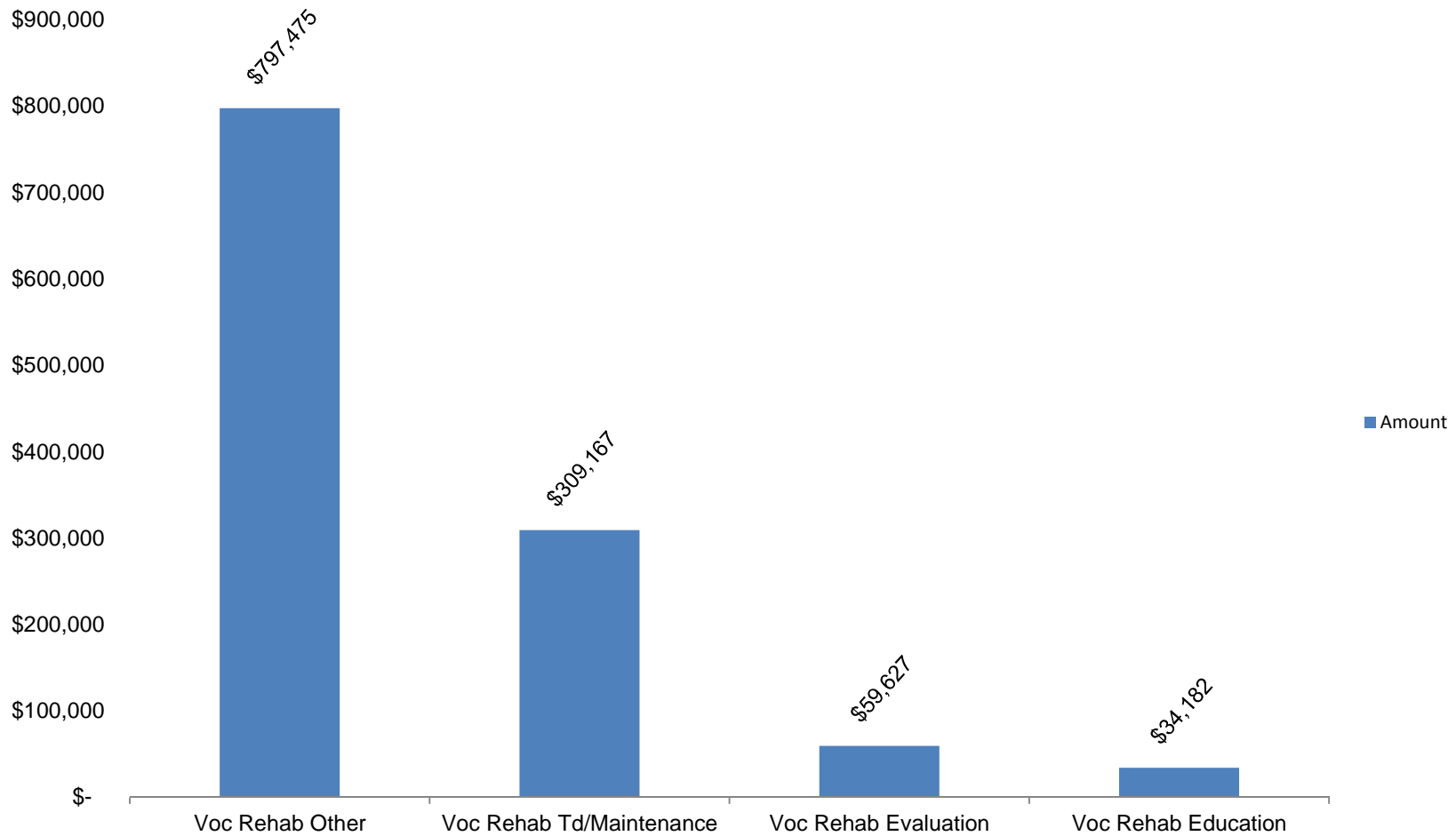
Legal Payments by Type

07/01/2010 - 02/29/2016





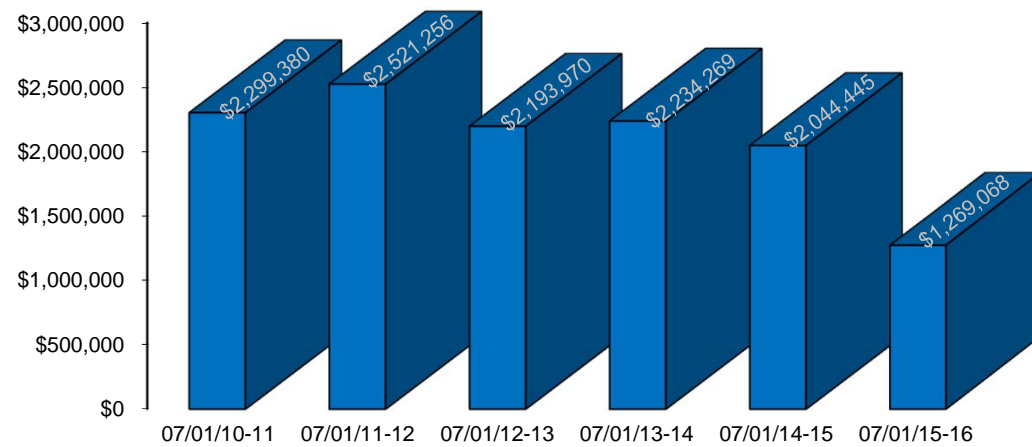
Voc Rehab Payments by Type 07/01/2010 - 02/29/2016





Medical Payment Trends 07/01/2010 - 02/29/2016

Policy Year	Medical Payments
07/01/10-11	\$2,299,380
07/01/11-12	\$2,521,256
07/01/12-13	\$2,193,970
07/01/13-14	\$2,234,269
07/01/14-15	\$2,044,445
07/01/15-16	\$1,269,068
Total	\$12,562,388

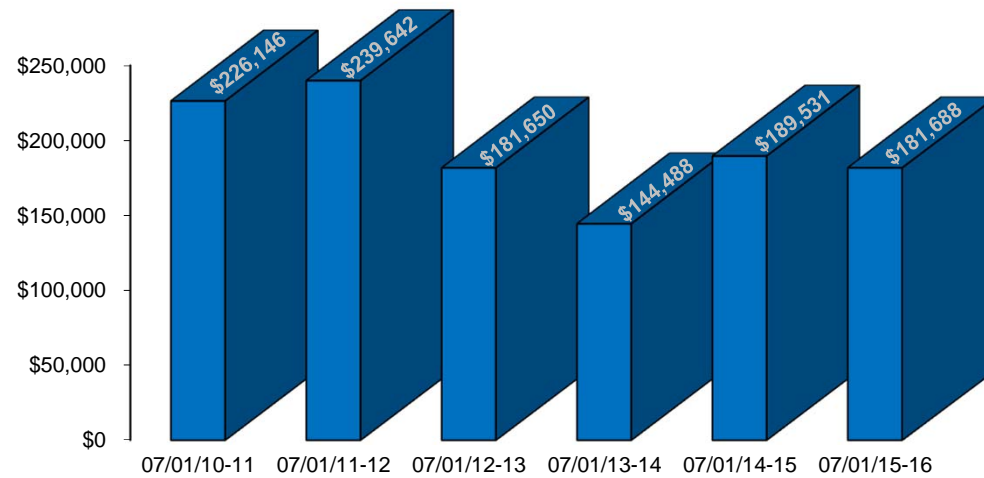


■ Medical Payments



Expense Payment Trends 07/01/2010 - 02/29/2016

Policy Year	Expense Payments
07/01/10-11	\$226,146
07/01/11-12	\$239,642
07/01/12-13	\$181,650
07/01/13-14	\$144,488
07/01/14-15	\$189,531
07/01/15-16	\$181,688
Total	\$1,163,146

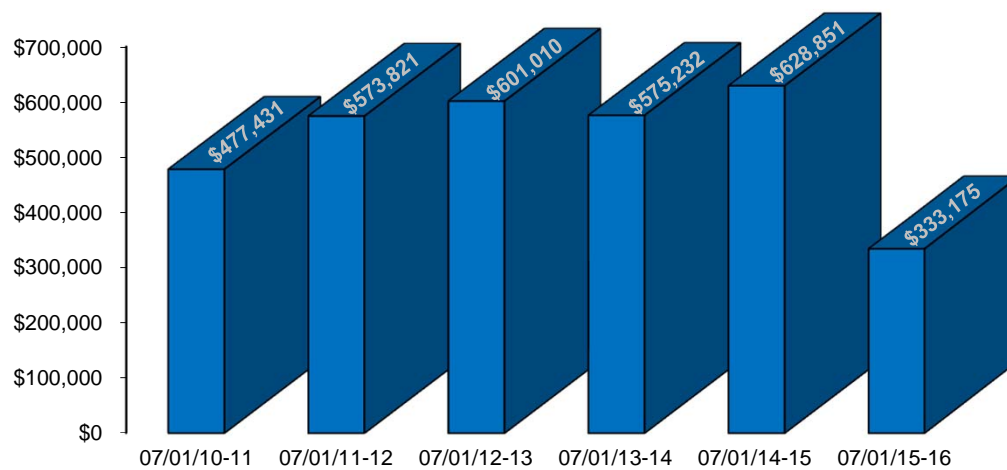


■ Expense Payments



Legal Payment Trends 07/01/2010 - 02/29/2016

Policy Year	Legal Payments
07/01/10-11	\$477,431
07/01/11-12	\$573,821
07/01/12-13	\$601,010
07/01/13-14	\$575,232
07/01/14-15	\$628,851
07/01/15-16	\$333,175
Total	\$3,189,520

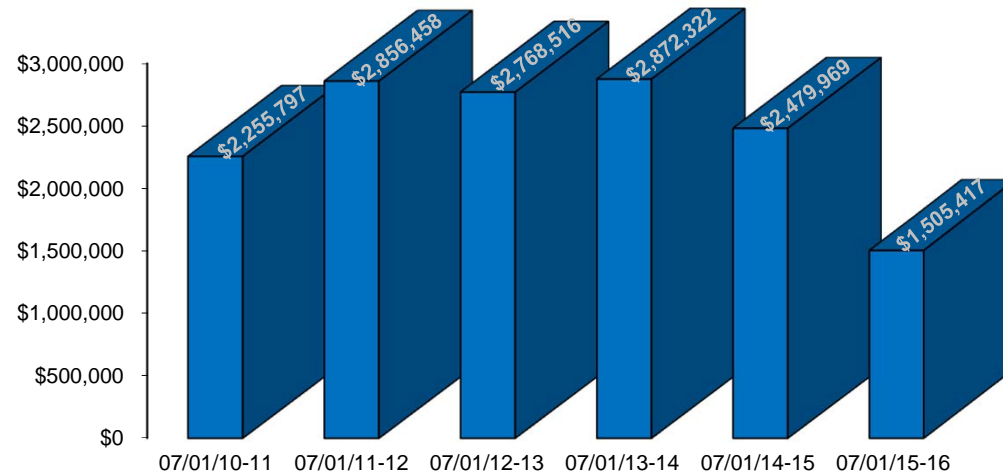


■ Legal Payments



Indemnity Payment Trends 07/01/2010 - 02/29/2016

Policy Year	Indemnity Payments
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	\$2,872,322
07/01/14-15	\$2,479,969
07/01/15-16	\$1,505,417
Total	\$14,738,479

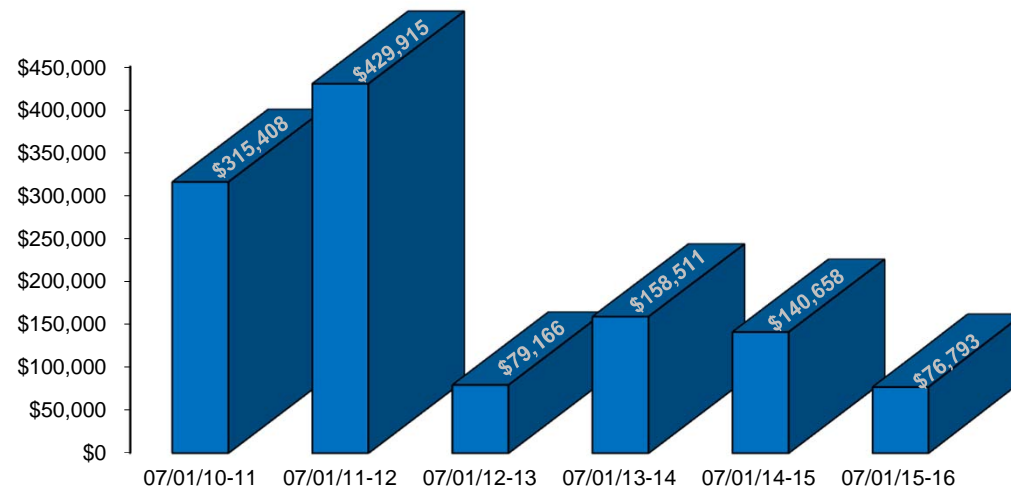


■ Indemnity Payments



Voc Rehab Payment Trends 07/01/2010 - 02/29/2016

Policy Year	Voc Rehab Payments
07/01/10-11	\$315,408
07/01/11-12	\$429,915
07/01/12-13	\$79,166
07/01/13-14	\$158,511
07/01/14-15	\$140,658
07/01/15-16	\$76,793
Total	\$1,200,451



■ Voc Rehab Payments

POOLING RESOURCES INC (a non-profit corporation)

FINANCIAL STATEMENTS

June 30, 2015 and 2014

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Independent Auditor’s Report 3

Financial Statements

 Statement of Financial Position 4

 Statement of Activities and Changes in Net Assets 5

 Statement of Functional Expenditures 6

 Statement of Cash Flows 7

Notes to Financial Statements 8

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

777 E. William St. Suite 206
Carson City, NV 89701
Tel 775.882.8892
Fax 775.562.2667

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pooling Resources Inc.

We have audited the accompanying financial statements of Pooling Resources Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pooling Resources Inc as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bertrand & Associates, LLC

Carson City, Nevada
September 3, 2015

POOLING RESOURCES INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS	2015	2014
Current assets:		
Cash and cash equivalents	\$ 75,547	\$ 102,540
Investments	1,252,184	1,163,723
Accrued interest income	2,258	1,633
Non trade receivables	93,587	89,250
Total current assets	<u>1,423,576</u>	<u>1,357,146</u>
Other assets:		
Prepaid expenses	10,104	10,875
Other assets	-	988
Total other assets	<u>10,104</u>	<u>11,863</u>
Total assets	<u>1,433,680</u>	<u>1,369,009</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	15,105	15,857
Compensated absences	30,001	36,676
Total current liabilities	<u>45,106</u>	<u>52,533</u>
Net assets: temporarily restricted	<u>1,388,574</u>	<u>1,316,476</u>
Total net assets	1,388,574	1,316,476
Total liabilities & net assets	<u>\$ 1,433,680</u>	<u>\$ 1,369,009</u>

See notes to financial statements

POOLING RESOURCES INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended June 30, 2015 and 2014

REVENUES	2015	2014
Grant income	\$ 1,093,000	\$ 1,071,000
Contract revenues	32,611	-
Total revenues	<u>1,125,611</u>	<u>1,071,000</u>
 EXPENDITURES		
Program activities:		
Salaries and payroll taxes	628,004	613,897
Retirement	76,039	77,305
Health insurance costs	35,453	50,875
Member education services	50,088	47,686
Professional development	10,136	17,406
Travel	50,970	30,673
Total program activities	<u>850,690</u>	<u>837,842</u>
General activities:		
Casualty insurance	9,125	9,127
Dues and subscriptions	3,751	3,505
Legal and professional	22,645	15,950
Management Services	45,000	45,000
Office supplies	11,935	8,043
Rent	89,298	85,848
Telephone	19,153	11,508
Other operating expenses	11,145	10,592
Total supporting activities	<u>212,052</u>	<u>189,573</u>
Total expenses	<u>1,062,742</u>	<u>1,027,415</u>
 Increase in operating net assets - temporarily restricted	 62,869	 43,585
 Increase in non-operating net investment income	 9,229	 6,060
 Change in net assets - temporarily restricted	 <u>72,098</u>	 <u>49,645</u>
 Net assets at beginning of year	 1,316,476	 1,266,831
Net assets at end of year - temporarily restricted	<u>\$ 1,388,574</u>	<u>\$ 1,316,476</u>

See notes to financial statements

POOLING RESOURCES INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
For the years ended June 30, 2015 and 2014

	2015			2014		
	Program	General	Total	Program	General	Total
Salaries & related expenses	\$ 628,004	\$ -	\$ 628,004	\$ 613,897	\$ -	\$ 613,897
Pension plan contributions	76,039	-	76,039	77,305	-	77,305
Health insurance	35,453	-	35,453	50,875	-	50,875
Member education services	50,088	-	50,088	47,686	-	47,686
Professional development	10,136	-	10,136	17,406	-	17,406
Travel	50,970	-	50,970	30,673	-	30,673
Casualty insurance	-	9,125	9,125	-	9,127	9,127
Dues & subscriptions	-	3,751	3,751	-	3,505	3,505
Legal & professional	-	22,645	22,645	-	15,950	15,950
Management services	-	45,000	45,000	-	45,000	45,000
Office supplies	-	11,935	11,935	-	8,043	8,043
Rent	-	89,298	89,298	-	85,848	85,848
Telephone	-	19,153	19,153	-	11,508	11,508
Other operating expense	-	11,145	11,145	-	10,592	10,592
Total expenses	\$ 850,690	\$ 212,052	\$ 1,062,742	\$ 837,842	\$ 189,573	\$ 1,027,415

See notes to financial statements

POOLING RESOURCES INC.
STATEMENT OF CASH FLOWS
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 72,099	\$ 49,645
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in accrued investment income	(625)	8,406
(Increase) in grants receivable	(1,837)	(1,750)
(Increase) in contract receivable	(2,500)	-
Decrease in other assets	988	64
Decrease in prepaid expenses	771	75
(Decrease) in accounts payable	(753)	(7,232)
(Decrease) in compensated absences	(6,675)	(12,984)
Net cash flows from operating activities	<u>61,468</u>	<u>36,224</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in investments	<u>(88,461)</u>	<u>(5,050)</u>
Net cash Used in Investing	<u>(88,461)</u>	<u>(5,050)</u>
Increase (decrease) in Cash and Cash Equivalents	(26,993)	31,174
Beginning cash at June 30	102,540	71,366
Cash and cash flow equivalents at year end, June 30	<u>\$ 75,547</u>	<u>\$ 102,540</u>

See notes to financial statement

POOLING RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Pooling Resources Inc. ("PRI") was formed and began operations July 1, 2006 solely for the purpose of providing human resource consulting services to the members of the Nevada Public Agency Insurance Pool (POOL) and the Public Agency Compensation Trust (PACT). PRI's funding comes from a grant that commenced on July 1, 2012 and continues through to June 30, 2015.

Financial Statement Presentation

Financial statement preparation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-210-45-1, *Financial Statements of Not-For-Profit Organizations*. Under FASB ASC 958-210-45-1, PRI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounting Method

PRI uses the accrual method of accounting. Income is recognized when earned and costs and expense are recognized when the obligations are incurred. Accordingly all significant receivables, payables, and other liabilities are reflected.

Cash and Equivalents

For purposes of the cash flow statements, PRI considers securities with original maturities of 90 days or less to be cash equivalents.

Investments

The company has adopted and implemented FASB ASC 820-10 Fair Value Measurements which provides a framework for measuring fair value under GAAP. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy which prioritizes the valuations into three levels as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that affect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information in the circumstances.

Compensated absences

Compensated absences represents unused vacation pay that is payable to the employee upon termination. PRI limits payment for unused vacation pay to the lesser of accrued vacation pay or \$2,000.

Use of Estimates

PRI uses estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

POOLING RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

PRI is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

Concentrations

The organization receives its funding from a grant jointly funded by Nevada Public Agency Insurance Pool (POOL) and Public Agency Compensation Trust (PACT). Public Agency Risk Management Services, Inc. (PARMS) provides management services to PRI, as well as to the Nevada Public Agency Insurance Pool and Public Agency Compensation Trust.

NOTE 2 – CASH

The carrying amount of deposits at financial institutions at June 30, 2015 and 2014 was \$61,271 and \$102,540 and is a reasonable estimate of fair value and represents a Level 1 input. The difference between the carrying amount and the bank balance results from outstanding checks and deposits not yet reflected in the bank's records.

The account is insured by the Federal Deposit Insurance Corporation for amounts up to \$250,000. At times, the account balances may exceed the institution's federally insured limits. The financial institution's balance at June 30, 2015 and 2014 was \$117,686 and \$83,523 respectively.

	<u>2015</u>	<u>2014</u>
Amounts insured through FDIC	\$ 103,410	\$ 122,099
Cash equivalents insured through SIPC	14,276	17,288
Total deposits at financial institutions	<u>\$ 117,686</u>	<u>\$ 139,387</u>

NOTE 3 – INVESTMENTS

Fair values are based on quoted market prices or dealer quotes. If a market price is not available, fair value is estimated using quoted market process of similar securities. This fair value represents level 2 inputs as described in Note 1. The fair values of long-term investments totaled \$1,252,184 and \$1,163,723 respectively. Net investment income represents investment income less investment expenses. Investment expenses were \$1,859 for 2015 and \$2,517 for 2014.

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
	Temporarily Restricted	Temporarily Restricted
Interest income	\$ 14,675	\$ 24,160
Realized gains (losses)	(25,404)	(15,138)
Unrealized gains (losses)	19,958	(2,962)
Total investment return	<u>\$ 9,229</u>	<u>\$ 6,060</u>

POOLING RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 4 – COMPENSATED ABSENCES

Employees of PRI are entitled to paid personal time off dependent upon length of service. Vested or accumulated paid time off that is expected to be liquidated is reported as an expenditure and fund liability. Amounts accrued for employees but not used totaled \$30,001 and \$36,676 for years ended June 30, 2015 and 2014.

NOTE 5 - INCOME TAXES

PRI is exempt from federal income tax under Section 501(C) (3) of the Internal Revenue Service Code. As a result, PRI files federal form 990, *Return of Organization Exempt from Income Tax*, and is not liable for payment of corporate income tax as long as PRI's activities do not involve unrelated business taxable income.

NOTE 6 – EMPLOYEE RETIREMENT PLAN

All employees who are expected to receive at least \$5,000 annual compensation are eligible to participate in the SEP one year after their hire date. PRI made a contribution of 15% of the employee's annual compensation in 2015 and 2014. PRI's contribution to the SEP plans totaled \$76,039 and \$77,305 for years ended June 30, 2015 and 2014.

NOTE 7 – RELATED PARTY TRANSACTIONS

Nevada Public Agency Insurance Pool and Public Agency Compensation Trust are co-grantors providing funds for the operations of PRI. The chair of the PACT board serves as one of the three directors and Treasurer of PRI. The grant term covers the period July 1, 2012 through June 30, 2015. The grant amounts for years ended 2015 and 2014 were \$1,093,000 and \$1,071,000 respectively. Receivables on the contract at June 30 2015 and 2014 were \$91,087 and \$89,250 respectively. The grant was renewed for an additional five years effective July 1, 2015 for \$1,130,000 with an annual increase of 3%.

Public Agency Insurance Pool is the owner of the building in which PRI occupies a portion and to whom it paid rent in the amounts of \$89,298 and \$85,848 in 2015 and 2014 respectively. The Chair of the Public Agency Insurance Pool board serves as one of the three directors and Secretary of PRI.

Public Agency Risk Management Services, Inc. (PARMS) received a management fee for fiscal years ended June 30, 2015 and 2014 of \$45,000 for both years as approved in the grant to provide management oversight, grant administration and financial services to PRI. Wayne Carlson, sole owner of PARMS, serves as one of the three directors and President of PRI. PARMS also provides Executive Director Services including financial services under a separate contract with both POOL and PACT. PARMS owns the equipment and software that PRI utilizes in its operations.

The contract was renewed for a five year period beginning July 1, 2015 with a base fee of \$45,000 to be increased by 3% for each year beginning July 1, 2016.

POOLING RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 8 – NET ASSET RESTRICTIONS

Net assets are temporarily restricted in accordance with Section 9 of the Grant which states that any funds not expended for the purposes set forth in this Grant shall be subject to refund to Grantor, unless otherwise directed by Grantor. The Grantor may allow retention of unexpended funds for the purpose of carryover to future grants, expansion or redirection of services or service delivery methods or for any other purpose deemed appropriate by Grantor.

NOTE 9 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure within the financial statements for the year ended June 30, 2015.

It was noted by management for disclosure that Wayne Carlson and Michael Rebaleati resigned their positions on the board as of July 1, 2015 and those positions were filled by Cash Minor and Curtis Calder. In addition, on July 1, 2015 the grant contract with Nevada Public Agency Insurance Pool and Public Agency Compensation Trust was renewed for an additional five years.

Management has evaluated subsequent events through September 3, 2015 which is the date the financial statements were available to be issued.

Nevada Public Agency Insurance Pool & Public Agency Compensation Trust



Mission

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



Mission

- **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



Mission

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.



Motto

We deliver public agency
risk management solutions.



GOALS:

- 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 a primary service.
- To grant membership privileges to public agencies who demonstrate commitment to our Mission and Vision.
- To provide stunning, sustainable service.
- To share resources between Members so that all succeed.



Pooled Risks - Pooled Power

- **Pools were Created By and For Nevada Local Governments Only**
- **Combined Buying Clout**
- **Broad Array of Coverage and Limits**
- **Financially Sound**
- **Prudent Board Policies and Management**
- **Actuarial Confidence Level 70%**
- **Programs and Services Designed for Members by Members**



Membership

- Interlocal Cooperation Agreement quasi-Governmental Agency
- Vote on Board of Directors
- Member Owned and Controlled
- Member-owned Assets in Pools
- Members Determine Scope of Services
- Dedicated Staff to Support Members



Board & Staff Training

- Public Officials Liability Workshop
- Positive Governance Workshop
- Board Member Orientation
- Board Retreats and Strategic Planning
- Open Meeting Law Workshop
- Ethics Workshop



POOL/PACT Human Resources

- Essential Management Skills Training
- Human Resources Representative Training
- Job Descriptions Writing Assistance
- HR System Assessments
- Model Policy Development and Implementation
- Critical Incident Problem Solving Consultation
- On-site Consultation Assistance
- Regional and Local Training
- E-Learning Courses



Risk Management Consultation

- Professional Risk Managers on Staff
- Safety Training & Consultation
- Loss Trends Analysis
- Contract Review Services
- Risk Management Training & Consultation
- Legislative Liaison



Informational Resources

- **Paid Membership in Public Risk Managers Association (PRIMA)**
- **Newsletters and Bulletins on Risk Management Issues**
- **Risk Management Resource Library**
- **E-Learning Programs**
- **Video Tape Lending Library**
- **POOL & PACT Web Site**



Litigation and Claims Management

- **Loss Runs Sent to Member and Agent**
- **Claims Adjusting and Litigation Management Services**
- **Claims Trends Analysis**
- **Members Involved in Settlement Decisions**
- **Litigation Strategy Workshops with House and Outside Counsel**
- **On-line Access to Claims Data**



Law Enforcement Services

- Firearms Training Simulator (FATS)
- Physical Fitness and Wellness Program
- Policies Development, Review and Consultation
- Law Enforcement Supervision Training
- Civil Rights, Use of Force, Pursuit, Emergency Vehicle Operations and Other Training for Officers
- Law Enforcement Bulletins
- E-Learning for Police Officers
- Critical Tasks in Law Enforcement Case Law Flip Book Given to each Officer
- SkidCar Driver Training



Loss Control Services

- **Member Loss Control Committee**
- **Loss Control Excellence Program Awards**
- **Safety Committee Establishment and Support**
- **Safety Policy Development Assistance**
- **On Site Loss Control Training and Consultation**
- **Property, Liability and Worker Safety Surveys**
- **Loss Management Guides; Safety Manuals**
- **Forms & Checklists Manual**
- **Self-inspection Checklists**
- **Defensive Driver, Bus Safety and Equipment**
- **Operators Safety Training**
- **Loss Control Bulletins**



Special Programs & Services

- Employee Assistance Program
- Wellness and Fitness Services
- Appraisals of Buildings and Contents
- Environmental Liability Programs
- Airport Liability Insurance Program
- Data Security & Privacy Response Coverage and Services



Program Pricing

- **Board Selects Renewal Program and Options**
- **Actuary and Staff Review Exposures and Claims Experience Over Five Year Cycles**
- **POOL Allocation Formulas Use Multiple Factors: Property Values, Payroll, Student ADA, Police Officers, Vehicles, Etc.**
- **Claims Experience and Deductible Level Are Factored in Rating Plan**
- **PACT Member Rates and Experience Modification Factors**



AGRIP Standards Recognition

The Association of Governmental Risk Pools created Advisory Standards for evaluating risk pool operations. Their extensive peer review process requires documented evidence showing how each pool meets the standards. Recognition is valid for three years.

NPAIP first received standards recognition in 1993

PACT in 1996

Both continuously met the standards after review by AGRIP every three years since then.



MISSION:

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

We Excel In:

- Member networking and resource sharing
- Transformational leadership including succession planning
- Innovative professional 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:

- Adaptive and responsive
- Member-governed
- Stewards of public assets
- Committed to quality member services
- Focused on the future

VISION:

~~Every Member actively manages the r~~Risks encountered by Members actively are engaged by agencies utilizing loss prevention and risk mitigation and by as a public agency. Membership is a privilege earned by effective agencies committed to sharing and sustaining resources to benefit their employees and the public they serve.

MOTTO:

~~We deliver public agency risk/management solutions.~~

GOALS:

1. To incorporate risk management into member **management** strategies.
2. To ~~sustain~~bolster and grow financial strength ~~to meet our commitment to~~for the benefit of our Members.
3. To deliver innovative education, training and support as a primary service.
4. To grant membership privileges to public agencies who demonstrate commitment to our Mission and Vision.
5. To provide ~~stunning~~, sustainable professional service.
6. To share resources between Members so that all succeed.

CORE VALUES:

ForesightStrength: We focus on ~~the future so that~~ innovation, initiative and foresight to lead to a ~~greater~~stronger pool in the future ~~than we have created today for financial and market independence.~~

Accountability: We hold ourselves accountable to each other as members by committing to the vision and ~~values~~mission we share. ~~We encourage the pursuit of excellence.~~

CompetenceExpertise, knowledge and specialized service: We excel in ~~competence~~expertise, knowledge and service to our members through reliable, ~~optimally affordable~~value based programs and services.

Trust, honesty and courageous candorMembership is a Privilege: We ~~bring~~show respect ~~to our pools~~ through trust, honesty and courageous candor to our Members in conducting ourselves and directing the pools.

Advocacy: We act in our Members best interest.



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

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

Place: Atlantis Casino Resort Hotel

3800 S. Virginia St.

Reno, Nevada 89502

Time: 10:00 a.m. or

Upon adjournment of Joint Board Meeting

Date: April 29, 2016

AGENDA

April 29, 2016

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 May 1, 2015**
 - Acceptance of Interim Financial Statements**
- 4. Recognition of 20th Anniversary of the Founding of PACT on April 1, 1996**
- 5. For Possible Action: Acceptance of Audit for June 30, 2015**

6. **For Possible Action: SpecialtyHealth Cardiac Wellness Program Report and Recommendations**
7. **For Possible Action: Acceptance of Reports**
 - a. Claims Review Report
 - b. Large Loss Report
8. **For Possible Action: Acceptance of PACT Retention Options and Renewal Reinsurance Proposals and Options**
9. **For Possible Action: Acceptance of Budget for 2016-2017**
10. **For Possible Action: Action regarding these topics as required by Nevada Administrative Code:**
 - a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition
 - b. Review of the loss experience of each Member of the association - Claims Experience Report Summary
 - c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition
11. **For Possible Action: Election of Executive Committee for Two Year Terms**
 - a. One Representative from Counties and/or Cities with less than 35,000 Population from 2016-2018
 - b. One Representative of Hospitals from 2016-2018
 - c. One Representative of School Districts from 2016-2018
 - d. One Representative of Special Districts from 2016-2017
12. **For Possible Action: Election of Chair and Vice Chair**
13. **For Possible Action: Approve Changes to Various Documents:**
 - a. Interlocal Cooperation Agreement
 - b. Bylaws
 - c. Updates to Existing Board Policies
14. **Public Comment**
15. **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 and on the State Website:

**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 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: May 1, 2015**

1. Introductions and Roll

A quorum was present and Chair Kalt called the meeting to order at 12:41 p.m.

2. Public Comment

Chair Kalt opened 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**

- **Approval of Minutes of Board Meetings:
Board Meeting April 25, 2014**
- **Acceptance of Interim Financial Statements**

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

4. For Possible Action: Acceptance of Audit for June 30, 2014

Chair Kalt noted the highlights of the audit results. On motion and second to accept the audit, the motion carried.

**5. For Possible Action: SpecialtyHealth Cardiac Wellness Program Report and
Recommendations**

Jackie Cox, CEO of SpecialtyHealth reviewed the results from the cardiac wellness program participants along with a comparison to some national data. She indicated that insulin resistance scores were early predictors of future diabetes by nearly 20 years, Diabetes is a risk factor for heart disease. Their focus now is to identify insulin resistance earlier in order to prompt lifestyle changes. She indicated that LipoScience, the firm that does the NMR tests, was acquired by LabCorp and that LabCorp's resources enabled further development of testing tools for insulin resistance which may be available next year. Shanti Wolfe and Ethan Opdahl reviewed three cases studies showing how their work with participants had reversed their scores, thus reducing heart disease risks. Jack Cox then reviewed a program they are developing through which law enforcement departments would be trained in conducting certain in-house tests

and thereby gaining early detection and referral to the wellness program as an officer to officer effort. She anticipated this would increase participation.

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

6. For Possible Action: Acceptance of Reports

a. Claims Review Report

b. Large Loss Report

c. Actuarial Update

a. Chair Kalt noted that the comparison claims spreadsheet by type of member was in the board packet for reference.

b. Mike Livermore reviewed the large losses noting that the most expensive claims were heart claims. He reviewed the trends in claims costs and frequency, reviewing the charts in the board packet.

c. Doug Smith reviewed the actuarial methodology, key reserves factors, claims trends and their impact on reserves and rate projections. He commented that the overall rate indications based on the actuarial report were a downward trend of 9% for loss rates. He said that as has been our practice with upward rate trends where we stabilize costs to avoid large variations, the rate change would be modified to a 5% overall decrease including any budgetary expenses. Rate and experience modification letters have been sent reflecting that 5% decrease.

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

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

Bob Lombard of Willis Pooling handed out his review of current coverages and retention options, showing payroll and incurred claims trends. He reviewed the reinsurance program structure and the retentions, noting the use of Public Compensation Mutual, PACT's captive, along with CRL and Safety National for higher layers. He also handed out a spreadsheet showing the estimated premiums using renewal payroll at current year rates and the same payroll with the renewal rates. Since the reinsurers have been stable participants and responded with positive rate reductions even with higher payroll, it was determined by staff and Willis Pooling not to shop the program to other markets this year. The comparative overall reinsurance premium reduction was from \$1,667,973 down to \$1,659,978. There were no changes in the retentions or the reinsured layers.

On motion and second to accept the renewal reinsurance proposals from PCM, CRL and Safety National as presented, the motion carried.

8. For Possible Action: Acceptance of Budget for 2015-2016

Chair Kalt noted that the budget was in the packet and highlighted some elements. He asked if there were questions about the budget.

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

9. For Possible Action: Action regarding these topics as required by Nevada Administrative Code:

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

a. Chair Kalt opened discussion. James Eason commented that Smokey Valley Library District was under review by the Committee on Local Government Finance (CLGF) and gave a status report on the Nye Regional Medical Center's efforts to return to a healthy financial condition. Both entities are seeking additional property tax authority from the CLGF. Chair Kalt thanked James for his input.

b. Chair Kalt referred the board to the previous claims by member type spreadsheet discussed previously.

c. Based upon these reviews there was no need to consider removal of a member for financial or claims reasons.

On motion and second to note the statutorily required review was completed, the motion carried.

10. For Possible Action: Election of Executive Committee for Two Year Terms from 2015-2017

- a. **One Representative from Counties and/or Cities with less than 35,000 Population**
- b. **Two Representatives from Counties and/or Cities with 35,000 or more Population**
- c. **One Representative of Special Districts**

Incumbents Alan Kalt, Cash Minor, Roger Mancebo, Josh Foli and James Eason terms expire in 2015. Each had expressed interest in continuing to serve. Chair Kalt opened the floor for any other nominations and hearing none, closed the nominations.

On motion and second to reelect the incumbents for two-year terms from 2015 to 2017, the motion carried.

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

Chair Kalt opened this item noting he was willing to continue to serve as Chair. He noted that Cash Minor was the incumbent Vice Chair and that Paul Johnson was a candidate for Vice Chair. Cash Minor offered to withdraw as a candidate for Vice Chair since Paul was willing to serve.

On motion and second to elect Alan Kalt as Chair and Paul Johnson as Vice Chair, the motion carried.

12. For Possible Action: Approve Changes to the Bylaws

Wayne Carlson reviewed the proposed bylaws changes noting the key changes were the removal of task forces since none had been used in years and also changing the fiscal officer to be an appointment by the chair instead of the board to be consistent with the NPAIP bylaws.

On motion and second to approve the changes to the Bylaws, the motion carried.

13. Public Comment

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

14. For Possible Action: Adjournment

On motion and second to adjourn, the meeting was adjourned at 1:46 p.m.

The Agenda was posted at the following locations and on the State Website:

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

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

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

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

PUBLIC AGENCY COMPENSATION TRUST
Statement of Assets, Liabilities and Equity
December 31, 2015

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
ASSETS			
Cash and Equivalents	738,048.58	973,140.23	1,711,188.81
Pledged Account Cash Equivalents	-	766,826.71	766,826.71
Investments	18,322,732.14	49,643,192.77	67,965,924.91
Investments - State of Nevada	-	3,720,882.00	3,720,882.00
Investments Interest Receivable	94,815.52	320,446.73	415,262.25
Member Assessments Receivable	21,954.82	65,864.72	87,819.54
Heart/Lung Fund Receivable	-	0.03	0.03
Agent Compensation Receivable	2,256.67		2,256.67
Interfund Account	(63,648.58)	63,648.58	-
Interfund Account - Heart/Lung Fund	(67,002.50)	67,002.50	-
Accrued Assessments	886,704.00	2,640,118.00	3,526,822.00
Accrued Assessments - Heart/Lung Fund	-	590,919.00	590,919.00
Accrued Agent Compensation	60,369.00		60,369.00
Public Compensation Mutual Investment	2,000,000.00	25,607,679.00	27,607,679.00
PCM Amortization	(1,286,663.00)	(16,269,947.00)	(17,556,610.00)
Specific Recoverable		110,292.19	110,292.19
Prepaid Expenses	211,249.69	824,701.00	1,035,950.69
	20,920,816.34	69,124,766.46	90,045,582.80
TOTAL ASSETS			
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Specific Recoverable		110,292.19	110,292.19
Loss Reserves		96,497,962.37	96,497,962.37
Loss Reserves - Heart/Lung		18,679,831.89	18,679,831.89
Claims Payments		(72,181,347.92)	(72,181,347.92)
Claims Payments - Heart/Lung		(200,423.61)	(200,423.61)
Fund Balances:			
Fund Balance	20,920,816.34	26,218,451.54	47,139,267.88
	20,920,816.34	69,124,766.46	90,045,582.80
TOTAL LIABILITIES AND FUND BALANCES			

Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST
Income Statement
For the Six Months Ending December 31, 2015

	<u>Operating Fund (Unrestricted)</u>	<u>Trust Fund (Restricted)</u>	<u>TOTAL FUNDS</u>
REVENUES			
Assessments	812,693.94	2,438,081.81	3,250,775.75
Heart Lung Fund	-	651,391.00	651,391.00
Accrued Assessments	886,704.00	2,640,118.00	3,526,822.00
Accrued Assessments - Heart/Lung Fund	-	590,919.00	590,919.00
Accrued Agent Compensation	60,369.00	-	60,369.00
Agent Compensation	61,240.25	-	61,240.25
Investment Interest Income	218,821.19	663,080.50	881,901.69
Bank Interest Income	-	518.70	518.70
Investment Realized Gains/(Losses)	(15,989.66)	(48,819.12)	(64,808.78)
Investment Unrealized Gains/(Losses)	(129,432.33)	(420,863.64)	(550,295.97)
	<u>1,894,406.39</u>	<u>6,514,426.25</u>	<u>8,408,832.64</u>
LOSS RESERVES EXPENSES			
Claims and Adjustment Expenses	-	4,282,487.84	4,282,487.84
Heart Lung Loss Reserves Expenses	-	654,186.94	654,186.94
	<u>-</u>	<u>4,936,674.78</u>	<u>4,936,674.78</u>
PROGRAM EXPENSES			
Excess Insurance Premiums	-	217,599.00	217,599.00
Reinsurance Premium (PCM)	-	603,498.00	603,498.00
Claims TPA Fees (ASC)	-	321,300.74	321,300.74
Underwriting Fees (Willis Pooling)	-	15,000.00	15,000.00
Nevada Insolvency Fund	-	16,755.00	16,755.00
Security Bond/Regulatory Assessments	-	161,189.16	161,189.16
Specialty Health MCO Contract	-	24,000.00	24,000.00
Amortization Expense	-	1,267,308.00	1,267,308.00
	<u>-</u>	<u>2,626,649.90</u>	<u>2,626,649.90</u>
ADMINISTRATION EXPENSES			
Management Services	237,930.00	-	237,930.00
Sponsorship Fees	1,772.50	-	1,772.50
Travel	8,127.67	-	8,127.67
Casualty Insurance	16,488.00	-	16,488.00
Due and Seminar Fees	15,439.27	-	15,439.27
Audit Expense	15,349.60	-	15,349.60
Printing & Copying Expense	760.50	-	760.50
Postage	567.39	-	567.39
Office Supplies	212.59	-	212.59
Telephone Expense	2,971.23	-	2,971.23
Legal Expense	3,449.39	-	3,449.39
Miscellaneous Expenses	-	-	-
Board & Committee Meetings	214.88	-	214.88
Actuary Expense	14,950.00	-	14,950.00
Member Education and Services	165,844.09	-	165,844.09
Bank Service Charges	-	-	-
PRI Contract Services	282,499.98	-	282,499.98
Agent Compensation	63,001.75	-	63,001.75

PUBLIC AGENCY COMPENSATION TRUST

Income Statement

For the Six Months Ending December 31, 2015

Insurance Division Fees	232,784.60	-	232,784.60
Loss Control Expense	202,998.00	-	202,998.00
LCEP Awards	-	-	-
Specialty Health - Cardiac Wellness	113,324.68	-	113,324.68
Risk Management Grants	65,132.00	-	65,132.00
Amortization Expense	99,996.00	-	99,996.00
Investment Expenses	72,983.20	-	72,983.20
Total Administrative Expenses	<u>1,616,797.32</u>	<u>-</u>	<u>1,616,797.32</u>
REVENUES OVER EXPENSES	<u>277,609.07</u>	<u>(1,048,898.43)</u>	<u>(771,289.36)</u>

Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST
Budget Comparison to Actuals
As of December 31, 2015

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	Amount of Change
INCOME:					
Assessments	14,016,388	6,777,598	7,238,790	6,745,503	32,094
Heart/Lung Assessments	2,405,669	1,242,310	1,163,359	1,081,720	160,591
Agent Compensation	0	121,609	(121,609)	120,663	947
TOTAL INCOME	16,422,057	8,141,517	8,280,540	7,947,885	193,632
LOSS RESERVES EXPENSES:					
Claims and Adjustment Expenses	9,023,100	4,282,488	4,740,612	2,360,862	1,921,625
Heart/Lung Reserves Expense	2,405,669	654,187	1,751,482	560,210	93,977
TOTAL LOSS FUND EXPENSES	11,428,769	4,936,675	6,492,094	2,921,072	2,015,602
PROGRAM EXPENSES:					
Excess Insurance/Reinsurance Premiums	1,659,978	821,097	838,881	823,950	(2,853)
Claims TPA Fees (ASC)	687,157	321,301	365,856	307,981	13,320
Underwriting Fees (Willis Pooling)	30,000	15,000	15,000	15,000	-
Unclaimed Property Payments	-	-	-	-	-
Specialty Health MCO Contract	48,000	24,000	24,000	20,000	4,000
Total Program Expenses	2,425,135	1,181,398	1,243,737	1,166,931	14,467
ADMINISTRATION EXPENSES:					
Management Services	475,860	237,930	237,930	192,500	45,430
Sponsorship Fees	3,000	1,773	1,228	2,100	(328)
Travel	25,000	8,128	16,872	7,592	535
Casualty Insurance	32,000	16,488	15,512	15,942	546
Due and Seminar Fees	13,000	15,439	(2,439)	7,019	8,420
Audit Expense	59,000	15,350	43,650	14,250	1,100
Printing & Copying Expense	6,000	761	5,240	-	761
Postage	1,500	567	933	334	233
Office Supplies	3,000	213	2,787	1,219	(1,007)
Telephone Expense	3,000	2,971	29	1,192	1,779
Legal Expense	15,000	3,449	11,551	-	3,449
Miscellaneous Expenses	4,000	-	4,000	-	-
Board & Committee Meetings	8,500	215	8,285	2,849	(2,634)
Actuary Expense	59,310	14,950	44,360	14,800	150
Member Education and Services	178,875	165,844	13,031	54,093	111,751
Bank Service Charges	8,000	-	8,000	-	-
PRI Contract Services	395,500	282,500	113,000	227,708	54,792
Agent Compensation	-	63,002	(63,002)	61,621	1,381
Insurance Division Fees	320,000	232,785	87,215	218,200	14,585
Nevada Insolvency Fund	23,000	16,755	6,245	19,586	(2,831)
Security Bond/Regulatory Assessments	300,000	161,189	138,811	233,675	(72,486)
Loss Control Expense	406,000	202,998	203,002	202,998	-
LCEP Awards	10,500	-	10,500	-	-
PCM Amortization Expense	2,760,768	1,367,304	1,393,464	1,341,840	25,464
TOTAL ADMINISTRATION EXPENSES	5,110,813	2,810,610	2,300,203	2,619,517	191,092
TOTAL LOSS FUND, PROGRAM & ADMINISTRATION EXPENSES	18,964,717	8,928,682	10,036,035	6,707,521	2,221,161
NET INCOME	(2,542,660)	(787,165)	(1,755,495)	1,240,365	(2,027,530)

NON-ALLOCABLE INCOME AND EXPENSES

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	Amount of Change
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PUBLIC AGENCY COMPENSATION TRUST

Budget Comparison to Actuals

As of December 31, 2015

INVESTMENT INCOME:

Investment Revenues	800,000	266,797	533,203	549,205	(282,408)
Bank Interest Income	1,000	519	481	393	126
Investment Expense	-	(72,983)	72,983	(75,713)	2,730
TOTAL NET INVESTMENT INCOME	801,000	194,332	606,668	473,885	(279,552)

OTHER INCOME:

Other Claims Recoveries	-	-	-	249,669	(249,669)
TOTAL OTHER INCOME	-	-	-	249,669	(249,669)

OTHER EXPENSES:

Risk Management Grants	456,037	65,132	390,905	34,906	30,226
Specialty Health - Cardiac Wellness	400,000	113,325	286,675	79,605	33,720
TOTAL OTHER EXPENSES	856,037	178,457	677,580	114,511	63,946

Net Income	(592,833)			1,963,918	
Other Expenses	(178,457)			(114,511)	
Income Statement Net Income	(771,289)			1,849,407	

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Dec 31, 2015

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	23,410.22	
1102-C-E	Cash - Claims Expense -Wells	225,264.65	
1102-G-A	Cash - Admin. - Wells Fargo	287,220.51	
1150-C-E	Public Compensation Mutual-Inv	25,607,679.00	
1150-G-A	Public Compensation Mutual-Inv	2,000,000.00	
1151-C-E	PCM Amortization		16,269,947.00
1151-G-A	PCM Amortization		1,286,663.00
1200-C-E	Interfund Account - Claims	63,648.58	
1200-C-H	Interfund Account - Heart/Lung	67,002.50	
1200-G-A	Interfund Account - General		63,648.58
1200-G-H	Interfund Account - Heart/Lung		67,002.50
1201-C-C	Eagle - Claims Investments	49,643,192.77	
1201-G-A	Eagle - Admin Investments	18,322,732.14	
1202-C-E	Eagle Claims Cash Equivalents	724,465.36	
1202-G-A	Eagle Admin Cash Equivalents	450,828.07	
1207-C-E	PACT/State of NV Pledged Acct.	3,720,882.00	
1210-C-E	Pledged Account Cash Equiv.	766,826.71	
1214-C-E	Claims Eagle Interest Rec	256,017.62	
1214-G-A	Admin Eagle Interest Rec	94,815.52	
1216-C-E	Pledged Account Interest Rec.	64,429.11	
1303-C-E	Member Assessments Receivable	65,864.72	
1303-C-H	Heart Fund Receivable	0.03	
1303-G-A	Member Assessments Receivable	21,954.82	
1304-C-E	Accrued Assessments - Claims	2,640,118.00	
1304-G-A	Accrued Assessments - Admin.	886,704.00	
1305-C-E	Accrued Heart Fund	590,919.00	
1306-G-A	Accrued Agent Comp	60,369.00	
1310-C-E	Specific Recoverable	110,292.19	
1312-G-A	Agent Compensation Receivable	2,256.67	
1400-C-E	Pre-Paid Excess Insurance	206,199.00	
1402-C-E	Prepaid Willis Pooling Fees	15,000.00	
1403-C-E	Prepaid Reinsurance Premium	603,502.00	
1463-G-A	Pre-Paid Casualty Insurance	8,247.69	
1485-G-A	Prepaid Loss Control Fees	203,002.00	
2110-C-E	Loss Reserves		96,497,962.37
2111-C-H	Heart Lung Loss Reserves		18,679,831.89
2200-C-C	Claims Payments	72,181,347.92	
2201-C-H	Claims Payments - Heart/Lung	200,423.61	
2310-C-E	Specific Recoverable		110,292.19
3501-C-C	Retained Earnings - Claims		27,267,349.97
3501-G-A	Retained Earnings - General		20,643,207.27
4001-C-E	Assessments-Claims-Expense		2,438,081.81
4001-C-H	Heart Lung Fund		651,391.00
4001-G-A	Assessments-Admin.		812,693.94
4003-C-E	Accrued Assessments - Claims		2,640,118.00
4003-G-A	Accrued Assessments - Admin.		886,704.00
4004-C-E	Accrued Heart Fund		590,919.00
4005-G-A	Accrued Agent Comp		60,369.00
4006-G-A	Agent Compensation		61,240.25
5110-C-E	Loss Reserves Expense	4,282,487.84	
5111-C-H	Heart/Lung Loss Reserves Exp	654,186.94	
5450-G-A	Mangement Services	237,930.00	
5456-G-A	Sponsorship Fees	1,772.50	
5462G-A	Travel	8,127.67	
5463-G-A	Casualty Insurance	16,488.00	
5464-G-A	Dues and Seminar Fees	15,439.27	
5465-G-A	Audit Expense	15,349.60	
5466-G-A	Printing & Copying Expense	760.50	
5467-G-A	Postage	567.39	
5468-G-A	Office Supplies	212.59	
5469-G-A	Telephone Expense	2,971.23	
5470-G-A	Legal Expense	3,449.39	
5472-G-A	Board and Committee Meetings	214.88	
5474-G-A	Actuary Expense	14,950.00	
5475-G-A	Member Education and Services	165,844.09	
5477-G-A	PRI Contract Services	282,499.98	
5478-G-A	Agent Compensation	63,001.75	
5482-C-E	Insurance Division Fees	161,189.16	

PUBLIC AGENCY COMPENSATION TRUST

General Ledger Trial Balance

As of Dec 31, 2015

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

Account ID	Account Description	Debit Amt	Credit Amt
5482-G-A	Insurance Division Fees	232,784.60	
5484-C-E	Nevada Insolvency Fund	16,755.00	
5485-G-A	Loss Control Expense	202,998.00	
5488-G-A	Spec Health-Cardiac Wellness	113,324.68	
5489-G-A	Risk Management Grants	65,132.00	
6000-C-E	Excess Insurance	217,599.00	
6001-C-E	ASC Claims Admin Fees	321,300.74	
6002-C-E	Willis Pooling Fees	15,000.00	
6003-C-E	Reinsurance Premium (PCM)	603,498.00	
6006-C-E	Specialty Health MCO Contract	24,000.00	
6100-C-C	Interest Income Claims Account		663,080.50
6100-G-A	Interest Income Admin. Acct.		218,821.19
6101-C-C	Claims Bank Interest Income		518.70
6110-C-E	Claims Realized Gains/(Losses)	48,819.12	
6110-G-A	Admin. Realized Gains/(Losses)	15,989.66	
6111-C-E	Clms Unrealized Gains/(Losses)	420,863.64	
6111-G-A	Admn Unrealized Gains/(Losses)	129,432.33	
6151-C-E	Amortization Expense	1,267,308.00	
6151-G-A	Amortization Expense	99,996.00	
7200-G-A	Investment Expense - Admin.	72,983.20	
	Total:	189,909,842.16	189,909,842.16

PACT: TWENTY YEARS AND TWENTY REASONS

- 1. PACT is a non-profit entity that exists for you. You have a voice and a vote in how PACT is run – commercial insurance companies answer to shareholders.*
- 2. As an owner of the pool, you choose the peers who represent you on the PACT Board of Trustees.*
- 3. When an issue is important to you, it's important to us.*
- 4. We incorporate risk into your management strategy by delivering consulting services to your management team at no additional cost. HR, Risk Management, Loss Control and Safety experts are just a phone call away for members of PACT.*
- 5. Our goal is to help your employees get back to work after a claim. Our dedicated claims administrator ASC works with you to resolve claims to your satisfaction.*
- 6. When you work with PACT, you are working with highly experienced public sector risk management experts.*
- 7. Our representatives are in the field every day here in Nevada. A commercial insurance company might send someone to consult with you on risk once a year, if ever.*
- 8. We're with you through thick and thin. Standard commercial insurers come and go in the public sector market, but not PACT.*
- 9. Public Agency Compensation Trust first received the AGRIP standards recognition in 1996 and has continuously met the standards after review by AGRIP every three years since then.*
- 10. We partner with financially sound reinsurers who understand our long term objectives, understand public entity needs, and are committed to the public entity market.*
- 11. Pooled risks equal pooled power. The combined purchasing buying clout of over one hundred members allows PACT to structure coverage specifically for PACT Members at more favorable terms and pricing than a typical member could achieve on their own.*
- 12. PACT is a primary source of education and training for members. OSHA and other compliance related training required by law of employers is provided at no cost to pool members.*
- 13. PACT's e-learning portal allows your employees easy access to on-line training 24X7 without leaving the workplace. This is also offered at no cost.*
- 14. We assist you in managing public resources by investing in safety programs that reduce risks of injury to employees.*
- 15. You stay on top of issues, because we do, offering risk research bulletins, legislative updates, model policies, newsletters and more.*
- 16. Our Loss Control Excellence Award recognizes those members who go above and beyond the risk management call.*
- 17. Risk Management grants are available to assist members defray the cost of training, personal protective equipment and risk management efforts.*
- 18. Our members believe in helping other members. When you're in PACT, you have access to a wide range of resources.*
- 19. Our Web site is designed with you in mind. There are extensive resources available through it including e-learning. Go to www.poolpact.com to see for yourself.*
- 20. You can always talk to our Executive Director. When you call 775.884.7475, the phone rings in Carson City on the same time zone you're in, and we answer it.*

**PUBLIC AGENCY COMPENSATION TRUST
FINANCIAL STATEMENTS
June 30, 2015 and 2014**

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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, 2015 and 2014 and the related statements of revenues and expenses and changes in net position and statements of changes in cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Agency Compensation Trust as of June 30, 2015 and 2014 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 7, 2015
Carson City, Nevada

Management's Discussion and Analysis

Purpose:

To further understanding of significant financial issues, this Public Agency Compensation Trust (PACT) management's discussion and analysis

- Provides an overview of PACT's financial activities,
- Identifies significant changes in PACT's financial position and its ability to address subsequent year financial challenges, and
- Provides insights into the long-term financial viability of PACT.

Background:

PACT is subject to Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. PACT's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since PACT operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company. PACT also is regulated by the Nevada Division of Insurance as an association of self-insured public agencies and must file certain financial schedules in addition to the GASB required information.

Using this Annual Report:

Since the financial statements report information about PACT using accounting methods similar to those used by private sector organizations, these statements offer short and long term financial information about PACT's activity. The financial statements show a comparison of two audited years ending June 30, 2014 and June 30, 2015 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all of PACT's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the solvency, liquidity and financial flexibility of PACT.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of PACT's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of PACT's credit worthiness and whether PACT successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about PACT's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations and investments. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since PACT incurs financial obligations to pay for claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights:

Statutory requirements and board policy require PACT to be audited each year by an independent auditor. Since its inception on April 1, 1996 and continuing through this fiscal year, the independent auditor's report offers an unqualified opinion on the financial statements. Such an opinion reflects the highest opinion that can be obtained from an independent auditor.

Changes in Net Position:

Fiscal year ended June 30, 2015: \$47,790,198

Fiscal year ended June 30, 2014: \$45,603,678

Net increase: \$2,186,520 or 4.7%.

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, 2015: \$16,486,613

Fiscal year ended June 30, 2014: \$15,701,455

Net increase: \$788,158 or 5.0%.

The increase resulted from increased rates and an increased payroll exposure basis.

Total expenses:

Fiscal year ended June 30, 2015: \$15,371,310

Fiscal year ended June 30, 2014: \$15,524,182

Net decrease: (\$152,872) or (.9) %.

One factor that contributed to this change was a decrease in the provision for claims reserves by \$668,557. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years.

Operating Net Position:

Fiscal year ended June 30, 2015: \$1,115,303

Fiscal year ended June 30, 2014: \$177,273

Net change: \$938,030

Total provision for claims reserves decreased by \$668,557; Insurance Division Fees decreased by \$67,637; and professional services decreased by \$42,152 primarily due to nonrecurring bi-annual claims audit expenses.

Non-operating net investment income:

Fiscal year ended June 30, 2015: \$1,071,217

Fiscal year ended June 30, 2014: \$719,212

Net change: \$352,005

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Somewhat improved economic conditions during this fiscal year for fixed income investments contributed to the positive change. Restrictions imposed by law on the types of investments PACT may utilize are similar to other local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of PACT's investments are anticipated to be held to maturity.

Assets:

In fiscal year ended June 30, 2015, the Net Position change from June 30, 2014 saw a positive swing of \$2,186,520. There was no negative net investment income on a marked to market basis and Operating Net Position increased positively as well. An explanation about how these results were achieved was provided in the financial highlights.

Amortization of contributions to Public Compensation Mutual (PCM), the PACT- owned non-profit captive mutual insurance company, reflects a conservative financial accounting approach (refer to Note 13). By board policy, if there are gains, then a portion of those gains may be transferred to PCM. A transfer of 50% of the net asset gains for the year ended June 30, 2014 was authorized.

Growing the asset base is important to the long term viability and stability of PACT due to the volatility of workers compensation claims and the level of retention taken by PACT. PACT has maintained its retention level and relies in part on PCM to take any additional retention with the contributed assets.

Revenues, Expenses and Changes in Assets:

Gross revenues (assessments plus non-operating net investment income) increased by 6.9% for fiscal year ended June 30, 2015 partially as a result of a rate and exposure basis increases coupled with an increase in net investment income.

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 11 for the details of Unpaid Loss Liabilities.

Other factors also apply:

- 1) Alternative Risk Services' (ASC -PACT's claims administrator) experienced adjusters have been able to manage claims efficiently and effectively and have maintained quality as evidenced by external claims audits;
- 2) SpecialtyHealth, the managed care organization and MCMC, the bill reviewer, for PACT helped the adjusters manage claims and costs effectively,
- 3) Loss control efforts have proven effective and further initiatives are being implemented, and
- 4) The continuing roll-out of the Cardiac Wellness Program that should help reduce potential heart claims, although implementation impediments continue to slow down the program.

It is important to continue to strengthen these approaches to assure continued success for PACT.

Workers compensation self-funded programs experience significant volatility particularly when the retention levels per loss are high. Because PACT retains a substantial portion of the risk in all classifications, it is important to the long term viability of PACT and to assure its ability to meet its obligations to injured workers that PACT monitor its Net Position. We continue to face pressure to increase our retentions in light of medical and wage inflation trends as well as market pressures, which suggests that volatility will further increase and will need to be cushioned strongly. PACT management, consistent with board policy, selected a 70% actuarial confidence level as a prudent level in keeping with the PACT Board's goals of creating and sustaining a durable financial position. As described earlier in the Changes in Net Position discussion, Net Position is affected by amortization of transfers of funds to PCM consistent with the board's policy on Capitalization. PACT maintains an interest in PCM as its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PCM.

Capital Assets and Debt Administration:

PACT has no physical assets and no borrowed funds. It has pledged certain investments to satisfy a regulatory solvency security requirement and thus, cannot access those funds without approval from the Nevada Division of Insurance.

Comparative Key Performance Indicators:

Financial Ratios	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Total Revenue	\$ 12,778,111	\$ 13,740,006	\$ 14,320,208	\$ 15,701,455	\$ 16,486,613
Revenue over (under) Expenses	\$ 271,155	\$ (1,613,147)	\$ (1,839,493)	\$ 896,485	\$ 2,186,520
Operating Net Position	\$ (1,138,622)	\$ (4,103,018)	\$ (1,569,226)	\$ 177,273	\$ 1,115,303
Non-operating Net Investment Income	\$ 1,409,777	\$ 2,489,871	\$ (270,267)	\$ 719,212	\$ 1,071,217
Total Assets	\$ 76,488,418	\$ 79,370,901	\$ 80,347,217	\$ 83,611,339	\$ 88,670,007
Total Liabilities	\$ 28,328,585	\$ 32,824,215	\$ 35,640,024	\$ 38,007,661	\$ 40,879,809
Net Position	\$ 48,159,833	\$ 46,546,686	\$ 44,707,193	\$ 45,603,678	\$ 47,790,198
Net Position to SIR (Board Target 12:1); Benchmark >5:1	94.43	93.09	89.41	91.21	95.58
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.01	0.01	0.01	0.01	0.01
% Assets attributable to Net Position	63.0%	58.6%	55.6%	54.5%	53.9%
Total assets/total liabilities	2.70	2.42	2.25	2.20	2.17
Revenues to Net Position (Benchmark: <2.5:1 and >0	0.27	0.30	0.32	0.34	0.34
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.37	0.41	0.44	0.45	0.46
Total liabilities to liquid assets: Benchmark <100%	146%	180%	123%	133%	123%
Change in members' Net Position: >-10%	0.6%	-3.3%	-4.0%	2.0%	4.8%
Return on Net Position: Net Operating Income/Net Position	-2.4%	-8.8%	-3.5%	0.4%	2.3%
Return on Net Position: Total Income/Net Position	0.6%	-3.5%	-4.1%	2.0%	4.6%

Economic Factors:

For fiscal year ending June 30, 2015, economic conditions showed signs of improvement with some growth continuing for the nation and Nevada. Medical inflation still exceeds the general inflation rate and this affects the underlying costs of claims payable by PACT. There may be future unknown effects from implementation of the Patient Protection and Affordable Care Act as its impact on health care costs unfolds. While Nevada retains a fee schedule to limit cost increases, recent reviews of the fee schedule components resulted in increases in the last few years. Wage inflation generally is low in the public sector, which keeps disability costs down. A legislative change in 2003 resulted in adoption of the 5th Edition of the AMA guide to rating impairments, which increased costs overall. The 2009 Legislature fixed the 5th Edition into statute rather than having the most current edition be implemented by regulation. The 6th edition would have reduced costs in several key ratings of impairments due to recognition of improved medical outcomes.

The Nevada Supreme Court reached a decision in 1998 interpreting the special provisions for heart and lung coverage for qualifying police officers and firefighters that concluded that once these persons meet the five years of continuous service eligibility for benefits, those benefits are available for life regardless of any connection to actual work at the time the claims is made. Staff immediately implemented a judgment loading in the rates for this new interpretation of the statute, pending legislative action. PACT unsuccessfully attempted to have the Legislature modify this court interpretation to require that the claim must manifest within a reasonable time frame from leaving the workplace. As a result of that failed effort, PACT undertook an actuarial study to estimate the lifetime cost of risk associated with this decision. That study was concluded and the results indicated that the present value of the future benefits for former employees was estimated to range from \$5,668,000 to \$22,258,000, depending upon the interpretation as to which legal theory may be applicable. A subsequent actuarial study confirmed a change in the range of values to between twenty and eighty million, again depending upon the assumptions made about claims manifestation.

These figures were presented to a task force who recommended to the board that they eliminate the judgment loading and implement a funding plan based on the actuarial study effective with the subsequent fiscal year. The board adopted

the funding plan for implementation effective July 1, 2002. By taking this action, the board began its mitigation plan for the long-term adverse financial impact of the risk of former police officers and firefighters filing workers compensation claims long after employment. Subsequently, the board authorized acceleration of the funding rate. The rate set in 2002 was increased by 10% as a result of the second actuarial study that increased the range of potential losses from prior studies and demonstrated the need to accelerate needed assessments in future fiscal years as demographic factors begin to influence the post-employment risks.

The heart/lung assessments collected for fiscal year ended June 30, 2015 were \$2,363,685 compared to June 30, 2014 which were \$2,130,944 based upon a continuing 10% increase in the rates with a flat change in 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. In 2015, a modest change was approved which maintains the current benefits for employees with over 20 years of service, but reduces the initial eligibility from 5 years to 2 years and if leaving employment prior to 20 years the post-employment eligibility period becomes year for year of service. No actuarial estimate has been completed, but preliminary indications are for a neutral effect on the costs.

Prior to the 2013 Legislative Session, the Committee on Local Government Finance adopted a temporary regulation requiring self-insured employers and associated self-insured groups to report certain actuarial reserve projections, claims data and funding methods for the reserves on a form known as Form 33 in connection with the tentative budget. Such information was to be compiled by the Department of Taxation for the benefit of the Legislature and the public regarding the cost of these benefits. PACT filed its required report. In 2014, the temporary regulation was submitted to the Legislative Commission for final approval, but has been stalled.

Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year. There was a subsequent event reported for the June 30, 2014 audit that affected the June 30, 2015 results. MCMC is PACT's medical bill review company. They had a programming error that was discovered by ASC back in March 2014 and led to an investigation and analysis of overpayments and underpayments to medical providers over the last five years. A claims settlement agreement was reached between MCMC and ASC to reimburse PACT and other ASC clients affected. ASC will reimburse PACT for the amount of its MCMC overpayments: \$249,668.50. MCMC and PACT entered into a subrogation agreement enabling MCMC to seek to collect the overpayments from the medical providers. The PACT portion of underpayments was: \$17,143.48, which MCMC will process to the medical providers as billing reconsiderations. MCMC agreed to establish quality assurance measures to avoid such system errors in the future and is submitting quarterly sampling reports to ASC to verify data.

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, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 1,626,906	\$ 3,704,609
Investments	66,074,207	56,655,983
Investment income receivable	336,155	297,836
Member assessments receivable	4,425,271	4,287,129
Specific recoverable	127,624	49,148
Commissions receivable	63,821	61,661
Receivable from State of Nevada	-	301,166
Prepaid expenses	46,358	32,364
Total current assets	<u>72,700,342</u>	<u>65,389,896</u>
Noncurrent assets:		
Pledged investments	4,551,292	4,516,692
Contributed surplus PCM, net	11,418,373	13,704,751
Total noncurrent assets	<u>15,969,665</u>	<u>18,221,443</u>
TOTAL ASSETS	<u>88,670,007</u>	<u>83,611,339</u>
LIABILITIES		
Current liabilities:		
Accounts payable	208,800	160,789
Commissions payable	61,621	-
Specific recoverable	127,624	49,148
Current portion of reserve for claims losses	6,125,004	6,294,103
Total current liabilities	<u>6,523,049</u>	<u>6,504,040</u>
Noncurrent liabilities:		
Reserve for Worker's Compensation claims losses	16,488,996	16,011,897
Reserve for Heart & Lung claims losses	17,867,764	15,491,724
Total noncurrent liabilities	<u>34,356,760</u>	<u>31,503,621</u>
TOTAL LIABILITIES	<u>40,879,809</u>	<u>38,007,661</u>
NET POSITION - unrestricted	<u>47,790,198</u>	<u>45,603,678</u>
TOTAL NET POSITION	<u>\$ 47,790,198</u>	<u>\$ 45,603,678</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2015 and 2014

REVENUES	<u>2015</u>	<u>2014</u>
Assessments for workers compensation	\$ 14,122,928	\$ 13,570,511
Assessments for heart and lung	2,363,685	2,130,944
Total Revenues	<u>16,486,613</u>	<u>15,701,455</u>
 LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	5,091,253	6,032,574
Heart and Lung loss expenses	2,419,158	2,146,394
Excess insurance premium	419,286	504,052
Re-insurance premium	1,207,000	674,000
Underwriting and claims processing	732,434	684,495
Total loss fund and program expenses	<u>9,869,131</u>	<u>10,041,515</u>
 ADMINISTRATION EXPENSES		
Management fees	462,000	490,140
Professional services	83,496	125,648
Administrative and overhead	372,829	422,052
Member education and services	856,430	705,282
Risk management grants	56,089	17,864
Insurance Division fees	509,629	577,266
Insolvency fund and related expenses	19,586	22,471
Loss control expenses	407,500	406,000
Amortization expense	2,734,620	2,715,944
Total administration expenses	<u>5,502,179</u>	<u>5,482,667</u>
Increase (decrease) in operating net position	<u>1,115,303</u>	<u>177,273</u>
Increase in non-operating net investment income	1,071,217	719,212
Increase (decrease) in net position	<u>2,186,520</u>	<u>896,485</u>
Net position, beginning of year	45,603,678	44,707,193
Net position, end of year	<u>\$ 47,790,198</u>	<u>\$ 45,603,678</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF CASH FLOWS
For Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and other revenues	\$ 16,412,845	\$ 14,688,504
Payment for claims	(4,826,371)	(5,759,023)
Payment to vendors	<u>(5,156,636)</u>	<u>(4,571,542)</u>
Net cash provided from operating activities	6,429,838	4,357,939
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed surplus to Public Compensation Mutual	<u>(448,242)</u>	-
Net cash used for capital and related financing activities	(448,242)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,458,006	1,319,982
Sale of investments	32,312,493	16,356,582
Purchases of investments	<u>(41,829,798)</u>	<u>(21,760,558)</u>
Net cash used for investing activities	<u>(8,059,299)</u>	<u>(4,083,994)</u>
(Decrease) increase in cash and cash equivalents	(2,077,703)	273,945
Cash and cash equivalents, beginning of fiscal year	3,704,609	3,430,664
Cash and cash equivalents, year ended June 30	<u>1,626,906</u>	<u>3,704,609</u>
RECONCILIATION FOR OPERATING INCOME		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net income	1,115,303	177,273
Adjustments to reconcile operating income		
to net cash provided (used) by operating activities:		
(Increase) Member assessments receivable	(138,142)	(1,012,950)
(Increase) decrease Specific recoverable	(78,476)	37,180
(Increase) decrease Prepaid expenses	(13,994)	13,184
Increase Accounts payable	48,011	44,544
Increase (decrease) Specific recoverable	78,476	(37,180)
Increase Amortization of contributed surplus	2,734,620	2,715,944
Increase Loss reserves	2,684,040	2,419,944
Net cash provided by operating activities	<u>\$ 6,429,838</u>	<u>\$ 4,357,939</u>

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of program

Public Agency Compensation Trust (PACT) was formed by local governments for the purpose of organizing a self-insured workers' compensation group. The Trust began operations April 1, 1996. The trust's objective is to provide members with a lower cost alternative achieved through enhanced claims management, program administration, and member services that will reduce the cost of claims.

PACT provides workers' compensation coverage to member governmental entities and hospitals pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Trustees comprised of representatives of each member. Any member may withdraw from the program by giving 120 days notice. PACT's independent actuary, who is an approved Rate Service Organization, develops PACT rates.

Principles of presentation

PACT has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. PACT prepares its financial statements on the accrual method of accounting recognizing income when earned and expenses when incurred. PACT has implemented Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and *GASB Statement 38, Certain Financial Statement Note Disclosures*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting.

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement focus and basis of accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash and cash equivalents

The Operating Fund has a checking account, money market investment account, and an investment account for long-term investments. For the purposes of the Statement of Cash Flows, the PACT considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Claims Fund has two checking accounts, one for payment of claims and the other for claims related expenses as required by Nevada Revised Statute 616B.368.

Investments and investment income

Investments consist predominantly of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of activities and changes in fund balances.

PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grade equity securities. PACT also is authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations. PACT's investments have been restricted by policy of the Board to those allowable for local governments.

**PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget

Budgetary to actual results is not presented as there are no legal budgetary requirements.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest of the security. PACT's policy is to invest in corporate debt issues with a minimum of an "AA" rating from Moody's or Standard and Poor's rating services or U.S. Government and government backed securities. In addition, PACT's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

Concentration of Credit Risk:

PACT limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. No more than 15% of the total investment pool will be invested in any one class of security, industry or company. PACT will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. Government and government backed securities.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PACT will, to the extent possible, minimize this risk by matching investment maturities to liability due dates. This allows PACT to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from decreasing interest rates is minimized by investing predominantly in investments with short to mid-term maturities that perform in line with the return of a managed fund comprised of 1 – 3 year Treasury Bonds.

Member Assessments

Member assessments and reports are due 20 days after the end of the quarter. Assessment rates are based on independent actuarial estimates that are reviewed and approved by the Insurance Commissioner.

Losses and loss adjustment expense

Reserves for losses and allocated loss adjustment expenses are provided based on case-based estimates for losses reported and PACT's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

The liability represents the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The liability also includes unallocated costs which are estimated by management. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. The loss reserve estimates are discounted at 3% in 2015 and 2014, 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 or credit received each year as the expense or credit to the expense for that year as these invoices cannot be reasonably estimated and therefore accrued.

Supplementary development schedule - Unaudited

The statements and development schedule reports claims paid on a reported year basis. Loss reserves shown on the financial statements are discounted; however, the development schedule reflects undiscounted loss reserves.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 – CASH & EQUIVALENTS

The carrying amount of PACT's deposits with financial institutions at June 30, 2015 and 2014 are \$1,626,907 and \$3,704,609 respectively. The financial institution balances were \$1,858,164 and \$4,009,762 respectively. The difference between the carrying amounts and financial institution balances results from outstanding checks and deposits not yet reflected in the bank's records.

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	332,248	308,930
Cash equivalents at brokerage firm	<u>1,275,916</u>	<u>3,450,832</u>
Total deposits at financial institutions	<u>\$ 1,858,164</u>	<u>\$ 4,009,762</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, 2015 is as follows:

	<u>Fair Value</u>	Investment Maturities in Years			
		<u>1 year of less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 22,332,441	\$ 329,200	\$ 15,171,899	\$ 6,070,844	\$ 760,498
U.S. Government & Agencies	3,368,213	-	2,819,492	506,285	42,436
U.S. Mortgage-backed securities	35,867,795	599,958	11,074,387	5,735,307	18,458,143
U.S. Government backed securities	8,311,642	-	2,955,891	4,348,511	1,007,240
Less pledged investments	<u>(3,805,884)</u>	-	<u>(3,805,884)</u>	-	-
Total investments	<u>\$ 66,074,207</u>	<u>\$ 929,158</u>	<u>\$ 28,215,785</u>	<u>\$ 16,660,947</u>	<u>\$ 20,268,317</u>

A summary of investments as of June 30, 2014 is as follows:

	<u>Fair Value</u>	Investment Maturities in Years			
		<u>1 year of less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 23,761,752	\$ 1,911,976	\$ 18,809,466	\$ 3,040,310	\$ -
U.S. Government & Agencies	5,077,952	2,106,846	2,918,390	-	52,716
U.S. Mortgage-backed securities	7,505,345	928,634	4,185,033	1,299,480	1,092,198
U.S. Government backed securities	24,252,622	676,920	6,439,322	2,460,079	14,676,301
Less pledged investments	<u>(3,941,688)</u>	-	<u>(3,941,688)</u>	-	-
Total investments	<u>\$ 56,655,983</u>	<u>\$ 5,624,376</u>	<u>\$ 28,410,523</u>	<u>\$ 6,799,869</u>	<u>\$ 15,821,215</u>

Investment income receivable was \$336,155 on June 30, 2015 and \$297,836 on June 30, 2014.

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. Restricted investments are those investments pledged to the Insurance Commission. 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, 2015 and 2014

NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE

Member assessments receivable were \$4,425,271 and \$4,287,129 for the years ended June 30, 2015 and 2014. 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 \$500,000 excess of PACT's \$500,000 specific retention plus 25% of \$2,000,000 excess of PACT's \$1,000,000 retention and through County Reinsurance, Ltd., which bears 75% of \$2,000,000 excess of PACT's \$1,000,000 retention.

2) Safety National Casualty Company provides a limit of liability of \$3,000,000 excess of an aggregate retention of \$3.68 per \$100 of payroll, subject to a minimum aggregate retention of \$9,663,733 and \$9,814,330 for years ended June 30, 2015 and 2014. 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 fees paid under the contract for years ended June 30, 2015 and 2014 were \$462,000 and \$490,140 respectively. The management contract agreement was renewed with PARMS commencing July 1, 2014 and terminating on June 30, 2019 with an option to extend with the same terms and conditions for an additional two years. A 3% annual increase for management fees is included in the contract. Minimum future payments are as follows:

2016	\$	475,860
2017		490,136
2018		504,840
2019		519,985
Total minimum future payments	\$	<u>1,990,821</u>

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 7 - RELATED PARTY TRANSACTIONS (continued)

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 2015 and 2014 were \$67,092 and \$65,772. The contract includes a 2% per annum increase in the lease expenses beginning on July 1, 2014.

Many of the board members of the Nevada Public Agency Insurance Pool (POOL) are also members of PACT as they share a common membership. The board of Public Compensation Mutual comprises of several PACT board members. PACT is the sole policy holder of Public Compensation Mutual Company which was formed as a captive insurance company.

PACT jointly with Nevada Public Agency Insurance Pool (NPAIP) provided a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Wayne Carlson, Alan Kalt and Michael Rebaleati. PRI pays PARMS a management fee to provide operational and financial oversight of PRI. Subsequent to June 30, 2015, PRI directors Wayne Carlson and Michael Rebaleati resigned from the PRI board.

NOTE 8 – PLEDGED INVESTMENTS

According to NRS 616B.353.1(d) and (e) and related regulations, an association of self-insured employers must deposit with the Commissioner a bond or other authorized security, payable to reasonably secure payment of the workers compensation benefits to employees. The amounts pledged for years ended June 30, 2015 and 2014 were \$4,551,292 and \$4,516,692. In the event that PACT becomes delinquent in its payment of workers compensation benefits, the proceeds will be used to satisfy losses, costs or expenses incurred by the Insurance Division. The minimum required deposit for years ended June 30, 2015 and 2014 were \$3,351,000 and \$3,917,288 respectively. Management does not intend to withdraw available funds, however, a withdrawal of funds in excess of the minimum required deposit is available upon giving notice to and receiving approval from the Nevada Division of Insurance.

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cash equivalents	\$ 681,417	\$ 511,038
Investments	3,805,884	3,941,688
Investment income receivable	63,991	63,966
Total	<u>\$ 4,551,292</u>	<u>\$ 4,516,692</u>

NOTE 9 – HEART AND LUNG LOSS FUND

The Heart and Lung Loss Fund reflects special reserves set aside for the purpose of covering post-employment heart or lung disease claims that may be the responsibility of PACT members pursuant to the Last Injurious Exposure Rule interpretation of the law and court cases that determined that coverage for such claims applies to former employees who meet the statutory eligibility requirements for the heart and lung disease benefit.

Post-employment claims historically have not been reflected in rate classifications for the appropriate police officer and firefighter classifications. The actuarial projections of loss and loss adjustment expense are intended to be fully funded, thus assessments for this fund are offset 100% by claims reserves. Management followed this conservative approach because of the uncertainty and volatility inherent in this specific risk. The reserve for 2015 and 2014 is \$17,867,764 and \$15,491,724 respectively.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 10 – ALLOCATION OF ASSESSMENTS REVENUES

The Nevada Revised Statute 616B.368 requires that 75% of assessment revenues collected be placed in a separate account and that disbursements from this account be limited to paying claims, claims related expenses, excess insurance costs, assessments, payments and penalties related to the subsequent injury fund and the uninsured employer's claim fund. Initially, all funds collected for member assessments and prepayments of assessments and deposits are deposited into the operating account. Periodically, 75% of the assessments are transferred to a separate bank or investment account to comply with this statute.

NOTE 11 – UNPAID LOSS LIABILITIES

PACT establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related loss adjustment expenses. The following represents changes in those aggregate liabilities during the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 37,797,724</u>	<u>\$ 35,377,780</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	8,641,685	8,695,968
Increase (decrease) in provision for insured events of prior fiscal years	<u>(1,131,274)</u>	<u>(517,000)</u>
Total incurred losses and loss adjustment	7,510,411	8,178,968
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,508,000)	(1,565,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(3,318,371)</u>	<u>(4,194,024)</u>
Total Payments	(4,826,371)	(5,759,024)
Unpaid claims and claims adjustment expenses at end of fiscal year	<u>\$ 40,481,764</u>	<u>\$ 37,797,724</u>

The current portion of the long term loss reserve for 2015 and 2014 is \$6,125,004 and \$6,294,103 with the long term portion for 2015 and 2014 being \$34,356,760 and \$31,503,621. Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year decreased from \$8,695,968 for 2014 to \$8,641,685 for 2015. The decrease in the provision for insured events of prior fiscal years for 2015 and 2014 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, 2015 and 2014

NOTE 12 – POOLING RESOURCES , INC. GRANT

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with PACT provided a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Wayne Carlson, Alan Kalt and Michael Rebaleati. The cost of this grant was \$546,500 and \$535,500 for June 30, 2015 and 2014 respectively. The grant was renewed for five years beginning July 1, 2015 with future costs being as follows:

Minimum future payments:

2016	\$ 565,000
2017	582,000
2018	599,500
2019	611,500
2020	<u>624,000</u>
Total payments	<u>\$2,982,000</u>

PRI provides human resources management services to PACT members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

NOTE 13 – SURPLUS CONTRIBUTION TO PUBLIC COMPENSATION MUTUAL COMPANY

In May of 2007, PACT’s board of directors authorized the start up of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company in the amount of \$5,000,000 and subsequent additional surplus contributions have been added. Capitalization at June 30, 2015 was \$27,607,679 with accumulated amortization of \$16,189,306 for a net amount of \$11,418,373. Capitalization at June 30, 2014 was \$27,159,437 with accumulated amortization of \$13,454,686 for a net amount of \$13,704,751.

The company, named Public Compensation Mutual, (“PCM”) is domiciled in Nevada and as of July 1, 2007, became one of the workers compensation reinsurers for PACT. Some of the Public Compensation Mutual’s board members also serve as board members of PACT. In 2014, PCM converted from an association captive model to a pure captive model, which makes PACT the owner of PCM directly. This reduces certain administrative costs of PCM, which inures to PACT’s benefit through reduced reinsurance charges.

Public Compensation Mutual was formed by members of PACT to reduce the costs of insurance, to obtain direct access to reinsurance, to provide broader coverage for policyholders, to broaden investment opportunities and to build equity to enable providing coverage not obtainable elsewhere.

As a condition of contributed surplus, but without any expectation that the funds will be returned, PACT required that prior to any distributions such as dividends, the contributed surplus must be repaid to PACT.

Management considers the contributed surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance costs to PACT will recoup the startup capital. Therefore, the PACT’s contributed surplus to PCM will be amortized over 10 years. The financial statements of PCM are audited annually by an independent auditing firm.

PUBLIC AGENCY COMPENSATION TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 14 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2015 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2015. Management has evaluated subsequent events through October 7, 2015 which is the date the financial statements were available for issue.

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, 2015 and 2014:

	2015			2014		
	Workers Compensation	Heart & Lung	Total	Workers Compensation	Heart & Lung	Total
Unpaid losses and loss adjustment expenses at beginning of the year	\$22,306,000	\$15,491,724	\$37,797,724	\$22,017,000	\$13,360,780	\$35,377,780
Incurred losses and loss adjustment expenses:						
Provision for insured events of current year	6,278,000	2,363,685	8,641,685	6,549,574	2,146,394	8,695,968
Increase (decrease) in provision for insured events of prior fiscal year	(1,186,747)	55,473	(1,131,274)	(517,000)	-	(517,000)
Total incurred losses and loss adjustments	5,091,253	2,419,158	7,510,411	6,032,574	2,146,394	8,178,968
Payments:						
Claims and claim adjustment expense attributable to insured events of current year	(1,508,000)	-	(1,508,000)	(1,565,000)	(15,450)	(1,580,450)
Claims and claims adjustment expense Attributable to insured events of a prior period	(3,275,253)	(43,118)	(3,318,371)	(4,178,574)	-	(4,178,574)
Total payments	(4,783,253)	(43,118)	(4,826,371)	(5,743,574)	(15,450)	(5,759,024)
Unpaid claims and claims adjustments expenses at end of fiscal year	\$22,614,000	\$17,867,764	\$40,481,764	\$22,306,000	\$15,491,724	\$37,797,724

This information is required by the Governmental Accounting Standards Board

PUBLIC AGENCY COMPENSATION TRUST
COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT FOR WORKERS COMP AND HEART & LUNG – UNDISCOUNTED - (UNAUDITED)
EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

Required Contributions & Investment Income:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Earned	\$14,150,771	\$17,528,899	\$19,214,202	\$18,382,217	\$16,856,499	\$14,187,888	\$16,229,877	\$14,049,941	\$16,420,666	\$17,557,830
Ceded	(626,266)	(673,485)	(711,236)	(999,595)	(1,019,746)	(760,706)	(821,229)	(1,196,334)	(1,178,052)	(1,626,286)
Net earned	13,524,505	16,855,414	18,502,966	17,382,622	15,836,753	13,427,182	15,408,648	12,853,607	15,242,614	15,931,544
Unallocated Expenses	2,401,410	2,644,815	3,467,687	3,888,708	4,372,365	5,340,792	6,086,457	6,580,620	6,167,162	6,234,613
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	7,221,184	6,932,261	6,211,000	6,699,000	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	7,221,184	6,932,261	6,211,000	6,699,000	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685
Paid (cumulative) as of:										
End of policy year	903,024	955,534	1,396,400	1,813,443	1,576,283	1,627,122	1,875,562	1,861,690	1,564,723	1,512,648
One Year Later	1,863,166	2,333,923	3,334,645	3,630,752	3,121,442	3,604,503	3,460,736	3,221,497	2,848,563	
Two Years Later	2,317,418	3,332,247	4,312,797	4,050,129	4,039,612	4,245,842	4,582,100	3,754,301		
Three Years Later	2,626,506	3,930,487	4,768,994	4,496,682	4,357,378	5,004,699	5,268,006			
Four Years Later	2,872,958	4,102,622	5,095,774	4,714,495	4,448,046	5,153,264				
Five Years Later	3,226,213	4,388,188	5,496,210	4,975,855	4,558,563					
Six Years Later	3,457,294	4,518,951	5,639,154	4,989,534						
Seven Years Later	3,546,659	4,629,499	5,823,757							
Eight Years Later	3,635,208	4,736,121								
Nine Years Later	3,706,291									
Re-estimated ceded claims & Expenses	-	-	-	-	-	-	-	-	-	-
Re-estimated Claims & Expense										
End of policy year	7,221,184	6,932,261	6,211,000	6,699,000	7,604,904	7,226,026	8,403,083	8,503,886	8,561,944	8,324,685
One Year Later	5,100,000	6,163,261	7,066,000	7,100,000	7,767,000	8,156,000	8,287,083	8,064,886	8,461,944	
Two Years Later	4,117,000	7,269,261	7,695,000	6,892,000	8,507,000	7,998,000	8,599,083	7,583,886		
Three Years Later	4,388,000	7,555,261	7,612,000	7,010,000	8,178,000	8,204,000	8,590,083			
Four Years Later	4,574,184	7,453,261	8,127,000	6,928,000	7,930,000	8,367,000				
Five Years Later	4,729,000	7,650,261	7,898,000	6,902,000	7,903,000					
Six Years Later	4,819,000	7,657,261	7,863,000	6,789,000						
Seven Years Later	4,805,000	7,665,261	7,784,000							
Eight Years Later	4,815,000	7,649,261								
Nine Years Later	4,816,899									
Increase(Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year:	(\$2,404,285)	\$717,000	\$1,573,000	\$90,000	\$298,000	\$1,141,000	\$187,000	(\$920,000)	(\$100,000)	-

This information is required by the Governmental Accounting Standards Board

PACT Counties

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average Annual	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims	Claims	Cost 5 years	Annual Cost
	7/1/10- 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	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	2010/2011- 2014/2015	2010/2011- 2014/2015	2010/2011- 2014/2015	2012/2013- 2014/2015
CARSON CITY (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CHURCHILL COUNTY	13	\$ 160,707	14	\$ 57,431	13	\$ 55,767	14	\$ 17,456	6	\$ 14,559	60	\$ 305,920	\$ 61,184	\$ 29,261
DOUGLAS COUNTY	88	\$ 344,283	79	\$ 596,104	79	\$ 367,545	82	\$ 376,480	77	\$ 196,952	405	\$ 1,881,365	\$ 376,273	\$ 313,659
ELKO COUNTY	28	\$ 621,071	39	\$ 153,022	34	\$ 94,917	34	\$ 239,827	45	\$ 80,748	180	\$ 1,189,585	\$ 237,917	\$ 138,497
ESMERALDA COUNTY	4	\$ 8,823	2	\$ 3,467	4	\$ 3,422	3	\$ 1,765	4	\$ 54,425	17	\$ 71,902	\$ 14,380	\$ 19,871
EUREKA COUNTY	7	\$ 8,403	13	\$ 59,003	16	\$ 57,791	13	\$ 175,079	1	\$ 175,343	50	\$ 475,619	\$ 95,124	\$ 136,071
HUMBOLDT COUNTY	16	\$ 86,239	11	\$ 47,127	18	\$ 16,227	9	\$ 2,758	18	\$ 174,111	72	\$ 326,463	\$ 65,293	\$ 64,365
LANDER COUNTY	20	\$ 136,225	17	\$ 366,707	11	\$ 98,855	10	\$ 34,191	4	\$ 88,222	62	\$ 724,199	\$ 144,840	\$ 73,756
LINCOLN COUNTY	11	\$ 16,144	6	\$ 17,591	9	\$ 9,239	3	\$ 797	3	\$ 53,931	32	\$ 97,702	\$ 19,540	\$ 21,322
LYON COUNTY	34	\$ 668,348	40	\$ 806,787	37	\$ 15,544	57	\$ 188,847	30	\$ 113,521	198	\$ 1,793,048	\$ 358,610	\$ 105,971
MINERAL COUNTY	27	\$ 94,634	20	\$ 62,861	22	\$ 351,876	11	\$ 217,084	18	\$ 20,439	98	\$ 746,895	\$ 149,379	\$ 196,467
NYE COUNTY	60	\$ 484,458	79	\$ 639,104	66	\$ 355,818	95	\$ 432,921	109	\$ 296,298	409	\$ 2,208,599	\$ 441,720	\$ 361,679
PERSHING COUNTY	6	\$ 3,007	9	\$ 66,805	2	\$ 35,679	10	\$ 74,262	6	\$ 53,794	33	\$ 233,547	\$ 46,709	\$ 54,578
STOREY COUNTY	12	\$ 21,951	17	\$ 103,674	26	\$ 393,734	9	\$ 63,016	12	\$ 40,343	76	\$ 622,718	\$ 124,544	\$ 165,698
WHITE PINE COUNTY	22	\$ 5,637	19	\$ 55,395	17	\$ 124,131	17	\$ 73,355	15	\$ 120,377	90	\$ 378,896	\$ 75,779	\$ 105,955
TOTAL	348	\$ 2,659,932	365	\$ 3,035,077	354	\$ 1,980,545	367	\$ 1,897,840	348	\$ 1,483,064	1,782	\$ 11,056,458	\$ 2,211,292	\$ 1,787,150

PACT Cities

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL		Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Annual Cost 5	Annual Cost
	7/1/10- 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	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	2010/2011- 2014/2015	2010/2011- 2014/2015	2010/2011- 2014/2015	2012/2013- 2014/2015
BOULDER CITY	28	\$ 935,745	25	\$ 57,935	40	\$ 147,313	22	\$ 100,480	29	\$ 48,757	144	\$ 1,290,230	\$ 258,046	\$ 98,850
CALIENTE	2	\$ 1,220	3	\$ 1,357	1	\$ 687	4	\$ 2,635	1	\$ 15,854	11	\$ 21,753	\$ 4,351	\$ 6,392
CARLIN CITY	5	\$ 3,442	6	\$ 2,884	3	\$ 52,257	14	\$ 12,619	5	\$ 6,427	33	\$ 77,629	\$ 15,526	\$ 23,768
CITY OF ELKO	40	\$ 80,903	38	\$ 173,028	68	\$ 174,979	40	\$ 105,789	27	\$ 7,928	213	\$ 542,627	\$ 108,525	\$ 96,232
ELY CITY	9	\$ 41,741	3	\$ 1,799	4	\$ 242,156	5	\$ 4,059	2	\$ 5,919	23	\$ 295,674	\$ 59,135	\$ 84,045
CITY OF FALLON (No Longer a Member)	11	\$ 114,983	19	\$ 277,616	11	\$ 54,960	11	\$ 11,150	11	\$ 9,433	63	\$ 468,142	\$ 93,628	\$ 25,181
CITY OF FERNLEY	3	\$ 147,252	2	\$ 62,671	7	\$ 1,301	5	\$ 1,655	3	\$ 2,524	20	\$ 215,404	\$ 43,081	\$ 1,827
CITY OF LOVELOCK	5	\$ 2,517	6	\$ 66,760	6	\$ 2,359	6	\$ 2,112	2	\$ 14,741	25	\$ 88,489	\$ 17,698	\$ 6,404
MESQUITE CITY	33	\$ 37,725	28	\$ 103,782	24	\$ 120,793	25	\$ 18,623	33	\$ 70,096	143	\$ 351,018	\$ 70,204	\$ 69,837
WELLS CITY	6	\$ -	2	\$ 25,146	4	\$ 1,353	4	\$ 1,563	1	\$ 600	17	\$ 28,662	\$ 5,732	\$ 1,172
CITY OF WEST WENDOVER	5	\$ 1,829	3	\$ 27,487	5	\$ 30,947	3	\$ 36,897	7	\$ 60,663	23	\$ 157,822	\$ 31,564	\$ 42,835
CITY OF WINNEMUCCA	6	\$ 6,436	6	\$ 5,513	9	\$ 50,128	8	\$ 65,100	5	\$ 14,122	34	\$ 141,298	\$ 28,260	\$ 43,117
CITY OF YERINGTON	2	\$ 425	3	\$ 246,525	7	\$ 22,841	0	\$ -	3	\$ 3,683	15	\$ 273,474	\$ 54,695	\$ 8,841
TOTAL	155	\$ 1,374,217	144	\$ 1,052,503	189	\$ 902,075	147	\$ 362,682	129	\$ 260,746	764	\$ 3,952,223	\$ 790,445	\$ 508,501

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
	7/1/10- 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	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	2010/2011- 2014/2015	2010/2011- 2014/2015	2010/2011- 2014/2015	2012/2013- 2014/2015
ESMERALDA COUNTY SCHOOL DISTRICT	3	\$ -	2	\$ 830	4	\$ 159,311	1	\$ -	3	\$ 428	13	\$ 160,569	\$ 32,114	\$ 53,246
EUREKA COUNTY SCHOOL DISTRICT	1	\$ 351	1	\$ 6	3	\$ 484	1	\$ 2,767	3	\$ 15,480	9	\$ 19,088	\$ 3,818	\$ 6,244
HUMBOLDT COUNTY SCHOOL DISTRICT(No longer	10	\$ 5,553	19	\$ 145,314	0	\$ -	0	\$ -	0	\$ -	29	\$ 150,867	\$ 30,173	\$ -
LANDER COUNTY SCHOOL DISTRICT	10	\$ 22,412	9	\$ 1,393	4	\$ 52,166	3	\$ 3,041	3	\$ 29,327	29	\$ 108,340	\$ 21,668	\$ 28,178
LINCOLN COUNTY SCHOOL DISTRICT	7	\$ 288,112	9	\$ 43,256	6	\$ 47,595	16	\$ 6,241	5	\$ 4,651	43	\$ 389,855	\$ 77,971	\$ 19,496
MINERAL COUNTY SCHOOL DISTRICT	25	\$ 36,728	20	\$ 42,261	18	\$ 18,396	16	\$ 52,441	16	\$ 3,616	95	\$ 153,441	\$ 30,688	\$ 24,817
NYE COUNTY SCHOOL DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY SCHOOL DISTRICT	5	\$ 8,971	3	\$ 289,195	4	\$ 2,105	4	\$ 6,936	6	\$ 7,652	22	\$ 314,858	\$ 62,972	\$ 5,564
WHITE PINE COUNTY SCHOOL DISTRICT	19	\$ 37,973	20	\$ 40,423	15	\$ 30,258	17	\$ 3,357	16	\$ 40,306	87	\$ 152,317	\$ 30,463	\$ 24,640
TOTAL	80	\$ 400,101	83	\$ 562,678	54	\$ 310,313	58	\$ 74,783	52	\$ 101,460	327	\$ 1,449,336	\$ 289,867	\$ 162,185

PACT Hospitals

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL Claims	TOTAL	Average	Average
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Claims Costs	Annual Cost	Annual Cost
	7/1/10- 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	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	2010/2011- 2014/2015	2010/2011- 2014/2015	5 years 2010/2011- 2014/2015	3 years 2012/2013- 2014/2015
BATTLE MOUNTAIN GENERAL HOSPITAL	1	\$ 1,136	5	\$ 2,063	6	\$ 2,960	9	\$ 5,377	7	\$ 9,639	28	\$ 21,174	\$ 4,235	\$ 5,992
BOULDER CITY HOSPITAL (No longer member)	17	\$ 11,055	12	\$ 45,170	13	\$ 90,160	0	\$ -	0	\$ -	42	\$ 146,385	\$ 36,596	\$ 30,053
CARSON TAHOE HOSPITAL (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
GROVER C. DILS MEDICAL CENTER	3	\$ 348	4	\$ 3,549	6	\$ 6,842	0	\$ -	1	\$ 600	14	\$ 11,339	\$ 2,268	\$ 2,481
HUMBOLDT GENERAL HOSPITAL	12	\$ 106,578	19	\$ 64,751	18	\$ 56,997	12	\$ 37,319	18	\$ 124,552	79	\$ 390,197	\$ 78,039	\$ 72,956
MT. GRANT GENERAL HOSPITAL	14	\$ 8,240	9	\$ 2,576	12	\$ 66,409	12	\$ 39,778	15	\$ 51,103	62	\$ 168,105	\$ 33,621	\$ 52,430
PERSHING GENERAL HOSPITAL	6	\$ 40,549	8	\$ 26,791	10	\$ 15,251	8	\$ 6,901	6	\$ 12,131	38	\$ 101,622	\$ 20,324	\$ 11,428
SO. LYON MEDICAL CENTER (No longer member)	34	\$ 277,546	38	\$ 27,277	14	\$ 103,197	0	\$ -			86	\$ 408,019	\$ 102,005	\$ 34,399
TOTAL	87	\$ 445,452	95	\$ 172,176	79	\$ 341,816	41	\$ 89,374	47	\$ 198,025	349	\$ 1,246,842	\$ 277,089	\$ 209,738

PACT Special Districts and Towns

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL		TOTAL		Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Annual Cost 5 years	Annual Cost 3 years
	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	7/1/13-6/30/14	7/1/13-6/30/14	7/1/14-6/30/15	7/1/14-6/30/15	2010/2011-2014/2015	2010/2011-2014/2015	2010/2011-2014/2015	2010/2011-2014/2015	2010/2011-2014/2015	2012/2013-2014/2015
CARSON CITY:																
NEVADA ASSOCIATION OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	0	\$ -	0	\$ -	1	\$ 1,507	0	\$ -	0	\$ -	1	\$ 1,507	0	\$ -	\$ 301	\$ 502
CLARK COUNTY:																
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
VIRGIN VALLEY WATER DISTRICT	1	\$ 155	2	\$ 459	1	\$ 1,607	0	\$ -	1	\$ 4,585	5	\$ 6,806	0	\$ -	\$ 1,361	\$ 2,064
CHURCHILL COUNTY:																
CC COMMUNICATIONS	0	\$ -	1	\$ 565	4	\$ 2,381	2	\$ 20,631	1	\$ 166	8	\$ 23,743	0	\$ -	\$ 4,749	\$ 7,726
CHURCHILL COUNTY MOSQUITO & ABATEMENT DISTRICT	0	\$ -	2	\$ 89,672	0	\$ -	0	\$ -	0	\$ -	2	\$ 89,672	0	\$ -	\$ 17,934	\$ -
DOUGLAS COUNTY:																
DOUGLAS CO. MOSQUITO CONTROL DISTRICT	1	\$ 740	1	\$ -	0	\$ -	1	\$ -	1	\$ 1,443	4	\$ 2,183	0	\$ -	\$ 437	\$ 481
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 241	1	\$ 241	0	\$ -	\$ 48	\$ 80
EAST FOR FIRE & PARAMEDIC DISTRICT	54	\$ 265,804	38	\$ 254,754	46	\$ 120,254	36	\$ 152,633	33	\$ 68,143	207	\$ 861,587	0	\$ -	\$ 172,317	\$ 113,677
EAST FORK SWIMMING POOL DISTRICT	1	\$ 289	1	\$ 1,865	1	\$ 942	5	\$ 4,495	8	\$ 17,603	16	\$ 25,194	0	\$ -	\$ 5,039	\$ 7,680
GARDNERVILLE, TOWN OF	0	\$ -	3	\$ 511	1	\$ -	2	\$ 1,652	2	\$ 3,886	8	\$ 6,049	0	\$ -	\$ 1,210	\$ 1,846
GENOA, TOWN OF	1	\$ 179	1	\$ 1,293	0	\$ -	0	\$ -	1	\$ 1,472	3	\$ 1,472	0	\$ -	\$ 294	\$ -
LAKERIDGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MINDEN, TOWN OF	4	\$ 2,087	5	\$ 2,913	3	\$ 3,221	4	\$ 3,510	16	\$ 6,630	32	\$ 18,361	0	\$ -	\$ 3,672	\$ 4,454
NV TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TAHOE DOUGLAS FIRE PROTECTION DISTRICT	17	\$ 203,429	13	\$ 30,569	16	\$ 84,653	6	\$ 37,588	14	\$ 89,471	66	\$ 445,710	0	\$ -	\$ 89,142	\$ 70,571
ELKO COUNTY:																
ELKO CENTRAL DISPATCH	1	\$ 1,145	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,145	0	\$ -	\$ 229	\$ -
ELKO CONVENTION & VISITORS AUTHORITY	2	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ -	0	\$ -	\$ -	\$ -
ELKO TELEVISION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
JACKPOT TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ESMERALDA COUNTY:																
GOLDFIELD TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SILVER PEAK TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY:																
AUSTIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
AUSTIN VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BATTLE MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BATTLE MOUNTAIN VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
KINGSTON TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
KINGSTON VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY:																
ALAMO SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PANACA VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PIOCHE, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PIOCHE VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LYON COUNTY:																
CENTRAL LYON COUNTY FIRE PROTECT	6	\$ 12,198	13	\$ 41,108	13	\$ 22,600	5	\$ 1,637,660	11	\$ 22,220	48	\$ 1,735,786	0	\$ -	\$ 347,157	\$ 560,826
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 1,422	2	\$ 1,422	0	\$ -	\$ 284	\$ 474
MASON VALLEY FIRE PROTECTION DISTRICT	0	\$ -	1	\$ 531	2	\$ 3,761	2	\$ 24,999	2	\$ 5,744	7	\$ 35,034	0	\$ -	\$ 7,007	\$ 11,501
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NORTH LYON COUNTY FIRE PROTECTION DISTRICT	4	\$ 2,712	1	\$ 325	14	\$ 5,777	3	\$ -	1	\$ 242	23	\$ 9,056	0	\$ -	\$ 1,811	\$ 2,006
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SMITH VALLEY FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,501	0	\$ -	1	\$ 1,501	0	\$ -	\$ 300	\$ 500
MINERAL COUNTY:																
HAWTHORNE FIRE & VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
HAWTHORNE UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MINERAL CO. CARE & SHARE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NYE COUNTY:																
BEATTY WATER & SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 723	1	\$ 723	0	\$ -	\$ 145	\$ 241
PAHRUMP, TOWN OF	17	\$ 380,915	10	\$ 108,482	6	\$ 24,744	10	\$ 7,227	4	\$ 27,742	47	\$ 549,110	0	\$ -	\$ 109,822	\$ 19,905
ROUND MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TONOPAH, TOWN OF	0	\$ -	1	\$ 25,987	2	\$ 930	3	\$ 2,986	0	\$ -	6	\$ 29,903	0	\$ -	\$ 5,981	\$ 1,305
TONOPAH PUBLIC UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY:																
PERSHING COUNTY WATER CONSERVATION DISTRICT	1	\$ 381	4	\$ 7,018	2	\$ 47,384	0	\$ -	3	\$ 14,749	10	\$ 69,532	0	\$ -	\$ 13,906	\$ 20,711
STOREY COUNTY:																
CANYON GENERAL IMPROVEMENT DISTRICT	0	\$ -	1	\$ 134	1	\$ 148	0	\$ -	0	\$ -	2	\$ 282	0	\$ -	\$ 56	\$ 49
WASHOE COUNTY:																
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	23	\$ 264,061	30	\$ 58,583	53	\$ 322,644	0	\$ -	\$ 64,529	\$ 107,548

PACT Special Districts and Towns

NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	37	\$ 237,155	28	\$ 380,821	35	\$ 108,125	53	\$ 110,616	35	\$ 266,285	188	\$ 1,103,003	\$ 220,601	\$ 161,675
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SIERRA FIRE PROTECTION DISTRICT (No Longer a Member)	24	\$ 34,419	9	\$ 214,228	0	\$ -	0	\$ -	0	\$ -	33	\$ 248,647	\$ 49,729	\$ -
SUN VALLEY GENERAL IMPROVEMENT DIST (No longer member)	1	\$ 412	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 412	\$ 82	\$ -
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	5	\$ 247,884	4	\$ 40,278	21	\$ 217,554	33	\$ 400,104	22	\$ 86,837	85	\$ 992,657	\$ 198,531	\$ 234,832
TRUCKEE MEADOWS REGIONAL PLANNING AUTHORITY	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WHITE PINE COUNTY:														
ELY MUNICIPAL WATER DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MCGILL RUTH CONSOLIDATED SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY FIRE PROTECTION DISTRICT	0	\$ -	2	\$ -	2	\$ 1,882	0	\$ -	3	\$ 5,330	7	\$ 7,212	\$ 1,442	\$ 2,404
WHITE PINE COUNTY TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE HISTORICAL RAILROAD FOUNDATION	2	\$ 899	1	\$ 770	3	\$ 10,919	2	\$ 6,718	1	\$ 66	9	\$ 19,372	\$ 3,874	\$ 5,901
TOTAL	179	\$ 1,390,802	142	\$ 1,202,283	175	\$ 658,389	191	\$ 2,676,381	193	\$ 682,112	880	\$ 6,609,968	\$ 1,321,994	\$ 1,338,961

PACT Summary of All Claims
as of 6/30/15

Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	TOTAL Claims Frequency	TOTAL Claims Costs	Average Annual Cost 5 years	Average Annual Cost 3
7/1/10-6/30/11	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	7/1/13-6/30/14	7/1/13-6/30/14	7/1/14-6/30/15	7/1/14-6/30/15	2010/2011-2014/2015	2010/2011-2014/2015	2010/2011-2014/2015	2012/2013-2014/2015
849	\$ 6,270,504	829	\$ 6,024,717	851	\$ 4,193,139	804	\$ 5,101,060	769	\$ 2,725,407	4,102	\$ 24,314,827	\$ 4,862,965	\$ 4,006,535

PACT LARGE LOSS REPORT

Claim Number	Date Of Loss	Incurred Total	Accident Description
C143-97-00709 -01	5/24/1998	555,056.18	BOAT CAPSIZED-DROWNED
C143-00-00055 -01	7/25/2000	1,976,323.31	STRUCK BY LIGHTNING
C143-00-00347 -01	11/4/2000	1,254,877.61	ATRIAL FIBRILLATION
C143-00-00474 -01	12/29/2000	420,297.29	MAKING "U" TURN ATTEMPTING TO MAKE TRAFFIC STOP STRUCK BY OTHER VEHICLE
C143-03-00159 -01	8/27/2003	386,856.70	LEFT & RIGHT HANDS/CARPAL TUNNEL SYNDROME--DOING COMPUTER WORK PROPERTY MANAGER
C143-03-00334 -01	10/27/2003	583,413.02	HEART/CHEST PAIN--SEVERAL EPISODES OF ANGINA AT WORK DEPUTY SHERIFF
C143-03-00794 -01	2/20/2004	958,562.20	WHILE TRANSPORTING A PRISONER
C143-03-00898 -01	4/11/2004	539,245.17	LUNGS FILLED WITH WATER, HEART UNABLE TO PUMP IT OFF
C143-03-01086 -01	6/8/2004	1,081,589.02	WATCHING TV IN CLASS
C143-04-00836 -01	3/3/2005	1,621,208.61	ROUTINE ANNUAL HEART STRESS TEST- FAILED
C143-06-00272 -01	7/28/2006	1,617,214.76	HEART; ONGOING CHEST PAIN AND WEAKNESS
C143-06-00167 -01	8/23/2006	369,761.62	LIFTING BLOCKS TO MAKE A RETAINING WALL
C143-07-02238 -01	4/25/2007	1,317,327.46	ANNUAL PHYSICAL 4-25-07 ABNORMAL TEST
C143-07-01932 -01	5/16/2007	353,457.90	FELL 12 FEET DOWN OFF A RETAINING WALL WHILE FIGHTING A FIRE
C143-07-02169 -01	7/28/2007	636,755.60	HIT BUMP WHILE DRIVING EQUIPMENT
C143-08-02758 -01	2/4/2008	1,322,882.41	OCC-DISEASE, HEART, CAREER POLICE OFFICER
C143-09-04509 -01	11/17/2009	706,849.56	ATTEMPTING TO SUBDUE SUSPECT, FELL TO GROUND STRIKING LEFT SIDE ON GROUND.
C143-09-04533 -01	11/18/2009	1,316,161.26	EXPOSURE TO COMBUSTIVE MATERIALS AND OTHER HAZARDOUS CHEMICALS DURING NORMAL COURSE OF JOB DUTIES.
C143-10-04905 -01	4/26/2010	1,569,586.43	RESPONDING TO A CALL AT A CASINO, GUN SHOTS WERE FIRED
C143-10-05305 -01	8/8/2010	442,514.72	ON AUGUST 8, 2010 NOTICED ISSUES REGARDING THROAT, GI AND RESPIRATORY
C143-10-05211 -01	8/11/2010	350,766.27	PICKING UP 50 GALLON GARGAGE BAGS FULL OF BUSHES, ROCKS AND BRANCHES UP TO 100 LBS+. HIP STARTED HURTING
C143-10-05293 -01	9/16/2010	815,343.47	WALKING DOWN THE FIRE STATION HALLWAY AND HAD A SEIZURE/STROKE
C143-11-05623 -01	2/24/2011	432,427.23	Shot during domestic violence call
C143-14-07974 -01	1/14/2014	1,935,983.83	AFTER PHYSICAL FITNESS, DIDN'T FEEL WELL AND COLOR WAS POOR
C143-03-00548 -01	1/9/2004	1,740,125.30	PREPARING FOR TRAINING STANDING IN DAY ROOM
C143-05-01092 -01	6/28/2006	481,238.95	S/F BACKWARDS OFF SINK WHILE STANDING ON SINK COUNTER CLEANING WALLS.
C143-98-00166 -01	9/5/1998	428,981.82	HEART--ON DUTY AT SCENE OF ACCIDENT; CHEST BEGAN TO TIGHTEN
C143-05-00348 -01	10/18/2005	545,968.57	S/F ON SLIPPERY FLOOR
C143-07-02353 -01	9/17/2007	486,591.46	TWISTED KNEE LIFTING A PATIENT, STRAINED BACK
C143-09-03932 -01	4/3/2009	397,773.02	WALKING INTO THE BUILDING, SLIPPED ON STEPS AND FELL BACKWARDS.
TOTAL:		26,645,140.75	

PACT 2016-2017 Budget Summary

3/21/2016 Executive Committee Recommended 70% Confidence Level to Board; Approved by Board 4--2016	Budget Amount 2015/2016	% of Total Revenue (Budget Basis)	Comments
Revenues			
Assessments	\$ 14,725,617	88%	
Assessments For Heart & Lung	\$ 1,924,535	12%	Ex Comm reduced rate from \$\$5.85 to \$4.85
Total Revenues	\$ 16,650,153		
Loss Fund Expenses:			
Claims and Adjustment Expenses	\$ 9,203,562	55%	
Heart and Lung Loss Expenses	\$ 1,924,535	12%	Ex Comm reduced rate from \$\$5.85 to \$4.85
Total Loss Fund Expenses:	\$ 11,128,097	67%	
Program Expenses:			
Reinsurance Premium	\$ 1,771,938	11%	
Underwriting And Claims Processing	\$ 746,483	4%	
MCO Fees	\$ 52,000	0%	
Insolvency Fund and Related Expenses	\$ 320,000	2%	
Total Program Expenses	\$ 2,890,421	17%	
Administration Expenses			
Management Fees	\$ 490,136	3%	
Professional Services	\$ 103,000	1%	
Administrative And Overhead	\$ 119,500	1%	
Member Education And Services	\$ 188,375	1%	
PRI Grant	\$ 407,400	2%	
Insurance Division Fees	\$ 346,606	2%	
Loss Control Expenses	\$ 406,000	2%	
LCEP Awards	\$ 5,000	0%	
Total Administrative Expenses	\$ 2,066,017	12%	
Operating Net Income	\$ 565,618	3%	
Investment Income	\$ 801,000	5%	
Net Gain (Loss)	\$ 1,366,618	8%	
OTHER EXPENSES:			
Risk Management Grants (Paid from Net Assets)	\$ 955,804		
Specialty Health - Cardiac Wellness paid from Net Assets	\$ 300,000		
PCM Amortization Expense	\$ 2,871,351		
	\$ 4,127,155		

PACT Executive Committee

	Re-election Term	Entity	Officers	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 1)	Special Districts (Total 1)	Hospitals (Total 1)
Alan Kalt	2015-2017	Churchill County	Chair					
Roger Mancebo	2015-2017	Pershing County		X				
Josh Foli	2015-2017	Lyon County	Fiscal Officer		X			
Cash Minor	2015-2017	Elko County			X			
vacant	2015-2017						X	
Pat Irwin	2014-2016	Pershing General Hospital						X
Steve West	2014-2016	City of Winnemucca		X				
Paul Johnson	2014-2016	White Pine Co. School District	Vice Chair			X		

Declared Candidates

Pat Irwin	2016-2018	Pershing General Hospital						X
Steve West	2016-2018	City of Winnemucca		X				
Paul Johnson	2016-2018	White Pine Co. School District				X		
Chris Mulkerns	2016-2017	Town of Tonopah					X	
Ben Sharit	2016-2017	Tahoe Douglas Fire Protection District					X	

Voting Special Districts/Towns:

Chris Mulkerns		Town of Tonopah					x	
Gerry Eick		Incline Village GID					x	
Ben Sharit		Tahoe Douglas Fire Protection District					x	

Voting Hospitals:

Linda Lauritzen or Nancy Lockridge		Battle Mountain General Hospital						X
Jason K. Bleak or Missie Rowe		Grover C Dils Hospital						X
Sandi Lehman or Rose Marie Green		Humboldt General Hospital						X
Jonalee Roberts or Greg Schumann		Mt Grant General Hospital						X
Patty Bianchi or Pat Irwin		Pershing General Hospital						X

**PUBLIC AGENCY COMPENSATION
TRUST**

**INTERLOCAL COOPERATION
AGREEMENT**

Adopted: November 1, 1995
Revised: May 2, 1997
Revised: May 1, 2000
Revised: May 2, 2003
Revised: May 1, 2004
Revised: April 29, 2005
Revised: April 28, 2006
Revised: May 1, 2009
Revised: April 26, 2013

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PUBLIC AGENCY COMPENSATION TRUST

INTERLOCAL COOPERATION AGREEMENT

THIS AGREEMENT, is made by and between the political subdivisions existing under the Constitution and laws of the State of Nevada and which are signatory to this agreement.

WHEREAS, Nevada Revised Statutes 277.080 to 277.180 permits political subdivisions to make the most efficient use of their powers by enabling them to cooperate with other political subdivisions on a basis of mutual advantage and thereby provide services which will be meet the needs of their citizens; and

WHEREAS, Nevada Revised Statutes 277.055 permits two or more political subdivisions of the State of Nevada to enter into a cooperative agreement for the purchase of insurance or the establishment of a self-insurance reserve or fund for coverage under a plan of workers compensation as defined in NRS 616 and 617 and employer's liability; or insurance for any combination of these kinds of insurance; and

WHEREAS, the political subdivisions executing this agreement desire to join together for the purpose of providing workers compensation coverage and jointly funding programs of pooled self-insurance, insurance and excess insurance for workers compensation pursuant to NRS 616B.350 and related provisions;

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and subject to the provisions of Nevada Revised Statutes and all other applicable rules and regulations, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1. "Agreement" shall mean this agreement entitled "Public Agency Compensation Trust" and as amended in the future.

Section 2. "Board of Trustees" or "Board" shall mean the governing body of PACT.

Section 3. "Claim" shall mean a claim made against a Member arising out of a Loss which is covered by insurance or pooling program of PACT.

Section 4. "Excess or Reinsurance Program" shall mean a program of PACT under which Members or Participating Members are protected against designated Losses .

Section 5. "Executive Committee" shall mean the Executive Committee of the Board of Trustees as described in Article 12 of this Agreement.

Section 6. "Fiscal Year" shall mean that period of twelve months as established by the Board of Trustees as the fiscal year of PACT.

Section 7. "Loss" shall mean a liability or potential liability of a Member including litigation expenses, attorneys' fees and costs covered by an insurance or pooling program of PACT.

Section 8. "Maintenance Deductible" shall mean, as to any one Loss, that portion payable by the Member directly and not PACT or its excess insurers or reinsurers.

Section 9. "Member" shall mean any Public Agency which is a member of PACT and such districts to which the Board has granted voting status. Other district or agencies whether or not the governing body of the City or County is *ex officio* the governing body as described in and subject to Article 3 of this Agreement may be a party to this Agreement but shall not be considered a Member for the purpose of voting or participation as a voting member of the Board or of any Executive or other committee in which voting Member status is required except when granted voting status pursuant to the following criteria. Voting status as a Member may be granted for any Public Agency which meets the following criteria:

1. Pays assessments of at least \$20,000 annually
2. Maintains a payroll of least \$500,000 annually

Such criteria may be changed from time to time by vote of the Board of Trustees which change shall take effect subsequent to the meeting at which the Board approved the changes.

Section 10. "PACT" shall mean the Public Agency Compensation Trust created by this agreement.

Section 11. "Participating Member", as used in reference to an insurance or pooling program of PACT, shall mean a current Member of that program.

Section 12. "Policy Year" shall mean for each insurance or pooling program of PACT that period commencing upon the effective date of the program and each twelve month period thereafter.

Section 13. "Public Agency" shall mean any county, incorporated city and town, unincorporated town, school district, rural hospital as defined in NRS 449.0177 whether non-profit or public, and any special or other district or agency per NRS 277.100, organized and existing under the Constitution and laws of the State of Nevada.

Section 14. "Self-insured Retention" shall mean that portion of a Loss experienced by a Member which is retained as a liability or potential liability of PACT.

ARTICLE 2

PURPOSES OF PACT

The Members in entering into this Agreement, desire to establish:

- A. A mechanism whereby each Member may join with other Members to share their risks as an association of self-insured public agencies pool their risks and including group purchased insurance or reinsurance programs and jointly administer said programs in an effort to deliver to each of them a reasonable, cost effective workers compensation program;

The Members hereby understand and agree that PACT is not an "insurer" and the PACT Coverage Form is not an "insurance policy" under Nevada law. As such, PACT and the Coverage Form are not governed by Nevada Revised Statute Insurance Title 57 or other laws typically governing insurance companies or the interpretation of insurance contracts, except as provided in NRS 616 and NRS 617.

- B. Procedures whereby additional qualifying political subdivisions of the State of Nevada may be added to this Agreement;
- C. A mechanism whereby additional and/or alternative insurance programs may be developed for the benefit of the Members; and
- D. Administrative services as necessary to implement this Agreement including, but not be limited to, risk management consulting, Loss prevention, Loss control, centralized Loss reporting, actuarial consulting, claims adjusting and legal services.

ARTICLE 3

PARTIES TO AGREEMENT

Section 1. Members. Each Member, as a party to this Agreement, certifies that:

- A. It intends to and does contract with all other Members as parties to this Agreement and with any other Public Agency as may later be added as parties to this Agreement;
- B. The removal of any party from this Agreement shall not affect this Agreement nor such Member's intent to contract as described in subsection A above with the other parties to the agreement then remaining.

Section 2. Other Districts or Agencies. A Member may contract on behalf of, and shall be deemed to include:

- A. Any district in which the city or county is *ex officio* the governing board, from the date that the Member provides PACT written notice of the name and inclusion of such district, upon approval of the Board;
- B. Any other local Public Agency at its request upon approval of the Board and from the date that such entity is accepted into PACT; and
- C. Such district or other local Public Agency shall be considered a separate party to this Agreement but shall not affect any Member's representation on the Board and shall be part of and represented by the Member for all purposes under this Agreement.

Section 3. Membership of Nevada Association of Counties and Nevada League of Cities. The Nevada Association of Counties and the Nevada League of Cities shall become a Member of PACT upon its execution of this Agreement, subject to all obligations and rights of all other Members, except that neither shall be counted for the purposes of determining a quorum or the number votes required for any purpose, and neither shall have an official representative nor be entitled to vote on any matter pursuant to this Agreement.

Section 4. Limitation on Right to Sue. In order to become and to maintain Fund member status, a member shall not sue or maintain any litigation or lawsuit for damages against the fund or its Board and specifically agrees to waive its right to maintain any litigation or lawsuit against the Fund or its Board. However, this Section does not prohibit any declaratory relief action seeking to interpret this Agreement or any Fund coverage agreement.

ARTICLE 4

NAME OF PACT

The name of PACT established by the Members hereunder shall be "PUBLIC AGENCY COMPENSATION TRUST."

ARTICLE 5

POWERS OF PACT

PACT shall have all of the powers common to any Public Agency and all additional powers set forth in the interlocal cooperation laws of the State of Nevada, and PACT is authorized to do all acts necessary for the exercise of said powers, including but not limited to, the following:

- A. To make and enter into contracts;
- B. To incur debts, liabilities, and obligations;
- C. To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations and governmental entities;
- D. To sue and be sued in its own name, but not by its Members;
- E. To settle any claim against PACT or its Members as hereinafter provided;
- F. To receive and use contributions and advances from Members, including contributions or advances of personnel, equipment, or property;
- G. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Nevada Laws applicable to investments by a Public Agency; and
- H. To carry out all provisions of this Agreement.

ARTICLE 6

MEMBERSHIP

Section 1. Eligibility. Membership in PACT shall be open to any political subdivision of the State of Nevada that is deemed by the Board to qualify for membership.

Section 2. Conditions. The Board may impose such conditions on membership to protect the interests of PACT and to provide for the benefits of Members as are required by this Agreement, the Bylaws of PACT, and other applicable statutes or regulations.

ARTICLE 7

BOARD OF TRUSTEES

Section 1. Appointment and Term of Office. Commencing with the effective date of the Agreement and annually thereafter in January, each Member shall appoint from its governing board, a voting representative and an alternate voting representative to the Board to serve for a term of one year. Such representatives must be officers or employees of the Member and shall be eligible for reappointments for successive one year terms and shall serve until his or her successor is duly appointed.

Section 2. Voting. Each Member shall be entitled to one vote by its representative to the Board or by its alternate voting representative in the absence of the representative. There shall be no voting permitted by proxies or other substitutes. All motions and actions of the Board shall be adopted by a majority of the Board Members unless otherwise provided by the Bylaws of PACT.

Section 3. Compensation of the Board. Members of the Board shall not receive any salary for the services to the Board, but the Board by resolution may allow actual and necessary expenses for attendance at Regular or Special meetings of the Board.

Section 4. Meetings. The Board shall provide for the holding of Regular and Special meetings.

Section 5. Quorum. A simple majority of the members of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a quorum is present at any meeting, a majority of those Trustees as may be present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of a majority of the Board of Trustees at a meeting at which a quorum is present shall constitute an act of the Board.

Section 7. Legal Counsel. The Board shall be advised in legal matters with respect to PACT operations by its legal counsel.

ARTICLE 8

MEETING OF THE BOARD OF TRUSTEES

Section 1. Regular Meetings. The Board shall hold at least one regular meeting each year, scheduling the time, date and place thereof by resolution.

Section 2. Special Meetings. Special meetings of the Board may be called by the Chair of the Board, or in his absence by the Vice Chair, or by any two members of the Board.

Section 3. Minutes. The Executive Director of PACT, described in Article 13 hereof, shall provide for the keeping of minutes of Regular and Special Meetings of the Board, and shall forward a copy of the minutes to each member of the Board.

Section 4. Open Meeting Law. All meetings of the Board shall be called, noticed, held and conducted in accordance with the provisions of the "Open Meeting Law", Nevada Revised Statutes, Chapter 241, and any other laws of the State of Nevada.

ARTICLE 9

POWERS OF THE BOARD OF TRUSTEES

The Board shall be the governing body of PACT to oversee, administer and determine its overall policies and shall have the following powers and authority:

- A. To manage the affairs of PACT and to do all things necessary or convenient for the furtherance of the purposes of PACT, including but not limited to: expending and receiving funds; entering into contract and other agreements; renting, leasing, purchasing and otherwise procuring or receiving property, real and personal; employing personnel either as employees or by contract; and employing professional consultants such as attorneys, auditors, accountants, risk managers and actuaries;
- B. To form an Executive committee, as provided in Article 12 hereof, and delegate to that committee such powers as it determines, provided that all such delegated powers to the Executive Committee shall be exercised under the direction of the Board;
- C. To form committees as appropriate to act in an advisory capacity and conduct the business of PACT, and the membership of such committee may consist in whole or in part of non-Board Members;
- D. To elect the officers and appoint staff of PACT as may be necessary for the administration of PACT and as described in Articles 10 and 13 hereof;
- E. To prepare and adopt the annual operating budget of PACT;

- F. To develop and adopt each program of PACT, including all provisions for insurance and reinsurance, and administrative services as necessary to carry out such programs;
- G. To provide for necessary services to PACT and its Members to include, but not be limited to, risk management consulting, Loss prevention and control, centralized Loss reporting, actuarial consulting, claims adjusting, and legal services;
- H. To provide general supervision and policy direction to its Executive Director, either directly or through the Executive Committee, and adopt policies and procedures to carry out the purposes of PACT;
- I. To receive, review and act upon periodic reports and audits of the funds of PACT as required;
- J. To elect the Executive committee by vote of its members present at the annual meeting;
- K. To amend the Bylaws of PACT by a two-thirds vote of the members present at a meeting, but no amendments shall take effect sooner than thirty days after adoption thereof; and
- L. To remove a member of the Board or of the Executive Committee by a two-thirds vote of the members present at a meeting.

ARTICLE 10

OFFICERS

Section 1. Chair and Vice Chair. The Board shall elect from its members a Chair and Vice Chair of the Board, each to hold office for two years effective from the beginning of the fiscal year following each election.

Section 2. Conducting Meetings. The Chair, or if absent, the Vice Chair, shall preside at and conduct all meetings of the Board and the Executive Committee.

Section 3. Powers and Duties of the Chair. The Chair, or together with such other officer or officers as the Board may designate by resolution, may execute any contracts or other instruments as authorized by the Board and shall generally perform all duties incident to the Office of Chair as may be prescribed by the Board.

Section 4. Powers and Duties of the Vice Chair. The Vice Chair shall act as Chair in the latter's absence or inability or refusal to act.

Section 5. Fiscal Officer. The Chair will appoint a Fiscal Officer with duties as described in Articles 15, 16 and 17 hereof to hold office for two years effective from the beginning of the fiscal year contemporaneously with the Chair and Vice Chair.

Section 6. The Fiscal Officer shall chair the Audit Committee.

ARTICLE 11

LIABILITY OF BOARD OF TRUSTEES OR OFFICERS

Section 1. Standard of Care. The members of the Board and officers of PACT should use ordinary care and reasonable diligence in the exercise of their powers and duties hereunder.

Section 2. Limitation of Liability. The members of the Board shall not be liable for any mistake of judgment or other action made, taken or omitted by any of their agents, employees or independent contractors selected by them with reasonable care nor for loss incurred through investment of, or failure to invest, PACT funds, and no trustee shall be liable for any action taken or omitted by any other trustee.

Section 3. No Bonds. No trustee shall be required to give a bond or other security to guarantee the faithful performance of duties hereunder.

Section 4. Insurance. PACT shall defend and hold harmless any trustee acting within the scope of his authority for PACT. PACT may purchase insurance providing coverage for acts or omissions taken by the Board or performed by an officer or trustee within the scope of his or her authority for PACT.

ARTICLE 12

EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES

Section 1. Members. PACT shall be administered by the Executive Committee of the Board of Trustees, composed of persons from among the Members of the Board of Trustees, two of which shall represent Member counties or cities with a population of 35,000 or more, if there exist two such Members, two of which shall represent Member counties or cities with a population of under 35,000, one representative of school districts, one representative of hospitals, one representative of special districts and the Chair and Vice Chair of the Board of Trustees. The Executive Director shall be *ex officio*, non-voting members of the Executive Committee.

Section 2. Business of the Executive Committee. The Executive Committee shall conduct the business of PACT between meetings of the Board, exercising such

powers as are delegated by and under the direction of the Board. If, at a duly noticed Board meeting, a quorum of the Board is not present, the Executive Committee hereby is delegated the power to conduct the business of PACT on behalf of the Board pursuant to the Board meeting agenda.

Section 3. Meetings. Meetings of the Executive Committee shall be called at the request of the Chair, or in his absence, the Vice Chair, but any two members may request a meeting, and all such meetings shall be conducted in compliance with the provisions of the Nevada Open Meeting Laws.

Section 4. Quorum. A majority of the Executive Committee constitutes a quorum for the transaction of business at any meeting, but if less than a majority is present at any meeting, a majority of the members present may adjourn the meeting from time to time without further notice. *Ex officio* members shall not be counted in determining a quorum.

Section 5. Manner of Acting. The act of a majority of the members present at the meeting at which a quorum is present shall be the act of the Executive Committee, unless a greater number is required by law or by the Bylaws of PACTPACT. An alternate representative shall not be allowed to act for a member of the Executive Committee.

Section 6. Election and Term of Office

The Executive Committee shall be elected by the Members for two-year terms, which shall be staggered as follows:

- a. Two of the four representatives of cities and counties shall be elected for a two year term effective with the fiscal year beginning 2003
- b. Two of the four representatives of cities and counties shall be elected for a two-year term effective with the fiscal year beginning 2004
- c. The representative of school districts shall be elected for a two year term effective with the fiscal year beginning 2004
- d. The representative of special districts shall be elected for a two year term effective with the fiscal year beginning 2003
- e. The representative of hospitals shall be elected for a two year term effective with the fiscal year beginning 2003

Succeeding elections to those noted in a-e shall be for two year terms effective with the fiscal year following the election.

ARTICLE 13

STAFF

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

general supervision and policy direction of the Board of Directors and the Executive Committee.

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

ARTICLE 14

DEVELOPMENT, FUNDING AND IMPLEMENTATION OF FUNDING PROGRAMS

Section 1. Program Coverage. Pooling or insurance programs of PACT may provide coverage for:

A. Workers Compensation and Employer's Liability as defined in NRS 681A.020;

Section 2. Minimum Participation. The Board shall determine for each pooling program, described in Section 1 above, a minimum participation for program implementation, which shall be communicated to each Member and shall establish the amount of any Maintenance Deductible upon agreement with the excess insurers involved.

Section 3. Program and PACT Costs. General administrative expenses of PACT shall be allocated to the Members as a whole, whether or not every Member participates in all or part of any program of PACT. The Board shall determine the method of allocation to each Member and the amount of each Member's share.

Section 4. Development Charge. Development costs of a program shall be funded by a development charge, as determined by the Board of Trustees, to be paid by each Member joining in the development of the program and thereby reserving the option to participate in the program following its adoption by the Board. Development charges are those costs incurred by the Public Agency Compensation Trust in developing a program for subsequent review and adoption by the Board, including, but not limited to research, feasibility studies, information and liaison work among Public Agencies, preparation and review of documents, and actuarial and risk management consulting services, and may also include a share of the Pool's general expense as allocated by the Board of Trustees.

Section 5. Billing. The development charge shall be billed to all Members upon authorization of program development by the Board and be payable within thirty (30) days of the billing date.

Section 6. Deficiencies. Upon the conclusion of program development, any deficiency in development funds shall be billed to all Members which have paid the development charge on a pro-rata or other equitable basis as determined by the Board,

and any surplus in such funds shall be transferred into the loss reserve for the program, or, if the program is not implemented, PACT's general account.

Section 7. Annual Contributions. All costs of a program, excluding development charges, shall be funded by annual contributions charged to the Members participating in the program for each Policy Year and also by interest earned on the funds so accumulated. Such contributions shall be determined by the Board upon the basis of a cost allocation plan and rating formula developed by PACT with the assistance of a casualty actuary, risk management consultant or other qualified person. The contributions for each Participating Member shall include its share of expected program losses, program insurance and reinsurance costs, program administrative costs for the year, and its share of PACT's general expense allocated to the program by the Board.

Section 8. Billing. Annual contributions shall be billed by PACT at the beginning of each Policy Year and shall be payable within thirty (30) days of the billing date. At the end of each Policy Year, program costs shall be audited by PACT. Any deficiency or surplus in the contributions paid by the Participating Member, as shown by such audit, may be adjusted by a corresponding increase or decrease in the contribution charge to that Member for succeeding years, unless the Member withdraws or is canceled from the program, in which case the provisions of Articles 21, 22, 23, 24 and 25 hereof shall be applicable and controlling.

Section 9. Program Implementation and Effective Date. Following development of a program and its adoption by the Board, PACT shall give each Member written notice of the program which shall include:

- A. The terms of coverage of the program;
- B. The requirements for program implementation; and
- C. The estimated first year contribution by the Member for program participation.

Section 10. Membership. Each Member or Participating Member may elect to enter the program by giving written notice of such election, in a form prescribed by PACT, accompanied by payment of the initial assessment, to the Executive Director within thirty (30) days of the date of PACT's notice of the establishment of the program.

Section 11. Late Entries. A Member not electing to enter a program upon its implementation or within 120 days thereafter pursuant to Section 10 above, or which becomes a party to the Agreement following implementation of the program, may petition the Executive Committee for late entry into the program.

ARTICLE 15

ACCOUNTS AND RECORDS

Section 1. Annual Budget. PACT shall annually adopt an operating budget to include a separate budget for each program under development or adopted and implemented by PACT.

Section 2. Funds and Accounts. The Fiscal Officer shall oversee such funds and accounts as may be required by good accounting practices and by the Board for each program and the books and records of PACT shall be open to inspection at all reasonable times by authorized representatives of Members.

Section 3. Report of the Fiscal Officer. The Fiscal Officer shall file the annual audit of PACT with the regulatory authority as required by statute.

Section 4. Annual Audit. The Board of Trustees shall engage a certified public accountant to make an annual Fiscal Year audit of all accounts and records of PACT, and a report of the audit shall be filed as a public record by PACT and each Member within one hundred eighty (180) days of the end of the Fiscal Year under examination.

ARTICLE 16

RESPONSIBILITIES FOR PACT'S FUNDS AND PROPERTY

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

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

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

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

Section 4. Bonds. PACT may provide for fidelity bond or performance bonds in an amount and form specified by the Board or required by law for all of its officers and staff authorized by PACT to hold or disburse funds or have charge or access to property of PACT.

ARTICLE 17

TRUST ACCOUNT, CHECKS, DEPOSITS AND REVENUES

Section 1. Establishment of a Trust Account. A Trust Account shall be established, referred to hereafter at the "Trust Account", in which all Member contributions, policy dividends or premiums received by PACT, investments made by PACT and income thereon, and any other money or property which shall come into the possession or control of PACT shall be placed.

Section 2. Use of the Trust Account. The Board may use the Trust Account to pay all expenses of PACT, including, but not limited to, payment of premiums for insurance policies, compensation to employees and staff, legal counsel, auditors, consultants, contracted services and other persons as authorized by the Board.

Section 3. Expenditure from Trust. Expenditures from the Trust Account may be made for payment of Losses, litigation costs, investigation, insurance premiums and deductible amounts, costs of Loss control activities, and any other costs determined by the Board.

Section 4. Excess Funds. Any excess funds in the Trust Account may be used, as determined by the Board, to enhance programs and services, to reduce Member contributions, or to increase the cash surplus of PACT as determined by policies established by the Board.

Section 5. Expenses of Administration. Annually, the Executive Committee or the Board shall approve administrative expenses incurred for administration of the Trust Account and legal services related thereto and shall approve its budget.

Section 6. Checks. All checks, drafts or orders for payment of money, notes or any other evidence of indebtedness issued in the name of PACT shall be signed by the Executive Director, or by such other person and in the manner as the Board may designate, with two signatures required, and in such as shall be prescribed.

Section 7. Deposits. All funds of the Board shall be deposited to the credit of PACT in such banks, trust companies or other depositories as the Board may determine.

Section 8. Other Funds. PACT funds in possession or control of the Board shall be received, disbursed, controlled and accounted for under the supervision of the Fiscal Officer.

ARTICLE 18

RISK MANAGEMENT

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

- A. Liaison with the Member's staff assigned the risk management and safety responsibility;
- B. Assistance to Members in development and implementation 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 PACT.

ARTICLE 19

RESPONSIBILITIES OF MEMBERS

Members shall have the following responsibilities:

- A. To appoint an officer or employee to be responsible for the risk management function within the Member's organization to serve as a liaison between the Member and PACT for all matters relating to risk management and insurance;
- B. To maintain an active safety program and act upon recommendations of PACT to reduce or eliminate unsafe practices;
- C. To pay development charges, annual contributions, insurance premiums, and contributions surcharges to PACT within thirty (30) days of the billing date thereof;
- D. To pay to PACT any additional insurance premiums or contributions due as determined and assessed by the Board within thirty (30) days after the Member's act of withdrawal, cancellation, or termination from PACT;
- E. To provide PACT at its request such other information or assistance as may be reasonably necessary for PACT to develop and implement programs under this Agreement;
- F. To cooperate with and assist PACT, and any insurer of PACT, in all matter relating to this Agreement;
- G. To comply with all Bylaws of PACT and other rules adopted by the Board;
and
- H. To have such other responsibilities as provided in this Agreement or established by the Board under this Agreement.

ARTICLE 20

ADMINISTRATION OF CLAIMS AND LITIGATION

Section 1. PACT Responsibilities. PACT shall be responsible for the investigation, defense and settlement of claims made and suits or proceedings instituted against a Member arising out of a covered Loss.

Section 2. Information From Member. A Member shall furnish to PACT with respect to any claim for Loss or potential Loss:

- A. Prompt written notice of any claim made or suit brought against the Member;

- B. Any other information requested by PACT in order to settle or defend a claim or Loss;
- C. Cooperation in all matters in which PACT is acting on behalf of the Members or any other dispute against PACT or against a Member.

Section 3. Appointment of Claims Committee. The Chair of the Board shall appoint a five member committee as necessary, to be entitled the "Claims Committee", to oversee the claims services. The Executive Director, Risk Manager, Claims Administration Company, and PACT's Broker/Administrator shall be non-voting, ex-officio members of the Claims Committee.

Section 4. Litigation Cooperation. Members shall be kept advised of the progress of litigation. All claims or cases shall be referred immediately to PACT's Claims Administrator by the Member upon which notice is given by a claimant or a complaint served. The Claims Administrator shall review the claim or case, investigate the facts where appropriate, and assign defense counsel from PACT's approved panel of defense counsel. ~~A Member may request assignment of specific panel counsel but such assignment shall be made solely in the discretion of PACT and its Claims Administrator.~~—The assigned counsel shall cooperate with the Member's legal counsel in the defense or settlement of litigation.

Section 5. Litigation Management. Management of litigation shall include evaluation of claims, assignment of qualified attorneys to represent the Member, monitoring of the litigation, providing periodic status and evaluation reports to the Executive Director, aid in promoting and evaluating risk management, and recommending reserves for claims in litigation.

Section 6. Litigation Costs. Litigation Management and fees from general counsel shall be treated as a general expense of PACT and fees of defense counsel shall be treated as a claims expense.

Section 7. Litigation Participation. A Member, exercising its own discretion and at its expense, shall have the right to participate with PACT in the settlement, defense, or appeal of such claim, suit or proceeding where, in the judgment of PACT, may involve liability of PACT.

Section 8. Advice From Members. Members will be given the reasonable opportunity in litigated cases or claims to advise PACT of the Member's preference with regard to settlement of the case or claim.

Section 9. Settlement Consent. A Member shall not enter into any settlement involving liability of PACT without the prior consent of PACT.

Section 10. Claims Handling. PACT shall select a duly licensed claims administration company on the basis of its ability to handle claims in a professional, efficient and economical manner, to be responsible for processing and settling claims filed against PACT.

Section 11. Claim Administration Company Responsibilities. PACT shall engage a Claims Administration Company which shall carry out the duties set forth in NRS 616.301 and:

- A. Investigate all claims against PACT or its Members for which PACT provides indemnification as directed by the Claims Committee;
- B. Make settlements in accordance with the authority delegated in the Claim's Administrator's contract;
- C. In addition to actually paying covered claims, provide periodic claim reports detailing each Member's losses, recommend proper and adequate reserves for outstanding and anticipated claims, file required reports to the State of Nevada, and provide any other related services as approved by the Board; and
- D. ~~Refer cases which may require review by the Claims Committee or the Litigation Strategy Committee and c~~Consult with PACT's general counsel with respect to legal issues as necessary with approval of Executive Director.

ARTICLE 21

TERMS OF AGREEMENT

This Agreement shall be effective upon execution by the signatory parties and shall remain in effect until:

- A. Terminated upon election of three-fourths of the Members; or
- B. Suspended or superseded by a subsequent agreement between the Members.

ARTICLE 22

WITHDRAWAL

Section 1. Member Insolvency. A Member may not withdraw as a Member for a period of two (2) years after its initial entry, except in case of insolvency or change in its legal status as a Public Agency.

Section 2. Notice of Withdrawal. After two years following its initial entry, a Member may withdraw from PACT upon giving one hundred and twenty (120) days in advance of the program renewal date written notice to the Board.

Section 3. Effect of Withdrawal. The withdrawal of a Member shall not affect the continuance of PACT by the remaining Members.

Section 4. Payments Before Withdrawal. In order to withdraw, the Member shall pay any outstanding amounts due and owing to PACT.

Section 5. Release Conditions. Withdrawal does not release the withdrawing Member from liability for further payments or assessments as provided elsewhere in this Agreement.

ARTICLE 23

CANCELLATION OR TERMINATION OF MEMBERSHIP

The Board of Trustees may:

- A. Cancel the membership of any Member in PACT on a vote of two-thirds of the Board Members present at a meeting called for that purpose, and such Board action shall result in the cancellation of that Member's participation in all programs of PACT as of the date of the Board cancellation;
- B. Cancel any Member's participation in a program of PACT without canceling its membership in PACT or participation in other programs on a vote of two-thirds of the Board Members present at a meeting called for that purpose;
- C. Cause PACT to give one hundred and twenty (120) days advance written notice to the Member of the effective date of any cancellation under the foregoing provisions, and upon such effective date, the Member shall be considered as having voluntarily withdrawn from PACT, or from the program of PACT, as the case may be.
- D. Cancel the membership of any Member that has not paid any assessments when due upon thirty (30) days notice to the Member. Such notice for non-payment may be issued by the Executive Director without a vote of the Board of Trustees; however, the Executive Committee will be informed of the situation. The Executive Director may reinstate membership upon receipt of payment of the assessments prior to the effective date of the notice of cancellation. If payment is not received prior to the effective date of the notice of cancellation, the Member may apply for reinstatement through the Executive Director, which may be granted only by the Executive Committee."

ARTICLE 24

EFFECT OF WITHDRAWAL OR CANCELLATION FROM PACT

Section 1. Unearned Contributions. If a Member's participation in a program of PACT is canceled under Article 23 hereof, with or without cancellation of membership in PACT, and such cancellation is effective before the end of the Policy Year for that program, PACT shall promptly determine and return to the Member the amount of any unearned contributions payment for the Policy year.

Section 2. Entitlement to Return of Contributions. Except as provided in Section 1 above, a Member, which withdraws or has its membership canceled in PACT, or from any program of PACT, shall not be entitled to the return of any contributions or other payments to PACT, or of any property contributed to PACT.

Section 3. Termination of PACT. In the event of termination of this Agreement and concomitantly PACT, a Member having withdrawn or have had its membership canceled prior thereto may share in the distribution of assets of PACT as determined by the Board.

ARTICLE 25

TERMINATION AND DISTRIBUTION OF ASSETS

Section 1. PACT Activities After Termination. If this Agreement is terminated at any time, PACT shall continue to exist after such termination for the limited purpose of disposing of all outstanding claims, distributing its assets, and performing all other functions necessary to conclude its affairs and business.

Section 2. Asset Distribution. All assets of PACT utilized in each program shall be distributed among those Members which participated in that program in accordance with a distribution plan developed by the Board. The Board shall determine such distribution within six months after final distribution of all claims pending at the termination of this Agreement and PACT.

Section 3. Final Contributions. Any Member, which was a participant in a program of PACT shall be responsible for any additional amount of contributions as determined by the Board in accordance with a Loss allocation formula as necessary for final disposition of all claims arising from losses under that program during the Member's period of participation.

ARTICLE 26

CONTRACTUAL OBLIGATION AND MEMBER'S LIABILITY

Section 1. Member's Additional Obligations. In addition to the obligations and responsibilities of the Members expressly set forth in the Agreement, the Members agree to take no action or engage in any conduct inconsistent with this Agreement and the Bylaws of PACT.

Section 2. Enforcement of this Agreement. Except as limited by the provisions in Article 3, Section 4, the terms of this Agreement may be enforced in a court of law by the Board.

Section 3. Consideration. The consideration for the duties herewith imposed upon the Members to take certain actions and to refrain from certain other actions shall be based upon the mutual promises and agreements of the Members set forth herein.

Section 4. Duplicate Originals. This Agreement and the Bylaws of PACT may be executed in duplicate originals, and their execution and approval by the Members shall be evidenced by a certified copy of a resolution by the Board of Trustees, provided, however, that except to the extent of the financial contributions to PACT agreed to herein, or such additional obligations as may come about through amendments to this Agreement, or the Bylaws of PACT, no Member shall be responsible for any claims in tort or contract asserted against any other Member.

Section 5. Limitation of Members' Relationships. In the creation of PACT, the Members intend only to establish an organization for joint insurance and self-insurance programs in accordance with the terms and within the scope of this Agreement and have not intended to create as between Members any other relationships of surety, indemnification or responsibility for the debts or claims of any other Member.

Section 6. Members' Liability. The liability of each Member for the obligations of PACT shall be joint and several in accordance with the requirements as set forth in Chapters 616 and 617 of the Nevada Revised Statutes and regulations pertaining thereto.

Section 7. Responsibility for Assessments. Members who have withdrawn or have been terminated shall remain subject to the payments of any assessments for the year (s) during which such Member was a participant in the program of PACT.

ARTICLE 27

ASSESSMENTS

Section 1. Additional Contribution and Surcharges for Excessive Losses. If PACT experiences such a number of Losses or costs under a program during a Policy Year, so that notwithstanding insurance and reinsurance coverage for individual Losses, the joint pooled funds for the program may be exhausted, the Executive Committee may, upon consultation with a casualty actuary, impose contributions and/or surcharges on all Participating Members, which, in total amount, will assure adequate resources to PACT for the payment of all such Losses, but not to exceed two times the most recent annual contribution without approval of two-thirds of the Board of Trustees.

Section 2. Assessments When Liabilities Exceed Assets. The amount of any liability in excess of assets shall be assessed to the Members that are or were members of PACT within thirty (30) days after a deficiency is identified and shall be payable thereafter by the Members within ninety (90) days.

Section 3. Assessments for Operational Costs Deficiencies. The Board at its discretion may assess the Members for costs incurred in the operation and maintenance of PACT and for its purposes in the form, manner and amount prescribed by the Board for the Policy Year out of which the deficiency arose.

Section 4. Enforcement of Assessments. PACT is empowered to enforce the assessments hereunder and as provided elsewhere in this Agreement by appropriate legal proceedings.

ARTICLE 28

BYLAWS AND PROCEDURES MANUAL

Section 1. Bylaws. The Board shall adopt Bylaws to provide for the operation and administration of PACT.

Section 2. Procedures Manual. The Board shall cause the preparation of a Procedures Manual to govern the day-to-day operations of PACT.

ARTICLE 29

NOTICES

Section 1. Notices to Members. PACT shall address all notices, billings and other communications to a Member under this Agreement as directed by the Member of PACT.

Section 2. Notices to PACT. Members shall address notices and other communications to PACT to the Executive Director, Public Agency Compensation Trust, 201 S. Roop Street, Suite 102 , Carson City, Nevada, 89701.

ARTICLE 30

AMENDMENT

This Agreement may be amended at any time by a vote of two-thirds of the Members.

ARTICLE 31

PROHIBITION AGAINST ASSIGNMENT

No Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any member shall

have any right, claim or title to any part, share, interest, fund, contribution, premium or asset of PACT.

ARTICLE 32

AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the Members. There are no oral understandings or agreements not set forth in writing herein.

ARTICLE 33

GOVERNING LAW AND SEVERABILITY

Section 1. Governing Law. The construction, validity, and affect of this Agreement shall be governed by the laws of the State of Nevada.

Section 2. Severability. Should any covenant, condition, term or provision in this Agreement be deemed by a court of competent jurisdiction to be invalid or unenforceable, all of the remaining covenants, conditions, terms and provisions herein shall remain in full force and effect.

ARTICLE 34

FILING WITH ATTORNEY GENERAL

The Executive Director of PACT shall file a notice of this Agreement with the office of the Attorney General within thirty (30) days of its effective date as required by Nevada Revised Statutes.

PUBLIC AGENCY COMPENSATION TRUST

BYLAWS

Adopted: April 1, 1996
Revised: May 2, 1997
Revised: May 1, 2000
Revised: May 2, 2003
Revised: April 28, 2005
Revised: May 2, 2007
Revised: May 1, 2009
Revised: April 26, 2013
Revised: May 1, 2015
Revised: April ,2016

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**BYLAWS OF THE
PUBLIC AGENCY COMPENSATION TRUST**

ARTICLE I: PACT PHILOSOPHY AND STRUCTURE

SECTION 1.01. PHILOSOPHY.

The philosophy of PACT is to maintain long term stability in the costs and coverages provided by PACT to its Members through risk management.

SECTION 1.02. GENERAL STRUCTURE.

PACT is governed by its Board of Trustees consisting of representatives of each Member as defined in the Interlocal Cooperation Agreement

SECTION 1.03. DUTIES AND RESPONSIBILITIES.

The responsibilities of PACT to Members shall be:

- (a) To provide a source of workers compensation coverage;
- (b) To provide such risk management services and materials for education purposes as the Members determine are necessary and affordable;
- (c) To provide guidance in organization and operation of a risk management program by each Member;
- (d) To provide risk management advice when needed or necessary;
- (e) To conduct the business of PACT so as to continue to operate as PACT; and
- (f) To collect and disburse funds for the sound financial organization and operation of PACT.

SECTION 1.04. DUTIES AND RESPONSIBILITIES OF A MEMBER.

The duties and responsibilities of a Member shall be:

- (a) To comply with the Interlocal Cooperation Agreement, Bylaws, ~~rules,~~ ~~regulations~~policies, procedures and objectives of PACT;
- (b) To maintain good community relations with the primary objective being reduction of risks;
- (c) To make timely submissions to PACT and its insurers of contributions to PACT's Loss Fund, administrative fees, and insurance premiums;

- (d) To publish for the Member and the files of PACT, guidelines for the operation of the Member's Risk Management Program;
- (e) To appoint a PACT Liaison and to support the purposes of that function in accordance with Article 19 of the Interlocal Cooperation Agreement;
- (f) To comply with the requirements of PACT and to submit claims to the claims servicing organization promptly;
- (g) Maintenance Deductibles - Each Member's maintenance deductible is chargeable to the Member at the time of payment made on a claim by PACT. The maintenance deductible applies once to each loss. Each member shall reimburse PACT promptly and not later than 30 days after billing. Should the Member dispute the applicability of the maintenance deductible, the Member shall pay the amount due with an accompanying request for review by the Executive Committee, whose decision shall be final; and
- (h) Each Member shall establish a fund or account for the purposes stated in the following description entitled "Self-Insurance Fund" which shall be administered by PACT Liaison or such other person as designated by the Member.

SELF-INSURANCE FUND

1. This fund has been established to: pay for losses not covered by PACT or which are within PACT Member's maintenance deductible including:
 - a. workers compensation claims,
 - b. other claims or uses deemed appropriate by the governing board.
2. This fund will maintain reserves for catastrophic or uninsured claims.
3. The administrator of the fund is PACT Liaison.
4. Claims that are deemed appropriate according to the risk management policies of the governing board will be paid from the Self-Insurance Fund.
5. Any questions regarding the Self-Insurance Fund (claims to be paid, etc.) should be directed to PACT Liaison.

SECTION 1.05. NEW MEMBERS.

The ~~Board~~Executive Committee shall have sole power to accept new Members when a prospective Member demonstrates:

- (a) A desire to join PACT;

- (b) Willingness to abide by the Interlocal Cooperation Agreement, Bylaws, ~~rules, regulations, policies, procedures~~ and objectives of PACT;
- (c) That its risks and loss history are acceptable to the ~~Board~~Executive Committee; and
- (d) That it agrees to maintain ~~a strong~~an effective risk management program.

ARTICLE II: OFFICES

SECTION 2.01. PRINCIPAL OFFICE.

PACT's principal office shall be fixed and located in such place as the Board shall determine. The Board is granted full power and authority to change said principal office from one location to another.

SECTION 2.02. OTHER OFFICES.

Branch or subordinate offices may be established~~ed~~ at any time by the Board at any place or places.

ARTICLE III: MEMBERS MEETINGS

SECTION 3.01. PLACE OF MEETINGS.

Meetings of the entire Membership shall be held at any place designated by the Board.

SECTION 3.02. ANNUAL MEETINGS.

The annual meeting of all Members of PACT shall be held prior to the end of each fiscal year. The Executive Committee shall be elected at the annual meeting and any other proper business may be transacted at the annual meeting.

SECTION 3.03. SPECIAL MEETINGS.

Special meetings of the Membership shall be held as may be determined necessary by the Executive Committee or the Board.

SECTION 3.04. NOTICE OF ANNUAL OR SPECIAL MEETINGS.

Written notice of each annual or special meeting of Members shall be given in accordance with the Nevada Open Meeting Law NRS Chapter 241. Such notice shall state the place, date and hour of the meeting, and

- (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or
- (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action.

SECTION 3.05. CONDUCT OF MEMBER MEETINGS.

The Chair of the Board may preside as Chair at all meetings of the Members. The Chair shall conduct each such meeting in a business like and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The Chair shall have all of the powers usually vested in the Chair of a meeting of Members.

SECTION 3.06. ANNUAL MEETING BUSINESS

The Annual Meeting agenda must include the following topics required by the Nevada Administrative Code:

- (a) Review by the Board of Trustees at least annually of the financial condition of each member and prompt notification to the members of any member determined to be operating in a hazardous financial condition;
- (b) Review by the members at least annually of the loss experience of each member of the association; and
- (c) Review for the removal of members with an excessive loss experience or members determined by the Board of Trustees to be operating in a hazardous financial condition.

ARTICLE IV: TRUSTEES

SECTION 4.01. POWERS.

Subject to any limitations contained in PACT's Interlocal Cooperative Agreement ("Agreement"), these Bylaws or the Law relating to action required to be approved by the Members or by a majority of all the Members, the activities and affairs of PACT shall be conducted and all powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of PACT to any person or persons, management company, or committee however composed, provided that the activities and affairs of PACT shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all officers, agents, service providers and employees of PACT, prescribe powers and duties for them as may not be inconsistent with law, the Agreement or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate;
- (b) To conduct, manage and control the affairs and activities of PACT, and to make such rules and regulations therefor not inconsistent with Law, the Agreement or these Bylaws, as they may deem appropriate;
- (c) To authorize memberships in PACT from time to time, upon such terms and for such consideration as may be lawful; and

- (d) To borrow money and incur indebtedness for the purposes of PACT, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefore.

SECTION 4.02. ALTERNATE VOTING REPRESENTATIVE.

The Alternate Voting Representative to the Board of Trustees shall have the full powers of the Representative when attending Board meetings in place of the Representative.

SECTION 4.03. RIGHTS OF INSPECTION.

Every trustee shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of PACT.

SECTION 4.04. VACANCIES.

- (a) Subject to the provisions of the Agreement, any trustee may resign effective upon giving written notice to the Chair of the Board, the Executive Director, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.
- (b) Vacancies on the Board may be filled by the Member at its next regular meeting..
- (c) A vacancy in the Board shall be deemed to exist in case of withdrawal of the Member from PACT, the death, resignation or removal of any Trustee, or if the authorized number of Trustees be increased, or if a Member fails, at any regular or special meeting of the Member at which any Trustee is elected, to elect its authorized Trustee.
- (d) The Board may declare vacant the office of a Trustee who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under the laws of the State of Nevada or the Agreement. In addition, the Board may remove, and declare vacant, the office of a Trustee who fails to attend any Board meetings within any one fiscal year.
- (e) Vacancies on the Executive Committee that occur between meetings of the Board may be filled by the Chair to serve until the next Annual Meeting of the Board as described in Article III, Section 3.02 of these Bylaws.
- (f) Upon withdrawal of a Member from PACT, its board positions shall be eliminated upon the effective date of withdrawal.

SECTION 4.05. REMOVAL OF TRUSTEES.

Except as otherwise provided by the Law, any or all Trustees may be removed with or without cause, if approved by the Members.

SECTION 4.06. FEES AND COMPENSATION.

Trustees shall not receive any compensation for their services as Trustees or as Members of committees or commissions, but, by resolution of the Board, reimbursement or advancement may be made for any expenses incurred or paid by them for the benefit of PACT.

PACT shall not make any loan of money or property to, or guarantee the obligation of, any Trustee or officer, unless approved by the Nevada Insurance Commissioner.

SECTION 4.07. REPRESENTATIVES MUST BE AN OFFICER OR ANY EMPLOYEE OF MEMBER.

The representative or alternate representative of each Member must be an officer or employee of the Member. No other person or organization shall be permitted to serve on the Board of Trustees.

ARTICLE V: COMMITTEES

SECTION 5.01. EXECUTIVE COMMITTEE:

- (a) Appointments to the Executive Committee shall be by a majority vote of the trustees then in office. A majority of all the Members of the Executive Committee may determine its rules of procedure unless the Board shall otherwise provide. The Board shall have the power to change the Members of the Executive Committee at any time, either with or without cause, and to fill vacancies; provided, however, that all appointments to the Executive Committee shall be by a majority vote of the trustees then in office.
- (b) The Board may, at any regular or special meeting, overrule any action or actions of the Executive Committee by a majority vote of all Members of the Board, provided that any such action will not affect the contractual rights of parties outside the Organization.

SECTION 5.02. STANDING OR SPECIAL COMMITTEES.

- (a) In the event that the Board determines that the management of PACT would be benefited by the establishment of one or more standing or special committees, in addition to the Executive Committee, the Board may from time to time establish one or more such committees.
- (b) The term "standing committee" or "special committee" shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board.
- (c) The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the trustees then in office, which specifically sets forth the powers and duties delegated to such committee and specifically identifies the committee as a "standing" or "special committee." Each such committee shall consist of two or more trustees and shall be presided over by a trustee

selected by the Board.

- (d) Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the Chair of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the Chair of the standing or special committee.

SECTION 5.03. LIMITATIONS UPON COMMITTEES OF THE BOARD.

No committee of the Board shall have any of the authority of the Board with respect to:

- (a) The approval of any action for which the Law or Agreement also requires approval of the Members or approval of a majority of all Members;
- (b) The filling of vacancies on the Board or on any committee which has the authority of the Board, except as provided in Section 4.04 VACANCIES (e);
;
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; and
- (e) The appointment of other committees of the Board or the Members thereof if such committee will have the authority of the Board.

ARTICLE VI: OFFICERS

SECTION 6.01. OFFICERS.

The officers of PACT shall be the Chair and the Vice Chair of the Board.

SECTION 6.02. ELECTION.

Members shall elect one Trustee, by a majority of the votes cast, to serve a two year term as Chair and one Trustee to serve a two year term as Vice Chair.

SECTION 6.03. SUBORDINATE OFFICERS.

The board may elect, and may empower the Chair to appoint, such other officers as the business of PACT may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

SECTION 6.04. REMOVAL AND RESIGNATION.

The Chair or any other officer may be removed at any time, either with or without cause, by the

vote of two-thirds of the entire Board or, in the case of an officer who is chosen under Section 6.03, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to PACT, but without prejudice to the rights, if any, of PACT under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified herein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6.05. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

SECTION 6.06. CHAIR OF THE BOARD.

The Chair of the Board shall assume the duties and responsibilities normally associated with the position or those duties assigned by the Board.

SECTION 6.07. EXECUTIVE DIRECTOR.

The Executive Director shall be the chief administrative officer of PACT and, subject to the control of the Board, shall:

- (a) Supervise, direct, and control the business and affairs of PACT;
- (b) Provide adequate staff to administer PACT;
- (c) Supervise, direct, and control the collection, deposit, investment, and disbursement of all funds of PACT in accordance with the specific or general instructions of the Executive Committee or the Board;
- (d) Be a nonvoting ex-officio member of the Board, Executive Committee, and all standing committees and, whenever practical, serve as the staff advisor and recording secretary thereof;
- (e) Have the general powers and duties of management usually vested in the office of an Executive Director or general manager of a quasi-governmental organization; and
- (f) Have such other powers and duties as may be prescribed by the Board or these Bylaws.

SECTION 6.08. FISCAL OFFICER.

The Chair shall designate a member of the Board to serve as the Fiscal Officer of PACT.

ARTICLE VIII: MISCELLANEOUS

SECTION 7.01. INSPECTION OF AGREEMENT AND BYLAWS.

PACT shall keep in its principal office in the State of Nevada the original or a copy of its Agreement and of these Bylaws as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours. PACT shall upon the written request of any Member furnish a copy of the Agreement or Bylaws as amended to date.

SECTION 7.02. ENDORSEMENT OF DOCUMENTS: CONTRACTS.

Subject to the provisions of applicable law, no note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between PACT and any other person shall be valid and binding on PACT unless the signing officers had the authority to execute the same. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind PACT by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

SECTION 7.03. CONSTRUCTION AND DEFINITIONS.

Unless the context otherwise requires, the general provision, rules of construction and definitions contained in the provisions of Nevada Law shall govern the construction of these Bylaws.

SECTION 7.04. MAINTENANCE OF CORPORATE RECORDS.

The accounting books, records, minutes of proceedings of the Board and its Committees shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of PACT. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed or printed form.

SECTION 7.05. ANNUAL REPORT.

The Board shall cause an annual report to be furnished to the trustees and Members not later than one hundred twenty days after the close of PACT fiscal year. The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such accountant's report, the certificate of an authorized officer of PACT that such statements were prepared without audit from the books and records of PACT. The annual report shall contain in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of PACT as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

- (c) The revenue or receipts of PACT, both unrestricted and restricted to particular purposes, for the fiscal year; and
- (d) The expenses or disbursements of PACT, for both general and restricted purposes, during the fiscal year.
- (e) The annual financial report shall be prepared in accordance with Generally Accepted Accounting Principles

SECTION 7.06. FISCAL YEAR.

The fiscal year of PACT shall commence on July 1 of each year and end on June 30 of the following year.

ARTICLE IX: AMENDMENTS

SECTION 8.01. BYLAWS.

- (a) New Bylaws may be adopted or current Bylaws may be amended or repealed by the vote of two-thirds of the Members.
- (b) In addition to the right of the members as provided in subparagraph (a) to adopt, amend or repeal Bylaws, and except as otherwise provided in the Law, Bylaws may be adopted, amended or repealed by the Board by a two-thirds vote of the Trustees present and voting (but not less than a majority of the entire Board) at a Board meeting unless the action would materially and adversely affect the rights of the Members as to voting.

SECTION 8.02. INTERLOCAL COOPERATION AGREEMENT

The Interlocal Cooperation Agreement may be amended if approved by a two-thirds vote of the trustees present and voting (but not less than a majority of the entire Board) at a Board meeting.

SECTION 8.03. ADOPTION.

These Bylaws were adopted by the vote of two-thirds of the Members, present in person, at the annual meeting of the Members. These Bylaws shall become effective immediately upon adoption and shall repeal and supersede all previous Bylaws of PACT.

Adopted 54/4/20156

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **ADMINISTRATION**

GOAL: PACT will maintain administrative excellence.

STATEMENT: In conformance with PACT's Mission, excellence is demanded in every aspect of the pool. Administration will perform at the highest levels of efficiency and effectiveness to further the mission and vision of PACT.

STRATEGIES:

- Conform to the AGRIP Advisory Standards for Pools
- Train PACT Liaisons to be effective in coordinating risk management services in their organizations
- All books and records will be maintained in proper order
- Maintain adequate staffing.
- Provide Board training and succession planning

ACTIVITIES:

- Maintain minutes of meetings in minutes book
- Financial records will be kept in good order in conformance with board policy on finance and investments
- Maintain records in accordance with the Nevada State Records Retention Act.
- The Executive Director will distribute Certificates of Participation along with copies of the PACT's Master Coverage Form annually upon receipt of Members' payment of assessments
- The Executive Director shall attend at least two annual professional conferences on risk/management/pooling
- The budget shall provide sufficient funds for the Executive Committee to attend ~~the~~ at least one AGRIP Pool Trustees Seminar annually
- The budget shall provide sufficient funds to reimburse Members of Committees for travel expenses to attend scheduled in-person meetings
- The Executive Director and other staff are encouraged to obtain and maintain professional designations.
- The Executive Director will operate the Pool to assure that it conforms to AGRIP's Advisory Standards for Public Entity Risk Pools.

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- Monitor and develop legislation to protect the interests of PACT

Adopted 5/96
Revised 5/1/2009
Revised 5/ /2016

DRAFT

Audit Committee Policy Statement

Fraud Risk Reduction

Purpose:

Because the staff of Public Agency Risk Management Services, Inc. handles public funds on behalf of the Nevada Public Agency Insurance Pool and Public Agency Compensation Trust, the Audit Committee establishes this policy statement as a guide to staff regarding the importance of reporting of suspicious activity that might indicate possible fraud, embezzlement or misconduct by any staff member, alone or in collusion with others, or by management. The Audit Committee will not tolerate unethical or illegal behavior involving public funds and through this policy encourages staff to report suspicious activity with the understanding that the report will be handled confidentially and anonymously by the appropriate authority. Retaliation against informants of suspicious activity will not be tolerated.

Reporting Guidelines:

1. If any staff member suspects that any other staff member is carrying on suspicious activity or directing action that may constitute suspicious activity, that staff member immediately should report the activity to their immediate supervisor for handling.
2. If the staff member suspects that their immediate supervisor and another staff member may be colluding toward or otherwise conducting a suspicious activity, the staff member immediately should report the activity to the ~~Chief Risk Officer~~ Operations Manager, bypassing the supervisor.
3. If a supervisor suspects that any other staff member is carrying on suspicious activity or directing action that may constitute suspicious activity, the supervisor immediately should report the activity to the Operations Manager ~~Chief Risk Officer~~ Operations Manager for action.
4. If the supervisor or other staff member suspects that the ~~Chief Risk Officer~~ Operations Manager or Executive Director and another staff member may be colluding toward or otherwise conducting a suspicious activity, the supervisor or other staff member immediately should report the activity to the Fiscal Officer, bypassing the ~~Chief Risk Officer~~ Operations Manager and the Executive Director.
5. If the ~~Chief Risk Officer~~ Operations Manager suspects that the Executive Director alone or with another staff member may be colluding toward or otherwise conducting a suspicious activity, the ~~Chief Risk Officer~~ Operations Manager immediately should report the activity to the Fiscal Officer, bypassing the Executive Director.
6. Upon receipt of a report of suspicious activity, the Fiscal Officer will convene a meeting of the Audit Committee to direct an investigation into the activity. The ~~Chairman~~ or the Audit Committee may, in their discretion, contract with an independent auditor to assist with the investigation.

Action Upon Receipt of Report:

The party to whom the suspicious activity is reported promptly will commence an investigation into the allegations. The results of the investigation will be reported to the appropriate internal authority and to the ~~Chief Risk Officer~~ Operations Manager and to the Executive Director, or to the Audit Committee as required if the allegations involve the ~~Chief Risk Officer~~ Operations Manager or the Executive Director.

Upon receipt of the results of the investigation, the ~~Chief Risk Officer~~ Operations Manager or the Executive Director will take appropriate action as necessary to correct the conditions, establish further preventative controls and to discipline the individual as necessary.

If either the ~~Chief Risk Officer~~ Operations Manager or the Executive Director is the subject of the investigation, the Audit Committee will take appropriate action as necessary to correct the conditions, establish further preventative controls and will report their findings and recommendations to the Executive Committee. The Executive Committee will take appropriate action to effect discipline or penalties on the ~~Chief Risk Officer~~ Operations Manager or the Executive Director.

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PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **Capitalization Strategy**

GOAL: To ensure stability of PACT while growing the capacity of Public Compensation Mutual, its nonprofit captive mutual insurance company, -in order to reduce the excess or reinsurers share of the risk (and premiums) and to have PACT and ~~its captive~~Public Compensation Mutual control their own destinies better.

STATEMENT: As PACT conforms to its Net Assets Policy Statement, PACT's net assets will grow. PACT will continue to accumulate Net Assets until the Board determines that a sufficient amount exists to support PACT's retention of risk and to allow for contingencies. PACT also will utilize excess Net Assets to enhance the capitalization of ~~its captive~~Public Compensation Mutual from time to time in order to reduce reliance on othrt excess or reinsurance ~~companies-providers~~.

STRATEGIES: Net Assets will be maintained in an amount as established in its Net Assets Policy Statement.

The gain in Net Assets at the end of each fiscal year will be analyzed for a decision whether to retain or be used to provide additional capitalization to ~~the PACT captive~~Public Compensation Mutual.

ACTIVITIES: Upon completion of the financial audit for the fiscal year, the Executive Director will report to the Executive Committee the net addition to Net Assets.

The Executive Committee will determine whether or not to distribute a portion of the Net Assets to provide additional capitalization of ~~its captive~~Public Compensation Mutual. As a guide, the committee will retain at least 50% of the gain to enhance PACT's financial position and the remainder will be considered for further capitalization of its captive.

Adopted 5/2/2007
Revised 5/1/2009
Revised 5/ /2016

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **CLAIMS ADMINISTRATION**

GOAL: To assure that workers compensation claims are handled properly to protect the interests of PACT and its Members.

STATEMENT: - This claims administration policy shall apply to incidents and situations in which Members may have coverage afforded by ~~the~~ PACT.

- Elected or appointed officials, employees and volunteers, whether or not compensated, while acting for a member or on its behalf, including commissions, agencies, districts, authorities, boards (including the governing board) or similar entities which operate under a Member's supervision or control, should be careful in their actions and not expose the Member or ~~the~~ PACT to unnecessary liability.

STRATEGIES: - PACT's claims administrator provides Claims reporting procedures. Each Members should adhere to these procedures in order to assure that both its interests and PACT's ~~properly~~ are protected.

- Severe and serious incidents should be reported immediately, such as:

- a. Death
- b. Any severe head injury involving brain damage affecting mentality or central nervous system - such as permanent disorientation, behavior disorder, personality change, seizures, motor deficit, inability to speak (Aphasia), hemiplegia or unconsciousness (Comatose);
- c. Impaired or loss of use of limbs (amputation of major members)
- d. Injury affecting the capacity of sight, taste, smell or hearing
- e. Disfigurement
- f. Injury to the reproductive organs
- g. Multiple fractures - involving more than one member, malunion or significant shortening of the limbs;
- h. Nerve damage causing paralysis and loss of sensation in any body member;
- i. Injury causing incontinence of bowel or bladder
- j. Extended disability (six months)
- k. Severe burns- involving over 10% of body with third degree or 30% with second degree;
- l. Multiple persons injured in a common occurrence
- m. Psycho-neurotic involvement
- n. Other incidents that may merit special notification
- o. Massive internal injuries affecting body organ or organs;

ACTIVITIES:

The following describes the employer's statutory obligations in the event of an injury or occupational disease:

- Provide forms for employee use and complete injury or occupational disease reporting requirements and forward the required documents in the allowable timeframe:
 - *C-1, Notice of Injury or Occupational Disease (Incident Report)*
 - *C-3, Employers Report of Industrial Injury or Occupational Disease (NRS 616C.015 & 616C.045)*
- Provide immediate first aid to an injured employee (NRS 616C.085)
- Complete the workers' compensation claim form (C-3) within 6 working days of receipt of the C-4 form from the medical provider and file it with insurer. (NRS 616C.045)

Each member should maintain its own set of records, as a loss log, to insure accuracy of the PACT's loss reporting system. Sample internal reporting procedures are provided by PACT.

- PACT will coordinate the claims administration with Member's claims coordinator.
- ~~Pursuant to Article 20 of PACT's Interlocal Cooperation Agreement, a PACT Claims Committee and a Litigation Strategy Committee have been established to assist in the resolution of claims issues with the PACT or its claims administrator. Members should utilize these committees when necessary.~~
- At least once every three years, an independent claims audit will be conducted of the PACT's claims administrator and the results will be reported to the Board for action to assure deficiencies are corrected by the claims administrator.
- The PACT Board shall establish a list of qualified defense counsel and coverage attorneys.
- The claims administrator will maintain adequately documented files and communicate with ~~m~~Members as to the reasons for denials and settlements.

Adopted 5/96
Revised 5/1/2000
Revised 5/1/2009
Revised 5/ /2016

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: Code of Conduct

GOAL: PACT and its members are dedicated to the highest ideals of honor, integrity, and due diligence so that PACT, its officers, employees and agents may merit respect and public confidence in all its dealings.

STATEMENT: PACT is dedicated to the concepts of democratic, effective and efficient governance by responsible, knowledgeable elected and appointed officials with an understanding that official decisions made and actions taken by PACT always are made in the best interests of PACT's membership, as opposed to the interests of PACT's Administration, service providers or other outside interests.

The PACT Board maintains commitment to the principle that it is ultimately responsible for establishing PACT's goals and objectives and in making policy decisions on behalf of PACT's membership. This responsibility cannot be transferred or delegated.

STRATEGIES:

- The PACT board has established a written Conflict of Interest policy regulating its affairs and the conduct of its members. The PACT Board is dedicated to the principle that conflicts of interest (defined as situations in which a person has a duty to more than one person or organization, but cannot do justice to the actual or potentially adverse interests of both parties) should be avoided and where present shall be fully disclosed in accordance with the PACT Board Policy Statement on Conflict of Interest. This includes situations when a member of the PACT Board or Administration has personal interests (including those of his/her family) that may be contrary to his/her loyalty to the PACT.
- Administration consistently shall seek guidance and direction from the PACT Board on matters of PACT Board policy and refrain from promoting any candidate for election and/or appointment to the PACT Board.
- Administration is expected to provide policy proposals and recommendations to the PACT Board and provide members of the PACT Board with information and advice on matters of policy as a basis for making decisions. Once the PACT Board has acted, Administration is responsible for implementing and upholding all official policies and decisions adopted by the PACT Board, without interference.
- The PACT Board is dedicated to the continual improvement of the professional abilities and expertise of the ~~PACT~~ Board and Administration in matters relating to ~~PACT~~ governance and ~~PACT management or~~ administration.
- PACT Board members and Administration share a responsibility to communicate with ~~the~~ PACT's membership regarding PACT objectives, activities and outcomes

and should seek to improve the quality and image of governmental risk-sharing pools at all times.

- The PACT Board is dedicated to the principle that all matters of procurement, personnel administration and outside contracting are administered on the basis of merit so that fairness and impartiality govern all governance and management decisions.
- The PACT Board is dedicated to the principle that matters of PACT governance and/or PACT management and administration cannot be bought or sold. No member of the PACT Board or Administration should ever solicit a personal gift of any value from any third-party performing work on behalf of or in any way associated (or potentially associated) with ~~the~~ PACT. Each PACT Board member and Administration must disclose the receipt of gifts, services, sponsorships and meals.

Adopted 5/2/2007

Revised 5/1/2009

Revised 5/ /2016

PUBLIC AGENCY COMPENSATION TRUST

POLICY STATEMENT

SUBJECT: CONFLICT OF INTEREST

GOAL: Board members, Administration, Members and others with whom PACT does business will avoid conflicts of interest or where not possible fully disclose such conflicts to the PACT Members.

STATEMENT: PACT is subject to [the Nevada State ethics law \(NRS 281A\)](#) regarding conflicts of interest and the appearance of fairness. Where conflicts of interest or appearance of fairness issues arise, the affected Members shall conform to the advice of PACT legal counsel. However, if the affected Member disagrees with the advice of PACT legal counsel, the Board may by majority vote exclude a Member ~~Director~~ [Trustee](#) from voting on any matter where potential legal conflict between the PACT and the Member is to be discussed, or on any matter about which the Board believes the Member has a potential conflict of interest.

STRATEGIES:

- A member of the Board of ~~Directors~~ [Trustees](#) who may have a potential or actual conflict of interest shall fully disclose the source and nature of the conflict to the Board
- The Board may seek the advice of its general counsel regarding whether the conflict of interest exists such that it should preclude the member from voting on the matter at issue
- A member of the Board shall refrain from voting on any matter where conflict exists in order to assure fulfillment of his/her fiduciary duties and to conform to state laws

Adopted 5/96
Revised 5/1/2009
[Revised 5/ /2016](#)

PUBLIC AGENCY COMPENSATION TRUST

POLICY STATEMENT

SUBJECT: CONTRACTUAL RISK TRANSFER

GOAL: To assure that the liability risk of the person or organization controlling the risk remains with them and not the PACT member by default.

STATEMENT: The person or organization controlling the risk should be the one responsible for losses arising from those risks. Accordingly, Members will transfer such risks contractually whenever possible and practical and shall require appropriate liability insurance to secure the transfer of risk.

STRATEGIES:

- Contracts/agreements shall contain a hold harmless provision or waiver of liability against the Member when possible and practical.
- Members shall avoid accepting liability of others or shall obtain a mutual waiver of subrogation where appropriate.
- Members shall preserve their rights under NRS Chapter 41

ACTIVITIES:

- Members shall have all contracts/agreements reviewed by a competent legal advisor prior to execution.
- PACT's Executive Director shall serve as a resource to Members and their legal advisors regarding acceptance of liability, hold harmless and insurance requirements.
- Prior to execution of agreements, Members shall seek to eliminate any assumptions of risk by the member and to transfer risks to the persons or organization controlling the risk.
- NRS 616B.627 Contractor with State or political subdivision: Submission of certificate of compliance; coverage pursuant to contract; sole proprietor who does not use employees. This statute should be considered in drafting independent contractor agreements.

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Revised 5/ /2016

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PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **EDUCATION AND TRAINING**

GOAL: Education and training will be a primary service of PACT.

STATEMENT: As a member driven organization whose mission calls for delivery of risk management solutions PACT will provide comprehensive risk management education and training programs.

STRATEGIES:

- Provide high quality programs and resources that address risk management needs of Members
- Create opportunities for members to attend both PACT and other training programs
- Provide regional and member on-site programs
- Provide E-learning and other distance learning opportunities
- Link programs to recognition under the Loss Control Excellence Program

ACTIVITIES:

- Offer all educational programs to each member
- Conduct workshops on current topics of concern to members
- Provide a network for members to share and contract for risk management information
- Publish needed materials for members

Adopted 5/3/96
Revised 5/1/2009

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **FINANCE AND INVESTMENTS**

GOAL: Financial strength is a critical component of PACT's long term viability. Therefore, PACT will maintain financial soundness to assure its ~~Members~~ Members that it will fulfill its obligations.

STATEMENT: Fundamental to PACT's survival and growth is its ~~Members'~~ Members' confidence in the long term price stability and financial soundness of PACT. Conservative financial management and investments will be the watchwords for PACT.

- STRATEGIES:**
- Utilize appropriate investment expertise to maximize investment results in accordance with Board policies and its Investment Guidelines.
 - The loss fund will be treated as if expended until all losses for each year are settled and funds are then released for other uses.
 - The board may transfer any or all of the investment income from the Claims and the Claims Expense Trust Funds to the Operating Fund as long as a positive balance remains in the ~~Claims Expense Trust Fund~~ Claims Expense Trust Fund trust fund.
 - Net Asset growth will be encouraged to enable further retention by PACT and Public Compensation Mutual, its nonprofit captive mutual insurance company, thus reducing dependence upon reinsurance.
 - Prepare PACT financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and Government Auditing Standards (GAS) and to present fairly in all material respects the financial position of PACT and as required by law and distribute or otherwise make available to members at least annually.

- ACTIVITIES:**
- Utilize a qualified independent Certified Public Accountant (CPA) to conduct annual audits including a management letter that addresses issues raised for consideration by the Executive Director or Audit Committee.
 - The Executive Committee will respond to any reportable conditions stated in the CPA's management letter and to recommendations of the Audit Committee within a reasonable period of time.

- The Executive director will include financial and investment reports to the Executive Committee at least quarterly and to the Board at each Board meeting.
- The Executive Director will provide a copy of the annual independent audit to all Members.
- The Executive Director will establish written internal controls
- Utilize a qualified actuary to confirm reserves and to project future expected losses at least annually.
- Periodically consider changes in the retention
- Review the capitalization strategy at least annually

Adopted 5/96
Revised 5/1/2000
Revised 5/1/2009
Revised 5/ /2016

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **LOSS FUND CONTRIBUTIONS**

GOAL: PACT will collect Loss Fund contributions in an amount sufficient to enable it to fulfill its obligations to pay claims for each policy year.

STATEMENT: To assure its ability to meet its obligation to pay claims, PACT annually will charge each member its proportional share of PACT's Loss Fund amount, as determined by the Executive Director in consultation with an actuary, based upon each member's exposure/rating basis and loss experience.

STRATEGIES:

- Discounting of PACT's Loss Fund amount will be allowed upon approval of the percentage of such discount by the Board Executive Committee after considering the actuarial study.
- The Executive Director will develop each member's proportional share of the Loss Fund based on the applications submitted by the member and the loss experience of the member.
- Loss Fund contributions will be at least in the amount of an actuarially determined confidence level of 50% (the "Expected" amount) as long as ~~the~~ PACT maintains aggregate excess insurance to protect the Loss Fund; otherwise contributions will include the actuarially determined contingency margin that will bring the confidence level to at least 705%. Contributions level must include losses, loss development factors, IBNR, ALAE and ULAE calculations.

ACTIVITIES:

- Members annually will submit an application for renewal which will be used to calculate assessments
- An actuarial study will be conducted at least annually
- The actuary will include in his reports the amount of funding at the "Expected" (50%) confidence level with and without a contingency margin and at higher confidence levels.

Adopted 5/96
Revised 5/1/2009
Revised 5/ /2016

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **MEMBERS NET ASSETS UPON DISSOLUTION**

GOAL: In conformance with Articles 24 and 25 of the Interlocal Cooperation Agreement, members are responsible for assuring that PACT has sufficient assets to discharge its liabilities and are eligible to share in the distribution of assets should the PACT cease operations. This policy statement determines how those assets will be distributed.

STATEMENT: Each Member's share of **Net Assets** shall be based upon each member's cumulative contributions to PACT's Loss Fund in proportion to the total of all members' contributions to the Loss Fund made during the preceding ~~sixty (60) months of the PACT~~five audited fiscal years of PACT operations.

ELIGIBILITY: Each ~~m~~Member who participated in a program of PACT during the preceding five audited fiscal years of NPAIP operations shall be eligible to share in the distribution of Net Assets remaining after all outstanding claims have been resolved and administrative costs have been paid. Only participating ~~m~~Members who have been ~~m~~Members at least twenty-four (24) months as of the final year of operations shall be entitled to a share of the assets.

Adopted 5/96
Revised 5/1/2009

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **MEMBERSHIP DEVELOPMENT**

GOAL: PACT will grow through adding **mMembers** who have demonstrated a commitment to the PACT mission.

STATEMENT: Diversity of membership is important to assuring vitality of PACT. However, each **mMember** must commit to the mission with a sustained commitment to excellence in risk management. PACT will seek quality growth and retention of **mMembers** by meeting **mMembers'** needs.

STRATEGIES:

- Encourage growth by adding **mMembers** that will enhance PACT
- Develop current members by identifying and fulfilling **mMembers'** needs
- Encourage **mMembers** to get involved in PACT programs
- Develop Board members' capabilities in overseeing PACT

ACTIVITIES:

- Conduct periodic **mMember** surveys to assist in identifying and developing programs and services
- Market PACT through brochures, attending conferences, conducting training programs and networking.

Adopted 5/96
Revised 5/ /2016

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **MEMBERS' NET ASSETS**

GOAL: To assure financial stability and long term viability of PACT, the accumulation and maintenance of Net Assets is necessary.

STATEMENT: As PACT conforms to its Finance and Investment Policy Statement, PACT's Net Assets will grow. PACT will continue to accumulate Net Assets in support of that policy until the Board determines that sufficient Net Assets exist to support PACT's retention of risk and to allow for contingencies.

STRATEGIES: Net Assets will be maintained in an amount at least ~~twelve~~ (12)twenty (20) times the amount of PACT's highest self-insured retention per occurrence.

Distributions Net Assets will not be made to eligible members until all claims for the particular policy year have been concluded. Eligible members means those members that currently and for the preceding 24 months have been members in good standing of PACT.

Each Member's share of Net Assets will be based upon each Member's contributions to the PACT Loss Fund as a percentage of total contributions to the PACT Loss Fund for each policy period

Net Assets may be distributed in the form of additional services or benefits to members other than cash

ACTIVITIES: Upon closure of all claims for a policy year the Executive Director will report to the ~~Board~~ Executive Committee the net addition to Net Assets. The ~~Board~~ Executive Committee shall act to determine whether or not that year's net addition to Net Assets will be retained in accordance with the PACT Capitalization Policy or distributed and the form of the distribution.

If the ~~Board~~ Executive Committee determines that Net Assets Fund will be retained, then any available distribution will be considered waived and the policy year will be closed

Adopted 5/96
Revised 4/98
Revised 4/06
Revised 5/1/2009
Revised 5/ /2016

Public Agency Compensation Trust Records Management Policy
Adopted 4/26/2013

Mission Statement

The mission of the records management program of the Public Agency Compensation Trust (PACT) is to maintain a cost effective program, as well as accurate and accessible retrieval and handling of all information generated in any recorded format by officers, employees and service providers of PACT for the official conduct of PACT's business, and to preserve such records of historical significance for the benefit of both present and future generations.

Goals & Objectives

- To lower the cost of operating PACT by reducing the amount of time, storage space, and materials necessary to conduct PACT's business.
- To assure compliance with all applicable legal, historical, administrative, and fiscal requirements for record-keeping as set forth in federal, state, and local statutes.
- To provide courteous and professional access and reference services for officers and employees of PACT as well as members of the general public to public record materials stored and maintained by PACT.

Policy Statement

Section 1

As used in this policy, unless the context otherwise requires, the words and terms defined in sections 2 to 16, inclusive, of this policy have the meanings ascribed to them in those sections.

Section 2

"Records manager" means the designated manager of records of PACT.

Section 3

"Duplicate" means any accurate and unabridged copy of a record or series of records, which is not an original.

Section 4

"Non-record material" means published books and pamphlets, books and pamphlets printed by a government printer, worksheets used to collect or compile data after that data has been included in a record, answer pads for a telephone or other informal notes, stenographers' notes after the information contained therein has been transcribed, unused forms except ballots, brochures, newsletters, magazines, newspapers or parts of newspapers retained as evidence of publication, scrapbooks and property left or deposited with an office which would otherwise be defined as a record except that the ownership of that property does not reside with PACT.

Section 5

"Office" means an office, department, board, commission, committee, entity, or any other sub-records manager of PACT.

Section 6

"Original" means an original as defined in NRS 52.205, a reproduction made pursuant to the provisions of NRS 239.051, or any record designated by the records committee to be an original. An original made pursuant to the provisions of NRS 239.051 consists of both the stored copy, and the copy maintained for the use of authorized persons.

Public Agency Compensation Trust Records Management Policy
Adopted 4/26/2013

Section 7

"Record" means all documents, papers, letters, pamphlets, books, maps, charts, blueprints, drawings, photographs, films, software used to process electronic data, information stored on magnetic tape or computer, laser or optical disc, materials which are capable of being read by a machine, including microforms and audio and visual materials, computer printouts, newspapers received pursuant to NRS 247.070, artifacts entered as exhibits in any proceeding in any court, and any other evidence, including all copies thereof, made or received pursuant to a law, regulation or policy or in connection with the transaction of the official business of any office or department PACT.

Section 8

"Records Committee" means the records committee established in section 12 of this ordinance.

Section 9

1. Pursuant to the provisions of subsection 1 of section 125 of chapter 239 of the Nevada Revised Statutes, a records manager is hereby designated.
2. It is the intent of PACT that the records manager, in carrying out its functions, follows accepted:
 - a. Procedures for the management of records to increase the efficiency of the records keeping system and reduce the administrative costs associated with the creation, maintenance, use, retention, and disposition of records; and
 - b. Standards of archival practice to ensure the preservation of records with permanent value and maximum accessibility to records for the general public.

Section 10

The records manager shall:

1. Establish standards, procedures, and techniques for the effective management of records;
2. Make continuing surveys of current practices for the management of records and recommend improvements in those practices, including the use of space, equipment and supplies to create, maintain and store records;
3. Establish standards for the preparation of schedules providing for the retention of records of continuing value and for the prompt and orderly disposition of records, which no longer possess sufficient administrative, legal, fiscal or research value to warrant their further retention;
4. Establish, maintain and operate a center for storing and receiving records of the several offices pending their disposition in a manner prescribed by law;
5. Establish an arrangement for micrographic services to the offices of PACT;
6. Establish a program for the management of forms and files;
7. Establish a program for the protection of records essential for the continuation or reestablishment of governmental operations in the event of natural or other disaster; and
8. Establish a program for the preservation and conservation of records designated by the state or the records manager as having a permanent retention value.

Section 11

The records manager may employ separately or cooperatively with another local governmental entity a PACT records administrator to carry out the duties of the records manager.

Public Agency Compensation Trust Records Management Policy
Adopted 4/26/2013

Section 12

1. A records committee is hereby established to be known as the PACT records committee.
2. The records committee shall be composed of representatives from the following areas:
 - a. Legal counsel
 - b. Executive Director
 - c. Fiscal Officer
 - d. Information technology
 - e. Records manager
 - f. Human resources manager

Section 13

The records committee shall:

1. Draft, review, and prepare records retention schedules for the State Library and Archives Administrator's approval;
2. Evaluate and authorize the purchase of filing equipment or the creation of a new form, or an application for conversion to micrographics or optical imaging, word processing or data processing;
3. Review any request for access to information which was denied by an official to determine whether the denial was in keeping with prevailing law; and
4. Review all proposals for the expansion or modification of the records management program and make recommendations to the board of PACT.

Section 14

1. The rights of custody and control of records transferred to the PACT records center remain with the transferring office.
2. The rights of custody and control of accession to the city/county archives transfer to the records manager at the time the records are accepted as an accession.

Section 15

Records may be disposed of only in accordance with the schedules for the retention and disposition of records prepared by the records manager and approved by the records committee. The most recent version and subsequent revisions to the State Library and Archives "Local Government Records Retention Program Manual" is adopted as the records management and retention schedule for PACT, except as amended by the records management committee and approved by the State Library and Archives Administrator.

Section 16

1. Records to be destroyed must be disposed of in accordance with procedures approved by the records committee and NAC 239.165.
2. The records manager or a representative of the office must supervise the destruction of all records in their care and attest that such destruction was carried out in the manner provided for by the records committee and NAC 239.165.

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **PRODUCERS OF INSURANCE AND COMPENSATION**

GOAL: PACT will cooperate with Producers of Insurance selected by its members to assist them with issues related to PACT, its coverages and services

STRATEGIES:

- Producers of Insurance will cooperate with PACT and with its ~~m~~Members in achieving the goals of PACT
- Producers of Insurance will assist ~~m~~Members with utilization of the services provided by PACT
- ~~The PACT Producers Handbook will~~ provides guidance to members and their Producers of Insurance as to the services expected from the Producers of Insurance

ACTIVITIES:

- Producers of Insurance will ~~provide their own services and assist with the delivery of PACT services~~ utilize the Producers Handbook to perform the services needed by ~~m~~Members
- Producers of Insurance will prepare the PACT application and gather underwriting information
- ~~Producers of Insurance will assist with marketing PACT to the~~ mMembers and prospective members
- Producers of Insurance will cooperate with claims handling to assist ~~m~~Members and PACT in resolving claims
- Producers of Insurance will supplement the risk management and safety efforts of PACT

COMPENSATION:

Compensation of Producers of Insurance will be included in the PACT program costs as a portion of the administrative expenses apportioned to each member.

Effective July 1, 2009 producer compensation will be 5% of the first \$100,000 of assessments.

Adopted 5/1/2000
Revised 5/1/2009
Revised 5/ /2016

PUBLIC AGENCY COMPENSATION TRUST

POLICY STATEMENT

SUBJECT: PROGRAMS AND SERVICES

GOALS: PACT will promote the application of risk management concepts and techniques as an integral part of the management process in managing a public agency.

STATEMENT: Risk management is an extension of the general management function and even though it may not be a separate position, the process of risk management must be incorporated in every organization.

STRATEGIES:

- Promote the utilization of the risk management process in all governmental operations
- Provide programs and services that assist and enhance the use of risk management within each mMember
- Encourage producers of insurance to assist in delivery of programs and services

ACTIVITIES:

- Network with risk management and safety associations such as AGRiP, PRIMA and ASSE
- Develop and deliver programs regionally, on-site at mMember locations and on-line
- Acquire and provide mMembers with access to videos, manuals, books and other resources in the PACT office
- Offer risk management reviews of policies and contracts
- Provide prompt, courteous service both from the office and frequently at the member's site
- Offer a Risk Management Grant program for mMembers to enhance their risk management efforts
- Encourage all mMembers to achieve the Safety Management Loss Control Excellence Program award and continuation awards

Adopted 5/96
Revised 5/1/2009
Revised 5/ /2016

Risk Management Grants

Purpose:

As an incentive for Members to invest in risk management and safety efforts, a NPAIP and PACT risk management grants program would be established as an ongoing program supported by each pool.

Funding Amounts:

Each pool would provide up to 2% of its net assets, initially \$100,000 each, for the grants program.

Grant Administration:

The Loss Control Committee will be responsible for administering this program and establishing criteria including consideration of the following:

- 1) whether the program should be a matching grant program
- 2) if a matching grant program, what proportions would be required
- 3) the maximum amount of any single grant, if any
- 4) eligibility criteria for grants
- 5) whether as a condition of a grant the member must be an LCEP recipient or committed actively in pursuing LCEP recognition
- 6) the process for grant approvals

Revised 5/1/2015

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **Service Providers' Bill of Rights**

GOAL: Service Providers basic rights while providing services to PACT include being treated consistently with dignity, respect, and professionalism.

STATEMENT: Service Providers should not be expected to provide gifts, perks or other benefits to members of the PACT board or staff members (or any person or organization associated with them) as a condition of doing business with PACT.

Service Providers should expect fair and equitable treatment in the procurement process. Every competitive bidding process should be open, well defined and transparent. PACT recognizes that there is a direct cost to the Service Providers in preparing every service proposal.

Service Providers should expect to have a written service agreement with PACT, specifying all terms and conditions of their contractual relationship.

Service Providers should only be expected to provide services contained within the scope of their service agreement.

Service Providers should be paid in a timely manner for services rendered in accordance with the provisions of their service agreement.

STRATEGIES:

- The PACT board has established a written Conflict of Interest policy regulating its affairs and the conduct of its members. The PACT Board is dedicated to the principle that conflicts of interest (defined as situations in which a person has a duty to more than one person or organization, but cannot do justice to the actual or potentially adverse interests of both parties) should be avoided and where present shall be fully disclosed in accordance with the PACT Board Policy Statement on Conflict of Interest. This includes situations when a member of the PACT Board or staff has personal interests (including those of his/her family) that may be contrary to his/her loyalty to the PACT. Service Providers should honor and uphold the POOL Board policy.
- Service Providers are expected to provide policy proposals and recommendations to the PACT Board and provide members of the PACT Board with information and advice as a basis for making decisions. Once the PACT Board has acted, Service Providers are responsible for implementing and upholding all official policies and decisions adopted by the PACT Board, without interference.
- Service Providers share a responsibility to communicate with the PACT's membership regarding PACT objectives, activities and outcomes and should seek to improve the quality and image of governmental risk-sharing pools at all times.

- The PACT Board is dedicated to the principle that all matters of procurement, personnel administration and outside contracting are administered on the basis of merit so that fairness and impartiality govern all governance and management decisions.
- The PACT Board is dedicated to the principle that matters of PACT governance and/or PACT management and administration cannot be bought or sold. No Service Provider should ever solicit a personal gift of any value from any PACT Board member, ~~Member~~, staff or third-party performing work on behalf of or in any way associated (or potentially associated) with PACT. Each Service Provider must disclose the receipt of gifts, services, sponsorships and meals.

Adopted 5-5-07

Revised 5/ /2015

PUBLIC AGENCY COMPENSATION TRUST
POLICY STATEMENT

SUBJECT: **UNDERWRITING**

GOAL: To evaluate fairly all PACT Members, whether new or continuing members, to assure the ability of ~~the~~ PACT to fulfill its mission and vision.

STATEMENT: Quality of membership is important to the success of PACT. Selection of qualified ~~m~~M~~em~~bers and continuation of existing ~~m~~M~~em~~bers' commitment to quality is achieved through the underwriting process of reviewing exposures, loss experience and management.

A. STRATEGIES: New Members

1. Membership: New ~~m~~M~~em~~bers shall be approved by a majority of the Executive Committee. A new ~~m~~M~~em~~ber shall become an active participating ~~m~~M~~em~~ber of PACT commencing on the date specified in the approval, subject to the new ~~m~~M~~em~~ber completing the following:
 - a. Sign the Interlocal Cooperation Agreement, signifying the new ~~m~~M~~em~~ber's contractual commitment to abide fully with all provisions of the Interlocal Cooperation Agreement in conjunction with all other ~~m~~M~~em~~bers;
 - b. Sign the Joint and Several Liability Agreement, signifying the new ~~m~~M~~em~~ber's understanding that they are bound to all other ~~m~~M~~em~~bers to assure the solvency of PACT
 - c. Pay its initial assessments utilizing PACT's ACH banking arrangement for quarterly payments .

2. Ratification: Existing ~~m~~M~~em~~bers need not re-sign or ratify the Interlocal Cooperation Agreement in order to allow new ~~m~~M~~em~~bers to join. The new ~~m~~M~~em~~ber shall be considered a ~~m~~M~~em~~ber of PACT to the same extent as all original and other ~~m~~M~~em~~bers and for all purposes.

3. Term: New ~~m~~Members shall become and remain participants in ~~the~~PACT for twenty-four (24) months following joining, until and unless terminated as provided for in the Interlocal Cooperation Agreement.

ACTIVITIES: Criteria For Membership Approval

1. The Executive Director shall complete the "Prospective Members Underwriting Review" form and attach relevant information from the application form for review by the Executive Committee.
2. The Executive Committee shall consider the prospective ~~m~~Member's exposures, risk management profile, loss experience and any other factors to determine whether or not the prospective ~~m~~Member will be acceptable.
3. The Executive Director shall determine the amount of assessments and other conditions of coverage based upon the prospective ~~m~~Member's exposures, loss experience and other factors and any special requirements set by the Executive ~~-~~Committee

B. STRATEGIES: Existing Members

1. Membership At Risk.

a. Members whose loss experience, management practices or exposures reveals a pattern potentially adverse to the PACT's long term interests shall be reviewed by the Executive Committee for appropriate action to improve the situation, to consider changes in pricing, deductibles or coverages, or to recommend to the Board that the membership be terminated.

b. The "at-risk" ~~m~~Member shall be given an opportunity to address the Executive Committee as to its intended actions or recommendations prior to action by the Executive Committee.

2. Membership Incentives. Members who have demonstrated significant commitment to reduction of risk shall be reviewed by the Loss Control Committee for recognition under the ~~Safety Management~~Loss Control Excellence Program or other special incentives to be recommended to the Board.

ACTIVITIES:

1. Membership At Risk.

- Upon learning of adverse financial, management or loss experience patterns developing, the Executive Director will investigate and report to the Executive Committee any findings for consideration.
- After review, the Executive Committee may request information from the ~~m~~Member to determine any course of action.
- If action is deemed warranted, the Executive Committee will invite the ~~m~~Member to present its views at the meeting where action will be taken.

2. Membership Incentives

- Special membership recognition for achievement under the ~~Safety Management~~Loss Control Excellence Program or other achievement awards will be recommended by the Loss Control Committee to the Board for action .

Adopted 5/96
Revised 5/1/2009
Revised 5/ /2016



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
Carson City NV 89701
Phone: (775) 885-7475
Fax (775) 883-7398

Notice of Annual Members Meeting and Agenda for Public Compensation Mutual

**Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502**

Time: 10:00 a.m. or After

Public Agency Compensation Trust Board Meeting

Date: April 29, 2016

AGENDA

1. Roll
2. **Action Item:** Approval of
 - a. Minutes of Annual Member Meeting May 1, 2015
 - b. Ratification of Board Action Taken Since the 2015 Annual Meeting
3. Report - Minutes of Meetings
 - Meeting of the Board of Directors of April 29, 2015
 - Meeting of the Board of Directors of October 23, 2015
 - Meeting of the Board of Directors of March 21, 2016
4. Investments Report
5. Report - Audited Financial Reports for 2015 (Calendar Year)
6. Discussion of Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2016-2017
7. **Action Item:** Elections/Ratification of Board Members and Officers
8. **Action Item:** Adjournment



PUBLIC COMPENSATION MUTUAL

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**DRAFT Minutes of Annual Members Meeting for
Public Compensation Mutual
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: 8:00 a.m. or After
Public Agency Compensation Trust Board Meeting
Date: May 1, 2015**

1. Roll

A quorum was present. Chair Paul Johnson called the meeting to order at 1:46 p.m.

- ### 2. Action Item: Approval of
- a. Minutes of Annual Member Meeting April 25, 2014
 - b. Ratification of Board Action Taken Since the 2014 Annual Meeting

On motion and second to approve the minutes and to ratify board action taken since the 2014 annual meeting, the motion carried.

3. Report - Minutes of Meetings

- Meeting of the Board of Directors of April 21, 2014
- Meeting of the Board of Directors of May 22 2014
- Meeting of the Board of Directors of December 1, 2014
- Meeting of the Board of Directors of March 2, 2015

No action taken.

4. Investments Report

Staff commented that the members heard the investment report during the joint meeting earlier today. No action taken.

5. Report - Audited Financial Reports for 2014 (Calendar Year)

It was noted for the record that the annual audited financial report was in the board packet. Chair Johnson asked if there were questions. On motion and second to accept the audit, the motion carried.



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6. Discussion of Reinsurance Program Provided to Public Agency Compensation Trust for its Fiscal Year 2015-2016

Chair Johnson commented that this had been reviewed during the PACT meeting.

7. Action Item: Elections/Ratification of Board Members and Officers

Paul Johnson, chair, was up for reelection for a three year term from 2015-2018. Wayne Carlson, President and Doug Smith, Vice President were subject to ratification as officers. On motion and second to reelected Paul Johnson as Chair and to ratify Wayne Carlson as President and Doug Smith as Vice President, the motion carried.

8. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at 1:53 p.m.



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
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Phone: (775) 885-7475
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Minutes for the Meeting of the Board of Directors of Public Compensation Mutual (PCM)

Date: Wednesday, April 29, 2015

Scheduled Time: 2:00 P.M. or when POOL/PACT/PRM concludes

Place: POOL building or by conference call
Carson City, Nevada 89701

1. Roll

A meeting of PCM was called to order by Chairman Paul Johnson at about 2:30 P.M. on April 29, 2015. The joint meetings of NPAIP/PACT were recessed in order to allow captive Boards to approve renewal proposals

Board Members Present: Cash Minor, Paul Johnson, Mike Rebaleati, and Alan Kalt, (Josh Foli absent)

Others Present: Wayne Carlson, Ann Wiswell, Doug Smith, Deb Connally and various members of the POOL/PACT executive committees.

2. Action Item: Approval of Minutes of March 2, 2015

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

3. Staff Reports and Old Business (Action as Necessary):

Staff mentioned that Dan Smereck of SAA, who would provide investment reports at the annual meetings Friday May 1, had provided a tentative timeline for an investment manager search which would start in the summer. The goal is to review finalist recommendations and schedule presentations in September/October this fall. This will be a task involving both pools and both captives.

4. Action Item: Election of PCM Board Members and Officers

Paul Johnson (Chairman) expressed willingness to serve as a Board Member for the coming 2015-2018 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 May 1, 2015.



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
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5. Renewal Offer for PACT 2014-2015

Staff indicated that recommended pricing for the renewal by PCM of PACT (coverage as is) is \$1,207,000. This is identical to last year. This price is based on the PACT retention of \$500,000 continuing, and expenses estimated at \$107,000. Pricing continues to use the 70% confidence level from the actuarial work-ups.

The actuarial indication has gone up about the same for the last three years. This year it increased by 3.2%. This is for the 250k xs 500k layer, and quota share of 2.25 MM xs 750k with CRL.

The first PCM layer remains at 500,000 xs 500,000 per loss. PRM then will retain 25% of the layer 2MM xs 1MM on a 75-25 basis with CRL (same proportion as now). PCM also writes ½ of the Aggregate XS with Safety, which attaches for \$3,000,000 above roughly \$10,000,000, roughly the same attachment as last year. The cost of this program is \$1,207,000 (first layer \$763,000, second layer \$269,000, aggregate \$68,000 and expenses \$107,000).

Upon motion and second to present both options to the Board, the motion passed.

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 2:40 p.m.



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
Carson City NV 89701
Phone: (775) 885-7475
Fax (775) 883-7398

Minutes for the Meeting of the Board of Directors of Public Compensation Mutual (PCM)

Date: Friday October 23, 2015

Scheduled Time: 9:00 A.M

Place: Whitney Peak Hotel

255 N. Virginia St, Reno, NV 89501

Conf. Call: 800-593-9034, Passcode: Wayne C.

(Held Jointly with PRM and POOL/PACT Executive Committee simultaneously)

1. Roll

A joint meeting of PRM and PCM was called to order by PRM Chairman Cash Minor.

Board Members Present: Cash Minor, Josh Foli, Mike Rebaleati, and Alan Kalt
Others Present: Wayne Carlson, Doug Smith, Dan Smerek, and various members of the POOL/PACT Executive Committees.

2. Action Item: Approval of Minutes of April 29, 2015

No Action.

3. Staff Reports and Old Business (Action as Necessary):

No Reports.

4. Presentations by and Interviews of Fixed Income Investment Managers

Pursuant to a request for proposal process facilitated by Dan Smerek of Strategic Asset Alliance, investment advisor to the pools and captives, two finalists had been selected for oral presentations and interviews at this meeting. Dan Smerek described the process for the presentations and the evaluation guidelines he suggested. He then brought in representatives of the first presenter: GR-NEAM. The proposed GR-NEAM team included Calvin "Chip" Clark, Jr., President, Patrick Scully, Senior Client Strategist and Marie Callahan, New Business Development Professional.

The GR-NEAM team reviewed key elements of its written proposal including its investment philosophy and enterprise based asset allocation approach. They discussed their investment strategy and process generally. Then they reviewed their analysis of the



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NPAIP, PACT, PRM and PCM portfolio using various iterations for each organization separately and grouped by line of business to show an overall approach for all entities estimating the potential investment gains from the various approaches. They discussed their enterprise based asset allocation process which looks at the balance sheet risks, economic risks, underwriting risks and investment risks as influencers of investment strategies. They showed a potential asset allocation strategy. They also described their investment accounting and reporting services which are included in their fees. Throughout the presentation, they responded to questions from the committee members about their services and strategies. The committee thanked them for their presentation and excused them from the meeting.

Dan Smerek then brought in representatives from AAM: John Schaefer, President, Daniel Byrnes, Vice President and Senior Portfolio Manager and Neelm Pradham, Vice President of Business Development.

The AAM team reviewed their involvement with similar small insurers and risk sharing pools, noting their growth in assets under management in this space. They showed a timeline of their interactions with various board and staff members of the Nevada pools over the last five years. They described their investment process and knowledge of the varying needs of the pools and captives. They described their use of an enterprise risk management framework in analyzing the approach for investment strategy. They showed an overview of their analysis of NPAIP, PACT, PRM and PCM as separate entities and combinations by line of coverage relating such things a duration to net position. Included in the materials was a portfolio assessment and recommendations. They responded to questions from various committee members. In response to a question about whether their investment accounting and reporting services were included in their fees, they indicated they would get back to us on that question. (Note: subsequently, they advised the service was included). The committee thanked them for their presentation and excused them from the meeting.

5. Action Item: Selection of Fixed Income Investment Manager

Chair Minor opened discussion on this agenda topic. Each member of the committee made comments and asked questions about each firm and the qualities they brought. Both firms were considered high quality, offering similar valuable services although the approaches differed. Discussion of the similarities and differences continued for some time in order to assure a thorough vetting.



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On motion and second to select GR-NEAM to be the fixed income investment manager for PCM and PRM with a transition process to occur as soon as practicable, the motion carried.

6. **Action Item: Other New Business and Announcements**

No Action.

7. **Action Item: Adjournment**

The meeting adjourned at the same time as POOL/PACT.



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
Carson City NV 89701
Phone: (775) 885-7475
Fax (775) 883-7398

**Minutes of the Board of Directors of
Public Compensation Mutual (PCM)
Date: Monday March 21, 2016
Time: 12:00 p.m. or when PRM concludes
Place: POOL building or by conference call
Carson City, Nevada 89701**

1. Roll

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

2. Action Item: Approval of Minutes of October 23, 2015

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

3. Staff Reports and Old Business (Action as Necessary):

Mike Rebaleati reported he had no additional reports.

4. Action Item: Approval of Dec. 31, 2015 audit - Casey, Neilon & Assoc.

Nikki Neilon reported the results of the audit. It was an unqualified opinion. She noted that recoveries are reported net in the captive books. PCM's liability increased in the loss and loss expense category. Many investments were sold and reinvested, thus realizing gains and losses. She reported on the changes in various financial report items.

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

5. Action Item: Investment Report & Approval of Recommendations

This item previously was heard under the Joint NPAIP and PACT investment reports by SAA and GR-NEAM.



PUBLIC COMPENSATION MUTUAL

201 South Roop Street, Suite 102
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6. **Action Item: Appointment of Board Member**

With Mike Rebaleati joining PARMS staff, a replacement board member was necessary. Mike Rebaleati recommended that Gerry Eick, Director of Finance at Incline Village GID, be appointed to the board.

On motion and second to appoint Gerry Eick to the board, the motion carried.

7. **Future 2016 Board Meetings**

- **Friday, April 29, 2016 following the annual meeting of Public Agency Compensation Trust**

No additional meetings were noted. No action taken.

8. **Action Item: Other New Business and Announcements**

There was no other business or announcements.

9. **Action Item: Adjournment**

The meeting was adjourned at about 12:30 p.m.

PUBLIC COMPENSATION MUTUAL

DECEMBER 31, 2015 AND 2014

**PUBLIC COMPENSATION MUTUAL
DECEMBER 31, 2015 AND 2014**

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Casey Neilon, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Compensation Mutual

Report on the Financial Statements

We have audited the accompanying financial statements of Public Compensation Mutual (a Nevada non-profit pure captive insurer) which comprise the balance sheets as of December 31, 2015 and 2014 and the related statements of income and comprehensive income, changes in surplus and cash flows for the years ended December 31, 2015 and 2014, 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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Compensation Mutual as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014, 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 21, 2016, on our consideration of the Company's internal control over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.



Carson City, Nevada
March 21, 2016

**PUBLIC COMPENSATION MUTUAL
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,476,754	\$ 2,754,269
Investments	38,226,745	35,266,545
Investment income receivable	227	28
Total Assets	\$ 39,703,726	\$ 38,020,842
LIABILITIES AND SURPLUS		
Accounts payable	\$ 7,434	\$ 5,000
Reserve for loss and loss adjustment expenses	2,449,000	1,934,000
Unearned assessments	603,500	603,500
Total Liabilities	3,059,934	2,542,500
Surplus	37,539,554	33,030,019
Accumulated other comprehensive income (loss)	(895,762)	2,448,323
Total Surplus	36,643,792	35,478,342
Total Liabilities and Surplus	\$ 39,703,726	\$ 38,020,842

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
INCOME		
Premiums	\$ 1,207,000	\$ 940,500
Investment income	<u>3,436,313</u>	<u>1,692,812</u>
Total Income	<u>4,643,313</u>	<u>2,633,312</u>
EXPENSES		
Administrative fees	67,020	65,429
Loss and loss adjustment expenses	<u>515,000</u>	<u>716,000</u>
Total Expenses	<u>582,020</u>	<u>781,429</u>
Net Income Before Income Taxes	4,061,293	1,851,883
Provision for Income Taxes	<u>-</u>	<u>-</u>
Net Income	<u>\$ 4,061,293</u>	<u>\$ 1,851,883</u>
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ (5,960,637)	\$ (431,030)
Less: Reclassification adjustment for gains (losses) recognized in net income	<u>2,616,552</u>	<u>-</u>
Other Comprehensive Income(Loss)	<u>(3,344,085)</u>	<u>(431,030)</u>
Comprehensive Income	<u>\$ 717,208</u>	<u>\$ 1,420,853</u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2013	\$ 31,178,136	\$ 2,879,353	\$ 34,057,489
Net income	1,851,883	-	1,851,883
Unrealized holding gains arising during the period	-	(431,030)	(431,030)
Balance, December 31, 2014	<u>\$ 33,030,019</u>	<u>\$ 2,448,323</u>	<u>\$ 35,478,342</u>
Net income	4,061,293	-	4,061,293
Surplus contributions	448,242	-	448,242
Unrealized holding losses arising during the period	-	(5,960,637)	(5,960,637)
Less: Reclassification adjustment for gains realized in net income	-	2,616,552	2,616,552
Balance, December 31, 2015	<u><u>\$ 37,539,554</u></u>	<u><u>\$ (895,762)</u></u>	<u><u>\$ 36,643,792</u></u>

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 4,061,293	\$ 1,851,883
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains (losses) on sale of securities	(2,616,552)	-
Changes in assets and liabilities:		
Increase (decrease) in:		
Investment income receivable	(199)	4,868
(Increase) decrease in:		
Reserve for loss and loss adjustment expenses	515,000	716,000
Accounts payable	2,434	(5,640)
Unearned assessments	-	266,500
Net Cash Provided (Used) by Operating Activities	1,961,976	2,833,611
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of securities	(38,539,525)	(1,487,301)
Sale of securities	34,851,792	-
Net Cash Provided (Used) by Investing Activities	(3,687,733)	(1,487,301)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Surplus contributions	448,242	-
Net Cash Provided (Used) by Financing Activities	448,242	-
Increase (Decrease) in Cash and Cash Equivalents	(1,277,515)	1,346,310
CASH AND CASH EQUIVALENTS, Beginning of Period	2,754,269	1,407,959
CASH AND CASH EQUIVALENTS, End of Period	\$ 1,476,754	\$ 2,754,269

See accompanying notes

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

Public Compensation Mutual (“the Company”), a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Public Agency Compensation Trust (PACT). Effective July 18, 2013, the Company became a pure captive authorized by State of Nevada Division of Insurance, prior to this date, the Company was an association captive. PACT is a quasi-governmental entity formed by local governments for the purpose of organizing an association for self-insured workers compensation. The Company’s formation was approved on June 26, 2007 by the State of Nevada Division of Insurance and began operations July 1, 2007.

The Company provides coverage for members of PACT for worker’s compensation losses under a quota-share reinsurance arrangement. From inception through June 30, 2012, the Company provided excess insurance in the layer \$2,000,000 excess of \$500,000, subject to a one time corridor deductible of \$500,000 and a quota share of 25%. Effective July 1, 2012, the Company provided excess insurance in the layer \$250,000 excess of \$500,000 and \$2,225,000 excess of \$750,000 subject to a 25% quota share. Both layers were subject to a one time corridor deductible of \$500,000. Effective July 1, 2014, PCM provides excess insurance in the layer \$500,000 excess of \$500,000 and a 25% quota share of the layer \$2,000,000 excess of \$1,000,000 with no corridor deductible. The Company also provides \$1,500,000 aggregate excess (50% quota share of the \$3,000,000 layer) above an attachment point of approximately \$10,000,000.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the State of Nevada, Division of Insurance. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company do not vary materially from generally accepted accounting principles.

Cash Equivalents:

For the purpose of presentation in the Company’s financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Method of Accounting:

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, 2015 AND 2014**

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, 2015 AND 2014**

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value in conformity with FASB ASC 820-10:

Cash and Cash Equivalents: For these short term instruments, the carrying amount is a reasonable estimate of fair value. This fair value estimate represents a level 1 input as described in Note 1.

Investments in Marketable Securities: For investments in marketable securities, fair values are based on quoted market prices or dealer quotes if available. If a quoted market price is not available, fair value is estimated using quoted market price for similar securities. This fair value estimate represents a level 2 input as described in Note 1.

NOTE 3 - CONCENTRATIONS

As detailed in Note 1, the Company provides reinsurance insurance coverage to PACT; additionally, PACT provided the surplus contribution to the Company, and is the sole insured.

The Company maintains its cash balances in various institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts.

Additionally, as of December 31, 2015 and 2014, 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, 2015 and 2014 consist of various investments as indicated below:

	December 31, 2015			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
Bond mutual funds	\$ 2,167,049	\$ 2,011,891	\$ -	\$ (155,158)
Exchange traded funds	25,031,424	24,839,765	-	(191,659)
Equity mutual funds	11,924,034	11,375,089	993	(549,938)
Total	<u>\$ 39,122,507</u>	<u>\$ 38,226,745</u>	<u>\$ 993</u>	<u>\$ (896,755)</u>

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 4 – INVESTMENTS (continued)

	December 31, 2014			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
Fixed income mutual funds	\$ 16,249,604	\$ 16,253,371	\$ 272,457	\$ (268,690)
Treasury exchange traded funds	5,412,765	5,541,039	176,621	(48,347)
Equity mutual funds	10,095,543	11,445,110	1,470,492	(120,925)
Equities	1,060,310	2,027,025	966,715	-
Total	\$ 32,818,222	\$ 35,266,545	\$ 2,886,285	\$ (437,962)

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

	2015	2014
Sales proceeds	\$ 34,851,792	\$ -
Gross realized gains	\$ 2,917,556	\$ -
Gross realized losses	\$ (301,004)	\$ -

Information pertaining to securities with gross unrealized losses at December 31, 2015, aggregated by length of time individual securities have been in a continuous loss position, is as follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bond mutual funds	\$ 2,011,891	\$ 155,158	\$ -	\$ -	\$ 2,011,891	\$ 155,158
Exchange traded funds	24,839,765	191,659	-	-	24,839,765	191,659
Equity mutual funds	10,763,008	549,938	-	-	10,763,008	549,938
Total available-for-sale securities	\$ 37,614,664	\$ 896,755	\$ -	\$ -	\$ 37,614,664	\$ 896,755

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, 2015.

NOTE 5 – RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES

For the year ended December 31, 2015, estimated unpaid losses have been determined to range from a recommended low of \$2,449,000 to a recommended high of \$3,313,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,824,000. For the year ended December 31, 2014, estimated paid losses have been determined to range from a recommended low of \$1,934,000 to a recommended high of \$2,389,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,362,000. Management has estimated reserves to be \$2,449,000 and \$1,934,000 at December 31, 2015 and 2014. 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>2015</u>	<u>2014</u>
Balance at January 1	\$ 1,934,000	\$ 1,218,000
Incurred related to:		
Current year	672,000	924,000
Prior years	<u>(157,000)</u>	<u>(208,000)</u>
Total incurred	<u>515,000</u>	<u>716,000</u>
Net paid	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 2,449,000</u>	<u>\$ 1,934,000</u>

As a result of changes in estimates of incurred events in the prior year, the provision for losses changed by (\$157,000) and (\$208,000), respectively, due to (lower)/higher than anticipated losses on the development of claims.

**PUBLIC COMPENSATION MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 6 – SURPLUS CONTRIBUTION

An additional \$448,242 and \$ - in surplus was contributed to the Company from PACT during the years ended December 31, 2015 and 2014 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, 2015 and 2014.

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, 2015 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2015. Management has evaluated subsequent events through March 21, 2016, which is the date the financial statements were available to be issued.

Casey Neilson, LLC
Accountants and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors
Public Compensation Mutual

In planning and performing our audit of the GAAP basis financial statements of Public Compensation Mutual (PCM) as of and for the year ended December 31, 2015 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PCM's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction PCM is subject and is not intended to be and should not be used by anyone other than these specified parties.

Casey Neilson

Carson City, Nevada
March 21, 2016

PCM Board Members and Corporate Officers

Name	Entity	Officers	Terms	Proposed	Annual Meeting Action
Paul Johnson	White Pine CSD	Chair	2015-2018		
Alan Kalt	Churchill Co.	Vice Chair/Corp Sec.	2013-2016	2016-2019	Reelect
Josh Foli	Lyon Co.	Fiscal Officer/Corp Treas.	2014-2017		
Cash Minor	Elko Co.		2014-2017		
Mike Rebaleati	Eureka Co.		2013-2016	Resigned	
Gerry Eick	Incline Village GID			2016-2019	Elect

Other Officers

Mike Rebaleati	President	Ratification
Wayne Carlson	Vice President	Ratification
Doug Smith	Chief Risk Officer	Ratification

Note: Other Officers are not elected positions but serve at the pleasure of the Boards



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

**Notice of Meetings and Agendas for the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502
Time: 1:00 p.m. or
Upon adjournment of PCM Board Meeting
Date: April 29, 2016**

AGENDA

April 29, 2016

Notices:

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

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
 - a. Approval of Minutes of Board and Committee Meetings:**
 - o Board Meeting May 1, 2015
 - b. Acceptance of Interim Financial Statements**
- 4. For Possible Action: Acceptance of Audit for June 30, 2015**
- 5. For Possible Action: Acceptance of Reports**
 - a. Claims Review Report**
 - b. Large Loss Report**
- 6. For Possible Action: Approval of POOL Form Effective July 1, 2016**

- a. Discussion regarding POOL Form and Possible Changes
 - b. Approve Changes to POOL Form 2016-2017
 - c. Approve Changes to POOL Bond Form 2016-2017
7. **For Possible Action:** Acceptance of Reinsurance and Insurance Proposals and Options
- a. Property and Casualty Coverages
 - b. Student Accident Medical Coverage
 - c. Pollution Legal Liability Coverage
8. **For Possible Action:** Acceptance of Budget for 2016-2017
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 2016-2018
- a. One Representative from School Districts for a Two Year Term
 - b. One Representative from Counties and/or Cities with under 35,000 population
 - c. One Representative from Special Districts
11. **For Possible Action:** Election of Chair and Vice Chair
12. **For Possible Action:** Approve Changes to Various Documents:
- a. Interlocal Cooperation Agreement
 - b. Bylaws
 - c. Updates to Existing Board Adopted Policies
13. Public Comment
14. **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 and on the State's Website:

- | | |
|---|---|
| <p>N.P.A.I.P. / P.A.C.T.
 201 S. Roop Street, Suite 102
 Carson City, NV 89701</p> | <p>Carson City Courthouse
 885 E. Musser Street
 Carson City, NV 89701</p> |
| <p>Eureka County Courthouse
 Complex
 10 S. Main Street
 Eureka, NV 89316</p> | <p>Churchill County Administrative

 155 North Taylor Street
 Fallon, NV 89406</p> |

NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency

Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.



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

**Minutes of the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: 1:00 p.m. or
Upon adjournment of PCM Board Meeting
Date: May 1, 2015**

1. Introductions and Roll

A quorum being present, Chair Rebaleati called the meeting to order at 1:53 p.m.

2. Public Comment

Chair Rebaleati opened the public comment period 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 Board and Committee Meetings:**
 - Board Meeting April 25 2014
- b. Acceptance of Interim Financial Statements**

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

4. For Possible Action: Acceptance of Audit for June 30, 2014

Chair Rebaleati noted the audit results and asked whether there were questions.

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 comparative claims spreadsheet summary by member type.

b. Wayne Carlson commented that an independent claims audit of ASC occurred this year with very positive overall results within a margin of 3% reserves differences similar to the successful PACT audit last year. The auditor was very complimentary of Donna Squires and her staff's claims handling practices.

c. Wayne Carlson reviewed the large losses noting that several involved school districts in recent years and did result in upward pressure on school district rates.

d. Wayne Carlson reviewed the actuarial methodology, key reserves factors, claims trends and their impact on reserves and rate projections. He commented that the overall indications based on the actuarial report were a downward trend of .09 cents for property loss funding and .04 cents for liability loss funding. He said that as has been our practice with upward rate trends where we stabilize costs to avoid large variations, the reduced loss funding changes would be modified to a flat renewal including any budgetary expenses.

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

6. For Possible Action: Approval of POOL Form Effective July 1, 2015

a. Discussion regarding POOL Form and Possible Changes

b. Approve Changes to POOL Form 2015-2016

a. Wayne Carlson commented that staff had reviewed possible changes to the form for this year considering emerging issues such as drones, but were not able to develop proposals due to lack of time to have full coverage counsel review and discussion. Thus, there are no changes proposed for this year.

b. On motion and second to approve the pool form for 2015-16 without changes, the motion carried.

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

Bob Lombard of Willis Pooling handed out his review of current coverages and retention options, showing payroll and incurred claims trends. He reviewed the reinsurance program structure and the retentions, noting the use of Public Risk Mutual, NPAIP's captive, along with CRL, GEM, UE and Brit for higher liability layers and Lloyds for property. He also handed out a spreadsheet showing the estimated premiums using renewal exposures at current year rates and the same exposures with the renewal rates. Since the reinsurers have been stable participants and responded with positive rate reductions even with higher exposures, it was determined by staff and Willis Pooling not to shop the program to other markets this year. The comparative overall reinsurance premiums declined from \$5,305,147 to \$5,081,149 with no changes in the retentions or limits except for an increase in the earthquake and flood property coverage of \$25,000,000 to a total of \$150,000,000.

On motion and second to accept the renewal reinsurance proposals as presented, the motion carried.

8. For Possible Action: Acceptance of Budget for 2015-2016

Chair Rebaleati noted that the budget was in the board packet and asked if there were any comments or questions.

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

9. For Possible Action: Action regarding these topics:

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

a. There were no members noted as currently operating in a hazardous financial condition.

b. Chair Rebaleati referred the board to the previous claims by member type spreadsheet discussed previously.

c. Based upon these reviews there was no need to consider removal of a member for financial or claims reasons.

On motion and second to note that the review was completed, the motion carried.

10. For Possible Action: Election of Executive Committee for Two Year Terms from 2015-2017

- a. **One Representative from School Districts for a Two Year Term and One Representative to Fill the Current Vacancy for a One-Year Term**
- b. **Two Representatives from Counties and/or Cities with under 35,000 population**
- c. **Two Representatives from Counties and/or Cities with 35,000 or more population**

Wayne Carlson reviewed the incumbents and candidates list noting that Mike Rebaleati was not a representative of Eureka County and now was on the Eureka County School District board, he was not a candidate for reelection to the Executive Committee or as Chair. He noted that the remaining incumbents whose terms expire in 2015 expressed interest in continuing to serve. He noted that since Mike Rebaleati's position was for smaller counties and cities, there was a declared candidate from Eureka County, Bev Connolly. The packet indicated that she was the Recorder/Auditor in error since she is the County Treasurer. He also noted that Dan Newell's term expires in 2016, but that he had resigned effective after this election due to other conflicting duties and that Kevin Curnes of Carson City School District had retired leaving a vacancy in the school district position. Holly Luna from Douglas County School District had declared interest in being elected to replace Kevin. Chair Rebaleati opened the floor for other nominations and hearing none, closed the nominations.

On motion and second to reelect for terms from 2015-2017 incumbents Cash Minor, Josh Foli, Pat Whitten and Lisa Jones and to elect to fulfill the remaining one year terms to 2016 Bev Connolly and Holly Luna, the motion carried.

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

Wayne Carlson noted that Cash Minor had declared interest in serving as Chair and that Josh Foli had expressed interest in service as Vice Chair.

On motion and second to elect Cash Minor as Chair and Josh Foli as Vice Chair, the motion carried.

12. For Possible Action: Approve Changes to the Bylaws

Wayne Carlson reviewed the proposed bylaws changes noting the key changes were the removal of task forces since none had been used in years, incorporating a provision for review of the claims experience and financial condition of members, adding a provision for appointments to fill vacancies on the executive committee that had been overlooked, and changing the fiscal officer to be an appointment by the chair instead of the board and otherwise changing “POOL” to “NPAIP” throughout the bylaws.

On motion and second to approve the Bylaws changes, the motion carried.

13. Public Comment

Chair Rebaleati opened public comment. Wayne Carlson commented that since this was Mike’s last meeting as Chair after 20 years of service, he had prepared a presentation about Mike for the board. Wayne then showed the presentation highlighting element of Mike’s service for Eureka County and for NPAIP as Chair, member of the Executive Committee, host of the board retreats and now assisting with lobbying efforts. Several other members made positive comments about Mike and thanked him for his leadership for the last twenty years.

Chair Rebaleati thanked the members for allowing him to serve and closed the public comment period.

14. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 2:14 p.m.

The Agenda was posted at the following locations and on the State’s Website:

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

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

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

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

NEVADA PUBLIC AGENCY INSURANCE POOL

Balance Sheet
December 31, 2015

ASSETS

Current Assets		
Cash - Claims - Wells Fargo	(\$ 29,451.73)	
Cash - Admin. - Wells Fargo	(101,041.53)	
A/R PARMS	47.00	
	<u> </u>	
Total Current Assets		(130,446.26)
Property and Equipment		
Land - 2nd & Roop Streets	466,653.05	
Building - 2nd & Roop Streets	1,783,715.41	
Building Depreciation	(583,145.07)	
Equipment	60,528.00	
Equip Accumulated Depreciation	(94,856.66)	
Building Equipment	28,645.91	
Building Fixtures	5,769.11	
Building Furniture	4,359.75	
	<u> </u>	
Total Property and Equipment		1,671,669.50
Other Assets		
Eagle - Cash Equivalents	858,577.67	
Investment - Eagle Asset Mgmt.	34,610,713.22	
Public Risk Mutual- Investment	18,864,663.00	
PRM Amortization	(10,516,905.54)	
Eagle Investment Income Rec.	197,861.14	
Assessments Receivable	167,632.40	
Specific Recoverable	1,453,045.22	
Maintenance Deductibles	124,176.67	
Prepaid Reinsurance	2,649,369.74	
Prepaid Commission - Current	454,493.13	
Prepaid Willis Pooling	127,500.00	
Prepaid Loss Control Fees	125,002.00	
Prepaid Schools Security Program	13,189.00	
Other Prepaid	594.00	
Prepaid Casualty Insurance	4,390.38	
	<u> </u>	
Total Other Assets		49,134,302.03
Total Assets		<u>\$ 50,675,525.27</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Loss Fund	\$ 62,208,488.64	
Loss Reserves - LAE	71,014.11	
Loss Payments	(66,513,733.47)	
Loss Payments - LAE	(34,322,701.19)	
Specific Recoverable	24,856,212.19	
Aggregate Recoverable	765,730.03	
Deductible Reimbursement	14,181,820.13	
Vouchers Within Deductible	8,870,307.24	
Unearned Assessment Reserve	6,948,553.93	
	<u> </u>	
Total Current Liabilities		17,065,691.61
Long-Term Liabilities		
	<u> </u>	
Total Long-Term Liabilities		0.00
Total Liabilities		17,065,691.61
Capital		
Retained Earnings	34,163,124.49	
Net Income	(553,290.83)	
	<u> </u>	
Total Capital		33,609,833.66
Total Liabilities & Capital		<u>\$ 50,675,525.27</u>

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Six Months Ending December 31, 2015

	Current Month		Year to Date	
Revenues				
Rental Income	\$ 16,558.00	1.32	\$ 129,028.21	1.74
Equipment Lease Reimbursements	446.17	0.04	3,287.68	0.04
Bldg Equip Maint Reimbursement	986.28	0.08	2,325.39	0.03
Phone Equipment Lease	53.00	0.00	1,733.00	0.02
Postage Reimbursement	40.02	0.00	1,284.15	0.02
Assessments Written	0.00	0.00	13,895,716.93	187.90
Taxes Written	0.00	0.00	5,967.00	0.08
Change in Unearned Assessments	1,158,089.00	92.34	(6,948,553.93)	(93.96)
Investment Interest Income	75,922.46	6.05	440,657.58	5.96
Realized Gain/(Loss) Invest.	(5,037.92)	(0.40)	(22,236.67)	(0.30)
Invest. Unrealized Gain/(Loss)	(155,432.72)	(12.39)	(281,359.37)	(3.80)
Other Income	162,547.00	12.96	167,458.95	2.26
Total Revenues	1,254,171.29	100.00	7,395,308.92	100.00
Cost of Sales				
Reinsurance Ceded	441,560.00	35.21	2,394,628.00	32.38
Loss Fund Expense	413,785.00	32.99	2,443,302.00	33.04
Commission Expense - Current	75,746.00	6.04	454,389.00	6.14
Willis Pooling Fees	21,250.00	1.69	127,500.00	1.72
ASC Claims Admin. Fees	55,242.46	4.40	325,431.64	4.40
Tax Expense	0.00	0.00	6,649.50	0.09
Loss Control Fees	20,833.00	1.66	124,998.00	1.69
Total Cost of Sales	1,028,416.46	82.00	5,876,898.14	79.47
Gross Profit	225,754.83	18.00	1,518,410.78	20.53
Expenses				
Management Services	39,655.00	3.16	237,930.00	3.22
Sponsorship Fees	0.00	0.00	1,772.50	0.02
Counsel Opinions	37,099.89	2.96	56,347.89	0.76
Travel	1,339.88	0.11	11,640.53	0.16
Casualty Insurance	3,383.00	0.27	20,283.00	0.27
Due & Seminar Fees	4,753.33	0.38	13,002.08	0.18
Audit Expense	0.00	0.00	14,200.00	0.19
Printing/Copying/Subscriptions	308.00	0.02	1,381.43	0.02
Postage	0.00	0.00	205.22	0.00
Office Supplies	252.19	0.02	1,519.17	0.02
Telephone Expense	254.74	0.02	2,108.69	0.03
Legal Expense	22,264.34	1.78	23,865.81	0.32
Board & Committee Meetings	99.91	0.01	1,366.23	0.02
Actuary Expense	0.00	0.00	8,760.00	0.12
Member Education & Services	48,094.50	3.83	180,209.76	2.44
Loss Control Excellence Awards	0.00	0.00	17,500.00	0.24
Consultants Appraisals	75,145.00	5.99	82,645.00	1.12
PRI Contract Services	94,166.66	7.51	282,499.98	3.82
Loss Control Grants	1,725.44	0.14	99,217.59	1.34
Environmental Consultants	1,753.42	0.14	10,849.46	0.15

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Six Months Ending December 31, 2015

	Current Month		Year to Date	
PRM Amortization Expense	148,872.00	11.87	885,931.00	11.98
Investment Expense	2,750.00	0.22	42,095.93	0.57
Building Maintenance & Repairs	6,996.64	0.56	17,029.98	0.23
Conference Room Expense	0.00	0.00	393.94	0.01
Custodial Services	2,150.20	0.17	10,636.72	0.14
Building Depreciation Expense	3,744.72	0.30	22,468.32	0.30
Bldg. Equipment Maintenance	184.46	0.01	2,018.22	0.03
Building Equipment Lease	462.80	0.04	1,851.20	0.03
Building Copier Paper	(183.92)	(0.01)	187.82	0.00
Building Insurance Expense	730.00	0.06	4,380.00	0.06
Building Office Supplies	(275.00)	(0.02)	97.80	0.00
Building Tax Expense	0.00	0.00	4,328.65	0.06
Postage for Meter	50.00	0.00	1,207.99	0.02
Building Utilities	1,909.10	0.15	11,769.70	0.16
	<u>497,686.30</u>	<u>39.68</u>	<u>2,071,701.61</u>	<u>28.01</u>
Total Expenses				
Net Income	<u>(\$ 271,931.47)</u>	<u>(21.68)</u>	<u>(\$ 553,290.83)</u>	<u>(7.48)</u>

**Nevada Public Agency Insurance Pool
Budget Comparison to Actuals
As of December 31, 2015**

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	% of Change
INCOME:					
Assessments Written	15,429,877	6,947,163	8,482,714	6,952,720	-0.08%
Taxes Written	7,400	5,967	1,433	6,959	-16.63%
Other Income	4,000	167,459	(163,459)	4,204	97.49%
TOTAL INCOME	15,441,277	7,120,589	8,320,688	6,963,883	2.20%
LOSS FUND EXPENSES:					
Loss Fund Expense	5,406,419	2,443,302	2,963,117	2,461,883	-0.76%
TOTAL LOSS FUND EXPENSES	5,406,419	2,443,302	2,963,117	2,461,883	-0.76%
PROGRAM EXPENSES:					
Reinsurance Ceded	5,081,149	2,394,628	2,686,521	2,619,713	-9.40%
Commission Expense	956,552	454,389	502,163	459,744	-1.18%
Willis Pooling Fees	255,000	127,500	127,500	127,500	0.00%
ASC Claims Admin. Fees	712,941	325,432	387,509	325,247	0.06%
Tax Expense	7,400	6,650	751	8,520	-28.12%
Loss Control Fees	250,000	124,998	125,002	124,998	0.00%
Total Program Expenses	7,263,042	3,433,596	3,829,446	3,665,722	-6.76%
ADMINISTRATION EXPENSES:					
Management Services	475,860	237,930	237,930	192,500	19.09%
Sponsorship Fees	4,000	1,773	2,228	2,100	-18.48%
Counsel Opinions	40,000	56,348	(16,348)	23,111	58.99%
Travel	35,000	11,641	23,359	13,368	-14.84%
Casualty Insurance	40,000	20,283	19,717	18,691	7.85%
Dues & Seminar Fees	10,000	13,002	(3,002)	3,035	76.65%
Audit Expense	20,000	14,200	5,800	14,830	-4.44%
Printing/Copying/Subscriptions	7,000	1,381	5,619	1,505	-8.94%
Postage	1,000	205	795	68	66.98%
Office Supplies	4,000	1,519	2,481	1,434	5.60%
Telephone Expense	3,000	2,109	891	5,418	-156.95%
Legal Expense	15,000	23,866	(8,866)	4,876	79.57%
Miscellaneous Expense	1,000		1,000		0.00%
Board & Committee Meetings	10,000	1,366	8,634	2,849	-108.53%
Actuary Expense	20,610	8,760	11,850	8,670	1.03%
Member Education, Training & Services	328,375	180,210	148,165	129,008	28.41%
Bank Charges	2,000		2,000		0.00%
Loss Control Excellence Awards	10,500	17,500	(7,000)	28,000	-60.00%
Consultants Appraisals	117,500	82,645	34,855	101,198	-22.45%
Bad Debt Expense	-		-		0.00%
PRI Contract Services	734,500	282,500	452,000	227,708	19.40%
Equip Depreciation Expense	-		-		0.00%
Environmental Consultants	10,000	10,849	(849)	10,141	6.53%
TOTAL ADMINISTRATION EXPENSES	1,889,345	968,087	921,258	788,509	18.55%
TOTAL LOSS FUND, PROGRAM & ADMINISTRATION EXPENSES	14,558,806	6,844,985	7,713,821	6,916,114	-1.04%
NET INCOME	882,471	275,604	606,867	47,769	82.67%

NON-ALLOCABLE INCOME AND EXPENSES

Account Description	Budget Amount	YTD	Remaining Budget	This Month Last Year	% of Change
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**Nevada Public Agency Insurance Pool
Budget Comparison to Actuals
As of December 31, 2015**

BUILDING INCOME:

Conference Room Revenue	-	-	-	0.00%	
Rental Income	257,817	129,028	128,789	124,545	3.47%
Equipment Lease Reimbursements		3,288	(3,288)	-	100.00%
Bldg Equip Maint Reimbursment		2,325	(2,325)	-	100.00%
Phone Equipment Lease	4,000	1,733	2,267	2,016	-16.33%
Postage Reimbursement	2,000	1,284	716	560	56.40%
TOTAL BUILDING INCOME	263,817	137,658	126,159	127,121	7.65%

BUILDING EXPENSES:

Building Maintenance & Repairs	30,000	17,030	12,970	18,840	-10.63%
Conference Room Expense	200	394	(194)	147	62.59%
Custodial Services	25,000	10,637	14,363	10,602	0.32%
Building Depreciation Expense	44,593	22,468	22,125	22,468	0.00%
Bldg Equipment Maintenance	1,000	2,018	(1,018)	-	100.00%
Building Equipment Lease	6,000	1,851	4,149	3,534	-90.93%
Building Copier Paper	500	188	312	926	-393.23%
Building Insurance Expense	8,800	4,380	4,420	4,212	3.84%
Building Misc Expense	-	-	-	-	0.00%
Building Office Supplies	-	98	(98)	-	100.00%
Building Tax Expense	4,100	4,329	(229)	4,195	3.10%
Postage for Meter	2,000	1,208	792	774	35.97%
Building Utilities	26,000	11,770	14,230	11,813	-0.37%
TOTAL BUILDING EXPENSES	148,193	76,370	71,823	77,512	-1.49%

NET BUILDING INCOME	115,624	61,288	54,336	49,609	19.06%
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OTHER INCOME:

Net Investment Revenues	500,000	137,062	362,938	366,460	-167.37%
TOTAL OTHER INCOME	500,000	137,062	362,938	366,460	-167.37%

OTHER EXPENSES:

Investment Expense	-	42,096	(42,096)	28,046	33.38%
Loss Control Grants	329,379	99,218	230,161	42,050	57.62%
PRM Amortization Expense	1,873,966	885,931	988,035	849,426	4.12%
TOTAL OTHER EXPENSES	2,203,345	1,027,245	1,176,100	919,521	10.49%

NET OTHER INCOME	(1,703,345)	(890,183)	(813,162)	(553,062)	37.87%
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Net Income		275,604		47,769	
Net Building Income		61,288		49,609	
Net Other Income		(890,183)		(553,062)	
Income Statement Net Income		(553,291)		(455,684)	

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Six Months Ending December 31, 2015

	Current Month This Year 2015	Year to Date This Year 2015	Current Month Last Year 2014	Year to Date Last Year 2014
Revenues				
Rental Income	\$ 16,558.00	\$ 129,028.21	\$ 15,895.00	\$ 124,545.18
Equipment Lease Reimbursement	446.17	3,287.68	0.00	0.00
Bldg Equipm Maint Reimbursement	986.28	2,325.39	0.00	0.00
Phone Equipment Lease	53.00	1,733.00	336.00	2,016.00
Postage Reimbursement	40.02	1,284.15	34.97	559.84
Assessments Written	0.00	13,895,716.93	0.00	14,009,057.05
Assessments Written Prior Year	0.00	0.00	0.00	(774.97)
Taxes Written	0.00	5,967.00	0.00	6,959.30
Change in Unearned Assessments	1,158,089.00	(6,948,553.93)	1,175,924.00	(7,055,562.08)
Investment Interest Income	75,922.46	440,657.58	75,360.02	417,331.25
Realized Gain/(Loss) Invest.	(5,037.92)	(22,236.67)	12,087.94	(53,597.40)
Invest. Unrealized Gain/(Loss)	(155,432.72)	(281,359.37)	(136,886.53)	2,726.00
Other Income	162,547.00	167,458.95	0.00	4,203.53
Total Revenues	1,254,171.29	7,395,308.92	1,142,751.40	7,457,463.70
Cost of Sales				
Reinsurance Ceded	441,560.00	2,394,628.00	438,175.00	2,619,713.00
Loss Fund Expense	413,785.00	2,443,302.00	411,343.00	2,461,883.00
Commission Expense - Current	75,746.00	454,389.00	76,881.00	459,744.00
Willis Pooling Fees	21,250.00	127,500.00	21,250.00	127,500.00
ASC Claims Admin. Fees	55,242.46	325,431.64	55,746.74	325,247.40
Tax Expense	0.00	6,649.50	1,541.37	8,519.55
Loss Control Fees	20,833.00	124,998.00	20,833.00	124,998.00
Total Cost of Sales	1,028,416.46	5,876,898.14	1,025,770.11	6,127,604.95
Gross Profit	225,754.83	1,518,410.78	116,981.29	1,329,858.75
Expenses				
Management Services	39,655.00	237,930.00	0.00	192,500.00
Sponsorship Fees	0.00	1,772.50	0.00	2,100.00
Counsel Opinions	37,099.89	56,347.89	12,454.00	23,110.50
Travel	1,339.88	11,640.53	606.32	13,367.68
Casualty Insurance	3,383.00	20,283.00	3,116.14	18,691.14
Dues & Seminar Fees	4,753.33	13,002.08	3,057.93	3,035.43
Audit Expense	0.00	14,200.00	0.00	14,830.00
Printing/Copying/Subscriptions	308.00	1,381.43	299.00	1,504.97
Postage	0.00	205.22	0.00	67.76
Office Supplies	252.19	1,519.17	113.25	1,434.12
Telephone Expense	254.74	2,108.69	854.75	5,418.35
Legal Expense	22,264.34	23,865.81	0.00	4,876.00
Board & Committee Meetings	99.91	1,366.23	190.90	2,848.94
Actuary Expense	0.00	8,760.00	0.00	8,670.00
Member Education & Services	48,094.50	180,209.76	24,794.50	129,007.91
Loss Control Excellence Awards	0.00	17,500.00	0.00	28,000.00
Consultants Appraisals	75,145.00	82,645.00	0.00	101,198.00
PRI Contract Services	94,166.66	282,499.98	0.00	227,707.50
Loss Control Grants	1,725.44	99,217.59	0.00	42,049.83

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Six Months Ending December 31, 2015

	Current Month This Year 2015	Year to Date This Year 2015	Current Month Last Year 2014	Year to Date Last Year 2014
Environmental Consultants	1,753.42	10,849.46	0.00	10,141.04
PRM Amortization Expense	148,872.00	885,931.00	141,571.00	849,426.00
Investment Expense	2,750.00	42,095.93	3,437.50	28,045.63
Building Maintenance & Repairs	6,996.64	17,029.98	1,767.41	18,839.95
Conference Room Expense	0.00	393.94	0.00	147.39
Custodial Services	2,150.20	10,636.72	1,975.00	10,602.29
Building Depreciation Expense	3,744.72	22,468.32	3,744.72	22,468.32
Bldg Equipment Maintenance	184.46	2,018.22	0.00	0.00
Building Equipment Lease	462.80	1,851.20	579.60	3,534.47
Building Copier Paper	(183.92)	187.82	40.98	926.39
Building Insurance Expense	730.00	4,380.00	702.00	4,212.00
Building Office Supplies	(275.00)	97.80	0.00	0.00
Building Tax Expense	0.00	4,328.65	0.00	4,194.61
Postage for Meter	50.00	1,207.99	(37.50)	773.52
Building Utilities	1,909.10	11,769.70	2,422.87	11,812.74
Total Expenses	<u>497,686.30</u>	<u>2,071,701.61</u>	<u>201,690.37</u>	<u>1,785,542.48</u>
Net Income	<u>(\$ 271,931.47)</u>	<u>(\$ 553,290.83)</u>	<u>(\$ 84,709.08)</u>	<u>(\$ 455,683.73)</u>

NEVADA PUBLIC AGENCY INSURANCE POOL

General Ledger Trial Balance

As of Dec 31, 2015

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		29,451.73
1105	Cash - Admin. - Wells Fargo		101,041.53
1107	Land - 2nd & Roop Streets	466,653.05	
1108	Building - 2nd & Roop Streets	1,783,715.41	
1110	Building Depreciation		583,145.07
1203	Eagle - Cash Equivalents	858,577.67	
1204	Investment - Eagle Asset Mgmt.	34,610,713.22	
1210	Public Risk Mutual- Investment	18,864,663.00	
1212	PRM Amortization		10,516,905.54
1214	Eagle Investment Income Rec.	197,861.14	
1301	Assessments Receivable	167,632.40	
1310	Specific Recoverable	1,453,045.22	
1313	Maintenance Deductibles	124,176.67	
1325	A/R PARMS	47.00	
1401	Prepaid Reinsurance	2,649,369.74	
1411	Prepaid Commission - Current	454,493.13	
1413	Prepaid Willis Pooling	127,500.00	
1417	Prepaid Loss Control Fees	125,002.00	
1418	Prepaid Schools Security Program	13,189.00	
1420	Other Prepaid	594.00	
1463	Prepaid Casualty Insurance	4,390.38	
1500	Equipment	60,528.00	
1510	Equip Accumulated Depreciation		94,856.66
1600-BLD	Building Equipment	28,645.91	
1620-BLD	Building Fixtures	5,769.11	
1625-BLD	Building Furniture	4,359.75	
2110	Loss Fund		62,208,488.64
2114	Loss Reserves - LAE		71,014.11
2200	Loss Payments	66,513,733.47	
2210	Loss Payments - LAE	34,322,701.19	
2310	Specific Recoverable		24,856,212.19
2311	Aggregate Recoverable		765,730.03
2312	Deductible Reimbursement		14,181,820.13
2320	Vouchers Within Deductible		8,870,307.24
2330	Unearned Assessment Reserve		6,948,553.93
3501	Retained Earnings		34,163,124.49
4050-BLD	Rental Income		129,028.21
4060-BLD	Equipment Lease Reimbursements		3,287.68
4065-BLD	Bldg Equip Maint Reimbursements		2,325.39
4075-BLD	Phone Equipment Lease		1,733.00
4080-BLD	Postage Reimbursement		1,284.15
4110	Assessments Written		13,895,716.93
4115	Taxes Written		5,967.00
4330	Change in Unearned Assessments	6,948,553.93	
4401	Reinsurance Ceded	2,394,628.00	
5110	Loss Fund Expense	2,443,302.00	
5411	Commission Expense - Current	454,389.00	
5413	Willis Pooling Fees	127,500.00	
5414	ASC Claims Admin. Fees	325,431.64	
5415	Tax Expense	6,649.50	
5417	Loss Control Fees	124,998.00	
5450	Management Services	237,930.00	
5456	Sponsorship Fees	1,772.50	
5457	Counsel Opinions	56,347.89	
5462	Travel	11,640.53	
5463	Casualty Insurance	20,283.00	
5464	Dues & Seminar Fees	13,002.08	
5465	Audit Expense	14,200.00	
5466	Printing/Copying/Subscriptions	1,381.43	
5467	Postage	205.22	
5468	Office Supplies	1,519.17	
5469	Telephone Expense	2,108.69	
5470	Legal Expense	23,865.81	
5472	Board & Committee Meetings	1,366.23	
5474	Actuary Expense	8,760.00	
5475	Member Education & Services	180,209.76	
5477	Loss Control Excellence Awards	17,500.00	
5478	Consultants Appraisals	82,645.00	

NEVADA PUBLIC AGENCY INSURANCE POOL

General Ledger Trial Balance

As of Dec 31, 2015

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

Account ID	Account Description	Debit Amt	Credit Amt
5482	PRI Contract Services	282,499.98	
5484	Loss Control Grants	99,217.59	
5485	Environmental Consultants	10,849.46	
6100	Investment Interest Income		440,657.58
6110	Realized Gain/(Loss) Invest.	22,236.67	
6111	Invest. Unrealized Gain/(Loss)	281,359.37	
6112	PRM Amortization Expense	885,931.00	
6160	Other Income		167,458.95
6200	Investment Expense	42,095.93	
7100-BLD	Building Maintenance & Repairs	17,029.98	
7200-BLD	Conference Room Expense	393.94	
7275-BLD	Custodial Services	10,636.72	
7300-BLD	Building Depreciation Expense	22,468.32	
7400-BLD	Bldg Equipment Maintenance	2,018.22	
7450-BLD	Building Equipment Lease	1,851.20	
7475-BLD	Building Copier Paper	187.82	
7500-BLD	Building Insurance Expense	4,380.00	
7725-BLD	Building Office Supplies	97.80	
7750-BLD	Building Tax Expense	4,328.65	
7800-BLD	Postage for Meter	1,207.99	
7900-BLD	Building Utilities	11,769.70	
	Total:	178,038,110.18	178,038,110.18

NEVADA PUBLIC AGENCY INSURANCE POOL

FINANCIAL STATEMENTS

June 30, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Public Agency Insurance Pool

Report on the Financial Statements

We have audited the accompanying Statements of Net Position of the Nevada Public Agency Insurance Pool as of June 30, 2015 and 2014 and the related Statements of Revenues and Expenses and Changes in Net Position and Statements of Changes in Cash Flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nevada Public Agency Insurance Pool as of June 30, 2015 and 2014 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 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

Carson City, Nevada
October 7, 2015

Management's Discussion and Analysis

Purpose:

To further understanding of significant financial issues, this Nevada Public Agency Insurance Pool (NPAIP) management discussion and analysis:

- a) Provides an overview of the NPAIP's financial activities,
- b) Identifies significant changes in the NPAIP's financial position and its ability to address subsequent year financial challenges,
- c) Provides insights into the long-term financial viability of NPAIP.

Background:

NPAIP implemented the Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. NPAIP's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since the Nevada Public Agency Insurance Pool operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company.

Using this Annual Report:

Since the financial statements report information about the NPAIP using accounting methods similar to those used by private sector organizations, these statements offer short and long term financial information about the NPAIP's activity. The financial statements show a comparison of two audited years ending June 30, 2015 and June 30, 2014 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all of the NPAIP's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the liquidity and financial flexibility of NPAIP.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the NPAIP's operations for the fiscal year compared to the previous year and can be used as a measure of the NPAIP's credit worthiness and whether NPAIP successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about the NPAIP's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations and investments. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since NPAIP incurs financial obligations to pay for claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights:

By board policy, NPAIP is audited each year by an independent auditor. Since its inception on May 1, 1987 and continuing through this fiscal year, the independent auditor's report offers an unqualified opinion on the financial statements. Such an opinion reflects the highest opinion that can be obtained from an independent auditor.

Changes in Net Position:

Fiscal year ended June 30, 2015: \$34,163,124

Fiscal year ended June 30, 2014: \$32,937,916

Net change: \$1,225,208 or 3.7%.

Net Position changes reflect both operating and non-operating net investment income. Increases in Net Position are retained to assure financial stability and strength of NPAIP based upon the board's long term strategy.

Both property and casualty coverages can experience significant volatility particularly when the retention levels per loss are high. Because NPAIP retains a substantial portion of the property and casualty risk, it is important to the long term viability of NPAIP to be able to meet its financial obligations to its Members by growing its Net Position. Insurance market conditions periodically make it important to be able to increase our retentions, which results in increased volatility that must be cushioned strongly. NPAIP board policy requires a 70% actuarial confidence level as a prudent level to develop a strong financial position in keeping with the NPAIP Board's goals of creating and sustaining a durable financial position.

During previous fiscal years 2001 and 2002, the board purchased land and built its office building located at 201 S. Roop Street, Carson City, Nevada. As a result, \$1,689,691 of the total assets for fiscal year end June 30, 2015 consists of capital assets (after depreciation).

Total revenues:

Fiscal year ended June 30, 2015: \$14,364,004

Fiscal year ended June 30, 2014: \$14,610,828

Net change: (\$246,824) or (1.7%)

NPAIP's primary revenue source comes from Member contributions to the NPAIP's Loss Fund, administrative budget and reinsurance costs. A slight reduction in revenues occurred as a result of lower exposure and rates. Rental income constitutes the secondary revenue source and it was up due to rental rate increases.

Total expenses:

Fiscal year ended June 30, 2015: \$13,826,997

Fiscal year ended June 30, 2014: \$13,344,678

Net change: \$482,319 or 3.6%.

The most significant factors in this change were attributable to increased reinsurance costs and a modest increase in incurred losses. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years.

Contributed Surplus:

Included in the total assets is NPAIP's capitalization to start its own non-profit captive mutual insurance company, Public Risk Mutual. Initially, in 2004, NPAIP invested \$1,000,000, an amount to be amortized over 10 years. At June 30, 2015, NPAIP's contribution to surplus in Public Risk Mutual remains at \$17,988,540. Amortization expense as of June 30, 2015 was \$1,698,854 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, 2015: \$ 537,007

Fiscal year ended June 30, 2014: \$1,266,150

Net change: (\$729,143) or (-57.6%)

Increases in reinsurance costs comprised \$333,570 (79%) of the \$421,469 increase in program expense. The balance of the overall operating expense change came from increased administration expenses of \$60,850. Reduced revenue \$246,824 (-1.7%) also contributed to the decline in operating net position.

Net investment income:

Fiscal year ended June 30, 2015: \$688,201

Fiscal year ended June 30, 2014: \$486,097

Net change: \$202,104

The net increase of \$202,104 reflects slightly improved current investment market conditions. Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Maintaining positive returns under the difficult economic conditions during this fiscal year speaks to the investment strategies employed by NPAIP. The investment portfolio of \$31,146,128 is comprised of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of NPAIP's investments are anticipated to be held to maturity. NPAIP is restricted by Nevada statutes to invest in governmental securities in the same manner as other political subdivisions. Management adjusts the mix of investments as market conditions change.

Capital Assets and Debt Administration:

With NPAIP's purchase of land and completion of construction of its headquarters building, the NPAIP's capital assets comprise 3.81% of its total assets. The building generates rental income and also diversifies NPAIP's investments. NPAIP remains debt free.

Comparative Key Performance Indicators:

In order to enhance analysis, comparative information is provided for Assets, Liabilities, Net Position, Revenues and Expenses as shown in the chart below. The benchmarks shown in the chart resulted from a pooling and captives' industry study conducted a few years ago by Tillinghast and provides a useful tool to facilitate management's analysis and understanding of the financial results. Other performance indicators may be used by insurance companies but are not necessarily useful comparative indicators for risk pools.

Financial Ratios	POOL	POOL	POOL	POOL	POOL
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Total Revenue	\$ 14,191,328	\$ 14,902,485	\$ 14,832,482	\$ 14,610,828	\$ 14,364,004
Total Income	\$ 2,475,162	\$ 3,508,083	\$ 1,416,264	\$ 1,752,247	\$ 1,225,208
Net Operating Income	\$ 1,702,336	\$ 2,078,584	\$ 1,540,389	\$ 1,266,150	\$ 537,007
Net Investment Income	\$ 772,826	\$ 1,429,499	\$ (124,125)	\$ 486,097	\$ 688,201
Total Position	\$ 38,796,007	\$ 41,349,269	\$ 42,911,169	\$ 43,758,612	\$ 44,345,129
Total Liabilities	\$ 12,424,000	\$ 11,579,864	\$ 11,725,500	\$ 10,820,696	\$ 10,182,005
Net Position	\$ 26,261,322	\$ 29,769,405	\$ 31,185,669	\$ 32,937,916	\$ 34,163,123
Net Position to SIR (Board target: 12:1)	52.5	59.5	62.4	65.9	68.3
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.019	0.017	0.016	0.015	0.015
% Assets attributable to Net Position	67.7%	72.0%	72.7%	75.3%	77.0%
Total assets/total liabilities	3.12	3.57	3.66	4.04	4.36
Revenues to Net Position (Benchmark: <2.5:1 and >0)	0.54	0.50	0.48	0.44	0.42
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.47	0.39	0.37	0.35	0.34
Total liabilities to liquid assets: Benchmark <100%	46%	40%	39%	35%	32%
Change in Net Position: >-10%	10.4%	13.4%	4.8%	5.6%	3.7%
Return on Net Position: Net Operating Income/Net Position	6.5%	7.0%	4.9%	3.8%	1.6%
Return on Net Position: Total Income/Net Position	9.4%	11.8%	4.5%	5.3%	3.6%

Economic Factors:

For fiscal year ending June 30, 2015, economic conditions showed continued signs of improvement with some growth continuing for the nation and Nevada. NPAIP's investments, although showing improved results this year, have performed consistently with fixed income investment markets in light of the statutory requirements to invest in governmental securities.

Medical inflation continues to be higher than the overall consumer price index nationally, which affects the underlying costs of liability claims payable by NPAIP. Based upon claims activity and the tendency of plaintiffs to appeal judgments more often, litigation costs continue to rise. The NPAIP's defense costs have risen as a result of the types of cases being filed and the increase in the hourly rate that assures retention of competent counsel to handle civil rights cases in particular.

Fiscal year ending June 30, 2015 evidenced stable insurance market conditions for property and liability reinsurance. Rates in property coverage were stable as were liability rates. NPAIP continued its membership in the following reinsurers in which it has a financial interest:

- ❖ Public Risk Mutual, its own captive, that provides reinsurance for property and liability coverage
- ❖ County Reinsurance, Ltd., a captive mutual reinsurer for all members other than schools for liability coverage
- ❖ United Educators, a captive risk retention group for schools liability coverage reinsurance
- ❖ Government Entities Mutual (GEM), a captive mutual reinsurer, that provides a layer of liability reinsurance

Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:

While the purpose of this discussion and financial report is to provide a general overview of the NPAIP's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop, Suite 102, Carson City, NV 89701-4790.

Wayne Carlson, Executive Director
Nevada Public Agency Insurance Pool

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Net Position
June 30, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 1,096,020	\$ 2,000,714
Investments	31,146,128	29,313,204
Accrued interest	192,530	159,855
Deductibles receivable	382,734	113,516
Assessments receivable	3,241	6,101
Other Receivables	47	136,689
Specific and aggregate recoverables	1,450,078	166,396
Prepaid expense	27,095	71,434
Total current assets	<u>34,297,873</u>	<u>31,967,909</u>
Capital assets:		
Land, building & equipment, net	1,689,691	1,734,284
Other assets:		
Contributed Surplus Public Risk Mutual, net	<u>8,357,565</u>	<u>10,056,419</u>
Total Assets	<u><u>44,345,129</u></u>	<u><u>43,758,612</u></u>
 LIABILITIES		
Other current liabilities:		
Accounts payable	41,067	61,456
Payable to Public Risk Mutual	-	586,235
Deferred inflows of resources	16,938	20,005
Current portion of reserve for claims and claims adjustment expenses	<u>4,280,866</u>	<u>4,336,045</u>
Total current liabilities	<u>4,338,871</u>	<u>5,003,741</u>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	<u>5,843,134</u>	<u>5,816,955</u>
Total non-current liabilities:	<u>5,843,134</u>	<u>5,816,955</u>
Total Liabilities	<u><u>10,182,005</u></u>	<u><u>10,820,696</u></u>
 NET POSITION		
Net Position, unrestricted	32,473,433	31,203,632
Net Position, invested in capital assets	<u>1,689,691</u>	<u>1,734,284</u>
Total Net Position	<u><u>\$ 34,163,124</u></u>	<u><u>\$ 32,937,916</u></u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Revenues, Expenses and Changes in Net Position
For Years Ended June 30, 2015 and 2014

OPERATING REVENUES	<u>2015</u>	<u>2014</u>
Premiums written	\$ 14,103,472	\$ 14,350,868
Rental income	252,861	247,770
Other Income	7,671	12,190
Total revenues	<u>14,364,004</u>	<u>14,610,828</u>
PROGRAM EXPENSES		
Losses and loss adjustment expenses	2,818,174	2,752,708
Excess insurance premiums	5,253,026	4,919,456
Pooling and loss control fees	505,000	505,000
Third party administrator fees	663,688	626,501
Agent commissions	921,697	937,796
Taxes written	8,579	7,234
Total program expenses	<u>10,170,164</u>	<u>9,748,695</u>
ADMINISTRATIVE EXPENSES		
Management fees	462,000	490,140
Building maintenance and utilities	57,357	53,254
Depreciation	44,593	44,593
Amortization	1,698,854	1,786,354
Travel	42,079	42,226
Casualty insurance	38,971	37,381
Operating expenses	160,343	141,213
Legal expenses	11,354	11,593
Loss control awards & grants	126,348	90,800
Consultant appraisals	141,355	114,660
Environmental consultation	21,200	9,365
Member education & training	852,379	774,404
Total pool administration expenses	<u>3,656,833</u>	<u>3,595,983</u>
Total program and administration expenses	<u>13,826,997</u>	<u>13,344,678</u>
Increase in operating net position	<u>537,007</u>	<u>1,266,150</u>
Increase in non-operating net investment income	688,201	486,097
Increase in net position	<u>1,225,208</u>	<u>1,752,247</u>
Net position, beginning of year	32,937,916	31,185,669
Net position, end of year	<u><u>\$ 34,163,124</u></u>	<u><u>\$ 32,937,916</u></u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Cash Flows
For Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Premiums written	\$ 14,103,264	\$ 14,418,851
Rental income	252,861	247,770
Other revenues	7,671	12,190
Payment for claims	(2,847,176)	(4,238,707)
Payment to vendors	(9,406,675)	(8,807,987)
Net Cash Provided from Operating Activities:	<u>2,109,945</u>	<u>1,632,117</u>
Cash flows from investing activities:		
Interest and dividend income, net of expenses	733,545	711,222
Purchases of investments	(19,100,442)	(12,663,070)
Proceeds from sales of investments	15,352,258	11,656,736
Net Cash Used in Investing Activities	<u>(3,014,639)</u>	<u>(295,112)</u>
Cash flows from financing activities:		
Increase in capitalization of PRM	-	(1,500,000)
Net Cash Used for Capital Activities	<u>-</u>	<u>(1,500,000)</u>
Increase in Cash and Cash Equivalents	(904,694)	(162,995)
Cash and Cash Equivalents, beginning of fiscal year	2,000,714	2,163,709
Cash and Cash Equivalents, year ended June 30	<u>1,096,020</u>	<u>2,000,714</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating net income	537,007	1,266,150
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	44,593	44,593
Amortization expense	1,698,854	1,786,354
(Increase) decrease in deductibles receivable	(266,359)	189,586
Decrease (increase) in prepaid expense	180,981	(179,716)
(Increase) decrease in other receivables	(32,675)	16,189
Decrease in accounts payable	(20,389)	(3,268)
Decrease in deferred inflows of resources	(3,067)	(1,771)
Decrease in claims and loss adjustment expenses	(29,000)	(1,486,000)
Net Cash Provided by Operating Activities	<u>\$ 2,109,945</u>	<u>\$ 1,632,117</u>

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2015 and 2014

NOTE 1 - NATURE OF ORGANIZATION

The Nevada Public Agency Insurance Pool (NPAIP) is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the state of Nevada and organized to operate as a group self-insurer. The purpose of the organization is to seek the prevention or lessening of casualty losses to its members and injuries to persons, which might result in claims being made against such members. In addition to self-funding and excess insurance protection, the program provides risk management services with emphasis on loss control, claims administration, and management support services. The NPAIP is fully funded by member participants. Members file claims with Alternative Service Concepts, LLC (ASC), which has been contracted to perform claims adjustments for the NPAIP.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Presentation

The Nevada Public Agency Insurance Pool has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. NPAIP has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting.

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash Equivalents:

For purposes of the statement of cash flows, the NPAIP considers investments with original maturity dates less than 90 days to be cash equivalents.

Investment and Interest Income:

Investments are recorded at fair market value. Interest income, realized and unrealized gains and losses are shown as net investment income.

The NPAIP is authorized, by state statutes, to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury the maturities of which cannot be more than 10 years from date of purchase except as permitted by law. The NPAIP is also authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, the U.S. Postal Service and Government National Mortgage Association securities.

Credit Risk:

Credit risk is the risk that the issuer of a security will default on principal and interest of the security. NPAIP's policy is to invest in corporate debt issues with a minimum of an "AA" rating from Moody's or Standard and Poor's rating services or U.S. Government and government backed securities. In addition, NPAIP's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

Budget

A budget is prepared by management though there is no legal budgetary requirement.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk:

NPAIP limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. No more than 15% of the total investment pool will be invested in any one class of security, industry or company. NPAIP will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. Government and government backed securities.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. NPAIP will, to the extent possible, minimize this risk by matching investment maturities to liability due dates. This allows NPAIP to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from decreasing interest rates is minimized by investing predominantly in investments with short to mid-term maturities that perform in line with the return of a managed fund comprised of 1 – 3 year Treasury Bonds.

Deductible and Specific Excess Recoverable Receivables:

Deductibles receivable represents the portion of a claim to be collected from members. Specific excess recoverables represents amounts to be collected from excess insurers on claims made by members against the NPAIP in excess of the NPAIP's retention.

Fixed Assets:

Equipment on the books is depreciated over the estimated useful lives of the assets using the straight-line method and the lives assigned to assets range from 5 years to 10 years. The office building cost is depreciated using the straight-line method over a period of 40 years with no salvage value.

Legal Fees:

Legal fees included in administration expenses are primarily for corporate legal work only; all legal expenses associated with a particular claim are charged directly to that claim's experience. Legal work on claims affects losses incurred and loss adjustment expenses.

Losses and Loss Adjustment Expenses:

Reserves for losses and allocated loss adjustment expenses are provided based on case basis estimates for losses reported and NPAIP's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined on the basis of an evaluation of the NPAIP's independent consulting actuary. The liability for unpaid losses and loss adjustment expenses has not been discounted for the time value of money. Although such estimates are NPAIP's best estimates of the expected values, the actual results may vary from these values.

Member Loss Fund Contributions and Unearned Member Loss Fund Contributions:

Member contributions are collected in advance and recognized as revenue in the period for which insurance protection is provided. Contributions are allocated by PARMS with actuarial input.

Federal Income Taxes

In accordance with Internal Revenue Service code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Supplementary Development Schedule - Unaudited

The Claims Development Schedule reports claims on a reported year basis. Loss reserves shown on the financial statements are discounted; however, the development schedule reflects undiscounted loss reserves.

Prior year's reclassification

The prior year's financial statements have been reclassified where applicable to conform to current year's presentation.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2015 and 2014

NOTE 3 – CASH AND INVESTMENTS

The carrying amount of NPAIP’s deposits with financial institutions at June 30, 2015 and 2014 was \$1,096,020 and \$2,000,714.

The financial institution balance at June 30, 2015 and 2014 was \$1,270,039 and \$2,344,007 respectively. The difference between the carrying amount and bank balance results from outstanding checks and/or deposits not yet reflected in the bank’s records.

	<u>2015</u>	<u>2014</u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	183,389	505,778
Cash equivalents at brokerage firm	836,650	1,588,229
Total deposits at financial institutions	<u>\$ 1,270,039</u>	<u>\$ 2,344,007</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, 2015 is as follows:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>		
		<u>1 year of less</u>	<u>1-5</u>	<u>5-10</u>
U.S. Treasuries	\$ 7,054,240	\$ -	\$ 4,560,536	\$ 2,493,704
U.S. Government & Agencies	3,091,520	-	1,524,129	1,540,868
U.S. Mortgage-backed securities	14,978,063	-	2,294,919	1,613,636
U.S. Government backed securities	6,022,305	-	2,288,853	3,057,104
Total cash and investments	<u>\$ 31,146,128</u>	<u>\$ -</u>	<u>\$ 10,668,437</u>	<u>\$ 8,705,312</u>

A summary of investments as of June 30, 2014 is as follows:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>		
		<u>1 year of less</u>	<u>1-5</u>	<u>5-10</u>
U.S. Treasuries	\$ 7,264,031	\$ -	\$ 5,670,706	\$ 1,593,325
U.S. Government & Agencies	2,424,653	802,608	1,589,098	-
U.S. Mortgage-backed securities	16,076,337	-	3,167,911	2,218,597
U.S. Government backed securities	3,548,183	-	2,005,510	809,278
Total cash and investments	<u>\$ 29,313,204</u>	<u>\$ 802,608</u>	<u>\$ 12,433,225</u>	<u>\$ 4,621,200</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, 2015 and 2014

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, 2015 and 2014 was as follows:

Property and equipment activity for the year ended June 30, 2015 was as follows:

	Estimated Useful Life	June 30, 2014	Additions	Dispositions	June 30, 2015
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	94,857	-	-	94,857
		<u>2,345,225</u>	<u>-</u>	<u>-</u>	<u>2,345,225</u>
Less accumulated depreciation		(610,941)	(44,593)	-	(655,534)
Capital assets net accumulated depreciation		<u>\$ 1,734,284</u>	<u>\$ (44,593)</u>	<u>\$ -</u>	<u>\$ 1,689,691</u>

Property and equipment activity for the year ended June 30, 2014 was as follows:

	Estimated Useful Life	June 30, 2013	Additions	Dispositions	June 30, 2014
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	94,857	-	-	94,857
		<u>2,345,225</u>	<u>-</u>	<u>-</u>	<u>2,345,225</u>
Less accumulated depreciation		(566,348)	(44,593)	-	(610,941)
Capital assets net accumulated depreciation		<u>\$ 1,778,877</u>	<u>\$ (44,593)</u>	<u>\$ -</u>	<u>\$ 1,734,284</u>

NOTE 5 – RETENTION

Nevada Public Agency Insurance Pool retains a portion of claims prior to the application of coverage provided by its excess or reinsurance contracts. The coverage limits provided by the NPAIP within its retention amounts are as follows:

<u>NPAIP Limits:</u>	<u>2014-2015</u>	<u>2013-2014</u>
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, 2015 and 2014

NOTE 6 – UNPAID CLAIMS LIABILITIES

NPAIP estimates losses and loss adjustment expense based on historical experience and payment and reporting patterns. These estimates are based on data available at the time of the estimate and are reviewed by NPAIP’s independent consulting actuary.

Inherent in the estimates of the ultimate liability for unpaid claims are expected trends in claim severity, claim frequency, and other factors that may vary as claims are settled. The amount and uncertainty in the estimates are affected by such factors as the knowledge of the actual facts and circumstances and amount of historical claims experienced relative to the development period that has been affected by the change in premium levels and increase in closing and settlement of claims.

As discussed in Note A, the NPAIP establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the NPAIP in the last two years:

	<u>2015</u>	<u>2014</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 10,153,000</u>	<u>\$ 11,639,000</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	4,317,000	4,851,000
Increase (decrease) in provision for insured events of prior fiscal years	<u>(1,498,826)</u>	<u>(2,098,292)</u>
Total incurred losses and loss adjustment	2,818,174	2,752,708
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(551,000)	(788,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(2,296,174)</u>	<u>(3,450,708)</u>
Total Payments	(2,847,174)	(4,238,708)
Unpaid claims and claims adjustment expenses At end of fiscal year	<u><u>\$ 10,124,000</u></u>	<u><u>\$ 10,153,000</u></u>

In 2015 the current portion of the reserve, cash expected to be paid within 12 months, is \$4,280,866 and the long-term portion is \$5,843,134. At the end of 2014 the current portion was \$4,336,045 and the long term portion was \$5,816,955.

At June 30, 2015 and 2014, 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, 2015 and 2014.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2015 and 2014

NOTE 7 - RELATED PARTY TRANSACTIONS

Public Agency Risk Management Services, Inc. (PARMS) is presently contracting with the NPAIP and PACT to provide management services from July 1, 2014 through June 30, 2019. PARMS serves both the NPAIP and the PACT as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees paid for year ended June 30, 2015 and 2014 were \$462,000 and \$490,140 respectively.

Minimum future payments:	
2016	\$ 475,860
2017	490,136
2018	504,840
2019	519,985
Total payments	<u>\$ 1,990,821</u>

PARMS leases office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a separate lease agreement that coincides with the term of the management contract. Payments made in 2015 and 2014 were \$67,092 and \$65,772. The contract dated July 1, 2013 is for a five year lease period and includes a 2% per annum increase in the lease expenses beginning on July 1, 2014.

Minimum future payments:	
2016	\$ 68,413
2017	69,781
2018	71,177
Total payments	<u>\$ 209,371</u>

PARMS provides accounting services to the Nevada Association of Counties and Wayne Carlson is authorized as the second signer on checks disbursed from that organization's accounts.

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a grant to Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Wayne Carlson, Alan Kalt and Michael Rebaleati. The cost of this grant was \$546,500 and \$535,500 for June 30, 2015 and 2014 respectively. PRI provides human resources management services to POOL members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

Minimum future payments:	
2016	\$ 565,000
2017	582,000
2018	599,500
2019	611,500
2020	624,000
Total payments	<u>\$ 2,982,000</u>

Subsequent to June 30, 2015, PRI directors Wayne Carlson and Michael Rebaleati resigned from the PRI board.

POOL is the sole policy holder of Public Risk Mutual Company which was formed as a non-profit captive mutual insurance company.

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2015 and 2014

NOTE 8 – 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 \$ 17,988,540 as of years ended June 30, 2015 and 2014. Some of the Public Risk Mutual’s board members also serve as board members of NPAIP.

Public Risk Mutual was formed by members of NPAIP to reduce the costs of insurance, to obtain direct access to reinsurance, to provide broader coverage for policyholders, to broaden investment opportunities and to build equity to enable provision of coverage not obtainable elsewhere.

As a condition of providing surplus contributions, but without any expectation that the funds will be returned, NPAIP will recoup the contributions to surplus. Therefore, management considers the surplus contributions a development cost asset that can provide lower operating costs in the future and estimates that the savings in excess insurance costs to NPAIP will recoup the contributions to surplus. Therefore, the NPAIP’s interest in PRM is being amortized over 10 years. Amortization expense was \$1,698,854 and \$1,786,354 for fiscal years ended 2015 and 2014.

	June 30, 2014	Additions	June 30, 2015
Contributed surplus to Public Risk Mutual	\$ 17,988,540	\$ -	\$ 17,988,540
Accumulated amortization	(7,932,121)	(1,698,854)	(9,630,975)
Contributed Surplus net of accumulated amortization	<u>\$ 10,056,419</u>	<u>\$ (1,698,854)</u>	<u>\$ 8,357,565</u>

	June 30, 2013	Additions	June 30, 2014
Contributed surplus to Public Risk Mutual	\$ 16,488,540	\$ 1,500,000	\$ 17,988,540
Accumulated amortization	(6,145,767)	(1,786,354)	(7,932,121)
Contributed Surplus net of accumulated amortization	<u>\$ 10,342,773</u>	<u>\$ (286,354)</u>	<u>\$ 10,056,419</u>

NEVADA PUBLIC AGENCY INSURANCE POOL
Notes to Financial Statements
June 30, 2015 and 2014

NOTE 9 – EXCESS INSURANCE OR REINSURANCE

Nevada Public Agency Insurance Pool offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown on the table below. However, NPAIP obtains various excess or reinsurance policies from several excess or reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention.

<u>Property limits:</u>	<u>2014 -2015</u>	<u>2013 - 2014</u>
Blanket limit per loss:	\$300,000,000	\$300,000,000
Earthquake Aggregate Sub-limit:	125,000,000	100,000,000
Flood Aggregate Sub-limit:	125,000,000	100,000,000
Equipment Breakdown Sub-limit:	60,000,000	60,000,000
Money & Securities (including Employee Dishonesty) Sub-limit:	500,000	500,000
<u>Liability limits:</u>		
Each and Every Per Event Limit:	10,000,000	10,000,000
Products/Completed Operations (per member)	Included	Included
Wrongful Acts (per member)	Included	Included
Law Enforcement (per member)	Included	Included
Emergency Response to Pollution Aggregate Sub-limit:	1,000,000	1,000,000
Sexual Abuse Sub-limit	2,500,000	2,500,000
<u>Aggregate Limits:</u>		
General Aggregate (per member)	10,000,000	10,000,000
Sexual abuse Sub-limit	2,500,000	2,500,000
<u>Cyber Security Event Liability and Privacy Response Cover Limits:</u>		
Cyber Security Event Liability	2,000,000	2,000,000
Privacy Response Expense	500,000	500,000

NPAIP reinsurance is as follows:

Property 2013-2014: 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 2014-2015 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 2014-2015: The liability limits shown above excess of NPAIP's retention with of \$500,000 with:

- a) Public Risk Mutual 20% of \$2,500,000, excluding school districts
- b) County Reinsurance, LTD. 80% of \$2,500,000, excluding school districts
- c) United Educators \$2,500,000 for school districts only
- d) Government Entities Mutual, Inc. \$2,000,000 excess of \$3,000,000
- e) 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, 2015 and 2014

NOTE 10 - LEASES

On March 12, 2015 NPAIP entered into a lease agreement with Sierra Office Solutions for a high-speed copy machine. The lease is classified as an operating lease with minimum monthly payments of \$430 for 60 months.

NPAIP entered into a lease for a postage machine with Mailfinance in March 2014. The lease is an operating lease with minimum monthly payments of \$50 for the first 12 months and \$65 for the remaining 48 months.

Minimum lease payments for leases are as follows for the following years ended June 30,

Minimum lease payments:	
2016	\$ 5,936
2017	5,936
2018	5,936
2019	5,742
2020	3,870
Total minimum lease payments	\$ 27,420

NOTE 11 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2015 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2015. Management has evaluated subsequent events through October 7, 2015 which is the date the financial statements were available for issue.

NEVADA PUBLIC AGENCY INSURANCE POOL
COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT (UNAUDITED)
EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Required Contributions & Investment Income:										
Earned	\$11,786,124	\$13,785,893	\$14,643,824	\$15,184,061	\$15,721,731	\$14,964,155	\$16,331,984	\$14,843,453	\$14,843,453	\$15,129,697
Ceded	(3,358,462)	(3,758,623)	(3,681,857)	(3,919,235)	(4,388,536)	(4,642,512)	(5,019,808)	(4,812,711)	(4,812,711)	(5,253,026)
Net earned	8,427,662	10,027,270	10,961,967	11,264,826	11,333,195	10,321,643	11,312,176	10,030,742	10,030,742	9,876,671
Unallocated Expenses	3,031,993	3,255,602	3,715,519	4,103,075	4,521,913	4,968,874	5,659,813	5,485,380	5,485,380	5,755,797
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000	5,370,000	4,317,000
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000	5,370,000	4,317,000
Paid (cumulative) as of:										
End of policy year	434,000	845,000	1,020,000	397,000	417,000	833,000	722,000	652,000	788,000	551,000
One Year Later	936,000	1,764,000	3,301,000	1,078,000	1,546,000	1,736,000	1,538,000	1,670,000	1,538,000	
Two Years Later	1,380,000	3,209,000	4,041,000	1,767,000	2,386,000	2,083,000	2,331,000	1,937,000		
Three Years Later	1,973,000	3,832,000	4,403,000	2,443,000	2,827,000	3,053,000	2,601,000			
Four Years Later	2,169,000	3,836,000	4,505,000	2,594,000	3,401,000	3,306,000				
Five Years Later	2,212,000	3,797,000	4,579,000	2,641,000	3,799,000					
Six Years Later	2,236,000	3,887,000	4,634,000	2,837,000						
Seven Years Later	2,225,000	4,008,000	4,683,000							
Eight Years Later	2,217,000	4,064,000								
Nine Years Later	2,220,000									
Re-estimated ceded claims & Expenses	-	7,048,570	-	431,177	1,683,416	-	-	-	-	-
Re-estimated Claims & Expense										
End of policy year	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000
One Year Later	3,676,000	3,676,000	6,844,000	4,793,000	4,953,000	4,973,000	4,461,000	4,425,000	4,159,000	
Two Years Later	3,054,000	5,344,000	5,972,000	3,921,000	4,185,000	4,287,000	3,780,000	3,650,000		
Three Years Later	2,838,000	4,714,000	5,353,000	3,272,000	3,618,000	4,051,000	3,297,000			
Four Years Later	2,599,000	4,260,000	4,874,000	3,054,000	3,712,000	4,048,000				
Five Years Later	2,493,000	4,056,000	4,848,000	3,000,000	3,925,000					
Six Years Later	2,411,000	4,073,000	4,750,000	2,923,000						
Seven Years Later	2,314,000	4,108,000	4,793,000							
Eight Years Later	2,217,000	4,326,000								
Nine Years Later	2,220,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(2,135,000)	(1,172,000)	(2,439,000)	(3,195,000)	(2,111,000)	(1,890,000)	(2,174,000)	(1,720,000)	(1,211,000)	-

This information is required by the Governmental Accounting Standards Board

POOL Counties

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
	7/1/10-6/30/11	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	7/1/13-6/30/14	7/1/13-6/30/14	7/1/14-6/30/15	7/1/14-6/30/15	TOTAL	TOTAL	2010/2011-2014/2015	2012/2013-2014/2015
CARSON CITY (No Long	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -
CHURCHILL COUNTY	1	\$ -	10	\$ 532,456	6	\$ 9,818	9	\$ 31,440	2	\$ 12,623	28	\$ 586,338	\$ 117,268	\$ 17,961
DOUGLAS COUNTY	36	\$ 211,358	28	\$ 113,811	35	\$ 195,725	36	\$ 193,794	63	\$ 205,098	198	\$ 919,786	\$ 183,957	\$ 198,206
ELKO COUNTY	22	\$ 42,085	18	\$ 781,220	22	\$ 220,731	18	\$ 52,328	12	\$ 80,416	92	\$ 1,176,779	\$ 235,356	\$ 117,825
ESMERALDA COUNTY	6	\$ 15,923	0	\$ -	5	\$ 287,211	6	\$ 22,448	2	\$ 34,075	19	\$ 359,658	\$ 71,932	\$ 114,578
EUREKA COUNTY	2	\$ 37,386	5	\$ 41,591	13	\$ 95,366	5	\$ 77,461	7	\$ 58,796	32	\$ 310,600	\$ 62,120	\$ 77,208
HUMBOLDT COUNTY	8	\$ 82,082	11	\$ 5,546	11	\$ 330,271	16	\$ 325,706	11	\$ 62,555	57	\$ 806,159	\$ 161,232	\$ 239,511
LANDER COUNTY	8	\$ 142,947	6	\$ 94,356	8	\$ 184,264	10	\$ 70,851	1	\$ 3,636	33	\$ 496,053	\$ 99,211	\$ 86,250
LINCOLN COUNTY	2	\$ 10,150	5	\$ 23,920	3	\$ 22,956	6	\$ 19,842	3	\$ 10,973	19	\$ 87,841	\$ 17,568	\$ 17,924
LYON COUNTY	12	\$ 44,821	12	\$ 124,895	13	\$ 118,695	21	\$ 425,863	10	\$ 74,876	68	\$ 789,149	\$ 157,830	\$ 206,478
MINERAL COUNTY	4	\$ 27,999	11	\$ 26,851	6	\$ 62,849	7	\$ 24,890	9	\$ 54,284	37	\$ 196,873	\$ 39,375	\$ 47,341
NYE COUNTY	26	\$ 346,311	25	\$ 431,495	18	\$ 218,338	11	\$ 128,297	28	\$ 359,351	108	\$ 1,483,792	\$ 296,758	\$ 235,329
PERSHING COUNTY	8	\$ 16,176	3	\$ 1,316	5	\$ 70,388	9	\$ 18,815	5	\$ 15,161	30	\$ 121,855	\$ 24,371	\$ 34,788
STOREY COUNTY	7	\$ 30,398	4	\$ 10,221	9	\$ 96,390	6	\$ 165,045	5	\$ 26,570	31	\$ 328,624	\$ 65,725	\$ 96,002
WHITE PINE COUNTY	12	\$ 95,207	6	\$ 25,159	8	\$ 43,497	10	\$ 66,823	13	\$ 96,368	49	\$ 327,054	\$ 65,411	\$ 68,896
TOTAL	154	\$ 1,102,844	144	\$ 2,212,837	162	\$ 1,956,499	170	\$ 1,623,603	172	\$ 1,094,782	802	\$ 7,990,564	\$ 1,598,113	\$ 1,558,295

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
	7/1/10- 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	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	TOTAL	TOTAL	2010/2011- 2014/2015	2012/2013- 2014/2015
BOULDER CITY	23	\$ 15,041	30	\$ 225,782	31	\$ 132,119	34	\$ 26,666	24	\$ 43,253	142	\$ 442,860	\$ 88,572	\$ 67,346
CALIENTE	2	\$ -	6	\$ 258,655	0	\$ -	6	\$ 29,490	2	\$ 8,560	16	\$ 296,705	\$ 59,341	\$ 12,683
CARLIN CITY	2	\$ 62,448	1	\$ 61,264	3	\$ -	2	\$ 9,248	4	\$ 7,783	12	\$ 140,743	\$ 28,149	\$ 5,677
CITY OF ELKO	13	\$ 98,787	14	\$ 38,401	20	\$ 165,368	17	\$ 64,625	23	\$ 66,629	87	\$ 433,812	\$ 86,762	\$ 98,874
ELY CITY	7	\$ 10,520	8	\$ 10,266	8	\$ 6,546	6	\$ 57,747	5	\$ 57,004	34	\$ 142,083	\$ 28,417	\$ 40,433
CITY OF FERNLEY	13	\$ 25,886	6	\$ 8,071	7	\$ 54,375	8	\$ 16,005	8	\$ 32,284	42	\$ 136,620	\$ 27,324	\$ 34,221
CITY OF LOVELOCK	3	\$ 1,905	1	\$ 4,112	0	\$ -	1	\$ 5,000	3	\$ 12,510	8	\$ 23,527	\$ 4,705	\$ 5,837
MESQUITE CITY	8	\$ 92,667	18	\$ 63,648	17	\$ 53,964	15	\$ 436,398	11	\$ 6,016	69	\$ 652,692	\$ 130,538	\$ 165,459
WELLS CITY	1	\$ -	2	\$ 52,588	2	\$ 41	0	\$ -	2	\$ 9,834	7	\$ 62,463	\$ 12,493	\$ 3,292
WEST WENDOVER	7	\$ 24,989	7	\$ 16,311	2	\$ 7,508	4	\$ 2,099	2	\$ 2,500	22	\$ 53,406	\$ 10,681	\$ 4,035
CITY OF WINNEMUCCA	8	\$ 26,779	5	\$ 52,114	1	\$ 2,457	1	\$ 20,462	5	\$ 7,917	20	\$ 109,729	\$ 21,946	\$ 10,279
CITY OF YERINGTON	3	\$ 85,949	1	\$ -	0	\$ -	3	\$ 32,520	1	\$ 3,189	8	\$ 121,658	\$ 24,332	\$ 11,903
TOTAL	90	\$ 444,970	99	\$ 791,213	91	\$ 422,379	97	\$ 700,260	90	\$ 257,478	467	\$ 2,616,300	\$ 523,260	\$ 460,039

POOL School Districts

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency			Costs	Costs
	7/1/10- 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	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15				2010/2011- 2014/2015	2012/2013- 2014/2015
CARSON CITY SCHOOL DISTRICT	9	\$ 5,103	7	\$ 59,905	21	\$ 5,699	10	\$ 760	8	\$ 257,057	55	\$ 328,524	\$ 65,705	\$ 87,839	
CHURCHILL COUNTY SCHOOL DISTRICT	7	\$ 1,021,487	14	\$ 68,635	12	\$ 117,442	1	\$ 10,000	7	\$ 192,284	41	\$ 1,409,847	\$ 281,969	\$ 106,575	
DOUGLAS COUNTY SCHOOL DISTRICT	22	\$ 39,240	22	\$ 23,846	24	\$ 47,747	20	\$ 27,616	44	\$ 133,408	132	\$ 271,856	\$ 54,371	\$ 69,590	
ELKO COUNTY SCHOOL DISTRICT	11	\$ 260,075	18	\$ 24,648	22	\$ 388,907	20	\$ 95,822	13	\$ 53,051	84	\$ 822,502	\$ 164,500	\$ 179,260	
ESMERALDA COUNTY SCHOOL DISTRICT	0	\$ -	2	\$ 3,982	0	\$ -	1	\$ 19,484	3	\$ 23,798	6	\$ 47,263	\$ 9,453	\$ 14,427	
EUREKA COUNTY SCHOOL DISTRICT	0	\$ -	1	\$ 56,045	2	\$ -	0	\$ -	0	\$ -	3	\$ 56,045	\$ 11,209	\$ -	
HUMBOLDT COUNTY SCHOOL DISTRICT	7	\$ 13,994	9	\$ 170,837	8	\$ 40,031	10	\$ 72,802	7	\$ 8,734	41	\$ 306,398	\$ 61,280	\$ 40,522	
LANDER COUNTY SCHOOL DISTRICT	1	\$ 4,800	1	\$ -	6	\$ 368,629	4	\$ 54,529	0	\$ -	12	\$ 427,958	\$ 85,592	\$ 141,053	
LINCOLN COUNTY SCHOOL DISTRICT	7	\$ 251,399	0	\$ -	4	\$ 43,783	3	\$ 12,926	1	\$ 10	15	\$ 308,118	\$ 61,624	\$ 18,906	
LYON COUNTY SCHOOL DISTRICT	5	\$ 5,709	14	\$ 68,392	15	\$ 19,446	12	\$ 14,346	16	\$ 58,772	62	\$ 166,665	\$ 33,333	\$ 30,855	
MINERAL COUNTY SCHOOL DISTRICT	2	\$ 1,295	3	\$ 172,656	5	\$ 70,600	10	\$ 154,360	4	\$ 285,854	24	\$ 684,765	\$ 136,953	\$ 170,271	
NYE COUNTY SCHOOL DISTRICT	21	\$ 2,383,933	13	\$ 105,458	15	\$ 83,020	10	\$ 94,611	7	\$ 13,502	66	\$ 2,680,524	\$ 536,105	\$ 63,711	
PERSHING COUNTY SCHOOL DISTRICT	0	\$ -	0	\$ -	1	\$ 821	2	\$ 87,053	1	\$ 12,787	4	\$ 100,661	\$ 20,132	\$ 33,554	
STOREY COUNTY SCHOOL DISTRICT	1	\$ 10,971	0	\$ -	1	\$ 75	2	\$ 21,083	0	\$ -	4	\$ 32,129	\$ 6,426	\$ 7,053	
WHITE PINE COUNTY SCHOOL DISTRICT	10	\$ 6,149	8	\$ 149,568	5	\$ 15,927	7	\$ 28,902	2	\$ 22,050	32	\$ 222,595	\$ 44,519	\$ 22,293	
TOTAL	103	\$ 4,004,155	112	\$ 903,972	141	\$ 1,202,126	112	\$ 694,292	113	\$ 1,061,306	541	\$ 7,510,467	\$ 1,573,170	\$ 985,908	

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
	7/1/10- 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	7/1/13- 6/30/14	7/1/13- 6/30/14	7/1/14- 6/30/15	7/1/14- 6/30/15	TOTAL	TOTAL	2010/2011- 2014/2015	2012/2013- 2014/2015
CARSON CITY:														
CARSON WATER SUBCONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSN OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,500	1	\$ 2,500	\$ 500	\$ 833
NEVADA COMMISSION FOR RECONSTRUCTION OF V&T	1	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	1	\$ 55,000	0	\$ -	1	\$ 3,239	1	\$ 4,883	3	\$ 17,237	6	\$ 80,359	\$ 16,072	\$ 8,453
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CLARK COUNTY:														
MOAPA VALLEY WATER DISTRICT	0	\$ -	1	\$ 4,538	2	\$ 6,222	0	\$ -	1	\$ 18,492	4	\$ 29,252	\$ 5,850	\$ 8,238
SOUTHERN NEVADA AREA COMMUNICATIONS COUNCIL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
VIRGIN VALLEY WATER DISTRICT	1	\$505,000	0	\$ -	4	\$ 3,592	0	\$ -	2	\$ 25,000	7	\$ 533,592	\$ 106,718	\$ 9,531
CHURCHILL COUNTY:														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	0	\$ -	0	\$ -	2	\$ 801	1	\$ 10	0	\$ -	3	\$ 811	\$ 162	\$ 270
DOUGLAS COUNTY:														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS CO. REDEVELOPMENT AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS COUNTY SEWER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
EAST FORK SWIMMING POOL DISTRICT	2	\$ 7,741	3	\$ 1,130	0	\$ -	0	\$ -	0	\$ -	5	\$ 8,871	\$ 1,774	\$ -
TOWN OF GARDNERVILLE	3	\$ 1,568	2	\$ -	0	\$ -	2	\$ 5,116	1	\$ 3,184	8	\$ 9,868	\$ 1,974	\$ 2,767
GARDNERVILLE RANCHOS GID	22	\$ 45,818	0	\$ -	1	\$ -	0	\$ -	0	\$ -	23	\$ 45,818	\$ 9,164	\$ -
TOWN OF GENOA	1	\$ -	0	\$ -	1	\$ 4,455	1	\$ -	0	\$ -	3	\$ 4,455	\$ 891	\$ 1,485
INDIAN HILLS GID	1	\$ 2,417	0	\$ -	1	\$ 28,700	0	\$ -	1	\$ -	3	\$ 31,117	\$ 6,223	\$ 9,567
KINGSBURY GID	2	\$ 253	4	\$ 1,029	0	\$ -	2	\$ 45,000	0	\$ -	8	\$ 46,282	\$ 9,256	\$ 15,000
LAKERIDGE GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LOGAN CREEK ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF MINDEN	1	\$ -	0	\$ -	0	\$ -	1	\$ 17	9	\$ 272,343	11	\$ 272,360	\$ 54,472	\$ 90,787
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	1	\$ -	0	\$ -	0	\$ -	2	\$ 2,664	3	\$ 2,664	\$ 533	\$ 888
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	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 5	2	\$ 5	\$ 1	\$ 2
TAHOE DOUGLAS DISTRICT	0	\$ -	1	\$ -	0	\$ -	2	\$ 1,287	2	\$ 12,500	5	\$ 13,787	\$ 2,757	\$ 4,596
TAHOE DOUGLAS FIRE PROTECTION DIST	3	\$ 21,941	0	\$ -	1	\$ -	0	\$ -	0	\$ -	4	\$ 21,941	\$ 4,388	\$ -
ELKO COUNTY:														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ELKO CO. AGRICULTURAL ASSOCIATION	0	\$ -	1	\$ -	1	\$ 93,068	0	\$ -	0	\$ -	2	\$ 93,068	\$ 18,614	\$ 31,023
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	1	\$ -	1	\$ -	1	\$ 1,498	0	\$ -	3	\$ 1,498	\$ 300	\$ 499
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	0	\$ -	1	\$ 1,486	3	\$ 1,173	1	\$ -	1	\$ -	6	\$ 2,658	\$ 532	\$ 391
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	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LYON COUNTY:														
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 7,000	1	\$ 7,000	\$ 1,400	\$ 2,333
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SILVER SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STAGECOACH GID	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
US BOARD OF WATER COMMISSIONERS	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,299	1	\$ -	2	\$ 3,299	\$ 660	\$ 1,100

POOL Special Districts, Towns Others

WALKER RIVER IRRIGATION DISTRICT	2	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ -	\$ -	\$ -
WESTERN NEVADA REGIONAL YOUTH CENTER	0	\$ -	0	\$ -	0	\$ -	2	\$ 17,024	1	\$ 2,800	3	\$ 19,824	\$ 3,965	\$ 6,608
NYE COUNTY:														
AMARGOSA VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BEATTY WATER & SANITATION	1	\$ 18,702	1	\$ 3,960	1	\$ 3,413	2	\$ 3,462	2	\$ 18,880	7	\$ 48,416	\$ 9,683	\$ 8,585
TOWN OF PAHRUMP	4	\$ 42,338	7	\$ 132,611	2	\$ 142,525	4	\$ 20,851	5	\$ 1,269	22	\$ 339,594	\$ 67,919	\$ 54,882
PAHRUMP LIBRARY DISTRICT	1	\$ 3,194	0	\$ -	0	\$ -	1	\$ 1,885	0	\$ -	2	\$ 5,079	\$ 1,016	\$ 628
PRIME CARE NEVADA	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ROUND MOUNTAIN TOWN	1	\$ -	1	\$ 6,350	0	\$ -	0	\$ -	0	\$ -	2	\$ 6,350	\$ 1,270	\$ -
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF TONOPAH	0	\$ -	0	\$ -	0	\$ -	1	\$ -	4	\$ 8,541	5	\$ 8,541	\$ 1,708	\$ 2,847
TONOPAH LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY:														
LOVELOCK MEADOWS WATER DISTRICT	3	\$ 15,982	0	\$ -	0	\$ -	0	\$ -	2	\$ 6,792	5	\$ 22,773	\$ 4,555	\$ 2,264
PERSHING CO. TOURISM AUTHORITY (No Longer a Membr	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING CO WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STOREY COUNTY:														
CANYON GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STOREY RTC (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TAHOE RENO INDUSTRIAL GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
VIRGINIA CITY CONVENTION & TOURISM	0	\$ -	1	\$ 1,040	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,040	\$ 208	\$ -
WASHOE COUNTY:														
CARSON TRUCKEE WATER CONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
INCLINE VILLAGE GID	16	\$ 186,660	12	\$ 91,544	10	\$ 83,710	7	\$ 19,599	6	\$ 7,151	51	\$ 388,665	\$ 77,733	\$ 36,820
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	0	\$ -	3	\$ 1,055	1	\$ 3,249	2	\$ 17,023	0	\$ -	6	\$ 21,327	\$ 4,265	\$ 6,757
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,988	0	\$ -	1	\$ 2,988	\$ 598	\$ 996
SIERRA FIRE PROTECTION DISTRICT	1	\$ -	1	\$ 2,646	2	\$ 6,538	1	\$ 30	0	\$ -	5	\$ 9,214	\$ 1,843	\$ 2,189
SUN VALLEY GID	9	\$ 2,206	7	\$ 420	3	\$ 336	2	\$ 40,500	2	\$ 1,550	23	\$ 45,012	\$ 9,002	\$ 14,129
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	0	\$ -	4	\$ 15	1	\$ -	6	\$ 6,630	1	\$ 11,027	12	\$ 17,672	\$ 3,534	\$ 5,886
TRUCKEE MEADOWS REGIONAL PLANNING AGENCY	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WASHOE COUNTY FIRE SUPPRESSION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WASHOE CO. WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY														
WHITE PINE CO. FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WHITE PINE CO. TOURISM & RECREATION BOARD	0	\$ -	1	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
WILLIAM BEE RIRIE HOSPITAL (No Longer a Member)	2	\$ 30,462	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 30,462	\$ 6,092	\$ -
TOTAL	79	\$ 939,282	53	\$ 247,824	40	\$ 381,021	43	\$ 191,100	50	\$ 418,935	265	\$ 2,178,162	\$ 435,632	\$ 330,352

POOL Summary of All Claims
as of 6/30/15

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
7/1/10- 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	7/1/13- 6/30/14	7/1/13-6/30/14	7/1/14- 6/30/15	7/1/14-6/30/15	TOTAL	TOTAL	2010/2011- 2014/2015	2012/2013- 2014/2015
426	\$ 6,491,251	408	\$ 4,155,845	434	\$ 3,962,024	422	\$ 3,209,255	425	\$ 2,832,501	2,115	\$ 20,650,877	\$ 4,130,175	\$ 3,334,594

Claim No.	Date Of Loss	Status	Location	Coverage	Incurred Legal	Paid Recovery	Incurred Total	Accident Description
P243-89-00012 Total	6/2/1989	F	STOREY COUNTY	RB	\$ -	\$ -	\$ 400,063.72	FIRE DESTROYED PUBLIC WORKS BUILDING AND DAMAGED ATTACHED BUILDING
P243-92-00098 Total	1/5/1993	F	LYON COUNTY	EO	\$ 73,180.23	\$ -	\$ 353,908.68	CLAIMANT ALLEGES CONSTRUCTIVE TERMINATION.
P243-92-00019 Total	7/23/1992	F	WINNEMUCCA (CITY OF)	RB	\$ -	\$ -	\$ 1,005,802.38	TOTAL FIRE LOSS - NIXON HALL
P243-93-00042 Total	10/20/1993	F	INCLINE VILLAGE GID	EO	\$ 69,110.33	\$ -	\$ 426,120.83	RECEIVED DEMAND LETTER FROM EMPLOYEE REPRESENTATION.,CLAIMANT ALLEGES VIOLATION OF ADA AND WRONGFUL TERMINATION.,DOL:10/21/93
P243-94-00011 Total	7/12/1994	F	ELKO (CITY OF)	EO	\$ 58,402.28	\$ 2,853.99	\$ 471,358.99	CLAIMANT ALLEGES JOB HARRASSMENT WITHOUT DUE CAUSE. SEXUAL DISCRIMINATION. ,Wrongful termination. Claim made: 9-12-94.
P243-94-00172 Total	3/6/1995	F	HUMBOLDT COUNTY	RB	\$ 19,032.58	\$ 114,609.38	\$ 454,401.64	FIRE LOSS AT HOSPITAL.
P243-94-00242 Total	6/17/1995	F	ELY (CITY OF)	RB	\$ 21,073.75	\$ 480,000.00	\$ 501,794.12	LOOSE RAIL CAR COLLIDED WITH HISTORIC TOURIST TRAIN CAUSING
P243-95-00246 Total	4/15/1996	F	NYE COUNTY	EO	\$ 371,296.11	\$ 739,000.00	\$ 1,481,380.78	Clmt alleges sexual assault by County Manager while employed as an.Administrator at the Hospital.
P243-96-00013 Total	7/8/1996	F	NYE COUNTY	EO	\$ 176,147.51	\$ 50,000.00	\$ 490,634.82	DOL: 1/1/92 (Loss date not within coverage effective date); Clmt alleges, sexual harassment by County Manager.
P243-96-00379 Total	6/27/1997	F	CARSON CITY	PL	\$ 43,546.90	\$ 207,218.39	\$ 307,218.29	PLT ALLEGES FALSE ARREST AND IMPRISONMENT
P243-99-00386 Total	5/25/2000	F	MESQUITE (CITY OF)	PL	\$ 107,724.11	\$ 1,001.20	\$ 2,510,755.89	PLAINTIFFS ALLEGE GROSS NEGLIGENCE AND VIOLATION OF 42U.S.C.A. 1983 IN, CONNECTION W/LAW ENFORCEMENT PURSUING A NON-VIOLENT SUSPECT RESULTING IN ,SERIOUS INJURY AND ONE FATALITY. FALSE ARREST AND PROSECUTORIAL MISCONDUCT
P243-00-00025 Total	7/27/2000	F	CHURCHILL COUNTY	EO	\$ 122,278.46	\$ 170,278.46	\$ 422,278.46	
P243-00-00161 Total	10/30/2000	F	NYE COUNTY	PL	\$ 362,273.93	\$ 177,606.82	\$ 427,606.82	ALLEGED CIVIL RIGHTS VIOLATIONS AND TORT CLAIMS IN CONNECTION WITH FATAL, SHOOTING OF SCOTT ZIESKE AND DONNA HEWITT BY NYE COUNTY DEPUTIES.
P243-01-00153 Total	10/16/2001	F	CHURCHILL COUNTY	EO	\$ 45,655.11	\$ -	\$ 646,743.54	Alleged Federal wiretapping violations
P243-01-00160 Total	10/24/2001	F	LYON COUNTY	EO	\$ 821,079.12	\$ 577,397.81	\$ 5,571,591.30	ALLEGED VIOLATION OF DUE PROCESS & INTERFERENCE WITH PROSPECTIVE ECONOMIC, ADVANTAGE
P243-01-00395 Total	5/17/2002	F	NYE COUNTY SCHOOL DIST	RB	\$ -	\$ 278,524.06	\$ 383,524.06	SPRINKLER SYSTEM FAILED AND FLOODED BUILDING
P243-02-00219 Total	1/1/2003	F	WEST WENDOVER (CITY OF)	EO	\$ 248,597.70	\$ 108,576.83	\$ 459,576.83	ALLEGED INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE, ETC. IN, CONNECTION WITH ATTEMPTS TO CHANGE WATER SERVICE OF STATE LINE HOTEL &, CASINO FROM UTAH TO NEVADA.
P243-04-00002 Total	7/7/2004	F	LYON COUNTY	RB	\$ -	\$ 722,857.39	\$ 924,857.39	COMMUNITY CENTER DESTROYED BY FIRE
P243-05-00290 Total	2/14/2006	F	NYE COUNTY	PL	\$ 212,994.26	\$ -	\$ 413,284.26	EXCESSIVE FORCE--CLAIMANT TASED FOUR TIMES BY SHERIFF DEPUTY

P243-05-00141 Total	12/31/2005	F	STOREY COUNTY	RB	\$	-	\$	459,062.68	\$	610,226.76	FLOOD WATERS DAMAGED BRIDGES AND ROADS IV T-BONED OV IV: 2007 THOMAS BUS, VIN #86608, LOU BERGANDI OV: FORD SUV
P243-06-00507 Total	10/19/2006	F	DOUGLAS COUNTY SCHOOL	RB	\$	14,309.68	\$	-	\$	500,409.93	
P243-06-00511 Total	10/19/2006	F	DOUGLAS COUNTY	EO	\$	40,943.33	\$	-	\$	340,943.33	ALLEGED 5TH AND 14TH AMENDMENT VIOLATIONS IN CONNECTION WITH REQUIRED CONDITIONAL LETTER OF MAP REVISION (CLOMR) FOR ISSUANCE OF PERMIT
P243-06-00010 Total	7/18/2006	F	TRUCKEE MEADOWS FPD	RB	\$	-	\$	221,413.92	\$	374,188.92	FIRE STARTED IN PUMPER TRUCK DAMAGING TRUCK, RESCUE VEHICLE & ENGINE BAY
P243-07-00598 Total	2/14/2007	F	CALIENTE (CITY OF)	RB	\$	-	\$	348,693.44	\$	586,193.44	DAMAGE TO BEAM DISCOVERED BY POOL MANAGER WHEN REPAIRING PUMP
P243-08-01891 Total	1/5/2008	F	FERNLEY (CITY OF)	EO	\$	786,981.46	\$	5,286,789.18	\$	5,812,328.73	CLASS ACTION LAW SUIT REGARDING CANEL BREACH
P243-08-01890 Total	1/5/2008	F	LYON COUNTY	EO	\$	961,280.15	\$	1,759,280.15	\$	2,261,280.15	CLASS ACTION LAWSUIT REGARDING CANEL BREACH
P243-08-01060 Total	2/21/2008	F	WELLS (CITY OF)	RB	\$	-	\$	4,351,676.06	\$	4,908,176.05	6.0 EARTHQUAKE
P243-08-01120 Total	4/13/2008	F	LINCOLN COUNTY	RB	\$	-	\$	202,456.11	\$	403,968.77	PIPE BROKE AND FLOODED COURTHOUSE
P243-09-01542 Total	3/17/2009	F	NYE COUNTY	EO	\$	162,333.72	\$	-	\$	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,
P243-08-01310 Total	9/11/2008	F	MESQUITE (CITY OF)	PL	\$	313,047.11	\$	-	\$	313,047.11	ALLEGED SEXUAL MISCONDUCT BY POLICE OFFICER COMPLAINT BY TEACHER OF INAPPROPRIATE SEXUAL CONDUCT BY JANITOR
P243-09-01751 Total	9/10/2009	F	CHURCHILL COUNTY SCHOOL	EO	\$	159,343.31	\$	399,343.31	\$	909,343.31	COMPLAINT FOR DECLARATORY & INIUNCTIVE RELIEF & DAMAGES AND PETITION FOR JUDICIAL REVIEW CONCERNING COUNTY REVERSAL OF 5 YEAR EXTENSION OF CONDITIONAL USE PERMIT BE GRANTED BY PLANNING COMMISSION.
P243-10-02006 Total	4/28/2010	F	HUMBOLDT COUNTY	EO	\$	308,283.25	\$	-	\$	358,283.25	ALLEGED 4TH & 14TH AMENDMENT VIOLATIONS MALICIOUS PROSECUTION, IED & CONSPIRACY IN CONNECTION WITH PERJURY CHARGES
P243-10-02087 Total	6/7/2010	F	NYE COUNTY	EO	\$	296,823.84	\$	-	\$	521,823.84	DISPUTE OVER COMMUNICATION TOWER. SUIT ALLEGES BREACH OF CONTRACT, FRAUDULENT INDUCEMENT, DUE PROCESS AND CONSPIRACY
P243-10-01994 Total	4/9/2010	F	VIRGIN VALLEY WATER DIST	CM	\$	688,531.42	\$	34,561.26	\$	688,531.42	EMPLOYEE DISHONESTY
P243-12-02755 Total	1/17/2012	F	CHURCHILL COUNTY	CM	\$	6,512.46	\$	-	\$	501,045.66	
P243-12-03061 Total	1/6/2013	F	ELKO COUNTY SCHOOL DIS	RB	\$	-	\$	-	\$	729,624.95	FIRE SPRINKLER LINE FROZE AND BURST
P243-15-03912 Total	2/6/2015	F	Douglas County	RB	\$	-	\$	-	\$	449,851.65	IV REAR ENDED OV DUE TO LOW VISIBILITY
					\$	6,490,782.11	\$	16,693,200.44	\$	38,377,003.79	

Occurrence	Date Of Loss	Status	Location	Coverage	Incurred Legal	Paid Recovery	Incurred Total	O/S Reserve Total	Accident Description
P243-07-00794 Total	6/14/2007	O	LYON COUNTY	EO	\$ 644,000.00	\$ -	\$ 2,761,140.00	\$ 2,257,552.83	MULTIPLE CAUSES OF ACTION BOTH FEDERAL AND STATE, IN CONNECTION W/ ACTIONS OF PUBLIC ADMINISTRATOR.
P243-10-02379 Total	8/17/2010	O	VIRGIN VALLEY WATER ICM		\$ 5,000.00	\$ -	\$ 505,000.00	\$ 505,000.00	ALLEGED BREACH OF FIDUCIARY DUTY/FAITHFUL PERFORMANCE. ALLEGED EMPLOYEE DISHONESTY
P243-10-02259 Total	11/24/2010	O	NVE COUNTY SCHOOL D	EO	\$ 973,495.11	\$ -	\$ 1,979,347.33	\$ 137,000.00	ALLEGED CHILD ABUSE/NEGLECT OF STUDENTS WITH MENTAL OR PHYSICAL DISABILITIES
P243-10-02301 Total	12/6/2010	O	CHURCHILL COUNTY SCH	EO	\$ 144,699.81	\$ 336,761.41	\$ 867,200.81	\$ 17,305.49	ALLEGED 14TH AMENDMENT DUE PROCESS VIOLATION FOLLOWING SUSPENSION FOR INVOLVEMENT IN HAZING INCIDENT
P243-11-02838 Total	8/1/2011	O	ELKO COUNTY	PL	\$ 412,000.00	\$ -	\$ 469,000.00	\$ 162,196.28	ALLEGED ILLEGAL SEARCH IN VIOLATION OF 4TH & 14TH AMENDMENT WITH STATE LAW CLAIMS
P243-14-03602 Total	4/28/2014	O	MESQUITE (CITY OF)	EO	\$ 500,000.00	\$ -	\$ 800,000.00	\$ 483,612.31	POTENTIAL EO CLAIMS FROM BUILDING HOUSES ON AN OLD LANDFILL
					\$ 2,679,194.92	\$ 336,761.41	\$ 7,381,688.14	\$ 3,562,666.91	

Summary of Proposed Changes to NPAIP Coverage Form (July 1, 2016-2017)

The following changes will serve to further explain portions of the coverage provided under the NPAIP Coverage Form, July, 2016- July 2017.

(New language is in **Red**. Deletions are crossed out.)

The word “coverage form” was changed to “**Coverage Form**” throughout the document.

Explanation:

This is for consistency throughout the document. It is referencing the Coverage Form, which is a specific document; therefore, it is appropriate for this term to be capitalized.

Throughout the form, small formatting and typographical changes were made, including re-numbering where appropriate. If a word has a given definition, it was changed to be in bold font.

Section I

2. As respects Section VI. Liability Coverage and subject to the Definitions and Conditions therein, any person or organization specified in a written contract or agreement to be named an additional assured and who leases equipment to the **Named Assured** or whose land or premises is used by the **Named Assured**, but only with respect to liability for the use of the leased equipment, land or premises by the **Named Assured**, and not to exceed the limits of liability required in the written contract or agreement nor in any case to exceed \$2,000,000 per **Event**, such sublimit applying as part of and not in addition to the Section VI Limits of Liability available to the **Named Assured**;

Ssuch coverage does not apply:

- (a) to any **Event** that takes place prior to the execution of such contract or agreement,
- (b) to any **Event** which takes place after the equipment lease expires or use of the land or premises ceases;
- (c) to any **Wrongful Act** or **Law Enforcement Activities**;
- (d) to any **Event** arising out of the sole negligence of such person or organization;
- (e) to structural alterations or new construction performed by or on behalf of such person or organization.

Explanation:

This part of Section I defines the word Assured to include the Named Assured as well as other persons as specified in the section. Under sub-paragraph 2, an Assured includes a person or organization listed in a written contract or agreement to be a named an additional assured and who leases equipment to the Named Assured or whose land/premises is used by the Named Assured. This coverage is limited to liability for the use of the leased equipment, land or premises by the Named Assured and is subject to the limits specified in the paragraph. However, sub-paragraph 2 also includes a number of situations where this coverage does not apply.

The highlighted language makes clear that if an Event takes place prior to the execution of the leasing contract, then there is no coverage. This makes sense because if the contract was not yet executed, no contractual agreement existed. Just as there is no coverage once the contract expires, there also can be no coverage prior to the contract existing.

Section II. Property Limits, Liability Limits and Maintenance Deductible

...

2. LIABILITY LIMITS

...

- B. POOL's maximum Limit of Liability for all loss resulting from any one **Event** shall not exceed the **Per Event** Limit of Liability set forth in the Liability Declarations **nor the Annual Aggregate Limit of Liability**, regardless of the number of persons, Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured**.

Explanation:

These changes simply clarify the language regarding the Per Event Limits of Liability which apply.

Section II. Property Limits, Liability Limits and Maintenance Deductible

...

2. LIABILITY LIMITS

- F. **All defense costs including attorney's fees, incurred by NPAIP in defense of an Assured, reduce the deductible amounts and limits of liability within this coverage section.**

Explanation:

This language emphasizes the fact that the Per Event and Annual Aggregate limits of liability and deductible amounts are reduced by all defense costs incurred by NPAIP in defense of an Assured. This means, for example, that if there is a \$2,000,000 limit of liability, the total amount from that \$2,000,000 that can ultimately be used for settlement or judgment is reduced by attorney's fees and costs spent on the defense.

Section V. Property Coverage

C. Coverage Extension

...

3. Debris Removal:

POOL shall pay for the reasonable and necessary expense incurred to remove debris from a described location that remains as a result of direct physical loss or damage to **Covered Property** for which there is coverage under this Property Coverage Section. **Subject to the Debris Removal – Mold/Asbestos sublimit shown in the Property Declarations, Debris Removal shall also include removal of mold and asbestos containing materials necessitated as a result of direct physical loss or damage to Covered Property caused by a covered loss including the costs of an environmental consultant.**

Explanation:

Though there are general exclusions for loss or damages arising out of asbestos and mold, there is also a Debris Removal-Mold/Asbestos extension and sublimit that is meant to cover removal of mold and asbestos containing materials due to a direct physical loss or damages to Covered Property caused by a covered loss. This sentence adds the cost of an environmental consultant, subject to the sub-limit.

Section V. Property Coverage

E. Property Excluded

There shall be no coverage for loss or damage to the following property unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section:

...

7. Satellites, property undergoing insulation tests, aircraft, and watercraft over fifty (50) feet in length. **For purposes of this**

exclusion, “aircraft” includes but is not limited to both manned aircraft and any drones or similar unmanned aerial vehicles. “Unmanned aerial vehicle” means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft.

Explanation:

This sentence is meant to expand this exclusion to also exclude coverage for drones and unmanned aircraft, whether controlled from within or on the ground. There will now be a new endorsement for such coverage if desired by the Member.

Section V. Property Coverage

F. Perils Excluded

10. Defects in materials, faulty workmanship (whether the product or process), faulty construction or faulty design.

Explanation:

Under Nevada law, “Workmanship” is defined as both “the quality or mode of execution, as of a thing made” (a process) and “the product or result of labor and skill; work executed” (a product). Webster's New Universal Unabridged Dictionary 2189 (1996). Thus, the plain and ordinary meaning of the term “workmanship” encompasses the quality of the process utilized to achieve the finished product and the quality of the finished product itself. Standing alone, the term “workmanship” is susceptible to either the product or process meaning, or both. *Fourth Street Place v. Travelers Indemn Co.*, 270 P.3d 1235 (Nev. 2011).

In *Fourth Street*, the Nevada Supreme Court held that the term “faulty workmanship” exclusion must be interpreted within the context of the Policy as a whole and by reference to its surrounding terms. The “faulty workmanship” term appeared within a subsection of the Policy that lists items which are both processes, e.g., “[p]lanning,” and products, e.g., “[m]aterials used in repair.” This indicates that the insurer intended this subsection to exclude from coverage damage caused by both a flawed process and a flawed product. Further, the term “workmanship” appeared in the Policy's exclusion clause between the words “[p]lanning” and “[m]aintenance,” which indicates that it is intended to refer to part of the building process.

The language of the exclusion at issue in *Fourth Street* is substantially different from the language at issue in the POOL's coverage Form. It excludes coverage for: “Defects in materials, faulty workmanship, faulty construction or faulty design.” Materials are clearly a product. However, it is not clear that construction or design would refer only to products rather than processes. Construction would seem to be either a process or a product, though cases were not readily identifiable that described construction as such. Therefore, to clear up any potential argument, the new language states the term applies to both products and processes.

Section V. Property Coverage

D. Property Definitions

Total Loss means complete physical destruction of the tangible property and/or its function.

...

F. Property Conditions

4. Basis of Value

1. Scheduled Property with an Agreed Value:

The POOL will pay the Agreed Value for property listed on the **Assured's** Agreed Value Schedule of Property, as agreed upon by the Assured and POOL, in the event of a **Total Loss** of the property which cannot be repaired or replaced. If the property can be repaired or replaced, the maximum liability shall not exceed the least of:

1. the cost to repair or restore the property to the condition that existed immediately before the loss; or
2. the cost to replace the property; or
3. the Agreed Value.

Explanation:

Situations have arisen in the past where a Member has a unique piece of personal property that does not have a normal value, ie, an antique or "one of kind" historical era vehicle. The POOL can now provide coverage for this property based on an Agreed Value Established with the Member that will be listed in the Member's Schedule of the Agreed Value Property to simplify the issue of how to value the loss, repair or replacement value to such unique property.

Section VI. Liability Coverage

B. Liability Definitions

4. **Event** means one or more of the following:

- e. a **Wrongful Act** taking place during this coverage period or on or after the retroactive date shown in the declarations page of this Coverage Form and reported to POOL during this coverage period ~~or taking place during this coverage period and~~ or reported to POOL during any extended reporting period added to this coverage by endorsement, but a **Wrongful Act** does not include damages arising out of an **Event** as defined in a., b., c. or d. above.

Explanation:

The Wrongful Act Event is meant to be triggered on a “claims made” rather than an occurrence basis. This means that the coverage is triggered when the claim is made and reported to the POOL rather than when the damage occurred. However, as currently worded, the definition of Wrongful Act would arguably make coverage for a wrongful act contingent on that act taking place during the coverage period, without regard to the retroactive date. This was not the intent of the POOL. Therefore, this language clearly establishes that the act may take place after the retroactive date, and can be reported during any extended reporting period that a Member may have by endorsement.

Section VI. Liability Coverage

C. Liability Exclusions

1. Coverage does not apply to any claim for damages, whether direct or consequential, which is covered under any other Section **herein of this Coverage Form**. Coverage does not apply to property owned by the **Assured**, or to loss of use of tangible property owned by the **Assured**.

Explanation:

This correction is just meant to simplify the language of the exclusion.

Section VI. Liability Coverage

C. Liability Exclusions

2. Coverage does not apply to any claim brought about or contributed to by acts intended or expected by the **Assured** to cause **Bodily Injury** or **Property Damage**. Any act ~~pertaining to~~ of any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.

Explanation:

This correction is just meant to simplify the language of the exclusion.

Section VI. Liability Coverage

C. Liability Exclusions

5. Coverage does not apply to liability arising out of the ownership, maintenance, loading or unloading, use, operation or entrustment to others of any aircraft, airfields, runways, hangars, buildings, or other properties in connection with aviation activities. **For purposes of this exclusion, “aircraft” includes but is not limited to both manned aircraft and any drones or similar unmanned aerial**

vehicles. “Unmanned aerial vehicle” means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft.

Explanation:

This sentence is meant to expand this exclusion to also exclude coverage for drones and unmanned aircraft, and includes a simple definition of “unmanned aerial vehicle”. There will now be a new endorsement for such coverage if desired by the Member.

Section VI. Liability Coverage

C. Liability Exclusions

8. Coverage does not apply to any liability arising out of the rendering of or failure to render the following professional services (including furnishing of food or beverages in connection therewith):

- a. medical, surgical, dental x-ray or nursing service or treatment except by forensic medical examiners or coroners;
- b. furnishing or dispensing of drugs or medical, dental or surgical supplies;
- c. services by any person as a member of a formal accreditation or similar professional board or committee of the **Assured**, or as a person charged with the duty of executing directives of any such board or committee, except the administrative, certification, and training duties of an ambulance services medical director (including law enforcement and firefighting agencies as required by law).

Further, coverage does not apply in any way to liability arising out of the ownership, operation, management or oversight of any hospital.

This exclusion does not apply to incidental malpractice liability arising out of the rendering of, or failure to render, professional health care services by nurses, ambulance crews, emergency medical technicians, paramedics, firefighters or police officers. The scene of such medical services may be outside the scope of employment or outside the **Assured**'s jurisdiction. However, this coverage will not apply if the individuals rendering medical services are doing so on behalf of and while working or volunteering for another medical services organization not an **Assured** under this coverage.

This exclusion does not apply to services by a public health official arising out of their official duties to protect the health and safety of the general public.

Explanation:

There are Members who have contracted public health officials whose duties relate to general public health responses to possible disease outbreaks, environmental conditions, etc., that are not direct treatment but rather are for overall public health conditions. This sentence seeks to clarify that the POOL intends to cover this administrative role. Some Members use State Health Dept. resources for vaccines, etc. in addition to administrative role; others may own vaccine and other services.

Section VI. Liability Coverage

C. Liability Exclusions

9. Coverage does not apply to any liability arising out of any breach of or failure to perform a contractual obligation including warranties of any kind and including labor agreements. However, this exclusion does not apply to employment related contracts other than labor agreements.

This exclusion does not apply to any statutory implied agreement between law enforcement agencies, in the absence of interlocal or cooperative agreement, to defend, hold harmless, and indemnify claims or liability arising out of the act or omission of the Assured's employee while participating in a request for assistance, under NRS 277.035 or Nevada law.

Explanation:

This exception to Exclusion 9 is being added to provide coverage for an **Assured** law enforcement agency under the statutorily implied agreement to defend and indemnify for acts or omissions of its employees while participating in a request for assistance from another law enforcement agency as mandated by NRS. 277.035.

Section VI. Liability Coverage

C. Liability Exclusions

17. Coverage does not apply to any criminal court sanctions, fines, penalties, fees, costs, expenses or interest awarded against an **Assured** or to any award of attorney's fees and litigation expenses to a prevailing party in a criminal case after a finding by the court that the **Assured**'s position in pursuing the criminal action was vexatious, frivolous or in bad faith under NRS Chapter 41, state, or federal law.

Explanation:

As this exclusion makes clear, there is no coverage for any award against an Assured for criminal court sanctions, fines, penalties, fees, costs, expenses or interest. There is also no coverage for attorney's fees and litigation expenses awarded to a prevailing party in a criminal case where the Assured's position in pursuing that criminal action was found by the trial court to be vexatious, frivolous or in bad faith, under the newly enacted statutory provision of NRS Chapter 41.

Section VI. Liability Coverage

C. Liability Exclusions

20. Coverage does not apply to any damages for **Bodily Injury, Property Damage, Personal Injury**, or other injury that is continuous or progressively deteriorating, and that is first manifest prior to the effective date or after the expiration of this Coverage Form. This exclusion applies even if such injury or damage continues or deteriorates during the term of this Coverage Form.

~~If this Coverage Form extends for more than one annual period, the following applies:~~

The most POOL will pay for **Bodily Injury, Property Damage, Personal Injury** and any other injury that is continuous or progressively deteriorating, and that is first manifest during ~~one of the periods~~ of this Coverage Form, is the applicable limit of coverage shown in the Declarations ~~for that one coverage period of this Coverage Form. This is the only limit~~ that applies to all related **Bodily Injury, Property Damage, Personal Injury** or other injury, regardless of whether such injury or damage existed before, or continues or progressively deteriorates after, the period ~~in which it is first manifest of this Coverage Form.~~

Within the meaning of this exclusion, injury or damage is manifest when appreciable harm occurs that is or should be known to the **Assured** or the person or organization harmed.

Explanation:

The language of this exclusion was confusing because there was never a situation where a Coverage Form would extend for more than one annual period. Each Coverage Form is in effect for one year only. Therefore, the exclusion language was changed to be consistent with that fact.

Section VI. Liability Coverage

C. Liability Exclusions

21. Coverage does not apply to any claim arising out of **Sexual Abuse** by the **Assured**. Any act pertaining to any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.

It is agreed that coverage as would otherwise be afforded ~~herein under this Coverage Form~~ shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such **Sexual Abuse**. However, coverage shall not exceed ~~\$2,500,000 per Event~~ **the limit shown in the Declarations**.

Explanation:

This correction is meant to simplify the language of the exception to the exclusion, which would allow coverage for Assureds other than the Assured who committed the act of sexual abuse, and to set the limit of coverage to that amount per Event shown in the Declarations.

Section VI. Liability Coverage

F. Liability Exclusions

23. Coverage does not apply to any ~~Cyber Data Security Event~~ and **Privacy Response Expense** as defined in Section VII ~~Cyber Data Security Event and Privacy Response Expense~~.

Explanation:

The term “data” is more commonly understood than the term “cyber” and more accurately reflects the nature of the exclusion.

Throughout the Coverage Form and particularly in Section VII, **Data Security Event and Privacy Response Expense Coverage**, the term “Cyber” was changed to the term “Data” for the same reasons.

Section VI. Liability Coverage

D. Liability Conditions

2. Cooperation – The POOL **has no duty to defend, but** may at its **sole** discretion defend an Assured against any claim for damages. Where the POOL has exercised its discretion to defend an **Assured**, the POOL has the sole right to investigate, defend or settle any claim against an **Assured** for damages. The **Assured** shall cooperate with POOL, its claims representatives and investigators, and attorneys assigned by POOL to represent the **Assured**, and if requested, attend hearings and trials, assist in securing and obtaining evidence, and obtaining the attendance of witnesses. The **Assured** shall not admit to any liability, assume any obligation, voluntarily make any payment or incur any expense other than first aid to others at the time of an accident. The **Assured** agrees to comply with all terms and conditions in all sections of this Coverage Form. The **Assureds** shall not waive any immunities granted to local governments.

Explanation:

Unlike an insurance company, NPAIP is a self-funded group of political subdivisions which have pooled their casualty risk resources, and whose Members who have decided what duties and coverages are contained in the Coverage Form, applicable to each of the Members. The Pool Coverage Part does not contain the “duty to defend” that a traditional insurance company has. Rather, the NPAIP has the sole discretion to decide whether to defend an Assured based on the best interests of the Members. This change emphasizes that point, and gives the members greater control in deciding when a defense is appropriate.

Section VI. Liability Coverage

D. Liability Conditions

8. If any **Event other than a Wrongful Act** includes allegations of and is associated with a ~~covered~~ **Wrongful Act** then all damages arising out of that **Event and the Wrongful Act** shall be deemed ~~an~~ **one Event** at the time the claim is first made, and the only applicable coverage is that which is in effect at the time the claim is first made.

Explanation:

The simplified wording emphasizes the intent of this Condition (as also seen by subsection 9 which follows it) that only one Event, and only one Coverage Form, will apply to all damages, even if other Events may be associated with a Wrongful Act.

3. Section VII. Data Security Event and Privacy Response Expense Coverage

D. Conditions

1. POOL **has no duty to defend, but** may at its **sole** discretion defend an **Assured** against any **Suit** seeking ~~such~~ damages **to which this coverage applies**. POOL may at its **sole** discretion investigate **or defend** any **Data Security Event** and settle any **Claim** or **Suit** that may result.

Explanation:

This change is intended to be consistent with the language of Liability Condition 2 above, emphasizing that there is no duty to defend in the NPAIP Coverage Form. As noted earlier, the NPAIP is not an insurance company and the Pool Coverage Form, by agreement of the Members, gives the POOL sole discretion to decide whether to defend an Assured based on the best interests of the Members.

Summary of Proposed Changes to Drone and Unmanned Aerial Vehicle Endorsement

THIS ENDORSEMENT CHANGES THE COVERAGE DOCUMENT. PLEASE READ IT CAREFULLY

ENDORSEMENT attaching to and forming part of POOL Form (ed. 07/01/16) Endorsement No.

Effective date of this Endorsement: July 1, 2016

DRONE AND UNMANNED AERIAL VEHICLE ENDORSEMENT

“Unmanned aerial vehicle” means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft.

1. It is understood and agreed that **Section V. PROPERTY COVERAGE, D. Property Excluded**, Exclusion 7, is hereby amended to include the following:

This exclusion does not apply to a scheduled owned drone or similar unmanned aerial vehicle.

2. It is understood and agreed that **Section VI. LIABILITY COVERAGE, C. Liability Exclusions**, Exclusion 5, is hereby amended to include the following:

This exclusion does not apply to liability arising out of the ownership, maintenance or operation for a lawful purpose of a scheduled owned, hired or non-owned drone or unmanned aerial vehicle.

If such drone or unmanned aerial vehicle is owned, it must be scheduled in this endorsement:

Assured Owner: _____

Make and Model of **UAS**:

Purpose of Use of **UAS**: _____

Operator Name(s) and FAA Certification(s):

Except as amended in this Endorsement, this coverage is subject to all coverage terms, clauses and conditions in the POOL Form to which this Endorsement is attached.

Explanation:

As previously noted, two changes were made to the property and liability Coverage Form exclusions to exclude coverage for drones and unmanned aerial vehicles. This endorsement allows Members to obtain such coverage for particular vehicles as scheduled by endorsement.

THIS ENDORSEMENT CHANGES THE COVERAGE DOCUMENT. PLEASE READ IT CAREFULLY

ENDORSEMENT attaching to and forming part of POOL Form (ed. 07/01/16) Endorsement No.

Effective date of this Endorsement: July 1, 2016

DRONE AND UNMANNED AERIAL VEHICLE ENDORSEMENT

“Unmanned aerial vehicle” means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft.

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1. It is understood and agreed that **Section V. PROPERTY COVERAGE, D. Property Excluded**, Exclusion 7, is hereby amended to include the following:

This exclusion does not apply to a scheduled owned drone or similar unmanned aerial vehicle.

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2. It is understood and agreed that **Section VI. LIABILITY COVERAGE, C. Liability Exclusions**, Exclusion 5, is hereby amended to include the following:

This exclusion does not apply to liability arising out of the ownership, maintenance or operation for a lawful purpose of a scheduled owned, hired or non-owned drone or unmanned aerial vehicle.

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If such drone or unmanned aerial vehicle is owned, it must be scheduled in this endorsement:

Assured Owner: _____

Make and Model of **UAS**:

Purpose of Use of **UAS**: _____

Operator Name(s) and FAA Certification(s):

Except as amended in this Endorsement, this coverage is subject to all coverage terms, clauses and conditions in the POOL Form to which this Endorsement is attached.

NEVADA PUBLIC AGENCY INSURANCE POOL (POOL) COVERAGE FORM

All terms or phrases in bold print or quotation marks in the body of the Coverage Form are defined terms.

Section I. Named Assured: The **Named Assured** means each member listed on Attachment A of this ~~coverage form~~ **Coverage Form** and all Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured** whether now or hereafter constituted.

It is agreed that the unqualified word **Assured** wherever used within this coverage includes not only the **Named Assured** but also:

1. (a) any official, trustee, director, officer, volunteer or employee of the **Named Assured** while acting within the course and scope of their duties as such, and

(b) any person, organization, trustee or estate to whom the **Named Assured** is obligated by virtue of written contract or agreement to provide insurance or coverage such as is offered by this coverage, but only with respect to operations by or on behalf of the **Named Assured**; such coverage does not apply to any Event that takes place prior to the execution of such contract or agreement,
2. as respects Section VI. Liability Coverage and subject to the Definitions and Conditions therein, any person or organization specified in a written contract or agreement to be named an additional assured and who leases equipment to the **Named Assured** or whose land or premises is used by the **Named Assured**, but only with respect to liability for the use of the leased equipment, land or premises by the **Named Assured**, and not to exceed the limits of liability required in the written contract or agreement nor in any case to exceed \$2,000,000 per **Event**, such sublimit applying as part of and not in addition to the Section VI Limits of Liability available to the **Named Assured**.

~~Such coverage does not apply:~~
(a) to any Event that takes place prior to the execution of such contract or agreement,
~~(a)(b) to any Event which takes place after the equipment lease expires or use of the land or premises ceases;~~
~~(b)(c) to any Wrongful Act or Law Enforcement Activities;~~
~~(c)(d) to any Event arising out of the sole negligence of such person or organization;~~
~~(d)(e) to structural alterations or new construction performed by or on behalf of such person or organization;~~
3. any person while using an owned automobile or a hired automobile, and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the **Named Assured** or with its permission, and any **Assured** with respect to the use of non-owned automobiles in the business of the **Named Assured**. This Coverage with respect to any person or organization other than the **Named Assured** does not apply:
 - (a) to any person or organization, or to any agent or employee thereof, operating an automobile sales agency, repair shop, service station, storage garage or public parking place, with respect to any accident arising out of the operation thereof;
 - (b) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured in the course of such employment in an accident arising out of the maintenance or use of the automobile in the business of such employer;
 - (c) with respect to any hired automobile, to the owner or a lessor thereof, other than the **Named Assured**, nor to any agent or employee of such owner or lessor;
4. the interest of the **Named Assured** in any joint venture or interlocal cooperation agreement to which the **Named Assured** is a party and any activities under the supervision or control of the **Named Assured** whether now or hereafter constituted, provided no separate independent legal entity is formed and subject to the Other Insurance or Coverage provisions contained herein.

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Section II. Property Limits, Liability Limits and Maintenance Deductible

1. PROPERTY LIMITS

- A. The Blanket Coverage Limit applies on a group basis to all Covered Property described in the Schedule of Locations.
- B. POOL's maximum Coverage Limit for direct physical loss or damage to Covered Property resulting from any one loss shall not exceed the Blanket Coverage Limit set forth in the Property Declarations, subject to any coverage extensions, sub-limits, exclusions, restrictions or limitations.
- C. All sub-limits apply as part of and not in addition to the Blanket Coverage Limit.

2. LIABILITY LIMITS

- A. The Limit of Liability applies separately to each **Named Assured** listed on Attachment A.
- B. POOL's maximum Limit of Liability for all loss resulting from any one **Event** shall not exceed the **Per Event** Limit of Liability set forth in the Liability Declarations **nor the Annual Aggregate Limit of Liability**, regardless of the number of persons, Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured**.
- C. The inclusion hereunder of more than one **Assured** shall not operate to increase the Pool's Limit of Liability for the **Named Assured**.
- D. All sub-limits apply as part of and not in addition to the Limit of Liability
- E. All expenses including related medical and legal costs are included when calculating appropriate deductible amounts and limits of liability within this coverage section.

~~F. All defense costs, including attorney's fees, incurred by NPAIP in defense of an Assured reduce the deductible amounts and limits of liability within this coverage section.~~

3. MAINTENANCE DEDUCTIBLE

Pool will not be liable for loss or damage in any one loss/**Event** until the amount of loss or damage exceeds the Maintenance Deductible amount shown on the declarations page of this ~~coverage form~~**Coverage Form**. If two or more Maintenance Deductibles apply to a single loss/**Event**, then the largest Maintenance Deductible amount will apply. However, this ~~coverage form~~**Coverage Form** allows for application of (a) separate and distinct Maintenance Deductibles; and (b) Maintenance Deductibles for specific loss categories; as shown in the Declarations.

Section III. General Conditions – All Sections

- 1. SALVAGE AND RECOVERY CLAUSE: All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this coverage shall be applied as if recovered or received prior to the settlement and all necessary adjustments shall be made by the parties hereto.
- 2. CANCELLATION/NONRENEWAL: If the **Assured** fails to pay the Contribution by the date specified by the POOL in its written invoice, 30 days written notice of cancellation will be given. This Coverage is otherwise cancelable only at the end of a coverage period. Either of the parties

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may cancel by giving written notice to the other party, provided notice is issued at least 120 days prior to the end of the current coverage period.

3. **BANKRUPTCY AND INSOLVENCY:** In **case of** bankruptcy or insolvency of the **Assured** or any entity comprising the **Assured**, POOL shall not be relieved of the payment of any claim to the **Assured** or its liquidator, receiver or statutory successor under this ~~coverage form~~Coverage Form without diminution because of the insolvency of the **Assured**.
4. **OTHER INSURANCE OR COVERAGE :** If any other coverage, bond or insurance is available that covers a loss covered herein, except for coverage, bond or insurance purchased to apply specifically in excess of this coverage, then this coverage will apply in excess of the other valid and collectable coverage, bond or insurance. When this coverage is excess over other coverage, bond or insurance, POOL will pay only the amount of loss, if any, that exceeds the sum of all deductibles (and self-funded amounts) and the amount all such other coverage, bond or insurance would pay for the loss in the absence of this coverage.
5. **MORTGAGE CLAUSE:** The interest of any creditor, lien holder or mortgagor on property covered hereunder is included as if a separate endorsement were attached hereto to the extent of the amount of the debt, lien or mortgage as of the date of loss subject to the limits of liability set forth in this coverage.
6. **SUBROGATION AND RECOVERIES:** POOL shall be subrogated to all rights which the **Assured** has against any person or other entity in respect to any claim or payment made under this coverage, and the **Assured** shall cooperate with POOL to secure the rights of POOL. In case any reimbursement is obtained or recovery made, the net amount of such reimbursement or recovery, after deducting the actual cost incurred by the **Assured** and/or POOL in obtaining or making the same, shall be applied in the following order: (a) to reduce the amount of loss which exceeds the applicable limit of liability; (b) to reduce POOL loss until POOL is fully reimbursed; (c) to reduce the **Assured's** loss because of the application of the deductible.
7. **WAIVER OF SUBROGATION:** This coverage shall not be invalidated if the **Assured** by written agreement has waived or shall waive its right of recovery from any party for loss or damage covered hereunder; provided that any such waiver is made prior to the occurrence of said loss or damage.
8. **ASSIGNMENT/TRANSFER OF RIGHTS AND DUTIES:** The **Assured's** rights, interests, benefits and/or duties (both pre-loss and post loss) under this Coverage Form may not be transferred or assigned without POOL's prior written consent.
9. **CHANGES:** By acceptance of this coverage, the **Assured** agrees that it embodies all agreements existing between the **Assured** and POOL relating to this coverage. None of the provisions, conditions or other terms of this coverage shall be waived or altered except by written endorsement; nor shall notice to any agent or knowledge possessed by any agent or other person be held to effect a waiver or change in any part of this coverage.
10. **CONCEALMENT, MISREPRESENTATION OR FRAUD:** POOL will not pay for any loss or damage in any case of intentional concealment or misrepresentation or fraud committed by the **Assured** at any time and relating to a claim under this coverage.

Section IV. General Exclusions – All Sections

1. WAR AND TERRORISM EXCLUSION: Coverage does not apply herein for loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

(A) war, invasion, acts of foreign enemies, hostilities or warlike operations, (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

(B) any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to an act by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), government(s), power(s), authority(ies) or military force(s),

(i) that:

- a. involves the use of force or violence and/or the threat thereof against human life or property;
- b. is dangerous to human life or property; or
- c. interferes with or disrupts an electronic or communication system; and

(ii) the purpose or effect of which is to

- a. intimidate, coerce or harm a government or the civilian population of a country, state or community;
- b. disrupt the economy of a country, state or community; or
- c. influence or affect the policy or conduct of the government of a country, state or community.

An act of terrorism includes but is not limited to an “act of terrorism” as defined by the Terrorism Risk Insurance Act of 2002, as amended, (“TRIA”) or any law enacted to reauthorize or succeed TRIA.

Coverage does not apply to loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (A.) and/or (B.) above.

2. NUCLEAR INCIDENT EXCLUSION:

DEFINITIONS - As used in this exclusion, “hazardous properties” include radioactive, toxic or explosive properties; “nuclear material” means source material, special nuclear material or by-product material; “source material”, “special nuclear material”, and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; “spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; “waste” means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility; “nuclear facility” means (a) any nuclear reactor, (b) any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing spent fuel, or handling, processing or packaging waste, (c) any equipment or device used for the processing, fabrication or alloying of special nuclear material if at any time the total amount of such material in the custody of the **Assured** at the premises where such equipment or device is located consists of or contains more ~~that than~~ 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235, or (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all

operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

PROPERTY- This coverage does not apply to any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however caused. But if Fire is covered and a Fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this ~~coverage form~~[Coverage Form](#)) be covered.

LIABILITY- This coverage does not apply under any Liability Coverage, to injury, sickness, disease, death or destruction:

- (A) with respect to which an **Assured** under the coverage is also an **Assured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an **Assured** under any such policy but for its termination upon exhaustion of its limit of liability; or
- (B) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the **Assured** is, or had this coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- (C) resulting from the hazardous properties of nuclear material if
 - (1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an **Assured** or (b) has been discharged or dispersed therefrom;
 - (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **Assured**; or
 - (3) the injury, sickness, disease, death or destruction arises out of the furnishing by an **Assured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion- 2 (C) (3) - applies only to injury to or destruction of property at such nuclear facility.

With respect to injury to or destruction of property, the words "injury" or "destruction" include all forms of radioactive contamination of property.

3. POLLUTION HAZARD - It is agreed that this coverage does not apply to:

- A) any loss or damages which would not have occurred in whole or in part but for the actual, alleged or threatened existence, discharge, dispersal, seepage, migration, release or escape of pollutants, irritants or hazardous substances at any time; "Pollutant" means any solid, liquid, gaseous or thermal irritant, corrosive or contaminant, including but not limited to smoke, vapors, soot, fumes, acids or alkalis, chemicals, metals and waste. Waste also includes materials to be recycled, reconditioned or reclaimed.
- B) any loss, cost or expense arising out of any:
 - (1) request, demand or order that any **Assured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any other way respond to, or assess the effects of pollutants; or
 - (2) claim or suit by or on behalf of a governmental authority or others for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of pollutants.

However, coverage does apply to any loss or damage arising out of:

- i) Heat, smoke or fumes from a hostile fire;
- ii) Backup or overflow of any sewer;
- iii) Use of teargas, mace, or similar substance by any public safety officer within the scope of employment for the **Named Assured**;
- iv) Collision, upset or overturn of any vehicle;
- v) Loss or damage caused by an employee or official of the **Named Assured** (but only while acting within the scope of duty and on behalf of the **Named Assured**) and where property or persons are in danger because of sudden and unexpected discharge, dispersal, release or escape of any pollutant.

The onset of the discharge, dispersal, release or escape of pollutants must have occurred no more than 72 hours prior to any **Assured's** arrival at the site or location of the **Event**. POOL's Limit of Liability for all such loss will not exceed \$1,000,000 for any one **Event** or in the aggregate annually. This limit is part of Section VI limits and not in addition to any other limit provided by this coverage.

- vi) Water intended for sale or use by an **Assured**, provided the damages arise out of pollution that was accidental, demonstrated as having commenced during the term of the ~~coverage form~~Coverage Form, became known to the **Assured** within 120 hours, was reported by the **Named Assured** within 14 calendar days from the start of the **Event**, and efforts to terminate the **Event** were expended as soon as reasonably possible;
- vii) Use of chemicals approved by the U.S. Environmental Protection Agency to disinfect or purify a swimming pool owned or operated by the **Assured**;
- viii) Cost of cleanup at the premises of the **Assured** made necessary as a result of covered loss or damage to Covered Property.
- ix) Weed spraying operations by or on behalf of any **Assured**; coverage is extended only for **Property Damage** liability; damage must manifest itself and be reported to POOL within 180 days of the spraying; POOL's Limit of Liability for all such loss will not exceed \$250,000 for any one **Event** or in the aggregate annually. This limit is part of Section VI limits and not in addition to any other limit provided by this coverage.

- 4. **LEAD**: This coverage does not apply to: any loss or damages arising out of lead or the hazardous properties of lead; any loss or damages for remedial investigations or feasibility studies or the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of lead or any item(s) containing lead; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
- 5. **SILICA DUST OR ASBESTOS**: This coverage does not apply to any loss or damages arising out of Asbestosis, Silicosis, Mesothelioma, Emphysema, Pneumoconiosis, Pulmonary Fibrosis, Pleuritis, Endothelioma or any lung disease or any ailment caused by or aggravated by asbestos in any form or by silica dust; any loss or damages arising out of the existence of asbestos in any form or of silica dust, including the costs of investigations or feasibility studies, or to the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of any property or substance; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
- 6. **MOLD/FUNGUS**: This coverage does not apply to any loss, cost or expense directly or indirectly arising out of, resulting from or in any manner related to Fungal Pathogens whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss. "Fungal Pathogens" as utilized herein shall mean any fungus or mycota or any byproduct or type of infestation produced by such fungus or mycota, including but not limited to mold, mildew, mycotoxins, spores or any biogenic aerosols.

Section V. PROPERTY COVERAGE

A. Property Coverage Agreement

POOL agrees subject to the limits, exclusions, conditions and other terms of this Coverage Form to pay on behalf of the **Assured** for direct physical loss or damage to Covered Property except as excluded or limited in this Coverage Form.

B. Covered Property

This Property Coverage Section covers property, unless excluded, as described in the Schedule of Locations, where ever located, agreed to and kept on file by POOL or its designees that the **Assured**:

- (i) Owns;
- (ii) Operates;
- (iii) Controls; or
- (iv) Contractually agrees to cover for physical loss or damage, to the extent of such contractual obligation.

Covered Property shall also include:

1. New construction, including property while in the course of construction;
2. Additions under construction;
3. Alterations and repairs to any building or structure;
4. Improvements and Betterments in which the **Assured** has a legal interest;
5. Materials, equipment and supplies for new construction, additions, buildings or structures;
6. Temporary structures;
7. **Electronic Data Processing Equipment** as defined in this ~~coverage form~~[Coverage Form](#);
8. Machinery, equipment, and fixtures that are permanently attached to the building;
9. **Automobiles** and mobile equipment as per schedule agreed to and kept on file by POOL or its designees;
10. Covered Property in transit;
11. Personal property of officers and employees of the **Named Assured**, while at a described location;
12. The **Assured**'s interest in and legal liability for property of others, while at a described location; and
13. **Valuable Papers and Records** as defined in this ~~coverage form~~[Coverage Form](#).

C. Coverage Extensions

This Property Coverage Section includes the following Coverage Extensions for direct physical loss or damage. These Coverage Extensions:

- i. are subject to the applicable limit of liability;
- ii. will not increase the POOL limit of liability; and
- iii. are subject to POOL coverage provisions, including applicable exclusions, definitions and deductibles, all as shown in this section and elsewhere in the POOL Coverage Form.

1. Accounts Receivable

This ~~coverage form~~Coverage Form is extended to cover all amounts due the **Named Assured** from customers, which the **Named Assured** is unable to collect, as a result of direct physical loss or damage to accounts receivable records.

Coverage includes:

- a. Interest charges on any loan to offset impaired collections pending repayment of sums that can not be collected.
- b. Collection expenses in excess of normal collection costs.
- c. Other reasonable expenses incurred by the **Named Assured** in recreating records of accounts receivable.

However, there shall be no coverage under this extension for bookkeeping, accounting, or billing error or omission; or alteration, falsification, manipulation, concealment, destruction or disposal of accounts or records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, **securities** or other property.

2. Arson Reward

This ~~Ce~~coverage ~~F~~form is extended to cover payment of any reward offered on the **Named Assured's** behalf for information that leads to conviction of the perpetrator(s) of arson or vandalism to Covered Property that sustains direct physical loss or damage covered by this agreement.

POOL's total liability for any one award is ten percent (10%) of the physical loss or damage to Covered Property up to the sub-limit of liability shown in the declarations.

POOL's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.

3. Debris Removal:

POOL shall pay for the reasonable and necessary expense incurred to remove debris from a described location that remains as a result of direct physical loss or damage to Covered Property for which there is coverage under this Property Coverage Section. Subject to the Debris Removal – Mold/Asbestos sublimit shown in the Property Declarations, Debris Removal shall also include removal of mold and asbestos containing materials necessitated as a result of direct physical loss or damage to Covered Property caused by a covered loss including the costs of an environmental consultant.

4. Earthquake and Flood:

Earthquake and **Flood** are covered perils, as defined in this ~~coverage form~~Coverage Form.

5. Equipment Breakdown

- A. Under Section V. F. Perils Excluded, items 4, 5 and 6 are deleted in their entirety with respect to Covered Property. However, there shall be no coverage under this extension for any of the following:
1. Insulating or refractory material; footing, foundation, mounting pad or settings, or piling.
 2. Vessel or vessel part not under pressure of its contents or under vacuum.
 3. Sewer piping, fire protection piping, or water piping; except piping solely supplying boiler feed water or boiler condensate.
 4. **Automobiles**, dragline, excavation or construction equipment.
 5. Products manufactured by the **Named Assured** unless permanently installed.
 6. Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace.
 7. Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification.
 8. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection.
 9. The functioning of any safety or protective device
 10. The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
 11. Any loss or damage to any boiler, fired vessel, electric steam generator, or electrical or electronic equipment while undergoing a test which subjects such equipment to greater than maximum allowable operating conditions as identified by the manufacturer of such equipment.
- B. Under Section V. F. Perils Excluded, items 5 and 14 are deleted in their entirety with respect to **Electronic Data Processing Equipment, Media and Electronic Data**.
- C. This Coverage Extension is subject to the following limitations of coverage:
1. Loss of Income and Extra Expense
Coverage is extended to pay for actual **Loss of Income** and **Extra Expense** as defined in this ~~coverage form~~[Coverage Form](#) sustained due to a loss covered by this coverage extension.
 2. Hazardous Substance Coverage:
Coverage is extended to clean, repair, replace, or dispose of Covered Property that is damaged, contaminated or polluted by a substance declared to be hazardous by a governmental agency as a result of direct physical loss or damage covered by this extension of coverage. The coverage provided by this extension of coverage does not include loss to perishable goods due to contamination from the release of a refrigerant, including but not limited to ammonia.
 3. Spoilage Coverage:
Coverage is provided for covered perishable goods due to spoilage resulting from direct physical loss or damage covered by this coverage extension, including damage to perishable goods due to contamination from the release of refrigerant, including but not limited to ammonia. Perishable goods are defined as Covered Property that is subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.
 4. Data Restoration
Coverage is extended to pay for the **Named Assured's** reasonable and necessary cost to research, replace or restore lost **Electronic Data** and any **Media** upon which it is stored. However, there shall be no coverage for a loss to media or data that results from any error in machine programming or machine instructions.

6. Expediting Expenses:

POOL shall pay for reasonable and necessary extra costs to expedite:

- a. Temporary repairs to; and
- b. Permanent repairs to or replacement of;

Covered Property sustaining direct physical loss or damage covered by this Coverage Section.

Expediting Expenses do not include:

- 1) Expenses payable elsewhere in the Property Coverage Section.
- 2) The cost of permanent repair or replacement.

7. Unintentional Errors and Omissions:

The property covered herein is based on the schedule of locations and values submitted by the **Named Assured** prior to the inception of this coverage. However, if any property and/or location is omitted or undervalued because of unintentional errors or omissions of the **Named Assured**, POOL will accept that property and/or location as being covered subject to a maximum of \$5,000,000 each loss, provided the property and/or location is the same in form and substance as other real and personal property which are scheduled.

The **Named Assured** agrees to report such errors or omissions as soon as reasonably possible after discovery of such, and to schedule the proper locations and values then and thereafter.

8. Money and Securities

Money and securities of the **Named Assured** only are Covered Property with respect to this coverage extension.

Under Section V. F., Perils Excluded, item 2 is deleted in its entirety but only for this coverage extension. This coverage extension shall apply to direct physical loss or damage resulting from:

- a. Dishonest or fraudulent acts including theft and forgery committed by an official, trustee, director, officer, volunteer or employee of the **Named Assured** acting alone or in collusion with others while in the **Named Assured's** service and who the **Named Assured** compensates directly with salary, wages or commissions; or who are furnished to the **Named Assured** by an employment agency or service and under the **Named Assured's** direct control while performing such services in substituting for a permanent employee on leave, or meeting seasonal or short-term workload conditions.

For purposes of this extension, direct physical loss or damage means loss or damage to tangible property, and does not include consequential, detrimental economic impact or a diminution of value to covered property. Tangible property means property that has physical form and characteristics.

- b. The actual destruction or disappearance of such property.
- c. A peril covered by this Property Coverage Section.

The following are added to Section V. F., Perils Excluded, but only for this coverage extension:

16. Misappropriation, conversion, infidelity, dishonest or fraudulent acts committed by any:
 - a. Agent, broker, consignee, independent contractor, subcontractor or similar representatives;

- b. Employee of the **Named Assured** who has previously committed dishonest or fraudulent acts resulting in direct physical loss or damage to **money** and **securities**; or
- c. Person (excluding employees) to whom the property may be entrusted; Whether committed alone or in collusion with others at any time, on the part of the **Named Assured** or any additional interest.

17. The **Named Assured's** inability to realize income that would have been earned had there been no loss of **money** or **securities**; Loss or damage when the only proof of such loss or damage is an inventory computation, or a profit and loss computation.

18. Loss or damage to **money** or **securities** while in transit or at an unnamed location except for:

- a) Robbery while such property is in the care and custody of an employee of the **Named Assured**, or
 - b) Actual destruction or disappearance while at a banking institution or similar safe depository.
19. Accounting or arithmetical errors or omissions.

9. Protection and Preservation of Property:

POOL shall pay for the reasonable and necessary costs incurred to temporarily protect or preserve Covered Property at a described location in order to avoid or prevent immediately impending physical loss or damage from a peril covered by this Property Coverage Section.

10. Ordinance or Law:

If at the time of direct physical loss or damage covered by this ~~coverage form~~Coverage Form, there is in force any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures, POOL shall pay for increased claim costs that are the result of enforcement of such law or ordinance as a direct result of such loss or damage, including:

- a.) the cost to demolish any physically undamaged portion of the buildings or structures
- b.) the cost incurred to actually rebuild the physically damaged and the demolished portions of such buildings or structures with materials and in a manner to comply with the law or ordinance.

11. Loss of Income and Extra Expense:

POOL shall pay for actual **Loss of Income** and **Extra Expense** sustained by the **Named Assured** due to the necessary suspension of the **Named Assured's** operations during the **Period of Restoration** as defined in this ~~coverage form~~**Coverage Form**. The suspension must be caused by direct physical loss of or damage to Covered Property at premises that are described in the Schedule of Locations agreed to and kept on file by POOL or its designees, such loss being caused by a covered peril.

Coverage shall also be provided for actual **Loss of Income** sustained and **Extra Expense** caused when access to the described location is prohibited by order of civil authority. This order must be given as a direct result of physical loss or damage from a peril of the type covered by this Property Coverage Section. POOL will be liable for the actual amount of loss sustained at such location for a period of up to 30 consecutive days from the date of this action.

In order to determine any **Loss of Income** and/or **Extra Expense** loss payable, POOL shall give consideration to the experience of the **Named Assured** before and the probable experience after the **Period of Restoration** and continuation of only those normal charges and expenses that would have existed had no interruption of or suspension of business operations or services occurred.

POOL will not be liable for any loss payable under this coverage extension to the extent that it can be reduced by the **Named Assured** through use of any suitable property or service owned or controlled by the **Named Assured**, or obtainable from other sources.

Any salvage value of such property remaining at the end of the period of interruption for property obtained above will be taken into consideration in the adjustment of any loss.

For purposes of determining the loss payable under this Coverage Extension, **Loss of Income** and **Extra Expense** will not include:

- a. Any loss during any period in which goods would not have been produced.
- b. Any loss during any period in which business operations or services would not have been maintained.
- c. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order.
- d. Any loss due to:
 - 1.) Fines or damages for breach of contract.
 - 2.) Late or non-compliance of orders or penalties of any nature whatsoever.
 - 3.) Any other consequential or remote loss.
- e. Any loss resulting from physical loss or damage to property in transit.

12. Transmission Facilities:

This ~~coverage form~~**Coverage Form** is extended to cover direct physical loss or damage covered by this Property Coverage Section to electrical and telecommunication equipment; and electrical, telecommunication, fuel, water, steam, and, refrigeration transmission lines; all situated on or within 1000 feet of the described location.

Coverage is excluded for loss resulting from:

- a) The lack of incoming services described above; or
- b) Physical loss or damage to transmission facilities providing these services; that occurs beyond 1000 feet of the described location.

D. Property Definitions

Actual Cash Value is the replacement value of the property, at the time and place of the loss or damage, less proper deduction for depreciation.

Automobile means any land motor vehicle or trailer/semi-trailer) or mobile equipment owned by the **Named Assured** or for which the **Assured** has an obligation to provide coverage.

Earthquake shall mean earthquake, volcanic eruption, subterranean fire, landslide, subsidence, earth sinking, rising, shifting or any such convulsion of nature. If more than one earthquake shock shall occur within one hundred sixty eight (168) hours during the term of this coverage, such shocks shall be deemed to be a single earthquake.

Electronic Data Processing Data is defined as all information stored on media devices, including facts, concepts, or computer programs converted to a form usable in a data processing operation.

Electronic Data Processing Equipment is defined as data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic data processing equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Electronic data processing equipment does not mean property in the course of manufacture or property you hold for sale or demonstration.

Electronic Data Processing Media is defined as all materials on which data is recorded including magnetic tapes, disc packs, paper tapes, and cards used in data processing equipment. **Electronic Data Processing Media** does not include any memory bank attached to production machinery or any property you hold for sale or demonstration.

Extra Expense means necessary expenses incurred by the **Named Assured** during the Period of Restoration that would not have incurred been if there had been no direct physical loss or damage to property caused by or resulting from a covered loss.

Flood shall mean surface waters, tide and tidal water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water or spray, whether wind driven or not, from any of the foregoing or by water which backs up through sewers or drains; or mudslide.

Loss of Income means the Net Income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses incurred, including payroll.

Money means currency, coin, bank notes and bullion.

Period of Restoration is defined as the period from the time of direct physical damage covered by this Property Coverage Section to the time when, with due diligence and dispatch, physically damaged property could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to such damage.

Securities mean negotiable and non negotiable instruments or contracts representing money.

Total Loss means complete physical destruction of the tangible property and/or its function.

Valuable Papers and Records are inscribed, printed or written: documents; manuscripts or records including abstracts; and, books, deeds, drawings, films, maps, or mortgages. Valuable Papers are not: money, securities and stamps; converted data programs or instructions used in the **Named Assured's** data processing operations; or, materials on which data is recorded.

E. Property Excluded

There shall be no coverage for loss or damage to the following property unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section:

1. Land, water, or any substance in or on land, pavement and roadways, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.
2. Underground mines and mining property located below the surface of the ground.
3. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.
4. Docks, piers, and wharves which are not a structural part of the building.
5. Furs and fur garments, jewels, jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys for loss caused by theft.
6. Currency, **money**, notes, **securities**, accounts, bills, tickets, tokens, evidences of debt, **Electronic Data Processing Media** and **Data**.
7. Satellites, property undergoing insulation tests, aircraft, and watercraft over fifty (50) feet in length. [For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and any drones or similar unmanned aerial vehicles. "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft.](#)
8. Personal property in the custody of the **Assured** acting as a warehouseman, bailee for hire, or carrier for hire.

F. Perils Excluded

There shall be no coverage for loss or damage caused by any of the following perils, unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section; however, if loss or damage not excluded results, then that resulting loss or damage is covered.

1. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a covered peril or otherwise; loss caused by any legal proceeding.
2. Misappropriation, conversion, infidelity or any dishonest act; whether committed alone or in collusion with others at any time, on the part of the **Assured** or any additional interest, employees, directors, officers, or agents of the **Assured**, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the **Assured**, without the knowledge of the **Assured**, resulting in physical damage, is covered.
3. Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee. There will be no coverage for the voluntary parting with title or possession of property if induced by any fraudulent act or by false ~~pretence~~[pretense](#).
4. Explosion, rupture, bursting, cracking, burning or bulging of steam boilers, steam turbines, gas turbines and steam engines; rupture, bursting, cracking, burning or, bulging of: pressure vessels, or piping or apparatus; attached to any steam boilers, steam turbines, gas turbines and steam engines; while all such property is owned, operated or controlled by the **Assured** or under the **Assured's** obligation to cover. This ~~coverage form~~[Coverage Form](#) will cover physical loss or damage resulting from: the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines; or within the flues or passages which conduct the gases of combustion therefrom. Loss by fire ensuing from any of the above is covered by this Property Coverage Section.
5. Centrifugal force on rotating or moving parts of machinery; electrical, mechanical, or structural breakdown of machinery or equipment, including moving or stationary parts within or forming an integral part of such machinery or equipment.

6. The lack of power or other incoming service supplied from off the described location, however caused. If physical loss or damage covered herein results to Covered Property at a location described in the Schedule of Locations, the resulting damage is covered.
7. **Earthquake** as defined in this Property Coverage Section.
8. **Flood** as defined in this Property Coverage Section.
9. Wear and tear, gradual deterioration, inherent vice, latent defect, vermin or insects.
10. Defects in materials, faulty workmanship [\(whether the product or process\)](#), faulty construction or faulty design.
11. Dampness or dryness of atmosphere; changes of temperature; freezing, except damage to fire protective equipment caused by freezing; heating; shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion.
12. Settling, cracking, shrinkage, bulging, or expansion of foundations, walls, floors, roofs, or ceilings. This exclusion will not apply to loss or damage resulting from collapse of a building or structure or of a material part of a building or structure.
13. Exposure to rain, sleet, snow, sand or dust to personal property in the open.
14. Electronic or magnetic injury or disturbance of any kind.
15. Loss arising from errors in machine or systems programming or instructions to machines or systems, unless physical damage not excluded by this coverage results, and then only for direct loss or damage caused by such covered peril.
16. Direct physical loss or damage to tangible Covered Property resulting from seizure or destruction of property by order of governmental authority

G. Property Conditions

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1. Notice to POOL:
The **Assured** will:
 - a) give immediate notice to the POOL of any loss involving Covered Property via the POOL's designated claims service organization.
 - b) protect the property from further loss or damage
 - c) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, Actual Cash Value, replacement value and amount of loss claimed.
 - d) as often as may be reasonably required, permit the POOL to inspect the property proving the loss or damage and examine the books and records of the **Assured**.
 - e) cooperate as requested by POOL in the POOL's investigation, adjustment, and valuation of any claim for loss or damage to Covered Property.
2. No Benefit to Bailee:
No person or organization, other than the **Assured**, having custody of **Assured** property will benefit from this coverage.

3. Vacant and Unoccupied Locations:

Permission is given to cease operations and for locations to be vacant or unoccupied for:

- a. Sixty (60) consecutive days; or
- b. More than sixty (60) consecutive days with the written consent of POOL;

Provided that the **Assured** maintains the same degree of:

- 1) Fire protection; and
- 2) Watch and alarm service;

As existed prior to the discontinuance of normal operations. POOL shall reduce the loss payable by 15% on any vacant or unoccupied building. Buildings under construction or renovation are not considered vacant.

3. Loss Payment:

POOL has the sole right to adjust, value, evaluate and pay claims for loss or damage to covered property on behalf of the **Assured**.

a. In the event of loss or damage to Covered Property, POOL, at its option, will either:

- 1) Pay the value of lost or damaged property;
- 2) Pay the cost of repairing or replacing the lost or damaged property;
- 3) Take all or any part of the property at an agreed or appraised value; or
- 4) Repair, rebuild or replace the property with other property of like kind and quality.

POOL will determine the value of lost or damaged property, or the cost of repair or replacement, in accordance with the applicable terms of paragraph 4, entitled "Basis of Valuation" or any applicable provision of this Coverage Form which amends or supersedes these valuation conditions.

b. POOL will give notice under paragraph 3.a within a reasonable time after receiving written notice of loss from the **Assured**.

4. Basis of Valuation:

Adjustment of loss amount(s) under this Property Coverage Section will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

The following property, unless endorsed, will be valued at the time of loss as follows:

a. On property of others: the amount for which the **Assured** is legally liable, but not exceeding the replacement cost.

b. Fine Arts are valued at the lesser of:

- 1.) The cost to repair or restore the article to the condition that existed immediately prior to the loss;
- 2.) The cost to replace the article; or
- 3.) The value designated for the article on the schedule of fine arts on file with POOL.

In case of physical loss or damage to an article that is part of a pair or a set, POOL will pay the full amount of the value of such pair or set only if the damaged article cannot be repaired or restored to its condition before the loss and the **Assured** surrenders the remaining article or articles of the pair or set to POOL.

c. Accounts receivable is valued at the sum due which the **Assured** is unable to collect from customers, and includes:

- 1.) Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected;
- 2.) Collection expenses in excess of normal collection cost; and
- 3.) Other reasonable expenses incurred by the **Assured** in recreating records of accounts receivable.

If the **Assured** is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:

- i. Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which loss occurs; and
 - ii. Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.

Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted. After payment of loss by POOL, all amounts recovered by the **Assured** on accounts receivable for which the **Assured** has been indemnified will belong to and be paid to the POOL by the **Assured** up to the total amount of loss paid by the POOL. All recoveries in excess of such amounts will belong to the **Assured**.
- d. **Automobiles** and mobile equipment are valued at actual cash value at the time of loss or the cost to repair, whichever is less; autos hired under a short-term rental car agreement will be covered for replacement cost.
- e. **Valuable Papers and Records** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored with other of like kind or quality, POOL will pay the blank value of such **Valuable Papers and Records**.
- f. **Electronic Data Processing Media** and **Data** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored with other of like kind or quality, POOL will pay the blank value of such **electronic data processing media**.
- g. Property while in transit is valued as follows:
 - 1) For property shipped to or for account of the **Assured**: the actual invoice to the **Assured**, together with such costs and charges (including the commission of the **Assured** as selling agent) as may have accrued and become legally due on such property.
 - 2) For property that has been sold by the **Assured** and shipped to or for account of the purchaser (if covered by this Property Coverage Section): the amount of the **Assured's** selling invoice, including prepaid or advanced freight.
 - 3) For property not under invoice: the actual cash market value at point of destination on the date of disaster, less any charges saved which would have become due and payable upon delivery at destination.
- h. **Money** and **Securities** is valued as follows:

Money is valued in Canadian currency for locations situated in Canada and in United States of America currency for all other locations, unless specified otherwise. **Money** issued in currencies other than Canadian and United States of America currency will be valued in United States dollar equivalent determined by the last rate of exchange quoted in the Wall Street Journal on the date of loss.

Securities are valued at:

 - 1) The cost to replace or restore the security with other of like kind or quality including the cost of issuing duplicate **securities**, if replaced; or
 - 2) The value of each security as of the close of business on the date of loss, if the **securities** cannot be replaced or restored with other of like kind or quality; Provided the **Assured** must assign all rights, titles, and interest in such **securities** to POOL
- i. Property in Transit is valued as follows:
 - 1) Property in transit; Actual invoice value, plus costs and charges (including commission as selling agent) which have accrued and are legally due.
 - 2) Property shipped to or for the account of the **Assured**; selling invoice value, including prepaid or advanced freight, for property which has been sold by the **Assured**.
 - 3) Property shipped to or for the account of the purchaser; **Actual Cash Value** at the point of destination on the date of loss or damage, less any charges saved which would have become due and payable upon delivery at destination for property not under invoice.
- j. The **Assured** may:
 - 1) In the event POOL opts to rebuild, have the property rebuilt at another site, provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.
 - 2) Give notice of claim to be calculated on **Actual Cash Value** of the property lost or damaged until repair or replacement has been completed. The **Assured** may still claim for the

additional coverage which replacement cost provides if notification of intention to do so is received by POOL within 180 days after the loss or damage.

- k. Replacement cost is subject to all the terms, conditions and limitations of the POOL Coverage Form (including any endorsements) and the following additional provisions:
 - 1) In no event will payment exceed the actual repairs, replacement, or the limit of liability stated in this Coverage Form, whichever is the lesser.
 - 2) If during the term of this Coverage Form, any **Assured** real property is offered for sale, the value of loss or damage will not exceed the lesser of:
 - a. The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or,
 - b. The cost to repair or replace. If the **Assured** fails to comply with any of the valuation provisions or does not elect replacement cost within two (2) years from the date of loss, the basis of valuation will be limited to the **Actual Cash Value** as defined in this Coverage Form.

I. Scheduled Property with an Agreed Value:

The POOL will pay the Agreed Value for property listed on the **Assured's** Agreed Value Schedule of Property, as agreed upon by the Assured and POOL, in the event of a **Total Loss** of the property which cannot be repaired or replaced. If the property can be repaired or replaced, the maximum liability shall not exceed the least of:

- 1. the cost to repair or restore the property to the condition that existed immediately before the loss; or
- 2. the cost to replace the property; or
- 3. the Agreed Value.

- 5. Appraisal:

If the **Assured** and POOL are unable to agree as to the amount necessary to rebuild, repair or replace the damaged or destroyed property or the actual value of loss, each party shall name a competent and disinterested appraiser and the two so chosen shall, before proceeding further, appoint a competent and disinterested umpire. The appraisers together shall obtain repair or replacement estimates, calculate the value of loss, and failing to agree shall submit their differences to the umpire. The award, in writing, duly verified by any two shall determine the points in question. Both parties shall pay the cost of their own appraisers and equally pro rate the cost of the umpire.
- 6. Suspension:

Upon discovery of a dangerous condition, POOL may immediately suspend the coverage with respect to any Covered Property by giving written notice to the **Assured**. The coverage that is suspended may be reinstated by POOL. If coverage is suspended, it will also be immediately suspended for any mortgagee, lender or additional named interest by written notice of suspension.
- 7. Conditions Applicable to Property Extension 8. Monies and Securities:
 - a. Cancellation as to Any Employee
 - 1) This coverage is cancelled as to act of any employee immediately upon notice to or discovery by the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) of theft or any other dishonest act committed by that employee whether before or after becoming employed by the **Named Assured**.
 - b. Discovery
 - 1) Coverage applies for **loss** sustained through acts committed or events occurring at any time and discovered by the **Named Assured**
 - a) during the coverage period; or

b) one year after the date of cancellation, termination or expiration of this coverage period.

2) Discovery of loss occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) first becomes aware of facts from which a reasonable person would know or should know that a loss covered by this coverage has been or will be incurred even though the exact amount or details of loss may not then be known. Discovery also occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) receives notice of an actual or potential claim against the **Named Assured** alleging facts that if true would constitute a covered loss under this ~~coverage form~~Coverage Form.

Section VI. LIABILITY COVERAGE

A. Liability Coverage Agreement (Note: Claims-Made for Wrongful Acts)

In consideration of the payment of the Contribution and subject to the Limits of Liability, exclusions, conditions and other terms of coverage, POOL agrees with the **Assured** to pay on behalf of the **Assured** the total sum of damages which the **Assured** becomes legally obligated to pay as damages resulting from an **Event**, such sum (including related medical and legal costs) being reached either through adjudication or compromise after proper deductions for all recoveries and salvages.

B. Liability Definitions

1. **Automobile** means any land motor vehicle, mobile equipment, trailer/semi-trailer, and attached equipment.
2. **Bodily Injury** means physical injury to any person, including death, sickness, disease or any mental anguish, shock or disability associated with or arising from such physical injury.
3. **Employment-based Benefit Plan Administration** means giving counsel or coverage interpretation to active or prospective benefit plan participants, handling of related records, or effecting enrollment, notification, revision, termination or cancellation of coverage under any employment-based benefit plan. Employment-based benefit plan includes life insurance, accident or health insurance, profit sharing plans, pension plans, stock subscription plans, workers' compensation, unemployment insurance, social security, disability benefits, vacation plans and any other similar employment-based benefit plans.
4. **Event** means one or more of the following:
 - a. an accident that causes **Bodily Injury** or **Property Damage** during this coverage period;
 - b. **Personal Injury** caused by an offense committed during this coverage period;
 - c. **Law Enforcement Activities** during this coverage period which cause **Bodily Injury, Property Damage, Personal Injury** or the violation of civil rights; however, any damages arising out of employment practices of the **Named Assured** (including discrimination related to recruitment, hiring, evaluation, training, promotion, demotion, discipline or termination of an employee) will be considered a **Wrongful Act** herein;
 - d. any injury caused by errors or omissions arising out of **Employment-based Benefit Plan Administration** committed during this coverage period;
 - e. a **Wrongful Act** taking place [during this coverage period or on or after the retroactive date shown in the declarations page of this Coverage Form](#) and reported to POOL during this coverage period ~~or taking place during this coverage period and/or reported to POOL~~ during any extended reporting period added to this coverage by endorsement, but a **Wrongful Act** does not include damages arising out of an **Event** as defined in a., b., c. or d. above.
5. **Law Enforcement Activities** means performance while acting within the scope of duty, including policy making, supervisory and executive functions relating to law enforcement, (a) as a law enforcement officer or reserve officer, (b) as an officer of a jail, (c) as any **Assured** representing a law enforcement agency, and (d) including activities performed for other than the **Named Assured** which are approved in advance by an authorized representative of the **Named Assured**.

6. **Personal Injury** means injury other than **Bodily Injury** arising out of one or more of the following offenses: False arrest, detention, or imprisonment; malicious prosecution; false or improper service of process; publication or utterance of libel or slander or disparaging material or a publication or utterance in violation of an individual's right to privacy; violation of right of public occupancy; wrongful eviction, wrongful entry, or invasion of premises; assault and/or battery; discrimination; piracy and infringement of copyright of property.
7. **Property Damage** means physical injury to or loss of use of tangible property of others including damage to structures or portions thereof rented to or leased to the **Assured**, including fixtures permanently attached thereto.
8. **Wrongful Act** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including misfeasance, malfeasance, and nonfeasance by the **Assured**. **Wrongful Act** includes actual or alleged violations of the United States Constitution or any State constitution, or any law affording protection for civil rights, provided coverage is otherwise afforded hereunder for such **Wrongful Act**.
9. The term **Sexual Abuse** as used hereunder shall mean any actual, attempted or alleged sexual conduct towards or to another person or persons, whether intentional, expected or unintentional, which causes physical and/or mental injuries. **Sexual Abuse** includes, but is not limited to: sexual molestation, sexual assault, sexual contact or touching and/or sexual exploitation or sexual injury.
Sexual Abuse does NOT include **Sexual Harassment** as defined in this Coverage Form.
10. The term **Sexual Harassment** as used hereunder shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature towards or to another person or persons, which causes physical and/or mental injuries. **Sexual Harassment** includes:
 - a. The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
 - b. The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

Sexual Harassment does NOT include **Sexual Abuse** as defined in this Coverage Form.

C. Liability Exclusions

1. Coverage does not apply to any claim for damages, whether direct or consequential, which is covered under any other Section ~~herein of this Coverage Form~~. Coverage does not apply to property owned by the **Assured**, or to loss of use of tangible property owned by the **Assured**.
2. Coverage does not apply to any claim brought about or contributed to by acts intended or expected by the **Assured** to cause **Bodily Injury** or **Property Damage**. Any act ~~pertaining to~~ of any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.
3. Coverage does not apply to any claim made against any **Assured** flowing from or originating out of the **Assured** gaining any profit or advantage to which they were not legally entitled including, but not limited to, any wrongful or erroneous collection of taxes, fees or other charges, by whatever name called.
4. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to \$50,000 in the aggregate for reasonable attorney fees and costs when incurred in the defense of any criminal proceeding arising out of what would otherwise be within the scope of the **Assured**'s employment, provided the **Assured** is exonerated from all charges or all charges are subsequently withdrawn or dismissed. When an **Assured** is a defendant represented by the same attorney or law firm representing other defendants in the same criminal proceeding who are not an **Assured** under this ~~coverage form~~Coverage Form, payment hereunder shall be limited to the **Assured**'s proportionate share of the total of the reasonable attorney fees.

If the **Named Assured** is required by law to provide for an employee's legal defense in a criminal proceeding, this coverage will reimburse the **Assured** in accordance with such law.

Whenever coverage under this ~~coverage form~~Coverage Form would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent or malicious conduct by any person covered hereunder, it is agreed that coverage as would otherwise be afforded herein shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct.

5. Coverage does not apply to liability arising out of the ownership, maintenance, loading or unloading, use, operation or entrustment to others of any aircraft, airfields, runways, hangars, buildings, or other properties in connection with aviation activities. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and any drones or similar unmanned aerial vehicles. "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft.

However, this exclusion does not apply to liability arising out of the use of **automobiles** of the **Assured** used in connection with the operation of an airport and on the premises of an airport owned, maintained, or operated by the **Assured**.

Also, this exclusion does not apply to **Wrongful Acts** arising out of airport ownership.

6. Coverage does not apply to any obligation for which the **Assured** may be held liable: (a) to any employee under the Fair Labor Standards Act (FLSA) or under any similar laws, however, coverage is extended for costs of defense of actions alleging violation of such laws; (b) under any workers' compensation, unemployment compensation, disability benefits, uninsured or underinsured motorists law, or under any similar laws; or (c) for bodily injuries to any employee

of an **Assured** arising out of and in the course of employment by the **Assured** or arising out of performing duties related to the conduct of the **Assured's** business or **Bodily Injury** to any family member of an employee arising out of such activities. The exclusion under (c) applies whether the **Assured** may be liable as an employer or in any other capacity and to any liability for indemnity or contribution brought by any party for **Bodily Injury**.

7. Coverage does not apply to any liability arising out of or in any way connected with the operation of the principles of eminent domain, condemnation, inverse condemnation, or taking of any real property interest, by whatever name(s) called, whether such liability accrues directly against the **Assured** or by virtue of any agreement entered into by or on behalf of the **Assured**.

This exclusion also applies to any liability arising out of or connected with allegations that the **Assured's** actions constitute a taking of any real property interest in violation of substantive due process, including but not limited to any allegations that the **Assured's** actions lack any substantial relation to the public health, safety or general welfare and/or that the **Assured's** actions are arbitrary, capricious, irrational or unreasonable and/or not related to any legitimate governmental purpose.

8. Coverage does not apply to any liability arising out of the rendering of or failure to render the following professional services (including furnishing of food or beverages in connection therewith):
- a. medical, surgical, dental x-ray or nursing service or treatment except by forensic medical examiners or coroners;
 - b. furnishing or dispensing of drugs or medical, dental or surgical supplies;
 - c. services by any person as a member of a formal accreditation or similar professional board or committee of the **Assured**, or as a person charged with the duty of executing directives of any such board or committee, except the administrative, certification, and training duties of an ambulance services medical director (including law enforcement and firefighting agencies as required by law).

Further, coverage does not apply in any way to liability arising out of the ownership, operation, management or oversight of any hospital.

This exclusion does not apply to incidental malpractice liability arising out of the rendering of, or failure to render, professional health care services by nurses, ambulance crews, emergency medical technicians, paramedics, firefighters or police officers. The scene of such medical services may be outside the scope of employment or outside the **Assured's** jurisdiction. However, this coverage will not apply if the individuals rendering medical services are doing so on behalf of and while working or volunteering for another medical services organization not an **Assured** under this coverage.

[This exclusion does not apply to services by a public health official arising out of their official duties to protect the health and safety of the general public.](#)

9. Coverage does not apply to any liability arising out of any breach of or failure to perform a contractual obligation including warranties of any kind and including labor agreements. However, this exclusion does not apply to employment related contracts other than labor agreements.

[This exclusion does not apply to any statutory implied agreement between law enforcement agencies, in the absence of interlocal or cooperative agreement, to defend, hold harmless, and indemnify claims or liability arising out of the act or omission of the **Assured's** employee while participating in a request for assistance, under NRS 277.035 or Nevada law.](#)

10. Coverage does not apply to any claim based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if such opinion, treatment, consultation or

service was rendered or failed to have been rendered while the **Assured** was engaged in any activity for which they received compensation from any source other than as **Named Assured**.

11. Coverage does not apply to any claim arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans.
12. Coverage does not apply to any claim for a **Wrongful Act** arising out of failure to supply a specific amount of electrical power or fuel due to interruption of the electrical power or fuel supply or transmission thereof.

However, an **Event** (other than a **Wrongful Act**) arising from interruption of the electrical power or fuel supply or transmission thereof is covered.

13. Coverage does not apply to any claim based upon or arising out of:
 - a. the issuance, modification or cancellation of debt instruments, including, but not limited to, loans or transfers, and interest payable, whether legal or illegal; the collection or payment of taxes, fees or other charges or the collection of or payment of taxes, fees or other charges, to or for any other entity, including, but not limited to, hospitals, schools, commissions, joint commissions, boards, agencies, internal or external funds, districts and authorities;
 - b. the failure or alleged failure to comply with any regulatory act or statute such as those governing Medicare or similar Federal programs, the Nevada State Indigent Accident Funds or similar State programs; or
 - c. any fiduciary obligation or duty imposed by the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefit Act, the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), or Section 89 of the Internal Revenue Code, or any amendments thereto or similar provisions of any federal, state, local, statutory, or common law.
14. Coverage does not apply to any liability arising out of the performance or non-performance of an investment.
15. Coverage does not apply to any damages, awards of interest, costs, civil fines, penalties, fees, including attorney's fees, or expenses that the **Assured** may become obligated to pay as a result of an adverse judgment for equitable, injunctive or declaratory relief. Coverage does not apply for any restitution, refund or reimbursement whether called damages or otherwise or to any cost or expense in processing such restitution, refund or reimbursement.
16. Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement action from any federal, state, or local government regulatory agency. However, defense costs related to such actions will be reimbursed for an amount not to exceed \$50,000 per **Event**.
17. [Coverage does not apply to any criminal court sanctions, fines, penalties, fees, costs, expenses or interest awarded against an **Assured** or to any award of attorney's fees and litigation expenses to a prevailing party in a criminal case after a finding by the court that the **Assured's** position in pursuing the criminal action was vexatious, frivolous or in bad faith under NRS Chapter 41, state, or federal law.](#)
18. Coverage does not apply to any liability arising out of:
 - a. Failure of performance of contract by any insurer;
 - b. Failure to procure insurance or the failure of such insurance to adequately cover risks.
19. Coverage does not apply to any liability with respect to **Employment Based Benefit Plan Administration** arising out of:

- a. Insufficiency of funds to meet any obligations under any plan included in the employment-based benefit plan;
- b. Errors in providing information on past performance of investment vehicles;
- c. Advice given to any person with respect to that person's decision to participate or not participate in any plan included in the employment-based benefit plan;
- d. Failure of any investment to perform as represented;
- e. Investment or non-investment of funds or the performance or nonperformance of any investment;
- f. Legal advice or investment advice given to an employee or beneficiary;
- g. Any loss resulting from the termination of any plan included in the employment-based benefit plan or termination of the employment-based benefit plan;
- h. Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law; or
- i. Any act or omission of a third party administrator, or any person other than an employee, who administers an employment-based benefit plan.

20. Coverage does not apply to any damages for **Bodily Injury, Property Damage, Personal Injury**, or other injury that is continuous or progressively deteriorating, and that is first manifest prior to the effective date or after the expiration of this Coverage Form. This exclusion applies even if such injury or damage continues or deteriorates during the term of this Coverage Form.

~~If this Coverage Form extends for more than one annual period, the following applies:~~

The most POOL will pay for **Bodily Injury, Property Damage, Personal Injury** and any other injury that is continuous or progressively deteriorating, and that is first manifest during ~~one of the periods~~ of this Coverage Form, is the applicable limit of coverage shown in the Declarations ~~for that one coverage period of this Coverage Form. This is the only limit~~ that applies to all related **Bodily Injury, Property Damage, Personal Injury** or other injury, regardless of whether such injury or damage existed before, or continues or progressively deteriorates after, the period ~~in which it is first manifest of this Coverage Form.~~

Within the meaning of this exclusion, injury or damage is manifest when appreciable harm occurs that is or should be known to the **Assured** or the person or organization harmed.

21. Coverage does not apply to any claim arising out of **Sexual Abuse** by the **Assured**. Any act pertaining to any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.

It is agreed that coverage as would otherwise be afforded ~~herein under this Coverage Form~~ shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such **Sexual Abuse**. However, coverage shall not exceed ~~\$2,500,000 per Event~~ the limit shown in the Declarations.

22. Coverage does not apply to liability of any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.

23. Coverage does not apply to any ~~CyberData~~ **CyberData Security Event** and **Privacy Response Expense** as defined in Section VII ~~CyberData Security Event and Privacy Response Expense~~.

D. Liability Conditions

1. Duties of the **Assured** – If there is an **Event**, loss, incident, occurrence, demand, notice, summons or claim that might involve this coverage, the **Assured** shall submit written notice to POOL as soon as reasonably practicable via POOL’s designated claims service organization including particulars sufficient to identify parties involved, time, place, circumstances, nature of any injury or damage, witnesses and any other pertinent information.
2. Cooperation – The POOL has no duty to defend, but may at its sole discretion defend an Assured against any claim for damages. Where the POOL has exercised its discretion to defend an **Assured**, the POOL has the sole right to investigate, defend or settle any claim against an **Assured** for damages. The **Assured** shall cooperate with POOL, its claims representatives and investigators, and attorneys assigned by POOL to represent the **Assured**, and if requested, attend hearings and trials, assist in securing and obtaining evidence, and obtaining the attendance of witnesses. The **Assured** shall not admit to any liability, assume any obligation, voluntarily make any payment or incur any expense other than first aid to others at the time of an accident. The **Assured** agrees to comply with all terms and conditions in all sections of this Coverage Form. The **Assureds** shall not waive any immunities granted to local governments.
3. Records - The records as kept by the **Assured** shall be made available to POOL or its representatives as necessary to determine the amount of loss or damage covered hereunder.
4. Appeal – If the **Assured** and POOL are unable to agree to appeal a judgment, a disinterested attorney, mutually agreeable to POOL and the **Assured**, shall be retained to render a written opinion concerning such appeal. Such written recommendation shall be binding on both the **Assured** and POOL. Fees of such retained attorney shall be borne equally by both parties.
5. Opportunity to Associate - It is understood that, when so requested, POOL may afford the **Assured** an opportunity to associate, at the **Assured’s** own expense, with the POOL in the defense or control of any claim, suit or proceeding.
6. Severability of Certain Interests: If liability is incurred by reason of injury suffered by an employee of one **Assured**, which does not arise out of the injured employee’s employment, for which another **Assured** is liable, then this coverage shall pay on behalf of the **Assured** for such liability in the same manner as if separate coverage documents had been issued to each **Assured**. If liability is incurred by reason of **Property Damage** to property belonging to any **Assured** for which another **Assured** is liable, then this coverage shall pay on behalf of such **Assured** in the same manner as if separate coverage documents had been issued to each **Assured**. Nothing contained in this Condition shall operate to increase POOL limits of liability or to provide coverage for any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal .
7. For the purpose of determining the limit of POOL’s liability and the Maintenance Deductible of the **Named Assured**, all damages arising out of one or more related **Events** or arising out of a series of continuous, repeated or interrelated **Events** will be considered as arising out of one **Event**; furthermore, all such damages, whether attributable directly or indirectly to one **Event**, will be added together and the total amount of such damages shall be deemed one **Event**, regardless of the period of time or area over which the **Event** occurs.
8. If any **Event** other than a Wrongful Act includes allegations of and is associated with a covered Wrongful Act then all damages arising out of that **Event** and the -Wrongful Act shall be deemed an one Event at the time the claim is first made, and the only applicable coverage is that which is in effect at the time the claim is first made.

9. An **Event** with no associated **Wrongful Act** which takes place during more than one coverage period shall be deemed an **Event** during only one coverage period and only the most recent coverage period during which the **Event** took place shall apply.
10. If a **Wrongful Act** did not take place during this coverage period, but commenced on or after the retroactive date shown on the declarations page of this ~~coverage form~~Coverage Form and prior to the beginning of this coverage period, and a claim on account of such **Wrongful Act** is made against the **Assured** and reported to POOL during this coverage period, this coverage is extended to damages resulting from such a **Wrongful Act**. Coverage does not apply to damages resulting from a **Wrongful Act** that commenced prior to the retroactive date.
11. Coverage applies to damages due to an **Event** taking place anywhere in the world, but only if a suit arising out of such **Event** is brought in the United States of America.
12. Extended Reporting Periods:
 - a. POOL will provide one or more reporting periods, as described below, if this coverage is cancelled or not renewed for any reason other than nonpayment of loss fund contributions or any other amount owed to POOL.
 - b. The reporting periods do not extend the coverage period or change the scope of coverage provided. The reporting periods apply only to claims first made against an **Assured** during the applicable reporting period for damages because of a **Wrongful Act** that occurred before the end of the coverage period.
 - c. The reporting periods do not reinstate or increase the limits of liability.
 - d. A Basic Reporting Period of 30 days from the effective date of cancellation or non-renewal of this form is automatically provided without an additional charge. Subject to the terms and conditions of this coverage, the Basic Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Basic Reporting Period.
 - e. An Optional Extended Reporting Period will take effect on the effective date of cancellation or non-renewal of this coverage and will remain in effect for a period of one to five years, depending on which Optional Extended Reporting Period is purchased. Subject to the terms and conditions of this coverage, the Optional Extended Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Optional Extended Reporting Period. The additional Contribution for this Optional Extended Reporting Period will depend upon which option is chosen. POOL must receive a written request from the **Assured**, together with payment of Contribution due, within 60 days after the effective date of cancellation or non-renewal of this coverage if purchase of one of the Optional Extended Reporting Periods is desired. Once POOL acknowledges receipt of the additional Contribution, the Optional Extended Reporting Period may not be cancelled and the Contribution for the Optional Extended Reporting Period is fully earned.
 - f. The Basic Reporting Period or the Optional Extended Reporting Period does not apply to claims covered under any other coverage purchased subsequent to or to replace this coverage.

**Section VII. ~~CYBER DATA~~ SECURITY EVENT
AND PRIVACY RESPONSE EXPENSE COVERAGE**

THIS IS CLAIMS MADE AND REPORTED COVERAGE

A. ~~CyberData~~ Security Event and Privacy Response Expense Coverage Agreement

1. ~~CyberData~~ Security Event

- a. POOL will pay those sums an **Assured** becomes legally obligated to pay as damages because of a ~~CyberData~~ Security Event.

The amount POOL will pay for damages and **Claim Expenses** is limited as described in Section C., Limits of Liability.

- b. This coverage applies to damages only if:

- i. The ~~CyberData~~ Security Event commenced on or after July 1, 2013 and before the end of the Coverage Period;
- ii. A **Claim** for damages because of the ~~CyberData~~ Security Event is first made against an **Assured** during the Coverage Period.
- iii. The **Named Assured** gives written notice of the **Claim** to POOL in accordance with Section D., ~~Notice to POOL~~ Conditions.

- c. A **Claim** seeking damages will be deemed to have been made when notice of the **Claim** is received by the **Named Assured** or by POOL, whichever occurs first.

B. Privacy Response Expense

1. POOL will pay for **Privacy Response Expense** incurred by the **Named Assured** in connection with a ~~CyberData~~ Security Event that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to **Personal Information**.

The amount POOL will pay for **Privacy Response Expense** is limited as described in Section C., Limits of Liability.

2. This coverage applies only if:

- a. The ~~CyberData~~ Security Event commenced on or after July 1, 2013 and before the end of the Coverage Period; and
- b. The **Named Assured** gives written notice of the ~~CyberData~~ Security Event to POOL in accordance with Section D., ~~Notice to POOL~~ Conditions.

C. Limits of Liability

1. The limits of liability stated in the Declarations establish the most POOL will pay regardless of the number of ~~CyberData~~ Security Events, **Assureds**, **Claims** made, **Suits** brought or individuals or entities making **Claims** or bringing **Suits**.

2. For each **Named Assured**, any ~~CyberData~~ Security Event that is continuous or part of a series of repeated or related ~~CyberData~~ Security Events will be considered to be a single ~~CyberData~~

Security Event and will be considered to have commenced when the first such **CyberData Security Event** commenced regardless of:

- a. The number of Assureds, individuals or entities engaged in such **CyberData Security Events**;
- b. The number of Assureds, individuals or entities affected by such **CyberData Security Events**;
- c. The number of locations where such **CyberData Security Events** occurred; or
- d. The number of such **CyberData Security Events** occurring or period of time over which they occur, even if subsequent **CyberData Security Events** take place after the Coverage Period.

3. The sublimit of liability for **Privacy Response Expense** stated in the Declarations is part of and not in addition to the **CyberData Liability Event** limit and annual aggregate limit.

D. CONDITIONS

1. POOL ~~has no duty to defend, but~~ may at its sole discretion defend an **Assured** against any **Suit** seeking ~~such~~ damages to which this coverage applies. POOL may at its sole discretion investigate or defend any **CyberData Security Event** and settle any **Claim** or **Suit** that may result.
2. As a condition precedent to the obligations of POOL under this coverage, a **Named Assured** must give written notice to POOL of any **Claim** made against an **Assured** as soon as practicable, but in no event later than the end of the Coverage Period.
3. If during the Coverage Period, any **Assured** becomes aware of a **CyberData Security Event** that may reasonably be expected to give rise to a **Claim** against any **Assured** for damages or **Privacy Response Expenses**, the **Named Assured** must give written notice to POOL of such **CyberData Security Event** as soon as practicable, but in no event later than the end of the Coverage Period. Notice must include:
 - a. A specific description of the **CyberData Security Event**, including all relevant dates;
 - b. The names of persons involved in the **CyberData Security Event**, including names of potential claimants and a specific description of any **Personal Information** actually or reasonably suspected to have been subject to theft, loss or unauthorized access or disclosure;
 - c. The specific reasons for anticipating that a **Claim** may result from such **CyberData Security Event**;
 - d. The specific nature of the alleged or potential damages arising from such **CyberData Security Event**; and
 - e. The specific circumstances by which an **Assured** first became aware of the **CyberData Security Event**.

Any **Claim** subsequently made against any **Assured** arising out of such **CyberData Security Event** shall be deemed to be a **Claim** made during the Coverage Period in which the **CyberData Security Event** was first reported to POOL.

E. CyberData Security Event and Privacy Response Expense Coverage Exclusions

This coverage does not apply to any **Claim, Suit, damages, Claim Expense or Privacy Response Expense**:

1. For, arising out of, or resulting from **Bodily Injury or Property Damage**;
2. For, arising out of, or resulting from any **Claim, Suit**, investigation, hearing, proceeding or legal action brought by or on behalf of any governmental entity including but not limited to any civil or criminal penalty for which an **Assured** is responsible or injunctive relief obtained or imposed by any governmental entity;
3. For, arising out of, or resulting from any employer-employee relations, policies, practices, acts or omissions, or any actual or alleged refusal to employ any person, or an **Assured's** conduct with respect to employees (including but not limited to wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related **Claim**), whether such **Claim** or **Suit** is brought by an employee, former employee, applicant for employment, or relative or domestic partner of such person;
4. For, arising out of, or resulting from any contractual liability or obligation, or arising out of or resulting from breach of contract or agreement either oral or written; provided, however, that this exclusion shall not apply to the extent an **Assured** would have been liable in the absence of such contract or agreement;
5. For, arising out of, or resulting from any actual or alleged antitrust violation, restraint of trade, unfair competition, or false or deceptive or misleading advertising or violation of the Sherman Anti-Trust Act, the Clayton Act, or the Robinson-Patman Act, as amended;
6. For, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to any **Claim** or loss covered under this endorsement that results from a theft, loss or unauthorized disclosure of or access to Personal Information;
7. For, arising out of or resulting from:
 - a. the actual or alleged unlawful collection or acquisition of **Personal Information** by or **on behalf of an Assured**; or **the failure to comply with a legal requirement to provide** individuals with the ability to assent to or withhold assent (i.e., opt-in or opt-out) from the collection, disclosure or use of **Personal Information**; or
 - b. the distribution of unsolicited email, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping, recording or telemarketing is done by or on behalf of an **Assured**;
8. For, arising out of or resulting from any of the following conduct by an **Assured**:
 - a. any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as the Racketeer Influenced and Corrupt Organizations Act or RICO), as amended, or any regulation promulgated thereunder or any similar federal law or law of any state, locality or foreign government, whether such law is statutory, regulatory or common law;
 - b. any actual or alleged violation of any securities law, regulation or legislation, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Act of 1940, any state blue sky or securities law, any other federal securities law or legislation, or any other similar law or legislation of any state, locality or foreign government, or any

amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws;

- c. any actual or alleged violation of the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970, the Employee Retirement Security Act of 1974 or any similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws; or
 - d. any actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability or pregnancy;
9. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to \$50,000 in the aggregate for reasonable attorney fees and costs when incurred in the defense of any criminal proceeding arising out of what would otherwise be within the scope of the **Assured's** employment, provided the **Assured** is exonerated from all charges or all charges are subsequently withdrawn or dismissed. When an **Assured** is a defendant represented by the same attorney or law firm representing other defendants in the same criminal proceeding who are not an **Assured** under this ~~coverage form~~Coverage Form, payment hereunder shall be limited to the **Assured's** proportionate share of the total of the reasonable attorney fees.

If the **Named Assured** is required by law to provide for an employee's legal defense in a criminal proceeding, this coverage will reimburse the **Assured** in accordance with such law.

Whenever coverage under this ~~coverage form~~Coverage Form would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent or malicious conduct by any person covered hereunder, it is agreed that coverage as would otherwise be afforded herein shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct.

10. For, arising out of or resulting from any actual or alleged:
- a. infringement of patent or patent rights or misuse or abuse of patent; or
 - b. infringement of copyright arising from or related to software code or software products; or
 - c. use or misappropriation of any ideas or trade secrets by an **Assured** or on behalf of, or in collusion with an **Assured**;
11. Arising out of or resulting from any of the following:
- a. trading losses, trading liabilities or change in value of accounts;
 - b. any loss of monies, securities or tangible property of others in the care, custody or control of an **Assured**;
 - c. the monetary value of any electronic fund transfers or transactions by or on behalf of an **Assured** that is lost, diminished, or damaged during transfer from, to or between accounts; or

- d. the value of coupons, price discounts, prizes awards, or any other valuable consideration given in excess of the total contracted or expected amount that is lost, diminished or damaged;
- 12. For damage to, destruction of, corruption of, or any loss of use by any **Assured** of any **Computer System** or data, including without limitation any costs or expenses to an **Assured** to repair or replace any **Computer System** or data;
- 13. For, arising out of or resulting from any threat, extortion or blackmail including but not limited to ransom payments.
- 14. Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement of action from any federal, state, or local government regulatory agency. However, defense costs related to such actions will be reimbursed for an amount not to exceed \$50,000 per **Event**.

F. CyberData Security Event and Privacy Response Expense Coverage Definitions:

The following definitions apply to this coverage:

- 1. **Bodily Injury** means physical injury, sickness or disease sustained by any person, including death resulting from these at any time. **Bodily Injury** also means mental illness, mental anguish or emotional distress, pain or suffering or shock sustained by any person, whether or not resulting from physical injury, sickness, disease or death of any person.
- 2. **Claim** means any demand or **Suit** for damages as the result of a **CyberData Security Event**. All **Claims** for damages because of a single **CyberData Security Event** will be deemed to be a single **Claim** and to have been made at the time the first such **Claim** is made against any **Assured**, regardless of the number of individuals or entities making such **Claims** or the time period over which such **Claims** are made, even if subsequent **Claims** are made after the Coverage Period.
- 3. **Claim Expenses** means:
 - a. Reasonable and necessary fees charged by attorneys designated by POOL to assist with the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** or **Suit**;
 - b. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** or **Suit** and incurred by POOL; and
 - c. Premiums on appeal bonds, attachment bonds or similar bonds; however, POOL is not obligated to apply for or furnish any such bond;

Provided, however, **Claims Expenses** do not include:

- a. any internal salary, administrative, overhead or other related expenses of any **Assured** or any charges by an **Assured** for time spent cooperating with the investigation and defense of any **Claim** or **Suit**; or
- b. **Privacy Response Expense**.
- 4. **Computer System** means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:
 - a. operated by and either owned by or leased to an **Assured**; or

- b. operated by a third party service provider and used to provide hosted computer application services to the **Named Assured** or for processing, maintaining, hosting or storing the **Named Assured's** electronic data pursuant to a written contract with the **Named Assured** for such services.

5. **CyberData Security Event** means:

- a. the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of an **Assured** or for which the **Assured** is legally responsible; or
- b. a violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial of service attack, or receipt or transmission of malicious code.

6. **Personal Information** means an individual's name in combination with one or more of the following:

- a. information concerning the individual that constitutes "nonpublic personal information" as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;
- b. medical or health care information concerning the individual, including without limitation "protected health information" as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. the individual's Social Security number, driver's license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual's financial account information; or
- d. other nonpublic personally identifiable information, as protected under any local, state, federal or foreign law;

Provided, however, **Personal Information** does not include information that is lawfully available to the public, including without limitation information lawfully available from any **Assured** or any local, state, federal or foreign governmental entity.

7. **Privacy Response Expense** means the following reasonable and necessary costs incurred by the **Named Assured** within one year of the discovery of a **CyberData Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of the **Named Assured** or for which the **Named Assured** is legally responsible:

- a. For the services of a computer security expert designated by POOL to determine the scope and cause of a **CyberData Security Event** and the extent to which **Personal Information** was disclosed to or accessed by unauthorized persons;
- b. For the services of consultants or attorneys designated by POOL to determine the **Named Assured's** obligations, if any, under applicable law to give notice to affected individuals;
- c. To notify affected individuals if required by applicable law or if the **Named Assured** voluntarily elects to give such notice, and for the services of a contractor designated by POOL to assist with providing such notice and responding to questions and concerns raised by individuals who are notified;

- d. For the services of a contractor designated by POOL to provide identity theft protection services to affected individuals if the **Named Assured** elects to provide such services; and
- e. For the services of a public relations consultant designated by POOL to avert or mitigate damage to the **Named Assured's** reputation as a result of the **CyberData Security Event**;

Provided, however, **Privacy Response Expense** does not include:

- a. any internal salary, administrative, overhead or other related expenses of any **Assured** or any charges by an **Assured** for time spent cooperating with the investigation and response to any **CyberData Security Event**; or
- b. Claims Expenses.

8. **Property Damage** means physical injury to tangible property, including all resulting loss of use or loss of use of tangible property that is not physically injured. For purposes of this definition tangible property does not include information or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, compact disks, tapes, drives, cells, data processing devices or any other media that are used with electronically controlled equipment.

9. **Suit** means a civil proceeding in which damages are claimed arising out of a **CyberData Security Event** and includes an arbitration proceeding or other alternative dispute resolution proceeding in which such damages are claimed and to which an **Assured** must submit or does submit with the consent of POOL.

NEVADA PUBLIC AGENCY INSURANCE POOL

PUBLIC OFFICIAL'S POSITION SCHEDULE BOND

(Continuous for indefinite term)

KNOW ALL MEN BY THESE PRESENTS, That the Nevada Public Agency Insurance Pool, as a Surety authorized in the State of Nevada, in consideration of an agreed assessment is held and firmly bound unto the State of Nevada and the Members listed under Schedule A for the faithful discharge of the duties of any person while occupying a position in the service of a Member listed under Schedule A attached hereto, or added thereto by the written acceptance of the Surety, not exceeding the penal sum speci think what time, just take the message to get that information been you or in his right oh okay, that's fine that others said you know if you have time to call back as okay. Okay. Okay. You give me a favor scan this into my drafts file his age a loss that skin and when it thanks just call it them legislative history, AB 343 fied by the Member or \$100,000, whichever is less. I just wanted to to me that you and Ms. Patricia in this

This bond is subject to the following express conditions:

1. The Surety is bound for the faithful performance of all positions in the service of the Member, except for the ~~elected~~ positions of: (1) County Treasurer, (2) *ex officio County Treasurer under NRS. 249.010(3)*, or (3) *County Treasurer by consolidation under NRS. 244.1507*.
2. Automatic coverage is granted for the service of any person occupying a newly created position; however, the Surety's liability shall not exceed the penal sum established by the Member at the time the position is created or \$100,000, whichever is less.
3. The Surety's liability under this bond shall not be cumulative. The liability is limited to the penal sum specified by the Member regardless of the number of years this bond remains in force or the number of assessments paid.
4. The liability of the Surety for any person occupying more than one position at one time, or at different times shall not exceed the largest penal sum specified for any single position occupied by said person.
5. Any party to this instrument may cancel the same at any time, with or without cause, by notifying the others by certified mail of an intention thereby to cancel, in which event such cancellation shall be fully effective at the expiration of thirty (30) days from the mailing of such notice. In the absence of such notice, and if there should be no cancellation by agreement between all of the parties hereto, the bond shall remain continuously in force and effect, in the penal sum specified by the Member, as long as the person holds the said office or position.
6. None of the specifications of this bond shall be altered or waived, except in writing by the Surety.

Issued Effective July 1, 2013

Dated this 1 day of July, 2013.

NEVADA PUBLIC AGENCY INSURANCE POOL



By

Nevada Public Agency Insurance Pool, as Surety
Wayne Carlson, Executive Director



Summary of Revision to Public Official's Position Schedule Bond Provided by NPAIP

This bond is subject to the following express conditions:

The Surety is bound for the faithful performance of all positions in the service of the Member, except for the ~~elected~~ positions of: (1) County Treasurer, (2) *ex officio* County Treasurer under NRS. 249.010(3), or (3) County Treasurer by consolidated under NRS. 244.1507

Explanation of change to treasurer exclusion:

As a service and at no charge to the Members, the NPAIP provides a blanket Public Official's Position Schedule Bond for the officials serving Pool Members, as allowed by the blanket bonds statute, NRS 282.163. Unfortunately, the statute specifically excludes the county treasurer from a blanket bond. It is necessary each year for the County Treasurer to obtain a separate bond which meets the financial limits set by each county and specific requirements of the treasurer bond statute, NRS 249.030. Accordingly, NPAIP's blanket Public Officials Position Schedule Bond excludes County treasurers.

However, there are two other statutory provisions which require a county official to serve as *ex officio* county treasurer or in the position of a treasurer after consolidation of county offices. To comply with the clear wording and intent of the blanket bond statute, both situations must also be excluded from the Public Official's Position Schedule Bond provided by NPAIP. We have made a change in the wording of the Public Officials Position Schedule Bond to make it clear that this blanket bond does not cover the position/duties of treasurer in these two situations, but only for the position/duties of treasurer.

For instance, a county clerk in several small counties is mandated by statute to serve as *ex officio* county treasurer. And some small counties may by ordinance consolidate the treasurer position with county clerk. In either situation, the county clerk must obtain a separate treasurer bond for her position/duties as treasurer. However, her position as county clerk would still be covered under the Public Official's Position Schedule Bond provided by NPAIP.

NPAIP 2016-2017 Budget Summary

Approved by Exec comm at 70% confidence level 3/21/2016

Approved by Board 4/--/2016

Revenues

Assessments Written	\$	14,347,395	
Total Revenues	\$	14,347,395	

Loss Fund Expenses

Claims & Adjustment Expenses	\$	4,957,706	35%
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Program Expenses

Reinsurance Premiums Ceded	\$	5,210,446	36%
Agent Compensation	\$	986,771	7%
Willis Pooling & Loss Control Fees	\$	505,000	4%
ASC Claims Management Fees	\$	712,941	5%
Total Program Expenses:	\$	7,415,158	52%

POOL Administration Expenses

Management Services	\$	490,136	3%
Casualty Insurance	\$	40,000	0%
Operating Expenses	\$	122,000	1%
Legal Services Fees	\$	60,000	0%
Professional Services	\$	45,000	0%
Consultants Appraisals	\$	87,500	1%
Member Education & Training	\$	340,500	2%
HR Services Fees	\$	756,600	5%
Total Administration Expenses	\$	1,941,736	14%

Total Loss Fund, Program and Administration Expenses	\$	14,314,600	100%
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Net Operating Income	\$	32,795	0.2%
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Total Non-operating net investment revenues	\$	500,000	3%
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NPAIP 2016-2017 Budget Summary

Revenues Building

Rental Income	\$ 257,820
Other Income	\$ 6,000
	<u>\$ 263,820</u>

Building Expenses	\$ 146,823
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Net Building Income	<u><u>\$ 116,997</u></u>
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Other Expenses

PRM Amortization Expense	\$ 1,726,706
Total Other Expenses:	<u><u>\$ 1,726,706</u></u> 12%

Risk Management Grants:

2% of Net Assets per Policy	\$ 683,262
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POOL Executive Committee

	Re-election Term	Entity	Officers	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 2)	Special Districts (Total 1)
Cash Minor	2015-2017	Elko County	Chair		X		
Pat Whitten	2015-2017	Storey County		X			
Josh Foli	2015-2017	Lyon County	Vice Chair		X		
Lisa Jones	2015-2017	Eureka Co. School District				X	
Bev Conley	2015-2016	Eureka County		X			
Holly Luna <i>not seeking reelection</i>	2015-2016	Douglas County School District				X	
Gerry Eick	2014-2016	Incline Village GID	Fiscal Officer				X

Declared Candidates:

Ann Wiswell	2016-2018	Carson City School District				X	
Bev Conley	2016-2018	Eureka County		X			
Gerry Eick	2016-2018	Incline Village GID					X

Voting Special Districts/Towns:

Bob Spellberg		Gardnerville Ranchos GID					X
Susan Severt or Garth Elliott		Sun Valley GID					X
Chris Mulkerns		Town of Tonopah					X
Gerry Eick		Incline Village GID					X
Ben Sharit		Tahoe Douglas Fire Protection District					X

RESOLUTION NO. _____
A RESOLUTION AUTHORIZING MEMBERSHIP IN
THE NEVADA PUBLIC AGENCY INSURANCE POOL

WHEREAS, Nevada Revised Statutes 277.080 to 277.180 permits local governments to make the most efficient use of their powers by enabling them to cooperate with other local governments on a basis of mutual advantage and thereby provide services which will best accord needs of their communities; and

WHEREAS, Nevada Revised Statutes 277.110, entitled the "Interlocal Cooperation Act", authorizes public agencies to exercise any power or powers, privileges or authority which may be exercised by the public agency individually to be exercised jointly with any other public agency in the State; and

WHEREAS, Nevada Revised Statutes 277.055 permits two or more political subdivisions of the State of Nevada to enter into a cooperative agreement for the purchase of insurance or the establishment of a self-insurance reserve or fund for coverage under a plan of: casualty insurance, as that term is defined in NRS 681A.020; marine and transportation insurance, as that term is defined in NRS 681A.050; property insurance, as that term is defined in NRS 681A.060; surety insurance, as that term is defined in NRS 681A.070; or insurance for any combination of these kinds; and

WHEREAS, public agencies within Nevada have found it increasingly difficult to purchase insurance from commercial sources and where such insurance is available, the cost of such coverage often exceeds the ability of the public agencies to pay for such insurance; and

WHEREAS, the Nevada Association of Counties and the Nevada League of cities have undertaken a series of studies to determine the feasibility of entering into a Interlocal Cooperation Agreement to form the Nevada Public Agency Insurance Pool have concluded that the creation of such a pool is financially and administratively feasible; and

WHEREAS, a number of public agencies desire to join together for the purpose of providing insurance coverage and jointly funding programs of pooled self-insurance; insurance and excess insurance for property, casualty and surety insurance; and

WHEREAS, the governing boards of a number of public agencies have determined that they wish to create a Nevada Public Agency Insurance Pool and an Interlocal Cooperation Agreement for such pool has been drafted; and

WHEREAS, the stated purposes, organization structure and procedural structure contained within that Agreement represent positions shared by this public agency; and

WHEREAS, the governing board of this public body finds that it is in the best interest of its citizens that it become a member of the Nevada Public Agency Insurance Pool,

NOW, THEREFORE, BE IT RESOLVED BY THE _____
OF THE _____ OF _____,
_____ COUNTY, NEVADA, as follows:

Section 1: That the _____
is hereby authorized to execute on behalf of this public agency the Nevada Public Agency
Insurance Pool Interlocal Cooperation Agreement, a copy which is appended to and made a part
of this Resolution as Appendix 1.

Section 2: The powers of NPAIP, unless Agreement is amended, shall be limited to
those contained within Appendix 1.

Section 3: The commencement of the operations of NPAIP and the obligation of this
public agency to fully participate in such operations shall be effectuated in accordance with the
Agreement.

Section 4: Except to the extent of the financial contributions to NPAIP this public
agency by its entry as a member of NPAIP shall not be held responsible in any way for claims
due to the property losses of or claims in tort or contract made against any other member of
NPAIP.

PASSED this _____ day of _____, 20__.

Governing Board Members

ATTEST:

_____, Clerk

**NEVADA PUBLIC AGENCY
INSURANCE POOL**

**INTERLOCAL COOPERATION
AGREEMENT**

Adopted: May 1, 1987
Revised: May 2, 1997
Revised: May 1, 2000
Revised: May 2, 2003
Revised: May 1, 2004
Revised: April 29, 2005
Revised: April 28, 2006
Revised: May 1, 2009
Revised: April 26, 2013
Revised: April, ,2106

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NEVADA PUBLIC AGENCY INSURANCE POOL
INTERLOCAL COOPERATION AGREEMENT

THIS AGREEMENT, is made by and between the political subdivisions existing under the Constitution and laws of the State of Nevada and which are signatory to this agreement.

WHEREAS, Nevada Revised Statutes 277.080 to 277.180 permits political subdivisions to make the most efficient use of their powers by enabling them to cooperate with other political subdivisions on a basis of mutual advantage and thereby provide services which will best accord needs of their citizens; and

WHEREAS, Nevada Revised Statutes 277.055 permits two or more political subdivisions of the State of Nevada to enter into a cooperative agreement for the purchase of insurance of the establishment of a self-insurance reserve or fund for coverage under a plan of: casualty insurance, as defined in NRS 681A.020 marine and transportation insurance as defined in NRS 681A.050; property insurance as defined in NRS 681A.060; surety insurance as defined in NRS 681A.070; or insurance for any combination of these kinds of insurance; and

WHEREAS, the political subdivision executing this agreement desire to join together for the purpose of providing insurance coverage and jointly funding programs of pooled self-insurance, insurance and excess insurance for property, casualty and surety insurance; and

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and subject to the provisions of Nevada Revised Statutes and all other applicable rules and regulations, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

1. “Agreement” shall mean this agreement entitled “Nevada Public Agency Insurance Pool Interlocal Cooperation Agreement” and as amended in the future.
2. “NPAIP” shall mean the Nevada Public Agency Insurance Pool created by this Agreement.
3. “Board of Directors” or “Board” shall mean the governing body of NPAIP.
4. “Executive Committee” shall mean the Executive Committee of the Board of Directors as described in Article 12 of this Agreement.
5. “Fiscal Year” shall mean that period of twelve months as established by the Board of Directors as the fiscal year of NPAIP.
6. “Policy Year” shall mean for each insurance or pooling program of NPAIP that period commencing upon the effective date of the program and each twelve-month period thereafter.

7. “Public Agency” shall mean any county, incorporated city and town, unincorporated town, school district, rural hospital as defined in NRS 449.0177 whether non-profit or public, and any special or other district or agency per NRS 277.100, organized and existing under the Constitution and laws of the State of Nevada.

8. “Member” shall mean any Public Agency which is a member of NPAIP and such districts to which the Board has granted voting status. Other districts or agencies whether or not the governing body of the City or County is *ex officio* the governing body as described in and subject to Article 3 of this Agreement may be a party to this Agreement but shall not be considered a Member for the purpose of voting or participation as a voting member of the Board or any Executive or other committee in which voting Member status is required except when granted voting status pursuant to the following criteria. Voting status as a Member -may be granted to any Public Agency which meets the following criteria:
 1. Pays annual contributions of at least \$20,000 annually
 2. Maintains a payroll of at least \$500,000 annually
 3. Has property values of at least \$1,000,000 annually.

Such criteria may be changed from time to time by vote of the Board of Directors, which change shall take effect subsequent to the meeting at which the Board approved the changes.

9. “Participating Member”, as used in reference to an insurance or pooling program of NPAIP, shall mean a current Member of that program.

10. “Loss” shall mean a liability or potential liability of a Member including litigation expenses, attorneys’ fees and costs covered by an insurance or pooling program of NPAIP. Loss shall also mean loss or damage to property covered by an insurance or pooling program of NPAIP

11. “Claim” shall mean a claim for liability made against a Member, or a claim for damage to a Member’s property, arising out of a Loss that is covered by an insurance or pooling program of NPAIP.

12. “Self-insured Retention” shall mean that portion of a Loss experienced by a Member which is retained as a liability or potential liability of NPAIP.

13. “Excess or Reinsurance Program” shall mean a program of NPAIP under which Members or Participating Members are protected against designated Losses .

14. “Maintenance Deductible” shall mean, as to any one Loss, that portion payable by the Member directly and not NPAIP or its excess insurers or reinsurers.

ARTICLE 2
PURPOSES OF NPAIP

The Members in entering into this Agreement, desire to establish:

- A. A mechanism whereby each Member may join with other Members to

share their risks as a self-funded pool ~~their risks and including group~~ purchased insurance or reinsurance programs and jointly administer said pool or programs in an effort to deliver to each of them a reasonable, cost effective casualty, property and surety coverage program;

The Members hereby understand and agree that NPAIP is not an “insurer” and the NPAIP Coverage Form is not an “insurance policy” under Nevada law. As such, NPAIP and the Coverage Form are not governed by Nevada Revised Statute Insurance Title 57 or other laws typically governing insurance companies or the interpretation of insurance contracts.

- B. Procedures whereby additional qualifying political subdivisions of the State of Nevada may be added to this Agreement;
- C. A mechanism whereby additional and/or alternative insurance programs may be developed for the benefit of the Members; and
- D. Administrative services as necessary to implement this Agreement including, but not limited to, risk management consulting, human resources consulting, Loss prevention, Loss control, centralized Loss reporting, actuarial consulting, claims adjusting and legal services.

ARTICLE 3 **PARTIES TO AGREEMENT**

Section 1. Members. Each Member, as a party to this agreement, certifies that:

- A. It intends to and does contract with all other Members as parties to this Agreement and with any other Public Agency as may later be added as parties to this Agreement;
- B. The removal of any party from this Agreement shall not affect this Agreement nor such Member’s intent to contract as described in subsection A above with the other parties to the agreement then remaining.

Section 2. Other Districts or Agencies. A Member may contract on behalf of, and shall be deemed to include:

- A. Any district in which the city or county is *ex officio* the governing board, from the date that the Member provides NPAIP written notice of the name and inclusion of such district, upon approval of the Board of Directors;
- B. Any other local Public Agency at its request upon approval of the Board of Directors and from the date that such entity is accepted into NPAIP; and
- C. Such district or other local Public Agency shall be considered a separate party to this Agreement but shall not affect any Member’s representation on the Board of Directors and shall be part of and represented by the Member for all purposes under this Agreement.

Section 3. Membership of Nevada Association of Counties and Nevada League of Cities. The Nevada Association of Counties and the Nevada League of Cities shall become a Member of NPAIP upon its execution of this Agreement, subject to all

obligations and rights of all other Members, except that neither shall be counted for the purposes of determining a quorum or the number of votes required for any purpose, and neither shall have an official representative nor be entitled to vote on any matter pursuant to this Agreement.

Section 4. Limitation on Right to Sue. ~~In order to become and to maintain NPAIP Member status, a~~ Member shall not sue or maintain any litigation or lawsuit for damages against NPAIP or its Board and specifically agrees to waive its right to sue or maintain any litigation or lawsuit for damages against NPAIP or its Board. However, this Section does not prohibit any declaratory relief action seeking to interpret wording of this Agreement or of any NPAIP coverage agreement.

ARTICLE 4
NAME OF POOL

The name of the fund established by the Members hereunder shall be “NEVADA PUBLIC AGENCY INSURANCE POOL.”

ARTICLE 5
POWERS OF NPAIP

NPAIP shall have all of the powers common to any Public Agency and all additional powers set forth in the interlocal cooperation laws of the State of Nevada, and NPAIP is authorized to do all acts necessary for the exercise of said powers, including but not limited to, the following:

- A. To make and enter into contracts;
- B. To incur debts, liabilities, and obligations;
- C. To acquire, hold, or dispose of property, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations, and governmental entities;
- D. To sue and be sued in its own name;
- E. To settle any claim against NPAIP or its Members as hereinafter provided;
- F. To receive and use contributions and advances from Members, including contributions or advances of personnel, equipment, or property;
- G. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Nevada laws applicable to investments by a Public Agency; and
- H. To carry out all provisions of this Agreement.

ARTICLE 6
MEMBERSHIP

Section 1. Eligibility. Membership in NPAIP shall be open to any political subdivision of the State of Nevada that is deemed by the Board of Directors to qualify for membership.

Section 2. Conditions. The Board of Directors may impose such conditions on membership to protect the interests of NPAIP and to provide for the benefits of Members as are required by this Agreement, the Bylaws of NPAIP, and applicable statutes or regulations.

ARTICLE 7
BOARD OF DIRECTORS

Section 1. Appointment and Term of Office. Commencing with the effective date of the Agreement and annually thereafter in January, each Member shall appoint a voting representative and an alternate voting representative to the Board of Directors to serve for a term of one year. Such representatives shall be eligible for reappointments for successive one year terms and shall serve until his or her successor is duly appointed.

Section 2. Voting. Each Member shall be entitled to one vote by its representative to the Board or by its alternate voting representative in the absence of the representative. There shall be no voting permitted by proxies or other substitutes. All motions and actions of the Board shall be adopted by a majority of the Board members unless otherwise provided by the Bylaws of NPAIP.

Section 3. Compensation of the Board. Members of the Board shall not receive any salary for their services to the Board, but the Board by resolution may allow actual and necessary expenses for attendance at Regular or Special meeting of the Board.

Section 4. Meetings. The Board shall provide for the holding of Regular and Special meetings.

Section 5. Quorum. A simple majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a quorum is present at any meeting, a majority of those members as may be present may adjourn the meeting from time to time without further notice.

Section 6. Manner of Acting. The act of a majority of the members present at a meeting at which a quorum is present shall constitute an act of the Board.

Section 7. Legal Counsel. The Board shall be advised in legal matters with respect to NPAIP operations by its legal counsel.

ARTICLE 8

MEETING OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings. The Board shall hold at least one regular meeting each year, scheduling the time, date and place thereof by resolution.

Section 2. Special Meetings. Special meetings of the Board may be called by the Chair of the Board, or in his absence by the Vice Chair, or by any two members of the Board.

Section 3. Minutes. The Executive Director of NPAIP, described in Article 13 hereof, shall provide for the keeping of minutes of Regular and Special meetings of the Board, and shall forward a copy of the minutes to each member of the Board.

Section 4. Open Meeting Law. All meetings of the Board shall be called, notice, held and conducted in accordance with the provisions of the Open Meeting Laws, Nevada Revised Statutes, Chapter 241, and any other laws of the State of Nevada.

ARTICLE 9

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall be the governing body of NPAIP to oversee, administer, and determine its overall policies and shall have the following powers and authority:

- A. To manage the affairs of NPAIP and to do all things necessary or convenient for the furtherance of the purposes of NPAIP, including but not limited to: expending and receiving funds; entering into contracts and other agreements; renting, leasing, purchasing and otherwise procuring or receiving property, real and personal; employing personnel either as employees or by contract; and employing professional consultants such as attorneys, auditors, accountants, risk managers and actuaries;
- B. To form an Executive Committee, as provided in Article 12 hereof, and delegate to that committee such powers as it determines, provided that all such delegated powers to Executive Committee shall be exercised under the direction of the Board;
- C. To form committees as appropriate to act in an advisory capacity and to conduct the business of NPAIP, and the membership of such committee may consist in whole or in part of non-Board members;
- D. To elect the officers and appoint staff of NPAIP as may be necessary for the administration of NPAIP and as described in Articles 10 and 13 hereof;
- E. To prepare and adopt the annual operating budget of NPAIP;
- F. To develop and adopt each program of NPAIP, including all provisions for insurance and reinsurance, and administrative services as necessary to carry out such programs;
- G. To provide for necessary services to NPAIP and its Members to include, but not be limited to, risk management consulting, human resources consulting, Loss prevention and control, centralized Loss reporting, actuarial consulting, claims adjusting, and legal services;
- H. To provide general supervision and policy direction to its Executive Director, either directly or through the Executive Committee, and adopt

policies and procedures to carry out the purposes of NPAIP;

- I. To receive, review and act upon periodic reports and audits of the funds of NPAIP as required;
- J. To elect the Executive Committee by vote of its members present at the annual meeting;
- K. To amend the Bylaws of NPAIP by a two-thirds vote of the members present at a meeting, but no amendment shall take effect sooner than thirty days after adoption thereof; and
- L. To remove a member of the Board of Directors or of the Executive Committee by a two-thirds vote of the members present at a meeting.

ARTICLE 10

OFFICERS

Section 1. Chair and Vice Chair. The Board of Directors shall elect from its members a Chair and Vice Chair of the Board, each to hold office for two years effective from the beginning of the fiscal year following such election.

Section 2. Conducting Meetings. The Chair, or if absent, the Vice Chair, shall preside at and conduct all meetings of the Board and the Executive Committee.

Section 3. Powers and Duties of the Chair. The Chair, or together with such other officer or officers as the Board may designate by resolution, may execute any contracts or other instruments as authorized by the Board and shall generally perform all duties incident to the office of Chair as may be prescribed by the Board.

Section 4. Powers and Duties of the Vice Chair. The Vice Chair shall act as Chair in the latter's absence or inability or refusal to act.

Section 5. Fiscal Officer. The Chair will appoint a Fiscal Officer with duties as described in Articles 15, 16 and 17 hereof to hold office for two years effective from the beginning of the fiscal year contemporaneously with the Chair and Vice Chair.

Section 6. The Fiscal Officer shall chair the Audit Committee.

ARTICLE 11

LIABILITY OF BOARD OF DIRECTORS OR OFFICERS

Section 1. Standard of Care. The members of the Board of Directors and officers of NPAIP should use ordinary care and reasonable diligence in the exercise of their powers and duties hereunder.

Section 2. Limitation of Liability. The members of the Board of Directors shall

not be liable for any mistake of judgment or other action made, taken or omitted by any of their agents, employees or independent contractors selected by them with reasonable care nor for loss incurred through investment of, or failure to invest, NPAIP funds, and no director shall be liable for any action taken or omitted by any other director.

Section 3. No Bonds. No director shall be required to give a bond or other security to guarantee the faithful performance of duties hereunder.

Section 4. Insurance. NPAIP shall defend and hold harmless any director acting within the scope of his authority for NPAIP. NPAIP may purchase insurance providing coverage for acts or omissions taken by the Board or performed by an officer or director within the scope of his or her authority for NPAIP.

ARTICLE 12

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Section 1. Members. NPAIP shall be administered by the Executive Committee of the Board of Directors, composed of seven persons from among the Members of the Board of Directors, two of which shall represent Member counties or cities with a population of 35,000 or more (if there exist two such Members), at least two of which shall represent Member counties or cities with a population under 35,000, two representatives of school districts, one representative of special districts and the Chair and Vice Chair of the Board of Directors. The Executive Director shall be *ex-officio*, a non-voting member of the Executive Committee.

Section 2. Business of the Executive Committee. The Executive Committee shall conduct the business of NPAIP between meetings of the Board, exercising such powers as are delegated by and under the direction of the Board. If at a duly noticed Board meeting a quorum of the Board is not present, the Executive Committee hereby is delegated the power to conduct the business of NPAIP on behalf of the Board pursuant to the Board meeting agenda.

Section 3. Meetings. Meetings of the Executive Committee shall be called at the request of the Chair, or in his absence, the Vice Chair, but any two members may request a meeting, and all such meetings shall be conducted in compliance with the provisions of the Nevada Open Meeting Laws.

Section 4. Quorum. A majority of the Executive Committee constitutes a quorum for the transaction of business at any meeting, but if less than a majority is present at any meeting, a majority of the members present may adjourn the meeting from time to time without further notice. Ex-officio members shall not be counted in determining a quorum.

Section 5. Manner of Acting. The act of a majority of the members present at the meeting at which a quorum is present shall be the act of the Executive Committee, unless a greater number is required by law or by the Bylaws of NPAIP. An alternate representative shall not be allowed to act for a member of the Executive Committee.

Section 6. Election and Term of Office. The Executive Committee shall be elected

by the Members for two-year terms, which shall be staggered as follows:

- a. Two of the four representatives of cities and counties shall be elected for a two year term effective with the fiscal year beginning 2003
- b. Two of the four representatives of cities and counties shall be elected for a two-year term effective with the fiscal year beginning 2004
- c. One of the two representatives of school districts shall be elected for a two year term effective with the fiscal year beginning 2003
- d. One of the two representatives of school districts shall be elected for a two year term effective with the fiscal year beginning 2004
- e. The representative of special districts shall be elected for a two year term effective with the fiscal year beginning 2003

Succeeding elections to those noted in a-e shall be for two year terms effective with the fiscal year following the election.

ARTICLE 13

STAFF

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

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

ARTICLE 14

DEVELOPMENT, FUNDING AND IMPLEMENTATION OF POOLING PROGRAMS

Section 1. Program Coverage. Pooling or insurance programs of NPAIP may provide coverage for:

- A. Casualty insurance as defined in NRS 681A.020;
- B. Marine and transportation insurance as defined in NRS 681A.050;
- C. Property insurance as defined in NRS 681A.060;
- D. Surety insurance as defined in NRS 681A.070; and
- E. Insurance for any combination of these kinds of insurance.

Section 2. Minimum Participation. The Board shall determine for each pooling program, described in Section 1 above, a minimum participation for program implementation, which shall be communicated to each Member, and shall establish the amount of any Maintenance Deductible.

Section 3. Program and NPAIP Costs. General administrative expenses of NPAIP shall be allocated to the Members as a whole, whether every Member participates in all or part of any program of NPAIP. The Board shall determine the method of allocation to each Member and the amount of each Member's share.

Section 4. Development Charge. Development costs of a program shall be funded by

a development charge, as determined by the Board of Directors, to be paid by each Member joining in the development of the program and thereby reserving the option to participate in the program following its adoption by the Board. Development charges are those costs incurred by NPAIP, or by the Nevada Association of Counties acting as sponsor of an Interlocal Cooperation Agreement entered into prior to the creation and organization of NPAIP, or NPAIP's consultant, in developing a program for subsequent review and adoption by the Board, including but not limited to research, feasibility studies, information and liaison work among Public Agencies, preparation and review of documents, and actuarial and risk management consulting services, and may also include a share of NPAIP's general expense as allocated by the Board of Directors.

Section 5. Billing. The development charge shall be billed to all Members upon authorization of program development by the Board and be payable within thirty (30) days of the billing date, and contributions to the Nevada Association of Counties by interested Public Agencies for development of programs prior to the creation and organization of NPAIP shall be credited against the development charges for those programs assessed by NPAIP.

Section 6. Deficiencies. Upon the conclusion of program development, any deficiency in development funds shall be billed to all Members which have paid the development charge on a pro-rata or other equitable basis as determined by the Board, and any surplus in such funds shall be transferred into the loss reserve for the program, or, if the program is not implemented, NPAIP's general account.

Section 7. Annual Contributions. All costs of program, excluding development charges, shall be funded by annual contributions charged to the Members participating in the program for each Policy Year and also by interest earned on the funds so accumulated. Such contributions shall be determined by the Board upon the basis of a cost allocation plan and rating formula developed by NPAIP with the assistance of a casualty actuary, risk management consultant or other qualified person. The contributions for each Participating Member shall include its share of expected program losses, program insurance and reinsurance costs, program administrative costs for the year, and its share of NPAIP's general expense allocated to the program by the Board.

Section 8. Billing. Annual contributions shall be billed by NPAIP at the beginning of each Policy Year and shall be payable within thirty (30) days of the billing date. At the end of each Policy Year, program costs shall be audited by NPAIP. Any deficiency or surplus in the contributions paid by the Participating Member, as shown by such audit, may be adjusted by a corresponding increase or decrease in the contribution charge to that Member for succeeding years, unless the Member withdraws or is canceled from the program, in which case the provisions of Articles 21, 22, 23, 24 and 25 hereof shall be applicable and controlling.

Section 9. Program Implementation and Effective Date. Following development of a program and its adoption by the Board, NPAIP shall give each Member a written notice of the program which shall include:

- A. The terms of coverage of the program;
- B. The requirements for program implementation; and
- C. The estimated first year contribution by the Member for program participation.

Section 10. Membership. Each Member or Participating Member may elect to enter the program by giving written notice of such election, in a form prescribed by NPAIP, to the Executive Director within thirty (30) days of the date of NPAIP's notice of the establishment of the program.

Section 11. Late Entries. A Member not electing to enter a program upon its implementation or within 120 days thereafter pursuant to Section 10 above, or which becomes a party to the Agreement following implementation of the program, may petition the Executive Committee for late entry into the program.

ARTICLE 15

ACCOUNTS AND RECORDS

Section 1. Annual Budget. NPAIP annually shall adopt an operating budget to include a separate budget for each program under development or adopted and implemented by NPAIP.

Section 2. Funds and Accounts. The Fiscal Officer shall oversee such funds and accounts as may be required by good accounting practices and by the Board for each program and the books and records of NPAIP shall be open to inspection at all reasonable times by authorized representatives of Members.

Section 3. Report of the Fiscal Officer. The Fiscal Officer, within one hundred and eighty(180) days after the close of each Fiscal Year, shall give a complete written report of the Annual Audit for such Fiscal Year to the Board and to each Member.

Section 3. Annual Audit. The Board of Directors shall engage a certified public accountant to make an annual Fiscal Year audit of all accounts and records of NPAIP, and a report of the audit shall be filed as a public record by each Member within one hundred and eighty (180) days of the end of the Fiscal Year under examination.

ARTICLE 16

RESPONSIBILITIES FOR NPAIP'S FUNDS AND PROPERTY

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

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

- A. Receive and acknowledge receipt for all funds of NPAIP and deposit them in NPAIP's Treasury for the credit of NPAIP;
- B. Be responsible for the safekeeping and disbursement of all NPAIP funds;
- C. Pay any sums due from NPAIP as approved by the Board or by any body or person to whom the Board has delegated approval authority;
- D. Verify and report in writing to the Executive Committee or the Board, as

of the first day of each quarter of the Fiscal Year, the amount of money held for NPAIP, the amount of receipts since the last such report, and the amount paid out since that report; and

- E. Invest monies in accordance with applicable laws and regulations governing investments by Public Agencies.

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

Section 4. Bonds. NPAIP shall provide for fidelity bond or performance bonds in an amount and form specified by the Board for all of its officers and staff authorized by NPAIP to hold or disburse funds or have charge or access to property of NPAIP.

ARTICLE 17

TRUST ACCOUNT, CHECKS, DEPOSITS & REVENUES

Section 1. Establishment of a Trust Account. A trust account shall be established, referred to hereafter as the "Trust Account", in which all Member contributions, policy dividends or premiums received by NPAIP, investments made by NPAIP and income thereon, and any other money or property which shall come into the possession or control of NPAIP shall be placed.

Section 2. Use of the Trust Account. The Board may use the Trust Account to pay all expenses of NPAIP, including, but not limited to, payment of premiums for insurance policies, compensation to employees and staff, legal counsel, auditors, consultants, contracted services and other persons as authorized by the Board.

Section 3. Expenditures from Trust. Expenditures from the Trust Account may be made for payment of Losses, litigation costs, investigation, insurance premiums and deductible amounts, cost of Loss control activities, and any other costs determined by the Board.

Section 4. Excess Funds. Any excess funds in the Trust Account may be used, as determined by the Board, to reduce Member contributions, to increase the cash surplus of NPAIP as determined by policies established by the Board.

Section 5. Expenses of Administration. At its annual organizational meeting, the Board shall approve rates of compensation for administrative expenses incurred for administration of the Trust Account and legal services related thereto and shall approve its budget.

Section 6. Checks. All checks, drafts or orders for payment of money, notes or any other evidence of indebtedness issued in the name of NPAIP shall be signed by the Executive Director, or by such other person and in the manner as the Board may designate, with two signatures required, and in such manner as shall be prescribed.

Section 7. Deposits. All funds of the Board shall be deposited to the credit of NPAIP in such banks, trust companies or other depositories as the Board may determine.

Section 8. Other Funds. NPAIP funds in possession or control of the Board shall be received, disbursed, controlled and accounted for under the supervision of the Fiscal Officer.

ARTICLE 18

RISK MANAGEMENT

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

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

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

ARTICLE 19

RESPONSIBILITIES OF MEMBERS

Members shall have the following responsibilities:

- A. To appoint an officer or employee to be responsible for the risk management function with that Member's organization to serve as a liaison between the Member and the NPAIP for all matters relating to risk management and insurance;
- B. To maintain an active safety program and act upon recommendations of the NPAIP to reduce or eliminate unsafe practices;
- C. To pay development charges, annual contributions, insurance premiums, and contributions surcharges to NPAIP within thirty (30) days of the billing date thereof;
- D. To pay to NPAIP any additional insurance premiums or contributions due as determined and assessed by the Board within thirty (30) days after the Member's act of withdrawal, cancellation, or termination from NPAIP;
- E. To provide NPAIP at its request such other information or assistance as may be reasonably necessary for NPAIP to develop and implement

- programs under this Agreement;
- F. To cooperate with and assist NPAIP, and any insurer of NPAIP, in all matters relating to this Agreement;
- G. To comply with all Bylaws of NPAIP and other rules adopted by the Board; and
- H. To have such other responsibilities as provided in this Agreement or established by the Board under this Agreement.

ARTICLE 20

ADMINISTRATION OF CLAIMS AND LITIGATION

Section 1. NPAIP Responsibilities. NPAIP, at its sole discretion, may undertake and be responsible for the investigation, defense and settlement, of claims made and suits or proceedings instituted against a Member arising out of a covered Loss. NPAIP solely is responsible for investigating, adjusting, evaluating, valuing and settling Property Coverage claims made by Members.

Section 2. Information From Member. A Member shall furnish to NPAIP with respect to any Claim for Loss or potential Loss:

- A. Prompt written notice of any claim made or suit brought against the Member or any claim made for damage to a Member's property;
- B. Any other information requested by NPAIP in order to adjust, investigate, evaluate, value or settle or defend a Claim or Loss;
- C. Cooperation in all matters in which NPAIP is acting on behalf of the Member or any other dispute against NPAIP or against a Member.

Section 3. Appointment of Claims Committee. The Chair of the Board shall appoint a five member committee as necessary, to be entitled the "Claims Committee", to oversee claims services and to settle appeals of coverage determinations made by the Claims Administrator. The Executive Director, Risk Manager, Claims Administration Company, and NPAIP's Administrator shall be non-voting, ex-officio members of the Claims Committee.

Section 4. Litigation Cooperation. Members shall be kept advised of the progress of litigation. All claims or cases shall be referred immediately to NPAIP's Claims Administrator by the Member upon which notice is given by a claimant or a complaint served. The Claims Administrator shall review the claim or case, investigate the facts where appropriate, and may assign defense counsel from NPAIP's panel of approved defense counsel. ~~A Member may request assignment of a specific panel of counsel, but such assignment~~ The decision whether or not to provide a defense and to assign defense counsel shall be made solely in the discretion of NPAIP and its Claims Administrator. NPAIP and its Claims Administrator shall make a coverage determination including NPAIP's discretionary decision whether to provide a defense. The assigned defense counsel shall cooperate with the Member's legal counsel in the defense or

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settlement of litigation.

Section 5. Litigation Management. Management of litigation shall include evaluation of claims, assignment of qualified attorneys to represent the Member (when applicable a discretionary decision to defend has been made), monitoring of the litigation, providing periodic status and evaluation reports to the Executive Director, aid in promoting and evaluation risk management, and recommending reserves for claims in litigation.

Section 6. Litigation Costs. Litigation Management and fees from general counsel shall be treated as a general expense of NPAIP and fees of defense counsel shall be treated as a claims expense.

Section 7. Litigation Participation. A Member at its expense, shall have the right to participate with NPAIP in the settlement, defense, or appeal of such claim, suit or proceeding which, in the judgment of NPAIP, may involve liability of NPAIP.

Section 8. Advice From Members. Members will be given a reasonable opportunity in litigated cases or claims to advise NPAIP of the Members' preference with regard to settlement of the case or claim.

Section 9. Settlement Consent. A Member shall not enter into any settlement involving liability of NPAIP without the prior consent of NPAIP.

Section 10. Claims Handling. NPAIP shall select a duly licensed claims administration company on the basis of its ability to handle claims in a professional, efficient and economical manner, and to be responsible for investigating, adjusting, evaluating, valuing and settling all Claims made against the Member or against NPAIP.

Section 11. Claim Administration Company Responsibilities. NPAIP Claims Administration Company selected by NPAIP shall:

- A. Investigate, adjust, evaluate, value and settle all claims against NPAIP or its Members for which coverage may be afforded under the terms of NPAIP Coverage Form and as directed by the Claims Committee;
- B. Make settlements in accordance with the authority delegated by the Board in the Claims Administrator's contract;
- C. In addition to actually paying covered claims, provide periodic claim reports detailing each Member's losses, recommend proper and adequate reserves for outstanding and anticipated claims, file required reports to the State of Nevada, and provide any other related services as approved by the Board; and
- D. Refer cases which may require review by the Claims Committee or the Litigation Strategy Committee and consult with NPAIP's general counsel with respect to legal issues as necessary.

ARTICLE 21

TERM OF AGREEMENT

This Agreement shall be effective upon execution by the signatory parties and shall remain in effect until:

- A. Terminated upon election of three-fourths of the Members; or
- B. Suspended or superseded by a subsequent agreement between the Members.

ARTICLE 22

WITHDRAWAL

Section 1. **Member Insolvency.** A Member may not withdraw as a Member for a period of two (2) years after its initial entry, except in case of insolvency or change in its legal status as a Public Agency.

Section 2. **Notice of Withdrawal.** After two years following its initial entry, a Member may withdraw from NPAIP upon giving one-hundred twenty (120) days written notice to the Board in advance of the program renewal date.

Section 3. **Effect of Withdrawal.** The withdrawal of a Member shall not affect the continuance of NPAIP by the remaining Members.

Section 4. **Payments Before Withdrawal.** In order to withdraw, the Member shall pay any outstanding amounts due and owing to NPAIP.

Section 5. **Release Conditions.** Withdrawal does not release the withdrawing Member from liability for further payments or assessments as provided elsewhere in this Agreement.

ARTICLE 23

CANCELLATION OR TERMINATION OF MEMBERSHIP

The Board of Directors:

- A. May cancel the membership of any Member in NPAIP on a vote of two-thirds of the Board members present at a meeting called for that purpose, and such Board action shall result in the cancellation of that Member's participation in all programs of NPAIP as of the date of the Board cancellation;
- B. May cancel any Member's participation in a program of NPAIP without canceling its membership in NPAIP or participation in other programs on a vote of two-thirds of the Board members present at a meeting called for that purpose;

- C. Cause NPAIP to give one hundred twenty (120) days advance written notice to the Member of the effective date of any cancellation under the foregoing provisions, and upon such effective date, the Member shall be considered as having voluntarily withdraw from NPAIP, or from the program of NPAIP, as the case may be.
- D. Cancel the membership of any Member that has not paid any assessments when due upon thirty (30) days notice to the Member. Such notice for non-payment may be issued by the Executive Director without a vote of the Board of Trustees; however, the Executive Committee will be informed of the situation. The Executive Director may reinstate membership upon receipt of payment of the assessments prior to the effective date of the notice of cancellation. If payment is not received prior to the effective date of the notice of cancellation, the Member may apply for reinstatement through the Executive Director, which may be granted only by the Executive Committee.

ARTICLE 24

EFFECT OF WITHDRAWAL OR CANCELLATION FROM NPAIP

Section 1. Unearned Contributions. If a Member's participation in a program of NPAIP is canceled under Article 23 hereof, with or without cancellation of membership in NPAIP, and such cancellation is effective before the end of the Policy Year for that program, NPAIP shall promptly determine and return to the Member the amount of any unearned contributions payments for the Policy Year.

Section 2. Entitlement to Return of Contributions. Except as provided in Section 1 above, a Member, which withdraws or has its membership canceled in NPAIP or from any program of NPAIP, shall not be entitled to the return of any contributions or other payments to NPAIP, or of any property contributed to NPAIP.

Section 3. Termination of NPAIP. In the event of termination of this Agreement and concomitantly NPAIP, a Member having withdrawn or its membership canceled prior thereto may share in the distribution of assets of NPAIP as determined by the Board.

ARTICLE 25

TERMINATION AND DISTRIBUTION OF ASSETS

Section 1. NPAIP Activities After Termination. If this Agreement is terminated at any time, NPAIP shall continue to exist after such termination for the limited purpose of disposing of all outstanding claims, distributing its assets, and performing all other functions necessary to conclude its affairs and business.

Section 2. Asset Distribution. All assets of NPAIP utilized in each program shall be distributed among those Members which participated in that program in accordance

with a distribution plan developed by the Board. . The Board shall determine such distribution within six months after final distribution of all claims pending at the termination of this Agreement and NPAIP.

Section 3. Final Contributions. Any Member, which was a participant in a program of NPAIP, shall be responsible for any additional amount of contributions as determined by the Board in accordance with a Loss allocation formula as necessary for final disposition of all claims arising from losses under that program during the Member's period of participation.

ARTICLE 26

CONTRACTUAL OBLIGATION AND MEMBER'S LIABILITY

Section 1. Member's Additional Obligations. In addition to the obligations and responsibilities of the Members expressly set forth in this Agreement, the Members agree to take no action or engage in any conduct inconsistent with this Agreement and the Bylaws of NPAIP.

Section 2. Enforcement of This Agreement. Except as limited by the provisions in Article 3, Section 4, the terms of this Agreement may be enforced in a court of law either by NPAIP or by any of its Members.

Section 3. Consideration. The consideration for the duties herewith imposed upon the Members to take certain actions and to refrain from certain other actions shall be based upon the mutual promises and agreements of the Members set forth herein.

Section 4. Duplicate Originals. This Agreement and the Bylaws of NPAIP may be executed in duplicate originals, and their execution and approval by the Members shall be evidenced by a certified copy of a resolution by the Board of Directors, provided, however, that except to the extent of the financial contributions to NPAIP agreed to herein, or such additional obligations as may come about through amendments to the Agreement, or the Bylaws of NPAIP, no Member shall be responsible for any claims in tort or contract asserted against any other Member.

Section 5. Limitation of Members' Relationships. In the creation of NPAIP, the Members intend only to establish an organization for joint insurance and self-insurance programs in accordance with the terms and within the scope of this Agreement and have not intended to create as between Members any other relationships of surety, indemnification or responsibility for the debts or claims of any other Member.

Section 6. Members' Liability. The liability of each Member for the obligations of NPAIP shall be individual, several and proportionate liability, and not joint.

Section 7. Responsibility For Assessments. Members who have withdrawn or have been terminated shall remain subject to the payments of any assessments for the

year(s) during which such Member was a participant in the program of NPAIP.

ARTICLE 27
ASSESSMENTS

Section 1. Additional Contributions and Surcharges For Excessive Losses. If NPAIP experiences such a number of Losses or costs under a program during a Policy Year, so that notwithstanding insurance and reinsurance coverage for individual Losses, the joint pooled funds for the program may be exhausted, the Executive Committee may, upon consultation with a casualty actuary, impose contributions and/or surcharges on all Participating Members, which, in total amount, will assure adequate resources to NPAIP for the payment of all such Losses, but not to exceed two times the most recent annual contribution without approval of two-thirds of the Board of Directors.

Section 2. Assessments When Liabilities Exceed Assets. The amount of any liability in excess of assets shall be assessed to the Members that are or were members of NPAIP within thirty (30) days after a deficiency is identified and shall be payable thereafter by the Members within ninety (90) days.

Section 3. Assessments For Operational Costs Deficiencies. The Board at its discretion may assess the Members for cost incurred in the operation and maintenance of NPAIP and for its purposes in the form, manner and amount prescribed by the Board for the Policy Year out of which the deficiency arose.

Section 4. Enforcement of Assessments. NPAIP is empowered to enforce the assessments hereunder and as provided elsewhere in this Agreement by appropriate legal proceedings.

ARTICLE 28
BYLAWS AND PROCEDURES MANUAL

Section 1. Bylaws. The Board shall adopt Bylaws to provide for the operation and administration of NPAIP.

Section 2. Procedures Manual. The Board shall cause the preparation of a Procedures Manual to govern the day-to-day operations of NPAIP.

ARTICLE 29

NOTICES

Section 1. Notices To Members. NPAIP shall address all notices, billings and other communications to a Member under this Agreement as directed by the Member to NPAIP.

Section 2. Notices To NPAIP. Members shall address notices and communications to NPAIP to the Executive Director, Nevada Public Agency Insurance Pool, 201 S. Roop Street, Suite 102, Carson City, Nevada, 89701.

ARTICLE 30
AMENDMENT

This Agreement may be amended at any time by a vote of two-thirds of the Members.

ARTICLE 31

PROHIBITION AGAINST ASSIGNMENT

No Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member shall have any right, claim or title to any part, share, interest, fund, contribution, premium or asset of NPAIP.

ARTICLE 32

AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the Members. There are no oral understanding or agreements not set forth in writing herein.

ARTICLE 33

GOVERNING LAW AND SEVERABILITY

Section 1. Governing Law. The construction, validity, and affect of this Agreement shall be governed by the laws of the State of Nevada.

Section 2. Severability. Should any covenant, condition, term or provision in this Agreement be deemed by a court of competent jurisdiction to be invalid or unenforceable, all of the remaining covenants, conditions, terms and provisions herein shall remain in full force and effect.

ARTICLE 34

FILING WITH ATTORNEY GENERAL

The Executive Director of NPAIP shall file a notice of this Agreement with the office of the Attorney General within thirty (30) days of its effective date as required by Nevada Revised Statutes.

Summary of Proposed Changes to NPAIP Interlocal Agreement

To Article 2 entitled “Purposes of NPAIP”, the following language should be added:

“The Members to this Agreement hereby understand and agree that NPAIP is not an “insurer” and the NPAIP Coverage Form is not an “insurance policy” under Nevada law. As such, NPAIP and the Coverage Form are not governed by Nevada Revised Statute Insurance Title 57, Chapter 686A or other statutes and laws typically governing insurance companies or the interpretation of insurance contracts.”

Under Article 20, section 4, the following sentence should be changed as follows:

“The Claims Administrator shall review the claim or case, investigate the facts where appropriate, and assign defense counsel from NPAIP’s panel of approved defense counsel **when the discretionary decision to provide a defense has been made.**”

Under Article 20, Section 5, the following sentence should be changed as follows:

“Management of litigation shall include evaluation of claims, assignment of qualified attorneys to represent the Member (**when applicable**), monitoring of the litigation, providing periodic status and evaluation reports to the Executive Director, aid in promoting and evaluating risk management, and recommending reserves for claims in litigation. “

Explanation:

Unlike an insurance company, the POOL is a self-funded group of political subdivisions which have pooled their casualty risk resources, and whose Members have decided what duties and coverages are contained in the Coverage Form, applicable to each of the Members.

NPAIP is not an insurance company and is not governed by the Insurance Commissioner. The POOL was created pursuant to a series of statutes which are laid out in the Interlocal Cooperation Agreement. NRS 277.080 to 277.180, the Interlocal Cooperation Act, enables governments to cooperate with other local governments on a basis of mutual advantage and to provide services to best meet the needs of other communities. NRS 277.055 permits two or more political subdivisions to enter into a cooperative agreement for the purchase of insurance or the establishment of a self-insurance reserve or fund for coverage under a plan of casualty insurance, marine and transportation insurance, property insurance, surety insurance or insurance or a combination of the above as they are defined under the Insurance Title. The cooperative agreement must be ratified by formal resolution or ordinance of the governing body or board of trustees of each agency included in the agreement, be included in the minutes, be submitted to and approved by the Commissioner of Insurance before it becomes effective, and comply with the Interlocal Cooperation Act. Nothing in the Act requires the Commissioner of Insurance to receive or approve the Coverage Form created there under. NRS 679A.100 also defines “insurer” as “every person engaged as principal and as indemnitor, surety or contractor in the business of entering into contracts of insurance,” a definition that does not apply to NPAIP.

Moreover, rules of insurance policy interpretation do not apply to the Coverage Form. Insurance rules of interpretation are based on the assumption that an insurance policy is an adhesion contract where the typical insured has no say or input into the drafting of the policy language and terms. In contrast, the Coverage Form is not an adhesion contract. NPAIP Members are sophisticated political subdivisions which have direct input into the drafting of the Coverage Form and are able to vote to approve or disapprove changes and its content.

The Members decide what coverages and duties are within the Coverage Form. It is the plain language of the Coverage Form that governs, and if ambiguity exists, it is the intent of the members, as the drafters, that becomes important in determining the meaning behind a provision (the rules of interpretation for a regular contract). This is unlike a typical insurance policy where any ambiguity is interpreted in favor of the insured and against the insurer, without regard to intent. This best serves the interest of NPAIP Members, who pool their resources for coverage, and can have their intent govern what is in the best interest of the POOL to be covered if there is any question under the Coverage Form.

Moreover, the Interlocal Agreement states that Members can only bring a claim for declaratory relief against NPAIP. A claim for bad faith that would be typically used against an insurer is not appropriate and would not be in the interest of the Members. The money to defend such a lawsuit and any damages would come directly from the Members that jointly contributed to the self-insurance pool and take away from the funds available to defend Members.

This reminder in the Interlocal Agreement that NPAIP is not an insurer and not subject to the same rules as insurers only emphasis the importance of this distinction and the control it gives its Members.

**NEVADA PUBLIC AGENCY INSURANCE POOL
BYLAWS**

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**BYLAWS OF THE
NEVADA PUBLIC AGENCY INSURANCE POOL**

ARTICLE I: NPAIP PHILOSOPHY AND STRUCTURE

SECTION 1.01. PHILOSOPHY.

The philosophy of NPAIP is to maintain long term stability in the costs and coverages provided by NPAIP to its Members through risk management.

SECTION 1.02. GENERAL STRUCTURE.

NPAIP is governed by its Board of Directors consisting of representatives of Members as defined in the Interlocal Cooperation Agreement.

SECTION 1.03. DUTIES AND RESPONSIBILITIES.

The responsibilities of NPAIP to Members shall be:

- (a) To provide a source of coverage for property, casualty and surety claims or losses ;
- (b) To provide such risk management services and materials for education purposes as the Members determine are necessary and affordable;
- (c) To provide guidance in organization and operation of a risk management program by each Member;
- (d) To provide risk management advice when needed or necessary;
- (e) To conduct the business of NPAIP so as to continue to operate successfully; and
- (f) To collect and disburse funds for the sound financial organization and operation of NPAIP.

SECTION 1.04. DUTIES AND RESPONSIBILITIES OF A MEMBER.

The duties and responsibilities of a Member shall be:

- (a) To comply with the Interlocal Cooperation Agreement, Bylaws, ~~rules, regulations, policies, procedures~~ and objectives of NPAIP;
- (b) To maintain good community relations with the primary objective being reduction of risks;
- (c) To make timely submissions to NPAIP and its insurers of contributions to NPAIP's Loss Fund, administrative fees, and insurance premiums;
- (d) To publish for the Member and the files of NPAIP, guidelines for the operation of the Member's Risk Management Program;
- (e) To appoint a Pool Liaison and to support the purposes of that function in accordance with Article 19 of the Interlocal Cooperation Agreement;
- (f) To comply with the requirements of NPAIP and to submit claims to the claims servicing organization promptly;
- (g) Maintenance Deductibles - Each Member's maintenance deductible is chargeable to the Member at the time of payment made on a claim by NPAIP. The maintenance deductible applies once to each loss, whether it involves property, liability, crime or any combination of coverages. Each member shall reimburse NPAIP's Loss Fund promptly and not later than 30 days after billing. Should the Member dispute the applicability of the maintenance deductible, the Member shall pay the amount due with an accompanying request for review by the Executive Committee, whose decision shall be final; and
- (h) Each Member shall establish a fund or account for the purposes stated in the following description entitled "Self-Insurance Fund" which shall be administered by NPAIP Liaison or such other person as designated by the Member.

SELF-INSURANCE FUND

1. This fund has been established to: pay for losses not covered by the Nevada Public Agency Insurance Pool or which are within NPAIP member's maintenance deductible including:
 - a. damage to or destruction of vehicles involved in accidents,
 - b. liability claims and expenses,

- c. property claims,
 - d. other claims or uses deemed appropriate by the governing board.
2. This fund will maintain reserves for catastrophic or uninsured claims.
 3. The administrator of the fund is the NPAIP Liaison.
 4. Claims that are deemed appropriate according to the risk management policies of the governing board will be paid from the Self-Insurance Fund.
 5. Any questions regarding the Self-Insurance Fund (claims to be paid, etc.) should be directed to the NPAIP Liaison.

SECTION 1.05. NEW MEMBERS.

The ~~Board-Executive Committee~~ shall have sole power to accept new Members when a prospective Member demonstrates:

- (a) A desire to join NPAIP;
- (b) Willingness to abide by the Interlocal Cooperation Agreement, Bylaws, ~~rules, regulations, policies, procedures~~ and objectives of NPAIP;
- (c) That its risks and loss history are acceptable ~~to the Board~~; and
- (d) That it agrees to maintain ~~an effective-strong~~ risk management program.

ARTICLE II: OFFICES

SECTION 2.01. PRINCIPAL OFFICE.

The Organization's principal office shall be fixed and located in such place as the Board shall determine. The Board is granted full power and authority to change said principal office from one location to another.

SECTION 2.02. OTHER OFFICES.

Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE III: MEMBERS MEETINGS

SECTION 3.01. PLACE OF MEETINGS.

Meetings of the entire Membership shall be held at any place designated by the Board.

SECTION 3.02. ANNUAL MEETINGS.

The annual meeting of all Members of NPAIP shall be held prior to the end of each fiscal year. The Executive Committee shall be elected at the annual meeting and any other proper business may be transacted at the annual meeting.

SECTION 3.03. SPECIAL MEETINGS.

Special meetings of the Membership shall be held as may be determined necessary by the Executive Committee or the Board.

SECTION 3.04. NOTICE OF ANNUAL OR SPECIAL MEETINGS.

Written notice of each annual or special meeting of Members shall be given in accordance with the Nevada Open Meeting Law NRS Chapter 241 Such notice shall state the place, date and hour of the meeting, and

- (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or
- (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action.

SECTION 3.05. CONDUCT OF MEMBER MEETINGS.

The Chair of the Board may preside as Chair at all meetings of the Members. The Chair shall conduct each such meeting in a business like and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The Chair shall have all of the powers usually vested in the Chair of a meeting of Members.

SECTION 3.06. ANNUAL MEETING BUSINESS

The Annual Meeting agenda must include the following topics required by the Nevada Administrative Code:

- (a) Review by the Board of ~~Directors~~Trustees at least annually of the financial condition of each member and prompt notification to the members of any member determined to be operating in a hazardous financial condition;
- (b) Review by the members at least annually of the loss experience of each member of the association; and
- (c) Review for the removal of members with an excessive loss experience or members determined by the Board of Trustees to be operating in a hazardous financial condition.

ARTICLE IV: DIRECTORS

SECTION 4.01. POWERS.

Subject to any limitations contained in the Nevada Public Agency Insurance Pool Interlocal Cooperative Agreement ("Agreement"), these Bylaws or the Law relating to action required to be approved by the Members or by a majority of all the Members, the activities and affairs of NPAIP shall be conducted and all powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of NPAIP to any person or persons, management company, or committee however composed, provided that the activities and affairs of NPAIP shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all officers, agents, service providers and employees of NPAIP, prescribe powers and duties for them as may not be inconsistent with law, the Agreement or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate;
- (b) To conduct, manage and control the affairs and activities of NPAIP, and to make such policies and procedures ~~rules and regulations~~

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therefor not inconsistent with Law, the Agreement or these Bylaws, as they may deem appropriate;

- (c) To authorize memberships in NPAIP from time to time, upon such terms and for such consideration as may be lawful; and
- (d) To borrow money and incur indebtedness for the purposes of NPAIP, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages,

pledges, hypothecations or other evidence of debt and securities therefor.

SECTION 4.02. ALTERNATE VOTING REPRESENTATIVE.

The Alternate Voting Representative to the Board of Directors shall have the full powers of the Representative when attending Board meetings in place of the Representative.

SECTION 4.03. RIGHTS OF INSPECTION.

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of NPAIP.

SECTION 4.04. VACANCIES.

- (a) Subject to the provisions of the Agreement, any director may resign effective upon giving written notice to the Chair of the Board, the Executive Director, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.
- (b) Vacancies on the Board may be filled by the Member at its next regular meeting.
- (c) A vacancy in the Board shall be deemed to exist in case of the withdrawal of the Member from NPAIP, death, resignation or removal of any director, or if the authorized number of directors be increased, or if a Member fails, at any regular or special meeting of the Member at which any director is elected, to elect its authorized director.
- (d) The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under the laws of the State of Nevada or the Agreement. In addition, the Board may remove, and declare vacant, the office of a director who fails to attend any Board meetings within any one fiscal year.
- (e) Vacancies on the Executive Committee that occur between meetings of the Board may be filled by the Chair to serve until the next Annual Meeting of the Board as described in Article III, Section 3.02 of these Bylaws.
- (f) Upon withdrawal of a Member from NPAIP, its board positions shall be eliminated upon the effective date of withdrawal.

SECTION 4.05. REMOVAL OF DIRECTORS.

Except as otherwise provided by the Law, any or all directors may be removed with or without cause, if approved by the Members.

SECTION 4.06. FEES AND COMPENSATION.

Directors shall not receive any compensation for their services as directors or as Members of committees or commissions, but, by resolution of the Board, reimbursement or advancement may be made for any expenses incurred or paid by them for the benefit of NPAIP.

NPAIP shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless approved by the Nevada Attorney General.

ARTICLE V: COMMITTEES

SECTION 5.01. EXECUTIVE COMMITTEE:

- (a) Appointments to the Executive Committee shall be by a majority vote of the directors then in office. A majority of all the Members of the Executive Committee may determine its rules of procedure unless the Board shall otherwise provide. The Board shall have the power to change the Members of the Executive Committee at any time, either with or without cause, and to fill vacancies; provided, however, that all appointments to the Executive Committee shall be by a majority vote of the directors then in office.
- (b) The Board may, at any regular or special meeting, overrule any action or actions of the Executive Committee by a majority vote of all Members of the Board, provided that any such action will not affect the contractual rights of parties outside the Organization.

SECTION 5.02. STANDING OR SPECIAL COMMITTEES.

- (a) In the event that the Board determines that the management of the NPAIP would be benefited by the establishment

of one or more standing or special committees, in addition to the Executive Committee, the Board may from time to time establish one or more such committees.

- (b) The term "standing committee" or "special committee" shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board.
- (c) The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the directors then in office, which specifically sets forth the powers and duties delegated to such committee and specifically identifies the committee as a "standing" or "special committee." Each such committee shall consist of two or more directors and shall be presided over by a director selected by the Board.
- (d) Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the Chair of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the Chair of the standing or special committee.

SECTION 5.03. LIMITATIONS UPON COMMITTEES OF THE BOARD.

No committee of the Board shall have any of the authority of the Board with respect to:

- (a) The approval of any action for which the Law or Agreement also requires approval of the Members or approval of a majority of all Members;
- (b) The filling of vacancies on the Board or on any committee which has the authority of the Board, except as provided in Section 4.04 VACANCIES (e);
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; and
- (e) The appointment of other committees of the Board or the Members thereof if such committee will have the authority of the Board.

ARTICLE VI: OFFICERS

SECTION 6.01. OFFICERS.

The officers of NPAIP shall be the Chair and the Vice Chair of the Board.

SECTION 6.02. ELECTION.

Members shall elect one Director, by a majority of the votes cast, to serve a two year term as Chair and one Director to serve a two year term as Vice Chair.

SECTION 6.03. SUBORDINATE OFFICERS.

The board may elect, and may empower the Chair to appoint, such other officers as the business of NPAIP may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

SECTION 6.04. REMOVAL AND RESIGNATION.

The Chair or any other officer may be removed at any time, either with or without cause, by the vote of two-thirds of the entire Board or, in the case of an officer who is chosen under Section 6.03, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to NPAIP, but without prejudice to the rights, if any, of the

NPAIP under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified herein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6.05. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

SECTION 6.06. CHAIR OF THE BOARD.

The Chair of the Board shall assume the duties and responsibilities normally associated with the position or those duties assigned by the Board.

SECTION 6.07. EXECUTIVE DIRECTOR.

The Executive Director shall be the chief administrative officer of NPAIP and, subject to the control of the Board, shall:

- (a) Supervise, direct, and control the business and affairs of NPAIP;
- (b) Provide adequate staff to administer NPAIP;
- (c) Supervise, direct, and control the collection, deposit, investment, and disbursement of all funds of NPAIP in accordance with the specific or general instructions of the Executive Committee or the Board;
- (d) Be a nonvoting ex-officio member of the Board, Executive Committee, and all standing committees and, whenever practical, serve as the staff adviser and recording secretary thereof;
- (e) Have the general powers and duties of management usually vested in the office of Executive Director or general manager of a quasi-governmental organization; and

- (f) Have such other powers and duties as may be prescribed by the Board or these Bylaws.

SECTION 6.08. FISCAL OFFICER.

The Chair shall designate a member of the Board to serve as the Fiscal Officer of NPAIP.

ARTICLE VII: MISCELLANEOUS

SECTION 7.01. INSPECTION OF AGREEMENT AND BYLAWS.

NPAIP shall keep in its principal office in the State of Nevada the original or a copy of its Agreement and of these Bylaws as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours. NPAIP shall upon the written request of any Member furnish a copy of the Agreement or Bylaws as amended to date.

SECTION 7.02. ENDORSEMENT OF DOCUMENTS: CONTRACTS.

Subject to the provisions of applicable law, no note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between NPAIP and any other person shall be valid and binding on NPAIP unless the signing officers had the authority to execute the same. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind NPAIP by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

SECTION 7.03. CONSTRUCTION AND DEFINITIONS.

Unless the context otherwise requires, the general provision, rules of construction and definitions contained in the provisions of Nevada Law shall govern the construction of these Bylaws.

SECTION 7.04. MAINTENANCE OF CORPORATE RECORDS.

The accounting books, records, minutes of proceedings of the Board and its Committees shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of NPAIP. The

minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed or printed form.

SECTION 7.05. ANNUAL REPORT.

The Board shall cause an annual report to be furnished to the directors and Members not later than one hundred eighty days after the close of the NPAIP fiscal year. The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such accountant's report, the certificate of an authorized officer of NPAIP that such statements were prepared without audit from the books and records of NPAIP. The annual report shall contain in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of NPAIP as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of NPAIP, both unrestricted and restricted to particular purposes, for the fiscal year; and
- (d) The expenses or disbursements of NPAIP, for both general and restricted purposes, during the fiscal year.
- (e) The annual financial report shall be prepared in accordance with Generally Accepted Accounting Principles

SECTION 7.06. FISCAL YEAR.

The fiscal year of NPAIP shall commence on July 1 of each year and end on June 30 of the following year.

ARTICLE VIII: AMENDMENTS

SECTION 8.01. BYLAWS.

- (a) New Bylaws may be adopted or current Bylaws may be amended or repealed by the vote of two-thirds of the Members.
- (b) In addition to the right of the members as provided in subparagraph (a) to adopt, amend or repeal Bylaws, and except as otherwise provided in the Law, Bylaws may be adopted, amended or repealed by the Board by a two-thirds vote of the directors present and voting (but not less than

a majority of the entire Board) at a Board meeting unless the action would materially and adversely affect the rights of the Members as to voting.

SECTION 8.02. INTERLOCAL COOPERATION AGREEMENT

The Interlocal Cooperation Agreement may be amended if approved by a two-thirds vote of the directors present and voting (but not less than a majority of the entire Board) at a Board meeting.

SECTION 8.03. ADOPTION.

These Bylaws were adopted by the vote of two-thirds of the Members, present in person, at the annual meeting of the Members. These Bylaws shall become effective immediately upon adoption and repeal and supersede all previous Bylaws of NPAIP.

Adopted ~~5/4/2015~~ 5/4/2016

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: **ADMINISTRATION**

GOAL: NPAIP will maintain administrative excellence.

STATEMENT: In conformance with NPAIP's Mission, excellence is demanded in every aspect of the pool. Administration will perform at the highest levels of efficiency and effectiveness to further the mission and vision of NPAIP.

STRATEGIES:

- Conform to the AGRIP Advisory Standards for Pools
- Train POOL Liaisons to be effective in coordinating risk management services in their organizations
- All books and records will be maintained in proper order
- Maintain adequate staffing
- Provide Board training and succession planning

ACTIVITIES:

- Maintain minutes of meetings in minutes book
- Financial records will be kept in good order in conformance with board Finance and Investments Policy
- Maintain records in accordance with the Nevada State Records Retention Act.
- ~~Executive Committee will conduct the review and evaluation of the Executive Director prior to NPAIP's annual meeting and will report the results to the Board~~
- The Executive Director will distribute Certificates of Participation along with copies of the POOL's Master Coverage Form annually upon receipt of Members' payment of contributions
- The Executive Director shall attend at least two annual professional conferences on risk/management/pooling

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- The budget shall provide sufficient funds for the Executive Committee to attend ~~the~~ at least one AGRIP Pool Trustees Seminar annually
- The budget shall provide sufficient funds to reimburse Members of Committees for travel expenses to attend scheduled in-person meetings
- The Executive Director and other staff are encouraged to obtain and maintain professional designations.
- The Executive Director will operate the Pool to assure that it conforms to AGRIP's Advisory standards for Public Entity Risk Pools.
- Monitor and develop legislation to protect the interests of POOLNPAIP.

Adopted 3/92
Revised 10/95
Revised 5/1/2009
Revised 5/ /2016

Audit Committee Policy Statement

Fraud Risk Reduction

Purpose:

Because the staff of Public Agency Risk Management Services, Inc. handles public funds on behalf of the Nevada Public Agency Insurance Pool and Public Agency Compensation Trust, the Audit Committee establishes this policy statement as a guide to staff regarding the importance of reporting of suspicious activity that might indicate possible fraud, embezzlement or misconduct by any staff member, alone or in collusion with others, or by management. The Audit Committee will not tolerate unethical or illegal behavior involving public funds and through this policy encourages staff to report suspicious activity with the understanding that the report will be handled confidentially and anonymously by the appropriate authority. Retaliation against informants of suspicious activity will not be tolerated.

Reporting Guidelines:

1. If any staff member suspects that any other staff member is carrying on suspicious activity or directing action that may constitute suspicious activity, that staff member immediately should report the activity to their immediate supervisor for handling.
2. If the staff member suspects that their immediate supervisor and another staff member may be colluding toward or otherwise conducting a suspicious activity, the staff member immediately should report the activity to the ~~Chief Risk Officer~~Operations Manager, bypassing the supervisor.
3. If a supervisor suspects that any other staff member is carrying on suspicious activity or directing action that may constitute suspicious activity, the supervisor immediately should report the activity to the ~~Operations Manager~~Chief Risk Officer~~Operations Manager~~ for action.
4. If the supervisor or other staff member suspects that the ~~Chief Risk Officer~~Operations Manager or Executive Director and another staff member may be colluding toward or otherwise conducting a suspicious activity, the supervisor or other staff member immediately should report the activity to the Fiscal Officer, bypassing the ~~Chief Risk Officer~~Operations Manager and the Executive Director.
5. If the ~~Chief Risk Officer~~Operations Manager suspects that the Executive Director alone or with another staff member may be colluding toward or otherwise conducting a suspicious activity, the ~~Chief Risk Officer~~Operations Manager immediately should report the activity to the Fiscal Officer, bypassing the Executive Director.
6. Upon receipt of a report of suspicious activity, the Fiscal Officer will convene a meeting of the Audit Committee to direct an investigation into the activity. The ~~Chairman~~ or the Audit Committee may, in their discretion, contract with an independent auditor to assist with the investigation.

Action Upon Receipt of Report:

The party to whom the suspicious activity is reported promptly will commence an investigation into the allegations. The results of the investigation will be reported to the appropriate internal authority and to the ~~Chief Risk Officer~~Operations Manager and to the Executive Director, or to the Audit Committee as required if the allegations involve the ~~Chief Risk Officer~~Operations Manager or the Executive Director.

Upon receipt of the results of the investigation, the ~~Chief Risk Officer~~Operations Manager or the Executive Director will take appropriate action as necessary to correct the conditions, establish further preventative controls and to discipline the individual as necessary.

If either the ~~Chief Risk Officer~~Operations Manager or the Executive Director is the subject of the investigation, the Audit Committee will take appropriate action as necessary to correct the conditions, establish further preventative controls and will report their findings and recommendations to the Executive Committee. The Executive Committee will take appropriate action to effect discipline or penalties on the ~~Chief Risk Officer~~Operations Manager or the Executive Director.

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NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: **BUILDING LEASE GUIDELINES**

GOAL: NPAIP will lease its building as a source of revenue.

STATEMENT: NPAIP will lease its building to suitable tenants at an appropriate market rate for comparable properties.

STRATEGIES:

- Track and monitor State of Nevada Leased Properties as one benchmark of comparable properties
- As necessary, utilize professional leasing firms to locate and negotiate for tenants

ACTIVITIES:

- Maintain satisfactory relationships with existing tenants in order to retain them
- Check State of Nevada Building and Grounds Web site for state lease tracking spreadsheets
- Maintain premises in good order so that tenants remain satisfied and building remains sound
- Assure adequate budget for expenses including structural upkeep and maintenance

Adopted 4/27/2012

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: **Capitalization Strategy**

GOAL: To ensure stability of POOL while growing the capacity of Public Risk Mutual, its non-profit captive mutual insurance company, in order to reduce the excess or reinsurers share of the risk (and premiums) and to have POOL and ~~its captive~~ Public Risk Mutual control their own destinies better.

STATEMENT: As POOL conforms to its Net Assets Policy Statement on, the POOL's net assets will grow. POOL will continue to accumulate Net Assets until the Board determines that sufficient Net Assets exist to support POOL's retention of risk and to allow for contingencies. POOL also will utilize excess Net Assets to enhance the capitalization of ~~its captive~~ Public Risk Mutual from time to time in order to reduce reliance on other excess or reinsurance providers.

STRATEGIES: Net Assets will be maintained in an amount as established in its Net Assets Policy Statement.

The gain in Net Assets at the end of each fiscal year will be analyzed for a decision whether to retain or be used to provide additional capitalization to ~~the POOL captive~~ Public Risk Mutual.

ACTIVITIES: Upon completion of the financial audit for the fiscal year, the Executive Director will report to the Executive Committee the net addition to Net Assets.

The Executive Committee will determine whether or not to distribute a portion of the Net Assets to provide additional capitalization of ~~its captive~~ Public Risk Mutual. As a guide, the committee will retain at least 50% of the gain to enhance POOL's financial position and the remainder will be considered for further capitalization of its captive.

Adopted 5-2-2007
Revised 5/1/2009
Revised 5/ /2016

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: **CLAIMS ADMINISTRATION**

GOAL: To assure that claims are handled properly to protect the interests of NPAIP and its Members.

STATEMENT: - This claims administration policy shall apply to incidents and situations in which Members may have coverage afforded by NPAIP.

- Elected or appointed officials, employees and volunteers, whether or not compensated, while acting for a member or on its behalf, including commissions, agencies, districts, authorities, boards (including the governing board) or similar entities which operate under a member's supervision or control, should be careful in their actions and not expose the Member or the ~~Pool~~ NPAIP to unnecessary liability.

STRATEGIES: - NPAIP's claims administrator provides Claims reporting procedures. Each Member should adhere to these procedures in order to assure that both its interests and NPAIP's are properly protected.

- To avoid potential problems with coverage determination or gaps, members shall report all known incidents which could give rise to a potential claim. The member should not undertake to determine whether or not coverage is applicable. It is better to report unnecessarily, than not to report.

- The following types of incidents should be reported immediately:

- a. Death
- b. Brain injury or spinal cord damage, real or specific (quadriplegia or paraplegia)
- c. Impaired or loss of use of limbs (amputation of major members)
- d. Injury affecting the capacity of sight, taste, smell or hearing
- e. Disfigurement
- f. Injury to the reproductive organs
- g. Highway design/maintenance liability
- h. Law enforcement liability
- i. Probable errors and omissions liability
- j. Extended disability (six months)
- k. Severe burns - involving over 10% of body with third degree or 30% with second degree;
- l. Multiple persons injured in a common occurrence
- m. Psycho-neurotic involvement
- n. Other incidents that may merit special notification
- o. Employment related practices allegations.
- p. Sexual harassment or sexual misconduct of any nature
- q. Class action litigation or threatened litigation

ACTIVITIES:

- Each member should establish procedures for the prompt reporting of every claim. Each member should maintain its own set of records, as a loss log, to insure accuracy of NPAIP's loss reporting system. Sample internal reporting procedures are provided by NPAIP.
- NPAIP will coordinate the claims administration with Member's claims coordinator.
- Each member should establish a claims reserve fund and fund it adequately pursuant to Governmental Accounting Standards Board (GASB) Statement No. 10 to pay maintenance deductible amounts and costs as they come due.
- Pursuant to Article 20 of the NPAIP Interlocal Cooperation Agreement, an NPAIP Claims Committee ~~and a Litigation Strategy Committee have~~ has been established to assist in the resolution of claims issues with NPAIP or its claims administrator. Members should utilize ~~these~~ se committees when necessary.
- At least once every ~~two~~ three years, an independent claims audit will be conducted of NPAIP's claims administrator and the results will be reported to the Board for action to assure the claims administrator corrects deficiencies.
- The NPAIP Board shall establish a list of qualified defense counsel and coverage attorneys. Exceptions for any one case ~~will~~ may be permitted upon request from a ~~m~~ Member if deemed qualified and necessary by the claims administrator.
- The claims administrator will maintain adequately documented files and communicate with ~~m~~ Members as to the reasons for denials and settlements.

Adopted 10/95
Revised 5/1/2000
Revised 5/1/2009
Revised
5/ /2016

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: Code of Conduct

GOAL: ~~The POOLNPAIP~~ and its members are dedicated to the highest ideals of honor, integrity and due diligence so that ~~the POOLNPAIP~~, its officers, employees and agents may merit respect and public confidence in all its dealings.

STATEMENT: ~~The POOLNPAIP~~ is dedicated to the concepts of democratic, effective and efficient governance by responsible, knowledgeable elected and appointed officials with an understanding that official decisions made and actions taken by ~~the POOLNPAIP~~ always are made in the best interests of ~~the POOLNPAIP~~'s membership, as opposed to the interests of ~~the POOLNPAIP~~'s Administration, service providers or other outside interests.

~~The POOLNPAIP~~ Board maintains commitment to the principle that it is ultimately responsible for establishing ~~the POOLNPAIP~~'s goals and objectives and in making policy decisions on behalf of ~~the POOLNPAIP~~'s membership. This responsibility cannot be transferred or delegated.

STRATEGIES:

- ~~The POOLNPAIP~~ board has established a written Conflict of Interest policy regulating its affairs and the conduct of its members. ~~The POOLNPAIP~~ Board is dedicated to the principle that conflicts of interest (defined as situations in which a person has a duty to more than one person or organization, but cannot do justice to the actual or potentially adverse interests of both parties) should be avoided and where present shall be fully disclosed in accordance with ~~the POOLNPAIP~~ Board Policy Statement on Conflict of Interest. This includes situations when a member of ~~the POOLNPAIP~~ Board or Administration has personal interests (including those of his/her family) that may be contrary to his/her loyalty to ~~the POOLNPAIP~~.
- Administration consistently should seek guidance and direction from the ~~POOLNPAIP~~ Board on matters of POOL Board policy and refrain from promoting any candidate for election and/or appointment to the ~~POOLNPAIP~~ Board.
- Administration is expected to provide policy proposals and recommendations to POOL Board and provide members of the ~~POOLNPAIP~~ Board with information and advice on matters of policy as a basis for making decisions. Once the ~~POOLNPAIP~~ Board has acted, Administration is responsible for implementing and upholding all official policies and decisions adopted by ~~the POOLNPAIP~~ Board, without interference.

- The POOLNPAIP Board is dedicated to the continual improvement of the professional abilities and expertise of the POOLNPAIP Board and Administration in matters relating to pool governance and pool management or administration.
- POOL Board members and Administration share a responsibility to communicate with ~~the POOLNPAIP~~'s membership regarding POOL-NPAIP objectives, activities and outcomes and should seek to improve the quality and image of governmental risk-sharing pools at all times.
- The POOLNPAIP Board is dedicated to the principle that all matters of procurement, personnel administration and outside contracting are administered on the basis of merit so that fairness and impartiality govern all governance and management decisions.
- The POOLNPAIP Board is dedicated to the principle that matters of POOL-NPAIP governance and/or POOL-management and administration cannot be bought or sold. No member of the POOLNPAIP Board or Administration should ever solicit a personal gift of any value from any third-party performing work on behalf of or in any way associated (or potentially associated) with ~~the POOLNPAIP~~. Each POOL NPAIP Board member and Administration must disclose the receipt of gifts, services, sponsorships and meals.

Adopted 5-2-2007
Revised 5/1/2009
Revised 5/ /2016

**NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT**

SUBJECT: **CONFLICT OF INTEREST**

GOAL: Board members, Administration, Members and others with whom ~~the POOLNPAIP~~ does business will avoid conflicts of interest or where not possible fully disclose such conflicts to ~~the POOLNPAIP~~ Members.

STATEMENT: ~~The POOLNPAIP~~ is subject to ~~the~~ Nevada State ~~ethics~~ law (NRS 281A) regarding conflicts of interest and the appearance of fairness. Where conflicts of interest or appearance of fairness issues arise, the affected Members shall conform to the advice of ~~POOLNPAIP~~ legal counsel. However, if the affected Member disagrees with the advice of ~~POOLNPAIP~~ legal counsel, the Board may by majority vote exclude a Member Director from voting on any matter where potential legal conflict between ~~the POOLNPAIP~~ and the Member is to be discussed, or on any matter about which the Board believes the Member has a potential conflict of interest.

STRATEGIES:

- A member of the Board of Directors who may have a potential or actual conflict of interest shall fully disclose the source and nature of the conflict to the Board
- The Board may seek the advice of its general counsel regarding whether the conflict of interest exists such that it should preclude the member from voting on the matter at issue
- A member of the Board shall refrain from voting on any matter where conflict exists in order to assure fulfillment of his/her fiduciary duties and to conform to state laws

Adopted 10/95
Revised 5/12009
Revised

5/ /2016

**NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT**

SUBJECT: **CONTRACTUAL RISK TRANSFER**

GOAL: To assure that the liability risk of the person or organization controlling the risk remains with them and not the ~~Pool~~NPAIP ~~m~~Member by default.

STATEMENT: The person or organization controlling the risk should be the one responsible for losses arising from those risks. Accordingly, Members will transfer such risks contractually whenever possible and practical and shall require appropriate liability insurance to secure the transfer of risk.

STRATEGIES:

- Contracts/agreements shall contain a hold harmless provision or waiver of liability against the Member when possible and practical.
- Members shall avoid accepting liability of others or shall obtain a mutual waiver of subrogation where appropriate.
- Members shall preserve their rights under NRS Chapter 41

ACTIVITIES:

- Members shall have all contracts/agreements reviewed by a competent legal advisor prior to execution.
- The Pool's NPAIP's Executive Director shall serve as a resource to Members and their legal advisors regarding acceptance of liability, hold harmless and insurance requirements.
- Prior to execution of agreements, Members shall seek to eliminate any assumptions of risk by the member and to transfer risks to the persons or organization controlling the risk.

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Revised
5/ /2016

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Summary of Changes to NEVADA PUBLIC AGENCY INSURANCE POOL POLICY STATEMENT

COVERAGE DETERMINATION AND APPEAL

Overview of Changes:

To make the appeal process more efficient for the appealing Member and the Claims Committee, we have set out in more detail the practical requirements and timelines for making an appeal, as well as the timeline for appeal hearing, exchange of pre-hearing statements, appeal hearing procedures, determination and limited right of declaratory relief from unsuccessful appeal.

The changes are meant to more effectively and timely present appeals for decision by the Claims Committee with opportunity for full input from the appealing member. In addition to formatting and typographical corrections, the wording throughout this Policy Statement has been changed to focus on the NPAIP applicable Coverage Form, as the document which forms the basis of coverage determination and appeal. Here are the key changes.

A. Coverage Determinations

1. Coverage. Within a reasonable time after receipt of notice of a Claim or Summons and Complaint against a member or person claiming coverage ~~or protection rights~~ under ~~the~~ the POOLNPAIP Coverage Form, the Claims Administrator shall make a determination of coverage afforded the ~~the~~ Member and/or person ("party") consistent with wording of the applicable Coverage Form and the intent of its Members, and not inconsistent with procedural requirements of state or federal law.

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Explanation: Wording is added to emphasize that determination of coverage is based upon the wording of NPAIP Coverage Form, interpreted consistent with the intent of the Members, who have jointly drafted it, and not inconsistent with procedural requirements of state and federal law.

3. Notification. The written determination of coverage prepared by the Claims Administrator shall advise the party of one or more of the following:
 - a. Whether ~~the~~ POOLNPAIP will exercise its sole discretion to provide the party with panel legal counsel for defense of the Claim or Complaint;
 - b. Whether ~~the~~ POOLNPAIP is reserving any rights to make subsequent determinations regarding coverage ~~or protection~~ to be afforded the party; and

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- c. Whether ~~the POOL~~NPAIP is denying ~~rights to~~ coverage ~~or protection~~ to the party for one or more of the claims made in the Claim or Complaint. If coverage is denied, the Claims Administrator shall inform the party in writing of the appeal process contained herein.

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Explanation: Minor wording changes are consistent with the sole discretion of NPAIP to assign panel counsel for defense and to focus coverage determinations based on the Coverage Form.

4. Written Reasons. If the Claims Administrator determines that ~~the POOL~~NPAIP should reserve its rights to make subsequent determinations regarding coverages to be afforded a party, or determines that coverages should be denied a party, then the written notice of such a determination shall also state ~~in a concise form~~ ~~concisely~~ the reasons for any such reservation of rights or denial of ~~rights to~~ coverages. If a later determination confirms that there is no coverage, the ~~party shall reimburse the POOL~~NPAIP may, in its sole discretion, withdraw from defense of the party ~~case after reasonable notice, and thereafter the party the Member would will be responsible thereafter for its the all further~~ costs of defense including, without limitation, attorney's fees.

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Explanation: The provision requiring the appealing party to reimburse NPAIP for costs and fees, if the appeal is unsuccessful, has been deleted. New language states that, upon its determination of no coverage, NPAIP may withdraw from defense after reasonable notice to the party, and all further attorneys fees and defense costs shall be the responsibility of the party.

B. Appeal

2. . Form of Appeal. An appeal shall be initiated when the aggrieved ~~member or~~ ~~person~~party serves a written Notice of Appeal upon the Claims Administrator at the following address:

Alternative Service Concepts, LLC
639 Isbell Road, Suite 390
Reno, NV 89509

A copy may also be sent to NPAIP at the following address:

NPAIP
201 So. Roop St. #102
Carson City, NV 89701

The written Notice of Appeal shall include the following information:

- a. The name of the aggrieved ~~member or person~~party initiating the appeal.
- b. ~~A brief statement of facts identifying the determination of the Claims Administrator from which the appeal is taken and~~ A statement of all errors claimed, issues, facts, arguments, legal authorities and the reasons ~~the party feels~~ asserts the decision was incorrect. (A copy of the Claims Administrator's written determination should be attached to the Notice of Appeal.)

Explanation: The addresses for providing a written Notice of Appeal are now included. The content of the Notice of Appeal now requires a complete statement of all errors claimed, issues, facts, arguments and legal authorities, as well as reasons that the party asserts the decision was incorrect. This is intended to give the Claims Administrator an opportunity to reconsider, if appropriate, the coverage Determination without need for formal appeal.

3. Hearing Date. Within sixty (60) days of receipt by the Claims Administrator of the Notice of Appeal, ~~after an appeal has been initiated,~~ the Chair of the Claims Committee shall ~~convene~~ schedule a ~~meeting~~ hearing date for the appeal ~~of the claims committee to hear the appeal~~. Notice of the date set for hearing the appeal shall be mailed to the appealing party not later than ~~fifteen (15)~~ thirty (30) days prior to the date set for the hearing. The Chair may ~~shall set a hearing date for the appeal and~~ grant continuance of the hearing date where ~~good cause~~ reasonable grounds for continuance ~~is~~ are shown.

Explanation: Once the appeal hearing has been scheduled by the Claims Administrator, the required notice of the hearing date to the appealing party has been increased, from 15 days to 30 days prior to the appeal. The chair has more discretion to grant continuances upon “reasonable grounds”, a less stringent requirement than “good cause”.

4. Pre– Hearing Statements. No later than 15 days before the scheduled hearing, the appealing party and NPAIP shall each exchange, and submit to the Claims Committee, a Prehearing Statement containing a brief statement of the errors claimed, issues, arguments, summary of anticipated testimony and legal authorities upon which each shall rely, with a copy of all proposed exhibits or demonstrative aids. The Coverage Statement shall not exceed ten (10) pages, excluding proposed exhibits or demonstrative aids.

Explanation: This new provision has been added to require the appealing party and NPAIP to exchange Prehearing Statements, with copies of proposed exhibits or demonstrative aids, no later than 15 days before the hearing date. This assures that both the appealing party and NPAIP have a reasonable chance to review and consider each other's anticipated presentation at hearing.

5. Quorum. A quorum of the Claims Committee shall be required for the conduct of a hearing. Meeting and voting requirements shall be as provided in the ~~se~~ NPAIP Bylaws. Provided, however, ~~if a no Claims Committee member~~, or employee or agent of that Claims Committee member ~~member~~ ~~Member is permittee to shall~~ participate or vote on any aspect of an appeal, if the member is also a party to the appeal. ~~Serve on the Claims Committee if a also a party initiating an appeal,~~ then the Director of the Member shall abstain from participation and voting on all aspects of the appeal.

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Explanation: The quorum language has been strengthened to make clear that no Claims Committee member, or employee/agent of the Claims Committee member, shall participate or vote on any aspect of an appeal, if the member is also a party to the appeal.

6. Hearing. The Claims Committee hearing of the appeal shall proceed as follows:
- a. The Chair shall conduct the hearing and make all necessary procedural rulings during the hearing.
 - b. The appealing party or ~~legal representatives~~ its counsel, if any, shall proceed first, explaining the claimed errors, facts, legal authorities and reasons why the party ~~is aggrieved by~~ disputes the decision of the Claims Administrator. The appealing party shall present to the Claims Committee all relevant evidence, testimony, argument and legal authority in support of the appeal to the Claims Committee.
 - c. Thereafter, the Claims Administrator and/or the ~~counsel~~ to the POOLNPAIP may present all relevant evidence, testimony, argument and legal authority in opposition to the appealing party's position. The Chair shall allow one opportunity for rebuttal evidence and argument to each side thereafter.
 - c.d. Following the presentation of evidence, testimony, argument and legal authority, the Claims Committee will meet in private session to may discuss the appeal, and may consider input of its counsel ~~and~~

e. Afterwards the Claims Committee will vote in public session on any motion made to determine the appeal....

Explanation: These are changes for consistency and simpler wording regarding the hearing procedures, which are essentially unchanged. However, paragraph b has been divided into separate paragraphs, which emphasize that the Claims Committee will meet in private session to discuss the appeal and confer with counsel, but must afterwards vote in public session.

7. Decision. Exhaustion of this appeal process shall be a condition precedent to any subsequent ~~legal~~ declaratory relief action by ~~an the aggrieved~~ appealing party, as authorzied by the NPAIP Interlocal Cooperation Agreement.

Explanation: Added wording emphasizes that the only remedy of the appealing party, in the event of an unsuccessful appeal, is limited to declaratory relief action as authorized by the NPAIP Interlocal Cooperation Agreement.

8. Attorney's Fees. - The appealing party and NPAIP shall each bear its own attys fees and costs incurred by appeal. If the appealing party does not prevail upon appeal, the POOLNPAIP, at the discretion of the Claims Committee, may be reimbursed reasonable costs and attorney's fees for the appeal

Explanation: We have deleted the provision which gave NPAIP the discretion to obtain reimbursement of costs and attorney's fees from the appealing party in the event of an unsuccessful appeal. Now, both the appealing party and NPAIP shall bear its own costs and attorney's fees incurred by the appeal.

**NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT**

SUBJECT: COVERAGE DETERMINATION AND APPEAL

GOAL: To provide a fair process to resolve coverage disputes between ~~the POOL NPAIP~~ and its ~~Members~~ as respects coverage within ~~the POOL NPAIP's applicable Coverage Form~~ ~~attention.~~

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STRATEGIES:

A. Coverage Determinations

1. Coverage. Within a reasonable time after receipt of notice of a Claim or Summons and Complaint against a member or person claiming coverage ~~or protection rights~~ under ~~the the~~ ~~POOL NPAIP Coverage Form~~, the Claims Administrator shall make a determination of coverage afforded the ~~Member~~ and/or person ("party") ~~consistent with wording of the applicable Coverage Form and the intent of its Members, and~~ not inconsistent with ~~procedural requirements of~~ state or federal law.
2. Determination. Upon making a determination of coverage, the Claims Administrator shall notify the affected party in writing.
3. Notification. The written determination of coverage prepared by the Claims Administrator shall advise the party of one or more of the following:
 - a. Whether ~~the POOL NPAIP~~ will ~~exercise its sole discretion to~~ provide the party ~~with panel legal~~ counsel for defense of the Claim or Complaint;
 - b. Whether ~~the POOL NPAIP~~ is reserving any rights to make subsequent determinations regarding coverage ~~or protection~~ to be afforded the party; and
 - c. Whether ~~the POOL NPAIP~~ is denying ~~rights to~~ coverage ~~or protection~~ to the party for one or more of the claims made in the Claim or Complaint. If coverage is denied, the Claims Administrator shall inform the party in writing of the appeal process contained herein.
4. Written Reasons. If the Claims Administrator determines that ~~the POOL NPAIP~~ should reserve its rights to make subsequent determinations regarding coverages to be afforded a party, or determines that coverages should be denied a party, then the written notice of such a determination shall also state ~~in a concise form~~ ~~concisely~~ the reasons for any such reservation of rights or denial of ~~rights to~~ coverages. If a later determination confirms that there is no coverage, ~~the party shall reimburse the POOL NPAIP may, in its sole discretion, withdraw from defense of the party ease after reasonable notice, and thereafter the party the Member would will be responsible thereafter for its the all further~~ costs of defense including, without limitation, attorney's fees;
5. Written Reservation. If a final determination of coverages to be afforded a party cannot be made until after the facts of the Claim or Complaint are determined in a trial in a court of law or other legal forum, the Claims Administrator shall make a determination of any previously undetermined issues of coverages within a reasonable time following the final judgment of the

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court or other legal forum responsible for determining the facts of the Claim or Complaint. Such a determination shall be conveyed in writing to the ~~affected member and/or person~~party and shall contain such ~~necessary~~ information as provided for above.

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6. Determination Final Unless Appealed. All written determinations by the Claims Administrator of issues regarding coverage afforded to a party shall be final and binding upon all parties unless a party ~~files~~ serves a timely ~~written~~ Notice of ~~appeal~~ Appeal from the decision to the Claims ~~Committee~~ Committee in the manner specified below.

7. Nonbinding Advisory Determination. The Claims Administrator need not determine coverages afforded ~~to a party~~ by ~~the~~ ~~the~~ ~~POOL~~ NPAIP Coverage Form ~~to a party~~ until a Summons and Complaint have been served ~~upon the party~~, and until ~~the~~ ~~POOL~~ NPAIP has received copies thereof. However, the Claims Administrator, in the Claims Administrator's discretion, may issue a nonbinding advisory determination of coverage before receipt of a Summons and Complaint when it would appear to the Claims Administrator to be in the best interests of ~~the~~ ~~POOL~~ NPAIP to do so. Although a nonbinding advisory determination of coverage is made, the Claims Administrator shall also provide a subsequent final written determination of coverage after a Summons and Complaint have been served and copies provided to ~~the~~ ~~POOL~~ NPAIP.

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B. Appeal

1. Sixty-Day Period. A party ~~aggrieved~~ ~~dissatisfied with~~ the Claims Administrator's written Determination to deny coverage may appeal to the Claims Committee. The appeal must be initiated by the aggrieved party within sixty (60) days ~~following mailing from the date~~ of the Claims Administrator's written determination denying coverage. This period may be extended an additional sixty (60) days upon ~~written~~ request ~~to the Claims Administrator~~.
2. Form of Appeal. An appeal shall be initiated when the aggrieved ~~member or person~~party serves a written Notice of Appeal upon the Claims Administrator ~~at the following address~~:

Alternative Service Concepts, LLC
639 Isbell Road, Suite 390
Reno, NV 89509

A copy may also be sent to NPAIP at the following address:

NPAIP
201 So. Roop St. #102
Carson City, NV 89701

The written Notice of Appeal shall include the following information:

- a. The name of the aggrieved ~~member or person~~party initiating the appeal.
- b. ~~A brief statement of facts identifying the determination of the Claims Administrator from which the appeal is taken and~~ A statement of all errors claimed, issues, facts, arguments, legal authorities and the reasons ~~the party feels asserts~~ the decision was incorrect. (A copy of the Claims Administrator's written determination should be attached to the Notice of Appeal.)

c. The signature of the party initiating the appeal.

3. Hearing Date. Within sixty (60) days of receipt by the Claims Administrator of the Notice of Appeal, ~~after an appeal has been initiated,~~ the Chair of the Claims Committee shall ~~convene~~ schedule a meeting hearing date for the appeal of the claims committee to hear the appeal. Notice of the date set for hearing the appeal shall be mailed to the appealing party not later than ~~fifteen (15)~~ thirty (30) days prior to the date set for the hearing. The Chair may ~~shall set a hearing date for the appeal and~~ grant continuance of the hearing date where good cause ~~reasonable grounds~~ for continuance ~~is~~ are shown.

~~4. Pre-Hearing Statements. No later than 15 days before the scheduled hearing, the appealing party and NPAIP shall each exchange, and submit to the Claims Committee, a Prehearing Statement containing a brief statement of the errors claimed, issues, arguments, summary of anticipated testimony and legal authorities upon which each shall rely, with a copy of all proposed exhibits or demonstrative aids. The Coverage Statement shall not exceed ten (10) pages, excluding proposed exhibits or demonstrative aids.~~

~~54. Quorum. A quorum of the Claims Committee shall be required for the conduct of a hearing. Meeting and voting requirements shall be as provided in the NPAIP Bylaws. Provided, however, ~~if a no Claims Committee~~ member, or employee or agent of that Claims Committee member ~~member~~ Member is permittee to shall participate or vote on any aspect of an appeal, if the member is also a party to the appeal. ~~Sserve on the Claims Committee if a also a party initiating an appeal,~~ then the Director of the Member shall abstain from participation and voting on all aspects of the appeal.~~

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6. Hearing. The Claims Committee hearing of the appeal shall proceed as follows:

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a. The Chair shall conduct the hearing and make all necessary procedural rulings during the hearing.

b. The appealing party or ~~legal representatives~~ its counsel, if any, shall proceed first, explaining the claimed errors, facts, legal authorities and reasons why the party ~~is aggrieved by disputes~~ the decision of the Claims Administrator. The appealing party shall present to the Claims Committee all relevant evidence, testimony, argument and legal authority in support of the appeal to the Claims Committee.

~~c.~~ Thereafter, the Claims Administrator and/or the ~~counsel~~ to ~~the POOL/NPAIP~~ may present all relevant evidence, testimony, argument and legal authority in opposition to the appealing party's position. The Chair shall allow one opportunity for rebuttal evidence and argument to each side thereafter.

~~e.d.~~ Following the presentation of evidence, testimony, argument and legal authority, the Claims Committee will meet in private session to ~~may~~ discuss the appeal, and may consider input of its counsel ~~and~~

~~e.~~ Afterwards the Claims Committee will vote in public session on any motion made to determine the appeal. The Claims Committee may vote to uphold the decision of the Claims Administrator or to modify or reverse the decision of the Claims Administrator determining any issue of coverage afforded the appealing party. The decision of the Claims Committee shall be reduced to writing and signed by the Chair and a copy thereof mailed to the appealing party within seven (7) days following the final decision of the Claims Committee.

~~d.f.~~ The Chair may adjourn and reconvene any hearing on an appeal as may be necessary to preserve a fair hearing.

6. 7. Decision. Exhaustion of this appeal process shall be a condition precedent to any subsequent ~~legal~~ declaratory relief action-by ~~an~~ the aggrieved appealing party, as authorized by the NPAIP Interlocal Cooperation Agreement.

7. 8. Attorney's Fees.- The appealing party and NPAIP shall each bear its own attys fees and costs incurred by appeal. ~~If the appealing party does not~~

~~prevail upon appeal, the POOLNPAIP, at the discretion of the Claims Committee, may be reimbursed reasonable costs and attorney's fees for the appeal.~~

Comment [wec1]: Detete or retain this provision?

Adopted 10/95
Revised 5/1/04
Revised 5/1/2009
[Revised 5/ /2015](#)

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NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: **EDUCATION AND TRAINING**

GOAL: Education and training will be a primary service of NPAIP.

STATEMENT: As a **m**Member driven organization whose mission calls for delivery of risk management solutions, NPAIP will provide comprehensive risk management education and training programs.

STRATEGIES:

- Provide high quality programs and resources that address risk management needs of Members
- Create opportunities for **m**Members to attend both NPAIP and other training programs
- Provide regional and **m**Member on-site programs
- Provide E-learning opportunities
- Link programs to recognition under the Loss Control Excellence Program or the Human Resources Recognition Program

ACTIVITIES:

- Offer all educational programs to each **m**Member
- Conduct workshops on current topics of concern to **m**Members
- Provide a network for **m**Members to share and contract for risk management information
- Publish needed materials for **m**Members

Adopted 3/92
Revised 10/95
Revised 5/1/2009
Revised 5/ /2015

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: FINANCE AND INVESTMENTS

GOAL: Financial strength is a critical component of NPAIP's long-term viability. Therefore, NPAIP will maintain financial soundness to assure its ~~members~~Members that it will fulfill its obligations.

STATEMENT: Fundamental to NPAIP's survival and growth is its ~~m~~Members' confidence in the long-term price stability and financial soundness of NPAIP. Conservative financial management and investments will be the watchwords for NPAIP.

STRATEGIES:

- Utilize appropriate investment expertise to maximize investment results in accordance with Board policies and Investment Guidelines
- ~~The Pool~~NPAIP will measure its investment performance through comparisons to appropriate indices.
- The loss fund will be treated as if expended until all losses for each year are settled and funds are then released for other uses.
- ~~Loss fund~~Net Asset growth will be encouraged to enable further retention by NPAIP and Public Risk Mutual, its nonprofit captive mutual insurance company, thus reducing dependence upon excess or re-insurance.
- Prepare Pool financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and Government Auditing Standards (GAS) and to present fairly in all material respects the financial position of NPAIP and as required by law and distribute or otherwise make available to members at least annually.

ACTIVITIES:

- Utilize a qualified independent Certified Public Accountant (CPA) to conduct annual audits including a management letter which addresses issues raised for consideration by the Executive Director or Audit Committee.

- The Executive Committee will respond to any reportable conditions stated in the CPA's management letter and to recommendations of the Audit Committee within a reasonable period of time.
- The Executive director will include financial and investment reports to the Executive Committee at least quarterly and to the Board at each Board meeting.
- The Executive Director will provide a copy of the annual independent audit to all Members.
- The Executive Director will establish written internal controls
- Utilize a qualified actuary to confirm reserves and to project future expected losses at least annually.
- Periodically consider changes in the retention
- Review the capitalization strategy annually

Adopted 3/92
Revised 10/95
Revised 5/1/2009
Revised 5/ /2016

**NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT**

SUBJECT: LOSS FUND CONTRIBUTIONS

GOAL: ~~The Pool~~NPAIP will collect Loss Fund contributions in an amount sufficient to enable it to fulfill its obligations to pay claims for each policy year.

STATEMENT: To assure its ability to meet its obligation to pay claims, ~~the Pool~~NPAIP annually will charge each member its proportional share of ~~the Pool~~NPAIP's Loss Fund amount, as determined by the Executive Director in consultation with an actuary, based upon each ~~m~~Member's exposure/rating basis and loss experience.

STRATEGIES:

- Discounting of ~~the Pool~~NPAIP's Loss Fund amount will be allowed upon approval of the percentage of such discount by the ~~Board~~Executive Committee after considering the actuarial study.
- The Executive Director will develop each ~~m~~Member's proportional share of the Loss Fund based on the applications submitted by the member and the loss experience of the member.
- Loss Fund contributions will be at least in the amount of an actuarially determined confidence level of 50% (the "Expected" amount) as long as the Pool maintains aggregate excess insurance to protect the Loss Fund; otherwise contributions will include the actuarially determined contingency margin that will bring the confidence level to at least 705%. Contributions level must include losses, loss development factors, IBNR, ALAE and ULAE calculations.

ACTIVITIES:

- Members annually will submit an application for renewal which will be used to calculate premiums and loss fund contributions
- An actuarial study will be conducted at least annually
- The actuary will include in his reports the amount of funding at the "Expected" (50%) confidence level with and without a contingency margin and at higher confidence levels.

Adopted 10/95
Revised 5/1/2009
Revised 5/ /2015

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NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: **MEMBERSHIP DEVELOPMENT**

GOAL: NPAIP will grow through adding members who have demonstrated a commitment to the NPAIP mission.

STATEMENT: Diversity of membership is important to assuring vitality of NPAIP. However, each **mMember** must commit to the mission with a sustained commitment to excellence in risk management. NPAIP will seek quality growth and retention of **mMembers** by meeting **mMembers'** needs.

STRATEGIES:

- Encourage growth by adding **mMembers** that will enhance NPAIP
- Develop current **mMembers** by identifying and fulfilling **mMembers'** needs
- Encourage **mMembers** to get involved in NPAIP programs
- Develop Board members' capabilities in overseeing NPAIP

ACTIVITIES:

- Conduct periodic **mMember** surveys to assist in identifying and developing programs and services
- Market NPAIP through brochures, attending conferences, conducting training programs and networking.

Adopted 3/92
Revised 10/95

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Revised 5/ /2016

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**NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT**

SUBJECT: **MEMBERS' FUND UPON DISSOLUTION**

GOAL: In conformance with Articles 24 and 25 of the Interlocal Cooperation Agreement, members are responsible for assuring that ~~the Pool~~NPAIP has sufficient assets to discharge its liabilities and are eligible to share in the distribution of assets should ~~the Pool~~NPAIP cease operations. This policy statement determines how those assets will be distributed.

STATEMENT: Each Member's share of the Members' Fund shall be based upon each member's cumulative contributions to the Pool's Loss Fund in proportion to the total of all members' contributions to the Loss Fund made during the preceding ~~sixty (60) months of the Pool.~~five audited fiscal years of NPAIP operations.

ELIGIBILITY: Each ~~m~~Member who participated in a program of ~~the Pool~~NPAIP during the preceding five audited fiscal years of NPAIP operations shall be eligible to share in the distribution of assets remaining after all outstanding claims have been resolved and administrative costs have been paid. Only participating ~~m~~Members who have been ~~m~~Members for at least twenty-four (24) months as of the final year of operations shall be entitled to a share of the assets.

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Revised
5/ /2016

DRAFT

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

- SUBJECT:** **MEMBERS' NET ASSETS GOAL:** To assure financial stability and long-term viability of ~~the POOL~~NPAIP, the accumulation and maintenance of Net Assets is necessary.
- STATEMENT:** As ~~the POOL~~NPAIP conforms to its Finance and Investment Policy Statement, ~~the POOL~~NPAIP's Net Assets will grow. ~~The POOL~~NPAIP will continue to accumulate Net Assets in support of that policy until the Board determines that sufficient Net Assets exist to support ~~the POOL~~NPAIP's retention of risk and to allow for contingencies.
- STRATEGIES:** Net Assets will be maintained in an amount at least ~~twelve (12)~~twenty (20) times the amount of the ~~POOL's~~NPAIP's highest self-insured retention per occurrence
- Distributions of Net Assets will not be made to eligible members until all claims for the particular policy year have been concluded. Eligible members means those members that currently and for the preceding 24 months have been members in good standing of ~~the POOL~~NPAIP.
- Each Member's share of Net Assets will be based upon each Member's contributions to the ~~Pool~~NPAIP Loss Fund as a percentage of total contributions to the ~~Pool~~NPAIP Loss Fund for each policy period
- Net Assets may be distributed in the form of additional services or benefits to members other than cash.
- Net Assets will be shown on the financial statements as Realized and Unrealized Net Assets to indicate amounts from closed and open years.
- ACTIVITIES:** Upon closure of all claims for a policy year the Executive Director will report to the ~~Board~~Executive Committee the net addition to Net Assets. The ~~Board~~Executive Committee shall act to determine whether or not that year's net addition to Net Assets will be retained in accordance with the ~~POOL~~NPAIP Capitalization Policy or distributed and the form of the distribution.
- If the ~~Board~~Executive Committee determines that Net Assets will be retained, then any available distribution will be considered waived and the policy year will be closed.

Adopted 3/92
Revised 4/98
Revised 4/06

Revised 5/1/2009
Revised 5/ /2016

Nevada Public Agency Insurance Pool Records Management Policy
Adopted 4/26/2013

Mission Statement

The mission of the records management program of the Nevada Public Agency Insurance Pool (NPAIP) is to maintain a cost effective program, as well as accurate and accessible retrieval and handling of all information generated in any recorded format by officers, employees and service providers of NPAIP for the official conduct of NPAIP's business, and to preserve such records of historical significance for the benefit of both present and future generations.

Goals & Objectives

- To lower the cost of operating NPAIP by reducing the amount of time, storage space, and materials necessary to conduct NPAIP's business.
- To assure compliance with all applicable legal, historical, administrative, and fiscal requirements for record-keeping as set forth in federal, state, and local statutes.
- To provide courteous and professional access and reference services for officers and employees of NPAIP as well as members of the general public to public record materials stored and maintained by NPAIP.

Policy Statement

Section 1

As used in this policy, unless the context otherwise requires, the words and terms defined in sections 2 to 16, inclusive, of this policy have the meanings ascribed to them in those sections.

Section 2

"Records manager" means the designated manager of records of NPAIP.

Section 3

"Duplicate" means any accurate and unabridged copy of a record or series of records, which is not an original.

Section 4

"Non-record material" means published books and pamphlets, books and pamphlets printed by a government printer, worksheets used to collect or compile data after that data has been included in a record, answer pads for a telephone or other informal notes, stenographers' notes after the information contained therein has been transcribed, unused forms except ballots, brochures, newsletters, magazines, newspapers or parts of newspapers retained as evidence of publication, scrapbooks and property left or deposited with an office which would otherwise be defined as a record except that the ownership of that property does not reside with NPAIP.

Section 5

"Office" means an office, department, board, commission, committee, entity, or any other sub-records manager of NPAIP.

Section 6

"Original" means an original as defined in NRS 52.205, a reproduction made pursuant to the provisions of NRS 239.051, or any record designated by the records committee to be an original. An original made pursuant to the provisions of NRS 239.051 consists of both the stored copy, and the copy maintained for the use of authorized persons.

Nevada Public Agency Insurance Pool Records Management Policy
Adopted 4/26/2013

Section 7

"Record" means all documents, papers, letters, pamphlets, books, maps, charts, blueprints, drawings, photographs, films, software used to process electronic data, information stored on magnetic tape or computer, laser or optical disc, materials which are capable of being read by a machine, including microforms and audio and visual materials, computer printouts, newspapers received pursuant to NRS 247.070, artifacts entered as exhibits in any proceeding in any court, and any other evidence, including all copies thereof, made or received pursuant to a law, regulation or policy or in connection with the transaction of the official business of any office or department NPAIP.

Section 8

"Records Committee" means the records committee established in section 12 of this ordinance.

Section 9

1. Pursuant to the provisions of subsection 1 of section 125 of chapter 239 of the Nevada Revised Statutes, a records manager is hereby designated.

2. It is the intent of NPAIP that the records manager, in carrying out its functions, follows accepted:

- a. Procedures for the management of records to increase the efficiency of the records keeping system and reduce the administrative costs associated with the creation, maintenance, use, retention, and disposition of records; and
- b. Standards of archival practice to ensure the preservation of records with permanent value and maximum accessibility to records for the general public.

Section 10

The records manager shall:

1. Establish standards, procedures, and techniques for the effective management of records;
2. Make continuing surveys of current practices for the management of records and recommend improvements in those practices, including the use of space, equipment and supplies to create, maintain and store records;
3. Establish standards for the preparation of schedules providing for the retention of records of continuing value and for the prompt and orderly disposition of records, which no longer possess sufficient administrative, legal, fiscal or research value to warrant their further retention;
4. Establish, maintain and operate a center for storing and receiving records of the several offices pending their disposition in a manner prescribed by law;
5. Establish an arrangement for micrographic services to the offices of NPAIP;
6. Establish a program for the management of forms and files;
7. Establish a program for the protection of records essential for the continuation or reestablishment of governmental operations in the event of natural or other disaster; and
8. Establish a program for the preservation and conservation of records designated by the state or the records manager as having a permanent retention value.

Section 11

The records manager may employ separately or cooperatively with another local governmental entity a NPAIP records administrator to carry out the duties of the records manager.

Nevada Public Agency Insurance Pool Records Management Policy
Adopted 4/26/2013

Section 12

1. A records committee is hereby established to be known as the NPAIP records committee.
2. The records committee shall be composed of representatives from the following areas:
 - a. Legal counsel
 - b. Executive Director
 - c. Fiscal Officer
 - d. Information technology
 - e. Records manager
 - f. Human resources manager

Section 13

The records committee shall:

1. Draft, review, and prepare records retention schedules for the State Library and Archives Administrator's approval;
2. Evaluate and authorize the purchase of filing equipment or the creation of a new form, or an application for conversion to micrographics or optical imaging, word processing or data processing;
3. Review any request for access to information which was denied by an official to determine whether the denial was in keeping with prevailing law; and
4. Review all proposals for the expansion or modification of the records management program and make recommendations to the board of NPAIP.

Section 14

1. The rights of custody and control of records transferred to the NPAIP records center remain with the transferring office.
2. The rights of custody and control of accession to the city/county archives transfer to the records manager at the time the records are accepted as an accession.

Section 15

Records may be disposed of only in accordance with the schedules for the retention and disposition of records prepared by the records manager and approved by the records committee. The most recent version and subsequent revisions to the State Library and Archives "Local Government Records Retention Program Manual" is adopted as the records management and retention schedule for NPAIP, except as amended by the records management committee and approved by the State Library and Archives Administrator.

Section 16

1. Records to be destroyed must be disposed of in accordance with procedures approved by the records committee and NAC 239.165.
2. The records manager or a representative of the office must supervise the destruction of all records in their care and attest that such destruction was carried out in the manner provided for by the records committee and NAC 239.165.

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: PRODUCERS OF INSURANCE AND COMPENSATION

GOAL: NPAIP will cooperate with producers of insurance selected by ~~its~~NPAIP ~~m~~Members to assist them with issues related to NPAIP, its coverages and services

STRATEGIES:

- Producers of insurance will cooperate with NPAIP and with its ~~m~~Members in achieving the goals of NPAIP
- Producers of insurance will assist ~~m~~Members with utilization of the services provided by NPAIP
- ~~The NPAIP Producer's Handbook will~~ provides guidance to ~~m~~Members and their producers of insurance as to the services expected from the producers of insurance

ACTIVITIES:

- Producers of insurance will ~~utilize the Producer's Handbook to perform the~~ provide their own services and assist with the delivery of NPAIP services needed by ~~m~~Members
- Producers of insurance will prepare the NPAIP application and gather underwriting information
- Producers of insurance will assist with marketing NPAIP to the ~~m~~Members and prospective members
- Producers of insurance will cooperate with claims handling to assist ~~m~~Members and NPAIP in resolving claims
- Producers of insurance will supplement the risk management and safety efforts of NPAIP

COMPENSATION:

Compensation of producers of insurance will be included in the NPAIP program costs as a portion of the administrative expenses apportioned to each member.

Effective July 1, 2009, producer's compensation will be five percent (5%) of the total program cost.

Effective July 1, 2010, producer's compensation will be six percent (6%) of the total program cost.

Effective July 1, 2011, producer's compensation will be seven percent (7%) of the total program cost.

Adopted May 1,2000
Revised April 27, 2001
Revised May 1, 2009
Revised 4-27-2011

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: **PROGRAMS AND SERVICES**

GOALS: NPAIP will promote the application of risk management concepts and techniques as an integral part of the management process in managing a public agency.

STATEMENT: Risk management is an extension of the general management function and even though it may not be a separate position, the process of risk management must be incorporated in every organization.

STRATEGIES:

- Promote the utilization of the risk management process in all governmental operations
- Provide programs and services that assist and enhance the use of risk management within each ~~an~~Member
- Encourage producers of insurance to assist in delivery of programs and services

ACTIVITIES:

- Network with risk management and safety associations such as AGRiP, PRIMA and ASSE
- Develop and deliver programs regionally, on-site at member locations and on-line
- Acquire and provide ~~an~~Members with access to videos, manuals, books and other resources in the NPAIP office
- Offer risk management reviews of policies and contracts
- Provide prompt, courteous service both from the office and frequently at the member's site
- Offer a Risk Management Grant program for members to enhance their risk management efforts
- Encourage all members to achieve the Loss Control Excellence Program award and continuation awards

Adopted 3/92
Revised 10/95
Revised 5/1/2009
Revised 5/ /2016

Risk Management Grants

Purpose:

As an incentive for Members to invest in risk management and safety efforts, a NPAIP and PACT risk management grants program would be established as an ongoing program supported by each pool.

Funding Amounts:

Each pool would provide up to 2% of its net assets, initially \$100,000 each, for the grants program.

Grant Administration:

The Loss Control Committee will be responsible for administering this program and establishing criteria including consideration of the following:

- 1) whether the program should be a matching grant program
- 2) if a matching grant program, what proportions would be required
- 3) the maximum amount of any single grant, if any
- 4) eligibility criteria for grants
- 5) whether as a condition of a grant the member must be an LCEP recipient or committed actively in pursuing LCEP recognition
- 6) the process for grant approvals

Revised 5/1/2015

NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT

SUBJECT: **Service Providers' Bill of Rights**

GOAL: Service Providers basic rights while providing services to ~~POOL~~NPAIP include being treated consistently with dignity, respect, and professionalism.

STATEMENT: Service Providers should not be expected to provide gifts, perks or other benefits to members of the ~~POOL~~NPAIP board or staff members (or any person or organization associated with them) as a condition of doing business with ~~the~~~~POOL~~NPAIP.

Service Providers should expect fair and equitable treatment in the procurement process. Every competitive bidding process should be open, well defined and transparent. ~~The~~~~POOL~~NPAIP recognizes that there is a direct cost to the Service Providers in preparing every service proposal.

Service Providers should expect to have a written service agreement with ~~the~~~~POOL~~NPAIP, specifying all terms and conditions of their contractual relationship.

Service Providers should only be expected to provide services contained within the scope of their service agreement.

Service Providers should be paid in a timely manner for services rendered in accordance with the provisions of their service agreement.

STRATEGIES:

- The ~~POOL~~NPAIP board has established a written Conflict of Interest policy regulating its affairs and the conduct of its members. The ~~POOL~~NPAIP Board is dedicated to the principle that conflicts of interest (defined as situations in which a person has a duty to more than one person or organization, but cannot do justice to the actual or potentially adverse interests of both parties) should be avoided and where present shall be fully disclosed in accordance with the ~~POOL~~NPAIP Board Policy Statement on Conflict of Interest. This includes situations when a member of the ~~POOL~~NPAIP Board or staff has personal interests (including those of his/her family) that may be contrary to his/her loyalty to ~~the~~~~POOL~~NPAIP. Service Providers should honor and uphold the ~~POOL~~NPAIP Board policy.

- Service Providers are expected to provide policy proposals and recommendations to the ~~POOL~~NPAIP Board and provide members of the ~~POOL~~NPAIP Board with information and advice as a basis for making decisions. Once the ~~POOL~~NPAIP Board has acted, Service Providers are responsible for implementing and upholding all official policies and decisions adopted by the ~~POOL~~NPAIP Board, without interference.

- Service Providers share a responsibility to communicate with the POOLNPAIP's membership regarding POOLNPAIP objectives, activities and outcomes and should seek to improve the quality and image of governmental risk-sharing pools at all times.
- The POOLNPAIP Board is dedicated to the principle that all matters of procurement, personnel administration and outside contracting are administered on the basis of merit so that fairness and impartiality govern all governance and management decisions.
- The POOLNPAIP Board is dedicated to the principle that matters of POOLNPAIP governance and/or POOLNPAIP management and administration cannot be bought or sold. No Service Provider should ever solicit a personal gift of any value from any POOLNPAIP Board member, ~~m~~Member, staff or third-party performing work on behalf of or in any way associated (or potentially associated) with POOLNPAIP. Each Service Provider must disclose the receipt of gifts, services, sponsorships and meals.

Adopted 5-2-2007
Revised 5/ /2015

**NEVADA PUBLIC AGENCY INSURANCE POOL
POLICY STATEMENT**

SUBJECT: **UNDERWRITING**

GOAL: To evaluate fairly all **POOLNPAIP** members , whether new or continuing members, to assure the ability of the **POOLNPAIP** to fulfill its mission and vision.

STATEMENT: Quality of membership is important to the success of the **POOLNPAIP**. Selection of qualified members and continuation of existing members' commitment to quality is achieved through the underwriting process of reviewing exposures, loss experience and management.

A. STRATEGIES: New Members

1. Membership: New **mMembers** shall be approved by a majority of the Executive Committee. A new **mMember** shall become an active participating **mMember** of ~~the~~ **POOLNPAIP** commencing on the date specified in the approval, subject to the new **mMember** completing the following:
 - a. Sign the Interlocal Cooperation Agreement, signifying the new **mMember's** contractual commitment to abide fully with all provisions of the Interlocal Cooperation Agreement in conjunction with all other **mMembers**;
 - b. Pay its initial contributions, which payment shall be made within fifteen (15) days of the effective date of coverage
2. Ratification: Existing **mMembers** need not re-sign or ratify the Interlocal Agreement in order to allow new **mMembers** to join. The new **mMember** shall be considered a **mMember** of the **POOLNPAIP** to the same extent as all original and other **mMembers** and for all purposes.
3. Term: New **mMembers** shall become and remain participants in the **POOLNPAIP** for twenty-four (24) months following joining, until and unless terminated as provided for in the Interlocal Cooperation Agreement.

ACTIVITIES: Criteria For Membership Approval

1. The Executive Director shall complete the "Prospective Members Underwriting Review" form and attach relevant information from the application form for review by the Executive Committee.
2. The Executive Committee shall consider the prospective ~~m~~Member's exposures, risk management profile, loss experience and any other factors to determine whether or not the prospective ~~m~~Member will be acceptable.
3. The Executive Director shall determine the amount of contributions, maintenance deductible and other conditions of coverage based upon the prospective ~~m~~Member's exposures, loss experience and other factors and any special requirements set by the Executive Committee.

B. STRATEGIES: Existing Members

1. Membership At Risk.
 - a. Members whose loss experience, management practices or exposures reveals a pattern potentially adverse to the ~~POOLNPAIP~~'s long term interests shall be reviewed by the Executive Committee for appropriate action to improve the situation, to consider changes in pricing, deductibles or coverages, or to recommend to the Board that membership be terminated.
 - b. The "at-risk" ~~m~~Member shall be given an opportunity to address the Executive Committee as to its intended actions or recommendations prior to action by the Executive Committee.
2. Membership Incentives. Members who have demonstrated significant commitment to reduction of risk shall be reviewed by the Loss Control Committee for recognition under the Loss Control Excellence Program or other special incentives to be recommended to the Board.

ACTIVITIES:

1. Membership At Risk.

- Upon learning of adverse financial, management or loss experience patterns developing, the Executive Director will investigate and report to the Executive Committee any findings for consideration.
- After review, the Executive Committee may request information from the ~~m~~Member to determine any course of action.
- If action is deemed warranted, the Executive Committee will invite the ~~m~~Member to present its views at the meeting where action will be taken.

2. Membership Incentives

- Special membership recognition for achievement under the Loss Control Excellence Program or other achievement awards will be recommended by the Loss Control Committee to the Board for action.

Adopted 10/95
Revised 5/1/2009
Revised 5/ /2016

Public Risk Mutual



**Notice of Annual Members Meeting and Agenda for
Public Risk Mutual
Place: Atlantis Casino Resort Hotel
3800 S. Virginia St.
Reno, Nevada 89502
Time: Immediately Following
Nevada Public Agency Insurance Pool Board Meeting
Date: April 29, 2016**

AGENDA

1. Roll
2. **Action Item:** Approval of
 - a. Minutes of Annual Member Meeting May 1, 2015
 - b. Ratification of Board Action Taken Since the 2015 Annual Meeting
3. Report - Minutes of Meetings
 - Meeting of the Board of Directors of April 29, 2015
 - Meeting of the Board of Directors of October 23, 2015
 - Meeting of the Board of Directors of March 21, 2016
4. Investments Report
5. Report - Audited Financial Reports for 2015 (Calendar Year)
6. Discussion of Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2016-2017
7. **Action Item:** Elections/Ratification of Board Members and Officers
8. **Action Item:** Adjournment

Public Risk Mutual



DRAFT Minutes of Annual Members Meeting for Public Risk Mutual

Place: John Ascuaga's Nugget, Sparks, Nevada

Time: 8:00 a.m. or After

Nevada Public Agency Insurance Pool Board Meeting

Date: May 1, 2015

1. Roll

A quorum was present. Chair Cash Minor called the meeting to order at 2:55 p.m.

2. Action Item: Approval of

a. Minutes of Annual Member Meeting April 25, 2014

b. Ratification of Board Action Taken Since the 2014 Annual Meeting

On motion and second to approve the minutes, and to ratify board action taken since the 2014 annual meeting, the motion carried.

3. Report - Minutes of Meetings

- **Meeting of the Board of Directors of April 21, 2014**
- **Meeting of the Board of Directors of May 22 2014**
- **Meeting of the Board of Directors of December 1, 2014**
- **Meeting of the Board of Directors of March 2, 2015**

No action taken.

4. Investments Report

Wayne Carlson commented that the members heard the investment report during the joint meeting earlier today. No action taken.

5. Report - Audited Financial Reports for 2014 (Calendar Year)

It was noted for the record that the annual audited financial report was in the board packet. Chair Minor asked if there were questions. On motion and second to accept the audit, the motion carried.

6. Discussion of Reinsurance Program Provided to Nevada Public Agency Insurance Pool for its Fiscal Year 2015-2016

Chair Minor commented that this had been reviewed during the NPAIP meeting.

7. Action Item: Elections/Ratification of Board Members and Officers

Paul Johnson, Fiscal Officer/Treasurer was up for reelection for a three year term from 2015-2018. Wayne Carlson, President and Doug Smith, Vice President were subject to ratification as officers. On motion and second to reelected Paul Johnson as Fiscal Officer/Treasurer and to ratify Wayne Carlson as President and Doug Smith as Vice President, the motion carried.

8. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at 2:56 p.m.

DRAFT

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 April 29, 2015

Scheduled Time: 2:00 P.M. or when POOL/PACT/PCM concludes

**Place: POOL building or by conference call
Carson City, Nevada 89701**

1. Roll

A meeting of PRM was called to order by Chairman Cash Minor at about 2:20 P.M. on April 29, 2015. The joint meetings of NPAIP/PACT were recessed in order to allow captive Boards to approve renewal proposals

Board Members Present: Cash Minor, Paul Johnson, Mike Rebaleati, and Alan Kalt (Josh Foli absent).

Others Present: Wayne Carlson, Ann Wiswell, Doug Smith, Deb Connally and various members of the POOL/PACT executive committees.

2. Action Item: Approval of Minutes of March 2, 2015

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

3. Staff Reports and Old Business (Action as Necessary):

Staff mentioned that Dan Smereck of SAA, who would provide investment reports at the annual meetings Friday May 1, had provided a tentative timeline for an investment manager search which would start in the summer. The goal is to review finalist recommendations and schedule presentations in September/October this fall. This will be a task involving both pools and both captives.

4. Action Item: Election of PRM Board Members and Officers

Paul Johnson (Fiscal Officer, Corporate Treasurer) expressed willingness to serve as a Board Member for the coming 2015-2018 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 May 1, 2015.

Public Risk Mutual



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5. Renewal Offer for POOL (NPAIP) 2014-2015

Doug reported that actuarial projections for the existing degree of participation by PRM in the POOL program increased slightly overall this year. However, overall POOL pricing is down, and PRM was the only program priced last year at the 75% confidence level. Staff felt that it would be appropriate this year to drop the pricing to the 70% level, coincident with the POOL, PACT, and PCM pricing, from this point forward. The higher level was a remnant of early days of PRM, when there was very little surplus at hand, and the surplus level is very strong today. Also, 70% is still a very conservative level of confidence for established programs.

So pricing comparisons are not quite apples to apples; the 75% level last year, 70% this year. Casualty participation (20% of the layer \$2,500,000 excess of \$500,000) was priced actuarially at \$205,000 last year, \$149,000 this year. The PRM portion of the layer \$7,000,000 excess of \$3,000,000 (15% of the layer as last year) was priced at \$78,000 last year, \$89,000 this 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 last year: 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. Cyber premiums are contemplated in the base pricing.

The 7MM xs 3MM casualty layer is quota-shared by PRM, GEM and BRIT, with PRM retaining 15% of the layer. Staff reminded members that PRM may take much more of this layer in the future, perhaps eliminating BRIT; GEM may be able to increase their retention next year, too.

The property program was changed last year increasing POOL's retention to \$200,000 along with an increase in the per loss PRM layer to 300k xs 200k. The pricing for this layer at the 70% level was \$571,000. Expenses for all coverage were estimated at \$126,000, an increase of \$6000. The offer to POOL for the renewal was therefore \$935,000, identical to last year.

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On motion and second to approve offering renewal terms and options as recommended by staff, with changes recommended by the Board, the motion carried.

6. Action Item: Other New Business and Announcements

No other business was pending or announcements were made.

7. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at about 2:30 p.m.

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Minutes for the Meeting of the Board of Directors of Public Risk Mutual (PRM)

Date: Friday October 23, 2015

Scheduled Time: 9:00 A.M

Place: Whitney Peak Hotel

255 N. Virginia Street Reno, NV 89501

Conf. Call: 800-593-9034 Passcode: Wayne C.

(Held Jointly with PRM and POOL/PACT Executive Committee simultaneously)

1. Roll

A joint meeting of PRM and PCM was called to order by PRM Chairman Cash Minor.

Board Members Present: Cash Minor, Josh Foli, Mike Rebaleati, and Alan Kalt (Paul Johnson absent).

Others Present: Wayne Carlson, Doug Smith, Dan Smerek and various members of the POOL/PACT executive committees.

2. Action Item: Approval of Minutes of April 29, 2015

No Action.

3. Staff Reports and Old Business (Action as Necessary):

No Reports.

4. Presentations by and Interviews of Fixed Income Investment Managers

Pursuant to a request for proposal process facilitated by Dan Smerek of Strategic Asset Alliance, investment advisor to the pools and captives, two finalists had been selected for oral presentations and interviews at this meeting. Dan Smerek described the process for the presentations and the evaluation guidelines he suggested. He then brought in representatives of the first presenter: GR-NEAM. The proposed GR-NEAM team included Calvin “Chip” Clark, Jr., President, Patrick Scully, Senior Client Strategist and Marie Callahan, New Business Development Professional.

The GR-NEAM team reviewed key elements of its written proposal including its investment philosophy and enterprise based asset allocation approach. They discussed

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their investment strategy and process generally. Then they reviewed their analysis of the NPAIP, PACT, PRM and PCM portfolio using various iterations for each organization separately and grouped by line of business to show an overall approach for all entities estimating the potential investment gains from the various approaches. They discussed their enterprise based asset allocation process which looks at the balance sheet risks, economic risks, underwriting risks and investment risks as influencers of investment strategies. They showed a potential asset allocation strategy. They also described their investment accounting and reporting services which are included in their fees. Throughout the presentation, they responded to questions from the committee members about their services and strategies. The committee thanked them for their presentation and excused them from the meeting.

Dan Smerek then brought in representatives from AAM: John Schaefer, President, Daniel Byrnes, Vice President and Senior Portfolio Manager and Neelm Pradham, Vice President of Business Development.

The AAM team reviewed their involvement with similar small insurers and risk sharing pools, noting their growth in assets under management in this space. They showed a timeline of their interactions with various board and staff members of the Nevada pools over the last five years. They described their investment process and knowledge of the varying needs of the pools and captives. They described their use of an enterprise risk management framework in analyzing the approach for investment strategy. They showed an overview of their analysis of NPAIP, PACT, PRM and PCM as separate entities and a combinations by line of coverage relating such things a duration to net position. Included in the materials was a portfolio assessment and recommendations. They responded to questions from various committee members. In response to a question about whether their investment accounting and reporting services were included in their fees, they indicated they would get back to us on that question. (Note: subsequently, they advised the service was included). The committee thanked them for their presentation and excused them from the meeting.

5. Renewal Offer for POOL (NPAIP) 2014-2015

Chair Minor opened discussion on this agenda topic. Each member of the committee made comments and asked questions about each firm and the qualities they brought. Both firms were considered high quality, offering similar valuable services although the approaches differed. Discussion of the similarities and differences continued for some time in order to assure a thorough vetting.

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Carson City, NV 89701-4790
775-885-7475

On motion and second to select GR-NEAM to be the fixed income investment manager for PRM and PCM with a transition process to occur as soon as practicable, the motion carried.

6. Action Item: Other New Business and Announcements

No Action

7. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned.

Public Risk Mutual



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

Minutes of the Board of Directors of Public Risk Mutual (PRM)

Date: Monday March 21, 2016

Time: 12:00 p.m. or when POOL/PACT/PCM concludes

Place: POOL building or by conference call
Carson City, Nevada 89701

AGENDA

1. Roll

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

2. Action Item: Approval of Minutes of October 23, 2015.

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

3. Staff Reports and Old Business (Action as Necessary):

Mike Rebaleati reported he had no additional reports.

4. Action Item: Approval of Dec. 31, 2015 audit - Casey, Neilon & Assoc.

Nikki Neilon reported the results of the audit. It was an unqualified opinion. She noted that recoveries are reported net in the captive books. PRM liability increased in the loss and loss expense category due to new claims activity. Investment activity results in realized gains and losses. She noted an error in the financial statement by staff in recording an investment journal entry in reverse, thus this was corrected.

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

5. Action Item: Investment Report & Approval of Recommendations

This item previously was heard under the Joint NPAIP and PACT investment reports by SAA and GR-NEAM.

Public Risk Mutual



201 S. Roop St., Suite 102
Carson City, NV 89701-4790
775-885-7475

6. Action Item: Appointment of Board Member.

With Mike Rebaleati joining PARMS staff, a replacement board member was necessary. Mike Rebaleati recommended that Bev Conley, Eureka County Treasurer be appointed to the board.

On motion and second to appoint Bev Conley to the board, the motion carried.

7. Future 2016 Board Meetings

- **Friday, April 29, 2015 immediately following the annual meeting of Nevada Public Agency Insurance Pool**

No additional meetings were noted. No action taken.

8. Action Item: Other New Business and Announcements

There was no other business or announcements.

9. Action Item: Adjournment

The meeting was adjourned at about 12:30 p.m.

PUBLIC RISK MUTUAL
DECEMBER 31, 2015 AND 2014

**PUBLIC RISK MUTUAL
DECEMBER 31, 2015 AND 2014**

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Casey Neilon, Inc.
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Risk Mutual

Report on the Financial Statements

We have audited the accompanying financial statements of Public Risk Mutual (a Nevada non-profit pure captive insurer) which comprise the balance sheets as of December 31, 2015 and 2014 and the related statements of income and comprehensive income, changes in surplus and cash flows for the years ended December 31, 2015 and 2014, 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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Risk Mutual as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014, 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 21, 2016, on our consideration of the Company's internal control over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.



Carson City, Nevada
March 21, 2016

**PUBLIC RISK MUTUAL
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 331,772	\$ 1,538,363
Investments	27,535,027	24,679,524
Investment income receivable	137,156	82,077
Total Assets	\$ 28,003,955	\$ 26,299,964
 LIABILITIES AND SURPLUS		
Accrued expenses	\$ 16,435	\$ 7,801
Claims payable	50,000	-
Unearned premium	467,500	467,500
Reserve for loss and loss adjustment expenses	1,567,352	1,268,000
Total Liabilities	2,101,287	1,743,301
Surplus	26,457,036	22,175,410
Accumulated other comprehensive income (loss)	(554,368)	2,381,253
Total Surplus	25,902,668	24,556,663
Total Liabilities and Surplus	\$ 28,003,955	\$ 26,299,964

See accompanying notes.

PUBLIC RISK MUTUAL
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUES		
Premiums earned	\$ 935,000	\$ 698,500
Net investment income	3,002,168	894,672
Total Revenues	3,937,168	1,593,172
EXPENSES		
Administrative expenses	75,155	72,194
Loss and loss adjustment expenses	456,510	(1,136,235)
Total Expenses	531,665	(1,064,041)
Net Income Before Income Taxes	3,405,503	2,657,213
Provision for Income Taxes	-	-
Net Income	\$ 3,405,503	\$ 2,657,213
OTHER COMPREHENSIVE INCOME		
Unrealized gains (losses) on available for sale securities arising during the period	\$ (487,956)	\$ (34,058)
Less: Reclassification adjustment for (gains) losses recognized in net income	(2,447,665)	(43,293)
Other Comprehensive Income (Loss)	(2,935,621)	(77,351)
Comprehensive Income	\$ 469,882	\$ 2,579,862

See accompanying notes.

**PUBLIC RISK MUTUAL
STATEMENTS OF CHANGES IN SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2013	\$ 19,518,197	\$ 2,458,604	\$ 21,976,801
Net income	2,657,213	-	2,657,213
Unrealized holding gains (losses) arising during the period	-	(34,058)	(34,058)
Less: Reclassification adjustment for (gains) losses included in net income	-	(43,293)	(43,293)
Balance, December 31, 2014	<u>22,175,410</u>	<u>2,381,253</u>	<u>24,556,663</u>
Surplus contributions	876,123	-	876,123
Net income	3,405,503	-	3,405,503
Unrealized holding gains (losses) arising during the period	-	(487,956)	(487,956)
Less: Reclassification adjustment for (gains) losses included in net income	-	(2,447,665)	(2,447,665)
Balance, December 31, 2015	<u>\$ 26,457,036</u>	<u>\$ (554,368)</u>	<u>\$ 25,902,668</u>

See accompanying notes.

**PUBLIC RISK MUTUAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,405,503	\$ 2,657,213
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Realized (gains) losses on sales of securities	(2,447,665)	(43,293)
Amortization of premium or discount	165,573	114,188
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(55,079)	(11,941)
Increase (decrease) in:		
Accrued expenses	8,634	(1,042)
Claims payable	50,000	-
Unearned premium	-	236,500
Reserve for loss and loss adjustment expenses	299,352	(1,226,190)
	1,426,318	1,725,435
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities	17,812,426	2,887,348
Purchase of investments	(21,321,458)	(4,747,164)
	(3,509,032)	(1,859,816)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contribution of surplus	876,123	-
	(1,206,591)	(134,381)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,538,363	1,672,744
CASH AND CASH EQUIVALENTS, End of Year	\$ 331,772	\$ 1,538,363

See accompanying notes.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

Public Risk Mutual (the "Company"), a Nevada nonprofit captive association mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Nevada Public Agency Insurance Pool (POOL). Effective July 18, 2013, the Company became a pure captive authorized by State of Nevada Division of Insurance. POOL is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the State of Nevada, and organized to operate as a group self insurer. The Company's formation was approved on July 26, 2004 by the State of Nevada Division of Insurance and began operations September 1, 2004.

The Company provides property reinsurance to POOL on an excess of loss basis. As of July 1 2007, the limit of liability for all covered perils was \$50,000 per loss excess of the underlying POOL retention of \$200,000 per loss. Prior to that time, coverage was for \$50,000 excess of \$150,000. Effective July 1, 2014, the Company provides excess insurance in the layer \$300,000 excess of \$200,000. Also, from inception of the captive until June 30, 2010, Lloyds of London reinsured the Company for property losses exceeding \$50,000 net loss per incident, but that reinsurance is now directly contracted by POOL, not the Company.

The Company's coverage incepted on July 1, 2005. For program years 2005/06 through 2010/11, the Company provided excess insurance in the layer \$250,000 excess of \$2,000,000 to Nevada Public Agency Insurance Pool's liability program. 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. Effective July 1, 2014, the Company provides excess insurance in the layer \$7,000,000 excess of \$3,000,000 subject to a 15% quota share for all members including schools in addition to the coverage above.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the Division of Insurance of the State of Nevada for Property and Casualty Insurance Companies. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company, do not vary materially from generally accepted accounting principles.

Cash Equivalents:

For the purpose of presentation in the Company's financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Method of Accounting:

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

Securities Available for Sale:

Investments not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. Realized gains and losses are calculated using the specific identification method. The fair value of substantially all securities is determined by quoted market prices.

Valuation of Investments:

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances.

Reserve for Loss and Loss Adjustment Expenses:

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

Premiums:

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, 2015 AND 2014**

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value in conformity with FASB ASC 820-10:

Cash and Cash Equivalents: For these short term instruments, the carrying amount is a reasonable estimate of fair value. This fair value estimate represents a level 1 input as described in Note 1.

Investments in Marketable Securities: For investments in marketable securities, fair values are based on quoted market prices or dealer quotes if available. If a quoted market price is not available, fair value is estimated using quoted market price for similar securities. This fair value estimate represents a level 2 input as described in Note 1.

NOTE 3 - CONCENTRATIONS:

As detailed in Note 1, the Company provides excess insurance coverage to POOL; additionally, POOL provided the surplus contribution to the Company, and is the sole insured.

The Company maintains its cash balances in various institutions. The balances are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts.

Additionally, as of December 31, 2015 and 2014, the company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 - REINSURANCE ACTIVITY:

Until June 30, 2011, the Company ceded insurance to another company; however, effective July 1, 2010, POOL no longer passes the property premiums through the Company, and is directly reinsured by an outside reinsurer. This reinsurance contract does not relieve the Company from its obligations to policyholders. Failure of the reinsurer to honor its obligations could result in losses to the Company; the Company does not believe that there is a substantial risk of the reinsurer not honoring its obligations. All claims that were incurred during the period of reinsurance coverage are now closed, and there are no outstanding liabilities or receivables attributable to the reinsurance policies.

PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5 - INVESTMENTS:

Available-for-sale securities at December 31, 2015 and 2014 consist of various investments as indicated below:

	December 31, 2015			
	Cost	FMV	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 7,676,997	\$ 7,652,727	\$ 17,582	\$ (41,852)
U.S. states and local authorities	1,974,516	1,968,356	5,049	(11,209)
International bonds	599,690	600,241	1,607	(1,056)
U.S. corporate bonds	8,240,330	8,198,472	32,821	(74,679)
Total debt securities	18,491,533	18,419,796	57,059	(128,796)
Fixed income mutual funds	481,283	450,757	-	(30,526)
Bond mutual funds	980,611	906,524	-	(74,087)
Equity mutual funds	8,135,968	7,757,950	2,682	(380,700)
Total equity securities	9,597,862	9,115,231	2,682	(485,313)
Total available-for-sale securities	\$ 28,089,395	\$ 27,535,027	\$ 59,741	\$ (614,109)

	December 31, 2014			
	Cost	FMV	Gross Unrealized	
			Gains	Losses
U.S. government obligations	\$ 3,699,219	\$ 3,716,389	\$ 27,147	\$ (9,977)
U.S. states and local authorities	272,394	277,900	5,845	(339)
Foreign government bonds	190,486	192,251	1,765	-
U.S. corporate bonds	5,621,792	5,647,061	43,794	(18,525)
Total debt securities	9,783,891	9,833,601	78,551	(28,841)
Common stocks	6,964,560	9,139,957	2,175,397	-
Exchange traded funds	5,549,820	5,705,966	192,034	(35,888)
Total equity securities	12,514,380	14,845,923	2,367,431	(35,888)
Total available-for-sale securities	\$ 22,298,271	\$ 24,679,524	\$ 2,445,982	\$ (64,729)

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 \$(487,956) and \$(34,058) for the years ended December 31, 2015 and 2014 have been included in accumulated other comprehensive income.

During 2015 and 2014, sales proceeds and gross realized gains and losses on securities classified as available-for-sale were:

	<u>2015</u>	<u>2014</u>
Sale proceeds	<u>\$ 17,812,426</u>	<u>\$ 2,887,348</u>
Gross realized gains	<u>\$ 2,518,256</u>	<u>\$ 53,788</u>
Gross realized losses	<u>\$ (70,591)</u>	<u>\$ (10,495)</u>

Contractual maturities of available-for-sale debt securities at December 31, 2015 and 2014 are as follows:

	<u>Estimated Fair Values</u>	
	<u>2015</u>	<u>2014</u>
1 year or less	\$ 1,065,274	\$ 1,024,562
Due in 1 - 5 years	10,944,368	5,883,618
Due in 5 - 10 years	6,410,154	2,925,421
Due in 10 years or more	-	-
Total investment in debt securities	<u>\$ 18,419,796</u>	<u>\$ 9,833,601</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, 2015, aggregated by length of time individual securities have been in a continuous loss position, is as follows:

	<u>Less Than 12 Months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
U.S. government obligations	\$ -	\$ -	\$ 5,559,444	\$ 41,852	\$ 5,559,444	\$ 41,852
U.S. state and local authorities	-	-	1,630,478	11,209	1,630,478	11,209
International bonds	270,312	1,056	-	-	270,312	1,056
U.S. corporate bonds	-	-	5,736,469	74,679	5,736,469	74,679
Fixed income mutual funds	450,757	30,526	-	-	450,757	30,526
Bond mutual funds	906,524	74,087	-	-	906,524	74,087
Equity mutual funds	7,332,532	380,700	-	-	7,332,532	380,700
Total available-for-sale securities	<u>\$ 8,960,125</u>	<u>\$ 486,369</u>	<u>\$ 12,926,391</u>	<u>\$ 127,740</u>	<u>\$ 21,886,516</u>	<u>\$ 614,109</u>

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, 2015, estimated unpaid losses have been determined to range from a recommended low of \$1,273,000 to a recommended high of \$2,043,000 with a conservative estimate of \$2,810,000 based on actuarial estimates; further the actuary has projected expected losses at \$660,000. For the year ended December 31, 2014, estimated unpaid losses have been determined to range from a recommended low of \$1,268,000 to a recommended high of \$2,039,000 with a conservative estimate of \$2,811,000 based on actuarial estimates; further the actuary has projected expected losses at \$661,000. Management has estimated reserves to be \$1,567,352 and \$1,268,000 at December 31, 2015 and 2014. 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>2015</u>	<u>2014</u>
Balance at January 1	\$ 1,268,000	\$ 2,494,190
Less reinsurance recoverables	-	-
Net Balance at January 1	<u>1,268,000</u>	<u>2,494,190</u>
Incurred related to:		
Current year	960,352	797,209
Prior years	<u>(501,041)</u>	<u>(1,933,444)</u>
Total incurred	<u>459,311</u>	<u>(1,136,235)</u>
Net paid	<u>159,959</u>	<u>89,955</u>
Plus reinsurance recoverables	-	-
Balance at December 31	<u>\$ 1,567,352</u>	<u>\$ 1,268,000</u>

As a result of changes in estimates of incurred events in prior years, the provision for losses changed by \$(501,041) and \$(1,933,444) for the years ended December 31, 2015 and 2014, respectively, due to higher (lower) than anticipated losses on the development of claims. The reduction in prior years incurred is also attributable to two claims that were originally believed to be the responsibility of the Company, but were ultimately determined to be the responsibility of another insurance company.

**PUBLIC RISK MUTUAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 - SURPLUS CONTRIBUTION:

An additional \$876,123 and \$ - in capital was contributed to the Company from POOL during the years ended December 31, 2015 and 2014, respectively, pursuant to authorization by the Executive Committee of POOL.

NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2015 and 2014.

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, 2015 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended December 31, 2015, and there were none. Management has evaluated subsequent events through March 21, 2016, which is the date the financial statements were available to be issued.

Casey Neilson, Inc.
Accountants and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors
Public Risk Mutual

In planning and performing our audit of the GAAP basis financial statements of Public Risk Mutual (PRM) as of and for the years ended December 31, 2015 and 2014 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PRM's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction PRM is subject and is not intended to be and should not be used by anyone other than these specified parties.



Carson City, Nevada
March 21, 2016

PRM Board Members and Corporate Officers

Name	Entity	Officers	Terms	Proposed	Annual Meeting Action
Cash Minor	Elko Co.	Chair	2014-2017		
Mike Rebaleati	Eureka Co.	Vice Chair/Corp Sec.	2013-2016	Resigned	
Paul Johnson	White Pine CSD	Fiscal Officer/Corp Treas.	2015-2018		
Josh Foli	Lyon Co.		2014-2017		
Alan Kalt	Churchill Co.		2013-2016	2016-2019	Reelect
Bev Conley	Eureka Co.			2016-2019	Elect
<u>Other Officers</u>					
Mike Rebaleati		President			Ratification
Wayne Carlson		Vice President			Ratification
Doug Smith		Chief Risk Officer			Ratification

Note: Other Officers are not elected positions but serve at the pleasure of the Boards