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

Notice of Joint Meeting and Agenda of
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Monday, November 4, 2019
Time: 8:30 A.M.
Place: at 201 S. Roop Street, Carson City, NV 89701
Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420
WEBEX Connection
https://poolpact.my.webex.com/poolpact.my/j.php?MTID=mba567be6d1f4a9f3ba94511fe1ac1442
Meeting number: 294 193 381
Password: POOLPACT!

AMENDED AGENDA

Notices:
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2. Two or more items on the agenda may be combined for consideration.
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1. **Roll**

2. **Public Comment**

3. **For Possible Action:**
   a. **Approval of Minutes of Joint Executive Committee Meeting of September 6, 2019.**
   b. **Approval of Minutes of POOL Executive Committee Meeting of September 13, 2019.**
   c. **Acceptance of unaudited Financial Reports as of September 30, 2019 for POOL, PACT, PRM, & PCM**

4. **For Possible Action: Alternative Service Concepts, LLC. Report of Corporate Changes.**

5. **For Discussion: Reinsurance update from GEM CEO Andrew Halsall.**

6. **For Possible Action:** **Investments**

    a. **Report from SAA on risk assets. This discussion will also address options related to Bank Loans.**
    b. **Report from NEAM on fixed income markets and results.**
    c. **Discussion on fixed income portfolio benchmarks and tolerance for tracking error in pursuit of investment objectives.**

7. **For Possible Action:** **Acceptance of fiscal year 2018-2019 Financial Audits of**
    a. **NPAIP.**
    b. **PACT.**

8. **For Possible Action:** **Review and determine the voting status of the Town of Pahrump.**

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

    a. **PACT - Nye County Hospital District.**
    b. **NPAIP - Nevada Association of School Superintendents (501c3).**
    c. **NPAIP – Tonopah Development Corporation (501c3).**

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

    a. **Executive Director.**
    b. **Operations Manager Report.**
        i. **NPAIP building roof project.**
        ii. **NRP updates.**
    c. **Chief Financial Officer Report.**
        i. **Actuarial Update – POOL.**
        ii. **Actuarial Update – PACT.**
    d. **Risk Manager Report.**
    e. **Willis Pooling.**
        i. **State of the Market.**
        ii. **Elearning Demo for Renewal Application Process.**
    f. **Human Resources.**
    g. **ASC – Claim status.**
    h. **E-Learning/Web Master on the POOL/PACT LMS programs.**

11. **For Possible Action:** **Review and determine the structure of the existing audit committee to encompass PRI, NRP, PRM and PCM. Currently the audit committee only reviews NPAIP and PACT.**

12. **For Possible Action:** **Risk Management Programs and Insurance/Reinsurance Coverages.**

    a. **Overview of POOL/PACT all insurance/reinsurance coverages and risk management programs to determine what coverages and programs to retain for 2020/2021.**
    b. **Review EnVision Enterprise Risk Model for Captives to Evaluate Potential Retention Decisions for the pools.**

13. **For Possible Action: Approval of Proposed POOL Form Amendments/Endorsements for Fiscal Year 2020-2021 for Adoption by the POOL Board at its Annual Meeting.**

14. **<u>For Possible Action</u>: Ratify the appointment of Small City/County Representative on NPAIP Executive Committee to Replace Beverly Connally.**

15. **<u>For Possible Action</u>: Approval of the next Joint Executive Committee meeting being scheduled for February 10, 2019 and the Annual Meeting to be held on April 16-17 (Thursday-Friday), 2020 at the Whitney Peak Hotel, Reno.**

16. **Public Comment.**

17. **<u>For Possible Action</u>: Adjournment.**

This 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

<u>NOTICE TO PERSONS WITH DISABILITIES</u>

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 in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701-4790, 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 Joint Meeting
Executive Committees of
Nevada Public Agency Insurance Pool and
Public Agency Compensation Trust
Date: Friday, September 6, 2019
Time: 9:00 A.M.
Place: at 201 S. Roop Street, Carson City, NV 89701
Conference Call-In Phone No: 1-800-593-9034; Passcode: 150420

AGENDA

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1. Roll

Members Present: Josh Foli, Mike Giles, Chris Mulkerns, Cindy Hixenbaugh, Elizabeth Frances, Gerry Eick,
Members Absent: Cash Minor, Geof Stark, Dan Murphy, Ann Cyr, Paul Johnson
Others Present: Wayne Carlson, Alan Kalt, Mike Rebaleati, Marshall Smith

A quorum of PACT Executive Committee members was present and Fiscal Officer Foli called the meeting to order regarding to PACT items. Because there was not a quorum for POOL, no action could be taken on POOl=L items.

2. Public Comment

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

3. <u>For Possible Action</u>: Consent Agenda
  a. Approval of Minutes of Joint Meeting of June 21, 2019

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

4. <u>For Possible Action:</u> Approval of Prospective Members of NPAIP and/or PACT
  a. PACT – Tahoe Reno Industrial GID
  b. NPAIP – Zephyr Heights GID

4.a. Wayne Carlson described this account as presently a member of NPAIP. They had contracted out their operations in the past. Recently, they hired a general manager who would oversee the contract operations and eventually move things in house. The general manager was the only employee at this time.

On motion and second to approve Tahoe Reno Industrial GID as a PACT Member, the motion carried.

4.b. No action taken due to lack of a quorum.

5. Public Comment

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

6. <u>For Possible Action:</u> Adjournment

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

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

N.P.A.I.P.
201 S. Roop
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Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701

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

Churchill County Courthouse
155 North Taylor Street
Fallon, NV 89406

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Facsimile (775) 883-7398

Notice of Meeting and Agenda of
Executive Committee of
Nevada Public Agency Insurance Pool
Date: Friday, September 13, 2019
Time: 9:00 A.M.
Place: at 201 S. Roop Street, Carson City, NV 89701
Conference Call-In Phone No: 1-800-593-9034; Passcode: 15042

AGENDA

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5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.

1. **Roll**

Members Present: Geof Stark, Josh Foli, Dan Murphy, Gerry Eick
Members Absent: Ann Cyr, Cash Minor, Bev Conley
Others Present: Wayne Carlson, Mike Rebaleati

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

2. **Public Comment**

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

3. **For Possible Action: Approval of Prospective Member of NPAIP**
   a. **Zephyr Heights General Improvement District**

Vice Chair Foli opened this item and asked Wayne Carlson to provide comments. Wayne reviewed the application, claims history and background on this prospect. Gerry Eick commented about his knowledge of the district as well. Discussion ensued.

On motion and second to approve Zephyr Heights GID as a member, the motion carried.

4. **Public Comment**

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

5. **For Possible Action: Adjournment**

On motion and second to adjourn, the meeting adjourned.

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

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PUBLIC AGENCY COMPENSATION TRUST
Statement of Assets, Liabilities and Equity
September 30, 2019

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
ASSETS			
Cash and Equivalents	565,693.21	920,333.45	1,486,026.66
Pledged Account Cash Equivalents		545,224.18	545,224.18
Investments	12,113,553.86	38,354,249.31	50,467,803.17
Investments - State of Nevada		4,326,860.70	4,326,860.70
Investments Interest Receivable	44,951.82	177,195.53	222,147.35
Member Assessments Receivable	3,567,650.12		3,567,650.12
Interfund Account	(2,334,846.63)	2,334,846.63	
Interfund Account - Heart/Lung	(375,507.00)	375,507.00	
Public Compensation Mutual Investment	8,450,000.00	45,250,939.00	53,700,939.00
PCM Amortization	(3,419,583.00)	(28,549,907.00)	(31,969,490.00)
Specific Recoverable		526,181.24	526,181.24
Prepaid Expenses	355,775.76	2,113,813.00	2,469,588.76
TOTAL ASSETS	**18,967,688.14**	**66,375,243.04**	**85,342,931.18**
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payable For Risk Management Grants	110,297.47		110,297.47
Specific Recoverable		526,181.24	526,181.24
Loss Reserves		121,616,814.70	121,616,814.70
Loss Reserves - Heart/Lung		26,381,357.70	26,381,357.70
Claims Payments		(98,319,060.33)	(98,319,060.33)
Claims Payments - Heart/Lung		(464,829.50)	(464,829.50)
Voucher Payments		2,423,865.50	2,423,865.50
Fund Balances:			
Fund Balance	18,857,390.67	14,210,913.73	33,068,304.40
TOTAL LIABILITIES AND FUND BALANCES	**18,967,688.14**	**66,375,243.04**	**85,342,931.18**

Unaudited Report for Management and Insurance Division Use Only

PUBLIC AGENCY COMPENSATION TRUST
Income Statement
For the Three Months Ending September 30, 2019

	Operating Fund (Unrestricted)	Trust Fund (Restricted)	TOTAL FUNDS
REVENUES			
Assessments	785,248.87	2,355,746.63	3,140,995.50
Heart Lung Fund		375,507.00	375,507.00
Agent Compensation	57,552.00		57,552.00
Investment Interest Income	86,882.02	308,244.07	395,126.09
Bank Interest Income		543.72	543.72
Investment Realized Gains/(Losses)	21,998.83	9,217.75	31,216.58
Investment Unrealized Gains/(Losses)	63,844.98	263,967.89	327,812.87
Premium/Discount Investments	(11,618.77)	(44,600.19)	(56,218.96)
Total Revenues	1,003,907.93	3,268,626.87	4,272,534.80
LOSS RESERVES & INSURANCE EXPENSES			
Claims and Adjustment Expenses	-	1,978,827.17	1,978,827.17
Heart Lung Loss Reserves Expenses	-	375,507.00	375,507.00
Excess Insurance Premiums	-	73,425.00	73,425.00
Reinsurance Premium (PCM)	-	382,036.00	382,036.00
Total Loss Reserves & Insurance Expenses	-	2,809,795.17	2,809,795.17
PROGRAM EXPENSES			
Member Education and Services	96,031.43	-	96,031.43
PRI Grant	109,200.00		109,200.00
Spec. Health-Cardiac Wellness	125,896.72		125,896.72
Loss Control Expense (Willis Pooling)	73,818.00		73,818.00
Risk Management Grants			-
Claims TPA Fees (ASC)	-	180,792.50	180,792.50
Underwriting Fees (Willis Pooling)	-	5,454.00	5,454.00
Specialty Health MCO Contract	-	15,225.00	15,225.00
Total Loss Fund and Program Costs	404,946.15	201,471.50	606,417.65
ADMINISTRATION EXPENSES			
Sponsorship Fees	2,500.00		2,500.00
Travel	8,106.55	-	8,106.55
Casualty Insurance	7,863.00	-	7,863.00
Dues & Seminar Fees	827.50		827.50
Audit Expense	6,500.00		6,500.00
Printing & Copying Expense	4,671.33	-	4,671.33
Postage	162.34		162.34
Office Supplies	308.61	-	308.61
Telephone Expense	50.62		50.62
Legal Expense	72.00		72.00
Board & Committee Meetings	2,538.83	-	2,538.83
Actuary Expense	14,350.00		14,350.00
NRP Grant	168,750.00	-	168,750.00
Insurance Division Fees		-	-
Nevada Insolvency Fund	-	20,900.00	20,900.00
Amortization Expense	186,249.00	816,273.00	1,002,522.00
Investment Expense	2,750.00	-	2,750.00
Total Administrative Expenses	405,699.78	837,173.00	1,242,872.78
REVENUES OVER EXPENSES	**193,262.00**	**(579,812.80)**	**(386,550.80)**

Unaudited Report for Management and Insurance Division Use Only

Public Compensation Mutual
Balance Sheet
September 30, 2019

ASSETS

Current Assets		
Cash	$ 310,020.33	
Investments - Fund Accounts	22,626,880.12	
Investments-Cash Equivalents	855,567.57	
Investment - Cash Equiv UNM	134,247.87	
Investments-Fixed Income	59,174,374.06	
Investment Income Receivable	366,655.04	
Total Current Assets		83,467,744.99
Property and Equipment		
Total Property and Equipment		0.00
Other Assets		
Total Other Assets		0.00
Total Assets		$ 83,467,744.99

LIABILITIES AND CAPITAL

Current Liabilities		
Unearned Premiums	$ 1,575,900.00	
Total Current Liabilities		1,575,900.00
Long-Term Liabilities		
Actuary Loss Reserves	2,355,190.00	
Claims Loss Reserves	2,084,408.22	
Loss Payments	(541,399.17)	
Total Long-Term Liabilities		3,898,199.05
Total Liabilities		5,474,099.05
Capital		
Member Contributions	53,700,939.00	
Unrealized Gain/(Loss) Invest	4,661,181.61	
Retained Earnings	16,894,408.01	
Net Income	2,737,117.32	
Total Capital		77,993,645.94
Total Liabilities & Capital		$ 83,467,744.99

Public Compensation Mutual
Income Statement
For the Nine Months Ending September 30, 2019

	Current Month	Year to Date	
Revenues			
Premiums	$ 0.00	$ 2,101,200.00	72.69
Investment Income	248,499.78	1,688,070.42	58.40
Premium or Disct of Investment	(12,330.73)	(110,120.77)	(3.81)
Realized Gains/Losses	0.00	(16,116.41)	(0.56)
Change In Unearned Premiums	175,100.00	(772,400.00)	(26.72)
Total Revenues	411,269.05	2,890,633.24	100.00
Cost of Sales			
Regulatory Fees	0.00	550.00	0.02
Claims Loss Reserves Expense	269,626.63	(109,402.32)	(3.78)
Total Cost of Sales	269,626.63	(108,852.32)	(3.77)
Gross Profit	141,642.42	2,999,485.56	103.77
Expenses			
Actuary Expense	0.00	6,650.00	0.23
Administrative Expenses	18,750.00	101,694.00	3.52
Audit Expense	0.00	17,500.00	0.61
Board & Committee Meetings	0.00	208.60	0.01
Investment Expense	2,750.00	61,815.64	2.14
Licenses	0.00	250.00	0.01
Member Services	0.00	74,250.00	2.57
Total Expenses	21,500.00	262,368.24	9.08
Net Income	$ 120,142.42	$ 2,737,117.32	94.69

NEVADA PUBLIC AGENCY INSURANCE POOL
Balance Sheet
September 30, 2019

ASSETS

Current Assets		
Coinbase Inc.	$ 3,965.06	
Cash - Claims - Wells Fargo	17,878.19	
Cash - Admin. - Wells Fargo	234,858.24	
A/R PARMS	47.00	
Total Current Assets		256,748.49
Property and Equipment		
Land - 2nd & Roop Streets	466,653.05	
Building - 2nd & Roop Streets	1,783,715.41	
Building Depreciation	(750,167.66)	
Equipment	60,528.00	
Equip Accumulated Depreciation	(105,464.16)	
Building Equipment	58,066.13	
Building Equipment Acc. Depr.	(1,155.00)	
Building Fixtures	24,217.00	
Building Furniture	4,359.75	
Total Property and Equipment		1,540,752.52
Other Assets		
Investment Cash Equivalents	1,490,587.42	
Investments	25,316,002.48	
Public Risk Mutual- Investment	29,477,263.00	
PRM Amortization	(18,683,513.54)	
Investment Income Receivable	92,344.52	
Assessments Receivable	551,868.98	
Specific Recoverable	3,768,216.03	
Maintenance Deductibles	260,159.89	
Prepaid Reinsurance	5,251,568.45	
Prepaid Commission - Current	842,831.95	
Prepaid Willis Pooling	191,250.00	
Prepaid Loss Control Fees	187,501.00	
Prepaid Schools Security Program	66,040.00	
Other Prepaid	1,431.00	
Prepaid Casualty Insurance	42,872.95	
Total Other Assets		48,856,424.13
Total Assets		$ 50,653,925.14

LIABILITIES AND CAPITAL

Current Liabilities		
Payable For Risk Mmgt Grants	$ 99,887.48	
Loss Fund	81,025,532.25	

NEVADA PUBLIC AGENCY INSURANCE POOL
Balance Sheet
September 30, 2019

Loss Reserves - LAE	71,014.11	
Loss Payments	(97,830,020.38)	
Loss Payments - LAE	(41,206,520.17)	
Specific Recoverable	40,833,471.57	
Aggregate Recoverable	765,730.03	
Deductible Reimbursement	18,060,181.14	
Vouchers Within Deductible	10,787,284.64	
Unearned Assessment Reserve	12,889,899.14	
Total Current Liabilities		25,496,459.81
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		25,496,459.81
Capital		
Retained Earnings	25,420,233.12	
Net Income	(262,767.79)	
Total Capital		25,157,465.33
Total Liabilities & Capital		$ 50,653,925.14

NEVADA PUBLIC AGENCY INSURANCE POOL
Income Statement
For the Three Months Ending September 30, 2019

	Current Month	Year to Date	
Revenues			
Copier Paper Reimbursement	$ 69.53	$ 224.85	0.00
Rental Income	14,645.00	59,115.12	1.28
Equipment Lease Reimbursement	583.23	1,114.53	0.02
Bldg Equip Maint Reimbursement	2,766.46	2,894.57	0.06
Phone Charges Reimbursement	25.50	50.62	0.00
Postage Reimbursement	60.63	185.89	0.00
Technology Services Reimbursement	10,410.68	19,916.08	0.43
Assessments Written	0.00	17,186,529.14	371.72
Taxes Written	0.00	6,927.04	0.15
Change in Unearned Assessments	1,432,210.00	(12,889,899.14)	(278.79)
Investment Interest Income	59,433.34	157,872.25	3.41
Investment Discount/Premium	(10,714.23)	(22,823.90)	(0.49)
Realized Gain/(Loss) Investments	0.00	19,280.43	0.42
Invest. Unrealized Gain/(Loss)	(109,850.67)	35,702.06	0.77
Other Income	39,073.36	46,397.06	1.00
Total Revenues	1,438,712.83	4,623,486.60	100.00
Cost of Sales			
Reinsurance Ceded	558,706.00	1,549,228.00	33.51
Aiport Liability Program	0.00	1,943.46	0.04
Loss Fund Expense	488,794.00	1,466,382.00	31.72
Commission Expense - Current	93,647.00	280,941.00	6.08
Willis Pooling Fees	21,250.00	63,750.00	1.38
ASC Claims Admin. Fees	56,616.50	169,846.30	3.67
Loss Control Fees	20,833.00	62,499.00	1.35
Total Cost of Sales	1,239,846.50	3,594,589.76	77.75
Gross Profit	198,866.33	1,028,896.84	22.25
Expenses			
Sponsorship Fees	0.00	2,500.00	0.05
Counsel Opinions	0.00	2,164.50	0.05
Travel	3,912.65	10,220.55	0.22
Casualty Insurance	3,997.00	11,991.00	0.26
Dues & Seminar Fees	390.00	827.50	0.02
Printing/Copying/Subscriptions	2,103.23	4,466.53	0.10
Postage	0.00	34.42	0.00
Office Supplies	(539.81)	400.69	0.01
Communications Expense	50.62	151.86	0.00
Legal Expense	4,837.50	4,837.50	0.10
Board & Committee Meetings	2,402.46	2,519.20	0.05
Member Education & Services	75,775.36	228,511.73	4.94
Bad Debt Expense	0.00	2,039.76	0.04
PRI Grant	135,200.00	202,800.00	4.39
Loss Control Grants	5,665.00	5,665.00	0.12
Technology Services	11,083.72	39,404.51	0.85
Cyber/Data Project	31,413.70	40,761.60	0.88
NRP Grant	43,750.00	131,250.00	2.84
PRM Amortization Expense	181,407.00	557,695.00	12.06
Investment Expense	2,750.00	2,750.00	0.06
Building Maintenance & Repairs	2,375.80	4,992.02	0.11
Custodial Services	2,280.20	4,628.20	0.10
Building Depreciation Expense	3,716.00	11,148.00	0.24
Bldg. Equipment Maintenance	731.44	4,769.30	0.10
Bldg Equipment Lease	1,681.00	3,006.10	0.07
Building Copier Paper	119.97	316.92	0.01
Building Insurance Expense	765.00	2,295.00	0.05
Building Office Supplies	370.23	370.23	0.01
Building Tax Expense	0.00	4,517.15	0.10
Building Utilities	2,208.75	4,630.36	0.10
Total Expenses	518,446.82	1,291,664.63	27.94
Net Income	($ 319,580.49)	($ 262,767.79)	(5.68)

Public Risk Mutual
Balance Sheet
September 30, 2019

ASSETS

Current Assets		
Cash	$ 335,342.70	
Wells Fargo Other	14,287,447.33	
Wells Fargo Other Cash Equiv.	25,274.65	
NEAM Investments	29,842,251.02	
Cash Equiv NEAM Investments	1,561,593.77	
Investment Income Receivable	180,602.51	
Total Current Assets		46,232,511.98
Property and Equipment		
Total Property and Equipment		0.00
Other Assets		
Legal Fees Deposit	5,000.00	
Total Other Assets		5,000.00
Total Assets		$ 46,237,511.98

LIABILITIES AND CAPITAL

Current Liabilities		
Unearned Premiums	$ 1,046,852.00	
Total Current Liabilities		1,046,852.00
Long-Term Liabilities		
Actuary Loss Reserves	991,918.00	
Claims Loss Reserves	1,674,913.88	
Loss Payments	(787,804.89)	
Total Long-Term Liabilities		1,879,026.99
Total Liabilities		2,925,878.99
Capital		
Member Contributions	29,477,263.00	
Unrealized Gain (Loss) Invest.	2,810,695.97	
Retained Earnings	8,512,448.81	
Net Income	2,511,225.21	
Total Capital		43,311,632.99
Total Liabilities & Capital		$ 46,237,511.98

Public Risk Mutual
Income Statement
For the Nine Months Ending September 30, 2019

	Current Month	Year to Date	
Revenues			
Premiums	$ 0.00	$ 1,395,800.00	69.93
Investment Income	140,908.97	924,625.23	46.32
Premium or Disct of Investment	(5,110.68)	(44,742.51)	(2.24)
Realized Gains/(Losses)	0.00	181,180.68	9.08
Change In Unearned Premium	116,316.00	(460,852.00)	(23.09)
Total Revenues	252,114.29	1,996,011.40	100.00
Cost of Sales			
Regulatory Fees	0.00	550.00	0.03
Claims Loss Reserves Expense	145,000.00	(924,168.58)	(46.30)
Total Cost of Sales	145,000.00	(923,618.58)	(46.27)
Gross Profit	107,114.29	2,919,629.98	146.27
Expenses			
Actuary Expense	0.00	12,620.00	0.63
Administrative Expenses	6,250.00	64,865.17	3.25
Audit Expense	0.00	20,160.00	1.01
Board & Committee Meetings	0.00	296.04	0.01
Cyber/Data Project	0.00	274,599.53	13.76
Investment Expense	2,750.00	35,614.03	1.78
Licenses	0.00	250.00	0.01
Total Expenses	9,000.00	408,404.77	20.46
Net Income	$ 98,114.29	$ 2,511,225.21	125.81

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

Agenda Item #4

The President of Alternative Services Concepts (ASC), Glenn Backus, will give a verbal summary of the acquisition of ASC by Davies Group. If interested, one article that you can review before our meeting is:

https://www.insurancebusinessmag.com/us/news/workers-comp/davies-group-acquires-tnbased-workers-compensation-claims-administrator-180852.aspx

Staff has met with President Backus and supports this transition.

2 0 1 8

ANNUAL REPORT

gem

VISION + SHIFT + FUTURE =

THE EQUATION THAT DRIVES OUR MISSION

Parker Chambers
Chair

Andrew Halsall
President & Chief Executive Officer

POOLS UNITED

In last year's Annual Report, we reflected on our evolution as an organization in order to align ourselves with the unavoidable changes happening in the public entity pooling sector and the insurance industry at large. This year, GEM has placed the additional strategic building blocks needed to help us navigate through these times and realize our vision for the future. We have also enhanced our operating platform to enable us to be more nimble in the face of change, while maintaining our stability and strength for the membership in the long term.

As new exposures emerge and market conditions change, we are able to shift our capacity, coverages and services to address your evolving needs. Our strategic sessions have purposefully included input and feedback directly from the membership to ensure these needs are heard and creative solutions are offered to meet them. We are also poised to assist our members in meaningful ways with their risk financing strategies along the way.

Our greatest point of distinction as an organization is being a pool of pools and what that means. Unifying the combined financial and intellectual resources of our member partners in order to safeguard your long-term stability is always at our foundation. By facilitating member partnerships, best practices and risk financing solutions, we accomplish just that.

Together, these elements create a powerful force and form a key tenet to GEM – Our Pools United.

Parker Chambers, Chair

Andrew Halsall, President & CEO

GEM members were asked to be active participants in our extended strategic planning process in 2018 to help shape the current and future direction of the company. And after additional work done by the board, our vision is strong. We are unwavering in our commitment to providing members innovation and stability with our coverage and service offerings and facilitating the sharing of expertise and experiences among the membership. This vision inspires our board and staff in all that we do to help members grow and protect their assets.

Not many companies involve clients in their strategic direction to this extent, but at GEM it is vital for each of our members to control their own destiny when designing and executing their risk financing strategies. So why not invite them to influence how our organization is run and what types of coverages and services we offer.

GEM members are asked to be active participants in the strategic planning process to help shape the current and future direction of the company.

By taking these steps now to help define our future and foresee continuing trends in public entity insurance, we can respond with viable options that support the risk management efforts of the membership moving forward. The inherent freedom and flexibility in GEM's solutions structure allow us to do that.

Member control is a fundamental principle to GEM membership. Not only having control over how your reinsurance is structured, but having the ability to retain claims and underwriting authority as well. That autonomy is a product of the partnership and trust that are implicit in GEM membership.

VISION +

MEMBER CONTROL

Members are also encouraged to serve on the GEM board and committees because we value your insight into our guiding philosophies and strategic direction. We strongly believe we are a better organization when the entities we serve have a seat at the table.

Every prudent organization looks at future trends facing their business. Having this foresight can be the difference between being in the ready while creating opportunity and just hoping for the best. In 2018, GEM mapped a strategic course to guide our future together, with the ability to adjust no matter what the future holds.

We studied social, technological, economic, environmental, and political influences and what potential impact and probability they will have on pooling. Some of the trends identified in the process we will continue to monitor and track such as market fluctuations, competitive challenges, talent drain and the demand for new specialized services.

We set a plan of action and can make adjustments quickly to realign ourselves as our future comes into view.

Recognizing that these trends will persist and others will likely surface, we set a plan of action and can make adjustments quickly – shift – to realign ourselves as our future comes into view.

As a result, several new strategic initiatives have been put in place to continue to provide creative reinsurance solutions and offer opportunities of engagement across the membership so they can learn from each other.

Strategic planning coupled with strategic foresight like this helps us to be prepared. Our intent is to continue with this process and review the dynamic plan annually.

GEM is an important and reliable source of reinsurance, especially in times of market disruption. We can adapt our coverages and limits as our membership and new exposures require. We offer reliability and stability for members over time by providing a solution that is essential to achieving your desired reinsurance strategy.

SHIFT +

Being a part of GEM, members are less dependent on traditional coverage because we are able to build and share in pooled capacity on our own terms. GEM guards against the turmoil that can occur in the commercial reinsurance market.

FOCUSED SOLUTIONS

The future is always in our sights, but it is also rooted as a driver to what we do every day to ensure our pools stay protected and we endure as an organization. So, we continually ask ourselves how do we preserve what is special about being part of a pool of pools – because that means something. We are a community of members where protecting our clients and preserving the pooling concept are top priority.

Our answer to this question is keeping a finger on the pulse of what is important to our members, and the growing and emerging risks that they face, so we can improve upon the coverages, limits and services we offer.

The future is always in our sights, but it is also rooted as a driver to what we do every day to ensure our pools stay protected.

Equally as important is making sure our members have every opportunity to connect with each other to keep public entity pooling the viable insurance alternative it has been and will always be.

Although impossible to accurately predict future trends and their influence on us, we can, with the collective input of our members, narrow the field of likely change and prioritize our actions accordingly.

Coupled with rapid technological advances, the pace in which we will do business and the modes in which to get it done will increase to levels we have not been accustomed. That is why it is paramount that we strategically focus on what is coming and not on the past.

However, what we will carry forward into the future is our personal touch and having a vested interest in the success of every member we serve – it's personal and it is what sets us apart.

At GEM, we leverage not only the skills of our specialized team, but also the combined knowledge and insight of our membership. The partnerships forged with the pools united in GEM create a tremendous synergy that benefits members in the form of shared expertise, networking and the creation of innovative risk financing solutions.

FUTURE = POOLS UNITED

Collectively, members are united in upholding the principles and values that inspired GEM's formation. Our common interests help us to preserve what is essential to public entity pooling now and into the future.

MEMBER CONTROL

FOCUSED SOLUTIONS

POOLS UNITED

With the combined financial and intellectual resources of our membership, we continue to enhance the strength and resiliency of GEM. This collaboration not only builds our financial base, but also allows us, together, to elevate the success of all.

FINANCIAL HIGHLIGHTS 2018

$000 omitted

	2014	2015	2016	2017	2018
ACTIVITY					
Gross Written Premium	$9,536	$10,209	$11,516	$11,670	$12,435
Net Written Premium	7,976	8,366	6,908	8,139	8,508
Losses and Loss Adjustment Expenses	4,659	17,764	5,294	8,162	6,615
Investment Income / (Loss)*	3,051	962	2,388	2,474	237
Net Earnings / (Loss)	4,686	(10,659)	2,759	866	652
NET POSITION					
Cash and Investments	78,218	79,643	77,267	73,350	74,831
Reserves for Unpaid Losses and Loss Adjustment Expenses	42,955	54,435	50,098	45,543	49,052
Members' Paid-In Capital Contributions	15,387	14,887	14,887	14,887	12,637
Retained Earnings	18,235	7,576	10,335	11,202	11,854
Members' Equity	$33,622	$22,463	$25,223	$26,089	24,491

* includes realized and unrealized gains/losses, interest and other income

BOARD OF DIRECTORS

Parker Chambers (Chair)
Texas Water Conservation Association Risk Management Fund

David Harmer (Vice Chair)
Virginia Transit Liability Pool

Tom Judy (Secretary)
Miami Valley Risk Management Association

Alan Hulse
Montana Municipal Interlocal Authority

Rafaela Ortiz
Enduris

Mike Rebaleati
Nevada Public Agency Insurance Pool

Bryan Anderson
Michigan Municipal Risk Management Authority

Dean Boes
Wisconsin Municipal Mutual Insurance Company

Bob Solarz
Delaware Valley Trusts

Greg Womack
Texas Council Risk Management Fund

GEM STAFF

Andrew Halsall
President & Chief Executive Officer

Martin Jackson
Chief Financial Officer & Treasurer

Diane Caley
Manager - Board & Executive Services

Ben Kraus
Underwriting Manager

Melanie McDonough
Claims Manager

Carol MacDougall
Accounting Assistant

GEM MEMBERS

CalTIP
CALIFORNIA TRANSIT INDEMNITY POOL

DELAWARE VALLEY TRUSTS
Managed Risk. Collective Rewards.

enduris WASHINGTON

M • V • R • M • A
MIAMI VALLEY RISK MANAGEMENT ASSOCIATION

NPAIP PACT

PDRMA
Park District Risk Management Agency

TWCA Risk Management Fund

Virginia Transit Liability Pool
Partners in Public Transit

WA cities
Insurance Authority

MMIA
MONTANA MUNICIPAL INTERLOCAL AUTHORITY

RISK
MICHIGAN MUNICIPAL
RISK MANAGEMENT
AUTHORITY

MPR
MIDWEST PUBLIC RISK

Primex3
NH Public Risk Management Exchange

Texas Council
Risk Management Fund

WISCONSIN MUNICIPAL MUTUAL INSURANCE COMPANY
WMMIC

WSTIP
WASHINGTON
STATE TRANSIT
INSURANCE POOL

gem

116 South River Road, Suite D-4
Bedford, NH 03110
603.223.0321 • gemre.com

Bank Loans – An Introduction

November 4, 2019

Presented by: Mr. Daniel Smereck
Managing Director

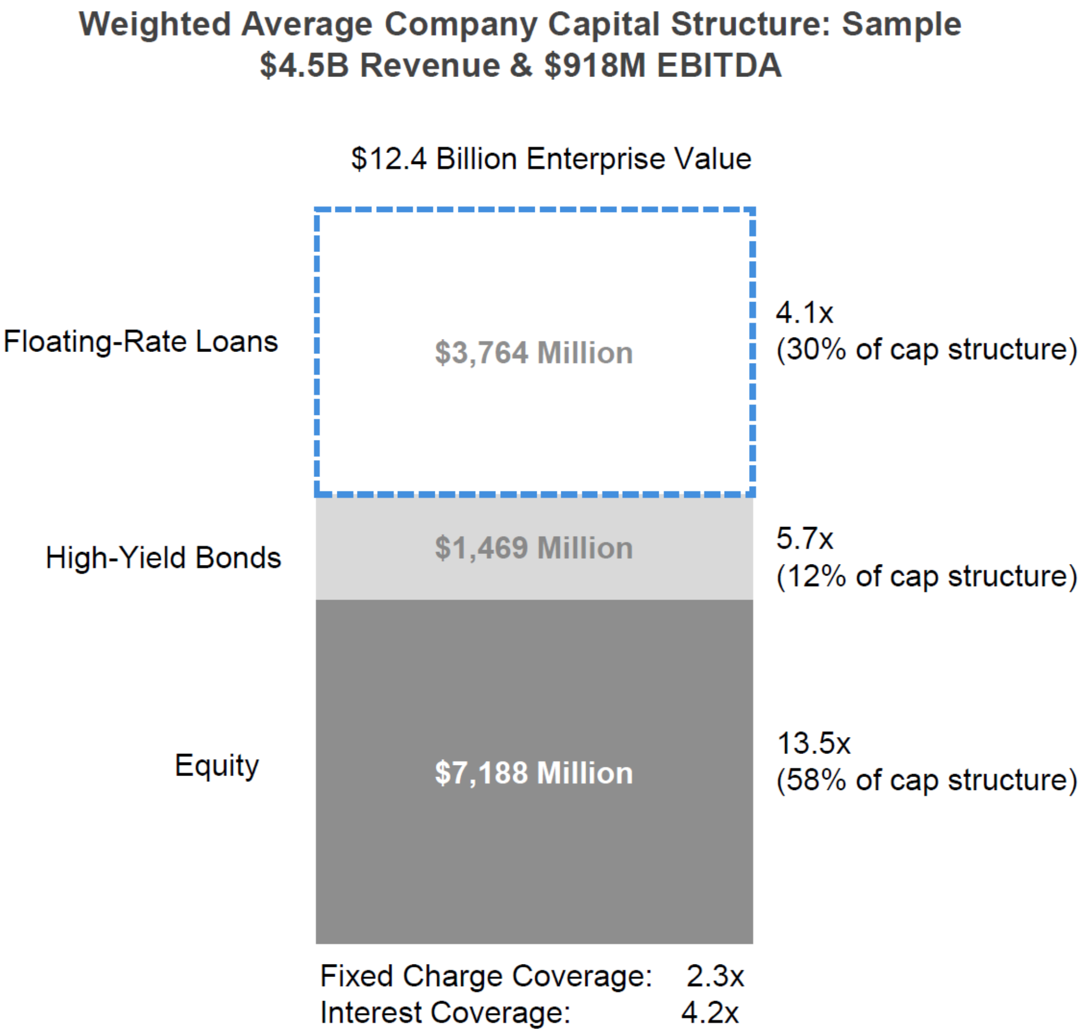
STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Bank Loan Primer – What?

- **Corporate debt issued by below-investment-grade borrowers**
  - Most issuers are significant in size and scale – and many are familiar household names
  - Companies undertake loans for recapitalizations, acquisitions and refinancings
  - Coupon income from **floating-rate loans** resets regularly (about every 40-60 days on average) to maintain a fixed spread over a variable base rate, usually LIBOR
- Loans are often referred to as "senior and secured": They typically have the **highest priority of claims in an issuer's capital structure** and are secured by specific collateral
- Other common monikers: bank loans, leveraged loans, senior loans (all are synonymous)

Source: Eaton Vance

Bank Loan Primer - What?



- Floating-rate loans represent a senior layer of issuer capital structure
- Substantial junior capital cushion provides low loan-to-value
- Secured by collateral including issuer accounts receivable, inventory, property, plant, equipment and/or stock

Source: Eaton Vance

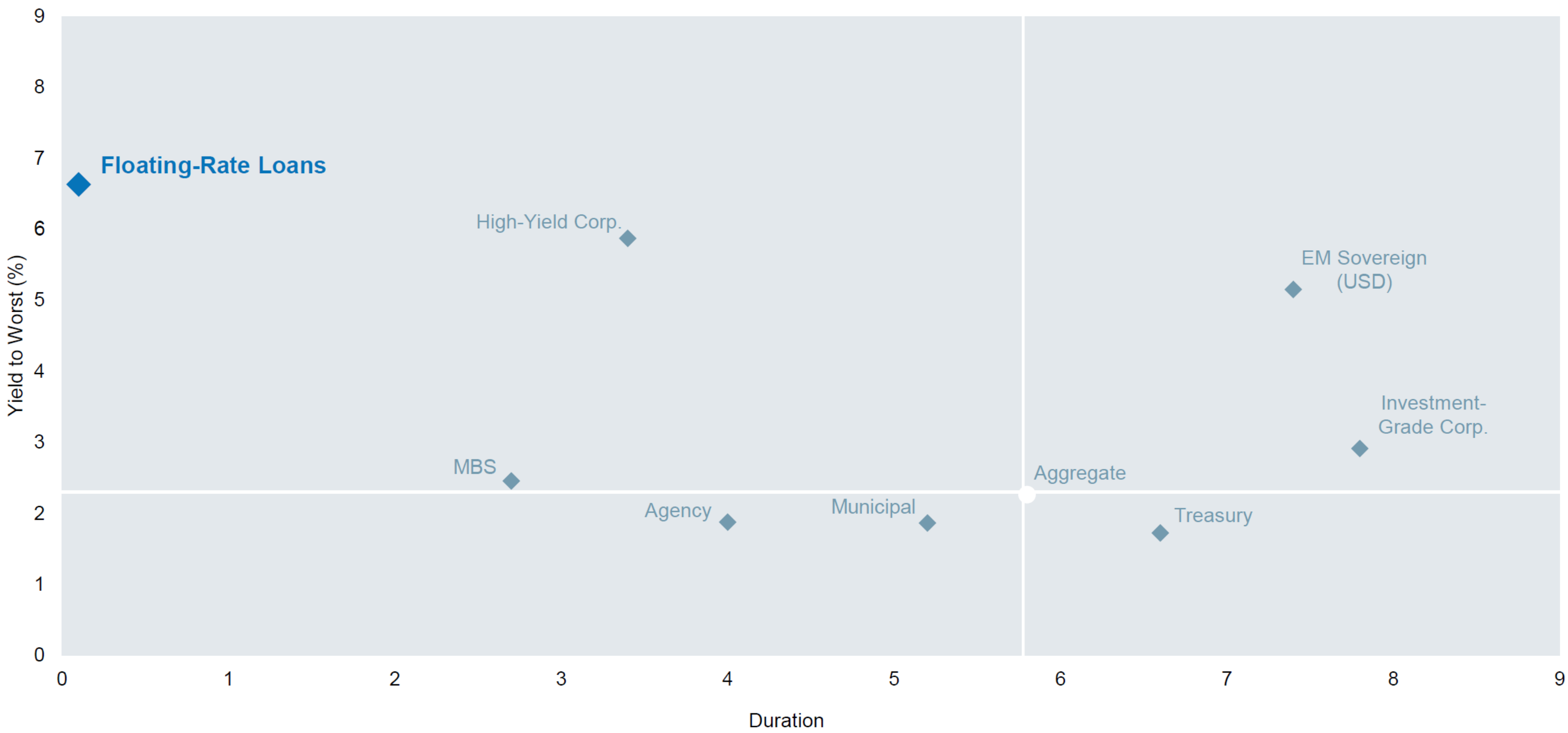
Bank Loan Primer - Market Size

	US Investment Grade	US Floating-Rate Loans	US High Yield
Size of Market	$5.82 T	$1.18 T	$1.20 T
# of Issues	6,015	1,460	1,784
Credit Quality	A3/Baa1	B+	B1
Base Rate	US Treasuries	LIBOR	US Treasuries
Coupon Structure	Fixed	Floating	Fixed
Duration	7.8 yrs.	--	3.4 yrs.
Yield to Worst	2.9%	6.6%	5.9%
Maturity	11.4 yrs	4.9 yrs	5.9 yrs

Source: Eaton Vance; As of 9/30/2019

Bank Loan Primer - Why?

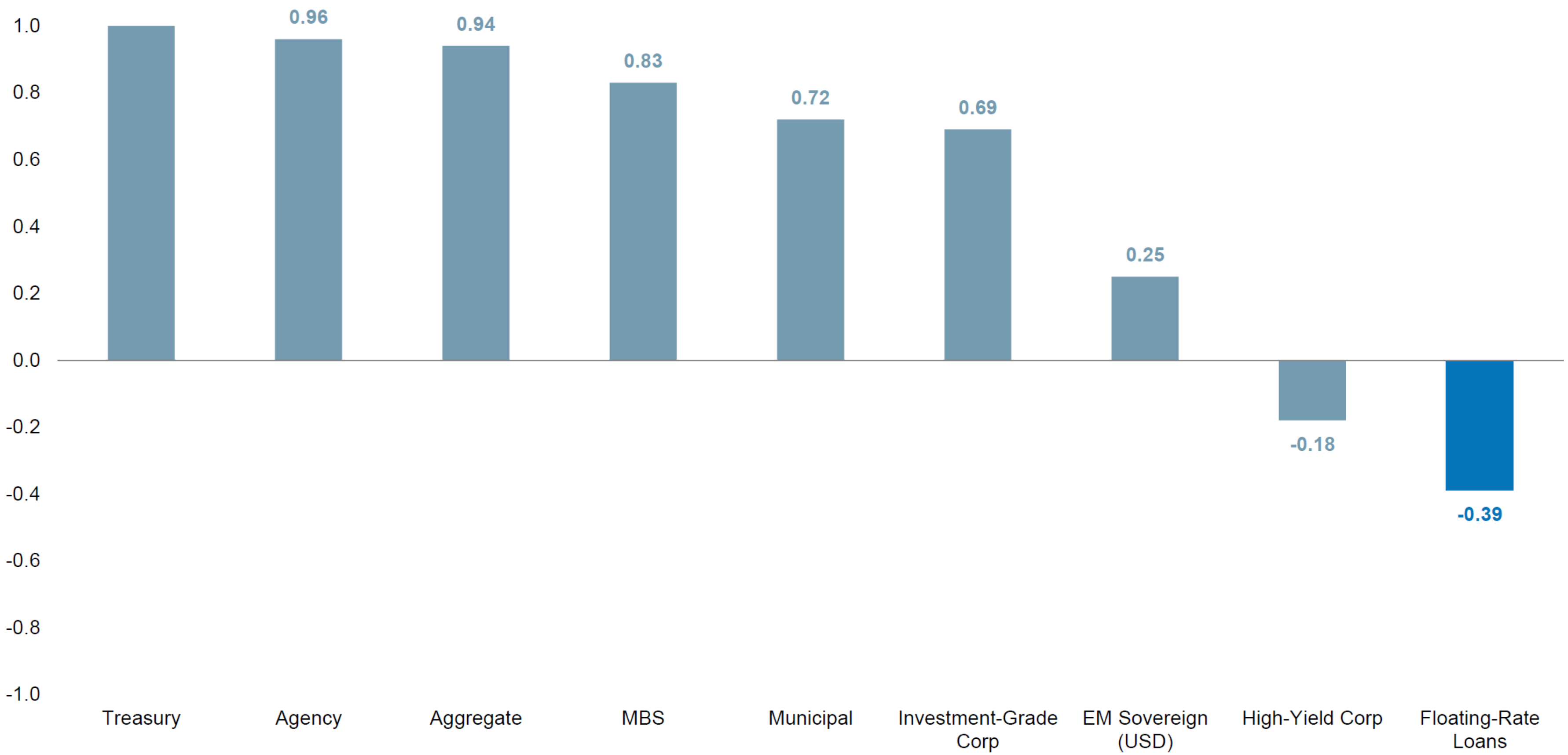
Bank Loans vs. Select Asset Classes (Yields & Duration)



Source: Eaton Vance; As of 9/30/2019

Bank Loan Primer - Why?

Treasuries vs. Bank Loans vs. Select Asset Classes (10Yr Correlations)



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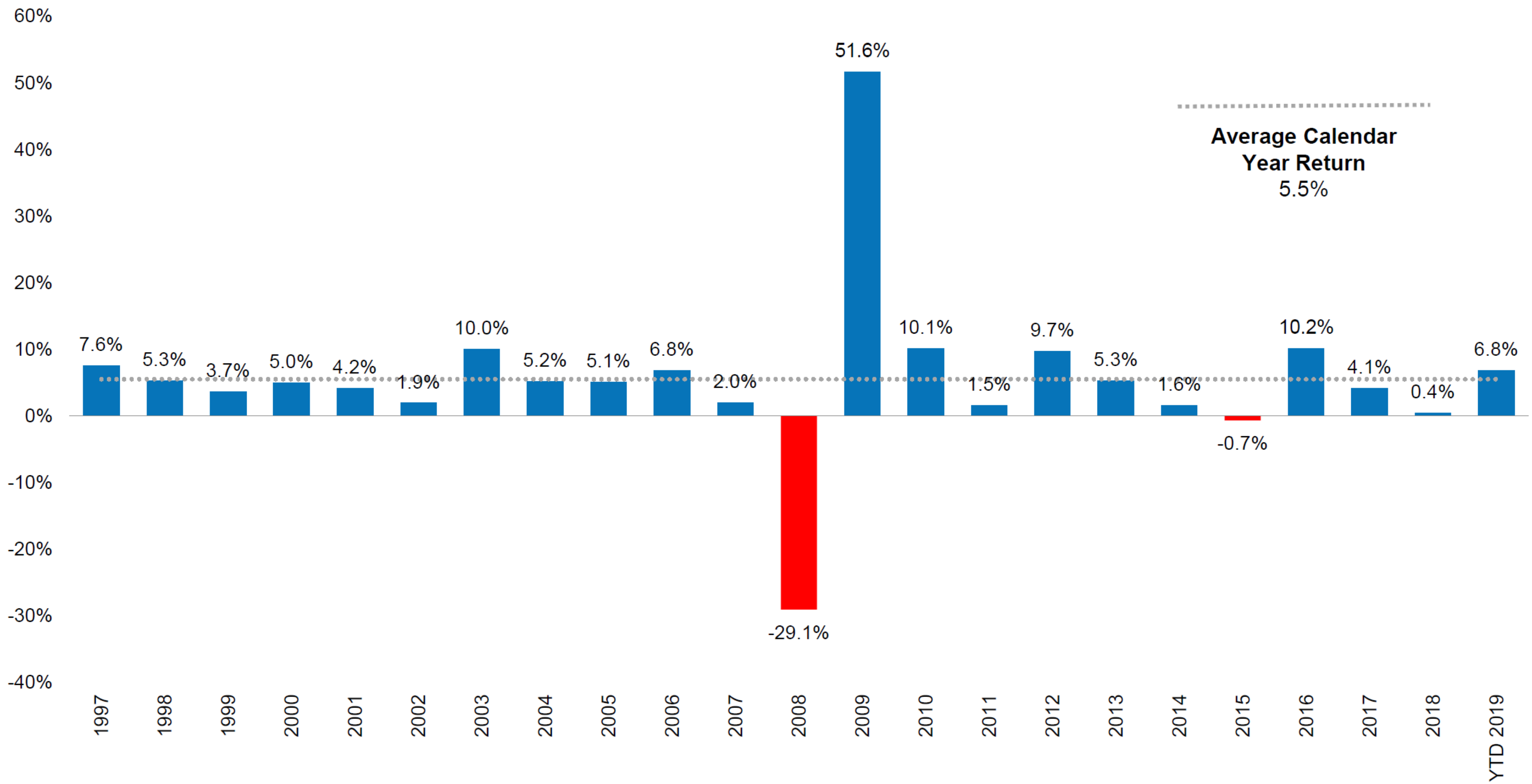
Source: Eaton Vance; As of 9/30/2019

Bank Loan Primer - Why?

Bank Loans – Calendar Year Returns & Expectations



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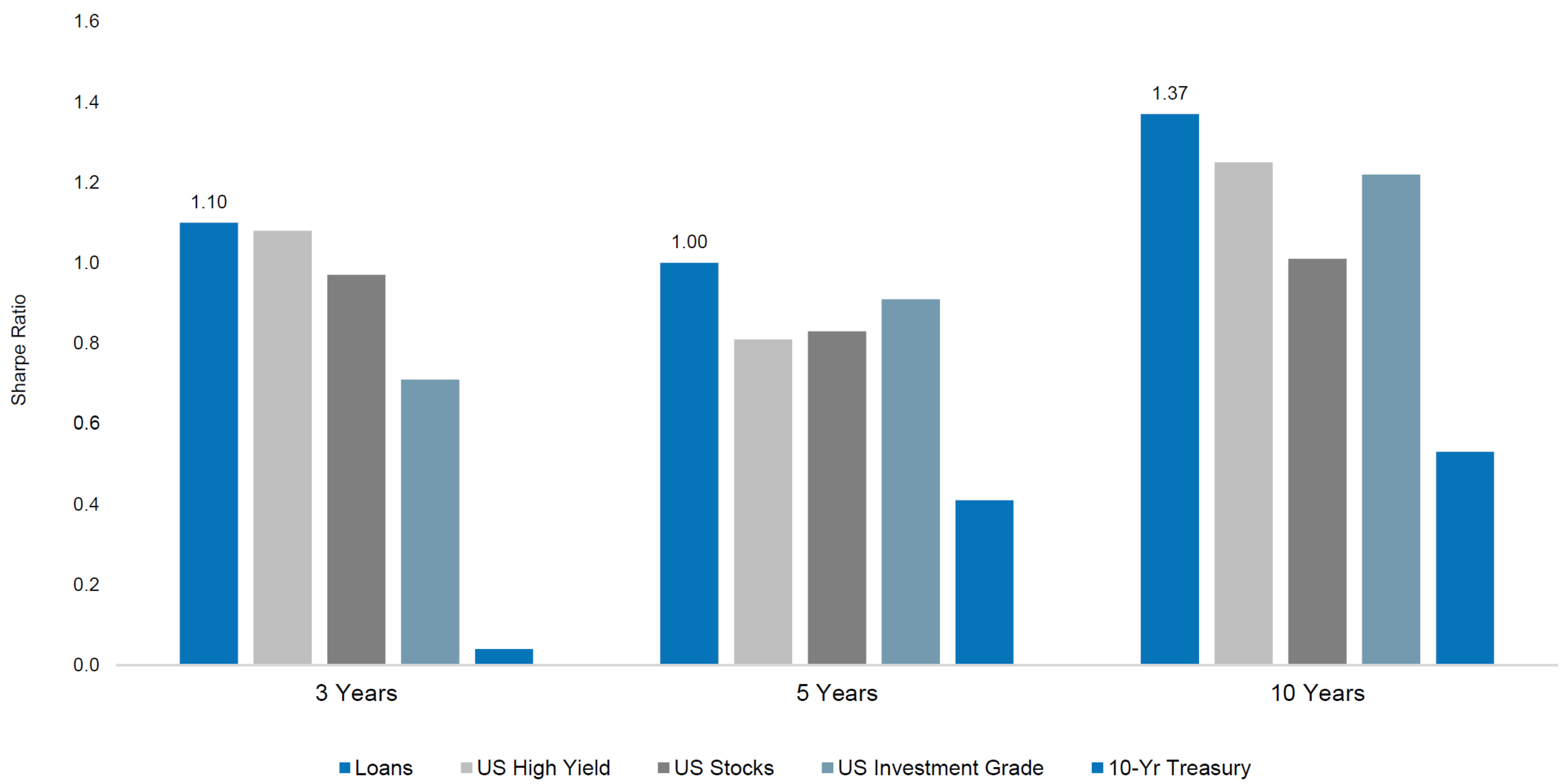
Source: Eaton Vance

Bank Loan Primer - Why?

Bank Loans - Risk-Adjusted Returns Comparisons



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Source: Eaton Vance; As of 9/30/2019

Investment Review - Summary
As of September 30, 2019

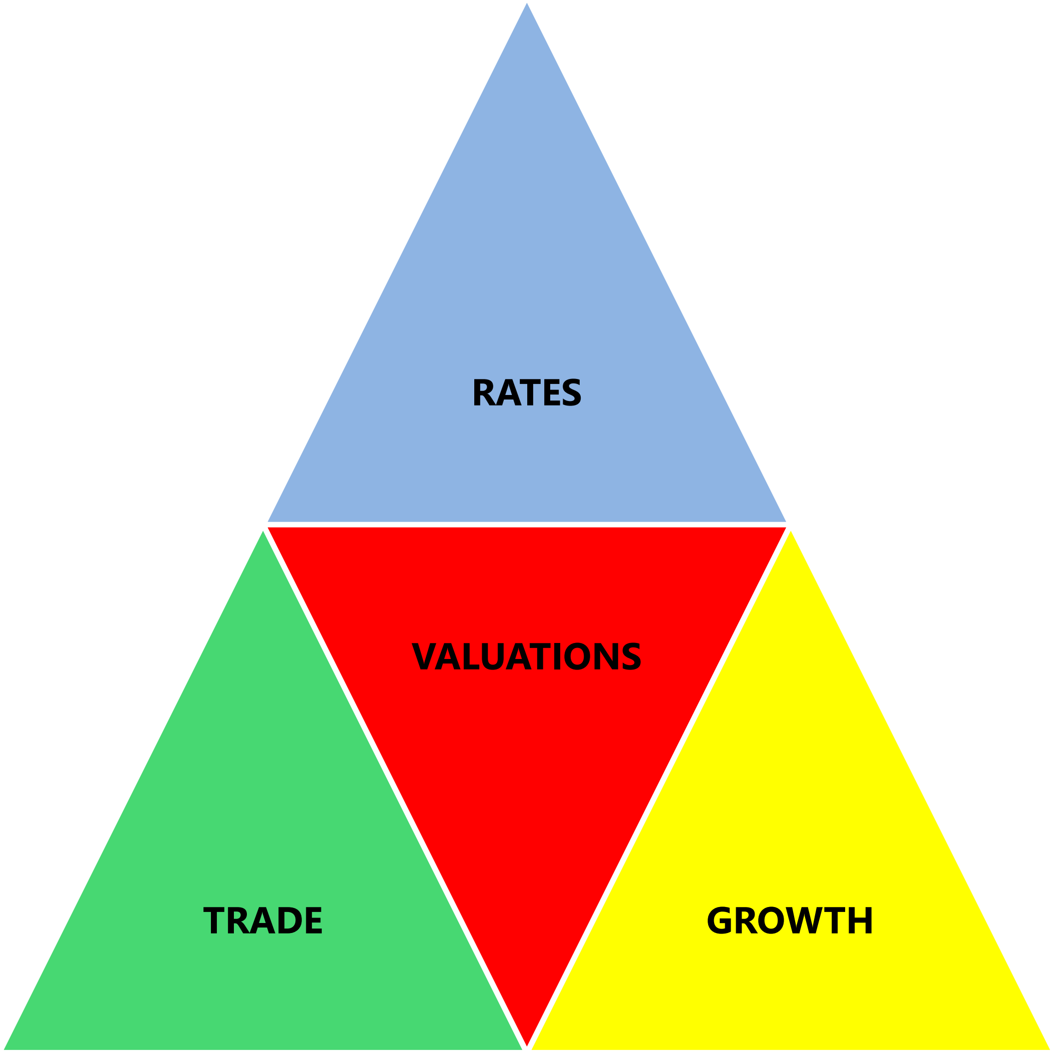
November 4, 2019

Presented By: Alton Cogert
President & CEO

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.

STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Investment Outlook



Consolidated All Programs

					Annualized						
Portfolio	Market Value	% of MV	Q3-2019	YTD	1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	Inception Date
POOL/ PRM :											
POOL NEAM - Core Fixed Income[1]	**$26,806,590**	**12.6%**	**0.98%**	**4.47%**	**6.38%**	**2.74%**	**1.84%**	**2.24%**	**2.46%**	**4.45%**	**Jul-91**
Custom Benchmark			1.24%	5.36%	7.48%	3.20%	1.98%	2.31%	2.40%	4.85%	
Relative Performance			▼ -0.26%	▼ -0.89%	▼ -1.10%	▼ -0.46%	▼ -0.14%	▼ -0.07%	▲ 0.06%	▼ -0.40%	
Consolidated PRM Portfolio	**$45,691,292**	**21.5%**	**1.60%**	**11.47%**	**8.43%**	**5.38%**	**5.16%**	**4.59%**	**N/A**	**4.84%**	**Jul-13**
Benchmark[3]			1.81%	11.71%	8.30%	5.59%	5.51%	5.02%	N/A	5.67%	
Relative Performance			▼ -0.21%	▼ -0.24%	▲ 0.13%	▼ -0.21%	▼ -0.35%	▼ -0.43%	N/A	▼ -0.83%	
Consolidated Pool/ PRM Portfolios	**$72,497,882**	**34.1%**	**1.41%**	**8.96%**	**7.57%**	**4.35%**	**3.69%**	**3.50%**	**N/A**	**3.27%**	**Apr-14**
Custom Benchmark			1.64%	9.45%	7.87%	4.63%	3.91%	3.72%	N/A	3.72%	
Relative Performance			▼ -0.23%	▼ -0.49%	▼ -0.30%	▼ -0.28%	▼ -0.22%	▼ -0.22%	N/A	▼ -0.45%	
PACT/ PCM :											
PACT NEAM - Core Fixed Income[1]	**$56,357,755**	**26.5%**	**1.19%**	**4.83%**	**6.88%**	**3.05%**	**2.04%**	**2.24%**	**2.42%**	**4.01%**	**Jul-96**
Custom Benchmark			1.24%	5.36%	7.48%	3.20%	1.98%	2.31%	2.40%	4.36%	
Relative Performance			▼ -0.05%	▼ -0.53%	▼ -0.60%	▼ -0.15%	▲ 0.06%	▼ -0.07%	▲ 0.02%	▼ -0.35%	
Consolidated PCM Portfolio	**$82,647,305**	**38.9%**	**1.66%**	**10.99%**	**8.86%**	**5.26%**	**4.99%**	**4.11%**	**N/A**	**4.07%**	**Apr-13**
Benchmark[3]			1.90%	11.14%	8.65%	5.43%	5.40%	5.09%	N/A	6.33%	
Relative Performance			▼ -0.24%	▼ -0.15%	▲ 0.21%	▼ -0.17%	▼ -0.41%	▼ -0.98%	N/A	▼ -2.26%	
Consolidated PACT/ PCM Portfolios	**$139,005,060**	**65.4%**	**1.46%**	**8.36%**	**8.05%**	**4.25%**	**3.42%**	**3.07%**	**N/A**	**2.93%**	**Apr-14**
Custom Benchmark			1.62%	8.68%	8.20%	4.39%	3.54%	3.52%	N/A	3.59%	
Relative Performance			▼ -0.16%	▼ -0.32%	▼ -0.15%	▼ -0.14%	▼ -0.12%	▼ -0.45%	N/A	▼ -0.66%	
Pooling Resources, Inc.											
PRI NEAM - Core Fixed Income[1]	**$1,021,202**	**0.5%**	**0.54%**	**2.10%**	**2.91%**	**1.93%**	**1.45%**	**1.28%**	**N/A**	**0.99%**	**Jul-11**
Custom Benchmark			2.21%	8.86%	10.27%	4.51%	3.42%	3.04%	N/A	2.06%	
Relative Performance			▼ -1.67%	▼ -6.76%	▼ -7.36%	▼ -2.58%	▼ -1.97%	▼ -1.76%	N/A	▼ -1.07%	
Consolidated All Programs:											
Consolidated All Programs	**$212,524,144**	**100.0%**	**1.44%**	**8.54%**	**7.88%**	**4.29%**	**3.51%**	**3.22%**	**N/A**	**3.05%**	**Apr-14**
Custom Benchmark			1.63%	8.93%	8.10%	4.46%	3.66%	3.58%	N/A	3.62%	
Relative Performance			▼ *-0.19%*	▼ *-0.39%*	▼ *-0.22%*	▼ *-0.17%*	▼ *-0.15%*	▼ *-0.36%*	*N/A*	▼ *-0.57%*	

Notes:
1) NEAM replaced EAM as fixed income manager 1/1/2016.
2) POOL & PACT Fixed Income BM, effective Jan 2017: 60% ICE BofAML US Treasury/Agencies: 1-10 Yrs, 30% ICE BofAML Mortgage Master Index and 10% ICE BofAML US Corporates A-AAA: 1-5 Yrs.
3) PCM & PRM Fixed Income BM, effective Jan 2017: 40% ICE BofAML US Corporates A-AAA, 30% ICE BofAML Mortgage Master Index, 10% ICE BofAML US Corporates BBB: 1-10 Yrs, 10% ICE BofAML US Treasury/Agencies, 5%, ICE BofAML Asset-Backed Master Index AAA and 5% ICE BofAML CMBS Fixed Rate AAA.
4) PCM & PRM Risk Asset BM: 55% S&P 500 / 35% Barclays Int. Gov/Credit / 10% 90 day T-Bill to 3/2015; market-weighted by fund/ETF BM thereafter.
5) Consolidated portfolio BM: Market-weighted benchmark using fixed income and risk asset benchmarks.
-- All returns net of fees
-- Fixed Income Market values include accrued income
-- For each measurement period , Green indicates outperformance, and Red indicates underperformance

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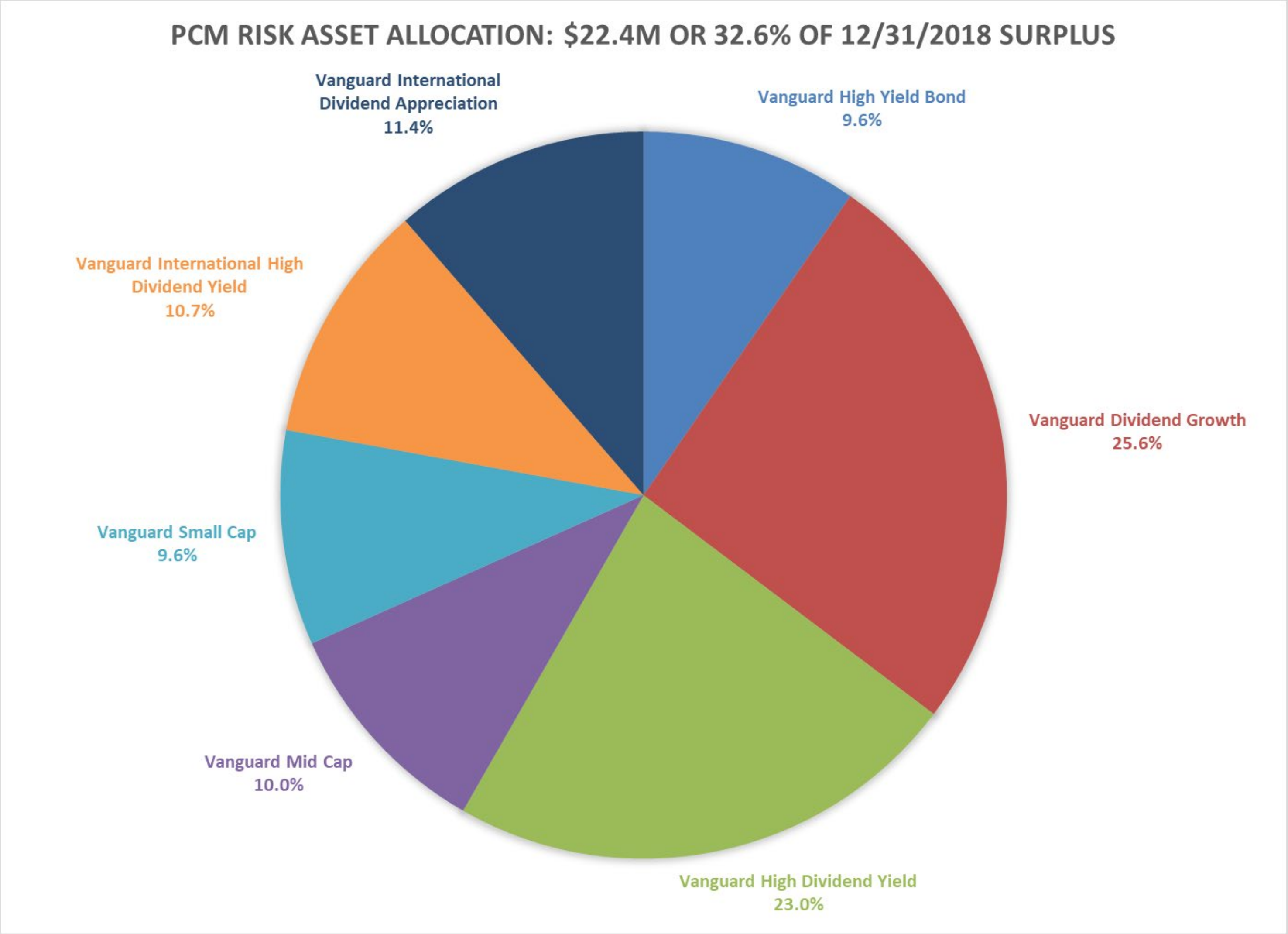
THE INSURANCE INVESTMENT SPECIALIST

PCM Risk Asset Allocation



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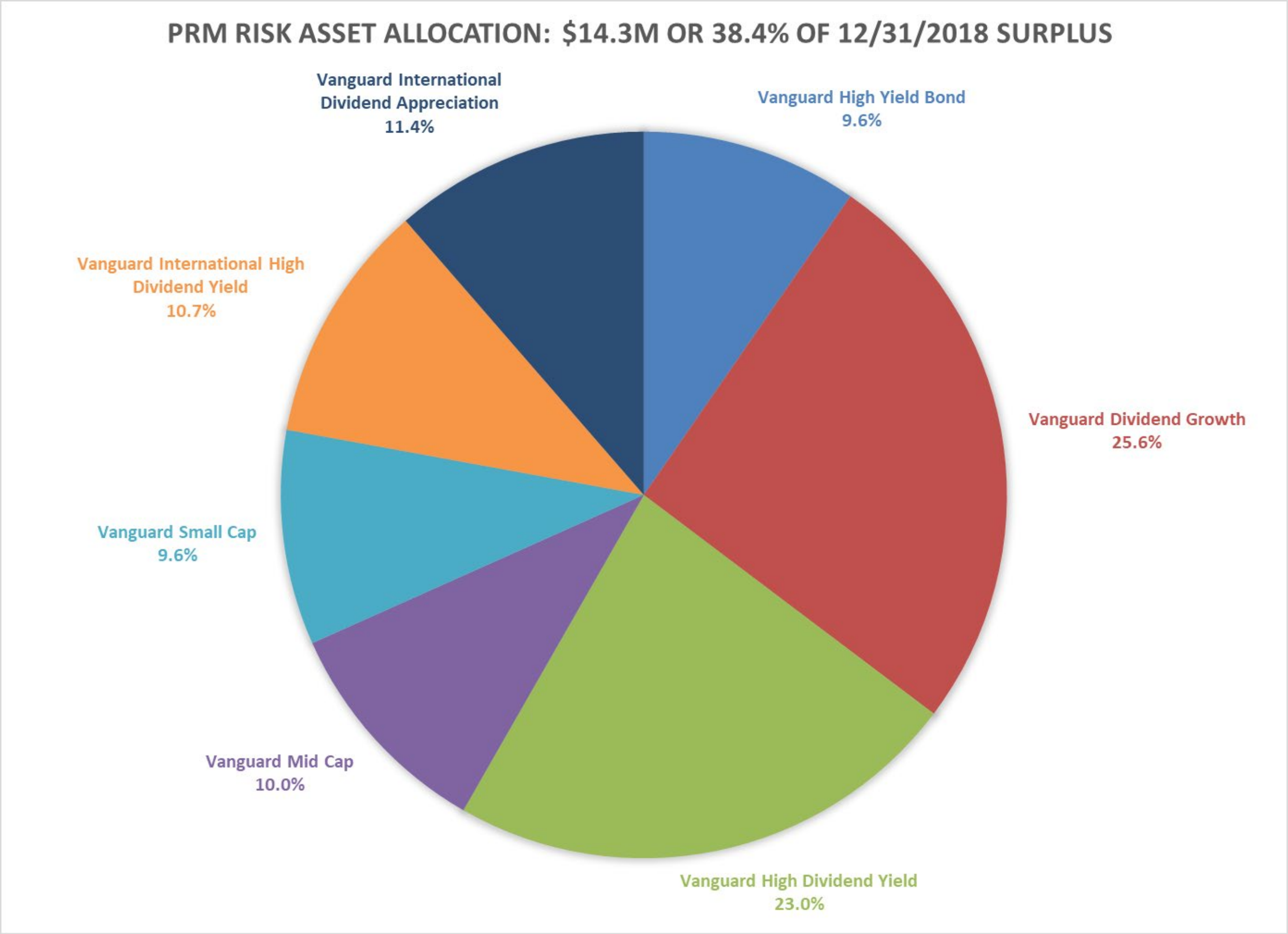
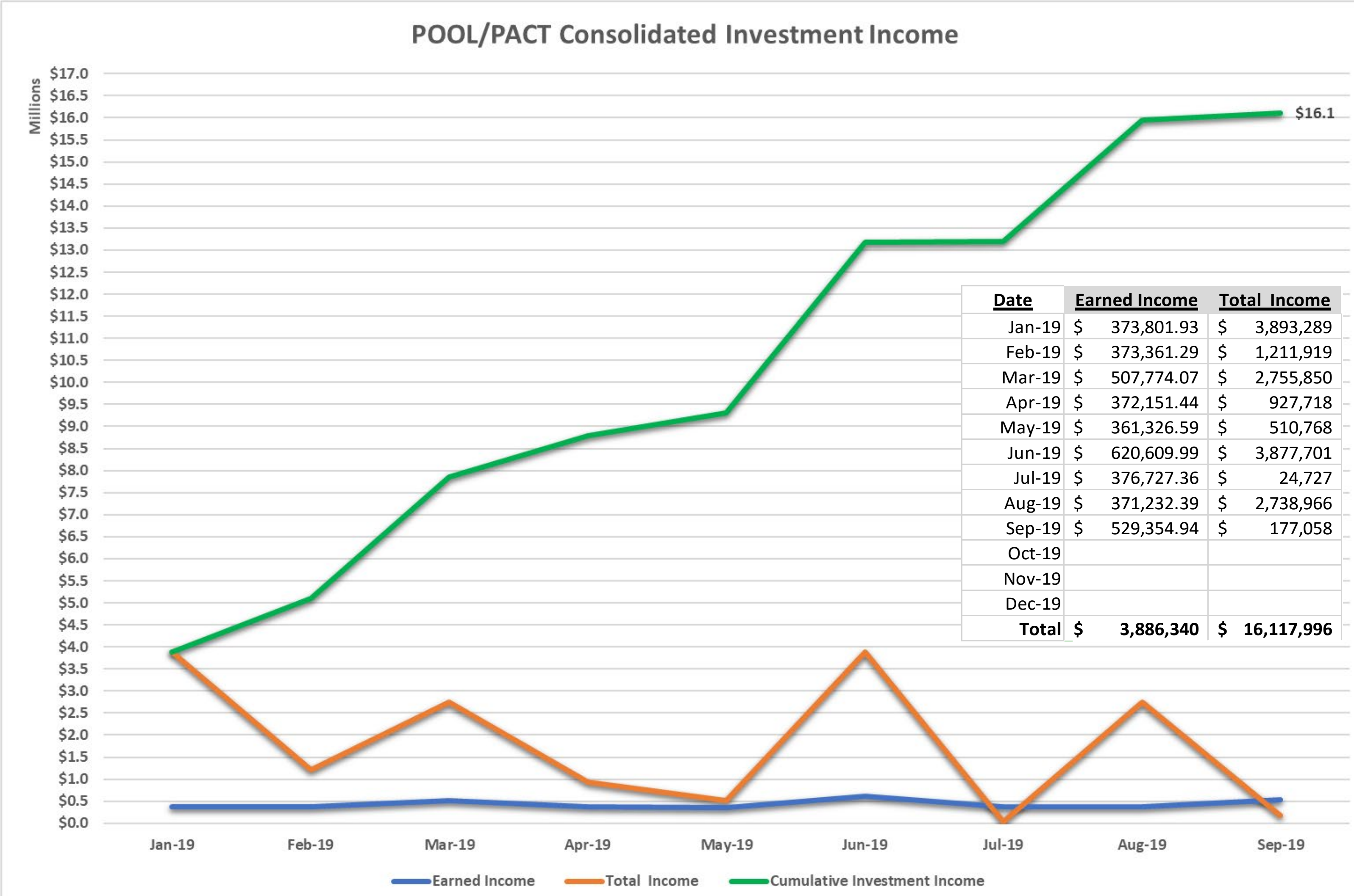
PRM Risk Asset Allocation



STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Comprehensive vs. Earned Investment Income



Date	Earned Income	Total Income
Jan-19	$ 373,801.93	$ 3,893,289
Feb-19	$ 373,361.29	$ 1,211,919
Mar-19	$ 507,774.07	$ 2,755,850
Apr-19	$ 372,151.44	$ 927,718
May-19	$ 361,326.59	$ 510,768
Jun-19	$ 620,609.99	$ 3,877,701
Jul-19	$ 376,727.36	$ 24,727
Aug-19	$ 371,232.39	$ 2,738,966
Sep-19	$ 529,354.94	$ 177,058
Oct-19		
Nov-19		
Dec-19		
Total	**$ 3,886,340**	**$ 16,117,996**

NPAIP
PACT

Investment Review
As of September 30, 2019

October 24, 2019

Presented By: Daniel Smereck
Managing Director

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.

STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Table of Contents

STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Summary Capital Market Commentary – 3rd Quarter 2019

- **GLOBAL FINANCIAL MARKETS**

  - **Slowing economic growth is no longer a forecast, it is a fact. Growth in the second quarter slowed to 2.3% year-over-year after averaging 2.9% in 2018. Moreover, recent data suggest growth will decelerate further in the third quarter to a more trend-like 2% pace. However, the U.S. economy is walking a tightrope. On one end, rising political uncertainty has caused business confidence to weaken, which may in turn slow hiring decisions; on the other, the cyclical sectors of the economy are relatively stable.**

    - Political uncertainty remains elevated and has caused businesses to slow investment spending given the unclear outlook. Even amidst the strong likelihood of further interest rate cuts from the Fed, companies will look more toward a resolution on trade, rather than cheaper financing, to reconsider spending plans. Further softening in business spending may lead to a weakening in hires. Importantly, hiring declines tend to precede recessions, while a surge in layoffs tends to happen after a recession has started, suggesting hiring declines may be a better forward-looking indicator for the economy.

  - **Global central banks have changed tack, moving away from tightening and toward easing monetary policy. The Federal Reserve (Fed) cut interest rates for the first time in a decade and appears to be on a path of easing. Yields have collapsed in recent months, as recession risks rise and fear about the global economy grows. In the developed international markets, the European Central Bank cut rates deeper into negative territory in September and resumed asset purchases, which it had only recently concluded at the end of 2018. The Bank of Japan maintains easy monetary policy. Globally, this has made the hunt for yield even more challenging.**

  - **In the third quarter of 2019, the trade dispute between the two largest economies in the world took many twists and turns, which has added further pressure on business confidence, raised concerns over global economic growth, and should lead to further volatility in equity markets.**

    - The negative effects of the trade dispute have been mainly felt in the manufacturing sector. Global manufacturing PMI is below 50, pointing that the sector is sinking. Meanwhile, the services sector is still in expansionary territory, for now, due to the strength of the consumer; especially the U.S. consumer.

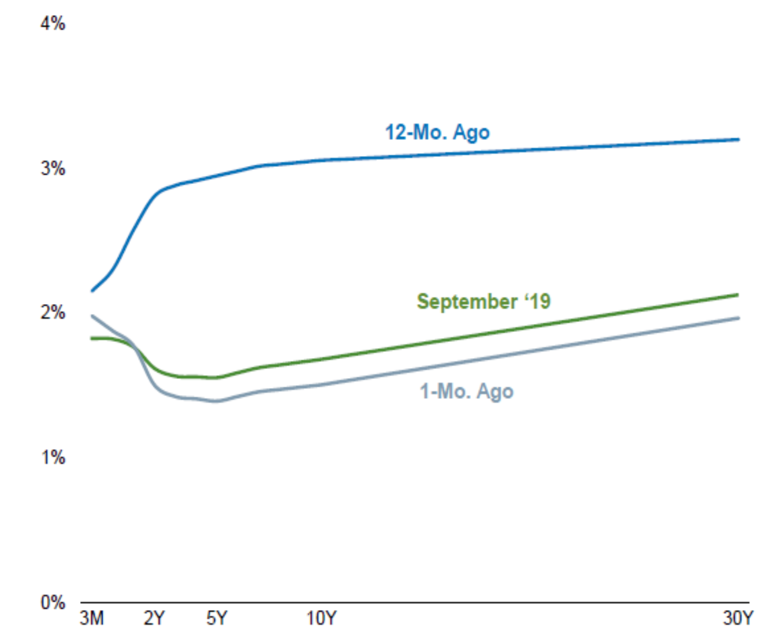
ECONOMIC BACKDROP

10 Year Treasury Rate – About face…

Treasury Yields

Fixed Income

U.S. Treasury yields



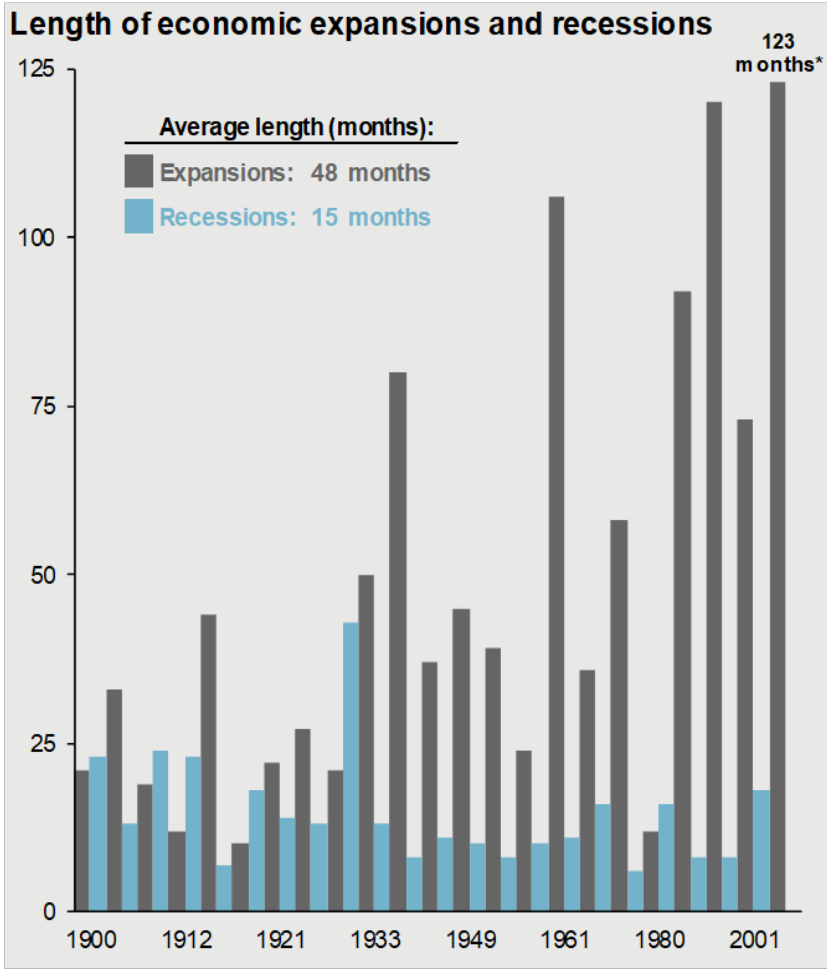
Yields & Performance

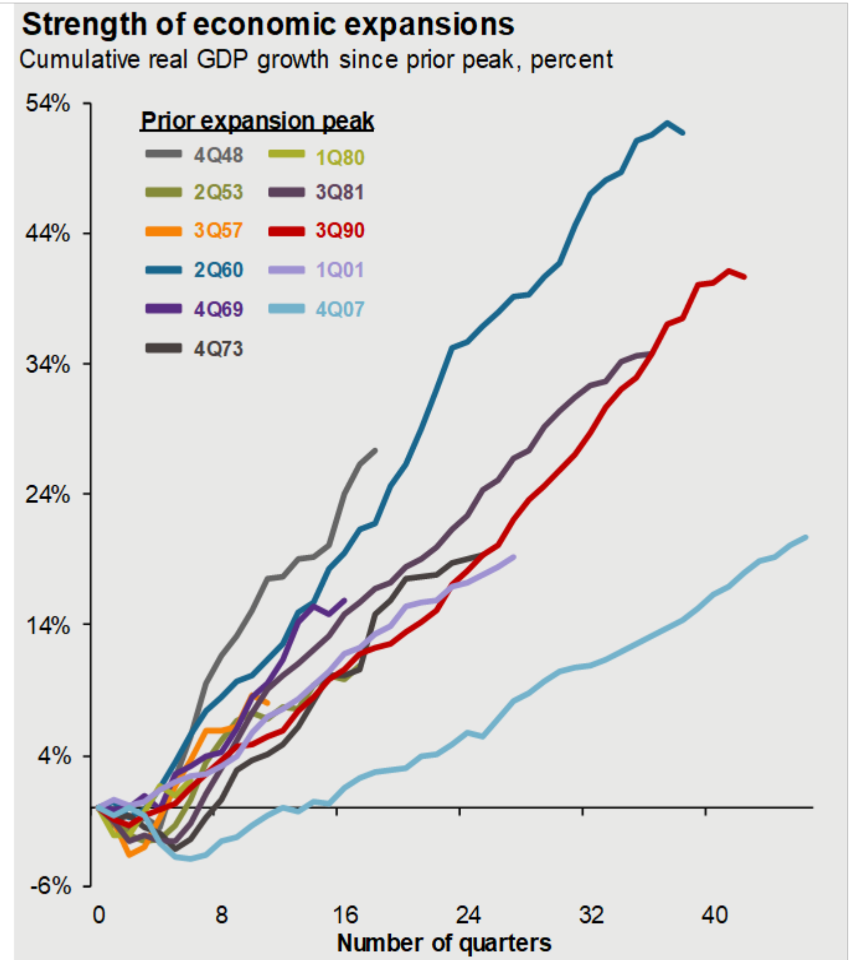
Security	Yield (%) Current	Yield (%) 1-Mo. Ago	Yield (%) 12-Mo. Ago	Total Return (%) 1-Mo.	Total Return (%) 12-Mo.
3-mo. Treasury	1.82	1.98	2.15	0.17	2.39
6-mo. Treasury	1.82	1.87	2.30	0.17	2.64
2-yr. Treasury	1.62	1.50	2.81	-0.13	4.37
3-yr. Treasury	1.56	1.42	2.88	-0.31	5.94
5-yr. Treasury	1.55	1.39	2.95	-0.62	9.16
10-yr. Treasury	1.68	1.50	3.05	-1.41	15.15
30-yr. Treasury	2.12	1.96	3.20	-3.08	27.40

Source: Factset, Morningstar as of 9/30/19. Data provided is for informational use only. Past Performance is not a reliable indicator of future results. See end of report for important additional information.

Source: Eaton Vance

Historical Economic Expansions



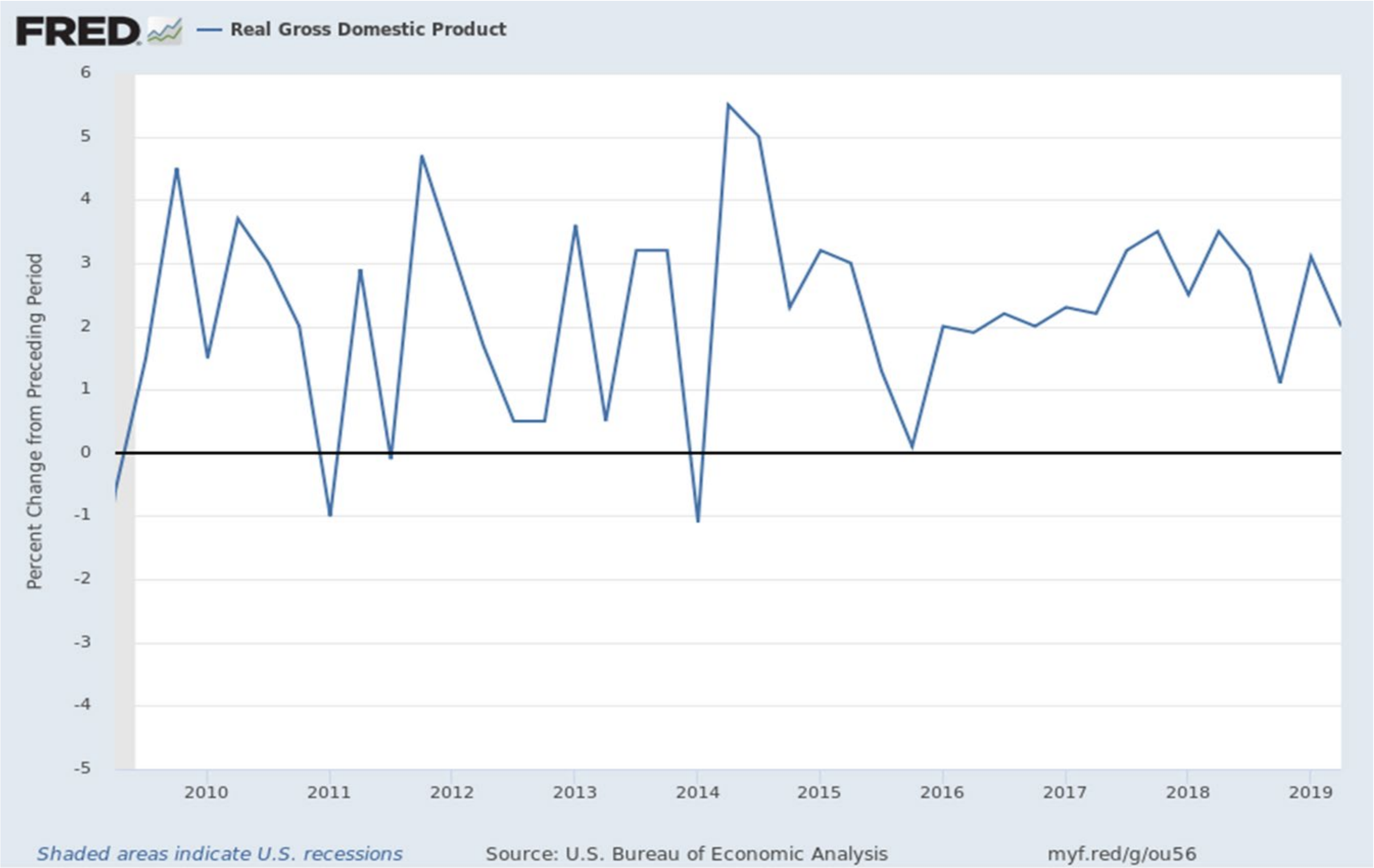


Slowest recovery but longest in history

Source: BEA, NBER, J.P. Morgan Asset Management. *Chart assumes current expansion started in July 2009 and continued through September 2019, lasting 123 months so far. Data for length of economic expansions and recessions obtained from the National Bureau of Economic Research (NBER). These data can be found at www.nber.org/cycles/ and reflect information through September 2019. Past performance is not a reliable indicator of current and future results.
Guide to the Markets – U.S. Data are as of September 30, 2019.

Source: JP Morgan

GDP Growth – More of the same or slowing?

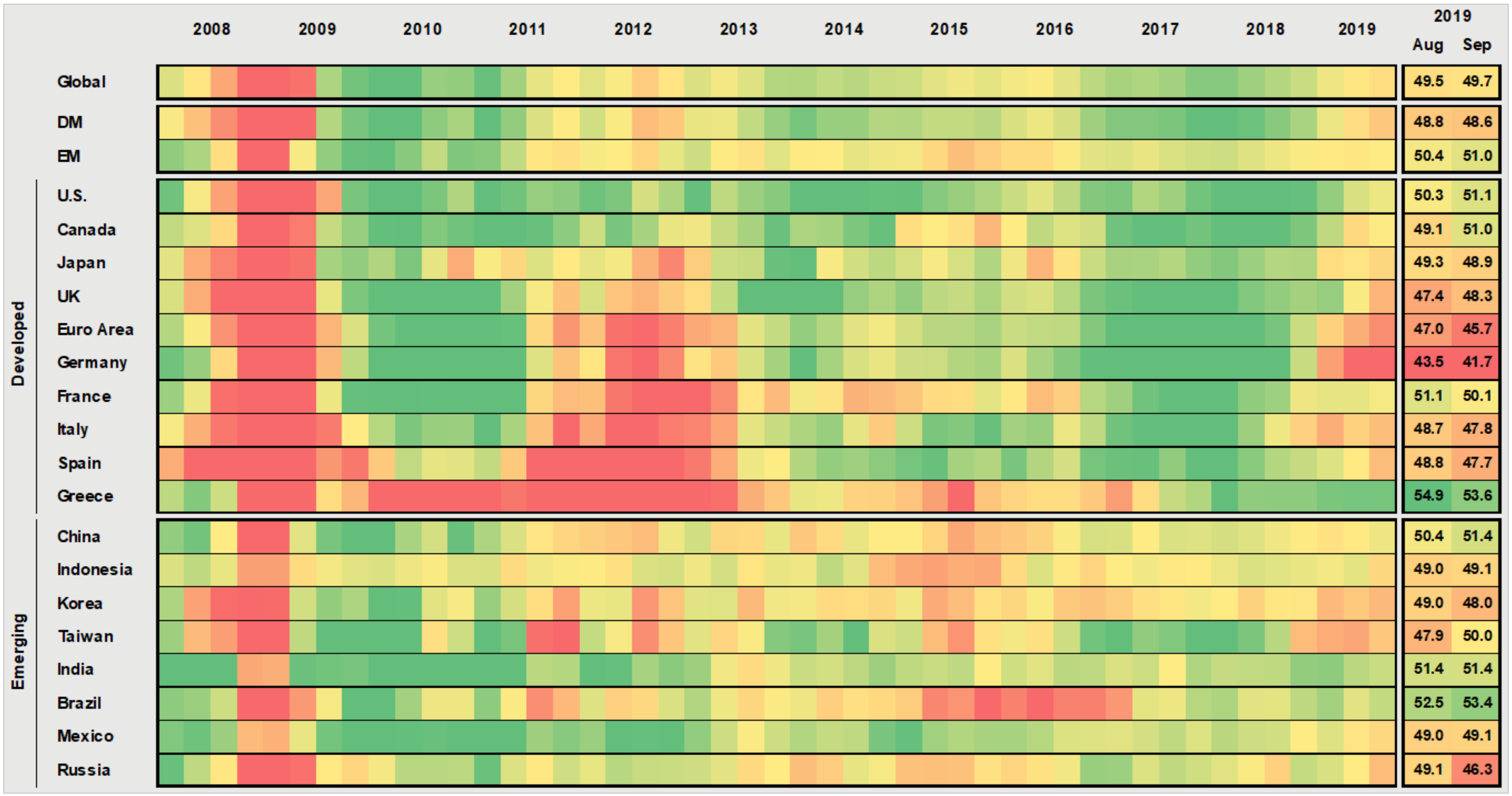


?

Source: St. Louis Federal Reserve - FRED

Global Manufacturing

Global Purchasing Managers' Index for manufacturing, quarterly



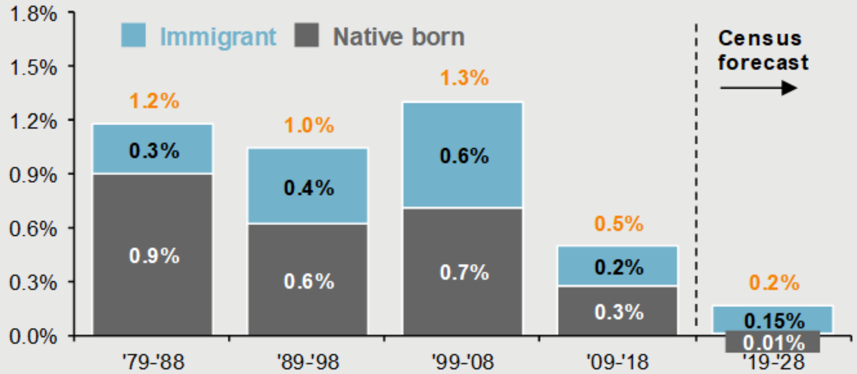
- Conditions not as favorable globally. The U.S. ISM Manufacturing index has dropped to 47.8, the lowest level in 10 years - trade issues may be flowing through…

Source: JP Morgan

Long-Term Drivers of GDP Growth

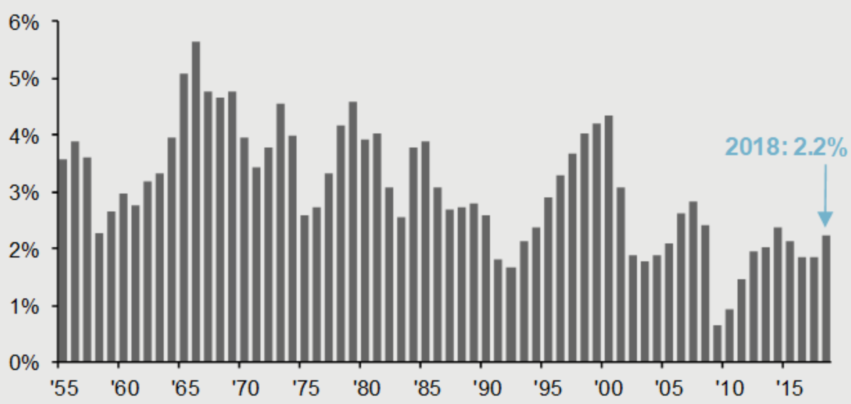
Growth in working-age population

Percent increase in civilian non-institutional population ages 16-64



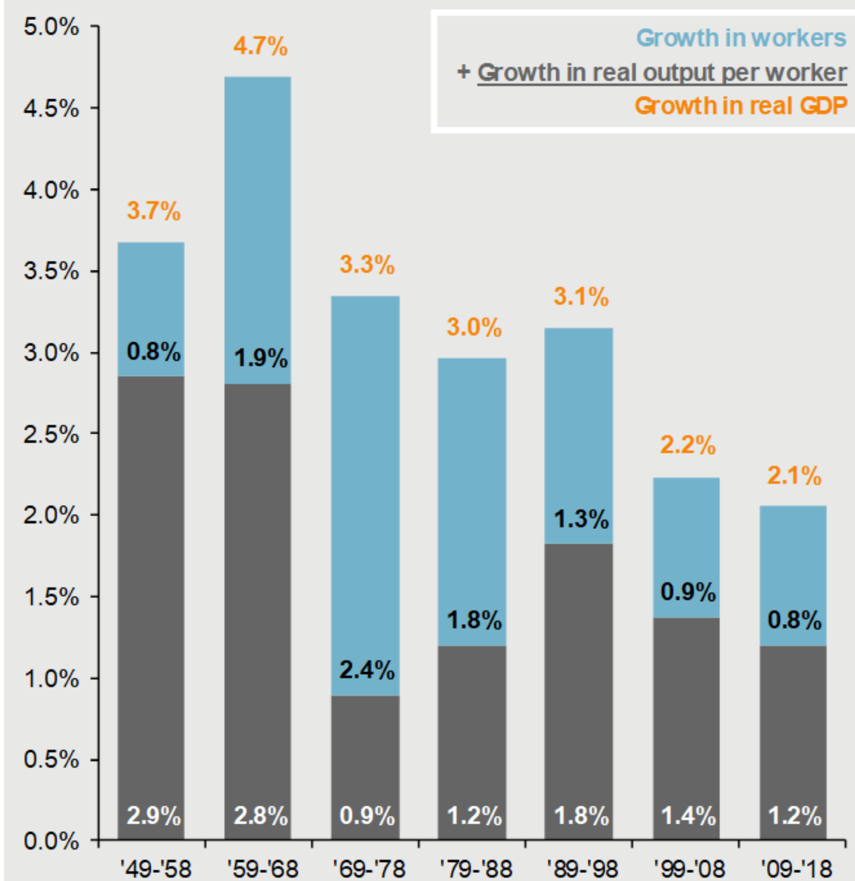
Growth in private non-residential capital stock

Non-residential fixed assets, year-over-year % change



Drivers of GDP growth

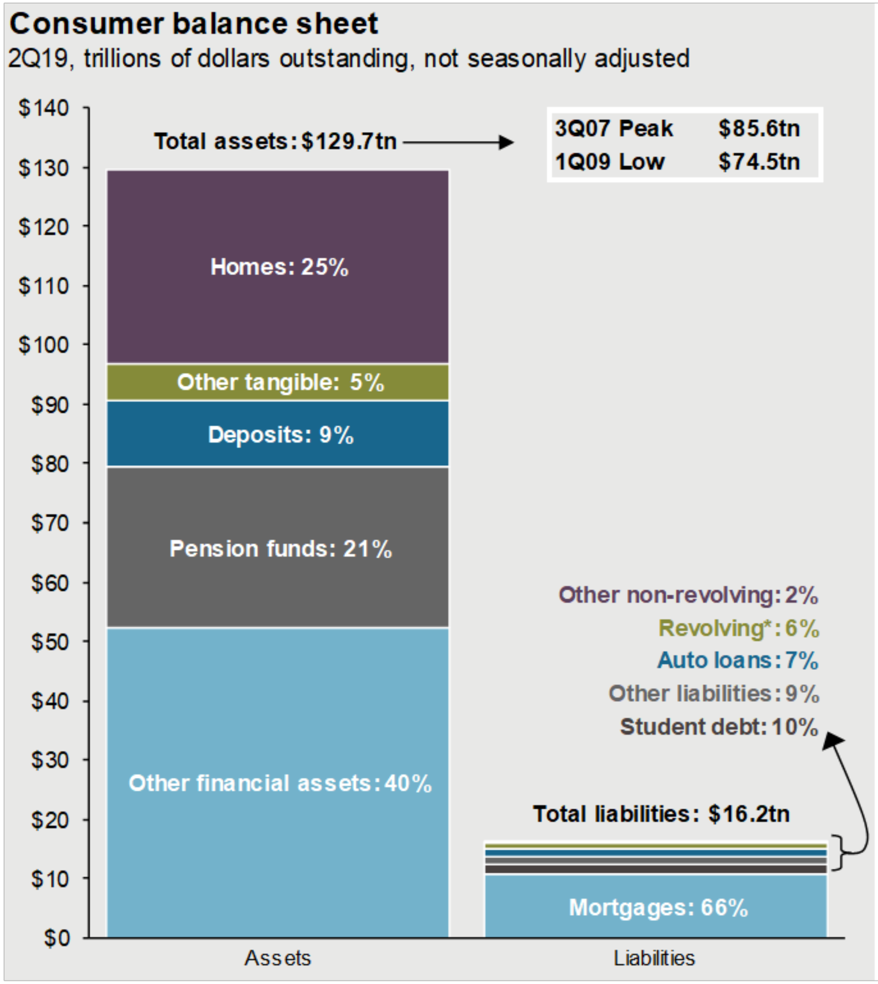
Average year-over-year % change

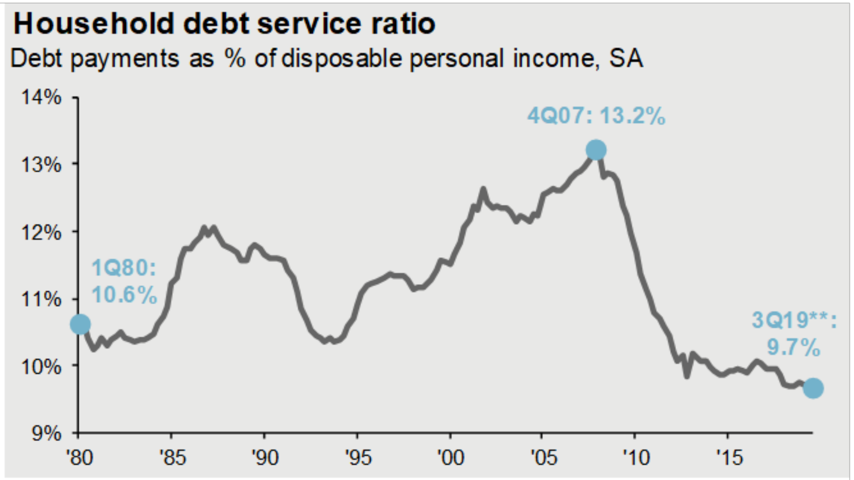


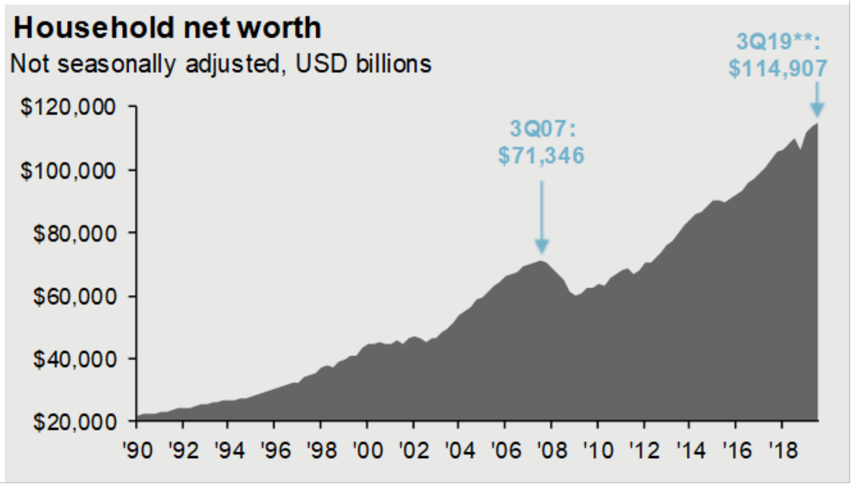
Source: J.P. Morgan Asset Management; (Top left) Census Bureau, DOD, DOJ; (Top left and right) BLS; (Right and bottom left) BEA.
GDP drivers are calculated as the average annualized growth in the 10 years ending in 4Q18. Future working-age population is calculated as the total estimated number of Americans from the Census Bureau, per the September 2018 report, controlled for military enrollment, growth in institutionalized population and demographic trends. Growth in working-age population does not include illegal immigration; DOD Troop Readiness reports used to estimate percent of population enlisted. Numbers may not sum due to rounding.
Guide to the Markets – U.S. Data are as of September 30, 2019.

Source: JP Morgan

GDP Growth & Components – Falls to the consumer….



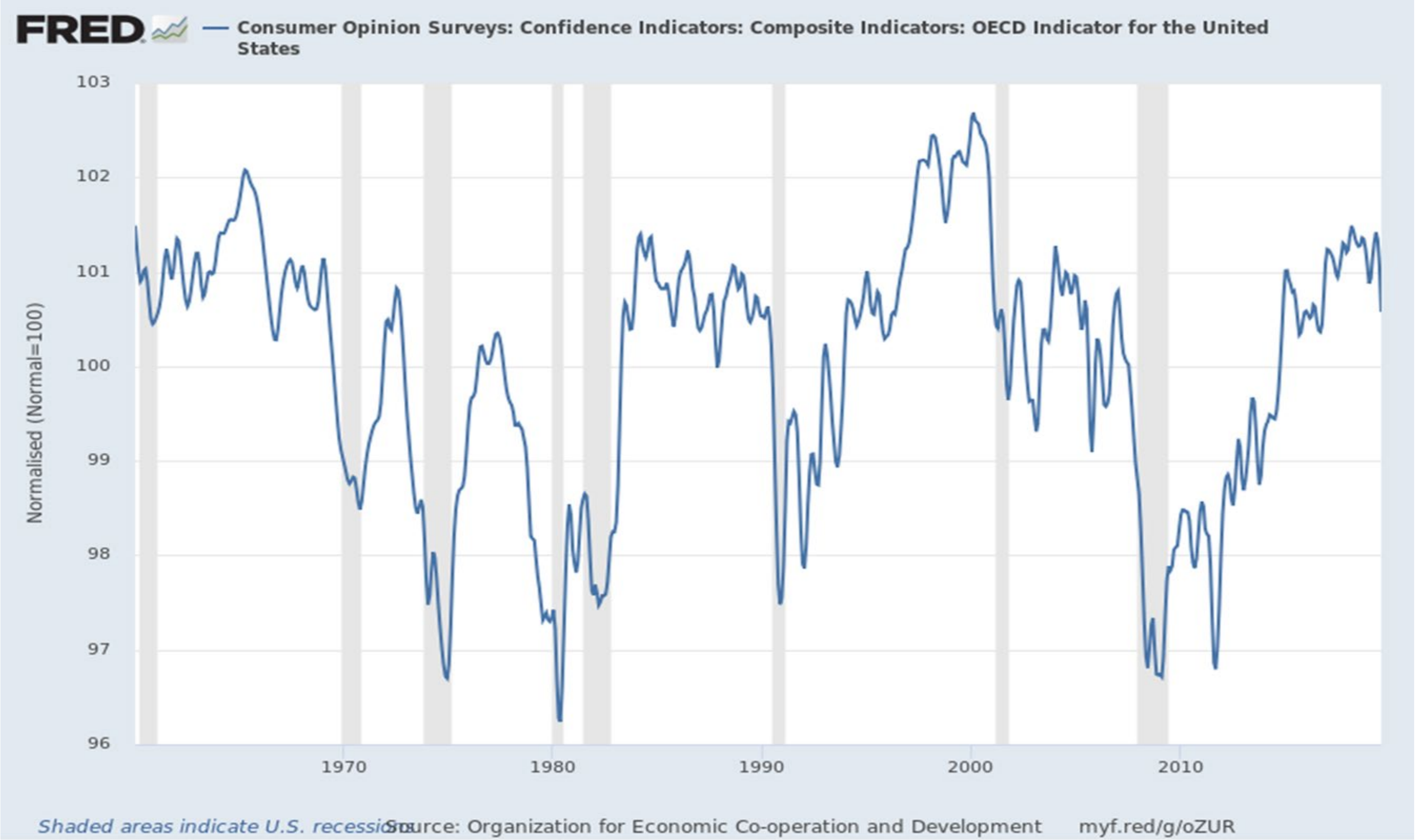




Source: FactSet, FRB, J.P. Morgan Asset Management; (Top and bottom right) BEA.
Data include households and nonprofit organizations. SA – seasonally adjusted. *Revolving includes credit cards. Values may not sum to 100% due to rounding. **3Q19 figures for debt service ratio and household net worth are J.P. Morgan Asset Management estimates.
Guide to the Markets – U.S. Data are as of September 30, 2019.

Source: JP Morgan

Consumer Confidence – A Key Component



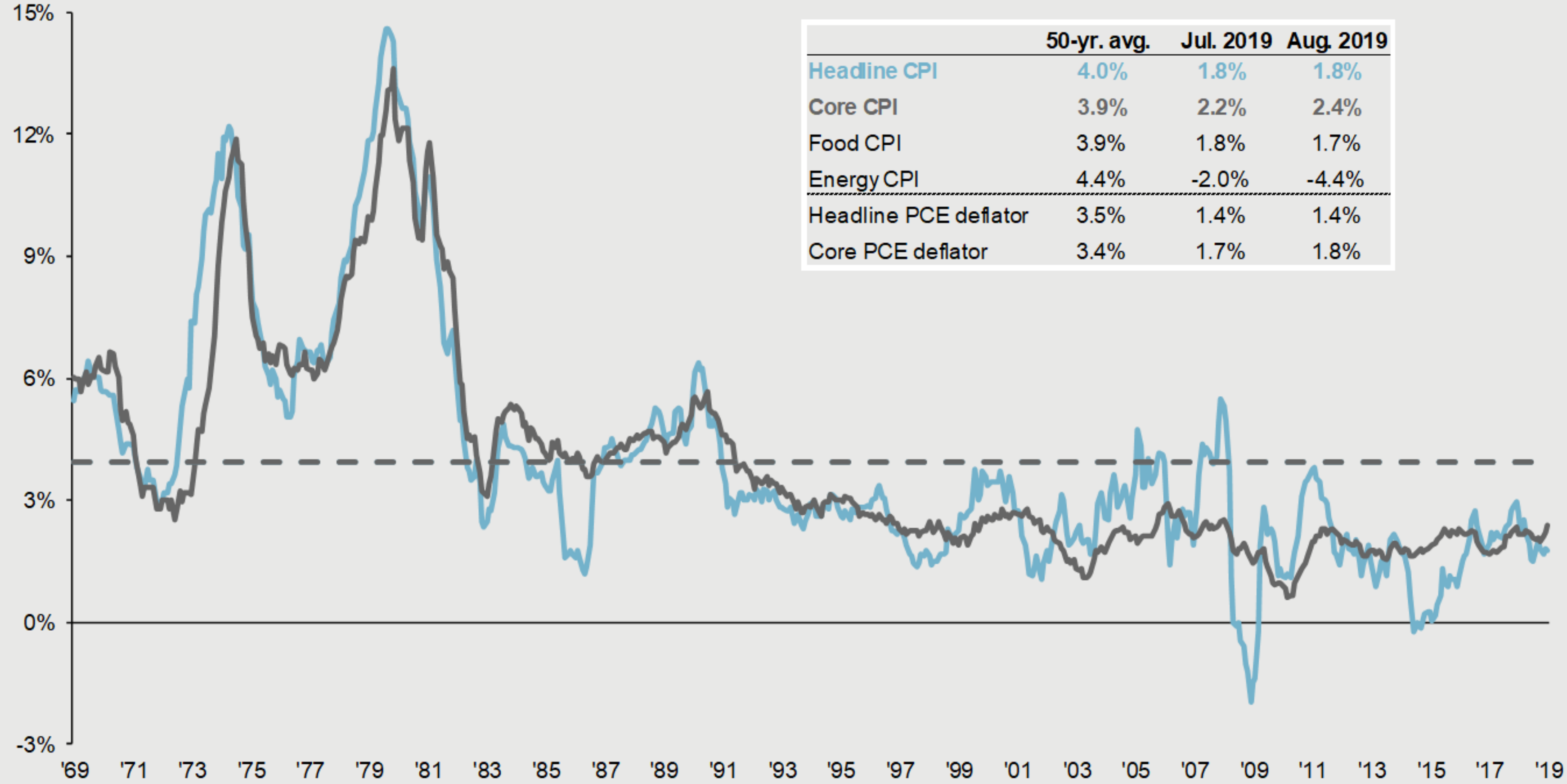
- Confidence has been strong the U.S. but uncertainty related to the trade wars, the election and other issues could take its toll.

Source: St. Louis Federal Reserve - FRED

Inflation – Still below the Fed's target

CPI and core CPI

% change vs. prior year, seasonally adjusted



	50-yr. avg.	Jul. 2019	Aug. 2019
Headline CPI	4.0%	1.8%	1.8%
Core CPI	3.9%	2.2%	2.4%
Food CPI	3.9%	1.8%	1.7%
Energy CPI	4.4%	-2.0%	-4.4%
Headline PCE deflator	3.5%	1.4%	1.4%
Core PCE deflator	3.4%	1.7%	1.8%

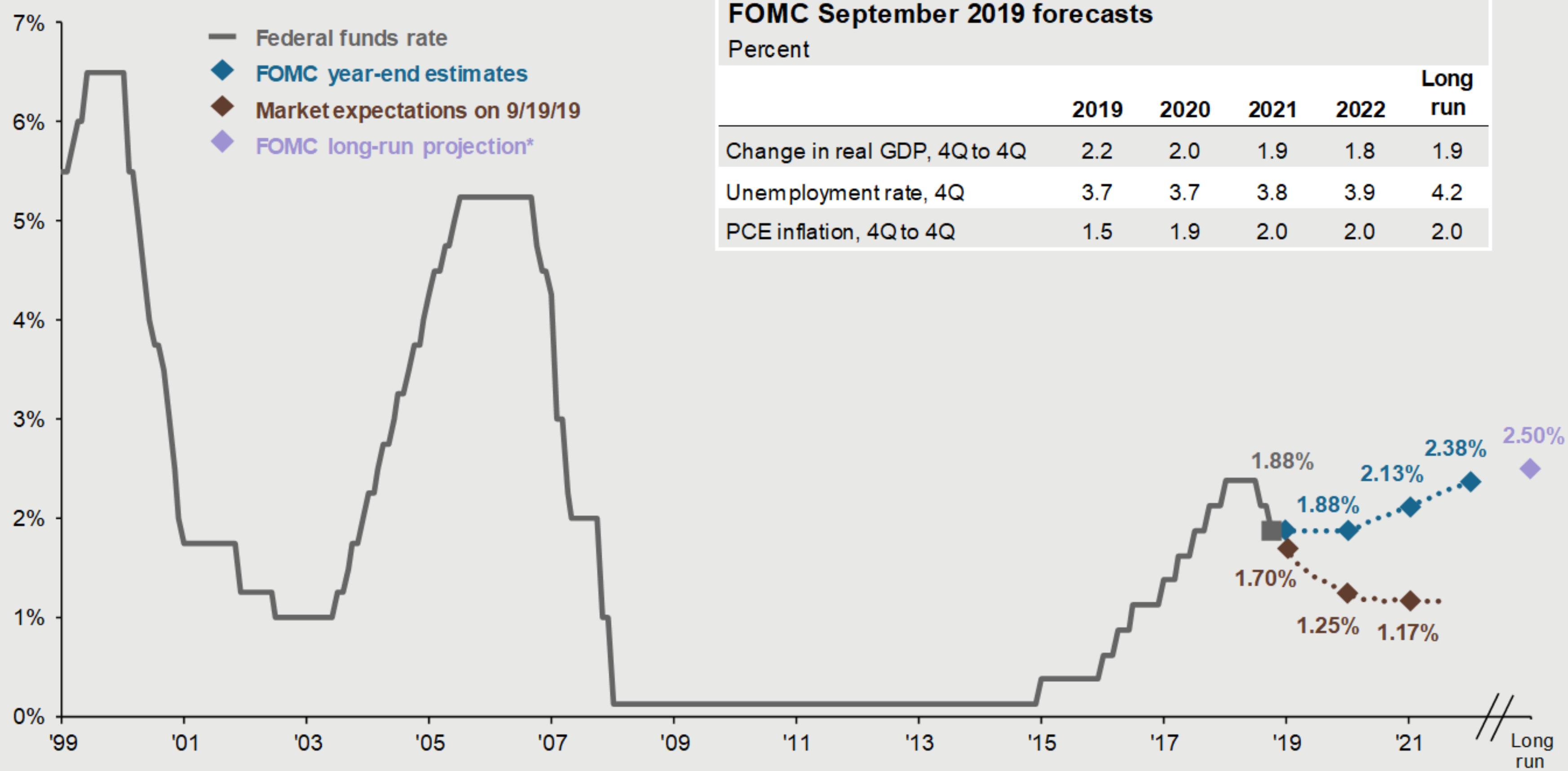
Source: BLS, FactSet, J.P. Morgan Asset Management.
CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations.
Guide to the Markets – U.S. Data are as of September 30, 2019.

Source: JP Morgan

FOMC Estimates – Complete Reversal

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



FOMC September 2019 forecasts

Percent

	2019	2020	2021	2022	Long run
Change in real GDP, 4Q to 4Q	2.2	2.0	1.9	1.8	1.9
Unemployment rate, 4Q	3.7	3.7	3.8	3.9	4.2
PCE inflation, 4Q to 4Q	1.5	1.9	2.0	2.0	2.0

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are the federal funds rates priced into the fed futures market as of the following date of the September 2019 FOMC meeting and are through August 2022. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy.
Guide to the Markets – U.S. Data are as of September 30, 2019.

Source: JP Morgan Asset Management

FINANCIAL MARKETS

Historical Asset Class Returns – Trailing Returns

Index	Asset Class	Jul-19	Aug-19	Sep-19	Q3'19	YTD	Trailing 1 Yr	Trailing 3 Yr	Trailing 5 Yr
Dow Jones U.S. Select REIT	U.S. Real Estate	1.60%	2.37%	2.71%	**6.83%**	24.64%	16.41%	6.48%	9.70%
10-Year US Treasury	U.S. Treasury	-0.01%	4.67%	-1.41%	**3.18%**	10.87%	15.15%	1.78%	3.37%
Barclays Capital U.S. Corporate Investment Grade	U.S. Fixed Income	0.56%	3.14%	-0.65%	**3.05%**	13.20%	13.00%	4.50%	4.72%
Barclays U.S. Government/Credit	U.S. Fixed Income	0.15%	3.26%	-0.76%	**2.64%**	9.72%	11.32%	3.16%	3.61%
S&P Composite 1500 Value	U.S. Equity	1.70%	-2.85%	3.88%	**2.63%**	19.70%	4.52%	10.38%	8.46%
Merrill Lynch US Treasury Master	U.S. Fixed Income	-0.10%	3.55%	-0.90%	**2.51%**	7.95%	10.75%	2.30%	3.06%
Barclays Capital U.S. Aggregate	U.S. Fixed Income	0.22%	2.59%	-0.53%	**2.27%**	8.52%	10.30%	2.92%	3.38%
Dow Jones Industrial Average	U.S. Equity	1.12%	-1.32%	2.05%	**1.83%**	17.51%	4.21%	16.44%	12.28%
S&P 500	U.S. Equity	1.44%	-1.58%	1.87%	**1.70%**	20.55%	4.25%	13.39%	10.84%
Barclays Capital Municipal Bond	U.S. Fixed Income	0.81%	1.58%	-0.80%	**1.58%**	6.75%	8.55%	3.19%	3.66%
S&P Composite 1500	U.S. Equity	1.41%	-1.83%	1.98%	**1.53%**	20.18%	3.39%	13.01%	10.69%
Barclays Intermediate U.S. Government/Credit	U.S. Fixed Income	-0.03%	1.77%	-0.36%	**1.37%**	6.41%	8.17%	2.40%	2.68%
5-Year US Treasury	U.S. Treasury	-0.26%	2.26%	-0.62%	**1.36%**	6.16%	9.16%	1.60%	2.28%
Barclays U.S. Treasury: U.S. TIPS	U.S. Fixed Income	0.36%	2.38%	-1.36%	**1.35%**	7.58%	7.13%	2.21%	2.45%
Barclays Capital U.S. Corporate High Yield	U.S. Fixed Income	0.56%	0.40%	0.36%	**1.33%**	11.41%	6.36%	6.07%	5.37%
S&P/LSTA US Leveraged Loan Index	U.S. Fixed Income	0.80%	-0.27%	0.47%	**0.99%**	6.79%	3.10%	4.53%	3.98%
Citigroup WorldBIG Index	World Fixed Income	-0.27%	2.13%	-1.03%	**0.81%**	6.50%	7.67%	1.77%	2.02%
MSCI World Index	World Equity	0.52%	-2.00%	2.18%	**0.66%**	18.15%	2.42%	10.82%	7.79%
S&P Composite 1500 Growth	U.S. Equity	1.16%	-0.94%	0.36%	**0.58%**	20.63%	2.50%	15.22%	12.58%
Citigroup 3-month T-bill	Cash/Cash Equivalent	0.20%	0.19%	0.17%	**0.56%**	1.78%	2.36%	1.52%	0.96%
BofA Merrill Lynch US Convertibles	U.S. Convertible Bond	1.70%	-1.23%	-0.29%	**0.15%**	14.59%	3.92%	10.04%	7.27%
S&P MidCap 400	U.S. Equity	1.19%	-4.19%	3.06%	**-0.09%**	17.87%	-2.49%	9.38%	8.88%
S&P SmallCap 600	U.S. Equity	1.14%	-4.51%	3.34%	**-0.20%**	13.46%	-9.34%	9.33%	9.89%
MSCI World Ex. US Index	World Equity	-1.19%	-2.44%	2.86%	**-0.85%**	14.13%	-0.40%	7.04%	3.59%
MSCI EAFE Index	International Equity	-1.26%	-2.58%	2.92%	**-1.00%**	13.35%	-0.82%	7.01%	3.77%
MSCI EAFE (Net)	International Equity	-1.27%	-2.59%	2.87%	**-1.07%**	12.80%	-1.34%	6.48%	3.27%
MSCI EM (Emerging Markets)	International Equity	-1.14%	-4.85%	1.94%	**-4.11%**	6.23%	-1.63%	6.37%	2.71%
S&P GSCI Commodities	U.S. Equity	-0.21%	-5.62%	1.75%	**-4.18%**	8.61%	-16.31%	1.54%	-11.74%
Alerian MLP	Master Limited Partnerships	-0.19%	-5.51%	0.71%	**-5.02%**	11.08%	-8.13%	-2.46%	-8.65%
S&P GSCI Crude Oil	U.S. Equity	0.22%	-5.66%	-1.57%	**-6.93%**	18.15%	-26.67%	1.43%	-19.42%

- Indices sorted high/low by Q3/2019 performance.

STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

The information contained herein has been obtained from sources believed to be reliable, but the accuracy of the information cannot be guaranteed.

Source: Zephyr StyleAdvisor

Historical Asset Class Returns – Calendar Year

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	2004 - 2018 Ann.	Vol.
REITs 31.6%	EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	REITs 28.5%	REITs 8.5%	REITs 22.4%
EM Equity 26.0%	Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	Large Cap 20.6%	EM Equity 8.3%	EM Equity 22.1%
DM Equity 20.7%	DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 14.2%	Large Cap 7.8%	Small Cap 18.6%
Small Cap 18.3%	REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 13.3%	Small Cap 7.5%	Comdty. 18.6%
High Yield 13.2%	Asset Alloc. 8.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 13.1%	High Yield 7.3%	DM Equity 17.6%
Asset Alloc. 12.8%	Large Cap 4.9%	Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 26.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	High Yield 8.8%	Asset Alloc. 6.2%	Large Cap 14.5%
Large Cap 10.9%	Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	Fixed Income 8.5%	DM Equity 5.2%	High Yield 11.0%
Comdty. 9.1%	High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	EM Equity 6.2%	Fixed Income 3.9%	Asset Alloc. 10.3%
Fixed Income 4.3%	Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 3.1%	Cash 1.3%	Fixed Income 3.3%
Cash 1.2%	Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 1.8%	Comdty. -2.5%	Cash 0.8%

The information contained herein has been obtained from sources believed to be reliable, but the accuracy of the information cannot be guaranteed.

Source: JP Morgan

CONSOLIDATED ALL PROGRAMS

Consolidated All Programs

					Annualized						
Portfolio	Market Value	% of MV	Q3-2019	YTD	1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	Inception Date
POOL/PRM:											
POOL NEAM - Core Fixed Income[1]	**$26,806,590**	**12.6%**	**0.98%**	**4.47%**	**6.38%**	**2.74%**	**1.84%**	**2.24%**	**2.46%**	**4.45%**	**Jul-91**
Custom Benchmark			1.24%	5.36%	7.48%	3.20%	1.98%	2.31%	2.40%	4.85%	
Relative Performance			▼ -0.26%	▼ -0.89%	▼ -1.10%	▼ -0.46%	▼ -0.14%	▼ -0.07%	▲ 0.06%	▼ -0.40%	
Consolidated PRM Portfolio	**$45,691,292**	**21.5%**	**1.60%**	**11.47%**	**8.43%**	**5.38%**	**5.16%**	**4.59%**	**N/A**	**4.84%**	**Jul-13**
Benchmark[3]			1.81%	11.71%	8.30%	5.59%	5.51%	5.02%	N/A	5.67%	
Relative Performance			▼ -0.21%	▼ -0.24%	▲ 0.13%	▼ -0.21%	▼ -0.35%	▼ -0.43%	N/A	▼ -0.83%	
Consolidated Pool/PRM Portfolios	**$72,497,882**	**34.1%**	**1.41%**	**8.96%**	**7.57%**	**4.35%**	**3.69%**	**3.50%**	**N/A**	**3.27%**	**Apr-14**
Custom Benchmark			1.64%	9.45%	7.87%	4.63%	3.91%	3.72%	N/A	3.72%	
Relative Performance			▼ -0.23%	▼ -0.49%	▼ -0.30%	▼ -0.28%	▼ -0.22%	▼ -0.22%	N/A	▼ -0.45%	
PACT/PCM:											
PACT NEAM - Core Fixed Income[1]	**$56,357,755**	**26.5%**	**1.19%**	**4.83%**	**6.88%**	**3.05%**	**2.04%**	**2.24%**	**2.42%**	**4.01%**	**Jul-96**
Custom Benchmark			1.24%	5.36%	7.48%	3.20%	1.98%	2.31%	2.40%	4.36%	
Relative Performance			▼ -0.05%	▼ -0.53%	▼ -0.60%	▼ -0.15%	▲ 0.06%	▼ -0.07%	▲ 0.02%	▼ -0.35%	
Consolidated PCM Portfolio	**$82,647,305**	**38.9%**	**1.66%**	**10.99%**	**8.86%**	**5.26%**	**4.99%**	**4.11%**	**N/A**	**4.07%**	**Apr-13**
Benchmark[3]			1.90%	11.14%	8.65%	5.43%	5.40%	5.09%	N/A	6.33%	
Relative Performance			▼ -0.24%	▼ -0.15%	▲ 0.21%	▼ -0.17%	▼ -0.41%	▼ -0.98%	N/A	▼ -2.26%	
Consolidated PACT/PCM Portfolios	**$139,005,060**	**65.4%**	**1.46%**	**8.36%**	**8.05%**	**4.25%**	**3.42%**	**3.07%**	**N/A**	**2.93%**	**Apr-14**
Custom Benchmark			1.62%	8.68%	8.20%	4.39%	3.54%	3.52%	N/A	3.59%	
Relative Performance			▼ -0.16%	▼ -0.32%	▼ -0.15%	▼ -0.14%	▼ -0.12%	▼ -0.45%	N/A	▼ -0.66%	
Pooling Resources, Inc.											
PRI NEAM - Core Fixed Income[1]	**$1,021,202**	**0.5%**	**0.54%**	**2.10%**	**2.91%**	**1.93%**	**1.45%**	**1.28%**	**N/A**	**0.99%**	**Jul-11**
Custom Benchmark			2.21%	8.86%	10.27%	4.51%	3.42%	3.04%	N/A	2.06%	
Relative Performance			▼ -1.67%	▼ -6.76%	▼ -7.36%	▼ -2.58%	▼ -1.97%	▼ -1.76%	N/A	▼ -1.07%	
Consolidated All Programs:											
Consolidated All Programs	**$212,524,144**	**100.0%**	**1.44%**	**8.54%**	**7.88%**	**4.29%**	**3.51%**	**3.22%**	**N/A**	**3.05%**	**Apr-14**
Custom Benchmark			1.63%	8.93%	8.10%	4.46%	3.66%	3.58%	N/A	3.62%	
Relative Performance			▼ *-0.19%*	▼ *-0.39%*	▼ *-0.22%*	▼ *-0.17%*	▼ *-0.15%*	▼ *-0.36%*	*N/A*	▼ *-0.57%*	

Notes:
1) NEAM replaced EAM as fixed income manager 1/1/2016.
2) POOL & PACT Fixed Income BM, effective Jan 2017: 60% ICE BofAML US Treasury/Agencies: 1-10 Yrs, 30% ICE BofAML Mortgage Master Index and 10% ICE BofAML US Corporates A-AAA: 1-5 Yrs.
3) PCM & PRM Fixed Income BM, effective Jan 2017: 40% ICE BofAML US Corporates A-AAA, 30% ICE BofAML Mortgage Master Index, 10% ICE BofAML US Corporates BBB: 1-10 Yrs, 10% ICE BofAML US Treasury/Agencies, 5%, ICE BofAML Asset-Backed Master Index AAA and 5% ICE BofAML CMBS Fixed Rate AAA.
4) PCM & PRM Risk Asset BM: 55% S&P 500 / 35% Barclays Int. Gov/Credit / 10% 90 day T-Bill to 3/2015; market-weighted by fund/ETF BM thereafter.
5) Consolidated portfolio BM: Market-weighted benchmark using fixed income and risk asset benchmarks.
-- All returns net of fees
-- Fixed Income Market values include accrued income
-- For each measurement period , Green indicates outperformance, and Red indicates underperformance

STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

NEVADA PUBLIC AGENCY INSURANCE POOL

POOL - Performance Summary

					Annualized						
Portfolio	Market Value	% of MV	Q3-2019	YTD	1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	Inception Date
POOL											
NEAM - Fixed Income[1]	**$26,806,590**	**100.0%**	**0.98%**	**4.47%**	**6.38%**	**2.74%**	**1.84%**	**2.24%**	**2.46%**	**4.45%**	**Jul-91**
Custom Benchmark			1.24%	5.36%	7.48%	3.20%	1.98%	2.31%	2.40%	4.85%	
Relative Performance			▼ *-0.26%*	▼ *-0.89%*	▼ *-1.10%*	▼ *-0.46%*	▼ *-0.14%*	▼ *-0.07%*	▲ *0.06%*	▼ *-0.40%*	
Key Market Indices											
Barclays U.S. Aggregate			2.27%	8.52%	10.30%	4.38%	2.92%	3.38%	3.75%		
Barclays Intermediate U.S. Government/Credit			1.37%	6.41%	8.17%	3.50%	2.40%	2.68%	3.05%		
Barclays U.S. Corporate Investment Grade			3.05%	13.20%	13.00%	5.67%	4.50%	4.72%	5.56%		

Notes:
1) NEAM replaced EAM as fixed income manager 1/1/2016.
2) Blended BM of 55% S&P 500 / 35% Barclays Int. Gov/Credit / 10% 90 day T-Bill to 3/2015; market-weighted by fund/ETF BM to 9/30/2017; thereafter policy-weighted targets.
3) Market-weighted benchmark using fixed income and risk asset benchmarks.
-- All returns net of fees
-- Fixed Income Market values include accrued income
-- For each measurement period , Green indicates outperformance, and Red indicates underperformance

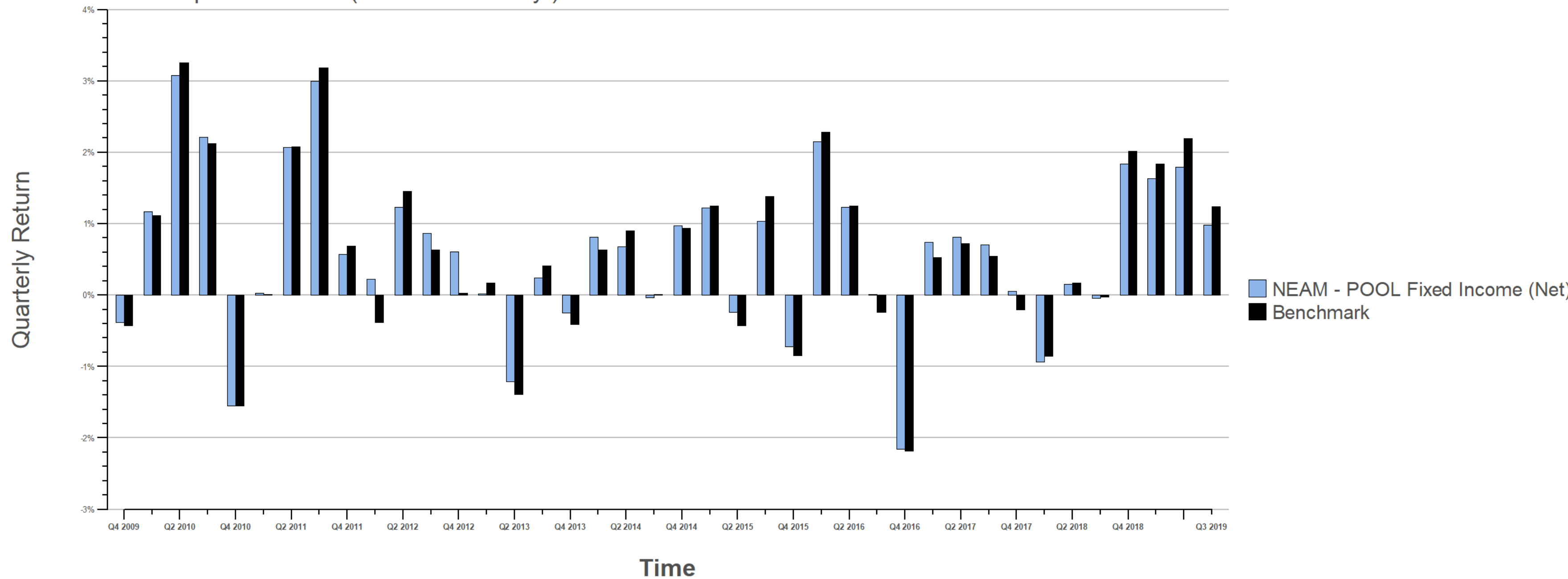
3rd Quarter Market Issues & Performance Drivers:

- **FIXED INCOME** – Government bond yields declined markedly over the quarter due to risk aversion in August when US-China trade tensions escalated. The US 10-year Treasury yield was over 30 basis points (bps) lower, finishing the quarter at 1.67%. Corporate bonds outperformed government bonds. They benefited from the decline in global yields and more recently an improvement in risk sentiment. Investment grade corporate bonds outperformed the riskier high yield part of the market.

Quarterly Return Profile – Latest 10 Years

Quarterly Return / Time

October 2009 - September 2019 (Shown Quarterly)



Custom Table

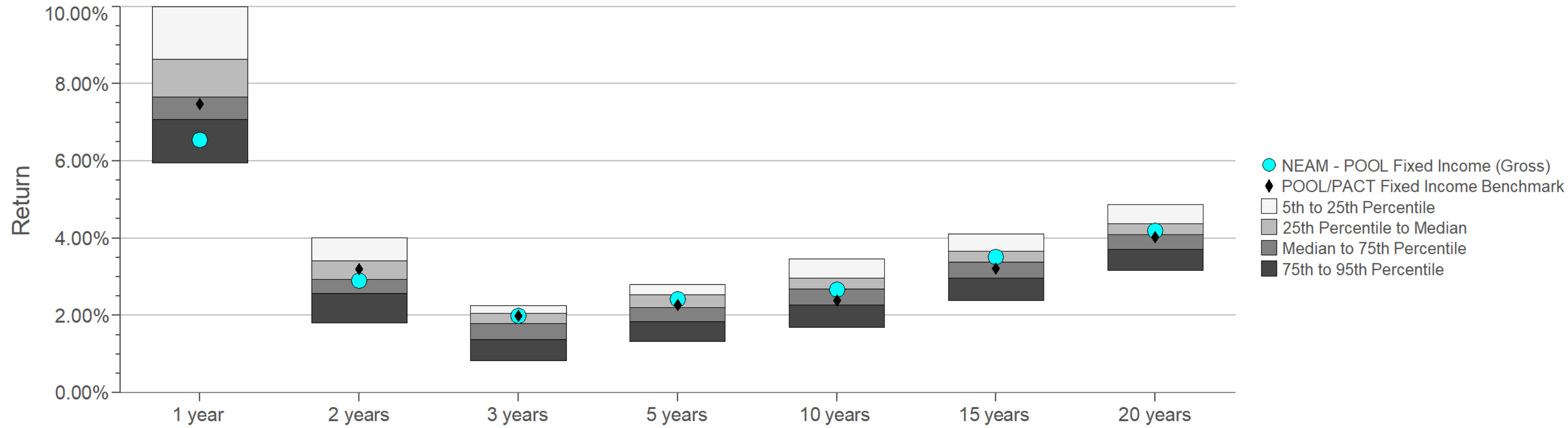
October 2009 - September 2019: Summary Statistics

	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
NEAM - POOL Fixed (Net)	2.46%	2.26%	0.86	10	-0.75%	30	1.07%	-2.16%	0.13	0.26%	0.91
Benchmark	2.40%	2.44%	0.77	12	-0.74%	28	1.18%	-2.42%	0.00	0.00%	1.00

STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Performance Peer Analysis

POOL Fixed Income Portfolio vs Morningstar Intermediate Government: Return
July 1991 - September 2019 (not annualized if less than 1 year)



Manager vs Morningstar Intermediate Government: Return
July 1991 - September 2019 (not annualized if less than 1 year)

	1 year 226 mng	2 years 225 mng	3 years 225 mng	5 years 223 mng	10 years 196 mng	15 years 194 mng	20 years 184 mng
5th Percentile	9.99%	4.01%	2.25%	2.80%	3.46%	4.10%	4.87%
Median	7.67%	2.94%	1.79%	2.21%	2.69%	3.38%	4.09%
95th Percentile	5.94%	1.80%	0.83%	1.32%	1.69%	2.39%	3.17%
NEAM - POOL Fixed Income (Gross)	6.54%	2.90%	2.00%	2.43%	2.67%	3.51%	4.20%
POOL/PACT Fixed Income Benchmark	7.48%	3.20%	1.98%	2.28%	2.39%	3.21%	4.03%

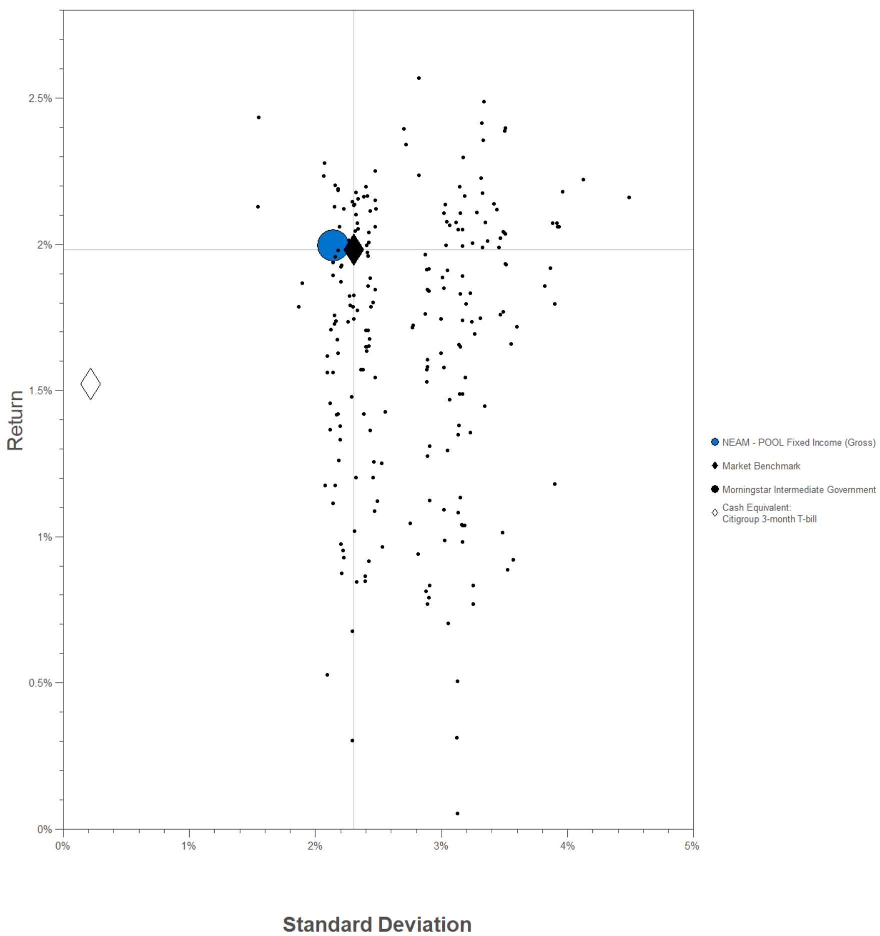
Manager vs Morningstar Intermediate Government: Return Rank
July 1991 - September 2019 (not annualized if less than 1 year)

	1 year 226 mng	2 years 225 mng	3 years 225 mng	5 years 223 mng	10 years 196 mng	15 years 194 mng	20 years 184 mng
NEAM - POOL Fixed Income (Gross)	89.53%	51.50%	31.88%	32.17%	51.69%	37.69%	41.72%
POOL/PACT Fixed Income Benchmark	58.15%	31.58%	33.72%	45.63%	70.16%	62.13%	54.97%

Performance Risk/Reward Analysis

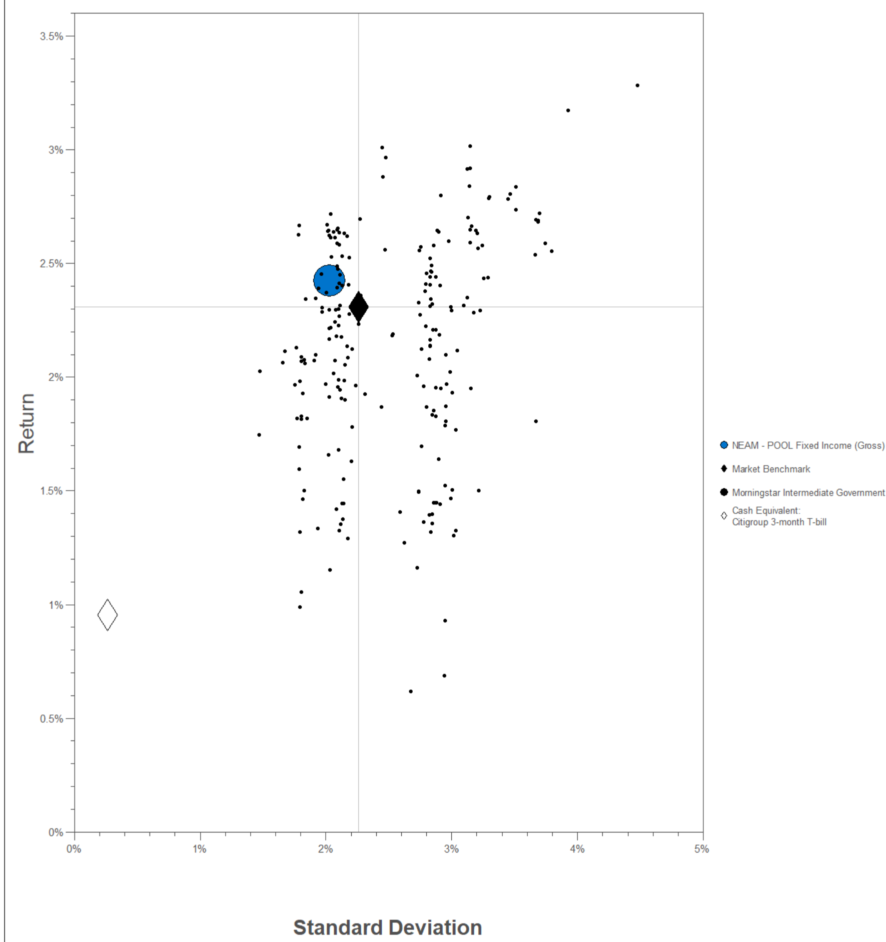
Risk / Return - Latest 3 Years

October 2016 - September 2019 (Single Computation)

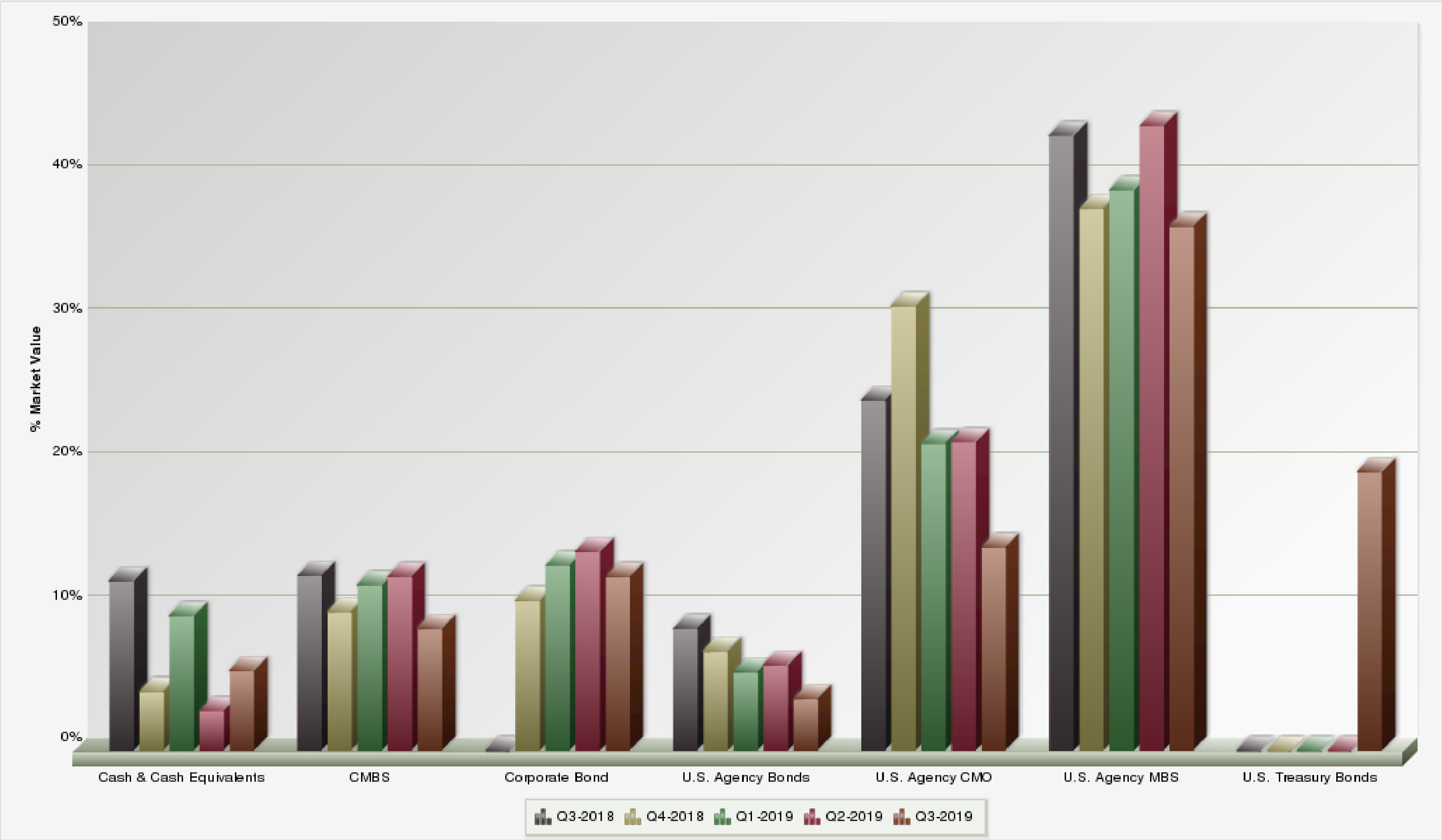


Risk / Return - Latest 5 Years

October 2014 - September 2019 (Single Computation)

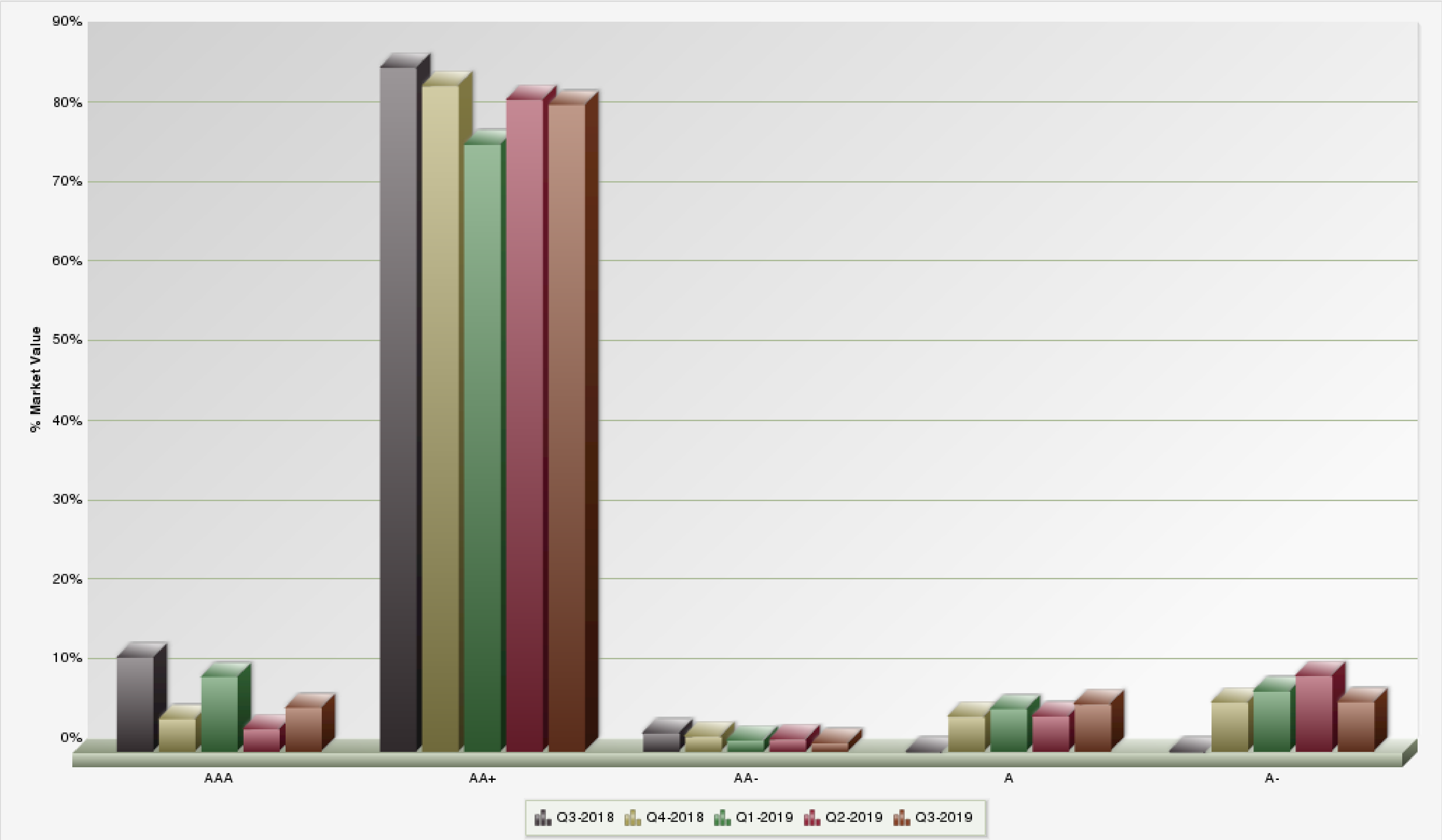


POOL – Asset Allocation Last 5 Quarters



	Cash & Cash Equivalents	CMBS	Corporate Bond	U.S. Agency Bonds	U.S. Agency CMO	U.S. Agency MBS	U.S. Treasury Bonds
Q3-2018	11.82%	12.22%	0.00%	8.53%	24.44%	43.00%	0.00%
Q4-2018	4.10%	9.66%	10.46%	6.91%	31.02%	37.85%	0.00%
Q1-2019	9.41%	11.56%	12.94%	5.46%	21.46%	39.17%	0.00%
Q2-2019	2.78%	12.15%	13.88%	5.95%	21.57%	43.66%	0.00%
Q3-2019	5.54%	8.49%	12.13%	3.59%	14.19%	36.61%	19.44%

POOL – Credit Rating Detail Last 5 Quarters



	AAA	AA+	AA-	A	A-
Q3-2018	11.82%	85.87%	2.31%	0.00%	0.00%
Q4-2018	4.10%	83.59%	1.85%	4.33%	6.13%
Q1-2019	9.41%	76.27%	1.39%	5.36%	7.58%
Q2-2019	2.78%	81.84%	1.50%	4.41%	9.47%
Q3-2019	5.54%	81.28%	1.04%	5.92%	6.21%

PUBLIC RISK MUTUAL

PRM - Performance Summary

					Annualized						
Portfolio	Market Value	% of MV	Q3-2019	YTD	1 Yr	2Yr	3Yr	5Yr	10Yr	Since Inception	Inception Date
PRM - Captive											
NEAM - Core Fixed Income[1]	**$31,403,845**	**68.7%**	**1.90%**	**8.21%**	**10.03%**	**4.27%**	**2.93%**	**2.84%**	**2.76%**	**3.46%**	**Oct-04**
Custom Benchmark			2.21%	8.86%	10.27%	4.51%	3.42%	3.29%	3.36%	3.80%	
Relative Performance			▼ -0.31%	▼ -0.65%	▼ -0.24%	▼ -0.24%	▼ -0.49%	▼ -0.45%	▼ -0.60%	▼ -0.34%	
Risk Assets	**$14,287,447**	**31.3%**	**1.07%**	**18.14%**	**5.68%**	**7.75%**	**9.99%**	**8.02%**	**N/A**	**8.15%**	**Jul-13**
Benchmark[2]			1.12%	17.61%	4.87%	7.94%	10.05%	8.41%	N/A	9.16%	
Relative Performance			▼ -0.05%	▲ 0.53%	▲ 0.81%	▼ -0.19%	▼ -0.06%	▼ -0.39%	N/A	▼ -1.01%	
Consolidated PRM Portfolio	**$45,691,292**	**100.0%**	**1.60%**	**11.47%**	**8.43%**	**5.38%**	**5.16%**	**4.59%**	**N/A**	**4.84%**	**Jul-13**
Benchmark[3]			1.81%	11.71%	8.30%	5.59%	5.51%	5.02%	N/A	5.67%	
Relative Performance			▼ -0.21%	▼ -0.24%	▲ 0.13%	▼ -0.21%	▼ -0.35%	▼ -0.43%	N/A	▼ -0.83%	
Key Market Indices											
Barclays U.S. Aggregate			2.27%	8.52%	10.30%	4.38%	2.92%	3.38%	3.75%		
Barclays Intermediate U.S. Government/Credit			1.37%	6.41%	8.17%	3.50%	2.40%	2.68%	3.05%		
Barclays U.S. Corporate Investment Grade			3.05%	13.20%	13.00%	5.67%	4.50%	4.72%	5.56%		
Barclays U.S. Corporate High Yield			1.33%	11.41%	6.36%	4.69%	6.07%	5.37%	7.94%		
Barclays U.S. Treasury: U.S. TIPS			1.35%	7.58%	7.13%	3.71%	2.21%	2.45%	3.46%		
S&P 500			1.70%	20.55%	4.25%	10.87%	13.39%	10.84%	13.24%		
S&P MidCap 400			-0.09%	17.87%	-2.49%	5.53%	9.38%	8.88%	12.56%		
S&P SmallCap 600			-0.20%	13.46%	-9.34%	3.90%	9.33%	9.89%	13.02%		
MSCI EAFE Index			-1.00%	13.35%	-0.82%	1.20%	7.01%	3.77%	5.39%		
MSCI Emerging Markets			-4.11%	6.23%	-1.63%	-1.04%	6.37%	2.71%	3.73%		
MSCI Frontier Emerging Markets			-6.69%	7.19%	2.95%	-1.79%	3.79%	-1.99%	3.26%		
MSCI World Ex. US Index			-0.85%	14.13%	-0.40%	1.39%	7.04%	3.59%	5.29%		

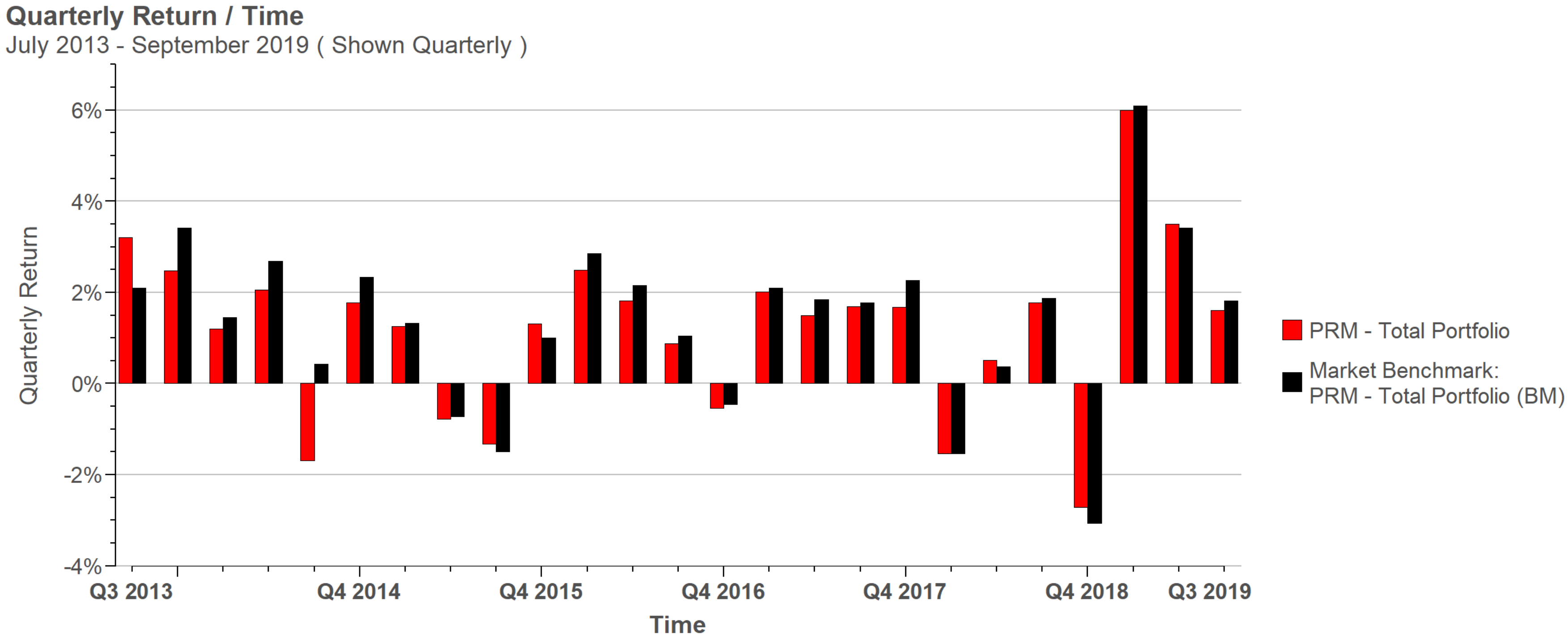
Notes:
1) NEAM replaced EAM as fixed income manager 1/1/2016.
2) Blended BM of 55% S&P 500 / 35% Barclays Int. Gov/Credit / 10% 90 day T-Bill to 3/2015; market-weighted by fund/ETF BM to 9/30/2017; thereafter policy-weighted targets.
3) Market-weighted benchmark using fixed income and risk asset benchmarks.
-- All returns net of fees
-- Fixed Income Market values include accrued income
-- For each measurement period , Green indicates outperformance, and Red indicates underperformance

3rd Quarter Market Performance Drivers:

- **Fixed Income** – Government bond yields declined markedly over the quarter due to risk aversion in August when US-China trade tensions escalated. The US 10-year Treasury yield was over 30 basis points (bps) lower, finishing the quarter at 1.67%. Corporate bonds outperformed government bonds. They benefited from the decline in global yields and more recently an improvement in risk sentiment. Investment grade corporate bonds outperformed the riskier high yield part of the market.

- **Risk Assets** - US equities made modest gains in Q3, despite ongoing growth concerns and uncertainty surrounding US-China trade. Eurozone shares advanced. The European Central Bank announced new measures designed to stimulate the economy, including restarting quantitative easing. Developed markets made small gains while emerging markets fell. As growth concerns rumbled on, central banks continued to remain supportive. The Federal Reserve cut rates twice during the quarter by 25 basis points both times but has not committed verbally to a more extended easing cycle.

Total Portfolio: Quarterly Return Profile**



Custom Table
July 2013 - September 2019: 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	4.84%	3.74%	1.09	6	-1.43%	19	2.04%	-2.72%	-0.74	-0.50%	0.95
PRM - Total Portfolio (BM)	5.67%	3.77%	1.30	5	-1.45%	20	2.12%	-3.06%	0.00	0.00%	1.00

STRATEGIC ASSET ALLIANCE
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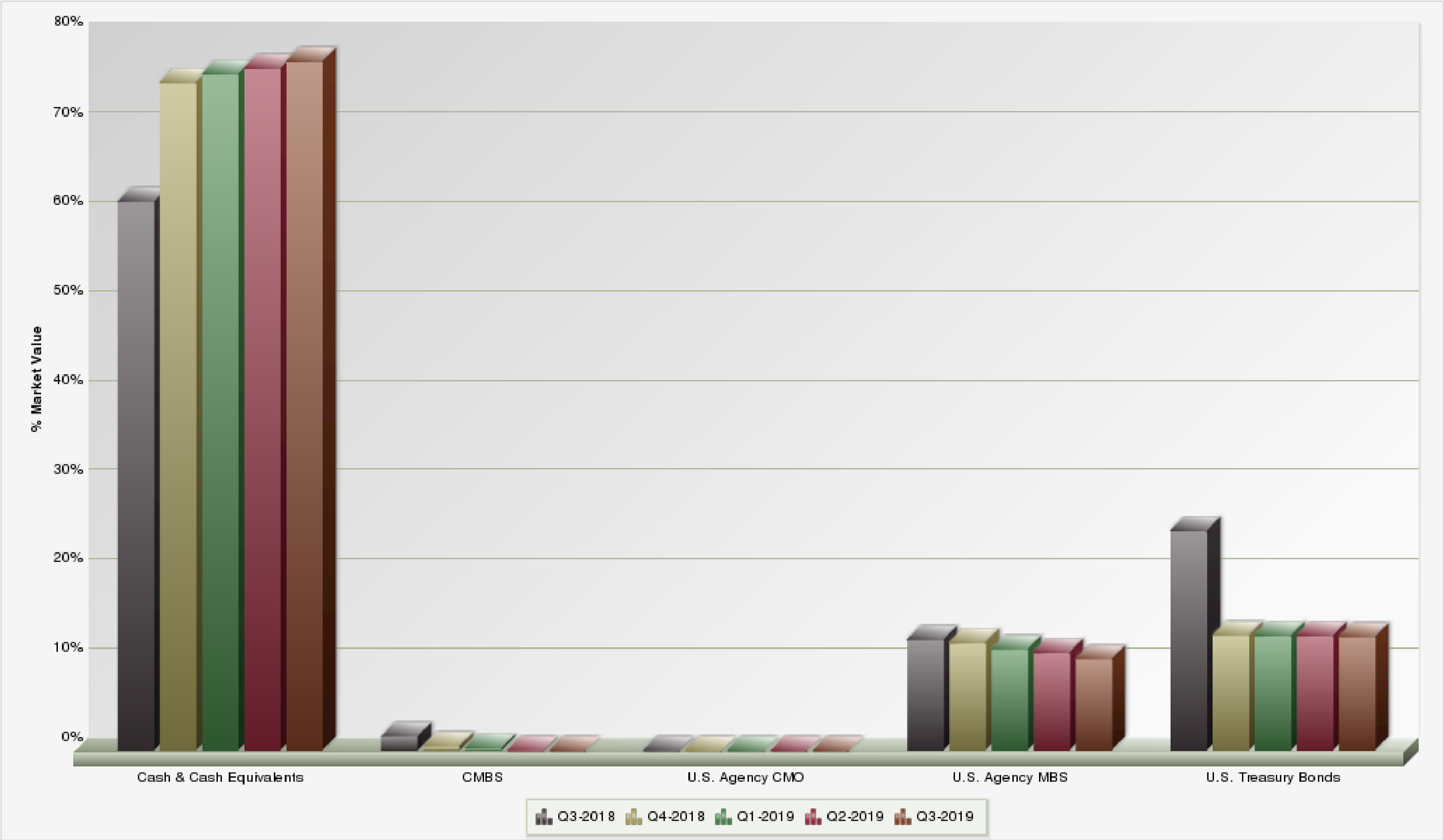
** Wells Fargo only had historical performance reports going back to July 2013 during the transition to SAA.

PRM – Asset Allocation

Asset Class	Market Value	Minimum	Maximum	Old Target	SAA Target	Current vs. SAA Target	Current
Core Fixed Income	$ 31,403,845	50%	100%	60%	65%	3.73%	68.73%
Risk Assets	$ 14,287,447	20%	40%	40%	35%	-3.73%	31.27%
Risk Assets As % of 12/31/2018 Surplus							38.40%
US Large Cap	$ 6,949,401				45%		48.6%
US Mid Cap	$ 1,434,311				10%		10.0%
US Small Cap	$ 1,365,680				10%		9.6%
US High Yield Fixed Income	$ 1,376,690				10%		9.6%
International Equity	$ 3,161,365				25%		22.1%
World Fixed Income	$ -				0%		0.0%
Total	$ 45,691,292				100%		100%

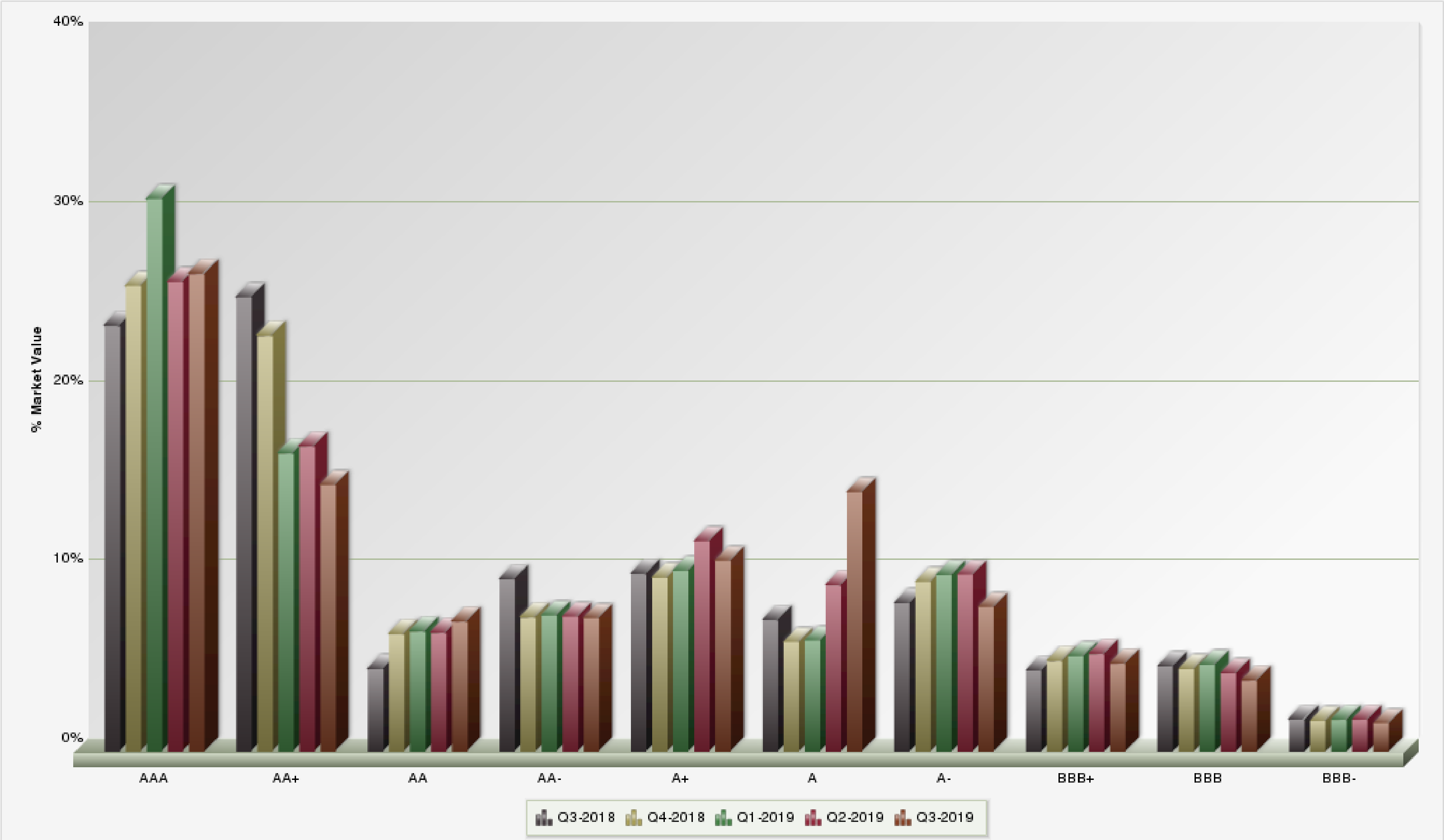
- **SAA BOTTOMLINE**: The additional capital contribution potentially allows and supports additional allocation to risk assets.

PRM FI - Asset Allocation Last 5 Quarters



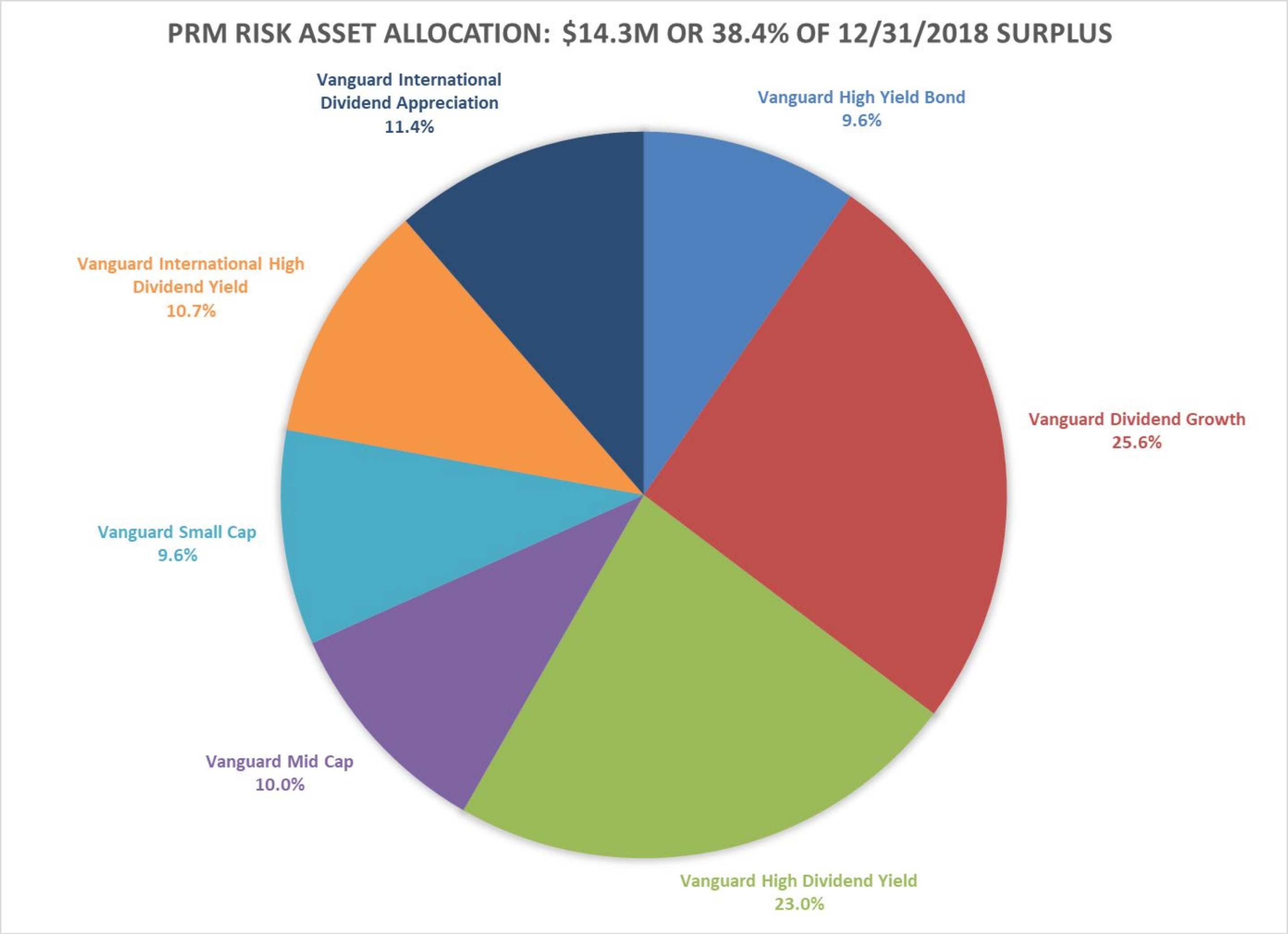
	Cash & Cash Equivalents	CMBS	U.S. Agency CMO	U.S. Agency MBS	U.S. Treasury Bonds
Q3-2018	61.41%	1.64%	0.02%	12.41%	24.52%
Q4-2018	74.60%	0.51%	0.01%	12.00%	12.88%
Q1-2019	75.60%	0.27%	0.00%	11.33%	12.80%
Q2-2019	76.25%	0.04%	0.00%	10.90%	12.81%
Q3-2019	77.03%	0.00%	0.00%	10.25%	12.72%

PRM FI - Credit Rating Detail Last 5 Quarters

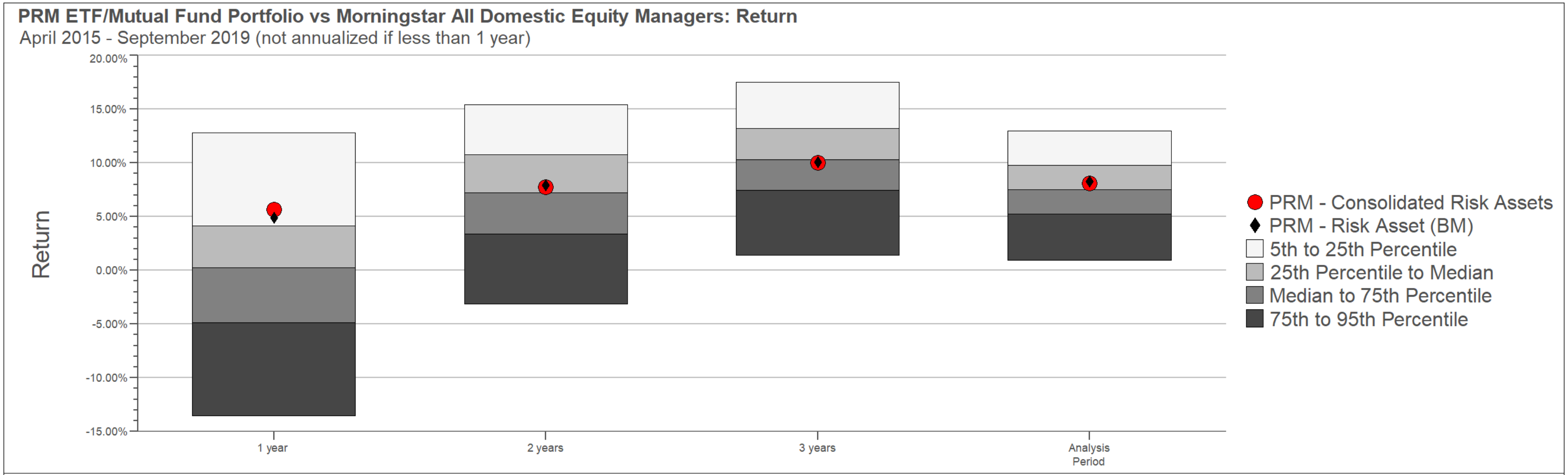


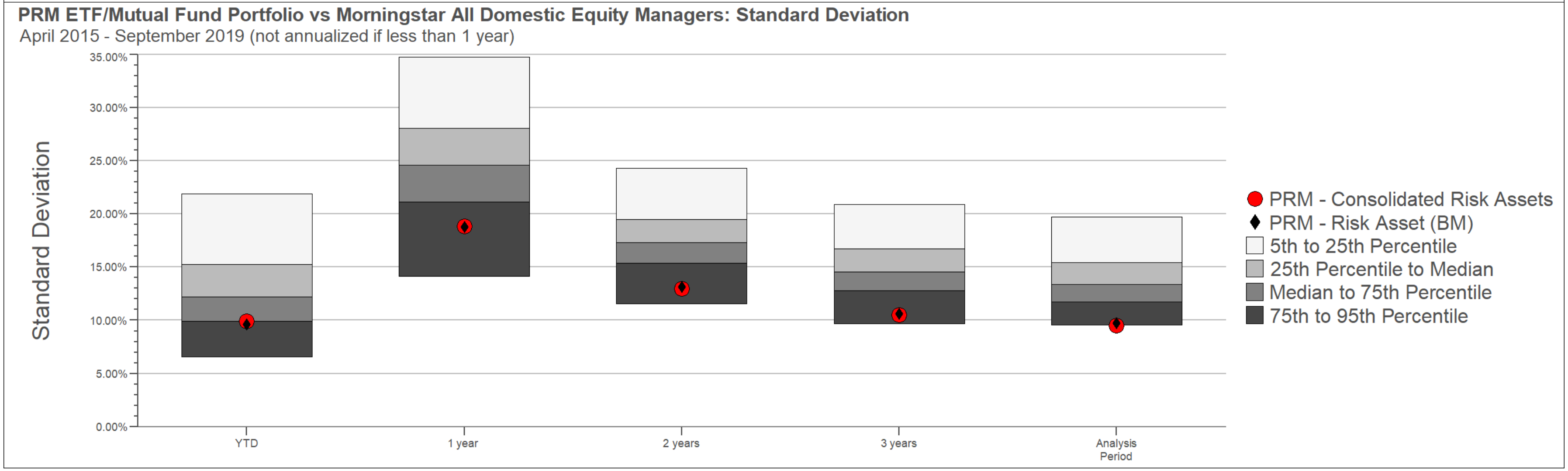
	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Q3-2018	23.76%	25.38%	4.62%	9.62%	9.91%	7.33%	8.30%	4.53%	4.77%	1.78%
Q4-2018	26.02%	23.21%	6.55%	7.48%	9.71%	6.14%	9.49%	5.05%	4.62%	1.73%
Q1-2019	30.87%	16.64%	6.70%	7.61%	10.11%	6.22%	9.87%	5.34%	4.86%	1.78%
Q2-2019	26.24%	17.04%	6.62%	7.55%	11.76%	9.28%	9.90%	5.45%	4.38%	1.79%
Q3-2019	26.66%	14.90%	7.25%	7.46%	10.67%	14.50%	8.09%	4.91%	3.97%	1.60%

PRM Risk Asset Allocation



Risk Asset Performance Peer Analysis





- Using Morningstar All U.S. Domestic Equity Peer Universe

PRM Risk Assets - Returns Detail

Manager vs Benchmark: Return

April 2015 - September 2019 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	3 years	Analysis Period
PRM - Consolidated Risk Assets	1.07%	18.14%	5.68%	7.75%	9.99%	8.06%
-- Market-Weighted Benchmark	1.12%	17.61%	4.87%	7.94%	10.05%	8.29%
Vanguard High Dividend Yield Index Inv	2.44%	16.49%	5.26%	7.89%	10.47%	9.38%
-- FTSE High Dividend Yield Index	2.47%	16.60%	5.37%	8.03%	10.62%	9.52%
Vanguard Dividend Growth Inv	3.44%	25.21%	13.95%	15.11%	14.77%	11.59%
-- NASDAQ US Dividend Achievers Select	4.18%	23.75%	10.09%	14.52%	14.84%	11.47%
Vanguard High-Yield Corporate Adm	1.86%	13.05%	8.13%	4.85%	5.84%	5.39%
-- PRM High Yield benchmark	1.80%	11.91%	8.17%	5.46%	6.59%	5.98%
Vanguard Mid Cap Index Adm	0.61%	22.60%	3.65%	8.43%	10.67%	7.70%
-- CRSP US Mid Cap TR Index	0.62%	22.66%	3.70%	8.46%	10.70%	7.74%
Vanguard Small Cap Index Adm	-1.45%	17.78%	-3.81%	5.95%	9.62%	6.90%
-- CRSP US Small Cap TR Index	-1.47%	17.79%	-3.80%	5.95%	9.61%	6.89%
Vanguard Intl Div Apprec Idx Adm	-1.84%	16.47%	4.87%	3.84%	7.21%	N/A
-- NASDAQ International Dividend Achievers Select	-1.75%	16.94%	5.20%	4.58%	7.91%	N/A
Vanguard Intl Hi Div Yld Idx Adm	-2.03%	9.14%	-1.39%	-0.85%	5.87%	N/A
-- FTSE All-World Ex US High Dividend Yield Index	-2.07%	9.33%	-1.35%	-0.53%	6.20%	2.92%

- Funds/ETFs shown reflects SAA's rebalancing recommendation implemented in December 2017.
- To explain the performance omissions, the Vanguard International funds launched in March 2016.

STRATEGIC ASSET ALLIANCE
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PUBLIC AGENCY COMPENSATION TRUST

PACT - Performance Summary

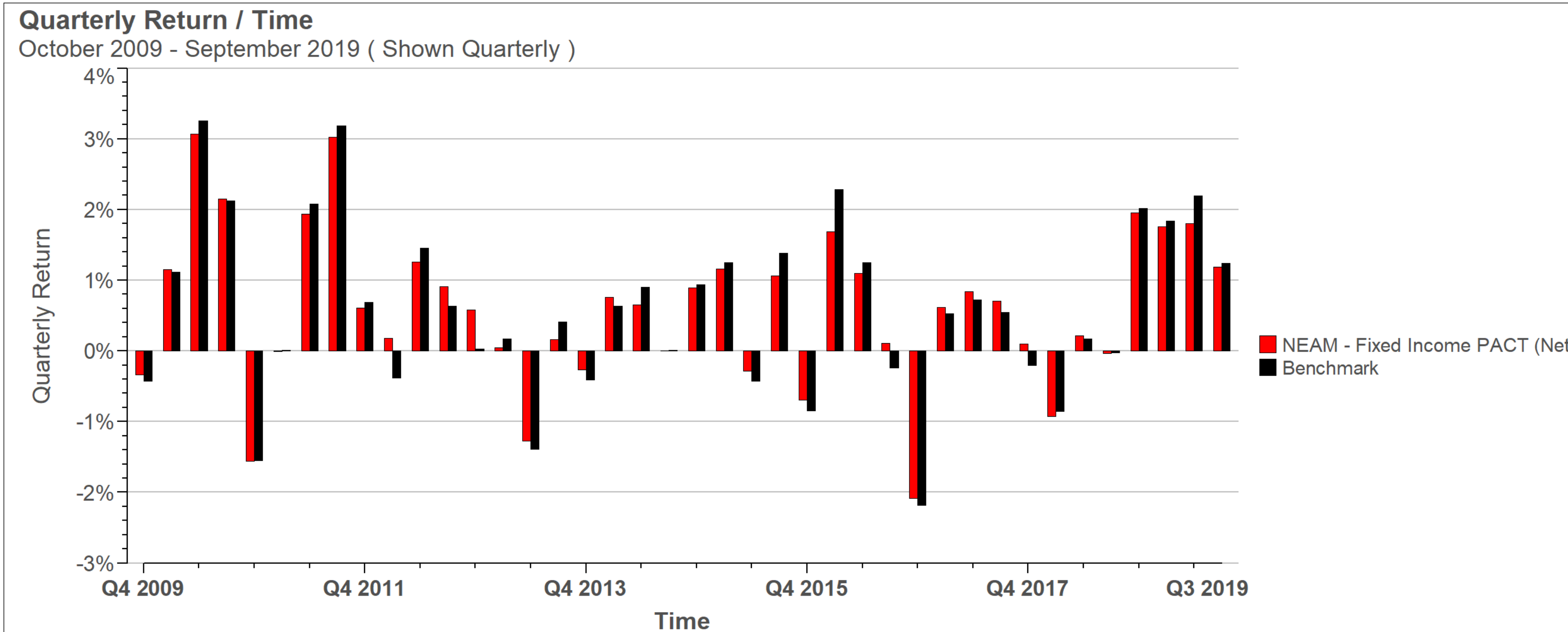
					Annualized					
Portfolio	Market Value	% of MV	Q3-2019	YTD	1 Yr	2Yr	3Yr	5Yr	Since Inception	Inception Date
PACT										
NEAM Fixed Income - Consolidated[1]	**$56,357,755**	**100.0%**	**1.19%**	**4.83%**	**6.88%**	**3.05%**	**2.04%**	**2.24%**	**4.01%**	**Jul-96**
Custom Benchmark			1.24%	5.36%	7.48%	3.20%	1.98%	2.31%	4.36%	
Relative Performance			▼ -0.05%	▼ -0.53%	▼ -0.60%	▼ -0.15%	▲ 0.06%	▼ -0.07%	▼ -0.35%	
Key Market Indices										
Barclays U.S. Aggregate			2.27%	8.52%	10.30%	4.38%	2.92%	3.38%		
Barclays Intermediate U.S. Government/Credit			1.37%	6.41%	8.17%	3.50%	2.40%	2.68%		
Barclays U.S. Corporate Investment Grade			3.05%	13.20%	13.00%	5.67%	4.50%	4.72%		

Notes:
1) NEAM assumed fixed income mangement of PACT on 1/1/2016, and PCM on 6/1/2016.
2) Blended BM of 55% S&P 500/35% Barclays Int. Gov/Credit/10% 90 day T-Bill to 3/2015; market-weighted by fund/ETF BM to 9/30/2017; thereafter policy-weighted targets.
3) Market-weighted benchmark using fixed income and risk asset benchmarks.
-- All returns net of fees
-- Fixed Income Market values include accrued income
-- For each measurement period , Green indicates outperformance, and Red indicates underperformance

3rd Quarter Market Issues & Performance Drivers:

- **FIXED INCOME** – Government bond yields declined markedly over the quarter due to risk aversion in August when US-China trade tensions escalated. The US 10-year Treasury yield was over 30 basis points (bps) lower, finishing the quarter at 1.67%. Corporate bonds outperformed government bonds. They benefited from the decline in global yields and more recently an improvement in risk sentiment. Investment grade corporate bonds outperformed the riskier high yield part of the market.

Quarterly Return Profile – Latest 10 Years



Custom Table

October 2009 - September 2019: 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
NEAM - PACT Fixed Income (Net)	2.42%	2.23%	0.86	11	-0.68%	29	1.09%	-2.08%	0.04	0.25%	0.90
Benchmark	2.40%	2.44%	0.77	12	-0.74%	28	1.18%	-2.42%	0.00	0.00%	1.00

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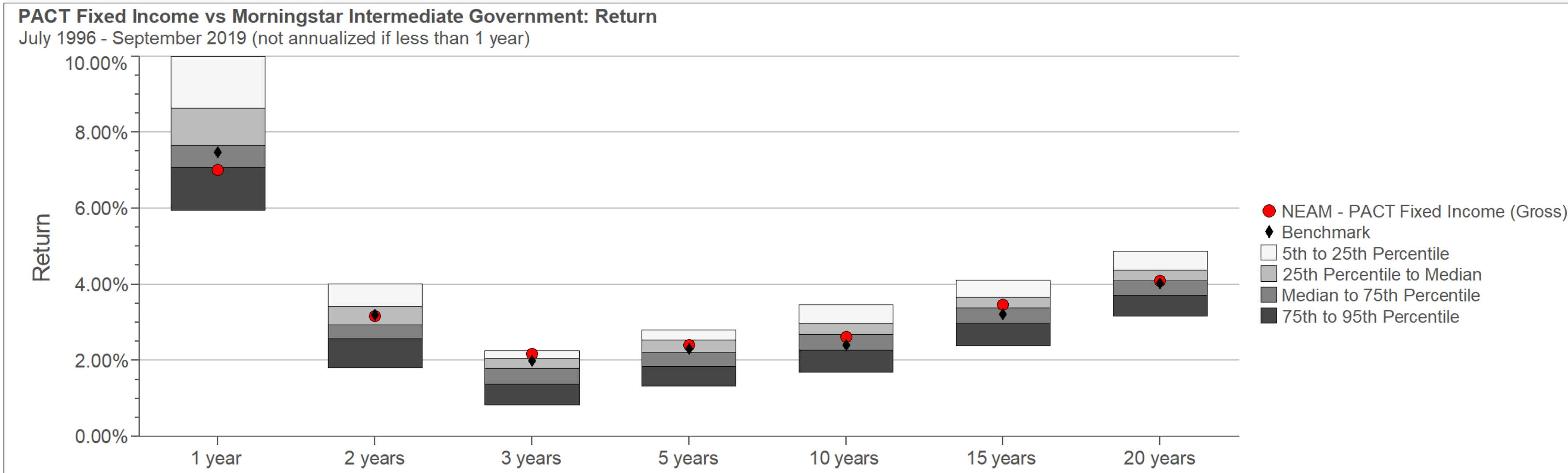
Performance Peer Analysis



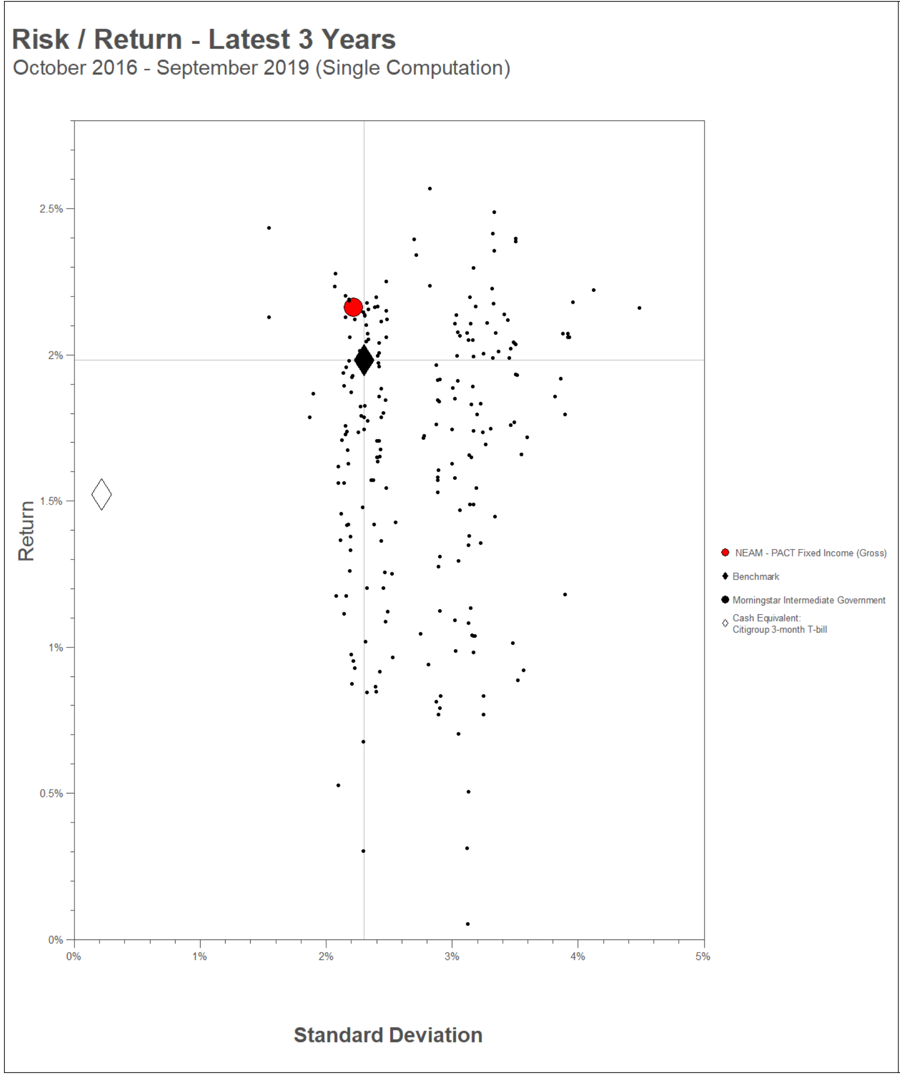
Manager vs Morningstar Intermediate Government: Return
July 1996 - September 2019 (not annualized if less than 1 year)

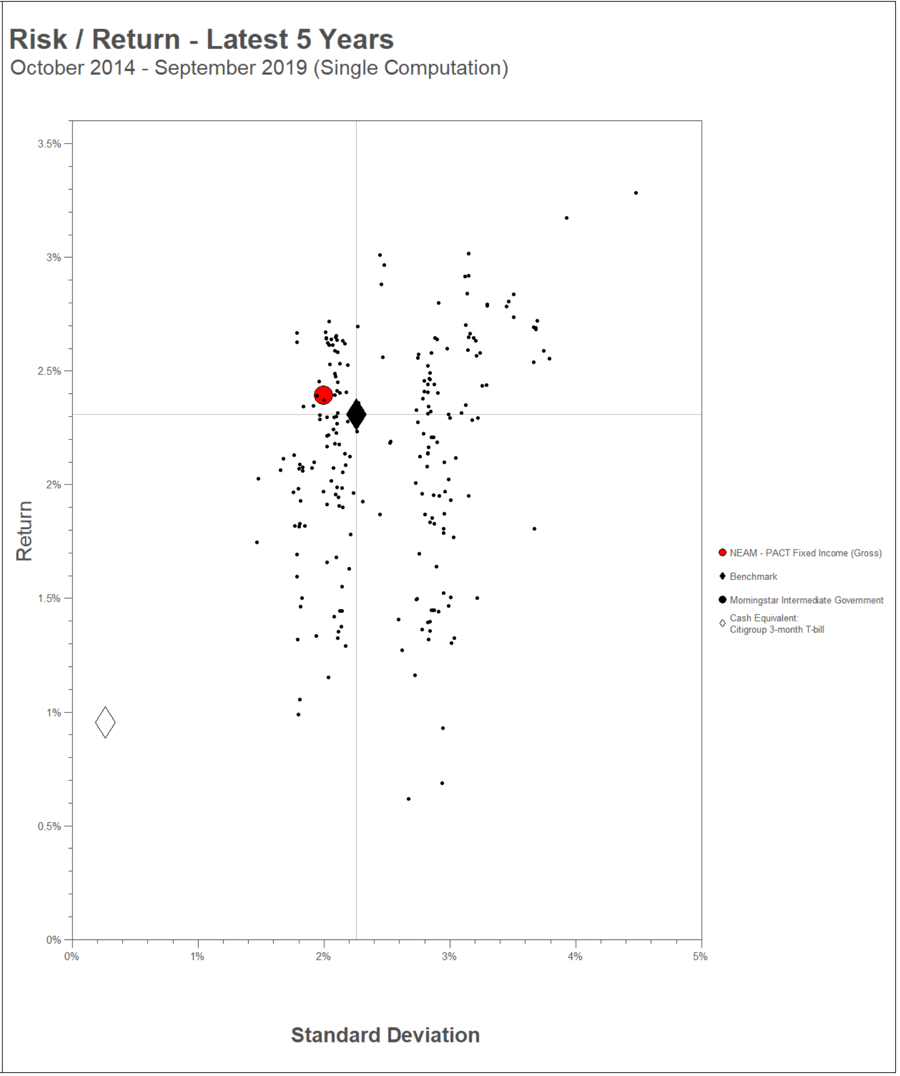
	1 year 226 mng	2 years 225 mng	3 years 225 mng	5 years 223 mng	10 years 196 mng	15 years 194 mng	20 years 184 mng
5th Percentile	9.99%	4.01%	2.25%	2.80%	3.46%	4.10%	4.87%
Median	7.67%	2.94%	1.79%	2.21%	2.69%	3.38%	4.09%
95th Percentile	5.94%	1.80%	0.83%	1.32%	1.69%	2.39%	3.17%
NEAM - PACT Fixed Income (Gross)	7.01%	3.17%	2.16%	2.39%	2.62%	3.46%	4.09%
Benchmark	7.48%	3.20%	1.98%	2.31%	2.40%	3.22%	4.03%

Manager vs Morningstar Intermediate Government: Return Rank
July 1996 - September 2019 (not annualized if less than 1 year)

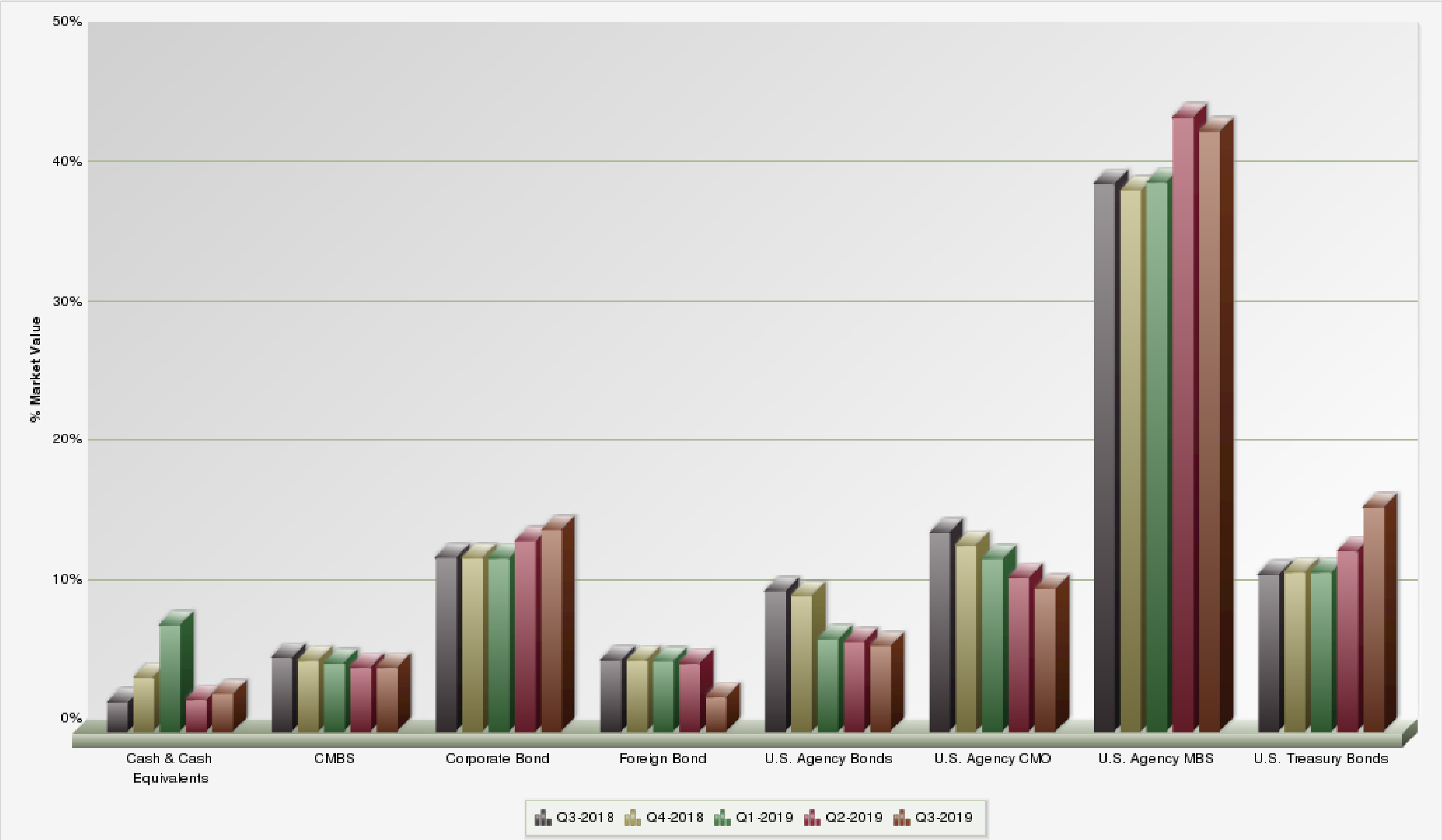
	1 year 226 mng	2 years 225 mng	3 years 225 mng	5 years 223 mng	10 years 196 mng	15 years 194 mng	20 years 184 mng
NEAM - PACT Fixed Income (Gross)	78.92%	32.07%	11.26%	35.07%	55.51%	44.11%	49.94%
Benchmark	58.15%	31.58%	33.78%	41.47%	69.85%	61.71%	54.85%

Performance Risk/Reward Analysis



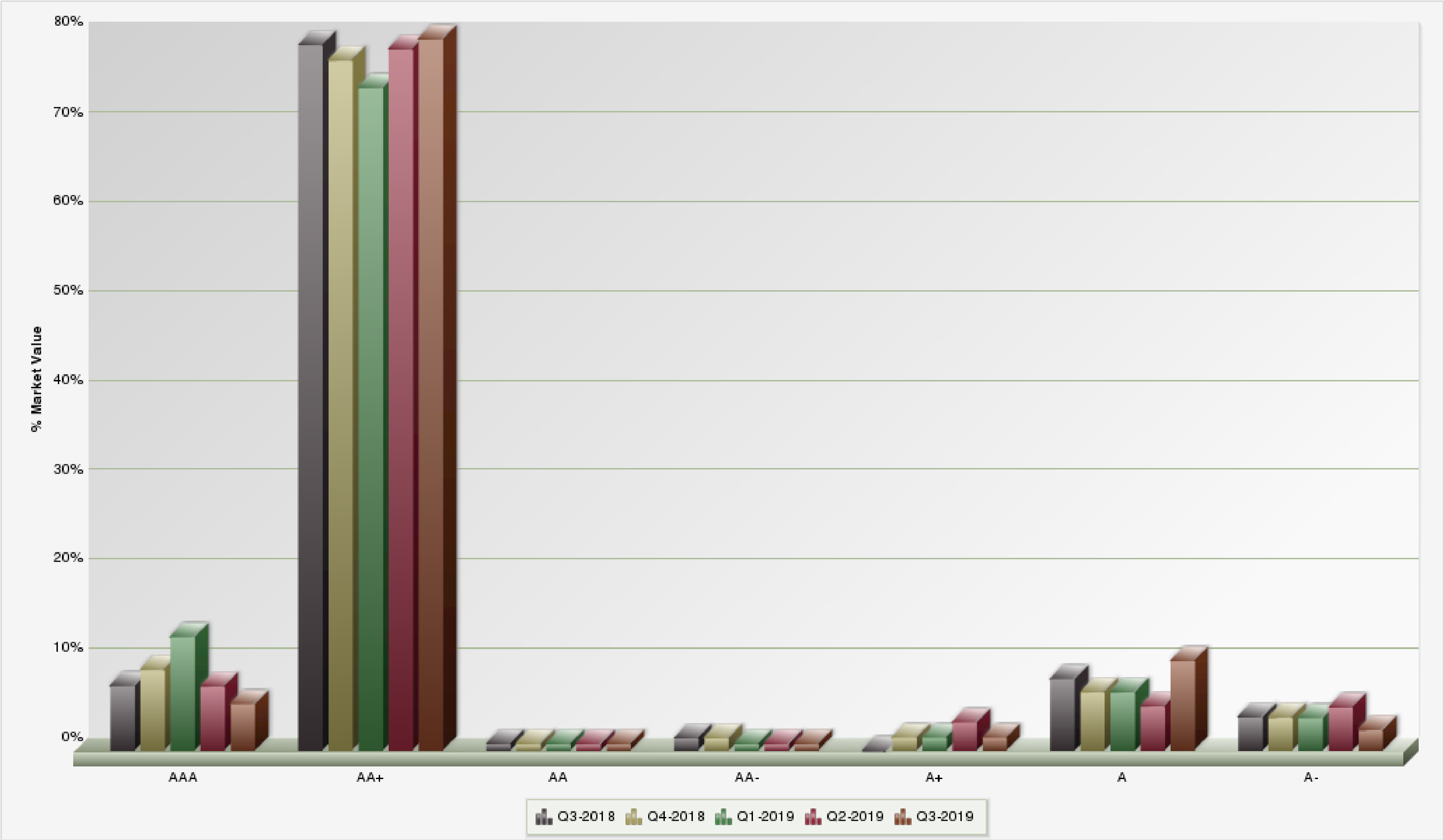


PACT – Asset Allocation Last 5 Quarters



	Cash & Cash Equivalents	CMBS	Corporate Bond	Foreign Bond	U.S. Agency Bonds	U.S. Agency CMO	U.S. Agency MBS	U.S. Treasury Bonds
Q3-2018	2.11%	5.29%	12.52%	5.13%	10.10%	14.28%	39.31%	11.26%
Q4-2018	3.88%	5.10%	12.47%	5.12%	9.76%	13.36%	38.87%	11.44%
Q1-2019	7.66%	4.92%	12.43%	5.08%	6.66%	12.42%	39.41%	11.42%
Q2-2019	2.27%	4.60%	13.72%	4.88%	6.46%	11.05%	44.07%	12.94%
Q3-2019	2.76%	4.60%	14.51%	2.48%	6.18%	10.28%	43.08%	16.11%

PACT – Credit Rating Detail Last 5 Quarters



	AAA	AA+	AA	AA-	A+	A	A-
Q3-2018	7.24%	78.85%	0.75%	1.39%	0.00%	8.06%	3.71%
Q4-2018	9.01%	77.14%	0.74%	1.39%	1.48%	6.55%	3.69%
Q1-2019	12.74%	74.08%	0.74%	0.75%	1.48%	6.53%	3.67%
Q2-2019	7.16%	78.40%	0.71%	0.72%	3.20%	4.96%	4.85%
Q3-2019	5.24%	79.52%	0.73%	0.73%	1.48%	10.03%	2.28%

PUBLIC COMPENSATION MUTUAL

PCM - Performance Summary

					Annualized					
Portfolio	Market Value	% of MV	Q3-2019	YTD	1 Yr	2Yr	3Yr	5Yr	Since Inception	Inception Date
PCM - Captive										
Core Fixed Income[1]	**$60,029,942**	**72.6%**	**1.91%**	**8.49%**	**10.27%**	**4.41%**	**2.90%**	**2.30%**	**1.87%**	**Apr-13**
Custom Benchmark			2.21%	8.86%	10.27%	4.51%	3.42%	3.29%	2.69%	
Relative Performance			-0.30%	-0.37%	0.00%	-0.10%	-0.52%	-0.99%	-0.82%	
Risk Assets	**$22,617,363**	**27.4%**	**1.02%**	**18.08%**	**5.63%**	**7.72%**	**9.97%**	**8.04%**	**8.69%**	**Apr-13**
Benchmark[2]			1.12%	17.61%	4.87%	7.94%	10.04%	8.41%	10.75%	
Relative Performance			-0.10%	0.47%	0.76%	-0.22%	-0.07%	-0.37%	-2.06%	
Consolidated PCM Portfolio[2]	**$82,647,305**	**100.0%**	**1.66%**	**10.99%**	**8.86%**	**5.26%**	**4.99%**	**4.11%**	**4.07%**	**Apr-13**
Benchmark[3]			1.90%	11.14%	8.65%	5.43%	5.40%	5.09%	6.33%	
Relative Performance			-0.24%	-0.15%	0.21%	-0.17%	-0.41%	-0.98%	-2.26%	
Key Market Indices										
Barclays U.S. Aggregate			2.27%	8.52%	10.30%	4.38%	2.92%	3.38%		
Barclays Intermediate U.S. Government/Credit			1.37%	6.41%	8.17%	3.50%	2.40%	2.68%		
Barclays U.S. Corporate Investment Grade			3.05%	13.20%	13.00%	5.67%	4.50%	4.72%		
Barclays U.S. Corporate High Yield			1.33%	11.41%	6.36%	4.69%	6.07%	5.37%		
Barclays U.S. Treasury: U.S. TIPS			1.35%	7.58%	7.13%	3.71%	2.21%	2.45%		
S&P 500			1.70%	20.55%	4.25%	10.87%	13.39%	10.84%		
S&P MidCap 400			-0.09%	17.87%	-2.49%	5.53%	9.38%	8.88%		
S&P SmallCap 600			-0.20%	13.46%	-9.34%	3.90%	9.33%	9.89%		
MSCI EAFE Index			-1.00%	13.35%	-0.82%	1.20%	7.01%	3.77%		
MSCI Emerging Markets			-4.11%	6.23%	-1.63%	-1.04%	6.37%	2.71%		
MSCI Frontier Emerging Markets			-6.69%	7.19%	2.95%	-1.79%	3.79%	-1.99%		
MSCI World Ex. US Index			-0.85%	14.13%	-0.40%	1.39%	7.04%	3.59%		

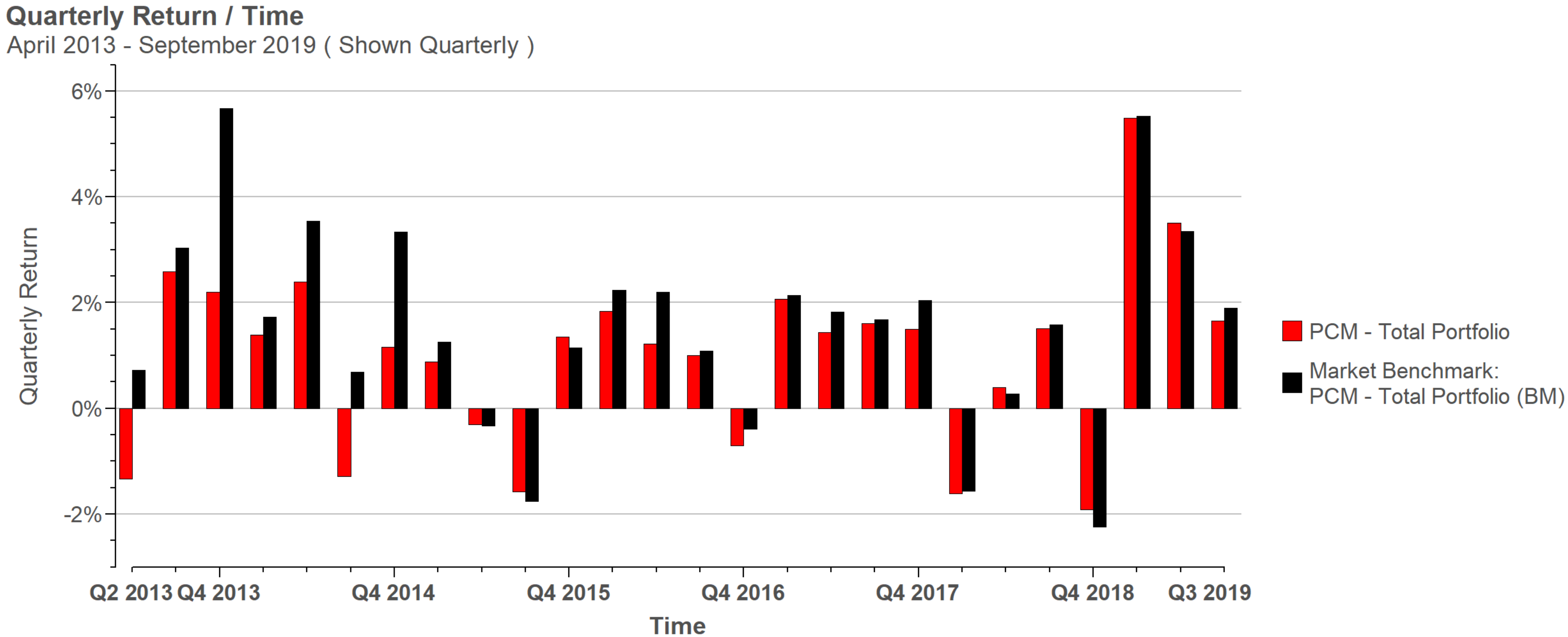
Notes:
1) NEAM assumed fixed income mangement of PACT on 1/1/2016, and PCM on 6/1/2016.
2) Blended BM of 55% S&P 500/35% Barclays Int Gov/Credit/10% 90 day T-Bill to 3/2015; market-weighted by fund/ETF BM to 9/30/2017; thereafter policy-weighted targets.
3) Market-weighted benchmark using fixed income and risk asset benchmarks.
-- All returns net of fees
-- Fixed Income Market values include accrued income
-- For each measurement period , Green indicates outperformance, and Red indicates underperformance

3rd Quarter Market Performance Drivers:

- **Fixed Income** – Government bond yields declined markedly over the quarter due to risk aversion in August when US-China trade tensions escalated. The US 10-year Treasury yield was over 30 basis points (bps) lower, finishing the quarter at 1.67%. Corporate bonds outperformed government bonds. They benefited from the decline in global yields and more recently an improvement in risk sentiment. Investment grade corporate bonds outperformed the riskier high yield part of the market.

- **Risk Assets** - US equities made modest gains in Q3, despite ongoing growth concerns and uncertainty surrounding US-China trade. Eurozone shares advanced. The European Central Bank announced new measures designed to stimulate the economy, including restarting quantitative easing. Developed markets made small gains while emerging markets fell. As growth concerns rumbled on, central banks continued to remain supportive. The Federal Reserve cut rates twice during the quarter by 25 basis points both times but has not committed verbally to a more extended easing cycle.

Total Portfolio: Quarterly Return Profile**



Custom Table
April 2013 - September 2019: 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	4.07%	3.43%	0.97	7	-1.25%	19	1.85%	-1.92%	-1.24	-0.83%	0.78
PCM - Total Portfolio (BM)	6.33%	3.86%	1.45	5	-1.26%	21	2.24%	-2.24%	0.00	0.00%	1.00

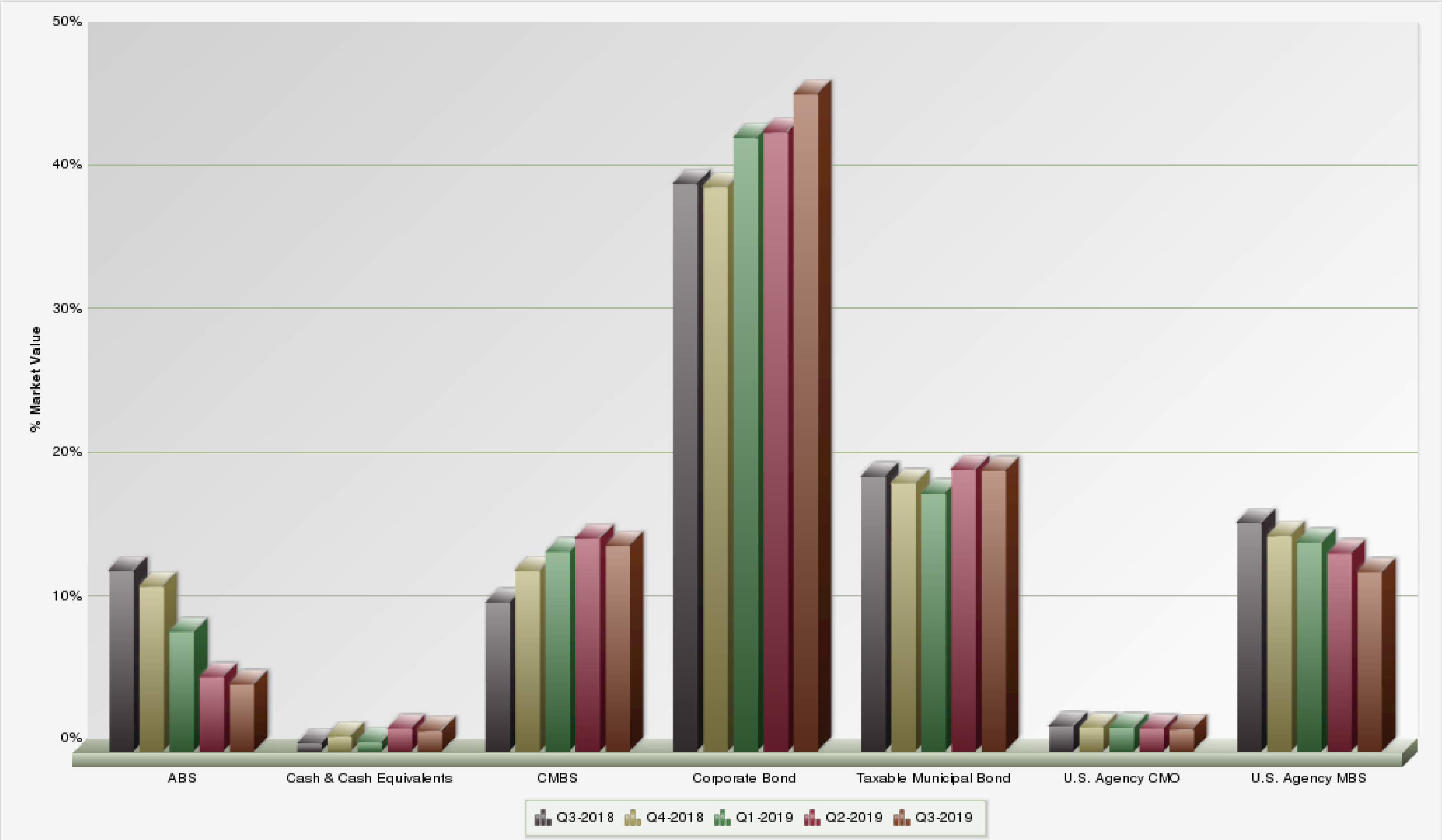
** Wells Fargo only had historical performance reports going back to July 2013 during the transition to SAA.

PCM – Asset Allocation

Asset Class	Market Value	Minimum	Maximum	Old Target	SAA Target	Current vs. SAA Target	Current
Core Fixed Income	$ 60,029,942	50%	100%	60%	65%	7.63%	72.63%
Risk Assets	$ 22,617,363	20%	40%	40%	35%	-7.63%	27.37%
Risk Assets As % of 12/31/2018 Surplus							32.92%
US Large Cap	$ 10,928,230				45%		48.3%
US Mid Cap	$ 2,273,366				10%		10.1%
US Small Cap	$ 2,175,021				10%		9.6%
US High Yield Fixed Income	$ 2,194,333				10%		9.7%
International Equity	$ 5,044,741				25%		22.3%
World Fixed Income	$ 1,672				0%		0.0%
Total	$ 82,647,305				100%		100%

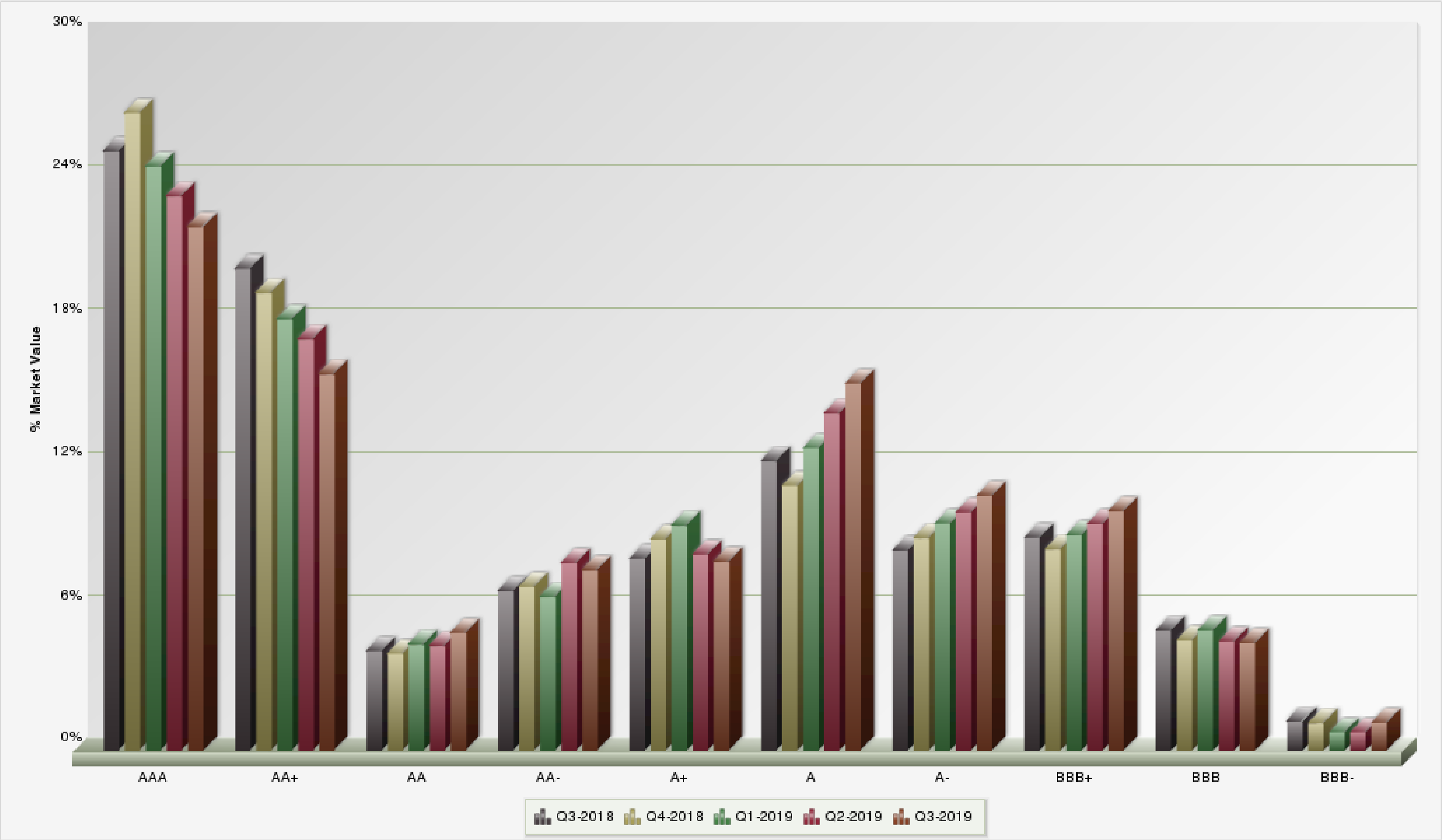
- **SAA BOTTOMLINE**: The additional capital contribution potentially allows and supports additional allocation to risk assets.

PCM FI – Asset Allocation Last 5 Quarters



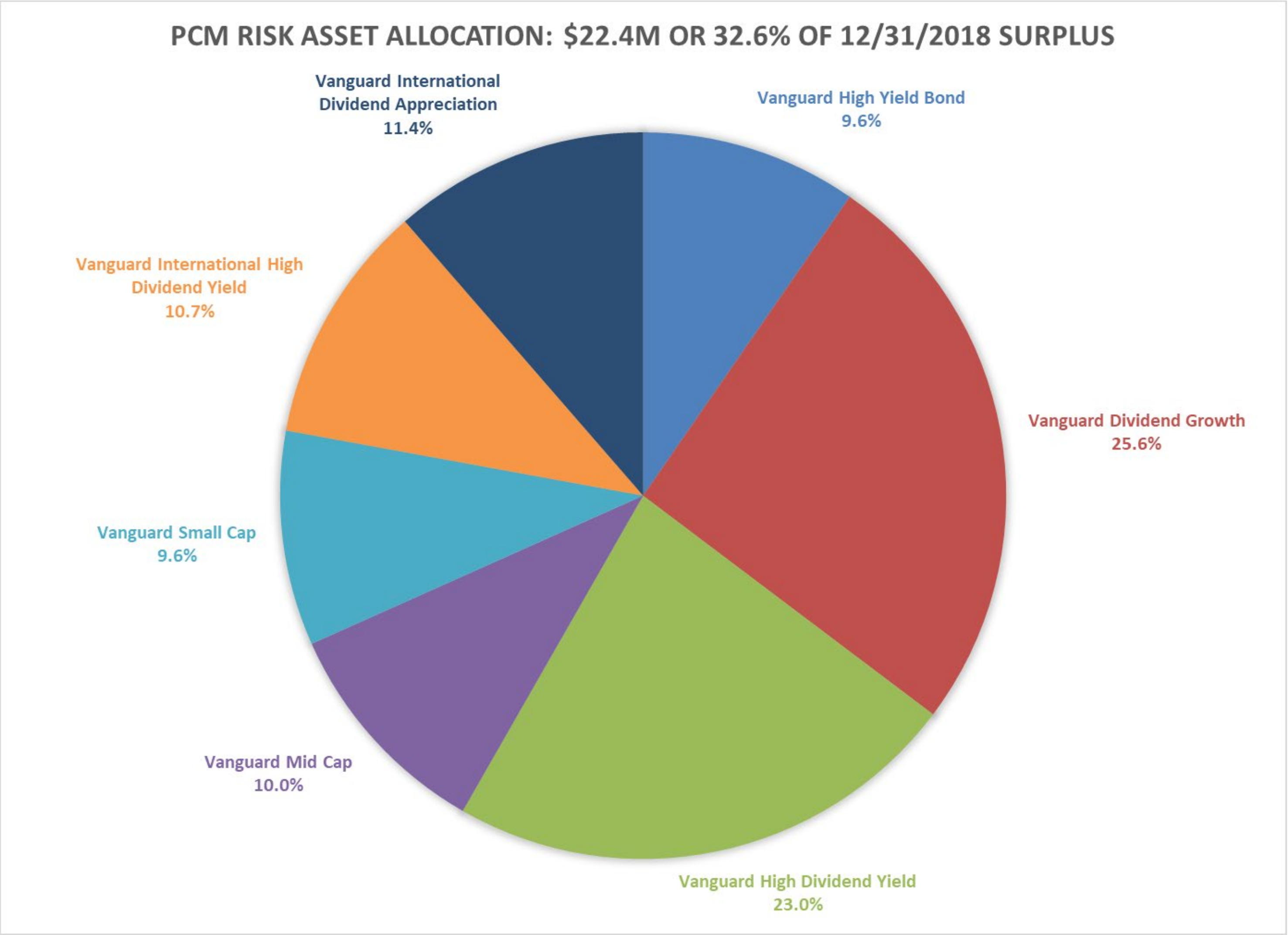
	ABS	Cash & Cash Equivalents	CMBS	Corporate Bond	Taxable Municipal Bond	U.S. Agency CMO	U.S. Agency MBS
Q3-2018	12.59%	0.54%	10.39%	39.60%	19.19%	1.77%	15.92%
Q4-2018	11.52%	1.04%	12.60%	39.39%	18.73%	1.69%	15.03%
Q1-2019	8.36%	0.64%	13.94%	42.81%	18.00%	1.66%	14.60%
Q2-2019	5.22%	1.61%	14.86%	43.20%	19.65%	1.61%	13.84%
Q3-2019	4.69%	1.42%	14.37%	45.87%	19.59%	1.52%	12.54%

PCM FI – Credit Rating Detail Last 5 Quarters



	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Q3-2018	25.13%	20.22%	4.19%	6.69%	8.06%	12.14%	8.39%	8.94%	5.04%	1.21%
Q4-2018	26.74%	19.19%	4.08%	6.88%	8.87%	11.12%	8.91%	8.44%	4.64%	1.15%
Q1-2019	24.49%	18.08%	4.44%	6.45%	9.43%	12.71%	9.53%	9.04%	5.05%	0.79%
Q2-2019	23.24%	17.25%	4.39%	7.87%	8.23%	14.14%	9.99%	9.51%	4.59%	0.79%
Q3-2019	21.96%	15.77%	4.95%	7.57%	7.92%	15.40%	10.69%	10.04%	4.52%	1.18%

PCM Risk Asset Allocation



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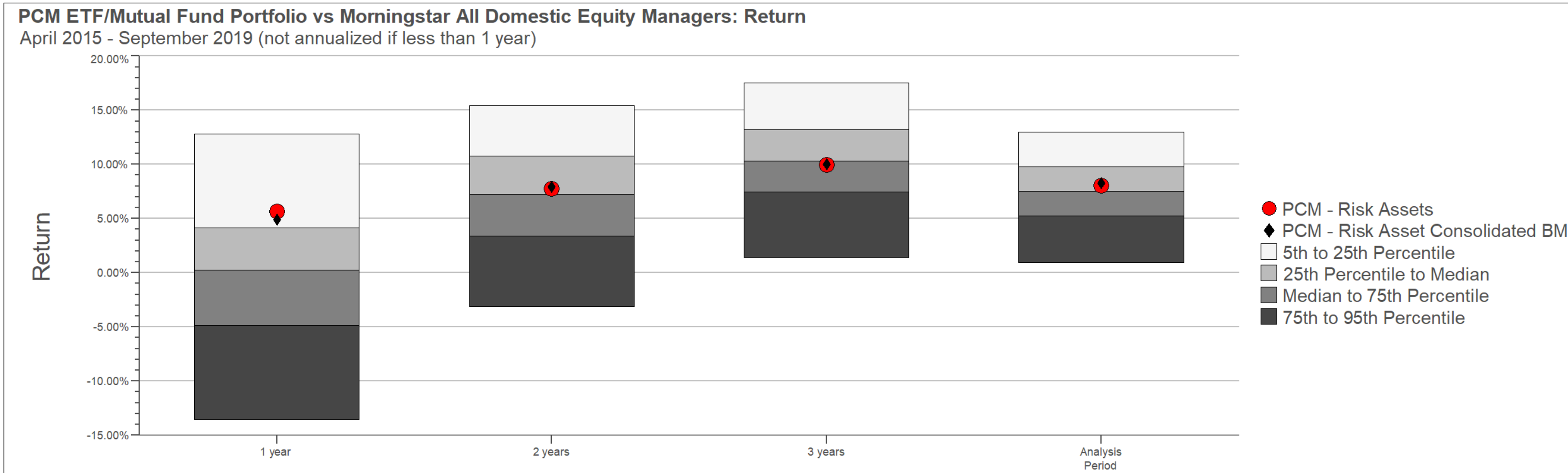
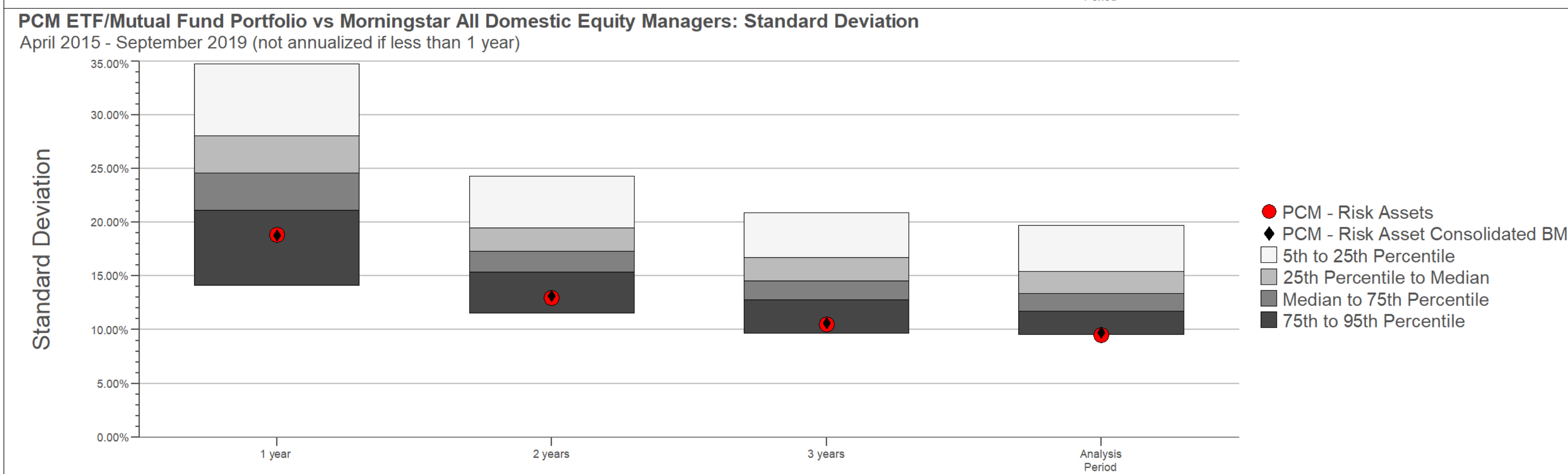
Risk Asset Performance Peer Analysis





- Using Morningstar All Domestic Equity Manager Peer Universe

PCM Risk Assets – Returns Detail

Manager vs Benchmark: Return

April 2015 - September 2019 (not annualized if less than 1 year)

	1 quarter	YTD	1 year	2 years	3 years	Analysis Period
PCM - Risk Assets	1.02%	18.08%	5.63%	7.72%	9.97%	8.06%
-- PCM - Risk Assets (BM)	1.12%	17.61%	4.87%	7.94%	10.04%	8.00%
Vanguard High Dividend Yield Index Inv	2.44%	16.49%	5.26%	7.89%	10.47%	9.38%
-- FTSE High Dividend Yield Index	2.47%	16.60%	5.37%	8.03%	10.62%	9.52%
Vanguard Dividend Growth Inv	3.44%	25.21%	13.95%	15.11%	14.77%	11.59%
-- NASDAQ US Dividend Achievers Select	4.18%	23.75%	10.09%	14.52%	14.84%	11.47%
Vanguard High-Yield Corporate Adm	1.86%	13.05%	8.13%	4.85%	5.84%	5.39%
-- PCM High Yield benchmark	1.80%	11.91%	8.17%	5.46%	6.59%	5.98%
Vanguard Mid Cap Index Adm	0.61%	22.60%	3.65%	8.43%	10.67%	7.70%
-- CRSP US Mid Cap TR Index	0.62%	22.66%	3.70%	8.46%	10.70%	7.74%
Vanguard Small Cap Index Adm	-1.45%	17.78%	-3.81%	5.95%	9.62%	6.90%
-- CRSP US Small Cap TR Index	-1.47%	17.79%	-3.80%	5.95%	9.61%	6.89%
Vanguard Intl Div Apprec Idx Adm	-1.84%	16.47%	4.87%	3.84%	7.21%	N/A
-- NASDAQ International Dividend Achievers Select	-1.75%	16.94%	5.20%	4.58%	7.91%	N/A
Vanguard Intl Hi Div Yld Idx Adm	-2.03%	9.14%	-1.39%	-0.85%	5.87%	N/A
-- FTSE All-World Ex US High Dividend Yield Index	-2.07%	9.33%	-1.35%	-0.53%	6.20%	2.92%

- Funds/ETFs shown reflects SAA's rebalancing recommendation implemented in December 2017.
- To explain the performance omissions, the Vanguard International funds launched in March 2016.

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POOLING RESOURCES, INC.

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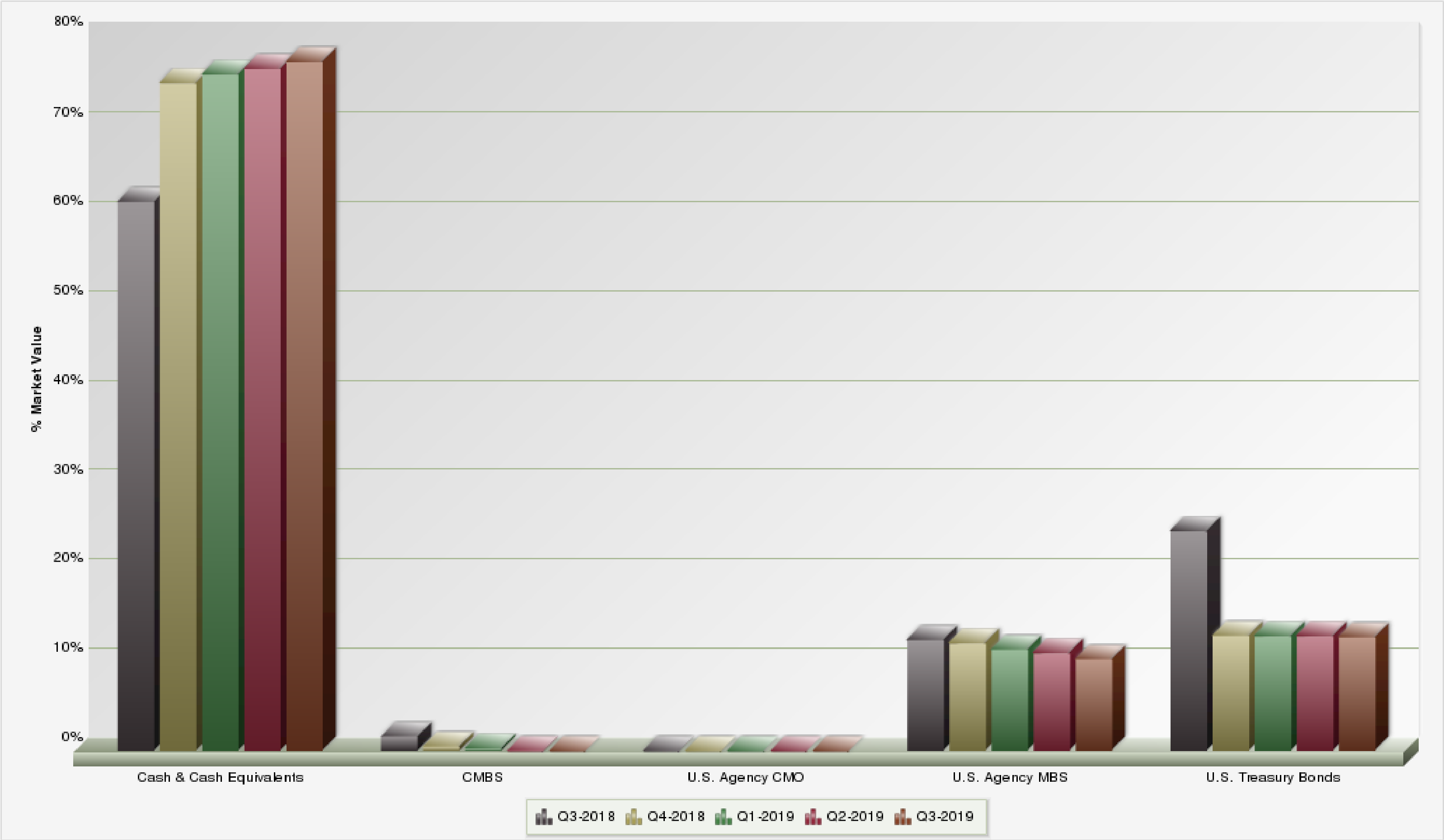
Pooling Resources Inc. - Performance Summary

					Annualized					
Portfolio	Market Value	% of MV	Q3-2019	YTD	1 Yr	2Yr	3Yr	5Yr	Since Inception	Inception Date
Pooling Resources, Inc.										
Core Fixed Income[1]	**$1,021,202**	**100.0%**	**0.54%**	**2.10%**	**2.91%**	**1.93%**	**1.45%**	**1.28%**	**0.99%**	**Jul-11**
Custom Benchmark			2.21%	8.86%	10.27%	4.51%	3.42%	3.04%	2.06%	
Relative Performance			*-1.67%*	*-6.76%*	*-7.36%*	*-2.58%*	*-1.97%*	*-1.76%*	*-1.07%*	
Key Market Indices										
Barclays U.S. Aggregate			2.27%	8.52%	10.30%	4.38%	2.92%	3.38%		
Barclays Intermediate U.S. Government/Credit			1.37%	6.41%	8.17%	3.50%	2.40%	2.68%		
Barclays U.S. Corporate Investment Grade			3.05%	13.20%	13.00%	5.67%	4.50%	4.72%		
Barclays U.S. Corporate High Yield			1.33%	11.41%	6.36%	4.69%	6.07%	5.37%		
Barclays U.S. Treasury: U.S. TIPS			1.35%	7.58%	7.13%	3.71%	2.21%	2.45%		

Notes:
1) NEAM assumed fixed income mangement on 1/1/2016.
-- All returns net of fees
-- For each measurement period , **Green** indicates outperformance, and **Red** indicates underperformance

Pooling Resources Inc. – Asset Allocation Last 5 Quarters



	Cash & Cash Equivalents	CMBS	U.S. Agency CMO	U.S. Agency MBS	U.S. Treasury Bonds
Q3-2018	61.41%	1.64%	0.02%	12.41%	24.52%
Q4-2018	74.60%	0.51%	0.01%	12.00%	12.88%
Q1-2019	75.60%	0.27%	0.00%	11.33%	12.80%
Q2-2019	76.25%	0.04%	0.00%	10.90%	12.81%
Q3-2019	77.03%	0.00%	0.00%	10.25%	12.72%

FUND/ETF PERFORMANCE ANALYSIS

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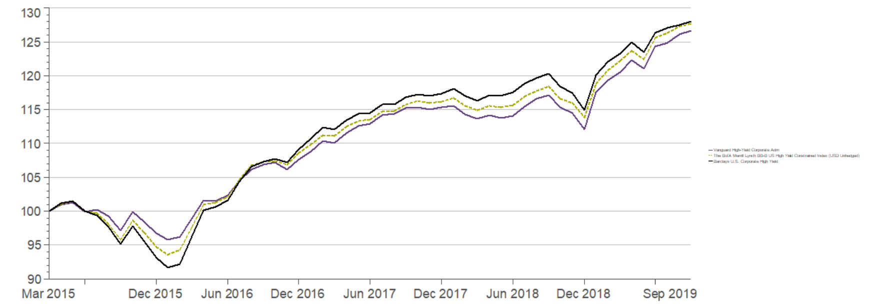
Performance Analysis Guide

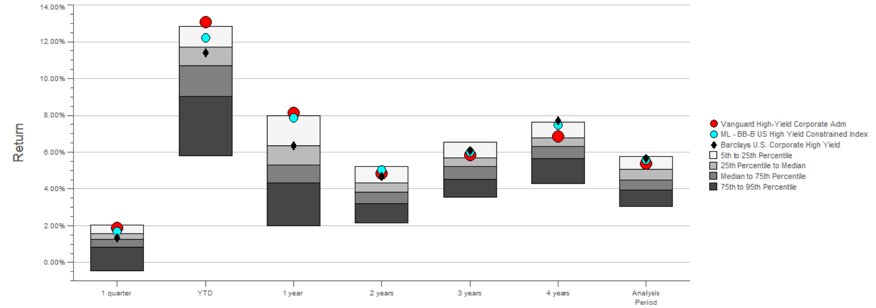
Guide to Fund Analysis Page Sections	Zephyr StyleADVISOR: Strategic Asset Alliance
Section (1) - Fund Performance – Funds' normalized performance over the last ten years or from funds' inception, whichever is less. – Includes normalized cumulative excess returns relative to fund benchmark over the time period.	Section (4) - Peer Analysis Chart – Compares the fund performance on a percentile basis relative to a peer group of other funds of similar investment style. Morningstar peer groups are utilized for analysis purposes. - Time period over the last ten years or from funds' inception, whichever is less.
Section (2) - Drawdown – Illustrates negative fund performance over the last ten years or from funds' inception, whichever is less. – Illustrates downside volatility more clearly for riskier asset classes.	Section (5) - Peer Group Analysis Returns Range – Compares the fund and benchmark performance relative to the median, 5th percentile and 95th percentile returns of the peer group. – Annualized returns over the last ten years or from funds' inception, whichever is less.
Section (3) - Risk/Return – Illustrates the risk/return characteristics of the fund relative to the fund benchmark and peer group over a period of time. – Time period over the last ten years or from funds' inception, whichever is less.	Section (6) - Performance Attribution – Using market indices relevant to the fund's style and investment policy, this analysis compares the actual fund returns with the relevant market indices to generate a performance attribution the funds' total returns. – Used rolling one-year periods for analysis.

U.S. High Yield Fixed Income: Vanguard High Yield Corporate

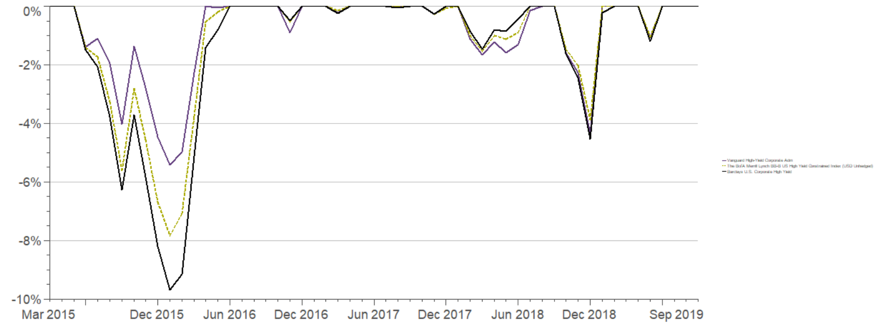
Manager Performance
April 2015 - September 2019 (Single Computation)



Manager vs Morningstar High Yield Bond: Return
April 2015 - September 2019 (not annualized if less than 1 year)



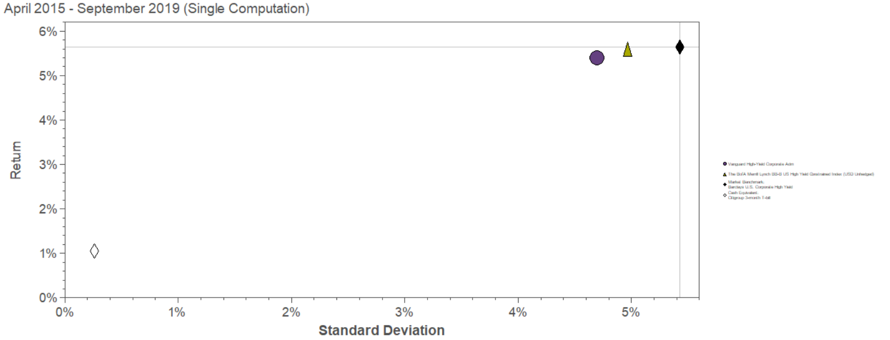
Drawdown
April 2015 - September 2019



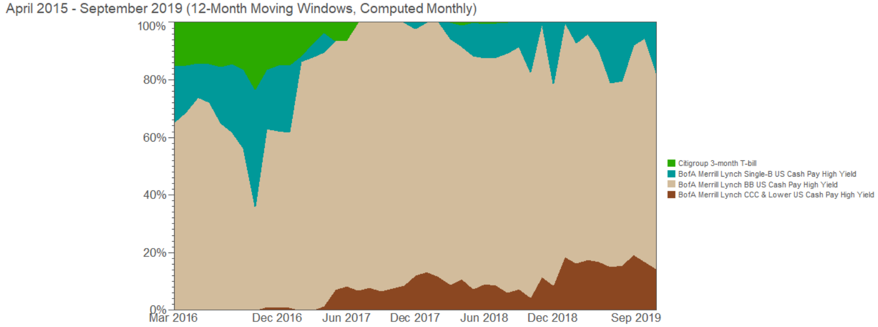
Manager vs Morningstar High Yield Bond: Return
April 2015 - September 2019 (not annualized if less than 1 year)

	1 quarter 691 mng	YTD 688 mng	1 year 683 mng	2 years 671 mng	3 years 653 mng	4 years 624 mng	Analysis Period 615 mng
5th Percentile	2.03%	12.85%	8.00%	5.20%	6.55%	7.62%	5.77%
Median	1.24%	10.71%	5.28%	3.82%	5.21%	6.32%	4.47%
95th Percentile	-0.44%	5.79%	2.00%	2.15%	3.55%	4.28%	3.04%
Vanguard High Yield Corporate Adm	1.86%	13.05%	8.13%	4.85%	5.84%	6.85%	5.39%
The BofA Merrill Lynch BB-B US High Yield Constrained Index (USD Unhedged)	1.68%	12.21%	7.87%	5.05%	5.99%	7.46%	5.59%
Barclays U.S. Corporate High Yield	1.33%	11.41%	6.36%	4.69%	6.07%	7.70%	5.64%

Risk / Return
April 2015 - September 2019 (Single Computation)



Asset Allocation Vanguard High-Yield Corporate Adm
April 2015 - September 2019 (12-Month Moving Windows, Computed Monthly)



STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

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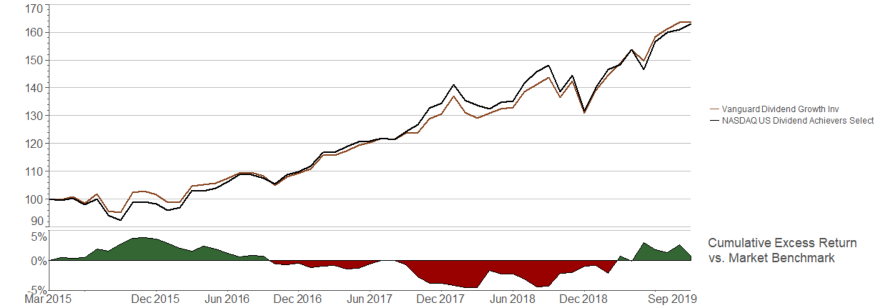
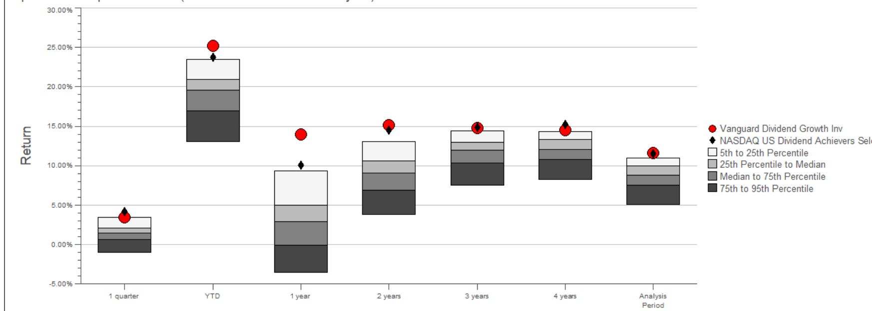
U.S. Large Cap Equity: Vanguard Dividend Growth

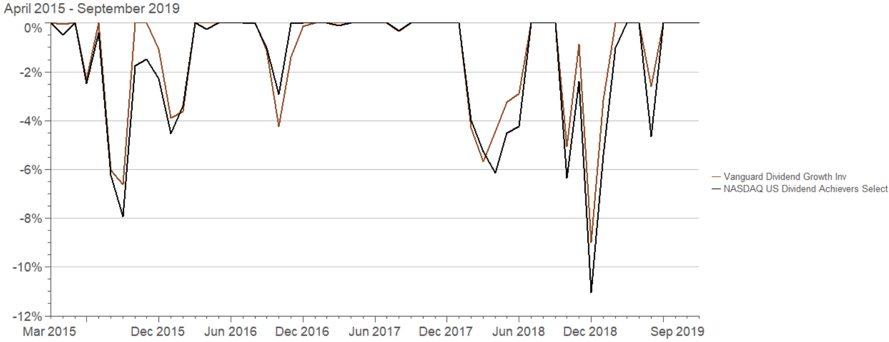
Manager Performance
April 2015 - September 2019 (Single Computation)



Manager vs Morningstar Large Blend: Return
April 2015 - September 2019 (not annualized if less than 1 year)



Drawdown
April 2015 - September 2019

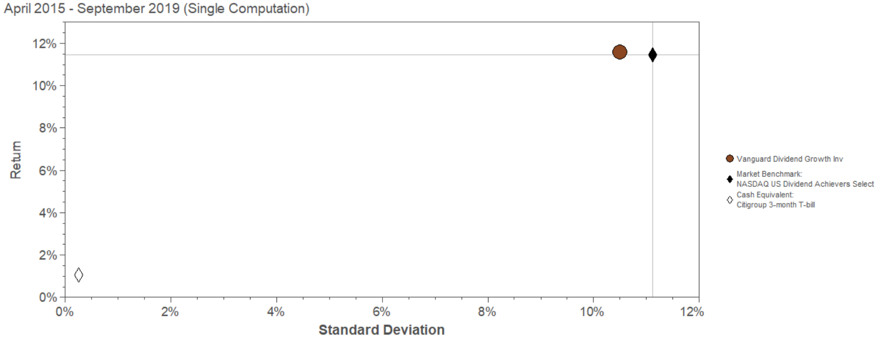


Manager vs Morningstar Large Blend: Return

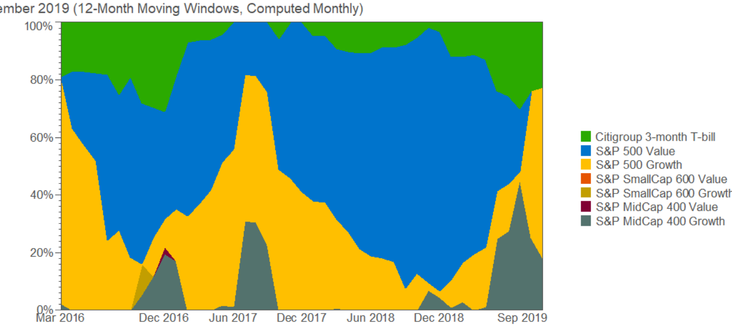
April 2015 - September 2019 (not annualized if less than 1 year)

	1 quarter 1342 mng	YTD 1324 mng	1 year 1312 mng	2 years 1287 mng	3 years 1237 mng	4 years 1213 mng	Analysis Period 1196 mng
5th Percentile	3.44%	23.48%	9.30%	13.02%	14.46%	14.37%	10.95%
Median	1.48%	19.54%	2.94%	9.03%	11.98%	12.08%	8.83%
95th Percentile	-1.01%	13.05%	-3.54%	3.83%	7.56%	8.21%	5.09%
Vanguard Dividend Growth Inv	3.44%	25.21%	13.95%	15.11%	14.77%	14.51%	11.59%
NASDAQ US Dividend Achievers Select	4.18%	23.75%	10.09%	14.52%	14.84%	15.21%	11.47%

Risk / Return
April 2015 - September 2019 (Single Computation)



Asset Allocation Vanguard Dividend Growth Inv
April 2015 - September 2019 (12-Month Moving Windows, Computed Monthly)



STRATEGIC ASSET ALLIANCE
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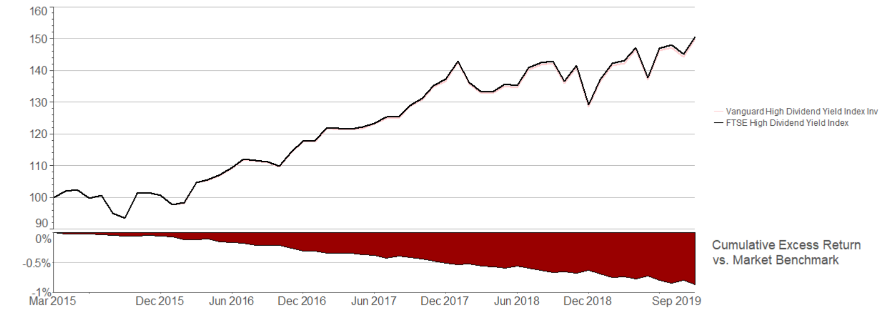
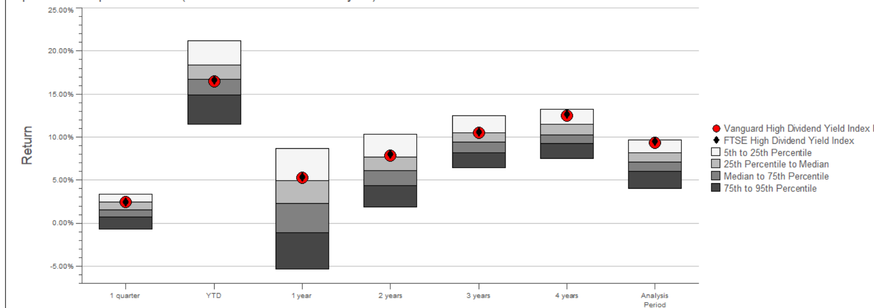
U.S. Large Cap Equity: Vanguard High Dividend Yield

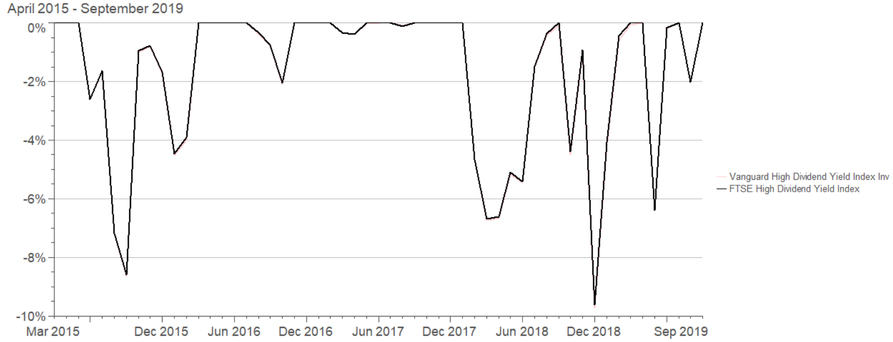
Manager Performance
April 2015 - September 2019 (Single Computation)



Manager vs Morningstar Large Value: Return
April 2015 - September 2019 (not annualized if less than 1 year)



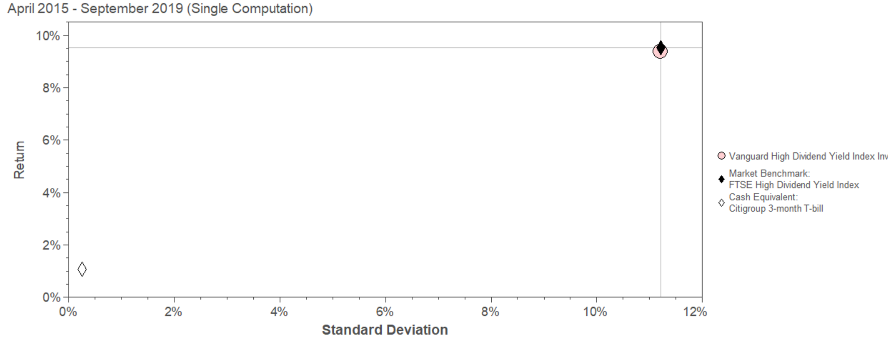
Drawdown
April 2015 - September 2019



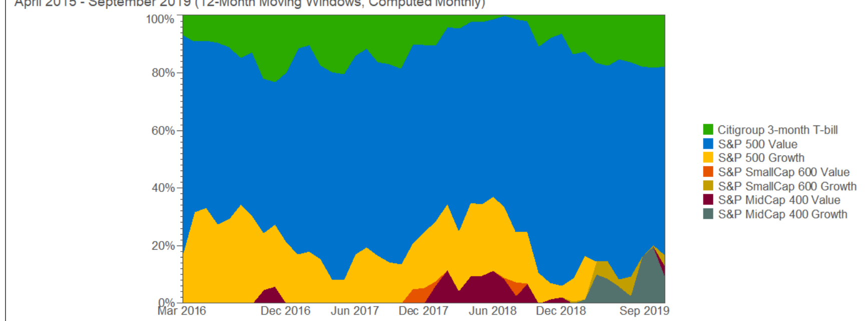
Manager vs Morningstar Large Value: Return
April 2015 - September 2019 (not annualized if less than 1 year)

	1 quarter 1156 mng	YTD 1147 mng	1 year 1147 mng	2 years 1138 mng	3 years 1108 mng	4 years 1084 mng	Analysis Period 1053 mng
5th Percentile	3.36%	21.18%	8.64%	10.30%	12.48%	13.27%	9.66%
Median	1.54%	16.73%	2.31%	6.13%	9.45%	10.29%	7.09%
95th Percentile	-0.69%	11.49%	-5.30%	1.90%	6.43%	7.54%	4.05%
Vanguard High Dividend Yield Index Inv	2.44%	16.49%	5.26%	7.89%	10.47%	12.49%	9.38%
FTSE High Dividend Yield Index	2.47%	16.60%	5.37%	8.03%	10.62%	12.63%	9.52%

Risk / Return
April 2015 - September 2019 (Single Computation)



Asset Allocation Vanguard High Dividend Yield Index Inv
April 2015 - September 2019 (12-Month Moving Windows, Computed Monthly)



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THE INSURANCE INVESTMENT SPECIALIST

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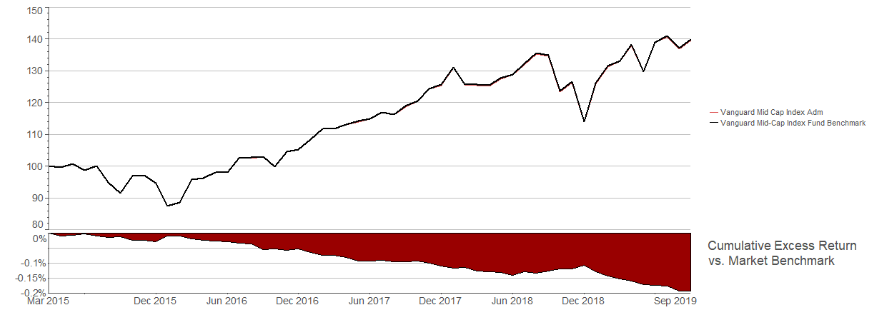
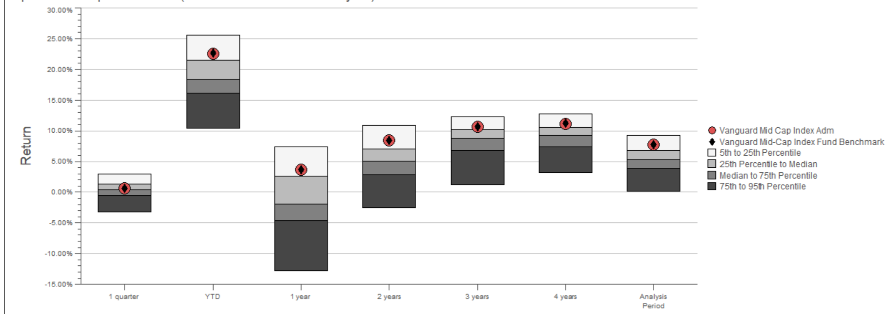
U.S. Mid Cap Equity: Vanguard Mid Cap Index

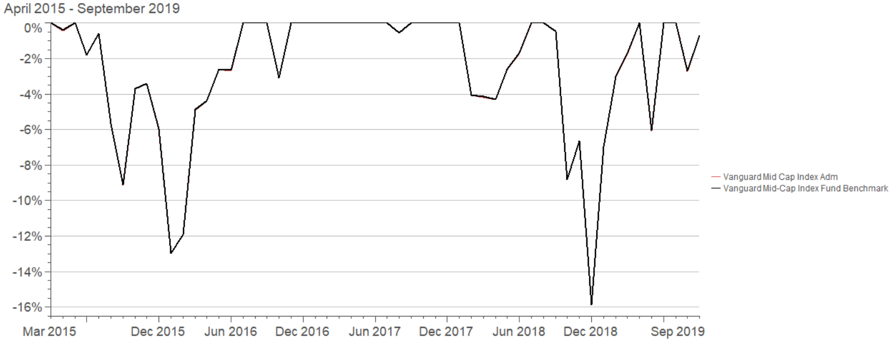
Manager Performance
April 2015 - September 2019 (Single Computation)



Manager vs Morningstar Mid-Cap Blend: Return
April 2015 - September 2019 (not annualized if less than 1 year)



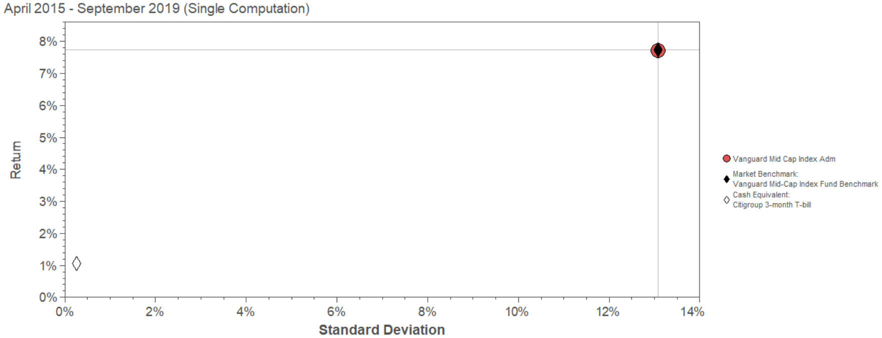
Drawdown
April 2015 - September 2019



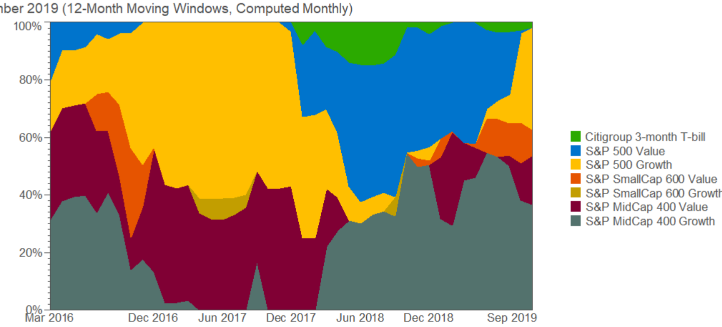
Manager vs Morningstar Mid-Cap Blend: Return
April 2015 - September 2019 (not annualized if less than 1 year)

	1 quarter 393 mng	YTD 391 mng	1 year 390 mng	2 years 385 mng	3 years 372 mng	4 years 346 mng	Analysis Period 336 mng
5th Percentile	2.94%	25.54%	7.40%	10.90%	12.28%	12.75%	9.24%
Median	0.42%	18.34%	-1.95%	5.07%	8.79%	9.23%	5.36%
95th Percentile	-3.18%	10.39%	-12.72%	-2.53%	1.19%	3.19%	0.15%
Vanguard Mid Cap Index Adm	0.61%	22.60%	3.65%	8.43%	10.67%	11.16%	7.70%
Vanguard Mid-Cap Index Fund Benchmark	0.62%	22.66%	3.70%	8.46%	10.70%	11.19%	7.74%

Risk / Return
April 2015 - September 2019 (Single Computation)



Asset Allocation Vanguard Mid Cap Index Adm
April 2015 - September 2019 (12-Month Moving Windows, Computed Monthly)



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THE INSURANCE INVESTMENT SPECIALIST

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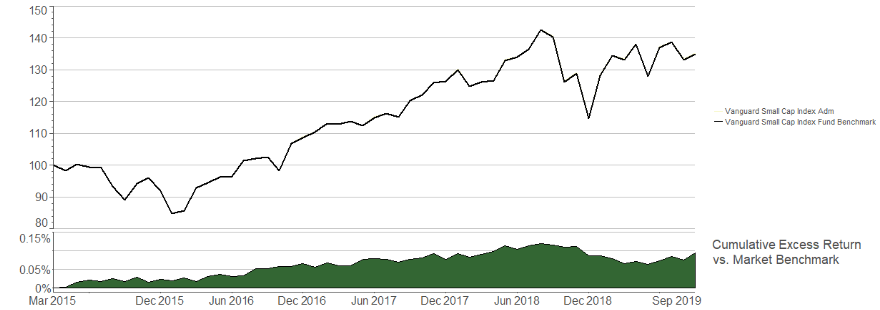
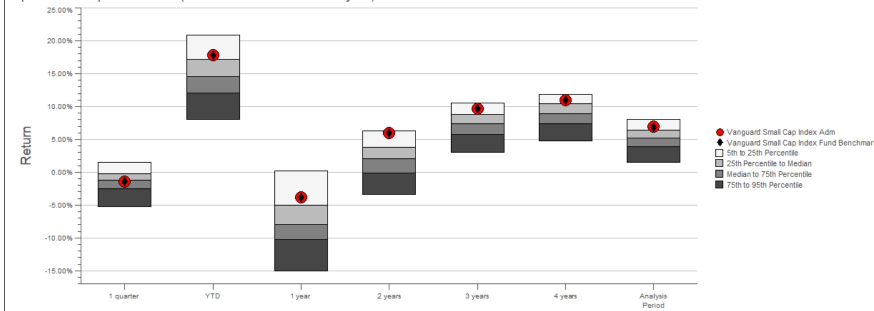
U.S. Small Cap Equity: Vanguard Small Cap Index

Manager Performance
April 2015 - September 2019 (Single Computation)



Manager vs Morningstar Small Blend: Return
April 2015 - September 2019 (not annualized if less than 1 year)

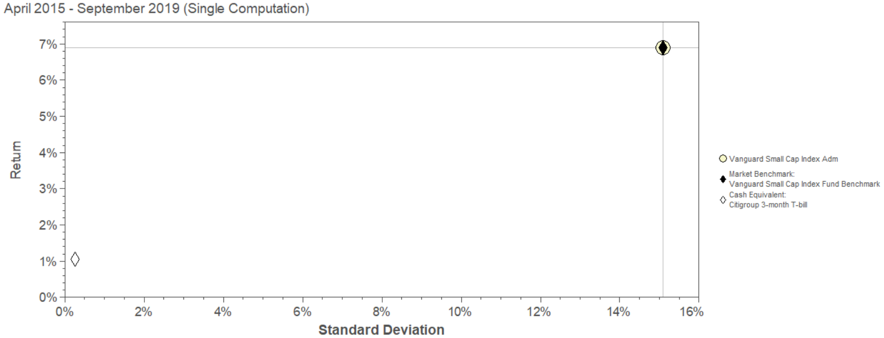


Drawdown
April 2015 - September 2019

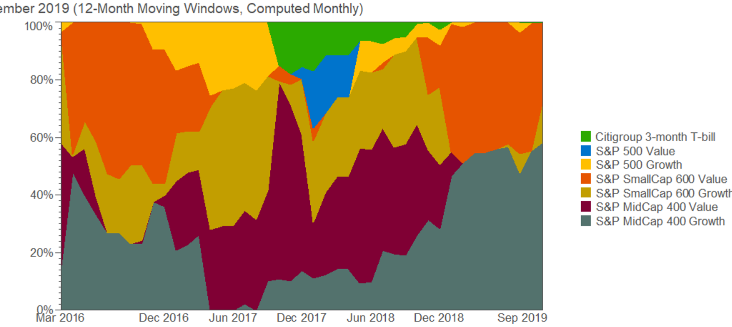
Manager vs Morningstar Small Blend: Return
April 2015 - September 2019 (not annualized if less than 1 year)

	1 quarter 698 mng	YTD 697 mng	1 year 695 mng	2 years 691 mng	3 years 676 mng	4 years 651 mng	Analysis Period 624 mng
5th Percentile	1.55%	20.93%	0.21%	6.27%	10.58%	11.86%	8.03%
Median	-1.25%	14.53%	-7.97%	2.10%	7.40%	8.94%	5.18%
95th Percentile	-5.28%	8.07%	-15.01%	-3.43%	2.99%	4.77%	1.49%
Vanguard Small Cap Index Adm	-1.45%	17.78%	-3.81%	5.95%	9.62%	10.93%	6.90%
Vanguard Small Cap Index Fund Benchmark	-1.47%	17.79%	-3.80%	5.95%	9.61%	10.92%	6.89%

Risk / Return
April 2015 - September 2019 (Single Computation)



Asset Allocation Vanguard Small Cap Index Adm
April 2015 - September 2019 (12-Month Moving Windows, Computed Monthly)



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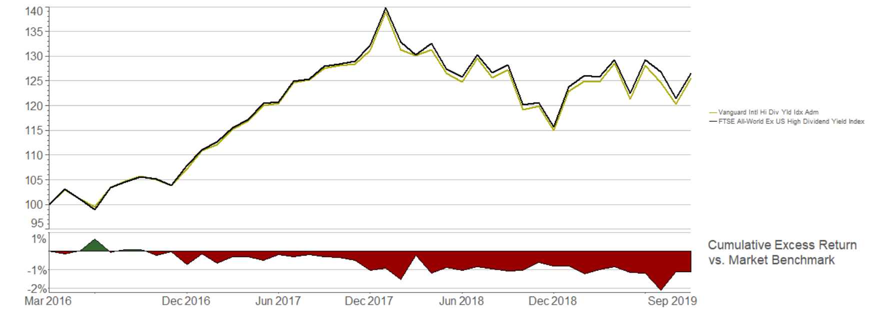
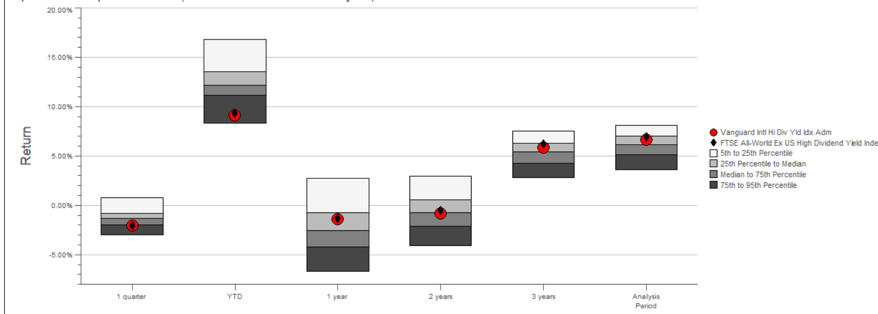
International Equity: Vanguard International High Dividend Yield

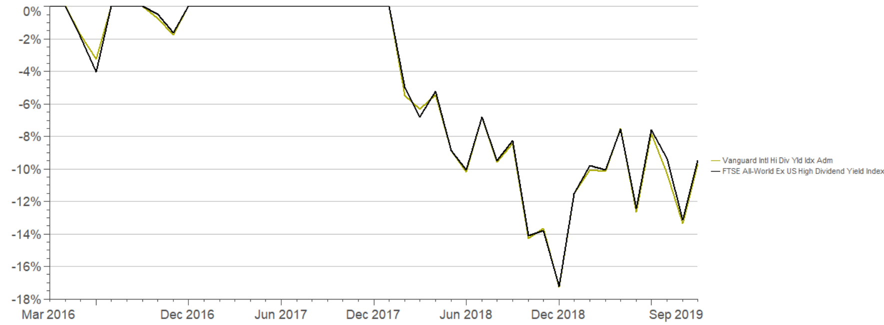
Manager Performance
April 2016 - September 2019 (Single Computation)



Manager vs Morningstar Foreign Large Blend: Return
April 2016 - September 2019 (not annualized if less than 1 year)



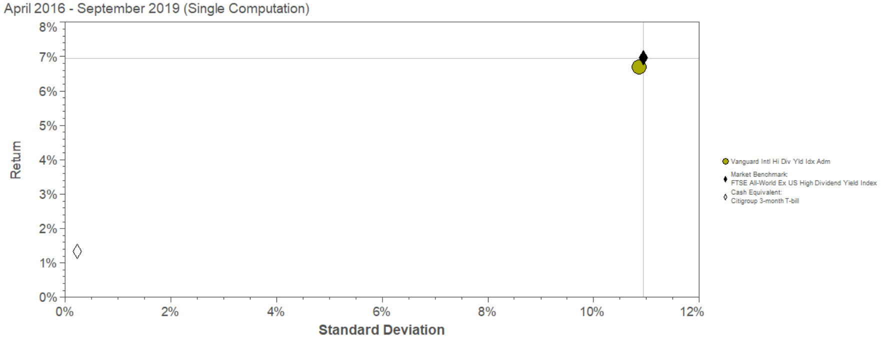
Drawdown
April 2016 - September 2019



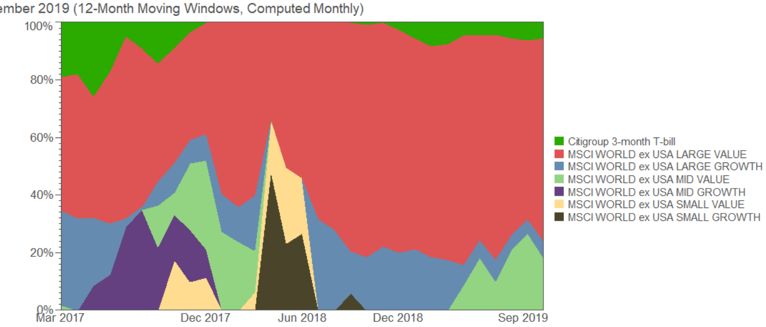
Manager vs Morningstar Foreign Large Blend: Return
April 2016 - September 2019 (not annualized if less than 1 year)

	1 quarter 705 mng	YTD 685 mng	1 year 679 mng	2 years 659 mng	3 years 645 mng	Analysis Period 630 mng
5th Percentile	0.80%	16.85%	2.76%	2.95%	7.52%	8.14%
Median	-1.35%	12.20%	-2.53%	-0.77%	5.44%	6.17%
95th Percentile	-3.00%	8.30%	-6.68%	-4.09%	2.80%	3.63%
Vanguard Intl Hi Div Yld Idx Adm	-2.03%	9.14%	-1.39%	-0.85%	5.87%	6.69%
FTSE All-World Ex US High Dividend Yield Index	-2.07%	9.33%	-1.35%	-0.53%	6.20%	6.96%

Risk / Return
April 2016 - September 2019 (Single Computation)



Asset Allocation Vanguard Intl Hi Div Yld Idx Adm
April 2016 - September 2019 (12-Month Moving Windows, Computed Monthly)



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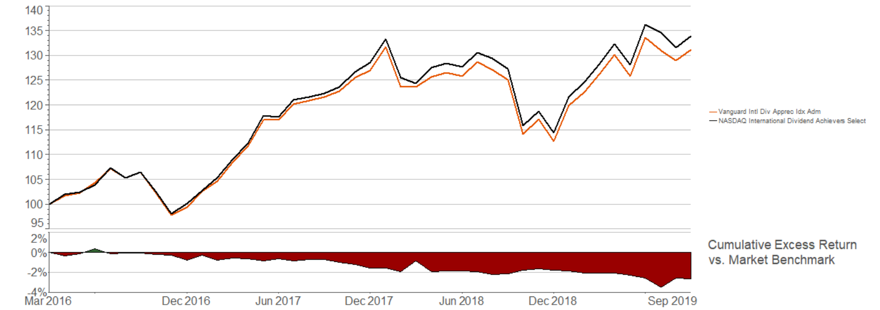
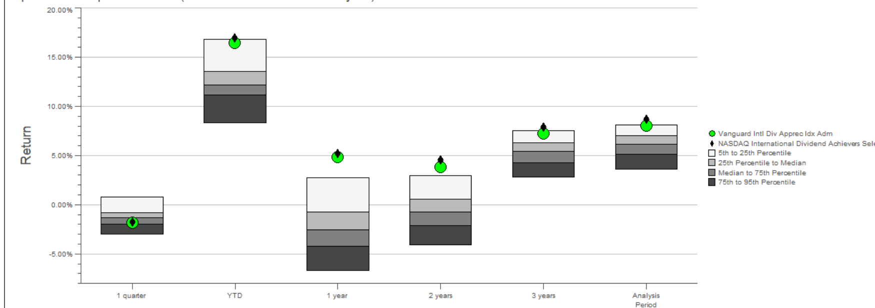
International Equity: Vanguard International Dividend Appreciation

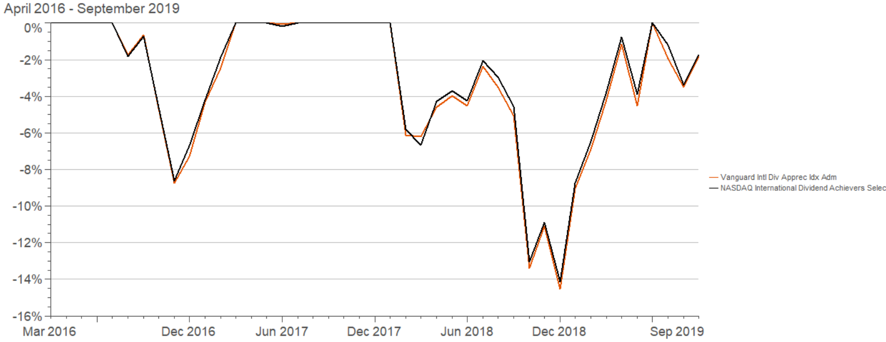
Manager Performance
April 2016 - September 2019 (Single Computation)



Manager vs Morningstar Foreign Large Blend: Return
April 2016 - September 2019 (not annualized if less than 1 year)



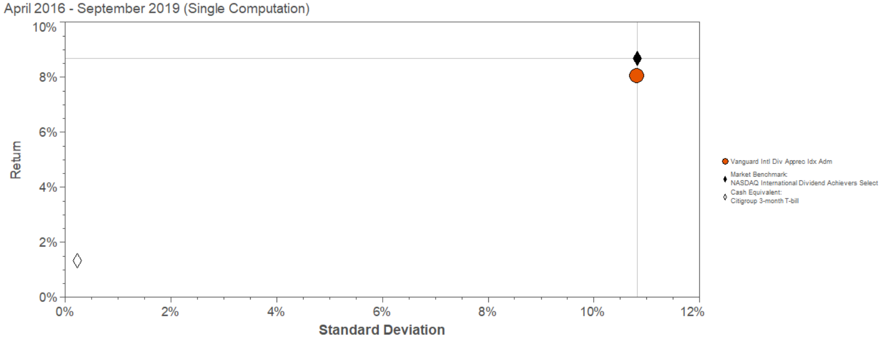
Drawdown
April 2016 - September 2019



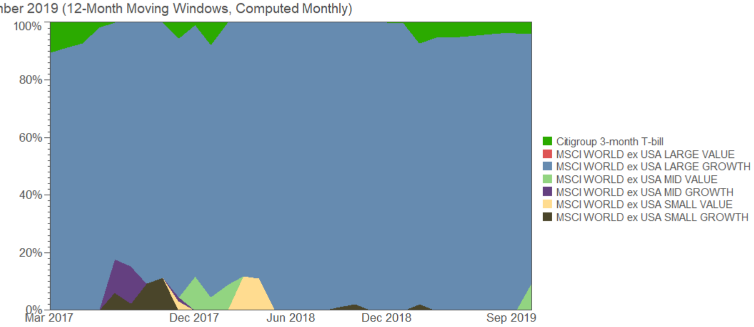
Manager vs Morningstar Foreign Large Blend: Return
April 2016 - September 2019 (not annualized if less than 1 year)

	1 quarter 705 mng	YTD 685 mng	1 year 679 mng	2 years 659 mng	3 years 645 mng	Analysis Period 630 mng
5th Percentile	0.80%	16.85%	2.76%	2.95%	7.52%	8.14%
Median	-1.35%	12.20%	-2.53%	-0.77%	5.44%	6.17%
95th Percentile	-3.00%	8.30%	-6.68%	-4.09%	2.80%	3.63%
Vanguard Intl Div Apprec Idx Adm	-1.84%	16.47%	4.87%	3.84%	7.21%	8.06%
NASDAQ International Dividend Achievers Select	-1.75%	16.94%	5.20%	4.58%	7.91%	8.68%

Risk / Return
April 2016 - September 2019 (Single Computation)



Asset Allocation Vanguard Intl Div Apprec Idx Adm
April 2016 - September 2019 (12-Month Moving Windows, Computed Monthly)



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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.

NEAM New England Asset Management

POOL/PACT Executive Committee

A Discussion on Portfolio Benchmarking

NPAIP PACT

November 4, 2019

Background on POOL/PACT's Portfolio Benchmarks

Characteristics of a Benchmark

Objective yardstick against which to measure performance

Aligned with portfolio's unique investment objectives

Reflective of portfolio-specific constraints & regulatory requirements

Developed based on strategic asset allocation targets

Consistent with key portfolio characteris-tics & risk metrics

Easily calculated

Readily understood

Developing POOL/PACT's Benchmarks

- POOL/PACT's customized portfolio benchmarks were developed as an output of NEAM's **Enterprise Based Asset Allocation (EBAA) analysis**
  - Holistic review of POOL/PACT's underwriting operations & investments
  - Sets strategic asset allocation based on unique risk tolerances
  - Conducted on an annual basis
  - Reviewed with senior management & shared with the Board

- NEAM recommends customized benchmarks that are:

Easily calculated	Readily understood	Capture key portfolio characteristics & constraints

  - Sector
  - Duration
  - Quality

- The benchmarks were designed to reflect POOL/PACT's:

Financial goals	Insurance operations & member programs/services	Regulatory requirements (Nevada statutes applicable to POOL & PACT)	Risk tolerance & capacity (differences between Pooling companies & Captives)

Investment Objectives & Portfolio Strategy

POOL/PACT's Investment Objectives:

- Capital preservation / Safety of principal
- Liquidity to meet operating needs
- Diversification
- Provide a balanced return of current income & modest growth of principal

NEAM's Investment Strategy for POOL/PACT:

- Yield-Driven Total Return
  - Realize the ***highest possible levels of investment income*** while generating ***competitive rates of total return*** over time
  - Emphasize spread product (i.e. non-Treasuries) to earn incremental income
  - Generate stable & rising levels of investment income in support of the programs & services that POOL/PACT offers its members

POOL/PACT's Benchmarks

PACT & POOL		
Blended Indices	Ticker	%
ICE BofAML Mortgage Master Index	M0A0	30%
ICE BofAML US Corporates A-AAA: 1-5 Yrs	CV10	10%
ICE BofAML US Treasury/Agencies: 1-10 Yrs	G5A0	60%

PCM & PRM		
Blended Indices	Ticker	%
ICE BofAML Asset-Backed Master Index AAA	R0A1	5%
ICE BofAML CMBS Fixed Rate AAA	CB10	5%
ICE BofAML Mortgage Master Index	M0A0	30%
ICE BofAML US Corporates A-AAA	C010	40%
ICE BofAML US Corporates BBB: 1-10 Yrs	C5A4	10%
ICE BofAML US Treasury/Agencies	G0A0	10%

Portfolio Positioning vs. Benchmark

	PACT	POOL	Benchmark
Sector			
Cash	2%	10%	-
Treasury/Agency	23%	20%	60%
Corporate	15%	12%	10%
MBS/CMO	54%	49%	30%
ABS	2%	2%	-
CMBS	5%	8%	-
Duration	3.37	3.12	3.30
Credit Quality	AA+	AA+	AA+

	PCM	PRM	Benchmark
Sector			
Cash	2%	5%	-
Treasury/Agency	-	-	10%
Corporate	46%	44%	50%
MBS/CMO	14%	10%	30%
ABS	5%	5%	5%
CMBS	14%	16%	5%
Municipal - Taxable	19%	20%	-
Duration	5.17	5.14	5.30
Credit Quality	AA-	AA-	AA-

SECTOR

- **Underweight Treasuries/Agencies**
- **Overweight spread product** (i.e. Corporates, MBS/CMO, ABS, CMBS, Taxable Municipals)
  - These sectors offer incremental spread or yield over Treasuries which means they generate higher levels of income

DURATION

- Manage interest rate sensitivity **in line with benchmark**
  - Neutralizing slight duration underweight given Fed pivot toward an easing bias

QUALITY

- Maintain high credit quality **in line with benchmark**
  - Recommend an up in quality bias given we are late in the credit cycle

Source: NEAM Analytics. Based on portfolio and benchmark positions as of 10/23/2019.

Understanding Tracking Error

NEAM

- **Tracking error** is a gauge of how closely a portfolio performs relative to its benchmark
- Also known as **'active' risk**, tracking error arises from the active decisions made by a portfolio manager to add value by deviating from the benchmark's holdings or weightings
- Factors contributing to tracking error include:
  - Duration
  - Curve
  - Sector
  - Security Selection
  - Cash Management
- There is a cost associated with minimizing tracking error

POOL/PACT Portfolios Advantage over the Benchmark

	PACT & POOL	PRM & PCM
Book Yield (bps)	+57	+40
Income ($)	+$475k	+$365k
Spread (bps)	+23	+6

Source: NEAM Analytics. Based on portfolio and benchmark positions as of 10/23/2019.

POOL/PACT's Portfolios & Benchmarks in Context

Total Return & Income Return

Total Return	Income Return
• The rate of return on a portfolio reflecting the **income earned** as well as the **price change** (appreciation or depreciation) for a given time period • Total Return = Price Return + Income Return	• The return on a portfolio from the **coupon or interest payments** received from holding a security

- Given POOL/PACT's focus on income generation, **NEAM's yield-driven total return investment strategy** is meant to achieve stable & rising levels of investment income while generating competitive rates of total return over time

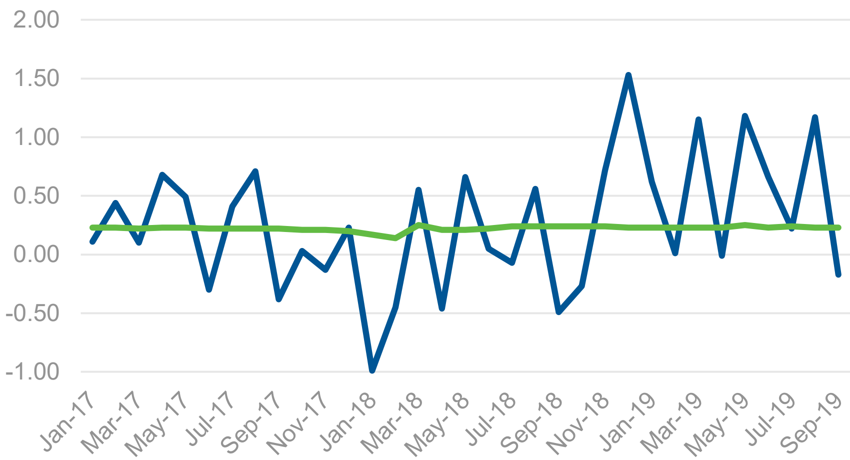
- **Emphasis on the income component of return** as the primary driver of portfolio total return

- While **total return can be volatile** due to changes in Treasury rates and/or credit spreads (price volatility), an emphasis on income has contributed to **stability of POOL/PACT's income return**

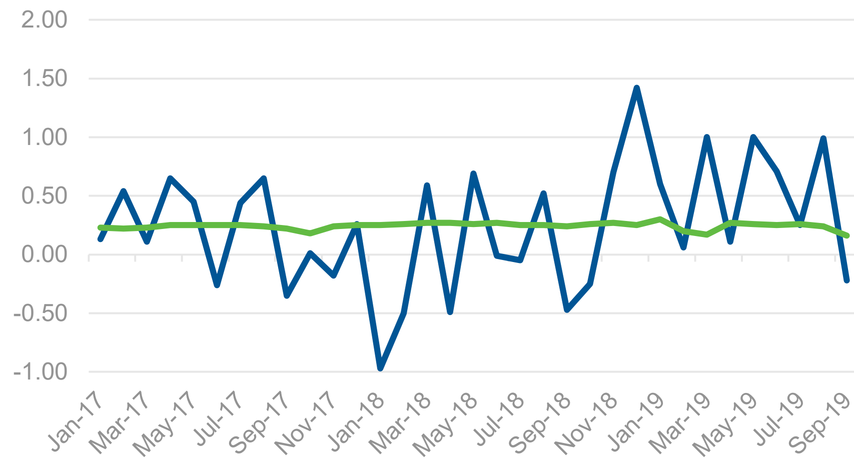
Volatility of Total Return vs. Stability of Income Return

NEAM

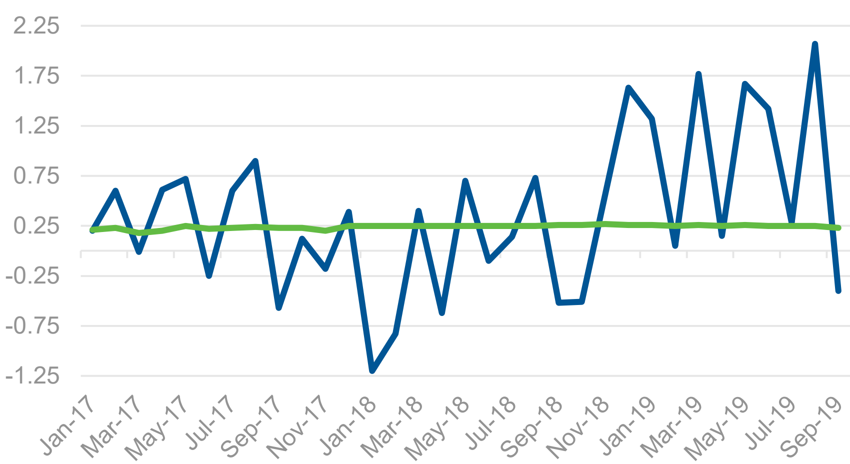
PACT



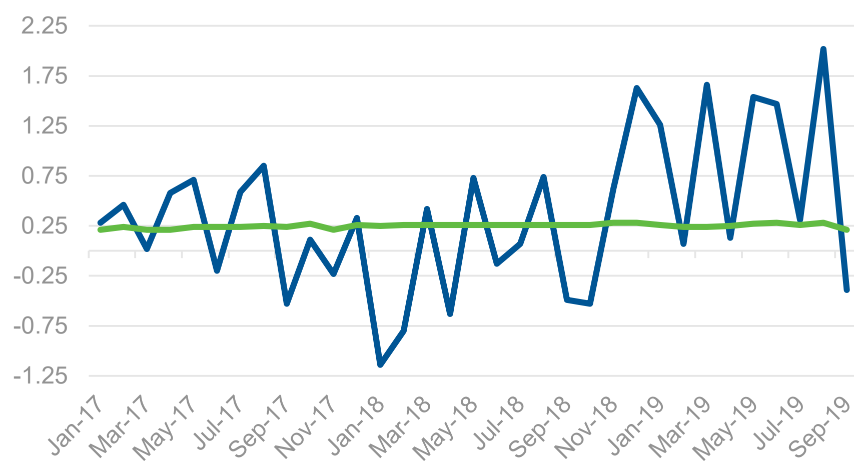
POOL



PCM



PRM



Total Return Income Return

Source: NEAM Analytics.

Risk-Adjusted Returns

- **Sharpe Ratio** – a measure of the risk-adjusted return of a portfolio (excess portfolio return over the risk-free rate relative to its standard deviation)
  - The higher a portfolio's Sharpe ratio, the better its risk-adjusted return
- **Standard Deviation** – measures the variability of the expected return of a portfolio
  - The lower a portfolio's standard deviation, the lower its volatility

	PACT	POOL	Benchmark
Sharpe Ratio	0.76	0.71	0.64
Standard Deviation	0.57	0.53	0.60

	PCM	PRM	Benchmark
Sharpe Ratio	0.97	0.95	1.00
Standard Deviation	0.80	0.77	0.81

- Relative to their respective benchmarks, **POOL/PACT's portfolios generally have better risk-adjusted returns & lower volatility of returns** (i.e. higher Sharpe ratios & lower standard deviations) relative to their respective benchmarks

Source: NEAM Analytics.

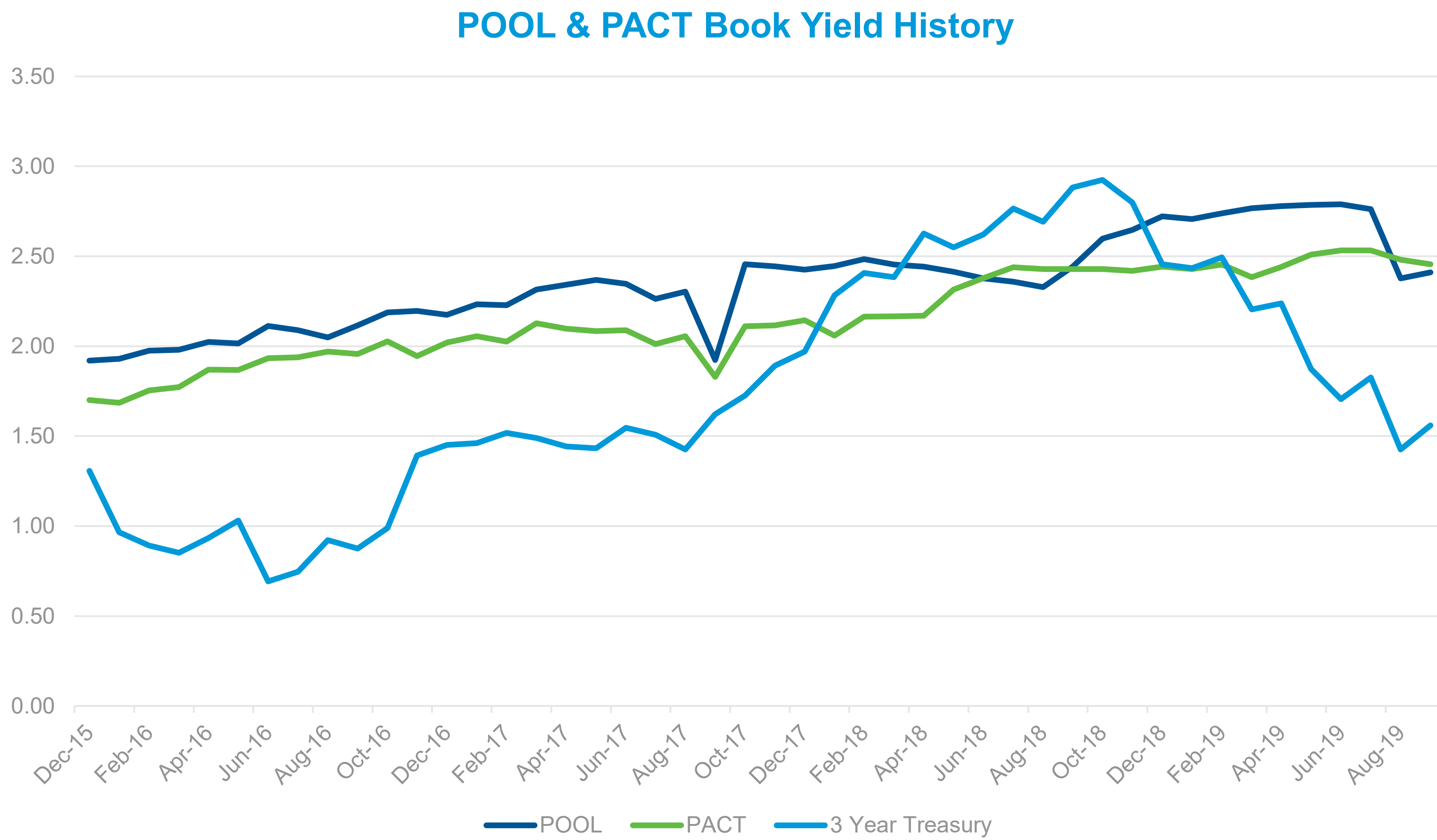
POOL & PACT – *By the Numbers*

	POOL & PACT								
	12/31/2015	12/31/2016		12/31/2017		12/31/2018		10/23/2019	
Market Value ($)	109.0mm	111.6mm		80.6mm*		78.5mm		83.4mm	
Duration	3.38	3.95		3.52		3.50		3.28	
Credit Quality	AA+	AA+		AA+		AA+		AA+	
Book Yield (%)	1.77%	2.07%		2.23%		2.53%		2.47%	
Annualized Income ($)	1.93mm	2.33mm		1.82mm		2.03mm		2.05mm	
		POOL	*PACT*	*POOL*	*PACT*	*POOL*	*PACT*	*POOL*	*PACT*
Total Return (%)	-	+1.33	+0.9	+2.47	+2.43	+1.15	+1.34	+4.66	+4.95
Income Return (%)	-	+2.49	+2.41	+2.85	+2.67	+3.09	+2.64	+2.23	+2.18
Relative Return (%)	-	(0.28)	(0.15)	+0.87	+0.83	(0.14)	+0.05	(0.71)	(0.42)

- Significant portfolio reallocation efforts in 2016 – 2017 reflected:
  - Capital contributions to the Captives ($25mm from PACT to PCM; $10mm from POOL to PRM)
  - Transitioned portfolios towards strategic targets based on EBAA results
- Generated rising levels of investment income & improved book yield
- Achieved competitive rates of total return with income being the primary driver of portfolio return
- Met investment objectives of capital preservation, liquidity, & diversification

* The change in portfolio market value between year-end 2016 and 2017 reflects capital contributions made from the Pooling companies into the Captives in March 2017. $25mm was transferred from PACT to PCM and $10mm was transferred from POOL to PRM.

Book Yield History – POOL & PACT



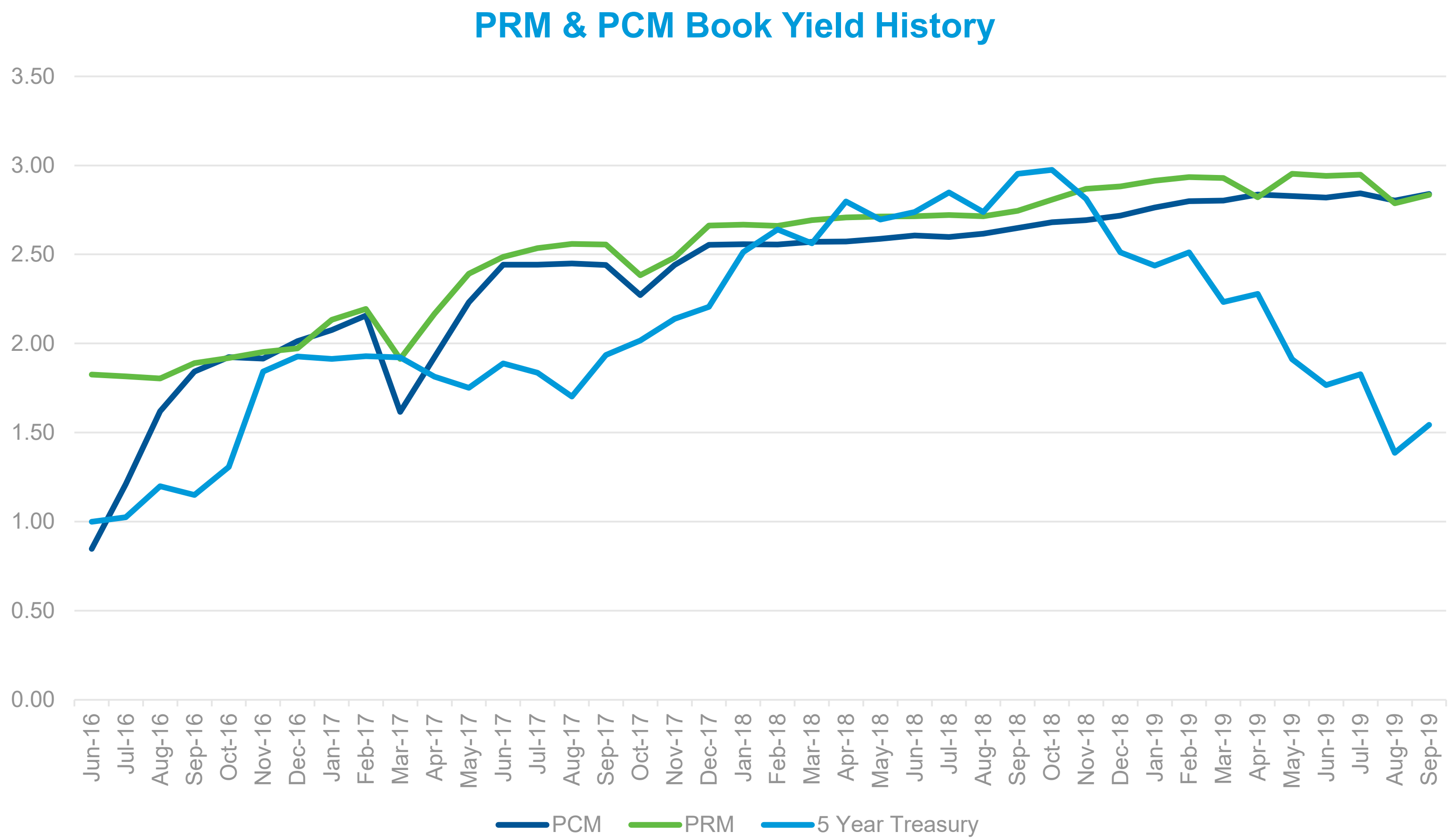
PRM & PCM – *By the Numbers*

	PRM & PCM								
	12/31/2015	12/31/2016		12/31/2017		12/31/2018		10/23/2019	
Market Value ($)	18.7mm	48.5mm		81.0mm*		81.9mm		91.4mm	
Duration	3.86	4.61		5.25		4.93		5.16	
Credit Quality	AA	AA		AA-		AA-		AA-	
Book Yield (%)	1.74%	2.00%		2.59%		2.77%		2.85%	
Annualized Income ($)	0.33mm	0.99mm		2.11mm		2.34mm		2.54mm	
		PRM	*PCM*	*PRM*	*PCM*	*PRM*	*PCM*	*PRM*	*PCM*
Total Return (%)	-	+1.51	(2.11)	+3.00	+3.16	+0.45	+0.36	+8.30	+8.54
Income Return (%)	-	+2.59	+1.00	+2.87	+2.72	+3.14	+3.01	+2.40	+2.36
Relative Return (%)	-	(0.57)	(4.19)	(0.96)	(0.80)	+0.68	+0.59	(0.49)	(0.25)

- Significant portfolio reallocation efforts in 2016 – 2017 reflected:
  - Capital contributions to the Captives ($25mm to PCM from PACT; $10mm to PRM from POOL)
  - Transitioned portfolios towards strategic targets based on EBAA results
- Generated rising levels of investment income & improved book yield
- Achieved competitive rates of total return with income being the primary driver of portfolio return
- Met investment objectives of capital preservation, liquidity, & diversification

* The change in portfolio market value between year-end 2016 and 2017 reflects capital contributions made from the Pooling companies into the Captives in March 2017. $25mm was transferred from PACT to PCM and $10mm was transferred from POOL to PRM.

Book Yield History – PRM & PCM



Key Takeaways

- Portfolio allocation decisions have met POOL/PACT's investment objectives:

POOL/PACT's Investment Objectives	POOL/PACT's Portfolio Results
• Capital preservation / Safety of principal	• Never experienced an impairment or capital loss
• Liquidity to meet operating needs	• Always had cash on hand or portfolio liquidity to cover cash needs in a timely fashion
• Diversification	• Introduced a wide range of eligible asset classes for diversification benefits & incremental yield
• Provide a balanced return of current income & modest growth of principal	• Generated stable & rising levels of investment income & competitive rates of total return over time

- Annual EBAA analysis guides POOL/PACT portfolios' strategic direction
  - Investment guidelines & benchmarks are reviewed annually to determine appropriateness & consistency with investment objectives & risk tolerance
- ***What is the tolerance for tracking error (i.e. portfolio deviation from the benchmark) in pursuit of POOL/PACT's investment objectives?***

POOL AUDIT OVERVIEW

Fiscal Year Ending
June 30, 2019

KEY PLAYERS

Wayne Carlson, Executive Director POOL/PACT	Mike Rebaleati, Captive President, COO	Alan Kalt, CFO	Deb Connally, Controller
Cash Minor, Chair NPAIP, Chair PRM	Paul Johnson, Chair PACT, Chair PCM	Josh Foli, Audit Committee Member	Gerry Eick, Audit Committee Member
Michael Bertrand: Bertrand & Associates: Audit Firm	Steve Balkenbush, General Counsel	Donna Squires, ASC, Claims Management	Derek Burkhalter, Actuary

KEY SECTIONS OF THE AUDIT REPORT

- Executive Director's Letter
- Management Discussion and Analysis
- Independent Auditors Report
- Financial Statements:
  - Statement of Net Position
  - Statements of Revenues, Expenses and Changes in Net Position
  - Statements of Cash Flows
  - Supplemental Schedule on Unpaid Loss Liabilities
  - Comparative Schedule of Claim Development

POOL
PACT

NEVADA PUBLIC AGENCY INSURANCE POOL

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Net Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 969,204	$ 2,254,893
Investments	18,411,809	18,107,946
Accrued interest	68,263	63,847
Deductibles receivable	644,786	336,162
Assessments receivable	18,426	10,520
Other Receivables	47	47
Specific and aggregate recoverables	3,321,360	2,794,407
Prepaid expense	225,108	220,453
Total current assets	23,659,003	23,788,275
Capital assets:		
Land, building & equipment, net	1,529,006	1,579,483
Other assets:		
Construction in progress	22,894	-
Contributed Surplus Public Risk Mutual, net	11,351,444	13,646,670
Total Assets	**36,562,347**	**39,014,428**
LIABILITIES		
Other current liabilities:		
Accounts payable	300,320	124,741
Risk Management Grants payable	136,794	196,731
Deferred inflows of resources	-	-
Current portion of reserve for claims and claims adjustment expenses	4,332,222	5,047,158
Total current liabilities	4,769,336	5,368,630
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	6,372,778	6,666,842
Total non-current liabilities:	6,372,778	6,666,842
Total Liabilities	**11,142,114**	**12,035,472**
NET POSITION		
Net Position, unrestricted	23,891,227	25,399,473
Net Position, invested in capital assets	1,529,006	1,579,483
Total Net Position	**$ 25,420,233**	**$ 26,978,956**

NEVADA PUBLIC AGENCY INSURANCE POOL

Nevada Public Agency Insurance Pool
Statement of Net Position
Fiscal Years Ending June 30th

Description	2012	2013	2014	2015	2016	2017	2018	2019	$ Diff	% Diff
ASSETS										
Current Assets:										
Cash and cash equivalents	814,553	2,163,709	2,000,714	1,096,020	419,052	625,884	2,254,893	969,204	(1,285,689)	-57.0%
Investments	27,128,610	27,905,067	29,313,204	31,146,128	33,121,767	26,229,345	18,107,946	18,411,809	303,863	1.7%
Accrued interest			159,855	192,530	172,145	134,765	63,847	68,263	4,416	6.9%
Deductibles receivables	501,241	233,348	113,516	382,734	260,779	146,244	336,162	644,786	308,624	91.8%
Assessments receivables	-	75,855	6,101	3,241	15,607	26,170	10,520	18,426	7,906	75.2%
Other Receivables	3,507	9,716	136,689	47	50	72,522	47	47	-	0.0%
Specific and aggregate recoverables	300,032	383,132	166,396	1,450,078	1,792,924	2,712,750	2,794,407	3,321,360	526,953	18.9%
Prepaid expense	44,436	18,692	71,434	27,095	21,673	83,691	220,453	225,108	4,655	2.1%
Total Current Assets	*28,792,379*	*30,789,519*	*31,967,909*	*34,297,873*	*35,803,997*	*30,031,371*	*23,788,275*	*23,659,003*	(129,272)	-0.5%
Capital Assets:										
Land, building & equipment	1,823,470	1,778,877	1,734,284	1,689,691	1,645,098	1,622,469	1,579,483	1,551,900	(27,583)	-1.7%
Other Assets:										
Contributiond Surplus to PRM, net	10,733,420	10,342,773	10,056,419	8,357,565	8,067,123	10,420,230	13,646,670	11,351,444	(2,295,226)	-16.8%
TOTAL ASSETS	***41,349,269***	***42,911,169***	***43,758,612***	***44,345,129***	***45,516,218***	***42,074,070***	***39,014,428***	***36,562,347***	(2,452,081)	-5.8%
LIABILITIES										
Other current liabilities:										
Accounts Payable	56,864	64,724	61,456	41,067	87,831	165,724	124,741	300,320	175,579	140.8%
Risk Management Grants payable	50,000	-	586,235		-	157,564	196,731	136,794	(59,937)	-30.5%
Deferred inflows of resources	-	21,776	20,005	16,938		5,104	-		-	
Current portion of reserve for claims & claims adjustment expenses	4,586,498	4,811,009	4,336,045	4,280,866	4,552,056	4,581,556	5,047,158	4,332,222	(714,936)	-14.2%
Total current liabilities	*4,693,362*	*4,897,509*	*5,003,741*	*4,338,871*	*4,639,887*	*4,909,948*	*5,368,630*	*4,769,336*	(599,294)	-11.2%
Non-current liabilities:										
Reserve for claims and claims adjustment expenses	6,886,502	6,827,991	5,816,955	5,843,134	6,013,944	5,423,444	6,666,842	6,372,778	(294,064)	-4.4%
Total non-current liabilities	*6,886,502*	*6,827,991*	*5,816,955*	*5,843,134*	*6,013,944*	*5,423,444*	*6,666,842*	*6,372,778*	(294,064)	-4.4%
TOTAL LIABILITIES	***11,579,864***	***11,725,500***	***10,820,696***	***10,182,005***	***10,653,831***	***10,333,392***	***12,035,472***	***11,142,114***	(893,358)	-7.4%
NET POSITION										
Net Position, unrestricted	27,945,935	29,406,792	31,203,632	32,473,433	33,217,289	30,118,209	25,399,473	23,891,227	(1,508,246)	-5.9%
Net Position, invested in capital assets	1,823,470	1,778,877	1,734,284	1,689,691	1,645,098	1,622,469	1,579,483	1,529,006	(50,477)	-3.2%
TOTAL NET POSITION	***29,769,405***	***31,185,669***	***32,937,916***	***34,163,124***	***34,862,387***	***31,740,678***	***26,978,956***	***25,420,233***	***(1,558,723)***	***-5.8%***

NEVADA PUBLIC AGENCY INSURANCE POOL

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Revenues, Expenses and Changes in Net Position
For Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Premiums written	$ 15,678,937	$ 14,390,787
Rental income	266,582	261,643
Other Income	53,460	50,174
Total revenues	15,998,979	14,702,604
PROGRAM EXPENSES		
Losses and loss adjustment expenses	5,154,084	6,461,215
Excess insurance premiums	5,960,178	5,309,446
Special insurance programs	-	485,154
Pooling and loss control fees	505,000	505,000
Third party administrator fees	726,947	710,655
Member education and training	396,565	240,525
Loss control awards and grants	1,199,910	1,177,977
Agent commissions	1,024,640	955,653
Taxes written	18,656	18,443
Total program expenses	14,985,980	15,864,068
ADMINISTRATIVE EXPENSES		
Management fees	821,488	513,174
Building maintenance and utilities	93,485	93,190
Depreciation	50,477	49,317
Amortization	2,295,226	2,473,560
Travel	59,994	54,981
Casualty insurance	47,970	31,075
Operating expenses	143,979	189,723
Legal expenses	16,775	45,788
Consultant appraisals	83,860	85,700
Technology services	106,783	12,483
Total pool administration expenses	3,720,037	3,548,991
Total program and administration expenses	18,706,017	19,413,059
Decrease in operating net position	**(2,707,038)**	**(4,710,455)**
Increase in non-operating net investment income	1,148,315	(51,267)
(Decrease) increase in net position	**(1,558,723)**	**(4,761,722)**
Net position, beginning of year	26,978,956	31,740,678
Net position, end of year	**$ 25,420,233**	**$ 26,978,956**

NEVADA PUBLIC AGENCY INSURANCE POOL

Nevada Public Agency Insurance Pool
Statements of Revenues, Expenses, and Changes in Net Position
For Years Ended June 30th

Description	2013	2014	2015	2016	2017	2018	2019	$ Difference	% Difference
REVENUES									
Premiums written	14,551,486	14,350,868	14,103,472	13,938,226	13,832,878	14,390,787	15,678,937	1,288,150	9.0%
Rental income	232,655	247,770	252,861	257,937	258,326	261,643	266,582	4,939	1.9%
Other Income	48,341	12,190	7,671	181,366	68,324	50,174	53,460	3,286	6.5%
Total Revenues	*14,832,482*	*14,610,828*	*14,364,004*	*14,377,529*	*14,159,528*	*14,702,604*	*15,998,979*	1,296,375	8.8%
PROGRAM EXPENSES									
Loss and loss adjustment expense	2,994,002	2,752,708	2,818,174	3,629,644	4,549,021	6,461,215	5,154,084	(1,307,131)	-20.2%
Excess insurance premiums	4,812,711	4,919,456	5,253,026	5,044,561	5,633,992	5,309,446	5,960,178	650,732	12.3%
Special insurance programs						485,154	-	(485,154)	-100.0%
Pooling and loss control fees	505,000	505,000	505,000	505,000	505,000	505,000	505,000	-	0.0%
Third Party administrator fees	644,938	626,501	663,688	652,721	659,418	710,655	726,947	16,292	2.3%
Member education & training	720,341	774,404	852,379	1,067,403	1,310,767	1,177,977	1,199,910	21,933	1.9%
Loss control awards & grants	109,584	90,800	126,348	185,900	320,627	240,525	396,565	156,040	64.9%
Agent commissions	951,511	937,796	921,697	911,271	905,483	955,653	1,024,640	68,987	7.2%
Taxes written	7,394	7,234	8,579	8,248	2,166	18,443	18,656	213	1.2%
Total Program Expenses	*10,745,481*	*10,613,899*	*11,148,891*	*12,004,748*	*13,886,474*	*15,864,068*	*14,985,980*	(878,088)	-5.5%
ADMINISTRATIVE EXPENSES									
Management fees	475,860	490,140	462,000	475,860	490,136	513,174	821,488	308,314	60.1%
Buildinig maintence and utilities	46,254	53,254	57,357	80,948	124,219	93,190	93,485	295	0.3%
Depreciation	44,593	44,593	44,593	44,593	44,564	49,317	50,477	1,160	2.4%
Amortization	1,628,228	1,786,354	1,698,854	1,779,165	1,946,893	2,473,560	2,295,226	(178,334)	-7.2%
Travel	35,354	42,226	42,079	54,711	48,662	54,981	59,994	5,013	9.1%
Casualty Insurance	37,381	37,381	38,971	40,767	51,553	31,075	47,970	16,895	54.4%
Operating expenses	159,223	141,213	160,343	232,066	113,484	189,723	143,979	(45,744)	-24.1%
Legal expenses	22,422	11,593	11,354	40,931	85,109	45,788	16,775	(29,013)	-63.4%
Consultant appraisals	75,540	114,660	141,355	114,850	87,500	85,700	83,860	(1,840)	-2.1%
Environmental consultation	21,757	9,365	21,200	18,972	23,665	-	-	-	
Technology services	-	-	-	-	81,967	12,483	106,783	94,300	755.4%
Total Administrative Expenses	*2,546,612*	*2,730,779*	*2,678,106*	*2,882,863*	*3,097,752*	*3,548,991*	*3,720,037*	171,046	4.8%
Total Program and Administrative Expenses	*13,292,093*	*13,344,678*	*13,826,997*	*14,887,611*	*16,984,226*	*19,413,059*	*18,706,017*	(707,042)	-3.6%
Decrease in operating net position	1,540,389	1,266,150	537,007	(510,082)	(2,824,698)	(4,710,455)	(2,707,038)	2,003,417	-42.5%
Increase in non-operating net investment income	(124,125)	486,097	688,201	1,209,345	(297,011)	(51,267)	1,148,315	1,199,582	-2339.9%
(Decrease) increase in net position	1,416,264	1,752,247	1,225,208	699,263	(3,121,709)	(4,761,722)	(1,558,723)	3,202,999	-67.3%
Net Position, beginning of year	29,769,405	31,185,669	32,937,916	34,163,124	34,862,387	31,740,678	26,978,956	(4,761,722)	-15.0%
Net Position, end of year	31,185,669	32,937,916	34,163,124	34,862,387	31,740,678	26,978,956	25,420,233	(1,558,723)	-5.8%
SIR, Blended if necessary	500,000	500,000	500,000	500,000	500,000	500,000	500,000		

NEVADA PUBLIC AGENCY INSURANCE POOL

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Cash Flows
For Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Premiums written	$ 14,835,454	$ 14,211,415
Rental income	266,582	261,643
Other revenues	53,460	50,174
Payment for claims	(6,163,084)	(4,752,215)
Payment to vendors	(11,099,660)	(10,505,811)
Net Cash Used from Operating Activities	(2,107,248)	(734,794)
Cash flows from investing activities:		
Interest and dividend income, net of expenses	518,640	600,085
Purchases of investments	(31,745,904)	(17,538,308)
Proceeds from sales of investments	32,071,717	25,008,356
Net Cash Provided from Investing Activities	844,453	8,070,133
Cash flows from capital activities:		
Increase in capitalization of PRM	-	(5,700,000)
Equipment purchases	-	(6,330)
Construction in progress	(22,894)	-
Net Cash Used for Capital Activities	(22,894)	(5,706,330)
Increase in Cash and Cash Equivalents	(1,285,689)	1,629,009
Cash and Cash Equivalents, beginning of fiscal year	2,254,893	625,884
Cash and Cash Equivalents, year ended June 30	**969,204**	**2,254,893**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating net loss	(2,707,038)	(4,710,455)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	50,477	49,317
Amortization expense	2,295,226	2,473,560
(Increase) in deductibles and assessments receivables	(316,530)	(174,268)
(Increase)in prepaid expense	(4,655)	(136,762)
Decrease in other receivables	-	72,474
(Increase) in recoverables	(526,953)	(81,657)
(Increase) decrease in accrued interest	(4,416)	70,917
Increase (decrease) increase in accounts payable	175,579	(40,983)
(Decrease) increase in Risk Management Grants liability	(59,937)	39,167
(Decrease) in deferred inflows of resources	-	(5,104)
(Decrease) increase in reserve for claims and loss adjustments	(1,009,000)	1,709,000
Net Cash Used by Operating Activities	**$ (2,107,247)**	**$ (734,794)**

NEVADA PUBLIC AGENCY INSURANCE POOL

KEY FINANCIAL FIGURES

Total Capital Contributions to PRM	$29,477,263
Net Contributed Surplus PRM	$11,351,444
Investment Balance at 6-30-2019	$18,411,809
Total Assets at 6-30-2019	$36,562,347
Reserves for claim losses	$10,705,000
Net Investment Income for 2019	$ 1,148,315
Net Position June 30, 2019	$25,420,233
Total Premiums Revenues FY 2019	$15,678,937
Member education and services	$ 1,199,910
Total Loss Fund and program expenses	$14,985,980
Total Administration Expenses	$ 3,720,037*

* Includes Amortization on PRM Contribution $2,295,226

See detailed financial statements and notes for more details.

Mission Statement Financial Items:

Financial Strength, security, and durability
Cost Effective risk sharing and financing
Stewards of Public Assets

Vision Statement:

To sustain financial strength to meet our commitment to Members

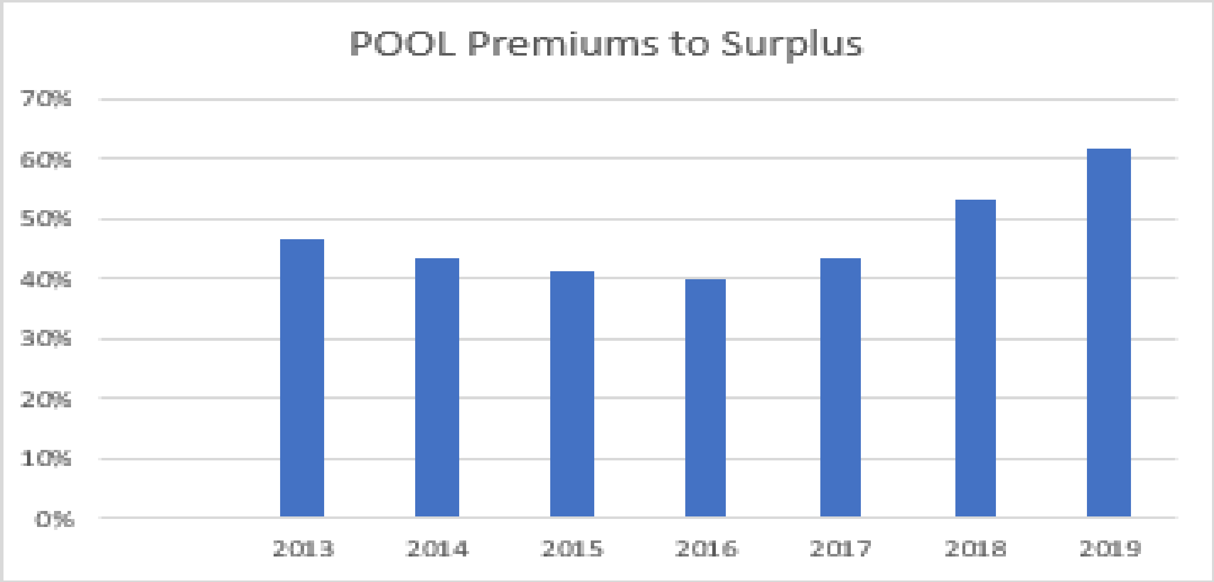
Net Position to SIR (Target 20:1)	50.8 to 1.0
SIR To Net Position	0.02 to 1.0
Cash/Investments to Current Liabilities	4.1 to 1.0
Total Assets/Total Liabilities	3.28 to 1.0
Revenues to Net Position	0.63 to 1.0
Loss Reserves to Net Position	0.42 to 1.0

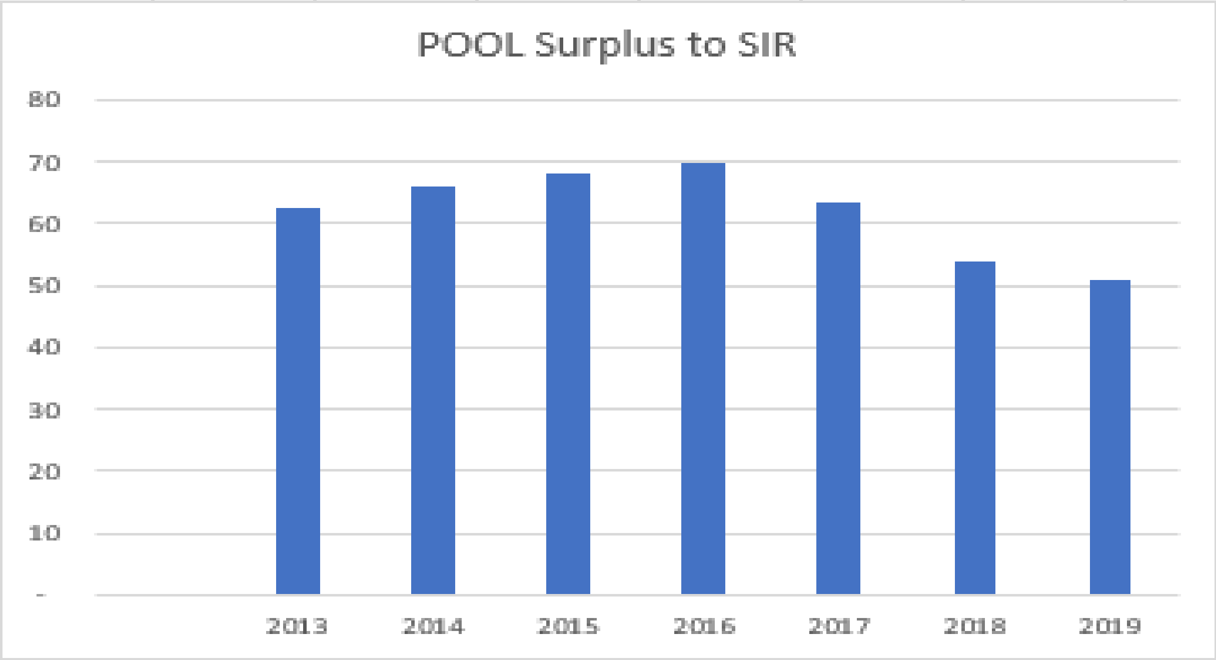
See detailed financial statements and notes for more details.

Bench Mark Data Analysis *POOL*	2013	2014	2015	2016	2017	2018	2019
POOL Premiums to Surplus	46.66%	43.57%	41.28%	39.98%	43.58%	53.34%	61.68%
POOL Surplus to SIR	62.37	65.88	68.33	69.72	63.48	53.96	50.84
POOL Pure Loss and Loss Adjustment Ratio	20.58%	19.18%	19.98%	26.04%	32.89%	44.90%	32.87%
POOL Program Expense Ratio including Reinsurance	52.26%	53.80%	58.00%	58.25%	65.94%	63.95%	61.45%
POOL Admin Expense Ratio (Excluding Depreciation/Amort)	5.89%	6.16%	6.51%	7.37%	7.81%	6.98%	8.59%

NEVADA PUBLIC AGENCY INSURANCE POOL

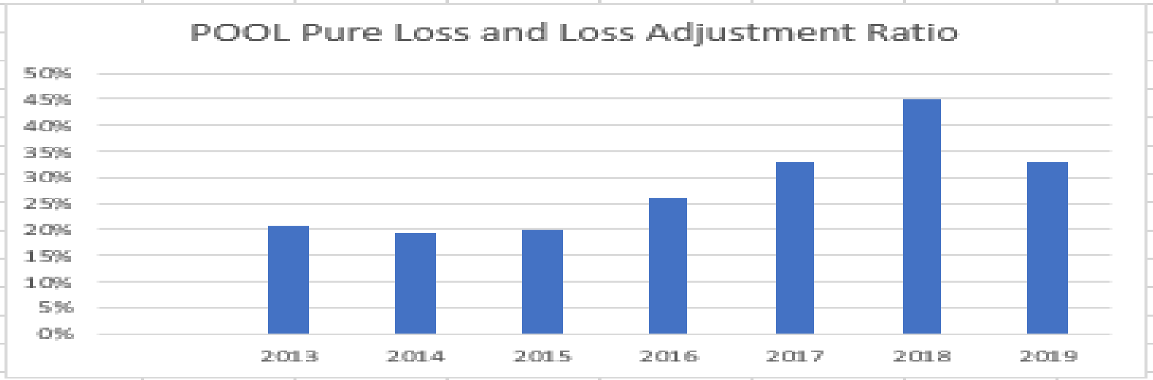
KEY FINANCIAL BENCHMARK FIGURES

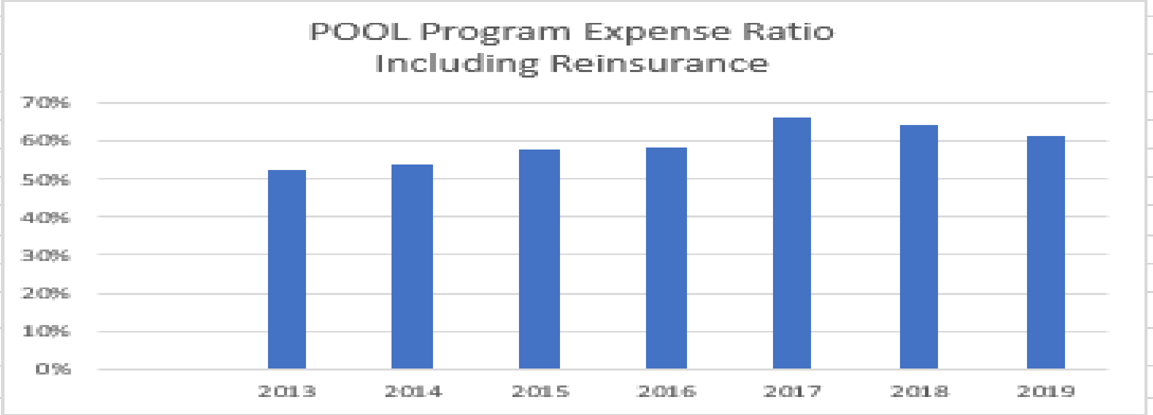


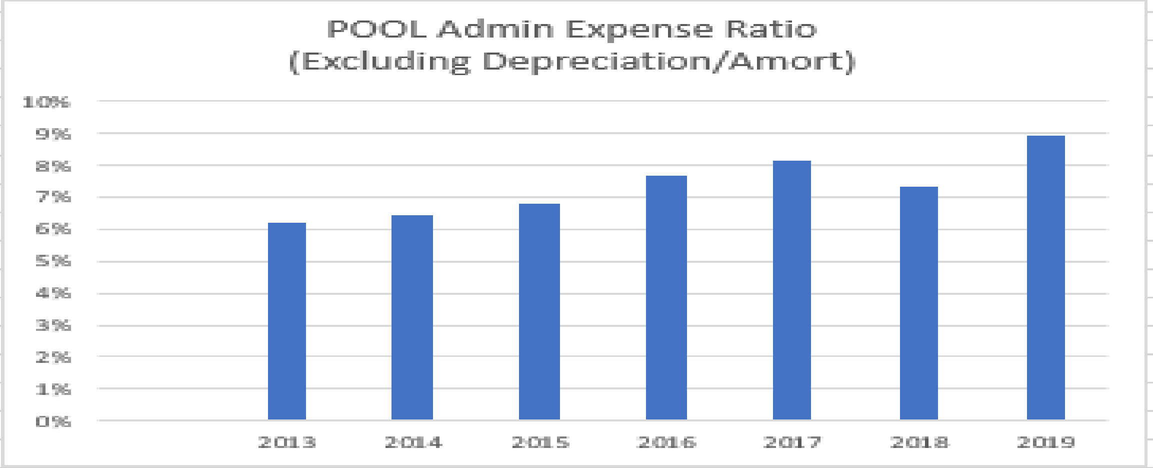


NEVADA PUBLIC AGENCY INSURANCE POOL

KEY FINANCIAL BENCHMARK FIGURES







NEVADA PUBLIC AGENCY INSURANCE POOL

KEY FINANCIAL BENCHMARK FIGURES

POOL AUDIT QUESTIONS & ANSWERS

Fiscal Year Ending
June 30, 2019

THANK YOU FOR YOUR FINANCIAL LEADERSHIP

Working Together
We Achieve Superior Results

POOL
PACT

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

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October 11, 2019

To the Board of Directors
Nevada Public Agency Insurance Pool
201 S. Roop St Suite 201
Carson City, NV 89701

We have audited the financial statements of the business-type activities of Nevada Public Agency Insurance Pool (POOL) for the years ended June 30, 2019 and 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards require that we provide you with the following information related to our audit which is divided into the two following sections:

Section I – Required Communications with those Charged with Governance

Section II – Other Recommendations and Related Information

Section I includes information that current auditing standards required independent auditors to communicate to those individuals charged with governance. We will report this information annually to the Board in our audit committee letter.

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

Section I – Communications Required under AU 260

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 24, 2018 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

Planned Scope and Timing of the Audit
We performed the audit according to the planned scope and timing previously communicated to you in our letter regarding planning matters dated October 24, 2018.

Significant Audit Findings
Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by POOL are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year audited.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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

Management's estimate of the loss reserves is based on a study prepared by an independent actuary. Member deductibles receivable is based on their judgment on what they believe is collectible derived from known facts. Specific and aggregate recoverables are based on estimated recoverables from excess insurers after taking into consideration the SIR and member deductible.

We evaluated the key factors and assumptions used to develop the loss reserves, member deductibles receivable and specific and aggregate recoverables balance in determining that are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were described in Note 6 regarding the unpaid loss liability as that is based on expected trends in claim severity, claim frequency, and other factors that may vary as claims are settled.

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

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There was one misstatement discovered during our audit and management corrected that by expensing the amounts disbursed for the new Nevada Risk Pooling grant. We proposed various adjustments which are discussed in detail in our letter to the audit committee.

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

Management Representations
We have requested certain representations from management that are included in the management representation letter dated October 11, 2019.

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

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

Section II – Other Recommendations and Related Information

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

financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We provided an audit committee recommendations letter dated October 2, 2019 to the audit committee. In this letter we identified exceptions noted and recommendations.

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

Very truly yours,

Bertrand & Associates, LLC

Bertrand & Associates LLC

NEVADA PUBLIC AGENCY INSURANCE POOL

FINANCIAL STATEMENTS

June 30, 2019 and 2018

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BERTRAND & ASSOCIATES LLC
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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Nevada Public Agency Insurance Pool
Carson City, Nevada

Report on the Financial Statements
We have audited the accompanying Statements of Net Position of the Nevada Public Agency Insurance Pool as of June 30, 2019, and 2018 and the related Statements of Revenues and Expenses and Changes in Net Position and Statements of Changes in Cash Flows for the years then ended.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nevada Public Agency Insurance Pool as of June 30, 2019 and 2018 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 8 and the 10-year claims development schedule on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

Carson City, Nevada
October 11, 2019

EXECUTIVE DIRECTOR'S LETTER

Members of Nevada Public Agency Insurance Pool

As the Executive Director, I am pleased to present the NPAIP Annual Audited Financial Statements for the year ended June 30, 2019, the conclusion of our 32nd full year of operations. As noted in part of NPAIP's Mission Statement, we excel in financial strength, security, and durability and cost-effective risk sharing and financing. This financial report will demonstrate our commitment to our Mission Statement.

In addition to the preparation of the audited financial statements in accordance with GASB pronouncements and other financial standards, this report includes a required Management Discussion and Analysis of the financial results during the years.

Over the years, the Board adopted fiscally responsible policies to retain net position to achieve long-term, stable financial results for members. In 2016, they adopted a Net Assets policy to target net position at a minimum of twenty times the highest self-insured retention. With a Net Position of $25,420,233, we have significantly exceeded that goal for this year (50.8:1) and for the comparison year (54.0: 1) shown in the audit. Net position decreased during the year primarily because of amortization of approved transfers to the Public Risk Mutual captive (PRM) and an increase in the reserve for claims and claims adjustment expenses. Since Fiscal Year 2004, NPAIP has contributed $29,477,263 to the PRM captive to serve as one of the reinsurers for NPAIP for certain property and liability coverage during the year. The benefits of the captive are reduced administrative costs, reinsurance opportunities and a broader investment portfolio including risk assets. As PRM grows in financial strength, additional member services and program costs can be directly funded through the captive. See the separate annual audited financial statements of PRM for more details.

Through the oversight of the Audit Committee, Executive Committee and the Board of Trustees, coupled with the Nevada Division of Insurance regulatory review, NPAIP Members can be assured that NPAIP will remain financially sound. Members should be proud of the success we have achieved together.

NPAIP has been serving its membership for over 32 years. We are government risk experts with a passion for risk management services. We provide coverage and risk management solutions that are comprehensive and uncomplicated for our members. As the risk management arm for our members, NPAIP manages claims and provides a broad array of in-depth loss control services, training, and risk consultation. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive support services no one else offers. Our interactive loss control programs and resources guide our members' efforts toward reducing the probability of losses and the effect of losses that do occur.

Both property and casualty coverages can experience significant volatility particularly when the retention levels per loss are high. Because NPAIP retains a substantial portion of the property and casualty risk, it is important to the long-term viability of NPAIP to be able to meet its financial obligations to its Members by growing its Net Position. Insurance market conditions periodically make it important to be able to increase our retentions, which results in increased volatility that must be cushioned strongly. Consistent with NPAIP board policy, funding at a 75% actuarial confidence level for pricing is a prudent level to develop a strong financial position in keeping with the NPAIP Board's goals of creating and sustaining a durable financial position. As described earlier in the Changes in Net Position discussion, Net Position is affected by amortization of transfers of funds to PRM consistent with the board's policy on Capitalization. NPAIP maintains an interest in PRM as its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PRM. The captive continues to enjoy financial success as a reinsurance option for NPAIP.

NPAIP continued its membership in the following reinsurers in which it has a financial interest:

- Public Risk Mutual, its own pure captive, that provides reinsurance for property and liability coverage
- County Reinsurance, Ltd., a captive mutual reinsurer for all members other than schools for liability coverage
- United Educators, a captive risk retention group for schools liability coverage reinsurance
- Government Entities Mutual (GEM), a captive mutual reinsurer, that provides a layer of liability reinsurance

The table below shows some key financial ratios tracked by management and the board to benchmark NPAIP's financial condition and risk retention strategies:

In order to enhance analysis, comparative information is provided foilities, Net Position, Revenues and Expenses as shown in the chart below. The benchmarks shown in tlted from a pooling and captives' industry study conducted a few years ago by Tillinghast and providel to facilitate management's analysis and understanding of the financial results. Other performance indic used by insurance companies but are not necessarily useful comparative indicators for risk pools.					
Financial Ratios	**POOL**	**POOL**	**POOL**	**POOL**	**POOL**
	2014/2015	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**
Total Revenue	$ 14,364,004	$ 14,377,529	$ 14,159,528	$ 14,702,604	$ 15,998,979
Total Net Income	$ 1,225,208	$ 699,263	$ (3,121,709)	$ (4,761,722)	$ (1,558,723)
Net Operating Income	$ 537,007	$ (510,082)	$ (2,824,698)	$ (4,710,455)	$ (2,707,038)
Net Investment Income	$ 688,201	$ 1,209,345	$ (297,011)	$ (51,267)	$ 1,148,315
Total Assets	$ 44,345,129	$ 45,516,218	$ 42,074,070	$ 39,014,428	$ 36,562,347
Total Liabilities	$ 10,182,005	$ 10,653,831	$ 10,333,392	$ 12,035,472	$ 11,142,114
Net Position	$ 34,163,123	$ 34,862,387	$ 31,740,678	$ 26,978,956	$ 25,420,233
Net Position to SIR (Board target: 20:1)	68.3	69.7	63.5	54.0	50.8
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.015	0.014	0.016	0.019	0.020
% Assets attributable to Net Position	77.0%	76.6%	75.4%	69.2%	69.5%
Total assets/total liabilities	4.36	4.27	4.07	3.24	3.28
Revenues to Net Position (Benchmark: <2.5:1 and >0	0.42	0.41	0.45	0.54	0.63
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.34	0.33	0.36	0.43	0.45
Total liabilities to liquid assets: Benchmark <100%	32%	32%	38%	59%	59%
Change in Net Position: >-10%	3.7%	2.0%	-9.0%	-15.0%	-5.8%
Return on Net Position: Net Operating Income/Net Position	1.6%	-1.5%	-8.9%	-17.5%	-10.6%
Return on Net Position: Total Income/Net Position	3.6%	2.0%	-9.8%	-17.6%	-6.1%

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

Economic Factors:

For fiscal year ending June 30, 2019, economic conditions showed continued signs of improvement with some growth continuing for the nation and Nevada. NPAIP's investments, although showing improved results this year, have performed consistently with fixed income investment markets in light of the statutory requirements to invest in governmental securities. Most of NPAIP's investments are anticipated to be held to maturity. NPAIP is restricted by Nevada statutes to invest in governmental securities in the same manner as other political subdivisions. Management adjusts the mix of investments as market conditions change.

Medical inflation continues to be higher than the overall consumer price index nationally, which affects the underlying costs of liability claims payable by NPAIP. Based upon claims activity and the tendency of plaintiffs to appeal judgments more often, litigation costs continue to rise. The NPAIP's defense costs have risen as a result of the types of cases being filed and the increase in the hourly rate that assures retention of competent counsel to handle civil rights cases in particular. Fiscal year ending June 30, 2019 evidenced stable insurance market conditions for property and liability reinsurance. Rates in property coverage were stable with slight increases as were liability rates.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire PARMS staff. The staff includes Mike Rebaleati, Chief Operations Officer, Marshall Smith, Chief Risk Officer, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissia Melissa Mack, Administrative Technician, Zaria Hanses, Administrative Assistant and Mike Van Houten, e-learning Manager and Webmaster. Thanks also to the dedicated professional staff from Bertrand & Associates, LLC, our independent auditors, for their contribution and support throughout the audit process. Special thanks to the Executive Committee, Audit Committee and Board of Directors for their keen interest and support in the planning and conducting of the financial operations of NPAIP in a responsible and progressive manner.

Thank you for your participation in NPAIP and for having confidence in our ongoing ability to meet the Mission, Vision and Motto you set for our member services consortium. We welcome your comments and suggestions to further strengthen NPAIP's financial position, to provide you with additional information and to enhance Member services. I am honored to serve as Executive Director. Thank you for your continued active participation as a Member of NPAIP.

Sincerely,

Wayne Carlson

NPAIP Executive Director

NEVADA PUBLIC AGENCY INSURANCE POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Nevada Public Agency Insurance Pool's (NPAIP) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in NPAIP's financial position (its ability to address next and subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the Executive Director's letter, financial statements and notes to gain a more complete understanding of the information presented.

Organization Overview

Nevada Public Agency Insurance Pool is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the state of Nevada and organized to operate as a group self-insurer. The purpose of the organization is to seek the prevention or lessening of casualty losses to its members and injuries to persons, which might result in claims being made against such members. In addition to self-funding and reinsurance insurance protection, the program provides risk management services with emphasis on loss control, claims administration, and management support services. NPAIP is fully funded by member participants. Members file claims with Alternative Services Concepts, LL (ASC) which has been contracted to perform claims management services for NPAIP.

NPAIP provides property and casualty coverage to member governmental entities pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Directors composed of representatives of each member. Any member may withdraw from the program by giving 120 days' notice. NPAIP's independent actuary develops required NPAIP contributions needed to be assessed and collected.

Background:

NPAIP is subject to Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. NPAIP's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since NPAIP operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company.

Using this Annual Report:

Since the financial statements report information about NPAIP using accounting methods similar to those used by private sector organizations, these statements offer short- and long-term financial information about NPAIP's activity. The financial statements show a comparison of two audited years ending June 30, 2019 and June 30, 2018 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all NPAIP's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the solvency, liquidity and financial flexibility of NPAIP.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of NPAIP's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of NPAIP's credit worthiness and whether NPAIP successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about NPAIP's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, capital and related financing activities and investing activities. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since NPAIP incurs financial obligations to pay for claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights
The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

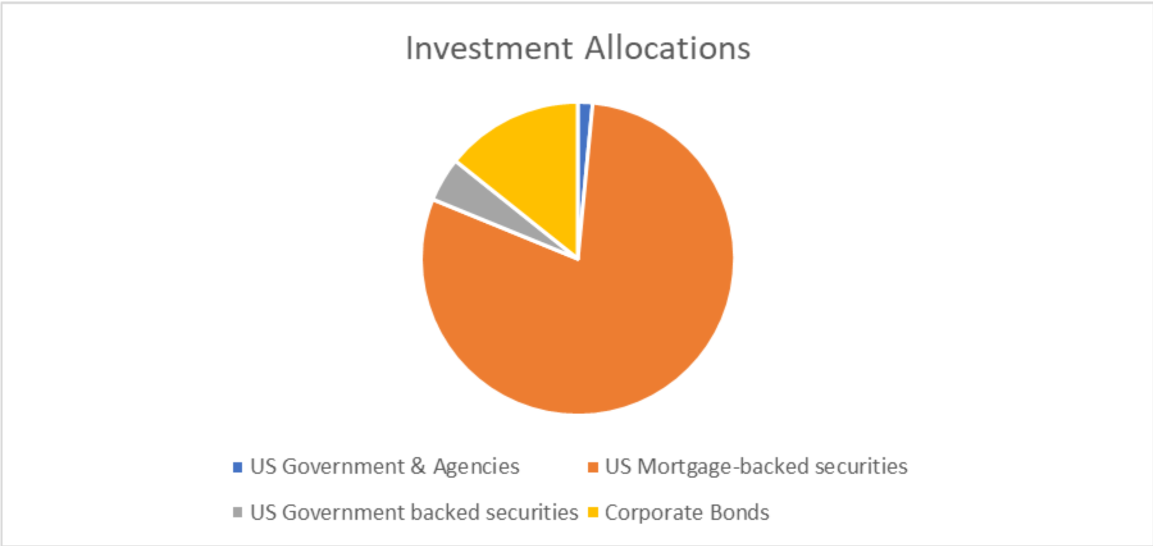
Critical Accounting Estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

NPAIP has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims- IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgments that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. NPAIP uses the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

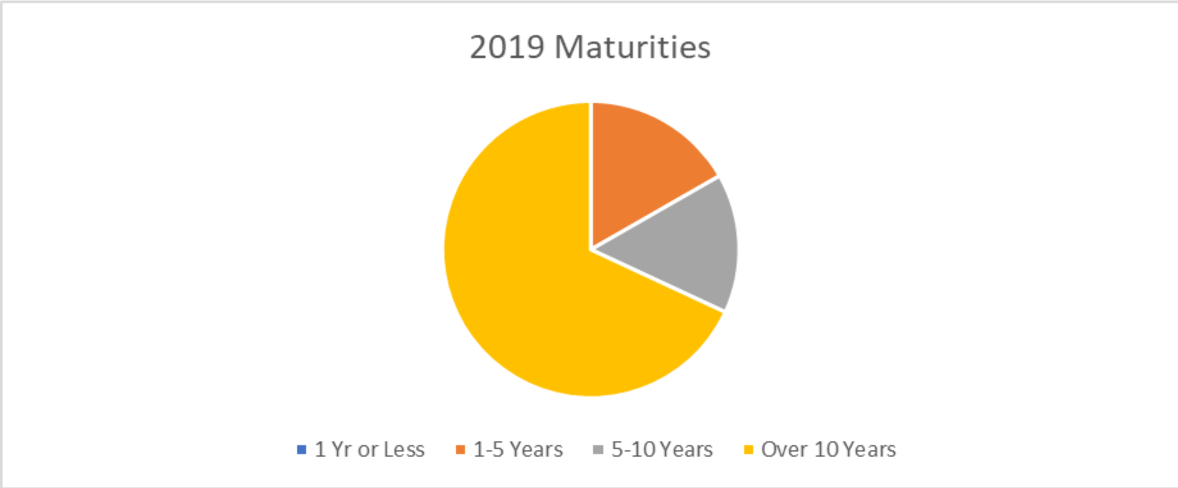
Investments
One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and are reported at their fair value in the Statement of Net Position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the Statement of Revenue, Expenses and Changes in Net Position. Nevada Revised Statutes and the Board approved Investment Policy outlines the restrictions on the types of allowed investments. NPAIP is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grate corporate backed securities. NPAIP is authorized to purchase negotiable certificates of deposits issued by commercial banks or insured savings and loan associations.

Cash and investments of $19,381,013 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of $4,769,336. Total current liabilities include accounts payable, risk management grants payable, specific recoverable and current portion of reserves for claims. This is a conservative measure of cash and investments available to pay current obligations. NPAIP's cash ratio is 4.1, meaning that the it has 4.1 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 3.8. The increase in the cash ratio is due primarily to the reduction in the current portion of reserve for claims and claims adjustment expenses which were $4,332,222 in FY19 compared to $5,047,158 a reduction of $714,936. This is offset by the reduction in cash and investment balance at fiscal year-end.

Investment balances as of June 30, 2019 were $18,411,809 compared to the prior year amount of $18,107,946. This represents an increase of $303,863 or 1.7% The increase is due primarily to the investment income and operations during the year.   As noted in Note 3, the following is a summary of the fair value of investments as of June 30, 2019:



Investment Descriptions	Fair Value 6-30-2019	Fair Value 6-30-2018
U.S. Government & Agencies	278,673	449,799
U.S. Mortgage backed securities	14,670,959	16,307,593
U.S. Government backed securities	838,640	1,350,554
Corporate bonds	2,623,537	-
Total investments	$18,411,809	$18,107,946



Accrued Interest

The investment income receivable at June 30, 2019 is $68,263 compared to $63,847 in 2018. This is a change of $4,416 or 6.9% This is due primarily to the increase in investment balances at year end and the timing of the payment of accrued interest on the investments.

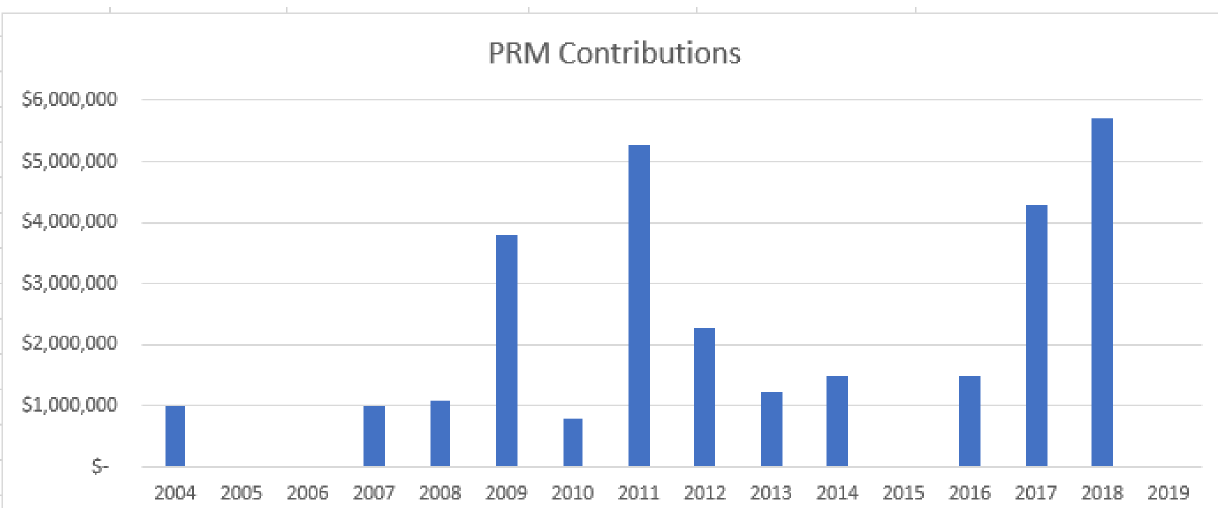
Specific and Aggregate Recoverables

Specific and aggregate recoverables at June 30, 2019 are $3,321,360, compared to $2,794,407 in 2018. This is an increase of $526,953 or 18.8% due to increased settlements during the fiscal year.

Contributed Surplus Public Risk Mutual

In May of 2004, NPAIP's board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company. The company, named Public Risk Mutual, ("PRM") is domiciled in Nevada. PRM subsequently converted from an association captive to a pure captive form owned by NPAIP. PRM is one of the reinsurers for NPAIP. The benefits of the captive are reduced administrative costs, reinsurance opportunities, a broader investment portfolio which can include risk assets, and build equity to enable provision of coverage not obtainable elsewhere. Management considers the contributed surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance cost to NPAIP will recoup the contributed capital. As such, NPAIP's contributed surplus to PRM will be amortized over ten years. The net contributed surplus to PRM for fiscal year ending June 30, 2019 is $11,351,444 compared to $13,646,670 reflecting a decrease of $2,295,226 due to current year amortization. See note 9 for more details. The following chart indicates NPAIP's surplus contributions and related amortization to PRM since inception:

Fiscal Year	Contributions	Amortization	Net Contributions
2004	$ 1,000,000	$ -	$ 1,000,000
2005	$ -	$ 100,000	$ 900,000
2006	$ -	$ 100,000	$ 800,000
2007	$ 1,000,000	$ 100,000	$ 1,700,000
2008	$ 1,100,000	$ 291,667	$ 2,508,333
2009	$ 3,800,000	$ 644,166	$ 5,664,167
2010	$ 808,416	$ 757,368	$ 5,715,215
2011	$ 5,265,924	$1,018,305	$ 9,962,834
2012	$ 2,276,619	$1,506,033	$10,733,420
2013	$ 1,237,581	$1,628,228	$10,342,773
2014	$ 1,500,000	$1,786,354	$10,056,419
2015	$ -	$1,698,854	$ 8,357,565
2016	$ 1,488,723	$1,779,165	$ 8,067,123
2017	$ 4,300,000	$1,946,893	$10,420,230
2018	$ 5,700,000	$2,473,560	$13,646,670
2019	$ -	$2,295,226	$11,351,444



As noted above, NPAIP has contributed $29,477,263 to PRM in accordance with NPAIP's Capitalization Strategy Policy which allows NPAIP's Executive Committee to distribute a portion of the Net Assets to provide additional capitalization of PRM to reduce reliance on other excess or reinsurance providers. PRM has increased its reinsurance capacity and thereby reduced NPAIP's retention as a result of the additional contributions to PRM's surplus.

Reserves for Claim Losses

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect NPAIP's reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environment. Annually, NPAIP retains an outside independent actuary to provide a loss reserve opinion and establish a range for NPAIP's loss reserves. NPAIP's policy is to book reserves at the 75% confidence level as recommended by the actuary. The actuarial analysis for the current fiscal year revealed an overall increase in case reserves and IBNR reserves over prior years estimated incurred losses. See Note 6 Unpaid Claim Liabilities and the Supplemental Schedule of Claim Development in the financial statements for more details.

Reserves for current portion of claims decreased from $5,047,158 to $4,332,222 in fiscal year ending June 30, 2019. The noncurrent reserve for claims and claims loss adjustment expenses decreased from $6,666,842 to $6,372,778 in 2019. Total reserves decreased to $10,705,000 from $11,714,000 a decrease of $1,009,000 or 8.6% based on claim payments and decreased claims costs and development as calculated by the actuary. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years included in the financial statements for more details.

Change in Net Position

NPAIP's Total Net Position decreased from $26,978,956 to $25,420,233 during the fiscal year ending June 30, 2019, a decrease of $1,558,723 or 5.8%. This decrease primarily is due to the amortization of $2,295,226 of the transfer to PRM, a net overall decrease in operating net position increased by net investment income of $1,148,315 for fiscal year 2019.

The following is the comparative Statements of Net Position for NPAIP as of June 30, 2019 and 2018.

CONDENSED STATEMENTS OF NET POSITON

	2019	2018
Cash and investments	$ 19,381,013	$ 20,362,839
Accrued interest	68,263	63,847
Receivables	3,984,619	3,141,136
Other assets	248,002	220,453
Capital assets, net	1,529,006	1,579,483
Contributed surplus PRM, net	11,351,444	13,646,670
Total assets	**36,562,347**	**39,014,428**
Accounts payable	300,320	124,741
Other liabilities and deferred revenues	136,794	196,731
Reserve for claims and claims related expense	10,705,000	11,714,000
Total liabilities	**11,142,114**	**12,035,472**
Net position -unrestricted	23,891,227	25,399,473
Net position -invested in capital assets	1,529,006	1,579,483
Total net position	**$ 25,420,233**	**$ 26,978,956**

Total Operating Revenues

NPAIP's primary revenue source comes from premiums written. Premium written increased from $14,390,787 to $15,678,937 during fiscal year ending June 30, 2019. This is an increase of $1,288,150 or 9.0%. This increase is attributable to a rate increase needed to fund increased claims, allocation of special insurance programs into the rates, changes in members deductible options and operating programs.

Program Expenses

Total program expenses decreased to $14,985,980 from $15,864,068 in Fiscal Year 2018. This reflects a decrease of $878,088 or 5.5% in the current year. Losses and loss adjustment expenses decreased $1,307,131 due to adverse development during the prior year. The reinsurance/excess insurance premiums increased $650,732 from $5,309,446 to $5,960,178 because of increased losses and loss adjustments in the prior year. Special insurance programs expenses were $485,154 in Fiscal Year 2018 as the Board approved paying for the pollution coverage and the student accident coverage for the members directly without charging additional premiums. This cost was absorbed into the premium rates in 2019. There was an increase of $156,040 in risk management grants to the members during the year. Slight increases were noted in Third party administrator fees of $16,292 due to increase in claims processing cost, an increase of $21,933 in member education and training from $1,177,977 to $1,199,910, an increase of $68,987 in agent commissions and $213 increase in taxes written .

Administration Expenses

Total administrative expenses were $3,720,037 in Fiscal Year ending June 30, 2019 compared to $3,548,991 in FY 2018. This represents an increase of $171,046 or 4.8%. There was a decrease of $178,334 in the amortization expense related to the Surplus Contribution to Public Risk Mutual. This decrease is due to the amortization of the contributions to PRM over a ten-year period. The management fees went from $513,174 to $821,488 an increase of $308,314. The Board of Directors approved $250,000 in management grant to start Nevada Risk Pooling, Inc to serve as the new management company effective July 1, 2019. The remaining increase was budgeted and included in the approved management contract. Technology services increased to $106,783 from $12,483 due to the purchase of additional technology and support services during the year.

Non-operating Net Investment Income

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Restrictions imposed by law on the types of investments NPAIP may utilize are similar to other local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of NPAIP's investments are anticipated to be held to maturity. Non-operating net investment income was $1,148,315 for Fiscal Year end June 30, 2019 compared to ($51,267) in 2018. The investment income was positive for NPAIP as a result of the mark to market value adjustment because of decreasing interest rates in fiscal year 2019. See Note 3 Investment Securities for more details.

Revenues, Expenses and Changes in Net Position:

CONDENSED STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

	2019	2018
Assessments revenues	$ 15,998,979	$ 14,702,604
Loss fund provision and program expenses	14,985,980	15,864,068
Administration expenses	3,720,037	3,548,991
Total expenses	18,706,017	19,413,059
(Decrease) in operating net position	**(2,707,038)**	**(4,710,455)**
Non-operating net investment income	1,148,315	(51,267)
(Decrease) increase in net position	**$ (1,558,723)**	**$ (4,761,722)**

Capital Assets and Debt Administration:
NPAIP has land and the office building as the only physical assets and no borrowed funds. The capital assets of land, building and equipment net is $1,529,006 as of June 30, 2019. This represents 4.2% of the total assets. This building generates rental income and diversifies NPAIP's investments. NPAIP remains debt free.

Subsequent Events:
There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:
While the purpose of this discussion and financial report is to provide a general overview of NPAIP's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790.

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Net Position
June 30, 2019 and 2018

ASSETS	**2019**	**2018**
Current assets:		
Cash and cash equivalents	$ 969,204	$ 2,254,893
Investments	18,411,809	18,107,946
Accrued interest	68,263	63,847
Deductibles receivable	644,786	336,162
Assessments receivable	18,426	10,520
Other Receivables	47	47
Specific and aggregate recoverables	3,321,360	2,794,407
Prepaid expense	225,108	220,453
Total current assets	23,659,003	23,788,275
Capital assets:		
Land, building & equipment, net	1,529,006	1,579,483
Other assets:		
Construction in progress	22,894	-
Contributed Surplus Public Risk Mutual, net	11,351,444	13,646,670
Total Assets	**36,562,347**	**39,014,428**
LIABILITIES		
Other current liabilities:		
Accounts payable	300,320	124,741
Risk Management Grants payable	136,794	196,731
Deferred inflows of resources	-	-
Current portion of reserve for claims and claims adjustment expenses	4,332,222	5,047,158
Total current liabilities	4,769,336	5,368,630
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	6,372,778	6,666,842
Total non-current liabilities:	6,372,778	6,666,842
Total Liabilities	**11,142,114**	**12,035,472**
NET POSITION		
Net Position, unrestricted	23,891,227	25,399,473
Net Position, invested in capital assets	1,529,006	1,579,483
Total Net Position	**$ 25,420,233**	**$ 26,978,956**

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Revenues, Expenses and Changes in Net Position
For Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Premiums written	$ 15,678,937	$ 14,390,787
Rental income	266,582	261,643
Other Income	53,460	50,174
Total revenues	15,998,979	14,702,604
PROGRAM EXPENSES		
Losses and loss adjustment expenses	5,154,084	6,461,215
Excess insurance premiums	5,960,178	5,309,446
Special insurance programs	-	485,154
Pooling and loss control fees	505,000	505,000
Third party administrator fees	726,947	710,655
Member education and training	396,565	240,525
Loss control awards and grants	1,199,910	1,177,977
Agent commissions	1,024,640	955,653
Taxes written	18,656	18,443
Total program expenses	14,985,980	15,864,068
ADMINISTRATIVE EXPENSES		
Management fees	821,488	513,174
Building maintenance and utilities	93,485	93,190
Depreciation	50,477	49,317
Amortization	2,295,226	2,473,560
Travel	59,994	54,981
Casualty insurance	47,970	31,075
Operating expenses	143,979	189,723
Legal expenses	16,775	45,788
Consultant appraisals	83,860	85,700
Technology services	106,783	12,483
Total pool administration expenses	3,720,037	3,548,991
Total program and administration expenses	18,706,017	19,413,059
Decrease in operating net position	**(2,707,038)**	**(4,710,455)**
Increase in non-operating net investment income	1,148,315	(51,267)
(Decrease) increase in net position	**(1,558,723)**	**(4,761,722)**
Net position, beginning of year	26,978,956	31,740,678
Net position, end of year	**$ 25,420,233**	**$ 26,978,956**

See accompanying notes

NEVADA PUBLIC AGENCY INSURANCE POOL
Statements of Cash Flows
For Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Premiums written	$ 14,835,454	$ 14,211,415
Rental income	266,582	261,643
Other revenues	53,460	50,174
Payment for claims	(6,163,084)	(4,752,215)
Payment to vendors	(11,099,660)	(10,505,811)
Net Cash Used from Operating Activities	(2,107,248)	(734,794)
Cash flows from investing activities:		
Interest and dividend income, net of expenses	518,640	600,085
Purchases of investments	(31,745,904)	(17,538,308)
Proceeds from sales of investments	32,071,717	25,008,356
Net Cash Provided from Investing Activities	844,453	8,070,133
Cash flows from capital activities:		
Increase in capitalization of PRM	-	(5,700,000)
Equipment purchases	-	(6,330)
Construction in progress	(22,894)	-
Net Cash Used for Capital Activities	(22,894)	(5,706,330)
Increase in Cash and Cash Equivalents	(1,285,689)	1,629,009
Cash and Cash Equivalents, beginning of fiscal year	2,254,893	625,884
Cash and Cash Equivalents, year ended June 30	**969,204**	**2,254,893**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating net loss	(2,707,038)	(4,710,455)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	50,477	49,317
Amortization expense	2,295,226	2,473,560
(Increase) in deductibles and assessments receivables	(316,530)	(174,268)
(Increase)in prepaid expense	(4,655)	(136,762)
Decrease in other receivables	-	72,474
(Increase) in recoverables	(526,953)	(81,657)
(Increase) decrease in accrued interest	(4,416)	70,917
Increase (decrease) increase in accounts payable	175,579	(40,983)
(Decrease) increase in Risk Management Grants liability	(59,937)	39,167
(Decrease) in deferred inflows of resources	-	(5,104)
(Decrease) increase in reserve for claims and loss adjustments	(1,009,000)	1,709,000
Net Cash Used by Operating Activities	**$ (2,107,247)**	**$ (734,794)**

See accompanying notes

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, and realized and unrealized gains and losses are shown as net investment income.

The NPAIP is authorized, by state statutes, to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, the maturities of which cannot be more than 10 years from date of purchase except as permitted by law. The NPAIP is also authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, the U.S. Postal Service and Government National Mortgage Association securities.

Credit Risk:
Credit risk is the risk that the issuer of a security will default on principal and interest of the security. NPAIP's policy is to invest in 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.

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.

Deductibles and Specific Excess Recoverable Receivables:
Deductibles receivable represents the portion of a claim to be collected from members. Specific excess recoverables represents amounts to be collected from excess insurers on claims made by members against the NPAIP in excess of the NPAIP's retention.

Fixed Assets:
Equipment on the books is depreciated over the estimated useful lives of the assets using the straight-line method and the lives assigned to assets range from 5 years to 7 years. The capitalization policy allows for the recording as an asset and depreciation for amounts of and in excess of $5,000. The office building cost is depreciated using the straight-line method over a period of 40 years with no salvage value.

Legal Fees:
Legal fees included in administration expenses are primarily for corporate legal work only; all legal expenses associated with a particular claim are charged directly to that claim's experience. Legal work on claims affects losses incurred and loss adjustment expenses.

Losses and Loss Adjustment Expenses:
Reserves for losses and allocated loss adjustment expenses are provided based on case basis estimates for losses reported and NPAIP's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary using a 75% confidence level. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

Member Loss Fund Contributions and Unearned Member Loss Fund Contributions:
Member contributions are collected in advance and recognized as revenue in the period for which insurance protection is provided. Contributions are allocated by PARMS with actuarial input.

Federal Income Taxes
In accordance with Internal Revenue Service code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Supplementary Development Schedule - Unaudited
The Claims Development Schedule reports claims on a reported year basis.

NOTE 3 – CASH AND INVESTMENTS

The carrying amount of NPAIP's deposits with financial institutions at June 30, 2019 and 2018 was $969,204 and $2,254,893.

The financial institution balance at June 30, 2019 and 2018 was $1,500,745 and $2,855,774 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.

	2019	2018
Amounts insured by FDIC	$ 250,000	$ 250,000
Amounts collateralized	721,913	1,301,011
Cash equivalents at brokerage firm	528,832	1,304,763
Total deposits at financial institutions	$ 1,500,745	$ 2,855,774

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, 2019 is as follows:

		Investment Maturities in Years			
	Fair Value	**1 year or less**	**1-5**	**5-10**	**Over 10**
U.S. Government & Agencies	$ 278,673	$ -	$ 278,673	$ -	$ -
U.S. Mortgage-backed securities	14,670,959	138	177,301	2,310,184	12,183,336
U.S. Government backed securities	838,640	-	-	488,492	350,148
Corporate bonds	2,623,537	-	2,623,537	-	-
Total cash and investments	$ 18,411,809	$ 138	$ 3,079,511	$ 2,798,676	$ 12,533,484

A summary of investments as of June 30, 2018 is as follows:

		Investment Maturities in Years			
	Fair Value	**1 year or less**	**1-5**	**5-10**	**Over 10**
U.S. Government & Agencies	$ 449,799	$ 60,058	$ 389,741	$ -	$ -
U.S. Mortgage-backed securities	16,307,593	-	330,410	2,709,509	13,267,674
U.S. Government backed securities	1,350,554	-	339,801	608,853	401,900
Total cash and investments	$ 18,107,946	$ 60,058	$ 1,059,952	$ 3,318,362	$ 13,669,574

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. NPAIP categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NPAIP has the following recurring fair value measurements as of year-end June 30:

1. U.S. Government, government back securities and corporate bonds of $18,411,809 and $18,107,946 for years ended June 30, 2019 and 2018 respectively are valued using a matrix pricing model (Level 2 inputs).

NOTE 4 – LAND, BUILDING AND EQUIPMENT

Building and equipment are reported at cost less accumulated depreciation and land at cost.. Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. NPAIP capitalizes equipment and building related expenditures that are greater than $5,000. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. Activity for the years ended June 30, 2019 and 2018 was as follows:

Property and equipment activity for the year ended June 30, 2019 was as follows:

	Estimated Useful Life	June 30, 2018	Additions	Dispositions	June 30, 2019
Land	-	$ 466,652	$ -	$ -	$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	124,278	-	-	124,278
		2,374,646	-	-	2,374,646
Less accumulated depreciation		(795,163)	(50,477)	-	(845,640)
Capital assets net accumulated depreciation		$ 1,579,483	$ (50,477)	$ -	$ 1,529,006

Property and equipment activity for the year ended June 30, 2018 was as follows:

	Estimated Useful Life	June 30, 2017	Additions	Dispositions	June 30, 2018
Land	-	$ 466,652	$ -	$ -	$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	117,947	6,331	-	124,278
		2,368,315	6,331	-	2,374,646
Less accumulated depreciation		(745,846)	(49,317)	-	(795,163)
Capital assets net accumulated depreciation		$ 1,622,469	$ (42,986)	$ -	$ 1,579,483

Construction in progress for 2019 and 2108 was $22,894 and $0 respectively.

NOTE 5 – RETENTION

Nevada Public Agency Insurance Pool retains a portion of claims prior to the application of coverage provided by its excess or reinsurance contracts. The coverage limits provided by the NPAIP within its retention amounts are as follows:

NPAIP Limits:	2018-2019	2017-2018
Property blanket limit	$200,000	$200,000
Liability per event	$500,000	$500,000
Monies & securities per loss	$500,000	$500,000
Equipment breakdown	$50,000	$ 50,000

NOTE 6 – UNPAID CLAIMS LIABILITIES

NPAIP estimates losses and loss adjustment expense based on historical experience and payment and reporting patterns. These estimates are based on data available at the time of the estimate and are reviewed by NPAIP's independent consulting actuary.

Inherent in the estimates of the ultimate liability for unpaid claims are expected trends in claim severity, claim frequency, and other factors that may vary as claims are settled. The amount and uncertainty in the estimates are affected by such factors as the knowledge of the actual facts and circumstances and amount of historical claims experienced relative to the development period that has been affected by the change in premium levels and increase in closing and settlement of claims.

As discussed in Note 2, the NPAIP establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the NPAIP in the last two years:

	2019	2018
Unpaid losses and loss adjustment expenses at beginning of year or period	**$ 11,714,000**	**$ 10,005,000**
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	5,997,000	5,738,000
Increase (decrease) in provision for insured events of prior fiscal years	(842,916)	723,215
Total incurred losses and loss adjustment	5,154,084	6,461,215
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,160,000)	(1,232,000)
Claims and claims adjustment expenses attributable to insured events of prior	(5,003,084)	(3,520,215)
Total Payments	(6,163,084)	(4,752,215)
Unpaid claims and claims adjustment expenses At end of fiscal year	**$ 10,705,000**	**$ 11,714,000**

In 2019 the current portion of the reserve, cash expected to be paid within 12 months, is $4,332,222 and the long-term portion is $6,372,778. At the end of 2018 the current portion was $5,047,158 and the long-term portion was $6,666,842.

At June 30, 2019 and 2018, NPAIP recorded the liability for losses and loss adjustment expenses based on an estimate by its independent consulting actuary. The reserve balances were developed by an independent actuary and are management's best estimate of reserves at June 30, 2019 and 2018.

NOTE 7 - RELATED PARTY TRANSACTIONS

Public Agency Risk Management Services, Inc. (PARMS) is presently contracting with the NPAIP to provide management services from July 1, 2014 through June 30, 2019. PARMS serves as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees paid for years ended June 30, 2019 and 2018 were $571,488 and $513,174 respectively.

PARMS leases office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a separate lease agreement that coincides with the term of the management contract. Payments received in 2019 and 2018 were $72,627 and $71,196. The contract dated July 1, 2013 was for a five year lease period and includes a 2% per annum increase in the lease expenses which began on July 1, 2014 and was extended for one year until July 1, 2019 under the same terms.

Effective July 1, 2019, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a five year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Gerry Eick, Josh Foli, Chris Mulkerns, Cash Minor, and Paul Johnson. The cost of this grant is $1,200,000 for the first year, $1,242,000 in Fiscal Year 2020-2021, $1,285,470 in Fiscal Year 2021-2022, $1,330,461 for Fiscal Year 2022-2023 and $1,377,028 in Fiscal Year 2023-2024. NRP will manage all administrative and risk management duties for NPAIP and PACT. The NRP contract allocation is for POOL to pay 43.75% and PACT 56.25%.

NRP leases office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a separate lease agreement that coincides with the term of the grant agreement. The contract dated July 1, 2019 is for a five year lease period for a monthly amount of $4,311 per month and is adjusted annually thereafter by 2%.

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a grant to Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Cash Minor, Paul Johnson and Curtis Calder. The cost of this grant was $794,950 and $779,350 for the years ended June 30, 2019 and 2018 respectively. PRI provides human resources management services to NPAIP members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI. In 2016, PRI’s contract allocation was changed for POOL to pay 65% and PACT 35%.

NPAIP is the sole policy holder of Public Risk Mutual Company which was formed as a non-profit captive mutual insurance company.

On July 1, 2017, NPAIP assumed ownership from PARMS of the server and computers and absorbed all costs related to the maintenance, replacement and improvements for all technological needs of NPAIP, PACT, PRM, (Public Risk Management), PCM (Public Compensation Mutual), and PRI (Public Resources, Inc). The PARMS payment is made to NPAIP, the sole policy holder of Public Risk Mutual Company, which was formed as a non-profit captive mutual insurance company.

NOTE 8 – POOLING RESOURCES, INC. GRANT

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust provided a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP Wayne Carlson and whose directors are Cash Minor, Paul Johnson and Curtis Calder. The cost of this grant was $794,950 and $779,350 for June 30, 2019 and 2018 respectively. The grant was renewed for five years beginning July 1, 2015 through June 30, 2020. The final year cost is $811,200.

PRI provides human resources management services to PACT members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

NOTE 9 –CONTRIBUTED SURPLUS TO PUBLIC RISK MUTUAL

In May 2004, NPAIP's board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed to the surplus of the company with an initial $1,000,000 surplus contribution. The company, Public Risk Mutual, is domiciled in Nevada and as of September 1, 2004, became the excess property insurer for NPAIP. Subsequent contributions to surplus were made by NPAIP. The cumulative contributions were $29,477,263 as of years ended June 30, 2019 and 2018. 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.

Since the creation of the captive PRM, all transfers from NPAIP to PRM have been amortized. Therefore, the initial $4,300,000 asset transfer has been accounted for in the amortization schedule that continually accounts for the NPAIP capital surplus contributions to PRM. NPAIP's investment advisor, Strategic Asset Alliance, and NPAIP's money manager, New England Asset Management, have developed an orderly transfer plan based on the appropriate selling and purchasing points for the designated assets. This helps accomplish the goals of providing NPAIP with profits of the sales and PRM with the purchase of more suitable investment assets. This enables NPAIP and PRM to maintain the appropriate Net Position for their respective risk retention amounts.

As a condition of providing surplus contributions, but without any expectation that the funds will be returned, NPAIP will recoup the contributions to surplus. Therefore, management considers the surplus contributions a development cost asset that can provide lower operating costs in the future and estimates that the savings in excess insurance costs to NPAIP will recoup the contributions to surplus. Therefore, the NPAIP's interest in PRM is being amortized over 10 years. Amortization expense was $2,295,226 and $2,473,560 for fiscal years ended 2019 and 2018.

	June 30, 2018	Additions	June 30, 2019
Contributed surplus to Public Risk Mutual	$ 29,477,263	$ -	$ 29,477,263
Accumulated amortization	(15,830,593)	(2,295,226)	(18,125,819)
Contributed Surplus net of accumulated amortization	$ 13,646,670	$ (2,295,226)	$ 11,351,444

	June 30, 2017	Additions	June 30, 2018
Contributed surplus to Public Risk Mutual	$ 23,777,263	$ 5,700,000	$ 29,477,263
Accumulated amortization	(13,357,033)	(2,473,560)	(15,830,593)
Contributed Surplus net of accumulated amortization	$ 10,420,230	$ 3,226,440	$ 13,646,670

Since the creation of the captive PRM, all transfers from NPAIP to PRM have been amortized. NPAIP's investment advisor, Strategic Asset Alliance, and POOL'S money manager, New England Asset Management, developed an orderly transfer plan based on the appropriate selling and purchasing points for the designated assets. This helped accomplish the goals of providing NPAIP with profits of the sales and PRM with the purchase of more suitable investment assets. This enabled NPAIP and PRM to maintain the appropriate Net Position for their respective risk retention amounts.

NOTE 9 –CONTRIBUTED SURPLUS TO PUBLIC RISK MUTUAL (continued)

Contributions to the captive and amortization are as follows:

Fiscal Year	*Contributions*	*Total Capitalization*	*Amortization*	*Net Contributions*	*Accumulated Amortization*
2004	$ 1,000,000	$ 1,000,000		$ 1,000,000	$ -
2005	-	1,000,000	100,000	900,000	100,000
2006	-	1,000,000	100,000	800,000	200,000
2007	1,000,000	2,000,000	100,000	1,700,000	300,000
2008	1,100,000	3,100,000	291,667	2,508,333	591,667
2009	3,800,000	6,900,000	644,166	5,664,167	1,235,833
2010	808,416	7,708,416	757,368	5,715,215	1,993,201
2011	5,265,924	12,974,340	1,018,305	9,962,834	3,011,506
2012	2,276,619	15,250,959	1,506,033	10,733,420	4,517,539
2013	1,237,581	16,488,540	1,628,228	10,342,773	6,145,767
2014	1,500,000	17,988,540	1,786,354	10,056,419	7,932,121
2015	-	17,988,540	1,698,854	8,357,565	9,630,975
2016	1,488,723	19,477,263	1,779,165	8,067,123	11,410,140
2017	4,300,000	23,777,263	1,946,893	10,420,230	13,357,033
2018	5,700,000	29,477,263	2,473,560	13,646,670	15,830,593
2019	-	29,477,263	2,295,226	11,351,444	18,125,819

NOTE 10 – EXCESS INSURANCE OR REINSURANCE

Nevada Public Agency Insurance Pool offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown on the table below. However, NPAIP obtains various excess or reinsurance policies from several excess or reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention.

Property limits:	**2018 -2019**	**2017 - 2018**
Blanket limit per loss:	$300,000,000	$300,000,000
Earthquake Aggregate Sub-limit:	150,000,000	150,000,000
Flood Aggregate Sub-limit:	150,000,000	150,000,000
Equipment Breakdown Sub-limit:	100,000,000	100,000,000
Money & Securities (including Employee Dishonesty) Sub-limit:	500,000	500,000
Liability limits:		
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
Aggregate Limits:		
General Aggregate (per member)	10,000,000	10,000,000
Sexual abuse Sub-limit	2,500,000	2,500,000
Cyber-Security Event Liability and Privacy Response Cover Limits:		
Cyber Security Event Liability	3,000,000	2,000,000
Privacy Response Expense	500,000	500,000

NOTE 10 – EXCESS INSURANCE OR REINSURANCE (continued)

NPAIP reinsurance is as follows:

Property 2018-2019: The property limits shown above excess of NPAIP's retentions as follows:
Retention $200,000 per event
Public Risk Mutual: $300,000 limit per loss subject to $200,000 NPAIP retention all coverages
Travelers Boiler Re: $50,000 NPAIP retention for Equipment Breakdown
Lloyds of London various syndicates: NPAIP retentions $500,000 per occurrence except no reinsurance for Equipment breakdown or money and securities

Liability 2018-2019: The liability limits shown above excess of NPAIP's retention of $500,000 with:

a) Public Risk Mutual 30% of $2,500,000, excluding school districts, plus 25% of $7,000,000 excess of $3,000,000
b) County Reinsurance, ltd. 70% of $2,500,000, excluding school districts, plus $2,000,000 excess of $250,000 per cyber liability event
c) United Educators $2,500,000 for school districts only, plus $1,500,000 per cyber liability event for school districts only
d) Government Entities Mutual, Inc., 35% quota share of $7,000,000 excess of $3,000,000
e) Lloyds of London Brit Syndicates, Ltd., 40% quota share of $7,000,000 excess of $3,000,000
f) Public Risk Mutual $1,000,000 excess of $1,000,000 per cyber event plus $250,000 excess $250,000 each school district

Property 2017-2018 The property limits shown above excess of NPAIP's retentions as follows:
Retention $200,000 per event
Public Risk Mutual: $300,000 limit per loss subject to $200,000 NPAIP retention all coverages
Travelers Boiler Re: $50,000 NPAIP retention for Equipment Breakdown
Lloyds of London various syndicates: NPAIP retentions $500,000 per occurrence except no reinsurance for Equipment breakdown or money and securities

Liability 2017-2018: The liability limits shown above excess of NPAIP's retention of $500,000 with:

a. Public Risk Mutual 30% of $2,500,000, excluding school districts, plus 25% of $7,000,000 excess of $3,000,000
b. County Reinsurance, ltd. 70% of $2,500,000, excluding school districts, plus $750,000 excess of $250,000 per cyber liability event
c. United Educators $2,500,000 for school districts only, plus $1,500,000 per cyber liability event for school districts only
d. Government Entities Mutual, Inc., 35% quota share of $7,000,000 excess of $3,000,000
e. Lloyds of London Brit Syndicates, Ltd., 40% quota share of $7,000,000 excess of $3,000,000
f. Public Risk Mutual $1,000,000 excess of $1,000,000 per cyber event plus $250,000 excess $250,000 each school district

NOTE 11 – LEASES

On April 6, 2019 NPAIP entered into a lease agreement with Sierra Office Solutions for a high-speed copy machine. The lease is classified as an operating lease with minimum monthly payments of $631 for 60 months.

NPAIP entered a lease for a postage machine with Mailfinance in July 2019. The lease is an operating lease with minimum monthly payments of $87.50 for 60 months.

Minimum lease payments for leases are as follows for the following years ended June 30,

Minimum lease payments:		
2020	$	8,622
2021		8,622
2022		8,622
2023		6,729
Total minimum lease payments	$	32,595

NOTE 12 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2019 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2019. Management has evaluated subsequent events through October 11, 2019 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,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Required Contributions & Investment Income:										
Earned	$15,721,731	$14,964,155	$16,331,984	$16,331,984	$14,843,453	$15,129,697	$15,659,967	$13,926,199	$14,701,651	$17,193,234
Ceded	(4,388,536)	(4,642,512)	(5,019,808)	(5,019,808)	(4,812,711)	(5,253,026)	(5,044,561)	(5,633,992)	(5,794,600)	(5,960,178)
Net earned	11,333,195	10,321,643	11,312,176	11,312,176	10,030,742	9,876,671	10,615,406	8,292,207	8,907,051	11,233,056
Unallocated Expenses	4,521,913	4,968,874	5,659,813	5,485,380	5,485,380	5,755,797	6,213,405	6,213,405	7,157,245	7,591,756
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000
Ceded	-	-	-		-	-	(87,500)	(1,427,141)	(201,000)	(145,102)
Net Incurred	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,080,500	4,207,859	5,537,000	5,851,898
Paid (cumulative) as of:										
End of policy year	417,000	833,000	722,000	652,000	788,000	551,000	485,000	988,000	1,232,000	1,160,000
One Year Later	1,546,000	1,736,000	1,538,000	1,670,000	1,538,000	1,681,000	2,291,000	2,367,000	2,984,000	
Two Years Later	2,386,000	2,083,000	2,331,000	1,937,000	2,142,000	2,061,000	3,272,000	3,253,000		
Three Years Later	2,827,000	3,053,000	2,601,000	2,548,000	2,656,000	2,277,000	3,939,000			
Four Years Later	3,401,000	3,306,000	2,723,000	2,797,000	2,973,000	2,395,000				
Five Years Later	3,799,000	3,324,000	3,003,000	2,894,000	2,997,000					
Six Years Later	3,632,000	3,370,000	3,078,000	2,944,000						
Seven Years Later	3,638,000	3,627,000	3,249,000							
Eight Years Later	3,638,000	3,974,000								
Nine Years Later	3,640,000									
Re-estimated ceded claims & Expenses	725,387	2,536,444	769,211	529,625	2,117,813	591,978	2,414,563	5,409,345	1,727,210	145,102
Re-estimated Claims & Expense										
End of policy year	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,080,500	4,207,859	5,537,000	5,851,898
One Year Later	4,953,000	4,973,000	4,461,000	4,425,000	4,159,000	3,864,000	4,769,000	5,269,000	5,269,000	
Two Years Later	4,185,000	4,827,000	3,780,000	3,650,000	3,713,000	3,134,000	5,406,000	4,761,000		
Three Years Later	3,618,000	4,051,000	3,297,000	3,137,000	3,285,000	3,140,000	4,838,000			
Four Years Later	3,712,000	4,048,000	3,265,000	3,350,000	3,229,000	3,080,000				
Five Years Later	3,925,000	3,972,000	3,308,000	3,235,000	3,196,000					
Six Years Later	3,743,000	3,491,000	3,262,000	3,119,000						
Seven Years Later	3,638,000	4,036,000	3,249,000							
Eight Years Later	3,638,000	3,974,000								
Nine Years Later	3,640,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(2,396,000)	(1,964,000)	(2,222,000)	(2,251,000)	(1,655,000)	(1,237,000)	(242,500)	553,141	(268,000)	-

This information is required by the Governmental Accounting Standards Board

PACT AUDIT OVERVIEW

Year Ending June 30, 2019

KEY PLAYERS

- Wayne Carlson, Executive Director POOL/PACT
- Mike Rebaleati, Captive President, COO
- Alan Kalt, CFO
- Deb Connally, Controller
- Cash Minor, Chair NPAIP, Chair PRM
- Paul Johnson, Chair PACT, Chair PCM
- Josh Foli, Audit Committee Member
- Gerry Eick, Audit Committee Member
- Michael Bertrand: Bertrand & Associates: Audit Firm
- Steve Balkenbush, General Counsel
- Donna Squires, ASC, Claims Management
- Derek Burkhalter, Actuary

KEY SECTIONS OF THE AUDIT REPORT

- Executive Director's Letter
- Management Discussion and Analysis
- Independent Auditors Report
- Financial Statements:
  - Statement of Net Position
  - Statements of Revenues, Expenses and Changes in Net Position
  - Statements of Cash Flows
  - Supplemental Schedule on Unpaid Loss Liabilities
  - Comparative Schedule of Claim Development

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

ASSETS	2019	2018
Current assets:		
Cash and cash equivalents	$ 1,646,579	$ 1,960,467
Investments	51,640,578	49,996,097
Investment income receivable	196,908	209,396
Member assessments receivable	3,879,593	3,421,951
Specific recoverable	519,192	186,908
Commissions receivable	60,208	56,800
Receivable from State of Nevada	-	102,976
Prepaid expenses	-	-
Total current assets	57,943,058	55,934,595
Noncurrent assets:		
Pledged investments	4,827,144	4,561,006
Contributed surplus PCM, net	22,733,971	27,055,732
Total noncurrent assets	27,561,115	31,616,738
TOTAL ASSETS	**85,504,173**	**87,551,333**
LIABILITIES		
Current liabilities:		
Accounts payable	542,772	149,389
Commissions payable	65,639	56,800
Specific recoverable	519,191	186,908
Risk Management Grants payable	140,149	154,577
Current portion of reserve for claims losses	6,125,301	6,261,137
Total current liabilities	7,393,052	6,808,811
Noncurrent liabilities:		
Reserve for Worker's Compensation claims losses	19,101,699	17,315,863
Reserve for Heart & Lung claims losses	25,554,567	24,052,539
Total noncurrent liabilities	44,656,266	41,368,402
TOTAL LIABILITIES	**52,049,318**	**48,177,213**
NET POSITION - unrestricted		
Net position -unrestricted	28,627,711	34,813,114
Net position -restricted for pledged securities	4,827,144	4,561,006
TOTAL NET POSITION	**$ 33,454,855**	**$ 39,374,120**

PUBLIC AGENCY COMPENSATION TRUST

POOL
PACT

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2019 and 2018

	2019	2018
REVENUES		
Assessments for workers compensation	$ 11,792,275	$ 10,083,799
Assessments for heart and lung	1,109,118	1,104,106
Total Revenues	12,901,393	11,187,905
LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	8,822,730	6,431,493
Heart and Lung loss expenses	1,506,637	1,450,372
Excess insurance premium	537,133	526,516
Re-insurance premium	1,607,000	1,931,416
Member education and services	652,803	629,804
Loss control expense	406,000	406,000
Underwriting and claims processing	1,011,041	863,769
Total loss fund and program expenses	14,543,344	12,239,370
ADMINISTRATION EXPENSES		
Management fees	821,488	513,174
Professional services	107,961	110,407
Administrative and overhead	984,475	659,562
Risk management grants	314,076	186,174
Insurance Division fees	696,933	484,186
Nevada insolvency fund and related expenses	20,000	19,000
Amortization expense	4,321,761	4,473,428
Total administration expenses	7,266,694	6,445,931
Decrease in operating net position	**(8,908,645)**	**(7,497,396)**
Non-operating net investment income	2,989,380	82,932
Decrease in net position	**(5,919,265)**	**(7,414,464)**
Net position, beginning of year	39,374,120	46,788,584
Net position, end of year	**$ 33,454,855**	**$ 39,374,120**

PUBLIC AGENCY COMPENSATION TRUST

POOL PACT

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF CASH FLOWS
For Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and other revenues	$ 12,440,343	$ 13,472,244
Payment for claims	(7,177,339)	(6,685,811)
Payment to vendors	(6,771,117)	(6,445,010)
Payment to Douglas County for settlement	-	(1,850,000)
Net cash (used) provided from operating activities	(1,508,113)	(1,508,577)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVTIES		
Contributed surplus to Public Compensation Mutual	-	(9,900,000)
Net cash used for capital and related financing activities	-	(9,900,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,583,310	1,457,200
Sale of investments	8,955,900	76,921,005
Purchases of investments	(9,344,985)	(67,672,759)
Net cash provided for investing activities	1,194,225	10,705,446
(Decrease) in cash and cash equivalents	(313,888)	(703,131)
Cash and cash equivalents, beginning of fiscal year	1,960,467	2,663,598
Cash and cash equivalents, year ended June 30	**1,646,579**	**1,960,467**
RECONCILIATION FOR OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net loss	(8,908,645)	(7,497,396)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in member assessments receivable	(457,642)	426,758
(Increase) in specific recoverable	(332,284)	(89,413)
Decrease in prepaid expenses	-	30,647
(Increase) decrease in agent compensation receivable	(3,408)	7,581
Increase (decrease) in accounts payable	393,383	(3,872)
Increase (decrease) in agent compensation payable	8,839	(3,190)
Increase in specific recoverable	332,283	89,413
(Decrease) in Risk Management Grants payable	(14,428)	(138,587)
Increase in amortization of contributed surplus	4,321,761	4,473,428
Increase loss reserves	3,152,028	1,196,054
Net cash (used) provided by operating activities	**$ (1,508,113)**	**$ (1,508,577)**

PUBLIC AGENCY COMPENSATION TRUST

POOL
PACT

PUBLIC AGENCY COMPENSATION TRUST

KEY FINANCIAL FIGURES

Total Capital Contributions to PCM	$53,700,939
Net Contributed Surplus PCM	$22,733,971
Investment Balance at 6-30-2019	$51,640,578
Total Assets at 6-30-2019	$85,504,173
Reserves for claim losses WC	$25,227,000
Reserves for claim losses Heart Lung	$25,554,567
Net Investment Income for 2019	$ 2,989,380
Net Position June 30, 2019	$33,454,855
Total Assessment Revenues FY 2019	$12,901,393
Member education and services	$ 652,803
Total Loss Fund and program expenses	$14,543,344
Total Administration Expenses	$ 7,266,694*

* Includes Amortization on PCM Contribution $4,321,761

See detailed financial statements and notes for more details.

PUBLIC AGENCY COMPENSATION TRUST

KEY FINANCIAL BENCHMARK FIGURES

Mission Statement Financial Items:
Financial Strength, security, and durability
Cost Effective risk sharing and financing
Stewards of Public Assets

Vision Statement:
To sustain financial strength to meet our commitment to Members

Net Position to SIR (Target 20:1)	66.91 to 1.0
SIR To Net Position	0.01 to 1.0
Cash/Investments to Current Liabilities	7.2 to 1.0
Total Assets/Total Liabilities	1.64 to 1.0
Revenues to Net Position	0.39 to 1.0
Loss Reserves to Net Position	1.33 to 1.0

See detailed financial statements and notes for more details.

PACT AUDIT QUESTIONS & ANSWERS

Year Ending June 30, 2019

POOL
PACT

THANKS FOR YOUR FINANCIAL LEADERSHIP

Working Together
We Achieve
Superior Results

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
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Email: Michael@bertrandcpa.com

September 30, 2019

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

Dear Board members,

We have audited the financial statements of the business-type activities of Public Agency Compensation Trust (PACT) for the years ended June 30, 2019 and 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I – Required Communications with those Charged with Governance

Section II – Other Recommendations and Related Information

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

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

Section I – Communications Required under AU 260

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 30, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

Planned Scope and Timing of the Audit
We performed the audit according to the planned scope and timing previously communicated to you in our letter regarding planning matters dated October 30, 2018.

Significant Audit Findings:
Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by PACT are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year audited.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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

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

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

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

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

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There was one misstatement discovered during our audit and management corrected that by expensing the amounts disbursed for the new Nevada Risk Pooling grant. We proposed various adjustments which are discussed in detail in our letter to the audit committee.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings

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

Section II – Other Recommendations and Related Information

Other Matters

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

We provided an audit committee recommendations letter dated September 19, 2019 to the audit committee. In this letter we identified exceptions noted and recommendations.

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

Very truly yours,

Bertrand & Associates, LLC

Bertrand & Associates LLC

PUBLIC AGENCY COMPENSATION TRUST
FINANCIAL STATEMENTS
June 30, 2019 and 2018

CONTENTS

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CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors
Public Agency Compensation Trust

Report on the Financial Statements

We have audited the accompanying statements of net position of the Public Agency Compensation Trust, a non-profit corporation, as of June 30, 2019 and 2018 and the related statements of revenues and expenses and changes in net position, and statements of changes in cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Agency Compensation Trust as of June 30, 2019 and 2018 and the respective revenues and expenses and changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 10-year claims development schedule be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A supplemental schedule of unpaid loss liabilities for workers compensation and heart and lung claims, though not required, is also provided. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bertrand & Associates, LLC

September 30, 2019
Carson City, Nevada

EXECUTIVE DIRECTOR'S LETTER

Members of Public Agency Compensation Trust;

As the Executive Director, I am pleased to present the PACT Annual Audited Financial Statements for the year ended June 30, 2019, the conclusion of our 22nd full year of operations. As noted in part of PACT's Mission Statement, we excel in financial strength, security, and durability and cost-effective risk sharing and financing. This financial report will demonstrate our commitment to our Mission Statement.

In addition to the preparation of the audited financial statements in accordance with GASB pronouncements and other financial standards, this report includes a required Management Discussion and Analysis of the financial results during the years.

Over the years, the Board adopted fiscally responsible policies to retain net position to achieve long-term, stable financial results for members. In 2016, they adopted a Net Assets policy to target net position at a minimum of twenty times the highest self-insured retention. With a Net Position of $33,454,855, we have significantly exceeded that goal for this year (66.9:1) and for the comparison year (78.8: 1) shown in the audit. Net position decreased during the year because of an increase in claim reserves for both the worker's compensation and heart lung claims as calculated by our independent actuary by $1,785,836 and $1,502,028 respectively. The increase is due in part to a reduction in the discounting factor from 3% to 1.5% in the reserve calculation.. Additionally, claims adjustment expenses increased from $6,431,493 to $8,822,730 in Fiscal Year 2018/2019. This is an increase of $2,391,237 or 37.2% over the prior year. Since Fiscal Year 2007, PACT has contributed $53,700,939 to the PCM captive to serve as one of the workers compensation reinsurers for PACT. The benefits of the captive are reduced administrative costs, reinsurance opportunities and a broader investment portfolio including risk assets. As PCM grows in financial strength, additional member services and program costs can be directly funded through the captive. See the separate annual audited financial statements of PCM for more details.

Through the oversight of the Audit Committee, Executive Committee and the Board of Trustees, coupled with the Nevada Division of Insurance regulatory review, PACT Members can be assured that PACT will remain financially sound. Members should be proud of the success we have achieved together.

PACT has been serving its membership for over 22 years. We are government risk experts with a passion for risk management services. We provide coverage and risk management solutions that are comprehensive and uncomplicated for our members. As the risk management arm for our members, PACT manages claims and provides a broad array of in-depth loss control services, training, and risk consultation. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive support services no one else offers. Our interactive loss control programs and resources guide our members' efforts toward reducing the probability of losses and the effect of losses that do occur.

Other factors that set PACT apart include the following:
1) Alternative Services Concepts' (ASC -PACT's claims administrator) experienced adjusters have been able to manage claims efficiently and effectively and have maintained quality as evidenced by external claims audits;
2) Specialty Health, the managed care organization, and MCMC, the bill reviewer, for PACT helped the adjusters manage claims and costs effectively;
3) Loss control efforts of the Willis Re Pooling team and staff risk manager have proven effective and further initiatives are being implemented under the oversight of the Members' Loss Control Committee;
4) The continuing Cardiac Wellness Program should help reduce potential heart claims.

Workers compensation self-funded programs experience significant volatility particularly when the retention levels per loss are high. PACT management, consistent with board policy, selected a 75% actuarial confidence level as a prudent level in keeping with the PACT Board's goals of creating and sustaining a durable financial position. As described earlier in the Changes in Net Position discussion, Net Position is affected by amortization of transfers of funds to PCM consistent with the board's policy on Capitalization. PACT maintains an interest in PCM as its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PCM. The captive continues to enjoy financial success as a reinsurance option for PACT.

The table below shows some key financial ratios tracked by management and the board to benchmark PACT's financial condition and risk retention strategies:

Financial Ratios	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Total Revenue	$ 16,486,613	$ 16,337,985	$ 15,149,782	$ 11,187,905	$ 12,901,393
Revenue over (under) Expenses	$ 2,306,508	$ 2,129,544	$ (3,131,158)	$ (7,414,464)	$ (5,919,265)
Operating Net Position	$ 1,235,291	$ (41,378)	$ (2,556,342)	$ (7,497,396)	$ (8,908,645)
Non-operating Net Investment Income	$ 1,071,217	$ 2,170,922	$ (574,816)	$ 82,932	$ 2,989,380
Total Assets	$ 88,670,007	$ 94,114,671	$ 93,825,979	$ 87,551,333	$ 85,504,173
Total Liabilities	$ 40,759,841	$ 44,194,929	$ 47,037,395	$ 48,177,213	$ 52,049,318
Net Position	$ 47,910,186	$ 49,919,742	$ 46,788,584	$ 39,374,120	$ 33,454,855
Net Position to SIR (Board Target 20:1); Benchmark >5:1	95.82	99.84	93.58	78.75	66.91
SIR to Net Position (Benchmark: captives <.10; group capitves <.25)	0.01	0.01	0.01	0.01	0.01
% Assets attributable to Net Position	54.0%	53.0%	49.9%	45.0%	39.1%
Total assets/total liabilities	2.18	2.13	1.99	1.82	1.64
Revenues to Net Assets (Benchmark: <2.5:1 and >0	0.34	0.33	0.32	0.28	0.39
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.46	0.47	0.50	0.55	1.33
Total liabilities to liquid assets: Benchmark <100%	60%	59%	74%	86%	90%
Change in members' Net Position: >-10%	5.1%	4.2%	-6.3%	-15.8%	-15.0%
Return on Net Position: Net Operating Income/Net Position	2.6%	-0.1%	-5.5%	-19.0%	-26.6%
Return on Net Position: Total Income/Net Position	4.8%	4.3%	-6.7%	-18.8%	-17.7%

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

Economic Factors:

For fiscal year ending June 30, 2019, economic conditions showed signs of some growth continuing for the nation and Nevada. Medical inflation still exceeds the general inflation rate, and this affects the underlying costs of claims payable by PACT. While Nevada retains a fee schedule to limit cost increases, recent reviews of the fee schedule components resulted in increases in the last few years. Wage inflation generally is low in the public sector, which keeps disability costs down. A legislative change in 2003 resulted in adoption of the 5th Edition of the AMA guide to rating impairments, which increased costs overall. The 2009 Legislature fixed the 5th Edition into statute rather than having the most current edition be implemented by regulation. The 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 are made. Staff immediately implemented a judgment loading in the rates for this new interpretation of the statute, pending legislative action. PACT unsuccessfully attempted to have the Legislature modify this court interpretation to require that the claim must manifest within a reasonable time frame from leaving the workplace. Because of that failed effort, PACT undertook an actuarial study to estimate the lifetime cost of risk associated with this decision. That study was concluded, and the results indicated that the present value of the future benefits for former employees was estimated to range from $5,668,000 to $22,258,000, depending upon the interpretation as to which legal theory may be applicable. A subsequent actuarial study confirmed a change in the range of values to between twenty and eighty million, again depending upon the assumptions made about claims manifestation.

A legislative change in the 2017 session may increase disability claims costs for heart and lung claims because a bill eliminated the disablement time frame for public safety for such claims. Another element may impact the employer's process for reviewing physical examinations potentially impeding the cardiac wellness program efforts. Another 2017 change in legislation called for regulatory adoption of updated actuarial disability rating schedules. While the regulation change was not adopted until after the close of fiscal year end June 30, 2018, it will have a future affect on disability claims valuations for all types of claims beginning in fiscal year ending June 30, 2019.

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

The heart/lung assessments collected for fiscal year ended June 30, 2019 totaled $1,109,118 compared to June 30, 2018 $1,104,106 based upon a reduction in the manual rate assessment with a relatively flat change in payroll basis because of the accumulation exceeding the target minimum assessments.

Even though PACT faces possible increases due to heart lung claims for law enforcement and firefighters, PACT supports the brave efforts of these professionals serving our communities. It is the mission of PACT to minimize heart lung claims through strong risk management practice so our professionals stay healthy during and after their service.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. The staff includes Wayne Carlson, Executive Director, Mike Rebaleati, Chief Operations Officer, Marshall Smith, Chief Risk Officer, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissia Mack, Administrative Technician, Zaria Hanses, Administrative Assistant and Mike Van Houten, e-learning Manager and Webmaster. Thanks also to the dedicated professional staff from Bertrand & Associates, LLC, our independent auditors, for their contribution and support throughout the audit process. Special thanks to the Executive Committee, Audit Committee and Board of Directors for their keen interest and support in the planning and conducting of the financial operations of PACT in a responsible and progressive manner.

Thank you for your participation in PACT and for having confidence in our ongoing ability to meet the Mission, Vision and Motto you set for our member services consortium. We welcome your comments and suggestions to further strengthen PACT's financial position, to provide you with additional information and to enhance Member services. I am honored to serve as Executive Director. Thank you for your continued active participation as a Member of PACT.

Sincerely,

Wayne Carlson
PACT Executive Director

Public Agency Compensation Trust's (PACT) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in PACT's financial position (its ability to address next and subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the Executive Director's transmittal letter, financial statements and notes to gain a more complete understanding of the information presented.

Organization Overview
Public Agency Compensation Trust was formed by local governments for the purpose of organizing an association of self-insured public agencies providing workers' compensation coverage. The Trust began operations in April 1, 1996. The Trust's objective is to provide member services that will reduce the cost of claims.

PACT provides workers' compensation coverage to member governmental entities and hospitals pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Trustees comprised of representatives of each member. Any member may withdraw from the program by giving 120 days' notice. PACT's independent actuary, who is an approved Rate Service Organization, develops PACT rates to be assessed and collected.

Background:
PACT is subject to Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government.* PACT's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since PACT operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company. PACT also is regulated by the Nevada Division of Insurance as an association of self-insured public agencies and must file certain financial schedules in addition to the GASB required information.

Using this Annual Report:
Since the financial statements report information about PACT using accounting methods similar to those used by private sector organizations, these statements offer short- and long-term financial information about PACT's activity. The financial statements show a comparison of two audited years ending June 30, 2019 and June 30, 2018 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all of PACT's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the solvency, liquidity and financial flexibility of PACT.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of PACT's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of PACT's credit worthiness and whether PACT successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about PACT's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, capital and related financing activities and investing activities. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since PACT incurs financial obligations to pay for claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

Financial Highlights

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor’s report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

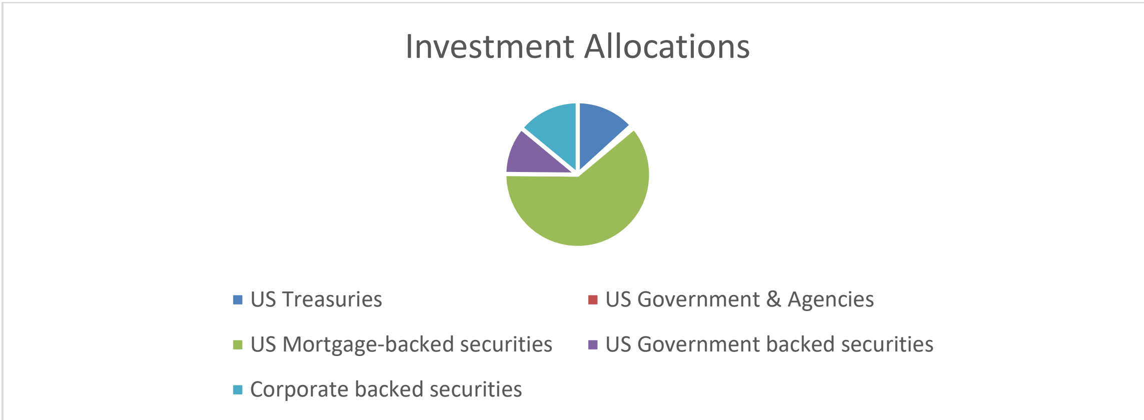
PACT has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims- IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. PACT uses the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

Investments

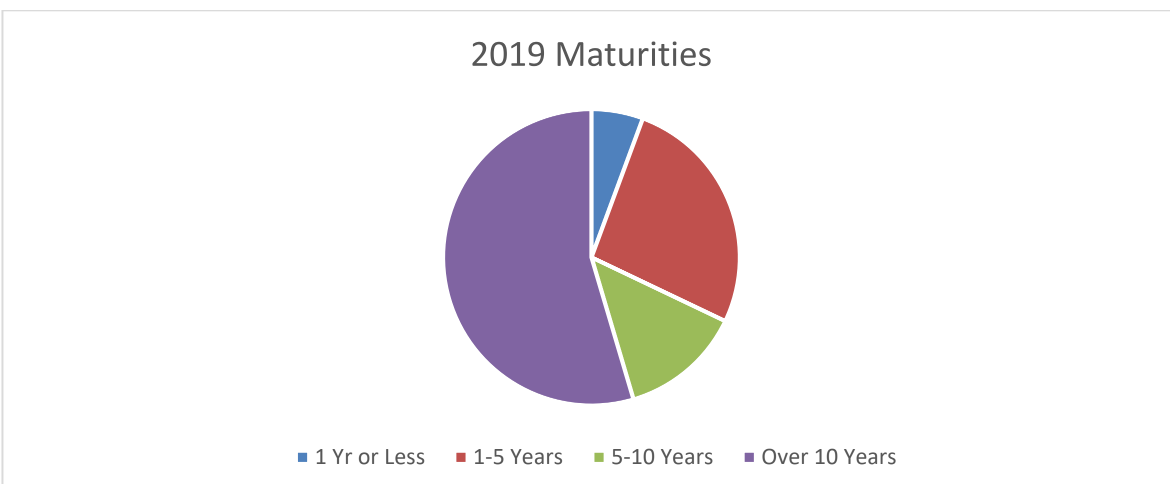
One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of activities and changes in net position. Nevada Revised Statutes and the Board approved Investment Policy outlines the restrictions on the types of allowed investments. PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grate corporate backed securities. PACT is authorized to purchase negotiable certificates of deposits issued by commercial banks or insured savings and loan associations.

Cash and investments of $53,287,157 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of $7,393,052. Total current liabilities include accounts payable, risk management grants payable, specific recoverable and current portion of reserves for worker’s compensation claims losses. This is a conservative measure of cash and investments available to pay current obligations. PACT’s cash ratio is 7.2, meaning that the it has 7.2 times the unrestricted cash and investments on hand to meet its obligations. Last year’s cash ratio was 7.6. The reduction in the cash ratio is due primarily to the increase in Accounts Payable in the current year due to the timing of payments.

Investment balances as of June 30, 2019 were $51,640,578 compared to the prior year amount of $49,996,097. This represents an increase of $1,644,481 or 3.3%. The increase is due additional funds available for investments. As noted in Note 3, the following is a summary of the fair value investments as of June 30, 2019:



Investment Descriptions	Fair Value 6-30-2019	Fair Value 6-30-2018
U.S. Treasuries	$ 7,412,268	$ 6,153,373
U.S. Government & Agencies	408,581	751,602
U.S. Mortgage backed securities	34,300,347	33,332,588
U.S. Government backed securities	6,084,246	7,685,066
Corporate backed securities	7,852,655	6,476,829
Less pledged investments	(4,417,519)	(4,403,361)
Total investments	$51,640,578	$49,996,097



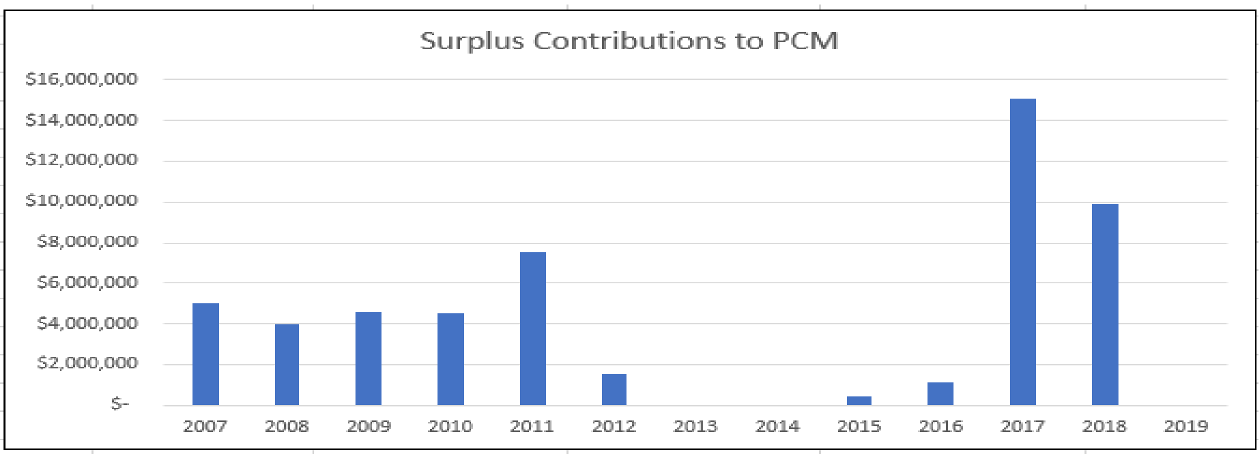
Investment Income Receivable
The investment income receivable at June 30, 2019 is $196,908 compared to $209,396 in 2018. This is a change of $12,488 or 6.0%. This is due primarily to the increase in investment balances at year end off set by lower investment yields as well as the timing of the payment of accrued interest on the investments.

Pledged Investments
Pledged investments at June 30, 2019 is $4,827,144 compared to $4,561,006 in 2018. Restricted investments are those investments pledged to the Insurance Commission for future claims as required by statutes. The amount pledged exceeds the statutory requirement.

Contributed Surplus Public Compensation Mutual

In May of 2007, PACT's board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company. The company, named Public Compensation Mutual, ("PCM") is domiciled in Nevada. PCM subsequently converted from an association captive to a pure captive form owned by PACT. PCM is one of the workers compensation reinsurers for PACT. The benefits of the captive are reduced administrative costs, reinsurance opportunities and a broader investment portfolio which can include risk assets. Management considers the contribution surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance cost to PACT will recoup the contributed capital. As such, PACT's contributed surplus to PCM will be amortized over ten years. The net contributed surplus to PCM for fiscal year ending June 30, 2019 is $22,733,971 compared to $27,055,732 reflecting a decrease of $4,321,761 or 16.0%. During the current year, there was no capital contributions and amortization expense of $4,321,761. See note 13 for more details. The following chart indicates PACT's surplus contributions and related amortization to PCM since inception:

Fiscal Year	Contributions	Amortization	Net Contributions
2007	$ 5,000,000	$ -	$ 5,000,000
2008	$ 4,000,000	$ 566,667	$ 8,433,333
2009	$ 4,600,000	$1,024,158	$12,009,175
2010	$ 4,500,000	$1,530,700	$14,978,475
2011	$ 7,517,375	$2,235,177	$20,260,673
2012	$ 1,542,062	$2,666,095	$19,136,640
2013	-	$2,715,945	$16,420,695
2014	-	$2,715,944	$13,704,751
2015	$ 448,242	$2,734,620	$11,418,373
2016	$ 1,093,260	$2,769,879	$ 9,741,754
2017	$15,100,000	$3,212,594	$21,629,160
2018	$ 9,900,000	$4,473,428	$27,055,732
2019	-	$4,321,761	$22,733,971



As noted above, PACT has contributed $53,700,939 to PCM in accordance with PACT's Capitalization Strategy Policy which allows PACT's Executive Committee to distribute a portion of the Net Assets to provide additional capitalization of PCM to reduce reliance on other excess or reinsurance providers. PCM has increased its reinsurance capacity and thereby reduced PACT's retention as a result of the additional contributions to surplus.

Reserves for Claim Losses

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect PACT's reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PACT retains an outside independent actuary to provide a loss reserve opinion and establish a range for PACT's loss reserves. PACT's policy is to book reserves at the 75% confidence level as recommended by the actuary. Management has elected to discount the reserves using a 1.5% interest rate for anticipated investment income compared to prior year rate of 3%. The actuarial analysis for the current fiscal year revealed an overall increase in case reserves and IBNR reserves over prior years estimated incurred losses for Worker's Compensation and Heart Lung. See Note 11 Unpaid Loss Liabilities and the Supplemental Schedule on Unpaid Loss Liabilities for Worker Compensation and Heart Lung in the financial statements for more details.

Reserves for current portion of claim losses decreased from $6,261,137 to $6,125,301in fiscal year ending June 30, 2019. The noncurrent reserve for worker's compensation claims losses increased from $17,315,863 to $19,101,699 in 2019. This is an increase of $1,785,836 or 10.3%. There was an increase in the reserve for heart & lung claims loss from $24,052,539 to $25,554,567. This is an increase of $1,502,028 or 6.2% during the year. These reserves are set at 100% of the heart lung assessments by board policy due to the uncertainty of the claims potential. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years included in the financial statements for more details.

Change in Net Position

PACT's Total Net Position decreased from $39,374,120 to $33,454,855 during the fiscal year ending June 30, 2019 a decrease of $5,919,265 or 15.0%. This decrease is primarily due to the increase is loss reserves and the increase in loss expense during the year.

The following is the comparative Statements of Net Position for PACT as of June 30, 2019 and 2018.

CONDENSED STATEMENTS OF NET POSITION

	2019	2018
Cash and investments	$ 53,287,157	$ 51,956,564
Receivables	4,655,901	3,978,031
Total current assets	57,943,058	55,934,595
Pledged investments	4,827,144	4,561,006
Contributed surplus PCM, net	22,733,971	27,055,732
Total noncurrent assets	27,561,115	31,616,738
Total assets	**85,504,173**	**87,551,333**
Payables	1,267,751	547,674
Current portion of reserve for claims losses	6,125,301	6,261,137
Total current liabilities	7,393,052	6,808,811
Reserve for Worker's Compensation claims	19,101,699	17,315,863
Reserve for Heart & Lung claims	25,554,567	24,052,539
Total noncurrent liabilities	44,656,266	41,368,402
Total liabilities	**52,049,318**	**48,177,213**
Net position -unrestricted	28,627,711	34,813,114
Net position -restricted for pledged securities	4,827,144	4,561,006
Total net position	**$ 33,454,855**	**$ 39,374,120**

Total Assessment Revenues
PACT's primary revenue source comes from Member assessments for workers compensation and assessments for heart lung. The assessments for workers compensation increased from $10,083,799 to $11,792,275 during fiscal year ending June 30, 2019. This is an increase of $1,708,476 or 16.9% due to an increased in members' assessment payroll and increase in manual rates.

During fiscal year 2019, the heart lung assessments increased from $1,104,106 to $1,109,118 during the year. The increase of $5,012 or 0.5% was due to increase in members' assessment payroll as the assessment rate remained the same.

Loss Fund and Program Expenses
Overall Loss and Program expenses increased from $12,239,370 to $14,543,344 in FY 2019 an increase of $2,303,974 or 18.8%. This increase is primarily due to an increase in the claims and adjustment expense of $2,391,237 due to adverse claim development during the year. Heart and Lung loss expenses increased from $1,450,372 to $1,506,637 due to increases in covered member payroll. Per board policy, that reserves assume 100% of the assessment revenues will be spent in the future. The reinsurance premiums decreased $324,416 from $1,931,416 to $1,607,000 because of favorable risk transfers in the PCM and CRL reinsurance layer of coverage. PACT continues to increase the investment in Member education and services as $652,803 was expensed in Fiscal Year 2019 compared to $629,804 in Fiscal Year 2018. Loss control expenses and underwriting and claims processing expenses remained within a relevant range during the two fiscal years.

Administration Expenses
Total administrative expenses were $7,266,694 in Fiscal Year ending June 30, 2019 compared to $6,445,931 in FY 2018. This represents an increase of $820,763 or 12.7%. There was an increase of $308,315 in the management fees. During the fiscal year 2019, there was a complete year of expenses compared to a partial the FY 2018 related to the Chief Financial Officer and the e-Learning Manager as provided for in the approved management contract. Furthermore, there was $250,000 management fee expense to set up Nevada Risk Pooling, Inc. There was an increase of $127,902 in risk management grants provided to the members during the year. There were increases in the Insurance Division fees of $212,747 and Insolvency fund and related expenses increased by $1,000 as there were significant increases in the three-year claims average used to calculate those related expenses. Administrative and overhead expenses increased from $659,562 to $984,475 due to increased volume of services provided by Specialty Health supporting the cardiac wellness program.

Non-operating Net Investment Income
Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Restrictions imposed by law on the types of investments PACT may utilize are similar to other local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of PACT's investments are anticipated to be held to maturity. Non-operating net investment income was $2,989,380 for Fiscal Year end June 30, 2019 compared to $82,932 in 2018. The investment income was bolstered by book yields exceeding market yields and the impact of the mark to market value adjustment because of decreasing interest rates in fiscal year 2019. See Note 3 Investment Securities for more details.

Revenues, Expenses and Changes in Net Position:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2019	**2018**
Assessments revenues	$ 12,901,393	$ 11,187,905
Loss fund provision program expenses	14,543,344	12,239,370
Administration expenses	7,266,694	6,445,931
Total expenses	21,810,038	18,685,301
(Decrease) in operating net position	**(8,908,645)**	**(7,497,396)**
Non-operating net investment income	2,989,380	82,932
(Decrease) in net position	**$ (5,919,265)**	**$ (7,414,464)**

Capital Assets and Debt Administration:
PACT has no physical assets and no borrowed funds. It has pledged certain investments to satisfy a regulatory solvency security requirement and thus, cannot access those funds without approval from the Nevada Division of Insurance.

Subsequent Events:
There were no subsequent events that would affect the financial statements for the current fiscal year.

Requests for Information:
While the purpose of this discussion and financial report is to provide a general overview of PACT's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790.

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

ASSETS	**2019**	**2018**
Current assets:		
Cash and cash equivalents	$ 1,646,579	$ 1,960,467
Investments	51,640,578	49,996,097
Investment income receivable	196,908	209,396
Member assessments receivable	3,879,593	3,421,951
Specific recoverable	519,192	186,908
Commissions receivable	60,208	56,800
Receivable from State of Nevada	-	102,976
Prepaid expenses	-	-
Total current assets	57,943,058	55,934,595
Noncurrent assets:		
Pledged investments	4,827,144	4,561,006
Contributed surplus PCM, net	22,733,971	27,055,732
Total noncurrent assets	27,561,115	31,616,738
TOTAL ASSETS	**85,504,173**	**87,551,333**
LIABILITIES		
Current liabilities:		
Accounts payable	542,772	149,389
Commissions payable	65,639	56,800
Specific recoverable	519,191	186,908
Risk Management Grants payable	140,149	154,577
Current portion of reserve for claims losses	6,125,301	6,261,137
Total current liabilities	7,393,052	6,808,811
Noncurrent liabilities:		
Reserve for Worker's Compensation claims losses	19,101,699	17,315,863
Reserve for Heart & Lung claims losses	25,554,567	24,052,539
Total noncurrent liabilities	44,656,266	41,368,402
TOTAL LIABILITIES	**52,049,318**	**48,177,213**
NET POSITION - unrestricted		
Net position -unrestricted	28,627,711	34,813,114
Net position -restricted for pledged securities	4,827,144	4,561,006
TOTAL NET POSITION	**$ 33,454,855**	**$ 39,374,120**

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended June 30, 2019 and 2018

	2019	2018
REVENUES		
Assessments for workers compensation	$ 11,792,275	$ 10,083,799
Assessments for heart and lung	1,109,118	1,104,106
Total Revenues	12,901,393	11,187,905
LOSS FUND AND PROGRAM EXPENSES		
Claims and adjustment expenses	8,822,730	6,431,493
Heart and Lung loss expenses	1,506,637	1,450,372
Excess insurance premium	537,133	526,516
Re-insurance premium	1,607,000	1,931,416
Member education and services	652,803	629,804
Loss control expense	406,000	406,000
Underwriting and claims processing	1,011,041	863,769
Total loss fund and program expenses	14,543,344	12,239,370
ADMINISTRATION EXPENSES		
Management fees	821,488	513,174
Professional services	107,961	110,407
Administrative and overhead	984,475	659,562
Risk management grants	314,076	186,174
Insurance Division fees	696,933	484,186
Nevada insolvency fund and related expenses	20,000	19,000
Amortization expense	4,321,761	4,473,428
Total administration expenses	7,266,694	6,445,931
Decrease in operating net position	**(8,908,645)**	**(7,497,396)**
Non-operating net investment income	2,989,380	82,932
Decrease in net position	**(5,919,265)**	**(7,414,464)**
Net position, beginning of year	39,374,120	46,788,584
Net position, end of year	**$ 33,454,855**	**$ 39,374,120**

See accompanying notes

PUBLIC AGENCY COMPENSATION TRUST
STATEMENTS OF CASH FLOWS
For Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments and other revenues	$ 12,440,343	$ 13,472,244
Payment for claims	(7,177,339)	(6,685,811)
Payment to vendors	(6,771,117)	(6,445,010)
Payment to Douglas County for settlement	-	(1,850,000)
Net cash (used) provided from operating activities	(1,508,113)	(1,508,577)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed surplus to Public Compensation Mutual	-	(9,900,000)
Net cash used for capital and related financing activities	-	(9,900,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and net realized investment income	1,583,310	1,457,200
Sale of investments	8,955,900	76,921,005
Purchases of investments	(9,344,985)	(67,672,759)
Net cash provided for investing activities	1,194,225	10,705,446
(Decrease) in cash and cash equivalents	(313,888)	(703,131)
Cash and cash equivalents, beginning of fiscal year	1,960,467	2,663,598
Cash and cash equivalents, year ended June 30	**1,646,579**	**1,960,467**
RECONCILIATION FOR OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating net loss	(8,908,645)	(7,497,396)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in member assessments receivable	(457,642)	426,758
(Increase) in specific recoverable	(332,284)	(89,413)
Decrease in prepaid expenses	-	30,647
(Increase) decrease in agent compensation receivable	(3,408)	7,581
Increase (decrease) in accounts payable	393,383	(3,872)
Increase (decrease) in agent compensation payable	8,839	(3,190)
Increase in specific recoverable	332,283	89,413
(Decrease) in Risk Management Grants payable	(14,428)	(138,587)
Increase in amortization of contributed surplus	4,321,761	4,473,428
Increase loss reserves	3,152,028	1,196,054
Net cash (used) provided by operating activities	**$ (1,508,113)**	**$ (1,508,577)**

See accompanying notes

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of program
Public Agency Compensation Trust (PACT) was formed by local governments for the purpose of organizing a self-insured workers' compensation group. The Trust began operations April 1, 1996. The trust's objective is to provide members with a lower cost alternative achieved through enhanced claims management, program administration, and member services that will reduce the cost of claims. PACT provides workers' compensation coverage to member governmental entities and hospitals pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Trustees comprised of representatives of each member. Any member may withdraw from the program by giving 120 days' notice. PACT's independent actuary, who is an approved Rate Service Organization, develops PACT rates.

Principles of presentation
PACT has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. PACT prepares its financial statements on the accrual method of accounting recognizing income when earned and expenses when incurred. PACT has implemented Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 37, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments and GASB Statement 38, Certain Financial Statement Note Disclosures.*

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting. Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement focus and basis of accounting
The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash and cash equivalents
The Operating Fund has a checking account, money market investment account, and an investment account for long-term investments. For the purposes of the Statement of Cash Flows, the PACT considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Claims Fund has two checking accounts, one for payment of claims and the other for claims related expenses as required by Nevada Revised Statute 616B.368.

Investments and investment income
Investments consist predominantly of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of activities and changes in net position. PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grade corporate backed securities. PACT also is authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations. PACT's investments have been restricted by policy of the Board to those allowable for local governments.

Income Taxes
In accordance with Internal Revenue Service Code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

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 increasing interest rates is minimized by investing predominantly in investments with short to mid-term maturities that perform in line with the return of a managed fund comprised of 1 – 3-year Treasury Bonds.

Member Assessments
Member assessments and reports are due 20 days after the end of the quarter. Assessment rates are based on independent actuarial estimates that are reviewed and approved by the Insurance Commissioner.

Losses and loss adjustment expense
Reserves for losses and allocated loss adjustment expenses are provided based on case-based estimates for losses reported and PACT's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary using a 75% confidence level. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

The liability represents the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The liability also includes unallocated costs which are estimated by management. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. The loss reserve estimates are discounted at 1.5% in 2019 and 3% in 2018, the expected investment rate, to show the present value of those reserves.

Insurance Division Annual Fees
The Insurance Division annually assesses fees to the Trust based on prior year's claims expenditures. It is the policy of management to record the invoice or credit received each year as the expense or credit to the expense for that year as these invoices cannot be reasonably estimated and therefore accrued.

Supplementary development schedule - Unaudited
The statements and development schedule reports claims paid on a reported year basis. Loss reserves shown on the financial statements are discounted; however, the development schedule reflects undiscounted loss reserves.

NOTE 2 – CASH & EQUIVALENTS

The carrying amount of PACT's deposits with financial institutions at June 30, 2019 and 2018 are $1,646,579 and $1,960,467 respectively. The financial institution balances were $1,956,424 and $2,280,356 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.

	June 30, 2019	June 30, 2018
Amounts insured by FDIC	$ 250,000	$ 250,000
Amounts collateralized	789,089	753,238
Cash equivalents at brokerage firm	917,335	1,277,118
Total deposits at financial institutions	$ 1,956,424	$ 2,280,356

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, 2019 is as follows:

		Investment Maturities in Years			
	Fair Value	1 year or less	1-5	5-10	Over 10
U.S. Treasuries	$ 7,412,268	$ 752,227	$ 3,517,791	$ 3,142,250	$ -
U.S. Government & Agencies	408,581	-	408,581	-	-
U.S. Mortgage-backed securities	34,300,347	2,633	759,388	3,026,124	30,512,202
U.S. Government backed securities	6,084,246	1,400,402	3,444,731	717,661	521,452
Corporate backed securities	7,852,655	1,508,124	6,344,531	-	-
Less pledged investments	(4,417,519)	(752,227)	(815,094)	-	(2,850,198)
Total investments	$ 51,640,578	$ 2,911,159	$ 13,659,928	$ 6,886,035	$ 28,183,456

A summary of investments as of June 30, 2018 is as follows:

		Investment Maturities in Years			
	Fair Value	1 year or less	1-5	5-10	Over 10
U.S. Treasuries	$ 6,153,373	$ 601,524	$ 3,079,119	$ 2,472,730	$ -
U.S. Government & Agencies	751,602	180,177	571,425	-	-
U.S. Mortgage-backed securities	33,332,588	1,033,529	1,466,205	3,889,565	26,943,289
U.S. Government backed securities	7,685,066	1,217,136	4,974,919	894,488	598,523
Corporate backed securities	6,476,829	-	-	6,476,829	-
Less pledged investments	(4,403,361)	(601,524)	(748,065)	-	(3,053,772)
Total investments	$ 49,996,097	$ 2,430,842	$ 9,343,603	$ 13,733,612	$ 24,488,040

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. Restricted investments are those investments pledged to the Insurance Commission. Corporate securities have bond ratings from A- to AA.

NOTE 3 – INVESTMENT SECURITIES (continued)

PACT categorizes fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

PACT has the following recurring fair value measurements as of June 30:

1. U.S. Treasuries and U.S. Government guaranteed securities of $7,412,267 and of $4,803,784 for years ended June 30, 2019 and 2018 respectively are valued using quoted market prices (Level 1 inputs).
2. U.S. Government Agencies, U.S. back securities and Corporate Bonds of $44,228,311 and $45,192,313 for years ended June 30, 2019 and 2018 respectively are valued using a matrix pricing model (Level 2 inputs).

NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE

Member assessments receivable were $3,879,593 and $3,421,951 for the years ended June 30, 2019 and 2018. Amounts receivable at both years' end are primarily assessments for the last quarter of the fiscal year and are determined based on the annual payroll audits.

NOTE 5 – LIABILITY OF MEMBERSHIP

Members of PACT are jointly and severally liable to pay benefits to injured workers as required by law. Workers compensation pools can be subject to assessments by the Insurance Commissioner should other self-insured workers compensation pools encounter financial difficulties.

NOTE 6 – REINSURANCE & EXCESS INSURANCE

In the ordinary course of business, PACT maintains both reinsurance and excess insurance contracts with various insurance carriers through their broker company, Willis Re Pooling. These reinsurance and excess insurance contracts provide both a specific and an aggregate limit of liability to protect PACT against potentially large losses or an accumulation of losses. This provides coverage in excess of PACT's self-insured retention. The limits provided by these reinsurance and excess insurance contracts, including PACT's self-insurance retention, are as follows:

> 1) Safety National Casualty Company provides a statutory specific limit of liability per accident excess of PACT's self-insured retention per accident of $3,000,000. PACT reinsures a portion of PACT's $3,000,000 retention through Public Compensation Mutual, which bears $700,000 excess of PACT's $300,000 specific retention plus 25% of $2,000,000 excess of PACT's $1,000,000 retention and through County Reinsurance, Ltd., which bears 75% of $2,000,000 excess of PACT's $1,000,000 retention.
>
> 2) Safety National Casualty Company provides a limit of liability of $3,000,000 excess of an aggregate retention of $3.68 per $100 of payroll, subject to a minimum aggregate retention of $9,587,731 and $9,366,330 for years ended June 30, 2019 and 2018 respectively. PACT reinsures a portion of PACT's aggregate excess limit of $3,000,000 through Public Compensation Mutual which bears 50% of PACT's annual aggregate excess limit and through Safety National Casualty Company which bears 50% of PACT's annual aggregate excess limit.

Both Public Compensation Mutual and County Reinsurance, Ltd. are nonprofit captive insurance companies in which PACT has a financial interest.

NOTE 7 - RELATED PARTY TRANSACTIONS

Public Agency Risk Management Services, Inc. (PARMS) is presently contracting with PACT to provide management services from July 1, 2014 through June 30, 2019. PARMS serves as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees paid for years ended June 30, 2019 and 2018 were $571,488 and $513,174 respectively.

Many of the board members of the Nevada Public Agency Insurance Pool (POOL) are also members of PACT as they share a common membership. The board of Public Compensation Mutual comprises of several PACT board members. PACT is the sole policy holder of Public Compensation Mutual Company which was formed as a captive insurance company.

PACT jointly with Nevada Public Agency Insurance Pool (NPAIP) provided a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of PACT, Wayne Carlson. PRI pays PARMS a management fee to provide operational and financial oversight of PRI. The PARMS payment to NPAIP includes the technological needs of PACT as well as PRM and PCM. This arrangement was approved in an effort to simplify the technology usage fees paid to NPAIP.

Effective July 1, 2019, Public Agency Compensation Trust (PACT) jointly with Nevada Public Agency Insurance Pool (NPAIP) provided a five year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Gerry Eick, Josh Foli, Chris Mulkerns, Cash Minor, and Paul Johnson. The cost of this grant is $1,200,000 for the first year and $1,242,000 in Fiscal Year 2020-2021, $1,285,470 in Fiscal Year 2021-2022, $1,330,461 for Fiscal Year 2022-2023 and $1,377,028 in Fiscal Year 2023-2024. NRP will manage all administrative and risk management duties for NPAIP and PACT. The NRP contract allocation is for POOL to pay 43.75% and PACT 56.25%.

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, 2019 and 2018 were $4,827,144 and $4,561,006. In the event that PACT becomes delinquent in its payment of workers compensation benefits, the proceeds will be used to satisfy losses, costs or expenses incurred by the Insurance Division.

The minimum required deposits for years ended June 30, 2019 and 2018 was $4,000,000 for both years. Management does not intend to withdraw available funds; however, a withdrawal of funds in excess of the minimum required deposit is available upon giving notice to and receiving approval from the Nevada Division of Insurance.

	June 30, 2019	June 30, 2018
Cash equivalents	$ 390,764	$ 137,577
Investments	4,417,518	4,403,361
Investment income receivable	18,862	20,068
Total	$ 4,827,144	$ 4,561,006

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 2019 and 2018 is $25,554,567 and $24,052,539 respectively.

NOTE 10 – ALLOCATION AND RETURN OF ASSESSMENTS REVENUES

The Nevada Revised Statute 616B.368 requires that 75% of assessment revenues collected be placed in a separate account and that disbursements from this account be limited to paying claims, claims related expenses, excess insurance costs, assessments, payments and penalties related to the subsequent injury fund and the uninsured employer's claim fund. Initially, all funds collected for member assessments and prepayments of assessments and deposits are deposited into the operating account. Periodically, 75% of the assessments are transferred to a separate bank or investment account to comply with this statute.

PACT uncovered an inadvertent error in calculating the experience modification factor for Douglas County entities between fiscal years 2005-2006 and 2015-2016. To correct this error for Douglas County entailed a $1,850,000 return of assessments to Douglas County. This payment was made in fiscal year 2017-2018 based upon a negotiated resolution between Douglas County and PACT and was approved by both parties.

NOTE 11 – UNPAID LOSS LIABILITIES

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:

The current portion of the long-term loss reserve for 2019 and 2018 is $6,125,301 and $6,261,137 with the long-term portion for 2019 and 2018 being $44,656,266 and $40,061,537 respectively. Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year increased from $7,881,865 for 2018 to $10,329,367 for 2019. The increase in the provision for insured events of prior fiscal years for 2018 and 2019 reflects changes in case reserves and actuarial reserve calculations for all prior years cumulatively. Individual case reserves may increase or decrease as the case develops over time for various reasons.

This may affect actuarial projections for past and future years since the various actuarial methodologies are based both on individual case reserve changes and long-term trends in reserves. The effect of both the individual case reserve changes over time and the actuarial projections combined may result in a significant increase or decrease that is reflected in the current year's audited net position. In other words, a decrease in reserves results in an increase in net position, while an increase in reserves reduces net position. 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:

NOTE 11 – UNPAID LOSS LIABILITIES (continued)

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:

	2019	2018
Unpaid losses and loss adjustment expenses at beginning of year or period	**$ 47,629,539**	**$ 46,433,485**
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	9,637,367	8,445,372
Increase (decrease) in provision for insured events of prior fiscal years	692,000	(563,507)
Total incurred losses and loss adjustment	10,329,367	7,881,865
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(2,249,609)	(1,823,734)
Claims and claims adjustment expenses attributable to insured events of prior years	(4,927,730)	(4,862,077)
Total Payments	(7,177,339)	(6,685,811)
Unpaid claims and claims adjustment expenses at end of fiscal year	**$ 50,781,567**	**$ 47,629,539**

NOTE 12 – POOLING RESOURCES, INC. GRANT

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with PACT provided a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of PACT, Wayne Carlson and whose directors are Cash Minor, Paul Johnson and Curtis Calder. The cost of this grant was $428,050 and 419,650 for June 30, 2019 and 2018 respectively. The grant was renewed for five years beginning July 1, 2015 and amended July 1, 2018 with future costs being $436,800 for the year beginning July 1, 2019.

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 startup of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company in the amount of $5,000,000 and subsequent additional surplus contributions have been added. Capitalization at June 30, 2019 was $53,700,939 with accumulated amortization of $30,966,968 for a net amount of $22,733,971. Capitalization at June 30, 2018 was $53,700,939 with accumulated amortization of $26,645,207 for a net amount of $27,055,732. Amortization expense for 2019 and 2018 was $4,321,761 and $4,473,428 respectively.

The company, named Public Compensation Mutual, ("PCM") is domiciled in Nevada and as of July 1, 2007, became one of the workers compensation reinsurers for PACT. Some of the Public Compensation Mutual's board members also serve as board members of PACT. In 2019, 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 provision of coverage not obtainable elsewhere.

As a condition of contributed surplus, but without any expectation that the funds will be returned, PACT required that prior to any distributions such as dividends, the contributed surplus must be repaid to PACT.

Management considers the contributed surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance costs to PACT will recoup the startup capital. Therefore, the PACT's contributed surplus to PCM will be amortized over 10 years. The financial statements of PCM are audited annually by an independent auditing firm.

Since the creation of the captive PCM, all transfers from PACT to PCM have been amortized. PACT's investment advisor, Strategic Asset Alliance, and PACT's money manager, New England Asset Management, developed an orderly transfer plan based on the appropriate selling and purchasing points for the designated assets. This helped accomplish the goals of providing PACT with profits of the sales and PCM with the purchase of more suitable investment assets. This enabled PACT and PCM to maintain the appropriate Net Position for their respective risk retention amounts. Contributions to the captive and amortization are as follows:

Fiscal Year	Contribution	Total Capitalization	Amortization	Net Contributions	Accumulated Amortization
2007	$5,000,000	$5,000,000	$0	$5,000,000	$0
2008	4,000,000	9,000,000	566,667	8,433,333	566,667
2009	4,600,000	13,600,000	1,024,158	12,009,175	1,590,825
2010	4,500,000	18,100,000	1,530,700	14,978,475	3,121,525
2011	7,517,375	25,617,375	2,235,177	20,260,673	5,356,702
2012	1,542,062	27,159,437	2,666,095	19,136,640	8,022,797
2013	-	27,159,437	2,715,945	16,420,695	10,738,742
2014	-	27,159,437	2,715,944	13,704,751	13,454,686
2015	448,242	27,607,679	2,734,620	11,418,373	16,189,306
2016	1,093,260	28,700,939	2,769,879	9,741,754	18,959,185
2017	15,100,000	43,800,939	3,212,594	21,629,160	22,171,779
2018	9,900,000	53,700,939	4,473,428	27,055,732	26,645,207
2019	-	53,700,939	4,321,761	22,733,971	30,966,968

NOTE 14 –SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2019 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2019. Management has evaluated subsequent events through September 30, 2019 which is the date the financial statements were available for issue.

PUBLIC AGENCY COMPENSATION TRUST

Supplemental Schedule On Unpaid Loss Liabilities for Workers Compensation and Heart Lung

PACT establishes a liability for both reported and unreported insured events which includes estimates of both future payments of losses and related loss adjustment expenses. The following represents changes in those aggregate liabilities for the workers compensation and heart and lung coverages during the years ended June 30, 2019 and 2018:

	2019			2018		
	Workers Compensation	Heart & Lung	Total	Workers Compensation	Heart & Lung	Total
Unpaid losses and loss adjustment expenses at beginning of the year	$ 23,577,000	$ 24,052,539	$ 47,629,539	$ 23,749,000	$ 22,684,485	$46,433,485
Incurred losses and loss adjustment expenses:						
Provision for insured events of current year	8,130,730	1,506,637	9,637,367	6,995,000	1,450,372	8,445,372
Increase (decrease) in provision for insured events of prior fiscal year	692,000	-	692,000	(563,507)	-	(563,507)
Total incurred losses and loss adjustments	8,822,730	1,506,637	10,329,367	6,431,493	1,450,372	7,881,865
Payments:						
Claims and claim adjustment expense attributable to insured events of current year	(2,245,000)	(4,609)	(2,249,609)	(1,741,000)	(82,318)	(1,823,318)
Claims and claims adjustment expense Attributable to insured events of a prior period	(4,927,730)	-	(4,927,730)	(4,862,493)	-	(4,862,493)
Total payments	(7,172,730)	(4,609)	(7,177,339)	(6,603,493)	(82,318)	(6,685,811)
Unpaid claims and claims adjustments expenses at end of fiscal year	**$25,227,000**	**$25,554,567**	**$50,781,567**	**$23,577,000**	**$24,052,539**	**$47,629,539**

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:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Earned	$16,856,499	$14,187,888	$16,229,877	$14,049,941	$16,420,666	$17,557,830	$18,508,907	$14,573,896	$11,270,837	$15,890,773
Ceded	1,019,746	760,706	821,229	1,196,334	1,178,052	1,626,286	1,621,360	1,770,677	2,457,932	2,144,133
Net earned	$15,836,753	$13,427,182	$15,408,648	$12,853,607	$15,242,614	$15,931,544	$16,887,547	$12,803,219	$8,812,905	$13,746,640
Unallocated Expenses	4,372,365	5,196,331	6,075,535	6,580,620	6,167,162	6,114,625	6,114,625	7,370,873	8,345,504	9,336,538
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118
Net Paid (cumulative) as of:										
End of policy year	1,576,283	1,627,122	1,875,562	1,861,690	1,564,723	1,512,648	1,581,898	1,788,670	1,734,359	2,245,351
One Year Later	3,121,442	3,604,503	3,460,736	3,221,497	2,848,563	2,901,684	3,378,486	4,153,214	3,738,335	
Two Years Later	4,039,612	4,245,842	4,582,100	3,754,301	3,434,826	3,545,887	4,117,819	5,062,121		
Three Years Later	4,357,378	5,004,699	5,268,006	4,110,874	3,859,081	3,855,565	4,541,756			
Four Years Later	4,448,046	5,153,264	5,447,815	4,169,758	3,989,877	3,929,559				
Five Years Later	4,558,563	5,490,173	5,654,308	4,189,790	4,064,157					
Six Years Later	4,654,519	5,746,369	5,754,247	4,274,071						
Seven Years Later	4,572,533	5,981,875	5,810,088							
Eight Years Later	4,851,262	6,134,733								
Nine Years Later	4,955,929									
Re-estimated ceded claims & Expenses	-	-	-	-	-	-	-	-	-	-
Re-estimated Claims & Expense										
End of policy year	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118
One Year Later	7,767,000	8,156,000	8,599,083	8,064,886	8,461,944	8,035,685	8,841,127	9,105,595	7,561,826	
Two Years Later	8,507,000	8,204,000	8,412,083	7,583,886	8,171,944	7,702,685	8,772,127	9,116,595		
Three Years Later	7,930,000	8,855,000	8,590,083	7,436,886	7,991,944	7,702,685	8,638,127			
Four Years Later	7,826,904	8,367,000	8,416,083	7,138,886	7,754,944	7,570,685				
Five Years Later	7,903,000	8,626,000	8,594,083	6,984,886	7,637,944					
Six Years Later	7,928,904	8,678,000	8,412,083	6,986,886						
Seven Years Later	7,831,904	8,855,000	8,554,083							
Eight Years Later	7,826,904	9,148,000								
Nine Years Later	7,818,904									
Increase(Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year:	**$214,000**	**$1,922,000**	**$161,083**	**($1,517,000)**	**($924,000)**	**($754,000)**	**($171,000)**	**$211,000**	**($459,000)**	**-**

This information is required by the Governmental Accounting Standards Board

Agenda Item 8: Summary for the Town of Pahrump (Prepared by Michael Rebaleati – C.O.O.)

First and foremost, I want to stress that the Town of Pahrump and it's past and present staff and citizens have been and continue to be a valued member of POOL/PACT. Any miscommunication or oversight was strictly unintentional. To be fair and open, it was determined to have our Joint Executive Committee consider this issue.

Background:

This situation came to our attention last year during our annual meeting. This item was placed on the agenda for overall clarification and board consideration.

The Town of Pahrump did have voting status until it became an advisory board to the Nye County Board of County Commissioners. I believe in 2012 the citizens of Pahrump voted to disband the Town Board of Pahrump, which put the Town of Pahrump as an advisory board under Nye County Commissioners. This process was finalized in 2014 when the incumbent elected members term expired. According to the Town of Pahrump website, the elected Town of Pahrump was disbanded on January 5, 2015.

Staff recalls discussing the status change with the prior county manager and agent. However, there were major staff and agent changes for the Town of Pahrump during this time frame. According to staff, the Town of Pahrump representative was notified of the voting status change due to the change of the Town of Pahrump status of an elected town board to an advisory board. It appears that the prior discussions with staff did not get communicated to the current staff and agent servicing the Town of Pahrump. There was also an internal POOL/PACT staff miscommunication so that the voting list was not changed before the annual meetings. In hindsight, this entire process from staff should have been memorialized in written correspondence. After 2015, the Town of Pahrump was listed and a representative signed our board member sign in sheet for the 2016 annual meeting. A representative signed in for the 2017 annual meeting, but no one signed in for the 2018 meeting. Unfortunately, a Town of Pahrump representative attended the 2019 annual meeting and learned of the status change at the meeting.

You will find a two-page excerpt of NPAIP (POOL) bylaws labeled exhibit "A".

The issue and discussion need to be centered on item 8 on page one of exhibit "A" and Section 2 and 3 on page two of exhibit "A". Also, this type of situation has not occurred before so our legal council may need to review after the Joint Executive Committee considers the issue.

7. "Public Agency" shall mean any county, incorporated city and town, unincorporated town, school district, rural hospital as defined in NRS 449.0177 whether non-profit or public, and any special or other district or agency per NRS 277.100, organized and existing under the Constitution and laws of the State of Nevada.

8. "Member" shall mean any Public Agency which is a member of NPAIP and such districts to which the Board has granted voting status. Other districts or agencies whether or not the governing body of the City or County is *ex officio* the governing body as described in and subject to Article 3 of this Agreement may be a party to this Agreement but shall not be considered a Member for the purpose of voting or participation as a voting member of the Board or any Executive or other committee in which voting Member status is required except when granted voting status pursuant to the following criteria. Voting status as a Member may be granted to any Public Agency which meets the following criteria:
   1. Pays annual contributions of at least $20,000 annually
   2. Maintains a payroll of at least $500,000 annually
   3. Has property values of at least $1,000,000 annually.

   Such criteria may be changed from time to time by vote of the Board of Directors, which change shall take effect subsequent to the meeting at which the Board approved the changes.

9. "Participating Member", as used in reference to an insurance or pooling program of NPAIP, shall mean a current Member of that program.

10. "Loss" shall mean a liability or potential liability of a Member including litigation expenses, attorneys' fees and costs covered by an insurance or pooling program of NPAIP. Loss shall also mean loss or damage to property covered by an insurance or pooling program of NPAIP

11. "Claim" shall mean a claim for liability made against a Member, or a claim for damage to a Member's property, arising out of a Loss that is covered by an insurance or pooling program of NPAIP.

12. "Self-insured Retention" shall mean that portion of a Loss experienced by a Member which is retained as a liability or potential liability of NPAIP.

13. "Excess or Reinsurance Program" shall mean a program of NPAIP under which Members or Participating Members are protected against designated Losses .

14. "Maintenance Deductible" shall mean, as to any one Loss, that portion payable by the Member directly and not NPAIP or its excess insurers or reinsurers.

ARTICLE 2

PURPOSES OF NPAIP

The Members in entering into this Agreement, desire to establish:

A. A mechanism whereby each Member may join with other Members to share their risks as a self-funded pool including group purchased insurance or reinsurance programs and jointly administer said pool or programs in an effort to deliver to each of them a reasonable, cost effective casualty, property and surety coverage program,

The Members hereby understand and agree that NPAIP is not an "insurer" and the NPAIP Coverage Form is not an "insurance policy" under Nevada law. As such, NPAIP and the Coverage Form are not governed by Nevada Revised Statute Insurance Title 57 or other laws typically governing insurance companies or the interpretation of insurance contracts.

B. Procedures whereby additional qualifying political subdivisions of the State of Nevada may be added to this Agreement;

C. A mechanism whereby additional and/or alternative insurance programs may be developed for the benefit of the Members; and

D. Administrative services as necessary to implement this Agreement including, but not limited to, risk management consulting, human resources consulting, Loss prevention, Loss control, centralized Loss reporting, actuarial consulting, claims adjusting and legal services.

ARTICLE 3

PARTIES TO AGREEMENT

Section 1. Members. Each Member, as a party to this agreement, certifies that:

A. It intends to and does contract with all other Members as parties to this Agreement and with any other Public Agency as may later be added as parties to this Agreement;

B. The removal of any party from this Agreement shall not affect this Agreement nor such Member's intent to contract as described in subsection A above with the other parties to the agreement then remaining.

Section 2. Other Districts or 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

Executive Director's Report November 4, 2019

Reinsurance Program:

Indications for the property reinsurance market continue to trend toward additional increases in 2020. We will have to make strategic consideration of additional retentions within the POOL and PRM. Part of the consideration is the trade-off between risk and premium reduction in the short-term, but also the long-term objectives for self-sufficiency.

Liability trends likewise seem to be on an upward slope which also impacts our risk retention strategic decisions. We continue to see significant large liability claims so our own retention pricing as well as reinsurance costs likely will firm.

Workers compensation trends appear relatively stable for now; however, given the potential impact of the approved legislative changes, we expect an increase in PACT's retention pricing as well as reinsurance. Additionally, due to expenses exceeding revenues in the recent fiscal year, budgetary discussions will address this issue.

Enterprise risk model indications will be an important part of our decision process regarding retentions in the short and long-term. We will be meeting with our actuary in December to discuss our strategies for both the pools and captives.

POOL Form Amendments:

We have been reviewing the POOL Form for possible clarifications, corrections or enhancements. ASC has been asked to provide input and we will be discussing possible changes soon. One specific area of potential change is that our data security (cyber) liability and crime coverage. Changes in the marketplace and by CRL, who reinsures the liability portion, may impact our approach. CRL indicated that they are revising their agreements to reflect the market so we will have to review those once available.

Annual Meeting:

We are evaluating the format and content of the annual meeting and would appreciate any input from the committee especially on the first day content planning.

Nevada Risk Pooling, Inc. Start-up:

Staff worked diligently to start up NRP successfully as planned. Submittal to the IRS for a tax-exempt status ruling was made.

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

Operation Manager Report November 4, 2019

Succession Planning

The succession planning of the transition from PARMS to Nevada Risk Pooling, Inc. has been seamless with minimal disruption. All business items such as bank accounts, investment processes, insurance coverages, human resource and state approvals have been procured. We will continue to improve on NRP's operations. One process that I suggest staff and the board considers is comprehensive office process mapping. Many local government insurance pools throughout the country have done this to promote successful succession planning. I highly suggest that we consider hiring external consultants that specialize in this process. This can be done internally but based on other pools experience the money spent on the outside consultants is well worth it considering what is at stake.

GEM representation

I have attended three Governmental Entity Mutual (GEM) quarterly meetings since our annual meeting in April, 2019. As I have previously stated, my travel expenses for these meetings are paid by GEM since I'm on the Board of Directors. On a very positive note, GEM is adding a new member. Since Andrew Halsall is attending our meeting today, please ask Mr. Halsall any reinsurance question you may have.

School Safety Initiatives and United Educators

I attended the annual School Safety Institute's training symposium held in Sand Diego, CA. Our educational grants are utilized by our school districts to attend this conference. Marshall and I are working with Jeff on our future school safety initiatives. I'll be attending the Nevada Association of School Board in November as well. The Hazard Vulnerability Assessments (HVA) that we sponsored has recently supported an unexpected benefit. It was a tight time-frame but Jeff Kaye and staff were able to assist several school districts in obtaining significant federal grants. Without the previous HVA's in place, these grants may have not been possible. There was an article on Oct 2, 2019 in the Las Vegas Review Journal that Clark County School District was ineligible for the NV School Safety Grant as they did not have facility assessments with recommendations completed on their schools. For example, I believe Elko County School District received grant award of $1.25 million, Pershing County School District received a grant award of $300,000, and Storey County

School District received a grant award of $450,000. Ann Cyr helped Carson City School District receive a $1.5 million grant for school safety improvements. Several other School Districts did receive grant awards as well. You will find Jeff Kaye's list of projected projects that we are evaluating. Any comments are welcomed on the direction and scope of our support is encouraged.

Internal IT

The board the purchase of a software product called "OnBase", which is a Hyland product. This has been implemented. Some accounts payable sample images were presented to Michael Bertrand and staff during the annual audit. This will save our staff and our outside auditing staff a significant amount of time. I am evaluating the merits of incorporating the meeting agenda and minutes portion that Hyland offers. This will be presented to the Joint Executive Committee during the February meeting.

I am also researching future comprehensive risk management platforms. My research is based on some developing Enterprise Risk Management (ERM) tools provider by such companies such as Riskonnect. The pursuit of and High Tech Electronic Platform (HTEP). The apps behinds this process brings a comprehensive process to understand risk mapping, risk identification, and aligns risk opportunities with an organizations business model. As in the agenda and minutes software, I plan to share my findings and possible proposal to the board in February 2020. Also, the company Riskonnect is my primary focus because ASC uses "Star Enterprises" for its claim management software. The Stars Enterprise software is a Rickonnect product.

CYBER SUMMIT NOVEMBER 7, 2019

The attendee registration for our first Cyber Summit might exceed 70. My initial goal was to attract 35. Heather Wilkenson from WillisTowersWatson, Tony Rucci, Shaun Raumayer from the State of Nevada Office of Cyber Defense and Coordination, John Funk from the Gunderson Law firm, and myself will be presenting. Additionally, Alan Cunningham from the Washoe County School District, Wayne Workman, and Dan Slentz will be hosting the "From the Trenches" section.

SCHOOL SAFETY OPERATIONS

www.SchoolSafetyOps.com

Date: October 28, 2019

To: Marshall Smith, POOL PACT

From: Jeff Kaye, School Safety Operations Inc.

Re: Rural NV. School District Projects

Marshall,

The following is a list of projected projects for the Rural School District Emergency Management Program to cover the next twelve months:

White Pine County School District: November 2019

The last Hazard and Vulnerability Assessment we've done in White Pine was in December of 2016. They've had some staff changes since then so scheduling to get back out there for the follow up assessments was problematic for them. Todd Parry has taken the position in charge of the emergency management program, so I'm sure he'll be their designated Safety Specialist. Todd was at the October conference and asked if we can fast track getting them back up to speed. I'm working with them today to get this scheduled, and I'm looking at the week of Nov. 11th. This will take a few days since I need to hit the schools in Baker and in Lund, and they are pretty remote. I worked with Adam Young to get some wording together for their grant. I'm not sure what the dollar amount they got was, but I'm reasonably sure they got something and we'll go over that during the reassessment. The estimated costs for the reassessment are:

Task	Description	Hours	Cost Estimate
1	Facility assessments of 7 schools and 2 district facilities, to include staff interviews and meetings with emergency response agencies	30 hours @ $150 per hour	$4,500.00
2	Creation of HVA Report, 24 hours for consultant @ 150 per hour and 16 hours for project analyst @ 50 per hour	24 consultant hours 16 analyst hours	$4,400.00
3	Approximate travel expenses, to include $250 airfare round trip from San Diego to Vegas and $275 for car rental		$525.00
	Rewrite and update Emergency Operations Plans for submission to District Development Committee.	18 hours consultant and 8 hours analyst	$3,100.00
	Total Estimated Cost		**$12,525.00**

The remainder of the follow up reassessments will be able to wait till spring and summer. We'll get into the districts that were awarded the grants first so we can track the progress of their target hardening projects. This will assist them with grant reporting, and we'll also be able to identify next step projects by priority in order to be prepared for additional state and federal grants. From what I understand, there will be money coming out from the Dept. of Justice in a few months through COPS Grants the districts can apply for if they're interested. I'll keep an eye on these grants and make sure our districts have a heads up. If they are interested in applying, we'll be ready with the assessments, as these are pre-requisites. I had some good luck with getting some money from these grants for a couple districts I'm working with in CA.

I'll list the districts I see us getting back into for reassessments within the next 12 months here. We can get most of this done prior to July 1, 2020 if the districts are moving forward on their projects. Most of the districts have already contacted me for referrals for contractors and products funded under the grant. I don't bill for any of this support work I can take care of over the phone or when I'm in NV on other projects, so there is no charge for any of this. For cost estimates for the reassessments, I'm going to go off of what we invoiced for the last rounds of assessments. This will be the worst case scenario, as the costs will probably be lower. Some of the bigger districts like Elko and Lyon require a lot of travel, so there are more hours required. The costs here include hours for the assessments and reports, and all indirect costs related to travel and lodging.

Estimated Reassessment Costs for the NV. Rural School Districts

Task	District	Cost Estimate
1	Pershing County School District	$3,900.00
2	Churchill County School District	$5,975.00
3	Humboldt County School District	$6,500.00
4	Lander County School District	$4,985.00
5	Storey County School District	$3,880.00
6	Eureka County School District	$5,770.00
7	Lincoln County School District	$7,684.47
8	Esmeralda County School District	$3,800.00
9	Elko County School District	$18,494.00
10	Lyon County School District	$10,400.00
11	Mineral County School District	$4,890.00
12	Carson City School District, (might not need to be done as Ann is doing a lot of work in-house).	TBD
13	Nye County School School District	$16,580.00
14	White Pine County School District (estimate already submitted)	N/A
	Total Estimated Costs for Reassessment during the next 12 Months, Not To Exceed:	**$92,858.00**

In addition to the follow up reassessments, I also need to update the EOP's. I just completed the re-writes for EOP's for Elko and Nye Counties, so they need very little work and I won't have to bill for that. The other twelve EOP's will need to be re-written to reflect new wording that came out of FEMS, REMS, and the NRS. If I have to do full re-writes, the combined hours for both Angela and myself work out to approximately $3,000 per EOP. I'll get that done within the next six weeks, and give you a Not To Exceed Quote for that. The actual cost will probably be less than this, but I wanted to include the worst case quote:

Task	Description	Estimated Cost
1	Re-write and update Emergency Operations Plans for 14 Rural NV School Districts for submission to the District Development Committees	$3,000 per EOP
	Total Estimated Cost Not To Exceed	**$42,000.00**

School Emergency Response Training:

The districts contact me when they have time to schedule training, so this isn't something I can do an estimate on at this time. We currently have no training scheduled, but this is an area I'd like to see some forward momentum in. The typical costs for training is about $3,000 per day, to include course preparation. If it is a large group and I have to bring in a second instructor, the cost would be slightly higher. If I get contacted by any district for training, I will forward you the synopsis and cost estimate prior to finalization of the training.

There is also the possibility of scheduling regional training and opening it up to the districts. This concept works well for us, and we can put that together anytime you want if this is something of interest.

Grant Information:

These are the districts I worked with and the amounts of grant money I'm aware of. I know all the districts that put in for the grant used our assessments to fulfil the Audit prerequisite. I'm not certain of the amounts some of the districts received, but I'll give you what I know:

District	**Grant Award Amount**
1. Elko:	$1.25 million
2. Lyon:	$1 million
3. Storey:	$450,000
4. Lincoln:	$439,000
5. Esmeralda:	$160,000 (unconfirmed)
6. Nye:	$1 million (unconfirmed)
7. White Pine:	unknown amount
8. Humboldt:	unknown amount
9. Pershing:	unknown amount
10. Lander:	unknown amount
11. Churchill:	unknown amount
12. Mineral:	unknown amount

13. Carson City, (Ann wrote her own narrative based on assessments and according to the Gazette Journal Article they got about $1 million).

These are just the districts I worked directly with on the grant based on our recommendations. The ones that I listed unknown amount are districts I know got the funding, but they haven't yet shared the amounts with me. I reached out to Eureka after Tate Else took over for Dan Wold, but I don't think they put in for anything. If they did, I'm not sure if they got an award. I also have not heard anything from Douglas County, so I'm not sure if they put in for anything. I think the original HVA we did for them at the start of this project would not have been any good for the Audit prerequisite, as it was probably too old. I've reached out to see if they want us to come back out for a reassessment and training, but the Superintendent was not interested.

I hope this information is helpful, and please let me know if there is any other information you need. Thanks for your time.

Respectfully,

Jeff Kaye,
President, School Safety Operations Inc.
1501 San Elijo Rd. South, Suite 104-431
San Marcos, CA. 92078
(775) 233-8317
jeff@schoolsafetyops.com
www.SchoolSafetyOps.com

POOL/PACT
Chief Finance Officer Update
November 4, 2019

Audits:
Financial Audits: Work with staff and auditors to complete the POOL, PACT, PRI audits for the Fiscal Year Ending June 30, 2019. Audits completed and presented. Great job by Debbie, Melissa and Zaria in assisting in the process. Working on implementing recommendations by the auditors.
Regulatory Audit: Working with auditor contracted by the Division of Insurance for their Operations and Compliance Audit/Review conducted every 3 years. Pending report.

Training Development: Prepared classes for Fraud Awareness and Prevention and Local Government Finance Class. Presented the classes in Elko, Carson, and Boulder City. Shared model policies and Fraud Prevention Checklist to class participants.

Member Assistance and Training Development: Presented targeted Local Government Finance materials to the City of Caliente and Nye County. Worked with Boulder City and Lander County School District to implement best practices related to budget and finance. Assisted in getting Stabilization of Operations Fund, Extraordinary Repair and Maintenance Fund and other Funds to assist in improving their local government financial planning. Assisting NACO and NLC with their budgets, audits and fiscal officer roles for their organizations.

Conference Presentations: Presented Local Government Finance section of the POWER 1 module of Extended Studies CPO Program at NACO and at the Nevada League of Cities Conferences. Served on a panel for the NACO Conference on Improving County Fiscal Health.

e-Learning Course Development: Assisting Michael Van Houten in the development of the Fraud Prevention and Awareness Class. Class should be completed and ready for assignment by the end of the year. With the assistance of Courtney Giesseman from Willis and Michael Van Houten working on the Annual Renewal Application class. This class is being created to assist the agents and members with the completion of the Renewal Application. The class will provide tips and assists on where to get the necessary renewal information to make the renewal process more accurate and easier to complete by the member. Will be ready for the upcoming renewal process.

POOL ACTUARIAL REVIEW OF SELF-INSURED LIABILITY & PROPERTY PROGRAMS

November 4, 2019
Executive Committee
Presented by Alan Kalt

BICKMORE ACTUARIAL STUDY

- Derek Burkhalter, ACAS, MAAA Senior Manager, Bickmore Actuarial
- Outstanding Liabilities as of June 30, 2019
- Data used to calculate the reserves for PACT Audited Financial Statements
- Report Format
  Conclusions & Recommendations
  Liability for Outstanding Claims as of 6-30-2019
  Program Funding: Goals & Objectives
  Historical Trends
  Comparison with Previous Results
  Data Provided for the Analysis
- Report complies with GASB #10 and #30

CONCLUSIONS & RECOMMENDATIONS

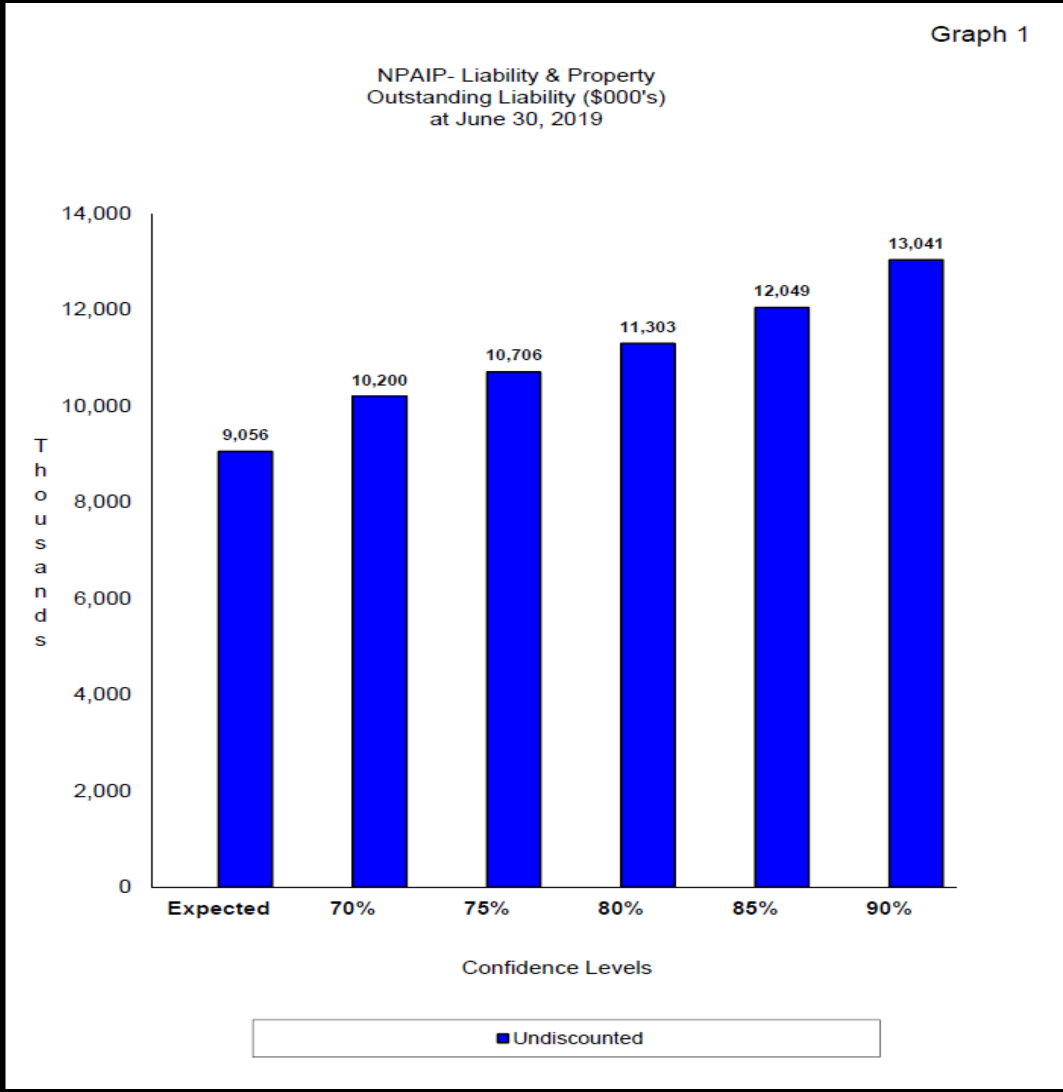
- Best Estimate of POOL's Outstanding Claims Liabilities for Liability and Property as of June 30, 2019

Confidence Levels	Expected	70%	75%	85%	90%
Undiscounted	$9.055M	$10.199M	$10.705M	$12.047M	$13.039M

POOL Uses 75% Confidence Level

ESTIMATED EXPECTED LIABILITY

6-30-2019



The table below displays a breakdown of the program's outstanding loss and ALAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2019, before recognition of investment income.

NPAIP
Self-Insured Liability & Property Program
Estimated Liability for Unpaid Loss and ALAE at June 30, 2019

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	$0	$0	$0
2006-07	100,000	0	100,000
2007-08	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	136,841	11,099	147,940
2013-14	104,060	64,029	168,089
2014-15	518,986	60,338	579,324
2015-16	695,677	64,088	759,765
2016-17	912,010	363,420	1,275,430
2017-18	746,754	1,186,847	1,933,601
2018-19	1,719,473	2,372,023	4,091,496
Loss and ALAE	$4,933,801	$4,121,843	$9,055,644

PROGRAM FUNDING

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

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

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

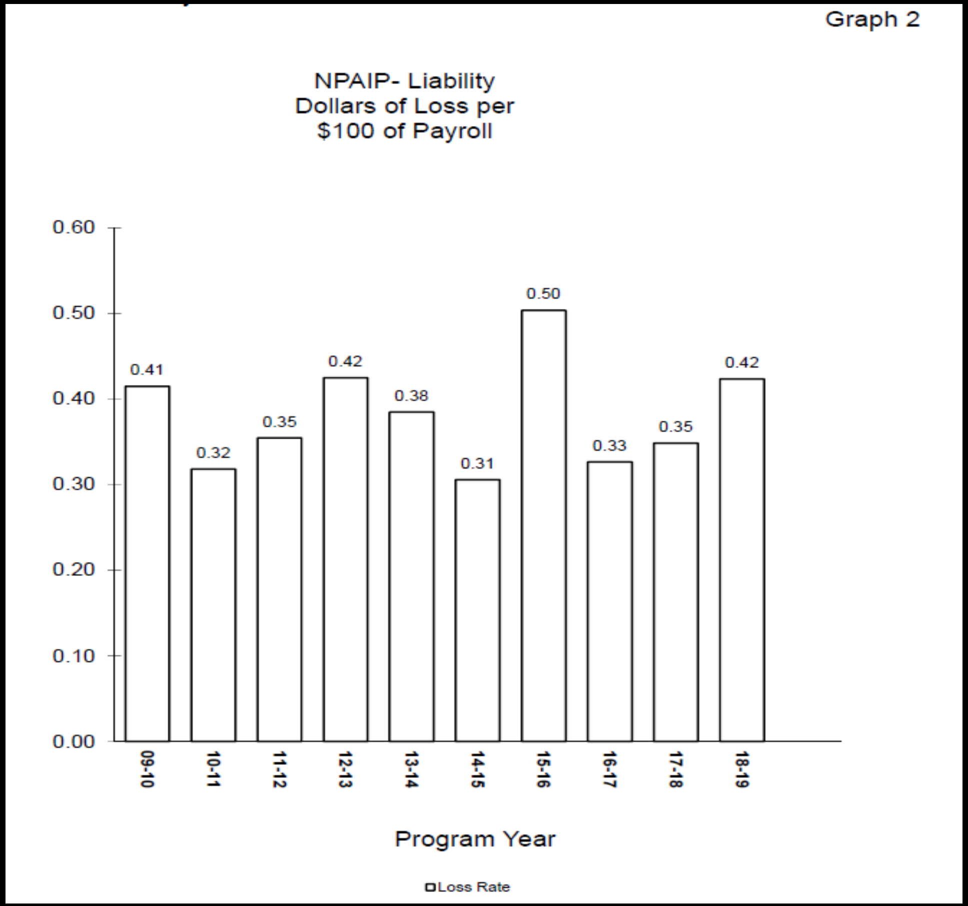
Key Factor in Funding Policy: Degree of Stability in level of Contributions
Higher the Confidence Level less likely to need additional contributions should adverse claim development occur in past years as well as current yr.

FUNDING GOALS & OBJECTIVES

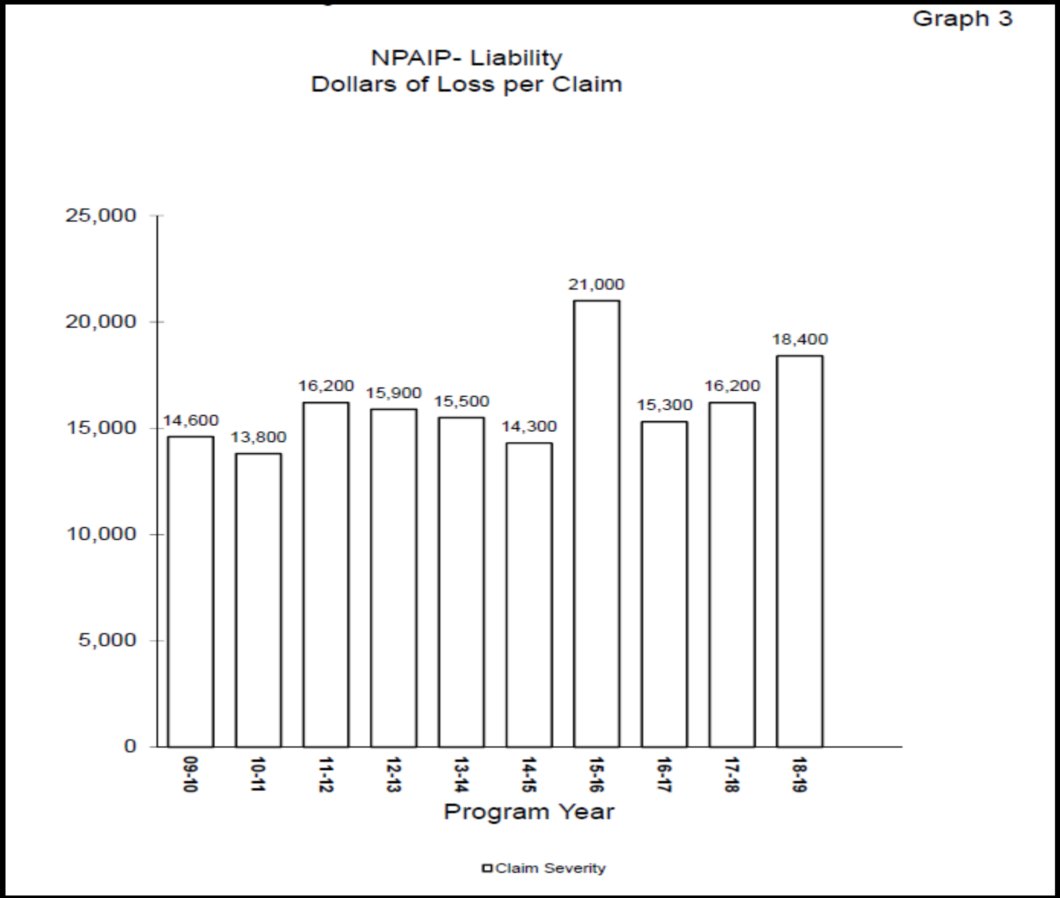
- Bickmore recommends program funding at the 80% CL after recognition of investment income, with a recommended range of the 75% to 80% CL
- They recommend this as the resulting funding will be sufficient to meet claim liabilities, yet not too large to have the entity experience undue $ hardship.
- Need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

HISTORICAL TRENDS: LIABILITY

Dollars of Loss Per $100 of Payroll 10 Year Trend

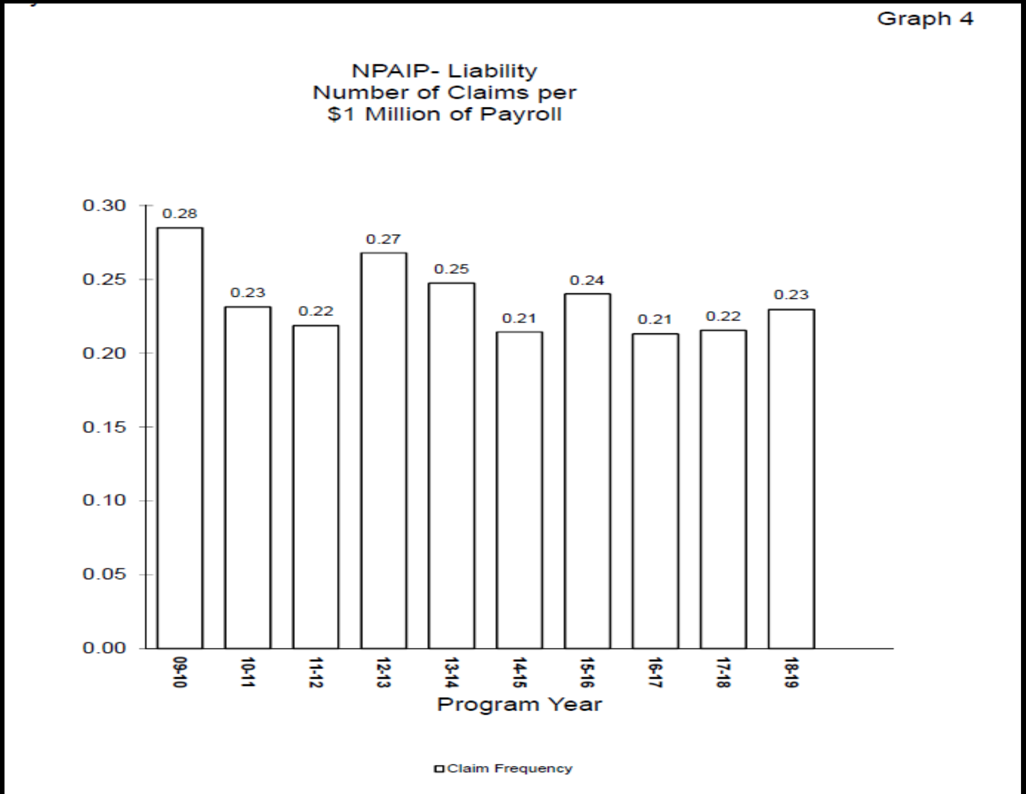


Dollars of Loss per Claim 10 Year Trend



HISTORICAL TRENDS: LIABILITY

Number of Claims per $1 Million of Payroll

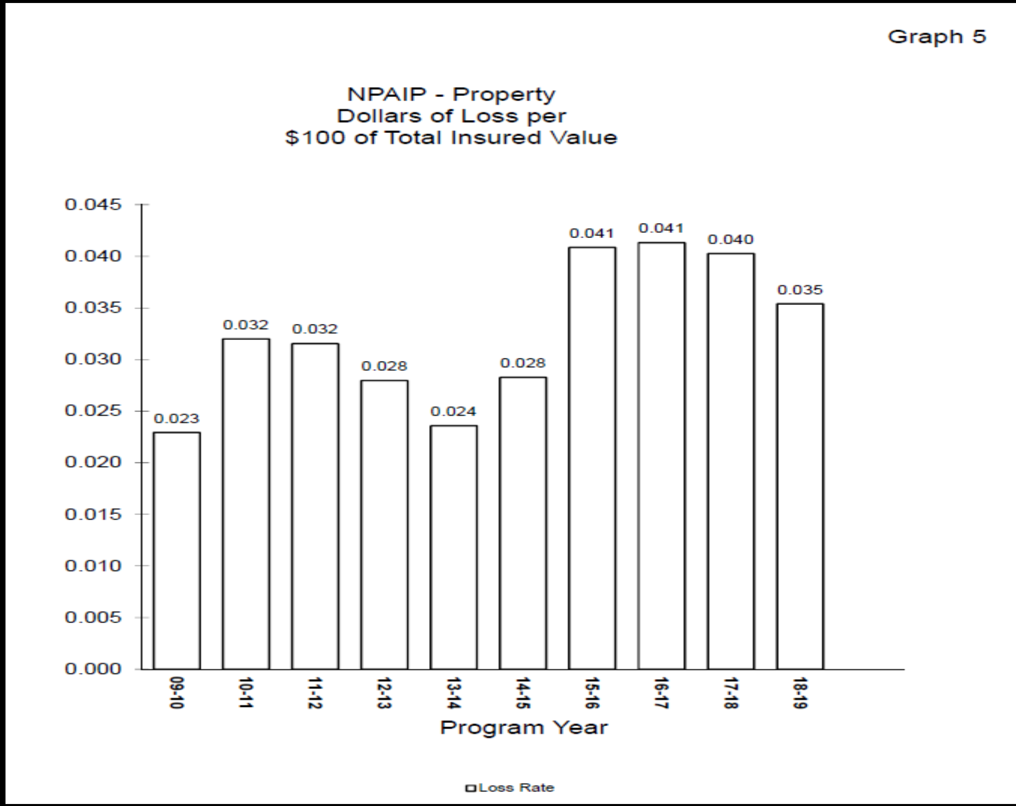


Summary of Key Liability Trends

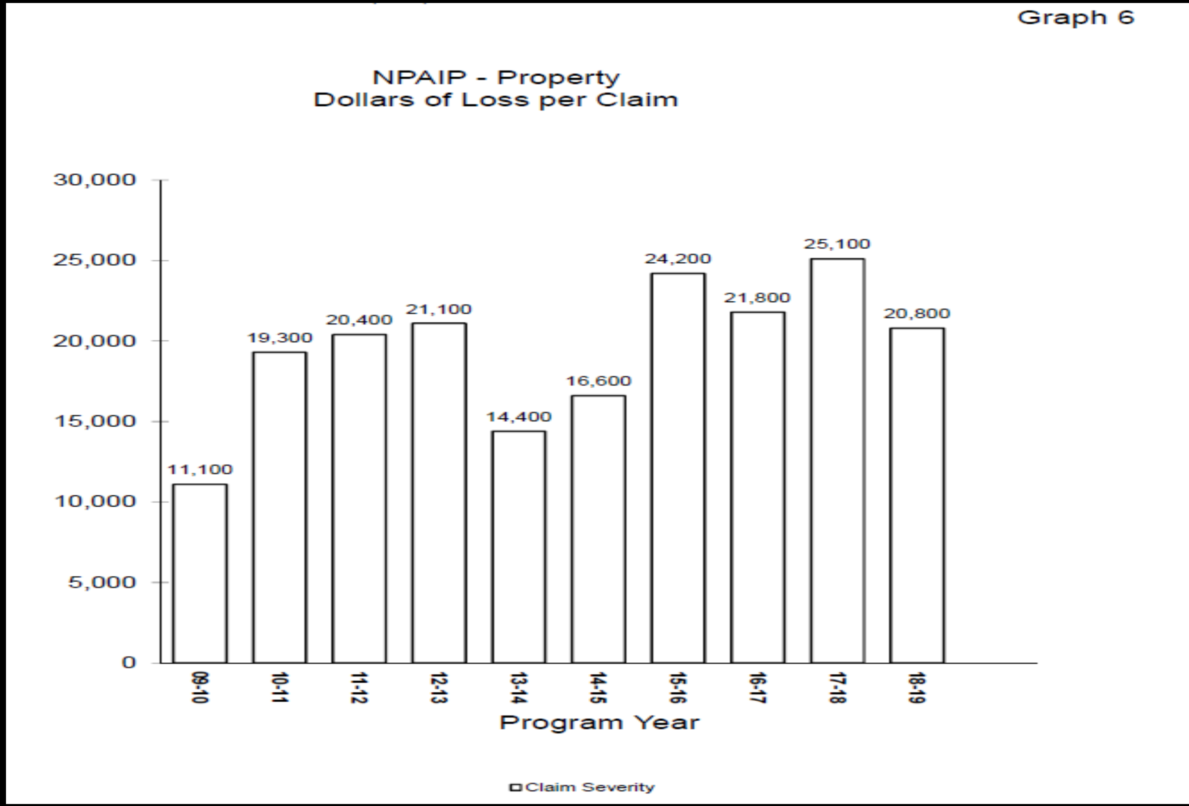
- Dollar of Loss per $100 of Payroll is INCREASING over past 3 years☹
- Dollars of Loss per Claim is INCREASING over past 3 years ☹
- Number of Claims per $1M Payroll is DECREASING since 2010 ☺

HISTORICAL TRENDS: PROPERTY

Dollars of Loss Per $100 of Payroll 10 Year Trend

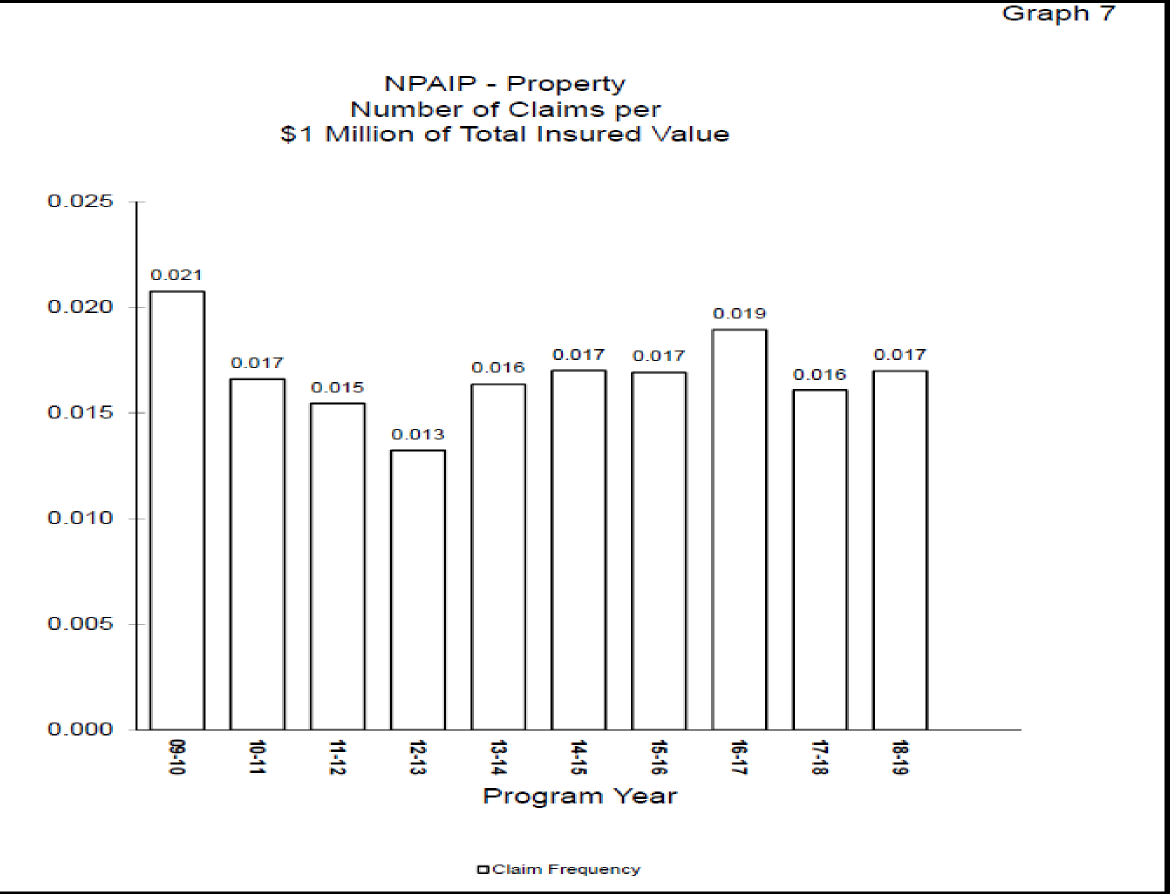


Dollars of Loss per Claim 10 Year Trend



HISTORICAL TRENDS: PROPERTY

Number of Claims per $1 Million of Payroll



Summary of Key Property Trends

- Dollar of Loss per $100 of Payroll is VARIED over past 10 years ☺
- Dollars of Loss per Claim is INCREASING over the 10 years ☹
- Number of Claims per $1M Payroll is FLAT ☺

COMPARISON WITH PREVIOUS RESULTS

ACTUAL VS. EXPECTED INCURRED LOSS AND ALAE DEVELOPMENT

Prior Year Report 9-27-2018

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	$0	$0	$0
2006-07	0	0	0
2007-08	0	(25,000)	(25,000)
2008-09	0	4,000	4,000
2009-10	0	1,000	1,000
2010-11	0	2,000	2,000
2011-12	13,000	31,000	18,000
2012-13	30,000	(41,000)	(71,000)
2013-14	65,000	0	(65,000)
2014-15	120,000	183,000	63,000
2015-16	214,000	(152,000)	(366,000)
2016-17	711,000	563,000	(148,000)
2017-18	916,000	790,000	(126,000)
2018-19	3,127,000	3,383,000	256,000
Total	$5,196,000	$4,739,000	($457,000)

Current Year Claim Development 9 -26- 2019 Report

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	$0	$0	$0
2006-07	100,000	0	(100,000)
2007-08	0	(25,000)	(25,000)
2008-09	0	4,000	4,000
2009-10	0	1,000	1,000
2010-11	200,000	202,000	2,000
2011-12	82,000	171,000	89,000
2012-13	126,000	75,000	(51,000)
2013-14	96,000	31,000	(65,000)
2014-15	360,000	265,000	(95,000)
2015-16	971,000	813,000	(158,000)
2016-17	887,000	1,146,000	259,000
2017-18	1,881,000	2,004,000	123,000
2018-19	1,312,000	1,663,000	351,000
Total	$6,015,000	$6,350,000	$335,000

OUTSTANDING CLAIM LIABILITY FOR LOSS AND LAE

Outstanding Claim Liabilities for Loss and ALAE

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Case Reserves:	$6,689,000	$4,934,000	($1,755,000)
(B) IBNR Reserves:	3,215,000	4,122,000	907,000
(C) Total Reserves:	$9,904,000	$9,056,000	($848,000)

COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT

NEVADA PUBLIC AGENCY INSURANCE POOL
COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT (UNAUDITED)
EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Required Contributions & Investment Income:										
Earned	$15,721,731	$14,964,155	$16,331,984	$16,331,984	$14,843,453	$15,129,697	$15,659,967	$13,926,199	$14,701,651	$17,193,234
Ceded	(4,388,536)	(4,642,512)	(5,019,808)	(5,019,808)	(4,812,711)	(5,253,026)	(5,044,561)	(5,633,992)	(5,794,600)	(5,960,178)
Net earned	11,333,195	10,321,643	11,312,176	11,312,176	10,030,742	9,876,671	10,615,406	8,292,207	8,907,051	11,233,056
Unallocated Expenses	4,521,913	4,968,874	5,659,813	5,485,380	5,485,380	5,755,797	6,213,405	6,213,405	7,157,245	7,591,756
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000
Ceded	-	-	-		-	-	(87,500)	(1,427,141)	(201,000)	(145,102)
Net Incurred	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,080,500	4,207,859	5,537,000	5,851,898
Paid (cumulative) as of:										
End of policy year	417,000	833,000	722,000	652,000	788,000	551,000	485,000	988,000	1,232,000	1,160,000
One Year Later	1,546,000	1,736,000	1,538,000	1,670,000	1,538,000	1,681,000	2,291,000	2,367,000	2,984,000	
Two Years Later	2,386,000	2,083,000	2,331,000	1,937,000	2,142,000	2,061,000	3,272,000	3,253,000		
Three Years Later	2,827,000	3,053,000	2,601,000	2,548,000	2,656,000	2,277,000	3,939,000			
Four Years Later	3,401,000	3,306,000	2,723,000	2,797,000	2,973,000	2,395,000				
Five Years Later	3,799,000	3,324,000	3,003,000	2,894,000	2,997,000					
Six Years Later	3,632,000	3,370,000	3,078,000	2,944,000						
Seven Years Later	3,638,000	3,627,000	3,249,000							
Eight Years Later	3,638,000	3,974,000								
Nine Years Later	3,640,000									
Re-estimated ceded claims & Expenses	725,387	2,536,444	769,211	529,625	2,117,813	591,978	2,414,563	5,409,345	1,727,210	145,102
Re-estimated Claims & Expense										
End of policy year	6,036,000	5,938,000	5,471,000	5,370,000	4,851,000	4,317,000	5,080,500	4,207,859	5,537,000	5,851,898
One Year Later	4,953,000	4,973,000	4,461,000	4,425,000	4,159,000	3,864,000	4,769,000	5,269,000	5,269,000	
Two Years Later	4,185,000	4,827,000	3,780,000	3,650,000	3,713,000	3,134,000	5,406,000	4,761,000		
Three Years Later	3,618,000	4,051,000	3,297,000	3,137,000	3,285,000	3,140,000	4,838,000			
Four Years Later	3,712,000	4,048,000	3,265,000	3,350,000	3,229,000	3,080,000				
Five Years Later	3,925,000	3,972,000	3,308,000	3,235,000	3,196,000					
Six Years Later	3,743,000	3,491,000	3,262,000	3,119,000						
Seven Years Later	3,638,000	4,036,000	3,249,000							
Eight Years Later	3,638,000	3,974,000								
Nine Years Later	3,640,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(2,396,000)	(1,964,000)	(2,222,000)	(2,251,000)	(1,655,000)	(1,237,000)	(242,500)	553,141	(268,000)	-

This information is required by the Governmental Accounting Standards Board

ASSUMPTIONS & LIMITATIONS

- Based on loss experience, exposure data and info provided by POOL
- Relied on statistics and historical loss development patterns of POOL
- Assumed POOL's historical development patterns form a reasonable basis to predict POOL's Future Loss Development
- Cannot predict impact of future law changes and court rulings on Claim Costs… reasonable now but perhaps not in the future
- Assumed loss rate trend with liability claim cost increases at 2.0% per year. Claim severity increases at 2.0% per year. Assumed property claims are increasing by 2.5% annually and average claim size increases at 2.5% per year and average frequency remains unchanged.
- Assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- Does NOT include provisions for catastrophic events: earthquakes, flooding, mass civil disorder or mass occupational disease.
- Assumes all excess insurance is valid and collectible.

QUESTIONS & REFLECTIONS

Working Together We Achieve Superior Results

PACT ACTUARIAL REVIEW OF SELF-INSURED WORKERS' COMPENSATION PROGRAM

November 4, 2019
Executive Committee
Presented by Alan Kalt

BICKMORE ACTUARIAL STUDY

- Derek Burkhalter, ACAS, MAAA Senior Manager, Bickmore Actuarial
- Outstanding Liabilities as of June 30, 2019
- Data used to calculate the reserves for PACT Audited Financial Statements
- Report Format
  Conclusions & Recommendations
  Liability for Outstanding Claims as of 6-30-2019
  Program Funding: Goals & Objectives
  Historical Trends
  Comparison with Previous Results
  Data Provided for the Analysis
- Report complies with GASB #10 and #30

CONCLUSIONS & RECOMMENDATIONS

- Best Estimate of PACT's Outstanding Claims Liabilities for Workers' Compensation as of June 30, 2019

Confidence Levels	Expected	70%	75%	85%	90%
Discounted	$47.742M	$49.850M	$50.782M	$53.222M	$54.997M
Undiscounted	$49.440M	$51.709M	$52.712M	$55.339M	$57.250M

PACT Uses 75% Confidence Level
PACT Discount Factor 1.5%

PROGRAM FUNDING

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

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

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

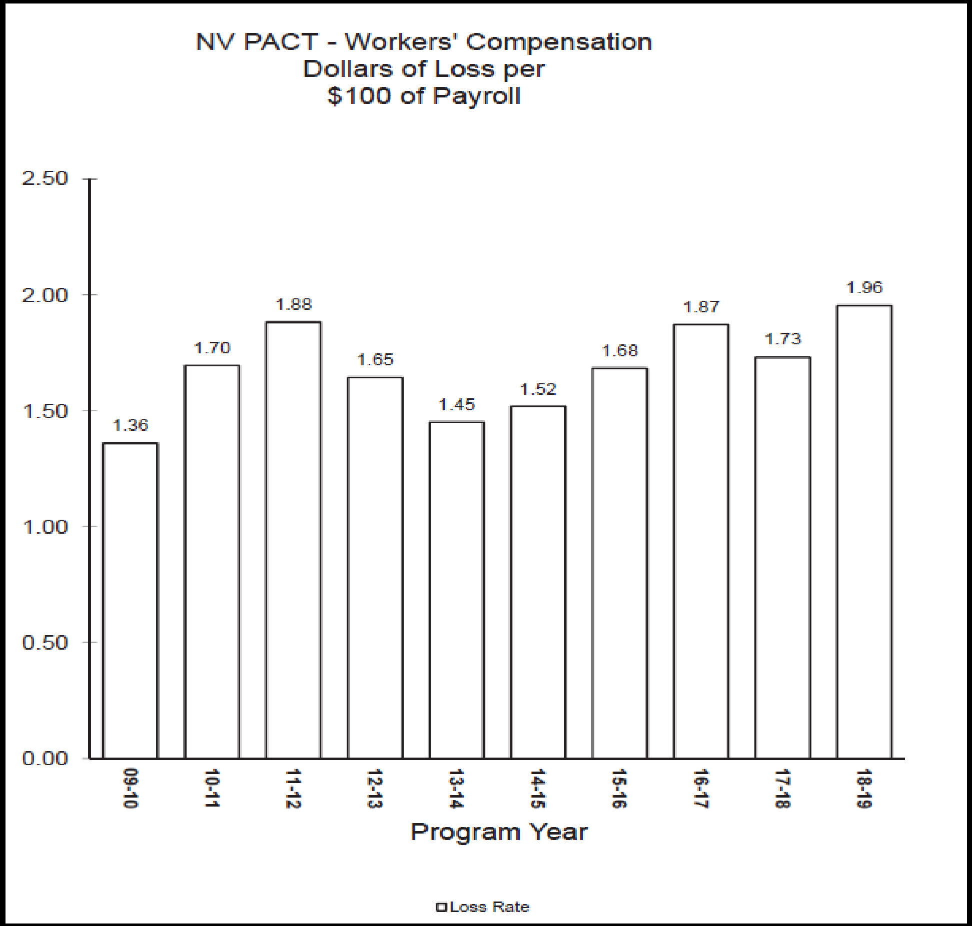
Key Factor in Funding Policy: Degree of Stability in level of Contributions
Higher the Confidence Level less likely to need additional contributions should adverse claim development occur in past years as well as current yr.

FUNDING GOALS & OBJECTIVES

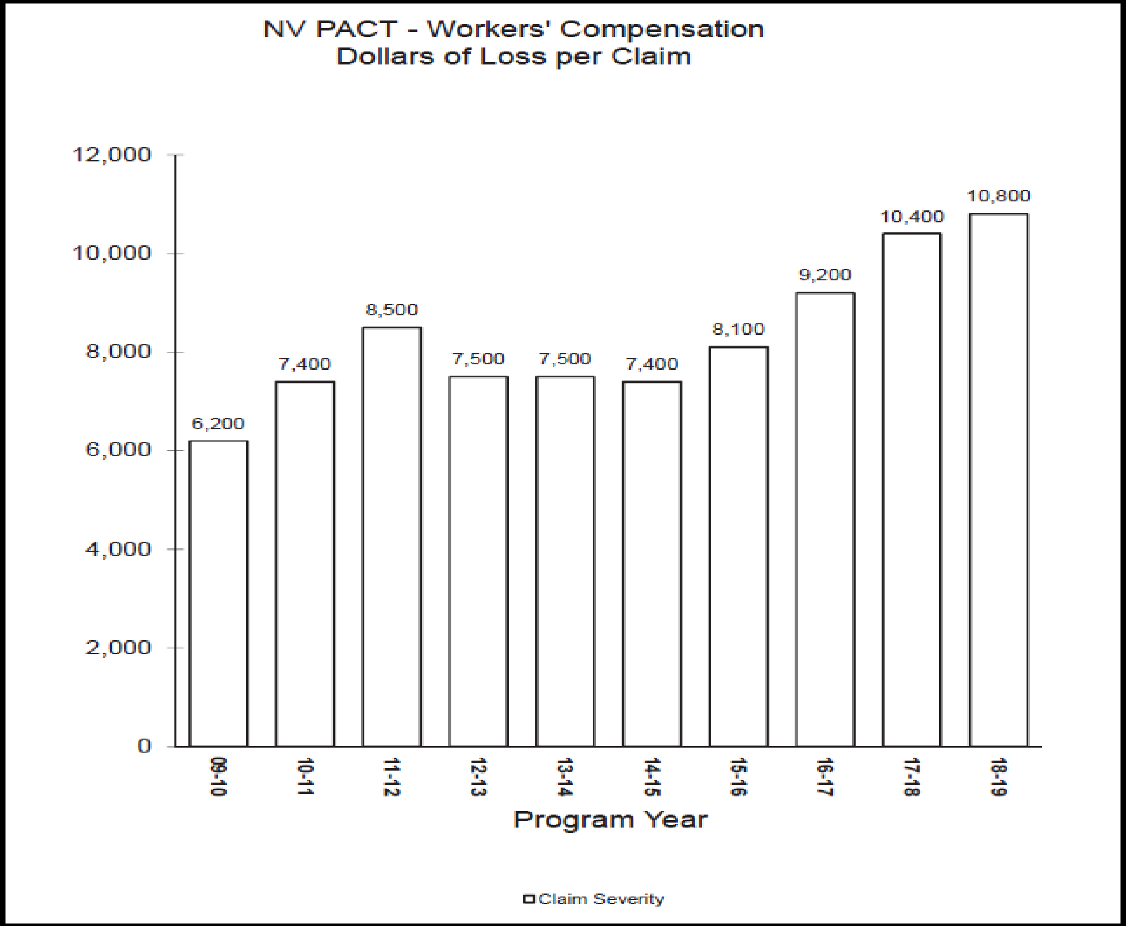
- Bickmore recommends program funding at the 80% CL after recognition of investment income, with a recommended range of the 75% to 80% CL
- They recommend this as the resulting funding will be sufficient to meet claim liabilities, yet not too large to have the entity experience undue $ hardship.
- Need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

HISTORICAL TRENDS

Dollars of Loss Per $100 of Payroll 10 Year Trend

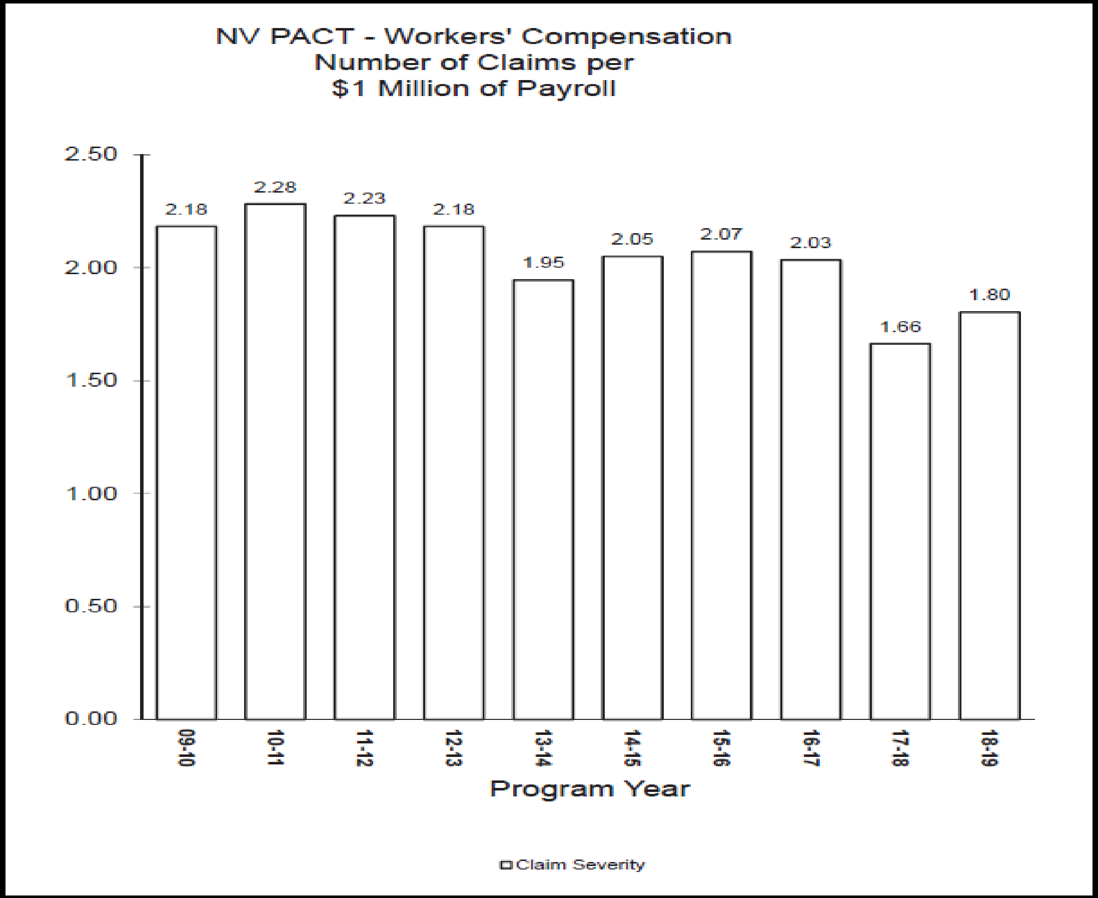


Dollars of Loss per Claim 10 Year Trend



HISTORICAL TRENDS

Number of Claims per $1 Million of Payroll



Summary of Key Trends

- Dollar of Loss per $100 of Payroll is INCREASING ☹
- Dollars of Loss per Claim is INCREASING ☹
- Number of Claims per $1M Payroll is DECREASING ☺

COMPARISON WITH PREVIOUS RESULTS
ACTUAL VS. EXPECTED INCURRED LOSS AND ALAE DEVELOPMENT

Prior Year Report 9-13-2018

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
1995-1999	$5,000	($6,000)	($11,000)
1999-2000	5,000	0	(5,000)
2000-2001	4,000	76,000	72,000
2001-2002	3,000	0	(3,000)
2002-2003	6,000	0	(6,000)
2003-2004	8,000	(9,000)	(17,000)
2004-2005	2,000	(5,000)	(7,000)
2005-2006	8,000	0	(8,000)
2006-2007	8,000	(16,000)	(24,000)
2007-2008	13,000	(13,000)	(26,000)
2008-2009	12,000	0	(12,000)
2009-2010	14,000	13,000	(1,000)
2010-2011	15,000	307,000	292,000
2011-2012	87,000	277,000	190,000
2012-2013	90,000	146,000	56,000
2013-2014	154,000	(4,000)	(158,000)
2014-2015	283,000	148,000	(135,000)
2015-2016	474,000	233,000	(241,000)
2016-2017	623,000	492,000	(131,000)
2017-2018	1,173,000	775,000	(398,000)
2018-2019	2,960,000	4,183,000	1,223,000
Total	$5,947,000	$6,597,000	$650,000

Current Year Claim
Development 9 -12- 2019 Report

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
1995-1999	$20,000	$21,000	$1,000
1999-2000	9,000	6,000	(3,000)
2000-2001	27,000	74,000	47,000
2001-2002	6,000	2,000	(4,000)
2002-2003	17,000	12,000	(5,000)
2003-2004	186,000	(30,000)	(216,000)
2004-2005	24,000	51,000	27,000
2005-2006	9,000	1,000	(8,000)
2006-2007	75,000	209,000	134,000
2007-2008	33,000	14,000	(19,000)
2008-2009	84,000	191,000	107,000
2009-2010	197,000	105,000	(92,000)
2010-2011	192,000	153,000	(39,000)
2011-2012	204,000	56,000	(148,000)
2012-2013	128,000	84,000	(44,000)
2013-2014	212,000	74,000	(138,000)
2014-2015	255,000	74,000	(181,000)
2015-2016	447,000	424,000	(23,000)
2016-2017	727,000	909,000	182,000
2017-2018	1,753,000	1,998,000	245,000
2018-2019	1,528,000	2,245,000	717,000
Total	$6,133,000	$6,673,000	$540,000

OUTSTANDING CLAIM LIABILITY FOR LOSS AND LAE

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Case Reserves:	$10,540,000	$10,463,000	($77,000)
(B) IBNR Reserves:	9,396,000	9,480,000	84,000
(C) Corridor Deductible Reserves:	2,947,000	2,842,000	(105,000)
(D) Heart and Lung Reserves:	24,053,000	25,555,000	1,502,000
(E) Claims Administration Reserves:	1,087,000	1,101,000	14,000
(F) Total Reserves:	$48,023,000	$49,441,000	$1,418,000
(G) Offset for Investment Income:	(3,234,000)	(1,698,000)	1,536,000
(H) Total Outstanding Claim Liabilities:	$44,789,000	$47,742,000	$2,954,000

COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT

PUBLIC AGENCY COMPENSATION TRUST

COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT FOR WORKERS COMP AND HEART & LUNG – UNDISCOUNTED - (UNAUDITED)

EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

Required Contributions & Investment Income:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Earned	$16,856,499	$14,187,888	$16,229,877	$14,049,941	$16,420,666	$17,557,830	$18,508,907	$14,573,896	$11,270,837	$15,890,773
Ceded	1,019,746	760,706	821,229	1,196,334	1,178,052	1,626,286	1,621,360	1,770,677	2,457,932	2,144,133
Net earned	$15,836,753	$13,427,182	$15,408,648	$12,853,607	$15,242,614	$15,931,544	$16,887,547	$12,803,219	$8,812,905	$13,746,640
Unallocated Expenses	4,372,365	5,196,331	6,075,535	6,580,620	6,167,162	6,114,625	6,114,625	7,370,873	8,345,504	9,336,538
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118
Net Paid (cumulative) as of:										
End of policy year	1,576,283	1,627,122	1,875,562	1,861,690	1,564,723	1,512,648	1,581,898	1,788,670	1,734,359	2,245,351
One Year Later	3,121,442	3,604,503	3,460,736	3,221,497	2,848,563	2,901,684	3,378,486	4,153,214	3,738,335	
Two Years Later	4,039,612	4,245,842	4,582,100	3,754,301	3,434,826	3,545,887	4,117,819	5,062,121		
Three Years Later	4,357,378	5,004,699	5,268,006	4,110,874	3,859,081	3,855,565	4,541,756			
Four Years Later	4,448,046	5,153,264	5,447,815	4,169,758	3,989,877	3,929,559				
Five Years Later	4,558,563	5,490,173	5,654,308	4,189,790	4,064,157					
Six Years Later	4,654,519	5,746,369	5,754,247	4,274,071						
Seven Years Later	4,572,533	5,981,875	5,810,088							
Eight Years Later	4,851,262	6,134,733								
Nine Years Later	4,955,929									
Re-estimated ceded claims & Expenses	-	-	-	-	-	-	-	-	-	-
Re-estimated Claims & Expense										
End of policy year	7,604,904	7,226,000	8,393,000	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118
One Year Later	7,767,000	8,156,000	8,599,083	8,064,886	8,461,944	8,035,685	8,841,127	9,105,595	7,561,826	
Two Years Later	8,507,000	8,204,000	8,412,083	7,583,886	8,171,944	7,702,685	8,772,127	9,116,595		
Three Years Later	7,930,000	8,855,000	8,590,083	7,436,886	7,991,944	7,702,685	8,638,127			
Four Years Later	7,826,904	8,367,000	8,416,083	7,138,886	7,754,944	7,570,685				
Five Years Later	7,903,000	8,626,000	8,594,083	6,984,886	7,637,944					
Six Years Later	7,928,904	8,678,000	8,412,083	6,986,886						
Seven Years Later	7,831,904	8,855,000	8,554,083							
Eight Years Later	7,826,904	9,148,000								
Nine Years Later	7,818,904									
Increase(Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year:	$214,000	$1,922,000	$161,083	($1,517,000)	($924,000)	($754,000)	($171,000)	$211,000	($459,000)	-

This information is required by the Governmental Accounting Standards Board

ASSUMPTIONS & LIMITATIONS

- Based on loss experience, exposure data and info provided by PACT
- Relied on statistics and historical loss development patterns of PACT
- Assumed PACT's historical development patterns form a reasonable basis to predict PACT's Future Loss Development
- Cannot predict impact of future law changes and court rulings on WC Claim Costs… reasonable now but perhaps not in the future
- Assumed loss rate trend with claim cost increases at 2.5% per year. Claim severity increases at 3.5% per year and claim frequency decreases 1.0% per year. Based in part on PACT data and recent study by the National Council on Compensation Insurance (NCCI)
- Assumed assets held for investment generate 1.5% annual return
- Does NOT include provisions for catastrophic events: earthquakes, flooding, mass civil disorder or mass occupational disease.
- Assumes all excess insurance is valid and collectible.

QUESTIONS & REFLECTIONS

Working Together We Achieve Superior Results

POOL/PACT'S RISK MANAGEMENT TOOLS AND PROGRAMS

EXECUTIVE COMMITTEE: 10/28/19 UPDATE

POOL/PACT provides its members with a substantial array of risk management tools, policies, procedures, training, and information. The following information is designed to inform all members in general, and safety directors specifically, about the risk management programs which are designed to reduce and/or eliminate risks to the public, members, and their employees.

POOL/PACT Loss Control Committee

The Loss Control Committee is responsible identifying risks and developing, administering, and supervising risk management policy, procedure, and planning as well as developing and administering risk control techniques to reduce the frequency and severity of losses. The Committee also administers the Risk Management Grant Program.

- Meetings 2018-2019 (7)
- New Committee Member: Alicia Heiser – Winnemucca City Manager
- Risk Management Grants Awarded (YTD): $28,014.00
- Educational Risk Management Grants Awarded (YTD): $157,824.39
- Total grants approved for 19/20 YTD: $185,838.39

On-Line E-Learning Safety Courses

New e-Learning Course: *Wellness/Health Education and Training*

SpecialtyHealth *Fit for Retirement Program, Myth Buster's Edition*: (completed 6/19) This is a PACT cardiovascular disease and lung health program e-Learning course developed for Firefighters and Law Enforcement. PACT partners with Specialty Health to develop individual employee plans to address and resolve risk factors and provide multiple resources to keep employees in and/or return them to good health. Volunteer firefighters and reserve officers may be eligible for services as well.

Swimming Pool Safety Policies, Inspections, and Training

- Inspections for 2019: Battle Mountain, West Wendover, Wells, Jackpot, Elko, Winnemucca

Law Enforcement Training and Policies/Jail Audit Program

- 2019 Audits in Progress: Mineral, Eureka, Humboldt, Elko, Churchill, Nye, Esmeralda, To be initiated 2020: Pershing, Douglas, Lincoln, Lyon, Storey, Lander, White Pine
- POOL/PACT Cop/Prosecutor Seminar Series:
  - 10/29-30/19 Elko - Critical Report Writing Skills

Fire Department Training: *TargetSolutions*

- Agencies currently using/subscribing: 25 agencies with 16,506 courses completed

Cyber Security Training and Policies

- Passive Network Assessments completed 2019:

School District Emergency Operations Plans, Training, and Policies

- Assessments/Follow-ups Completed 2019: Lincoln, Eureka, Esmeralda, Nye, Elko, White Pine (Scheduled for November 2019)
- NV DOE grant program under SB 55 that POOL/PACT RM and Jeff Kaye developed with the following awards from DOE: Elko ($1.25m); Lyon ($1m); Storey ($450k); Lincoln ($439k); Esmeralda ($165k).

Safety Program/Committee Development

- Currently working with 5 members to develop or revamp safety program/committee

MSDSonline HQ Active Accounts

- Boulder City, Churchill County School District, City of Elko, IVGID, Nye County, Southern Nevada Health District, POOL/PACT

Site Safety Inspections, Training, and Audits (Rick Hudson/Josh Wilson)

- Wellness Bulletins (3)
- Thermography Audits: (4)
- Safety Audits (9)
- CPR/AED (14)
- Fire Extinguisher Training (5)
- Respirator Fit Testing: (7)
- Other Trainings: (5)
- Put in place "Risk Management Service Plan"

For additional information, contact:
Marshall Smith, Risk Manager, marshallsmith@poolpact.com , (775) 885-7475
Website: www.poolpact.com

POOL/PACT Joint Executive Committee, Attachment #10d

<u>POOL/PACT Budget</u>: $500,000.00 each totaling $1,000,000.00

<u>Grants Approved for FY 2019-2020 YTD:</u>

<u>EDUCATIONAL:</u> $28,014.00

<u>RISK:</u> $157,824.39

Total grants approved for 19/20 YTD: $185,838.39

State of the Marketplace

There is a clear trend across most lines of business and most geographies that insurers are taking steps to return to underwriting profitability. We are seeing price firming almost universally. While capital remains plentiful, insurers are demonstrating their long-sought pricing discipline as they exercise more judicious deployment of capacity.

In the current environment, if carriers don't think they can underwrite profitably, they are willing to walk away. They are willing to withdraw capacity. They are being consistent. They are being careful. They are scrutinizing their portfolios and the risks they are underwriting. They're being…well, disciplined.

Overall, insurance buyers in 2019 and 2020 can expect to pay more. They can expect a heightened, more disciplined underwriting approach.

Property
Property market conditions have exhibited a decided firming, even for benign risks, driven by two consecutive years of high cat losses, attritional losses and 11+ quarters of rate decreases prior to 2018. Across-the-board increases are expected.

- Record catastrophe losses in 2017 and above average catastrophe losses in 2018 produced the worst back-to-back loss years on record.
- After years of falling property rates, underwriters have crossed a psychological Rubicon: they have their swagger back. With high demand due to continued economic vigor, property is a seller's market for the first time in recent memory.
- For years, excessive combined ratios produced results that carrier owners and investors claimed unacceptable and unsustainable. Insurers are determined to return to underwriting profitability.
- Despite rising prices, we are not seeing a classic hard market, which is typically driven by supply constraints caused by capital destruction arising from large loss events. Capital remains buoyant.
- A major exception is in the case of accounts with cat losses. Deployed capacity has tightened significantly on these renewals, which will not generally see the benefits of otherwise healthy market capitalization.
- This is not a one-size-fits all market turn. Rather we are in a very discriminating market based on catastrophe exposure, loss history and historical rate changes. We are seeing large variations from the mean with increases of 30%, 40% to 50% or more for poor loss experience and heavily cat-exposed accounts.

Rising rates are not the only source of change that buyers will need to navigate.

- Primary carriers have suffered the most over the last two years, causing many to tighten underwriting guidelines and even exit certain classes.
- Most if not all markets are evaluating insureds' risk control philosophy, efforts and accomplishments. They will want to see how insureds have improved their risk over time and have planned for continuous improvement.
- Underwriters continue to take a more critical look at exposures and are adjusting portfolios and appetites, restricting many coverage terms previously offered.
- Submission activity has doubled for underwriters, as most buyers are out to market due to shifting conditions. This demand surge has caused pressure on quote dates and underwriter bandwidth. Negotiations are taking additional time, as are proposals.
- The top two property markets are shifting appetites and restructuring books, fostering internal pressures as well as opening the broader market to test the coattails of these market-changing developments
- Sub-limits and deductibles are being looked at closely.

Casualty – Primary and Excess
The commercial liability marketplace, including general liability, auto and umbrella, is strained, with deteriorating loss trends impacting underwriter profitability.

- The North America liability marketplace continues to be hit by significant catastrophic liability losses stemming from many issues, including California wildfire, the opioid epidemic, #MeToo litigation and liberal class action certification.
- Escalating loss costs are driving rate increases. From 2016 through 2018 the average claim payment for bodily injury rose 6.7%, and personal injury protection claims rose 4.8%.
- 2018 will be the eighth year of a combined ratio in excess of 100 for auto lines.
- A highly organized plaintiffs' bar is using advanced litigation tactics, including reptile theory, to appeal to juror emotions, resulting in unprecedented liabilities for defendants.
- The excess liability marketplace is experiencing notable disruption, with insurance carriers adjusting their underwriting appetites, requiring changes to program structures and pushing rate increases.

Workers' Compensation
While workers compensation remains the most profitable commercial casualty line of business, the current soft rate environment is starting to be challenged.

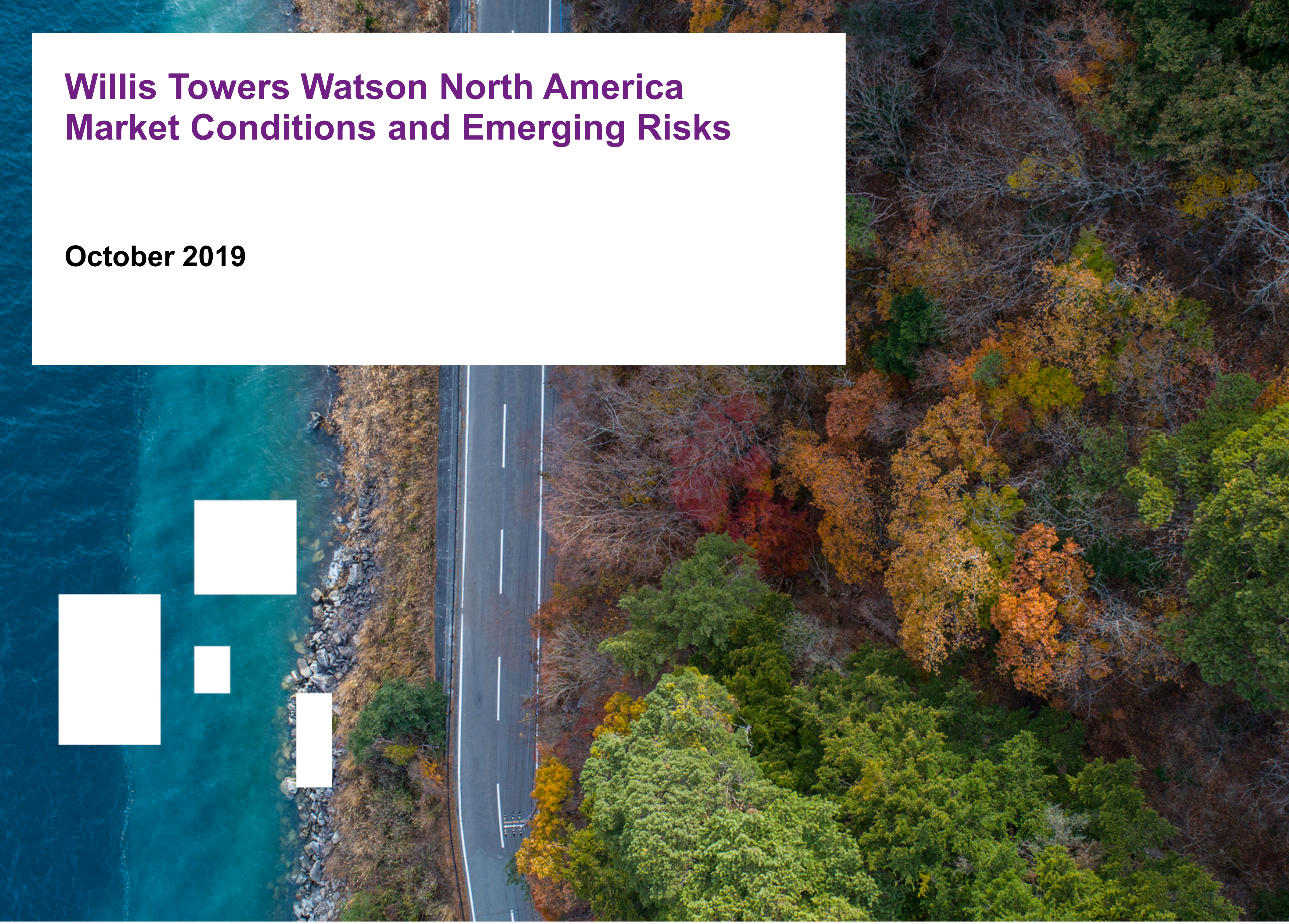
- Near-term workers compensation pricing may begin to flatten, with high severity risks and accounts with excessive losses starting to see minor single-digit rate increases.
- State supreme courts are challenging insurers who deny reimbursement for medical marijuana. On March 7th, the State of New Hampshire joined Connecticut, Maine, Minnesota, New Jersey and New Mexico in supporting marijuana as an acceptable form of treatment for work-related injuries. The court found that it does not believe reimbursement will cause the insurance carrier to "possess, manufacture, or distribute" a controlled substance, which is against federal law.
- Advancements in medical technology have contributed to workers compensation "mega" claims, which are defined by the National Council on Compensation Insurance (NCCI) as workers compensation claims in excess of $10 million. These claims have become more frequent in recent years, with 70% of mega claims arising from motor vehicle accidents and falls from elevation.

Cyber Risk
Despite growing loss activity and the expansion of cyber exposures due to regulatory and statutory actions, global cyber insurance capacity continues to grow. This keeps rates relatively stable and allows for coverage expansion, especially for organizations that can differentiate themselves due to investments in security and privacy protection and vigilance about the human element of cyber risk.

- Most cyber renewals for both primary and excess cover are averaging single digit increases.
- Insurers have tightened pricing and retention guidelines for organizations that have not addressed vulnerabilities.
- With claim activity or recent incidents, increases may be higher.
- Retentions can vary greatly based on industry class, size of organization and particular exposures. Where organizations have demonstrated increased levels of security and internal policy controls, underwriters have offered premium decreases. Increased competition in the marketplace has also played a role as insurers fight to write the better risks.
- The human element continues to be the leading cause of cyber loss, representing 61% of the claims included in our 2017-18 Reported Claims Index.
- The costs associated with managing cyber and privacy claims, including forensic investigations and defending regulatory actions with associated fines, are on the rise.

Willis Towers Watson North America Market Conditions and Emerging Risks

October 2019



Willis Towers Watson

Market Conditions

What are the Headlines?

- Since January we have been experiencing pricing "corrections" in virtually all lines of P&C. The notable exception is Workers Compensation which remains stable.
- Pricing corrections have been accelerating since January, particularly in Property, Lead Umbrella and D&O. Even benign risks are subject to single digit to low double digit rate increases.
- Cyber began firming in Q2; driven by ransomware claims and headline privacy breaches.
- Seismic shifts in underwriting appetite by certain major players, Lloyds Decile 10 Strategy, and the exit of significant players in certain lines has made 2019 a "perfect storm" for clients.
- While capacity is not scarce, a hallmark of this market is more "judicious" limit deployment (i.e. smaller lines.)
- Coverage terms and conditions remain generally stable with some notable exceptions (wildfire and opioid exclusions, and the beginning of the end of silent cyber) and upward pressure on deductibles (particularly in property), retentions (particularly for D&O and employment practices) and umbrella attachment points (particularly for auto).
- Underwriting is stringent and emphasizing risk control, safety, cyber security and governance. There is demonstrable discipline in the market. All major markets are swamped and decision-making is attenuated.

Market Conditions

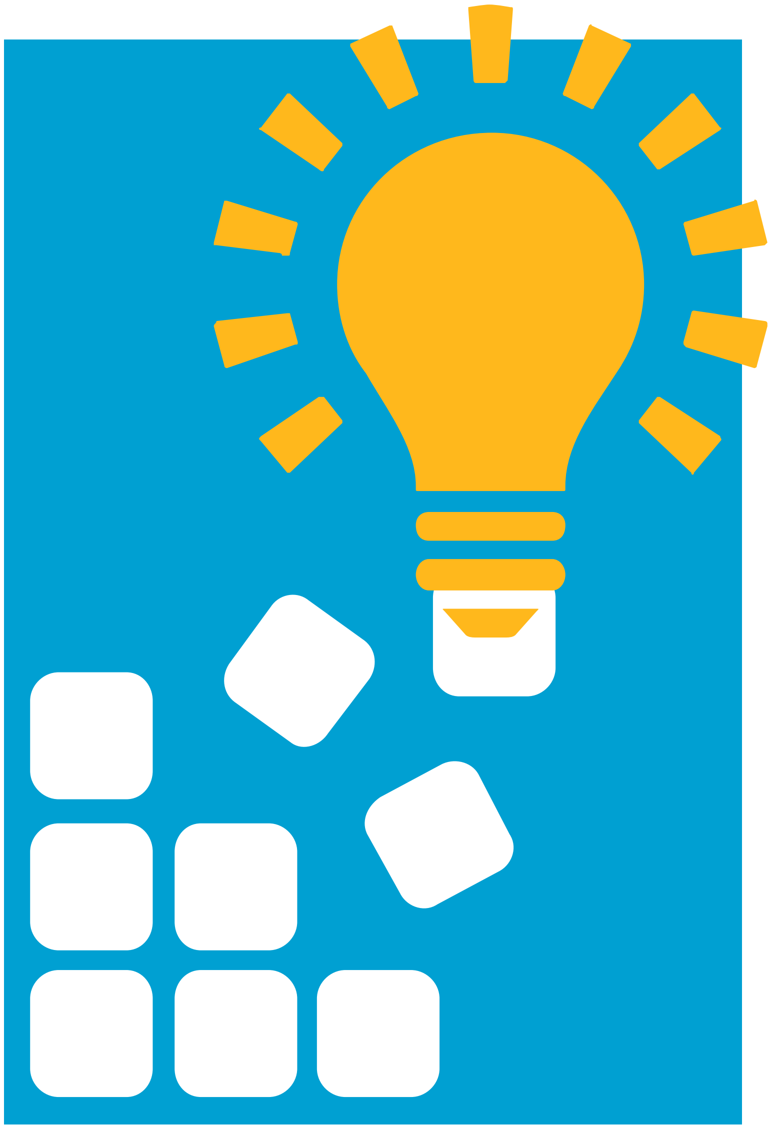
How long will it last? …

- The Property market change is “event” driven while Liability and D&O is more “systemic” and driven by fundamental changes in loss activity.
- 2019 Property loss activity (catastrophes and attritional) are higher than the 10 year average, but considerably lower than 2017 and 2018.
- “Alternative” capital participation in the market shrank slightly in 2018 and showed tepid enthusiasm. Enthusiasm is returning in pockets as premium rates rise and as interest rates look to be “lower for longer.”
- The re-underwriting cycle by major property insurers *should* be complete by the end of Q2 2020. Barring a major cat, rate increases and capacity deployment may become more predictable by Q3. General rate rises likely to continue through Q4 and into 2021.
- General Liability, Auto, Umbrella and D&O are likely to see steep rate rises and unpredictable capacity conditions for another 4 to 6 quarters (into 2021) as loss frequency ticks up, long tail losses accumulate, 8 and 9 figure verdicts continue.
- Tough market conditions *will* end – insurance remains governed by supply and demand and insurance is a competitive market with fluid capital. However, the market seems to be seeking a new equilibrium that may take another 1-3 years to reach depending on the line

Market Conditions

Is there any good news? Yes…

- The wide range of renewal results we are seeing shows that underwriters are underwriting on an account-by-account basis…there is a real opportunity to differentiate your risk.
- The insurance market remains well-capitalized… the "promise to pay" seems safe from insolvencies.
- For most, the current rate increases are resulting in rates similar to just a few years ago – i.e. we have had years of competitive pricing.
- Coverage terms and conditions have not been radically stripped and some lines such as Cyber continue to see coverage improvements and innovations.
- New products are being launched and refined including Reputational Risk coverage, parametric trigger programs, and new alternative capital facilities are eyeing longer tail lines such as Cyber and Casualty for some segments.
- Insurtech is becoming more of an enabling force than a disruptive one. They are partnering with traditional participants to improve the client experience and enabling them to be "better, quicker, and cheaper."



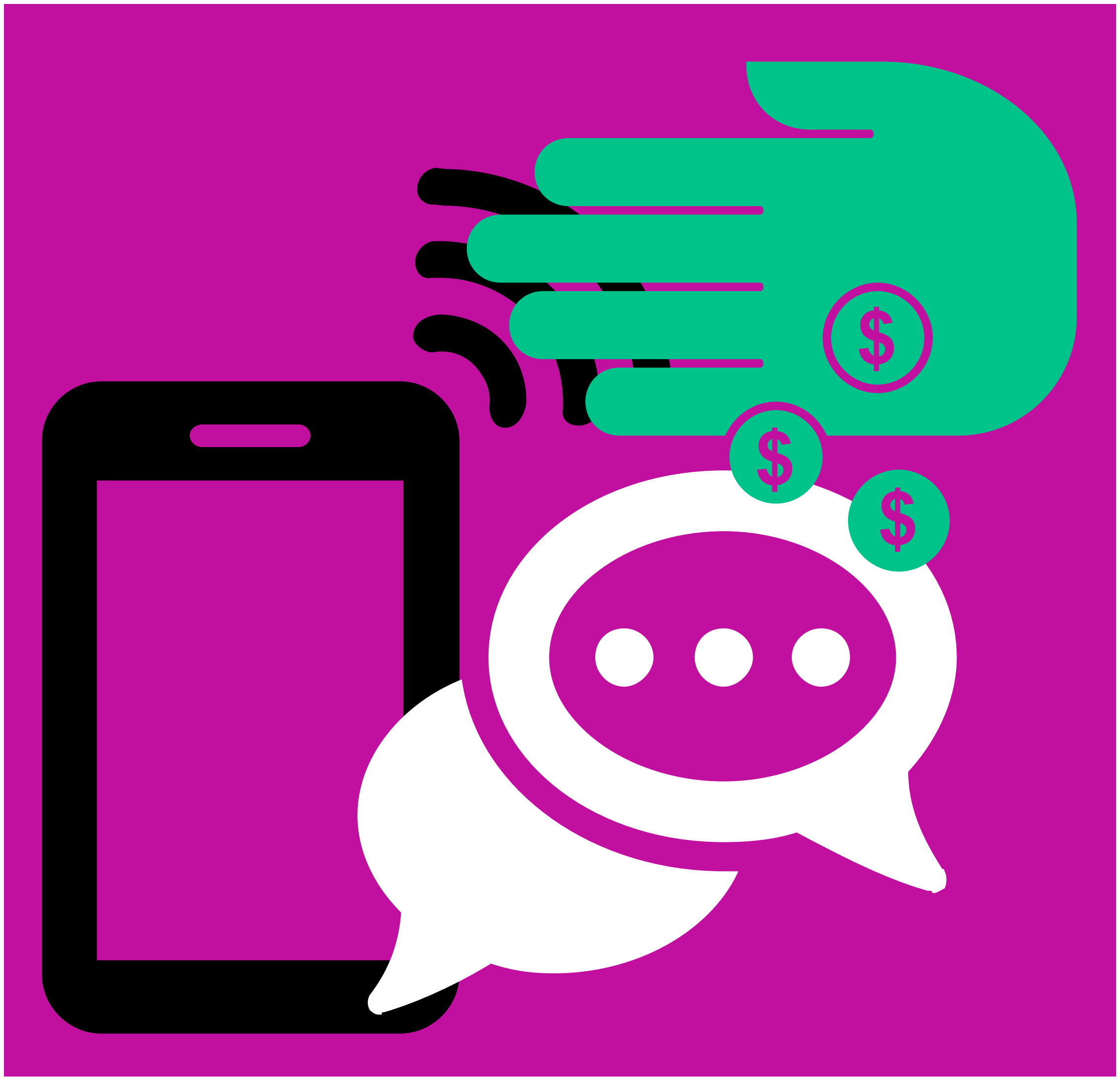
Market Conditions – What are the Causes of the Current Corrections?

Losses and Claim Trends

- Two consecutive years (2017-18) of catastrophic losses in property – hurricanes, typhoons, wildfires. "Attritional" (i.e. non-cat) losses also more severe than normal.
- "Loss Creep" for 2017 catastrophes impacted 2018 earnings and locked up more alternative capital. 2018 catastrophes following a similar pattern.
- Relentless year–over-year increases in Securities Class Actions (SCAs) for publicly-traded companies' directors & officers.
- "Mega" (8 figure) and "Nuclear" (9 figure) verdicts for liability have become startlingly common, especially in Auto liability cases. (No industry is immune from auto exposures.)
- Fear of large verdicts drive higher settlements.
- WC "mega" losses ($10m+) are becoming more common due to medical advances.

Market Conditions – What are the Causes of the Current Corrections?

Social Inflation



- Numbness to high verdicts, in an age of mega earnings for celebrities, sports figures, and CEOs.
- Desire to hold corporations “accountable.”
- Social media create viral concerns – founded and unfounded.
- #Movements get unprecedented support in hours vs years and claims follow.

Market Conditions – What are the Causes of the Current Corrections?

Legislative & Courtroom Trends

- NY Child Victims Act and other “revivor” statutes reopening statues of limitations.
- Use of social media to create classes quickly.
- Junk science increasingly being admitted in court (e.g. Round-up weed killer and talc litigation.)
- Admission of irrelevant but inflammatory facts (e.g. CEO compensation.)
- Opioid litigation driven by public entities.
- “Reptile” theory and other aggressive plaintiff bar tactics.
- Increasing frequency of punitive damage awards.
- Litigation financing is a worrisome trend.
- E discovery contributing significantly to litigation costs.

Market Conditions – What are the Causes of the Current Corrections?

Macroeconomic Factors

- Low interest rates for many years have reduced insurer investment yields – more pressure on underwriting to achieve ROE. We're now in a period of interest rates expected to be "lower for longer."
- Strong economy =
  - more road traffic
  - higher business interruption losses
  - increased contractor cost and wait-time
  - Reduced "downtime" leading to maintenance slippage
  - Inexperienced workers
  - Unrealistic stock performance expectations
  - More IPOs
- Business is more complex and dynamic--connectivity and data, social media, AI, distributed ledger technology and the gig economy.
- Medical advances and increasing medical costs have increased claim severity.
- Tariff wars are increasing the cost of some replacement equipment.

Market Conditions – Other Items on the Radar

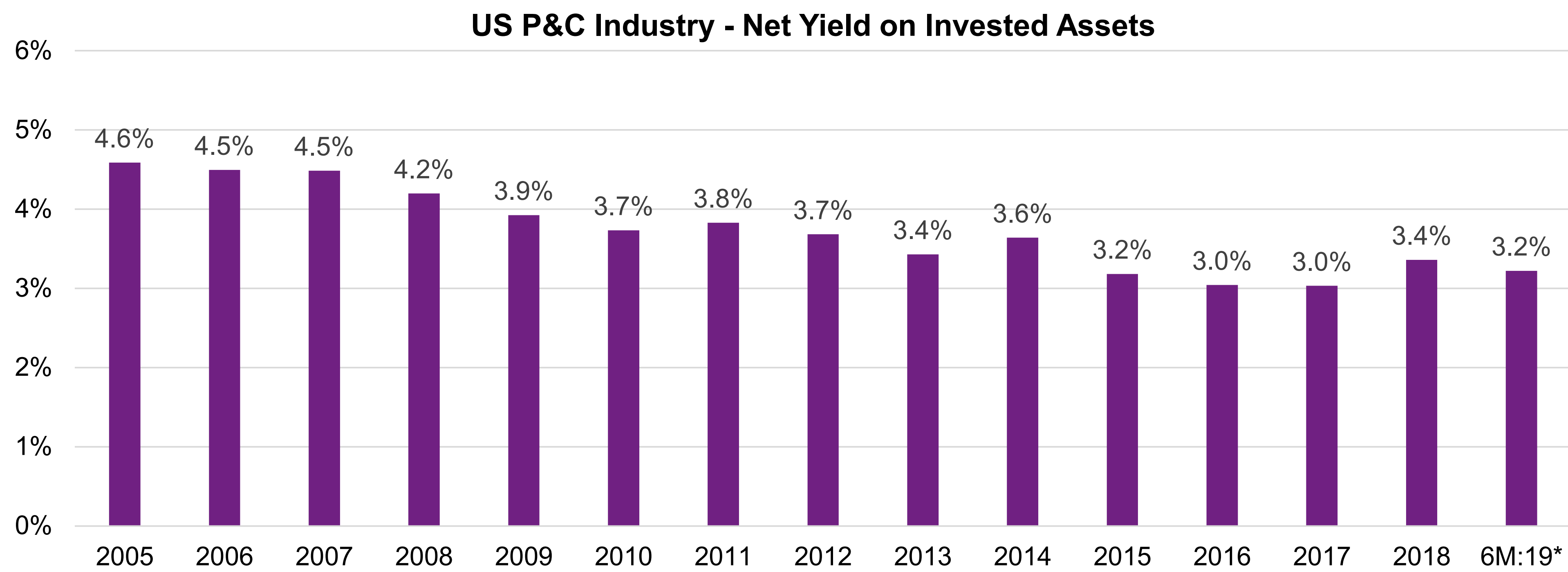
- The end of "Silent Cyber" – insurers intend to affirmatively cover or exclude cyber in non-cyber polices. AIG and Lloyds have issued notice of intent to change policies in 2020. Others expected to follow suit.
- Extreme weather events becoming viewed by insurers as systemic vs. aberrational.
- Climate risk concerns and the impact on enterprise value getting the attention of investors, asset managers, accounting bodies, governmental entities, regulators, etc.
- Distracted driving, sleep apnea, and operator fatigue continue to impact auto, trucking and rail losses.
- Evolving business strategies (e.g. the "gig" economy) are challenging legislative bodies to redefine the definition of an employee.
- Recreational marijuana impacting auto claim frequency (up 6% in states where it is legal.) Workplace impact is uncertain.
- Business Roundtable - nearly 200 US CEOs have declared shareholder value creation is no longer a corporation's sole purpose; other stakeholders matter – employees, the environment, suppliers, etc.
- Internet of Things continues to complicate exposures and losses.
- TRIPRA expires December 31, 2020.

Market Conditions (Fall 2019)

Reducing investment yields

Investment income is less of an antidote to lower underwriting profits.

Investment Income still lags due to historically low interest rates.
Forecast is for rates to be “lower longer”



* annualized
Source: S&P Global Market Intelligence

NA Treaty Reinsurance

Property & Liability Reinsurance - Treaty

Increased use of reinsurance by larger cedants to manage earnings volatility (as opposed to capital management.) Cats and non-modeled losses driving Property rates. Loss emergence in commercial auto, products liability and umbrella driving Casualty rates. WC treaties flat to slightly up.

Property – July 1 Season

- Capacity available in zones with significant modeling or loss free. Pricing continued to harden. NA and Japan hardest hit.
- Loss free: Flat to +5%
- Loss affected: +5% to +10%
- Cat / Cat Loss affected or LAE uncertainty +10% to +30%

Liability – July 1 season

- Loss free: Flat to +5%
- Loss impacted: +5% to +15% (as high as +25% for healthcare)

Property Loss Affected:

Function of perils & experience

Property Loss Free:

Flat to slightly up

Treaty Liability:

Loss Severity

Firming Market Continues in 2020

Facultative Reinsurance Deep Dive

Property Loss Affected:

Up to +25%

Property Loss Free:

Flat to +10%

Casualty WC/GL:

Flat to +5%

Casualty Auto:

+3% to +10%

Property & Liability Reinsurance - Fac

Property

- No Cat, loss free: flat to +10%
- Cat exposed, loss free: +10 to +15%
- Cat exposed with losses as high as +25%
- Builders Risk market is constricting. Expect rate rises of 5-15%
- Increased deductibles and coverage tightening.
- Issues remain with Habitational , Dealers Open Lot, and a few others.

Casualty

- Rates are firming
- Facultative arbitrage remains possible
- Due to the continued hardening of rates and reduction in capacity in the auto insurance market, the facultative reinsurance market is seeing more activity than ever before . Most activity is in the “buffer” layers between $1 and $10 million.

State of the Property Market – Overview

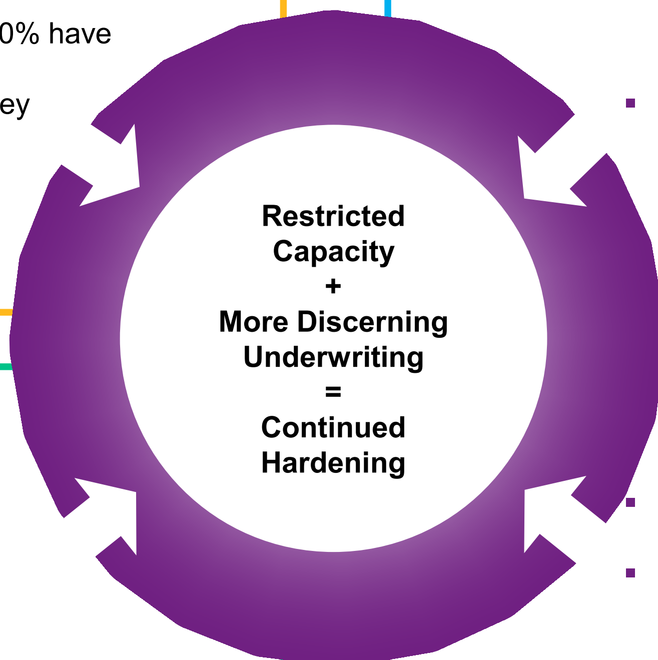
October 1, 2019 Update

Pricing

- Property Market conditions continue to see an acceleration in rate increases
- Two years of combined ratios exceeding 100% have forced underwriters to drive profitability
- Accounts below technical pricing or losing key capacity seeing largest rate corrections
- Even benign risks are seeing +5% to +15%
- Cat accounts experiencing +10% to +20%
- Cat with losses +15% to >+30%

Capacity

- Capital remains available, although insurers are reducing overall line size and repositioning deployed lines based on profitability - capacity available at a price
- Major exception is in the case of accounts with CAT / losses. Deployed capacity has tightened significantly on these renewals, which will not generally see the benefits of otherwise healthy market capitalization



Coverage

- Underwriters continue to take a more critical look at exposures, restricting many coverage terms previously offered
- Pressure on Cat deductibles and caps
- First party cyber exclusions are common
- Coverage tightening on CBI, Service Interruption; valuation concerns, reduction in sublimits and increased waiting periods

Issues

- Loss control heavily scrutinized, address open recommendations prior to renewal
- Challenged occupancies include: food/beverage, manufacturing, dealers open lot, hospitality, primary habitational / multi-family, woodworking, senior living, waste management, and schedules with significant Cat or convective storm

***Special Coverage Update: Terrorism Risk Insurance Program (TRIP) Reauthorization pending 2020**

State of the Property Market – Factors Impacting Rate

October 1, 2019 Update

Industry Losses

First half of 2019 saw $19B in losses, down from $26B this time last year. Q219 Barry made landfall in Louisiana as a CAT 1, losses estimated $500M+. Searles Valley EQ was the largest CA EQ in decades (7.1), however industry losses were low.

Hurricane Dorian insured losses are estimate around $5B, with $1.5B attributed to the US.

Reinsurance

After a hesitant start in January and a slightly more robust response in April, the June 1st and July 1st renewal season has witnessed tangible pricing momentum, highlighting a more discerning approach by reinsurers.

The landscape continues to evolve. Treaty projections are muted however questions over profitability remain.

Market Capacity

While Industry capacity was replenished though traditional and alternative sources, the market has shifted to a reduction in the overall deployed capacity. Adverse losses have pushed markets to reduce aggregate exposures.

Capacity remains available However upward trends in pricing & stricter underwriting guidelines persist, causing pressure.

Loss Ratios

US Wild Fires and hail storms continue to drive industry loss ratios even higher, also impacting coverage terms.

Property marketplace loss ratios were challenging in 2018. Attritional losses continue to erode profitability. Insurers are looking to balance portfolios through pricing and reducing cat capacity / overall line size.

Rate Prediction?

Rate

Prognosis: "Decided market firming" even for benign risks

Forecast:
+5% to 15% non CAT
+10% to 20%+ CAT
+15% t o 30% ++ CAT with losses

State of the Property Market – Factors Impacting Renewals

October 1, 2019 Update

Timing Constraints

- Underwriters are overwhelmed with submission activity
- Even initial quotes are coming down to the wire
- Tough to obtain multiple options as bandwidth is low

Underwriting Guidelines

- Constant change in guidelines and rate expectations
- Approval shifted to senior management, not underwriters
- Focus on overall performance and addressing volatility

Available Capacity

- Increased volume allows underwriters to be more selective
- Less capacity for large limit / adverse loss deals
- Capacity is being priced and deployed conservatively

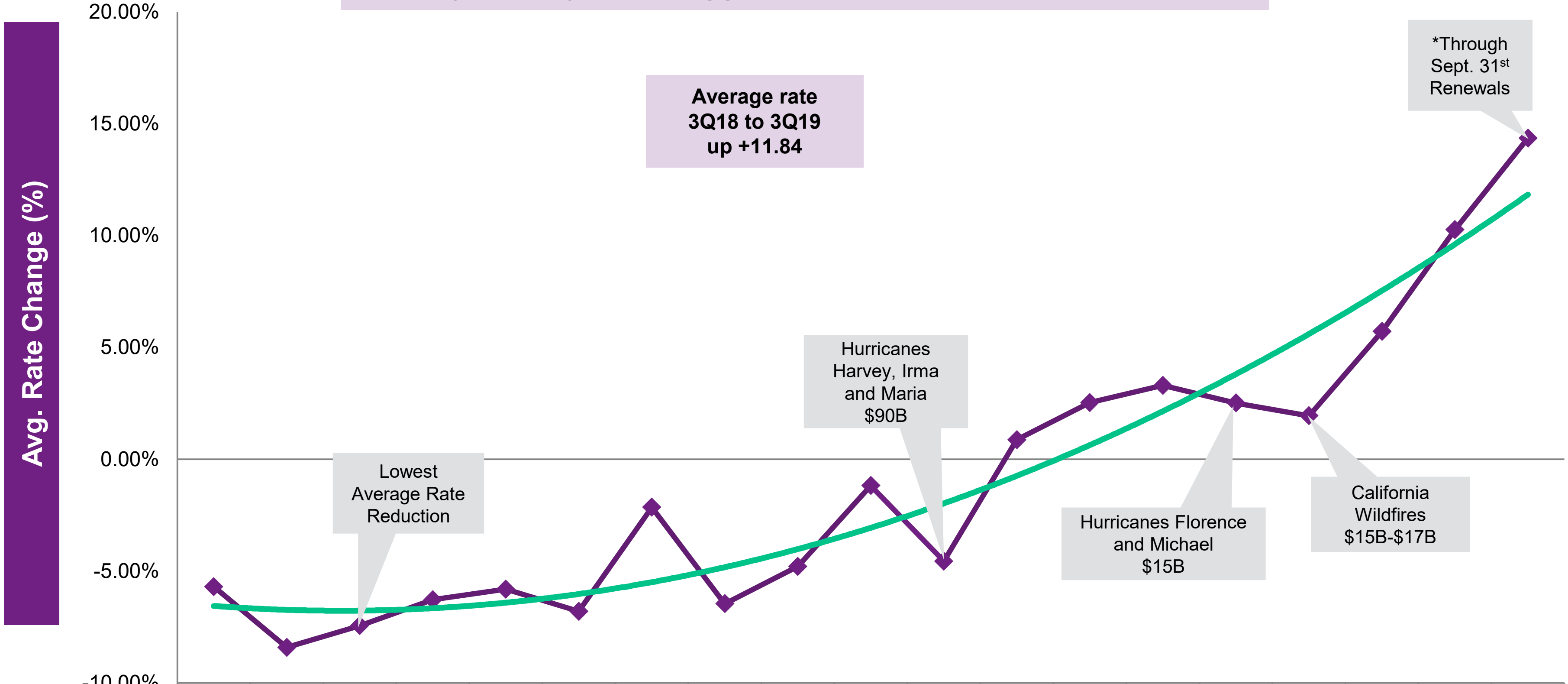
Challenged Occupancies

- Micro-hard market seeing +50% ,+100% even +300%
- CAT exposed and loss driven accounts seeing > +30%
- Heavy scrutiny on engineering and open recommendations

State of the Property Market – Average Rate Change

Historical average rates by quarter as of October 1, 2019

As property conditions continue to see pressure we recommend that all key stakeholders are aware of the changing environment. Budgetary expectations may fluctuate based on availability of capacity, underwriting guidelines and market conditions.

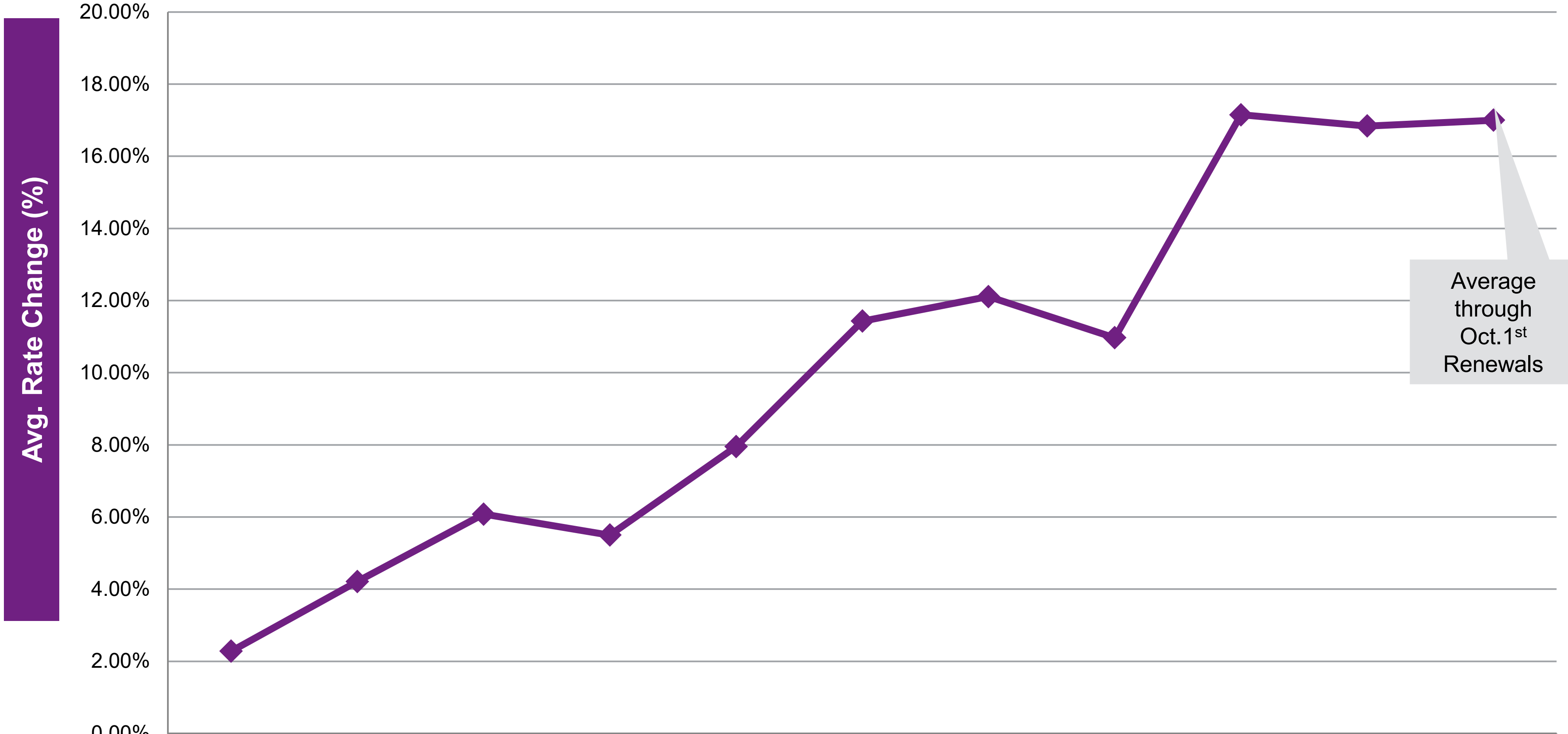


	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3*
Avg. Rate Change	-5.70%	-8.41%	-7.44%	-6.28%	-5.81%	-6.80%	-2.15%	-6.46%	-4.79%	-1.18%	-4.56%	0.87%	2.53%	3.30%	2.51%	1.94%	5.71%	10.26%	14.35%

State of the Property Market – Average Rate Change

Avg. Rate Trends: December 2018 – October 1, 2019

Market dynamics are impacting certain carriers as well as certain classes of business disproportionately. Important to note that this is the AVERAGE rate change and does not speak to CAT or loss impacted accounts specifically.

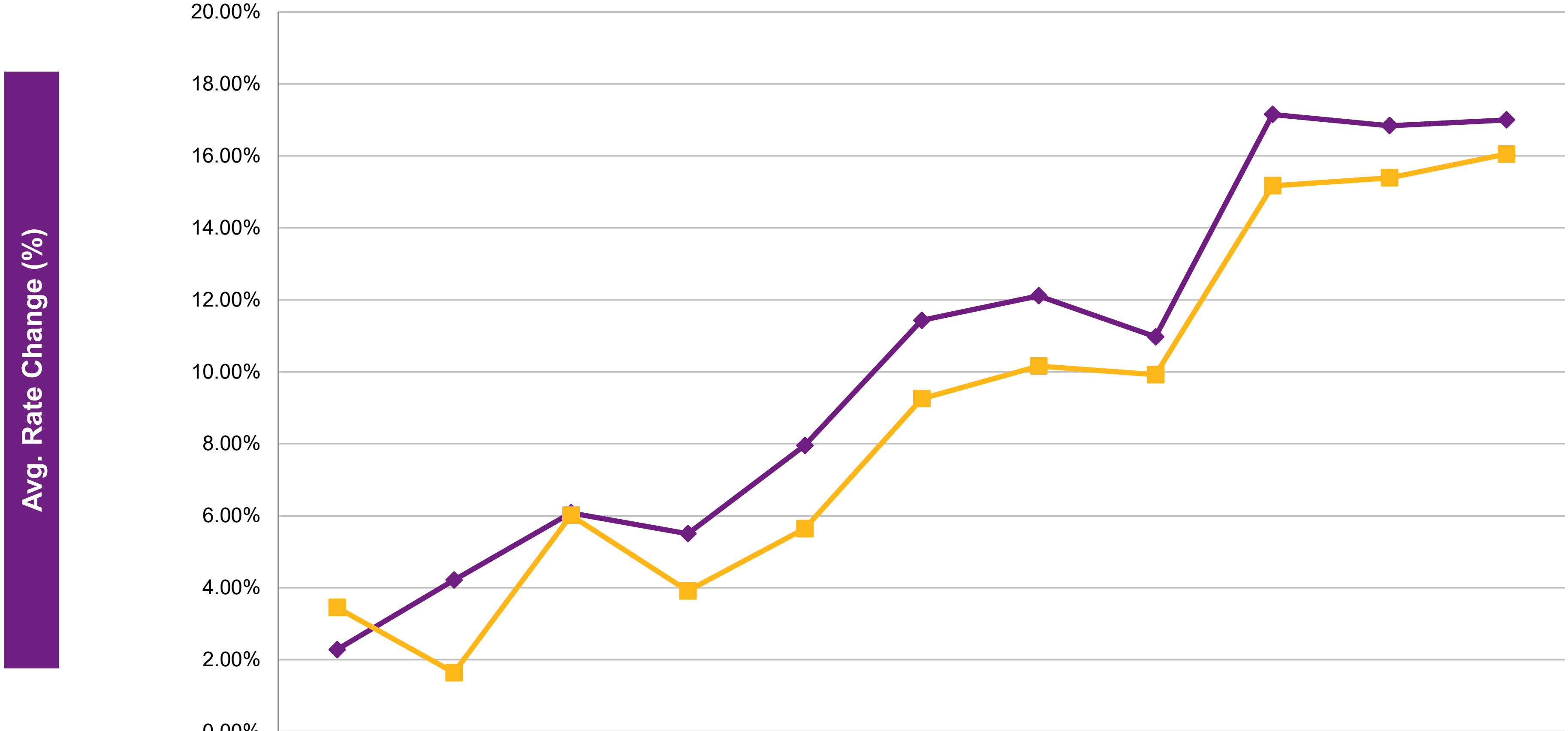


	Dec. 2018	Jan. 2019	Feb. 2019	Mar. 2019	Apr. 2019	May. 2019	Jun. 2019	Jul. 2019	Aug. 2019	Sept. 2019	*Oct. 2019
Avg. Rate	2.28%	4.21%	6.08%	5.50%	7.95%	11.43%	12.11%	10.97%	17.15%	16.84%	17.00%

State of the Property Market – Average Rate Change

Avg. Rate Trends: December 2018 – October 1, 2019

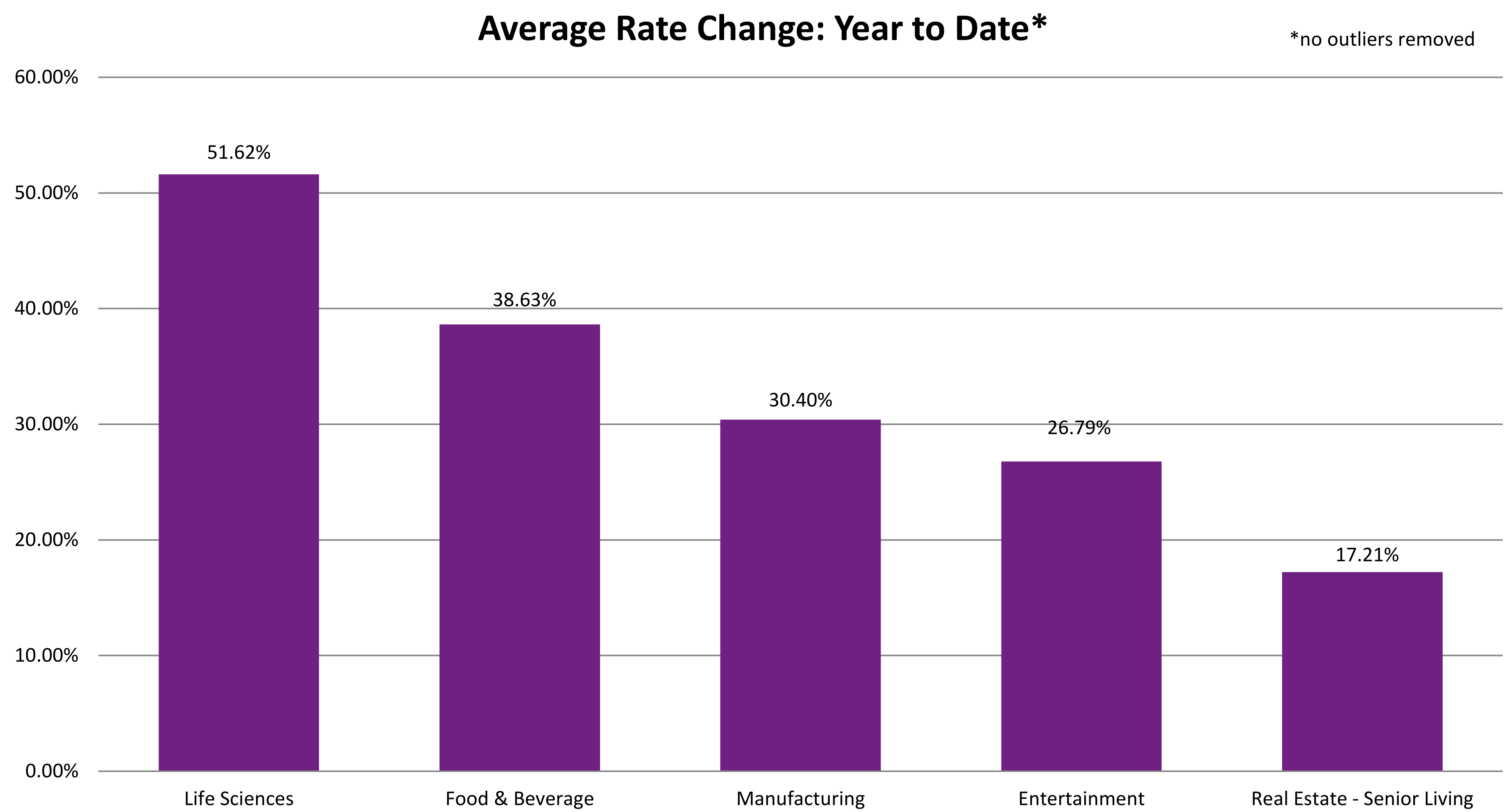
The pace of the market hardening has accelerated, especially for challenged occupancies, accounts with losses and CAT exposed properties. Consult your Property broker to keep appraised of market specifics for your renewal.



	Dec. 2018	Jan. 2019	Feb. 2019	Mar. 2019	Apr. 2019	May. 2019	Jun. 2019	Jul. 2019	Aug. 2019	Sept. 2019	Oct. 2019
Average Rate	2.28%	4.21%	6.08%	5.50%	7.95%	11.43%	12.11%	10.97%	17.15%	16.84%	17.00%
Average Rate Excluding Outliers	3.45%	1.64%	6.01%	3.91%	5.64%	9.25%	10.16%	9.92%	15.17%	15.39%	16.05%

State of the Property Market – Industry Rate Change

Top 5 Rate Increase by Industry – YTD as of Oct. 1, 2019

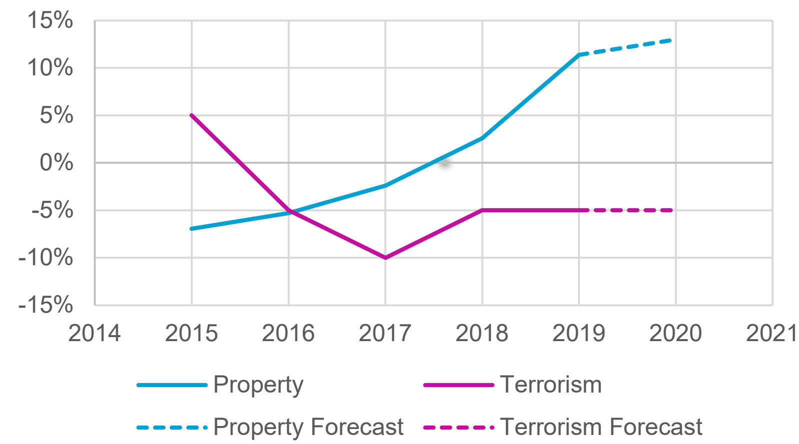


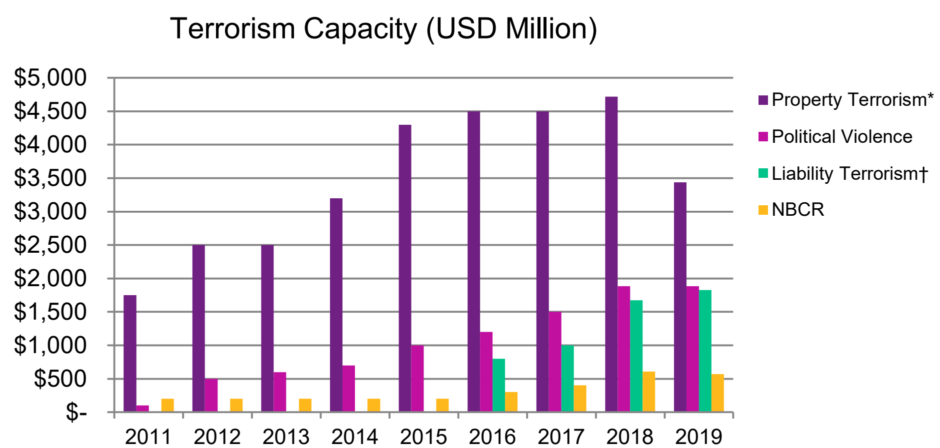
State of the Property Market – Special Coverage Update

Terrorism Rate Landscape

"Embedded" Terrorism coverage

- Correlated with rising property rates, costs of embedded terrorism coverage are continuing to trend upwards
- TRIA continues to provide an essential backstop to insurers which provides rate stability. If extension uncertainty continues, carriers may issue provisional notices of cancellation for upcoming renewals in effect post Dec 31, 2020.
- Insurers may be subject to rating stress testing to demonstrate adequate surplus and be forced to purchase additional reinsurance, driving up renewal rates.





"Stand Alone" Terrorism coverage

- Uncorrelated with property premiums, stand alone terrorism rates have remained relatively static.
- While recently impacted by merger and acquisition activity in the sector, aggregate capacity should continue at current levels.
- Nonetheless, with non-renewal of TRIA in 2020 significant pressure on market capacity in highly concentrated areas will force rates up by an anticipated 30% to 40% in key areas.

Terrorism Risk Insurance Program (TRIP)

Key Considerations

On December 31, 2020, the Terrorism Risk Insurance Program (TRIP) will expire unless Congress passes extension legislation to reauthorize the program

Commercial insurers are preparing their response should the federal backstop expire

History has shown that severe market disruption can occur should reauthorization be delayed (or not occur). Recommended action points include:

- ✓ Confirm with lenders and/or other stakeholders minimum requirements for terrorism coverage regardless of extension
- ✓ Confirm with existing insurers post 2020 position, regardless of TRIP extension
- ✓ Evaluate placing terrorism insurance on a stand alone basis to provide long term coverage certainty or fill potential gaps
- ✓ For captive-insured risks, ensure that sufficient replacement capacity is available, either through securing additional reinsurance or purchasing coverage ‘options’
- ✓ Captives should also confirm in advance cost to convert existing reinsurance, if necessary
- ✓ Consider a new generation of terrorism risk modeling and analytics to provide valuable counterpoints to lender or insurer negotiations

State of the market

Casualty Marketplace Disruptors

Worker's Compensation
- Aging Workforce
- Regulatory Reform
- Medical Bill Inflation
- Opioid Addiction

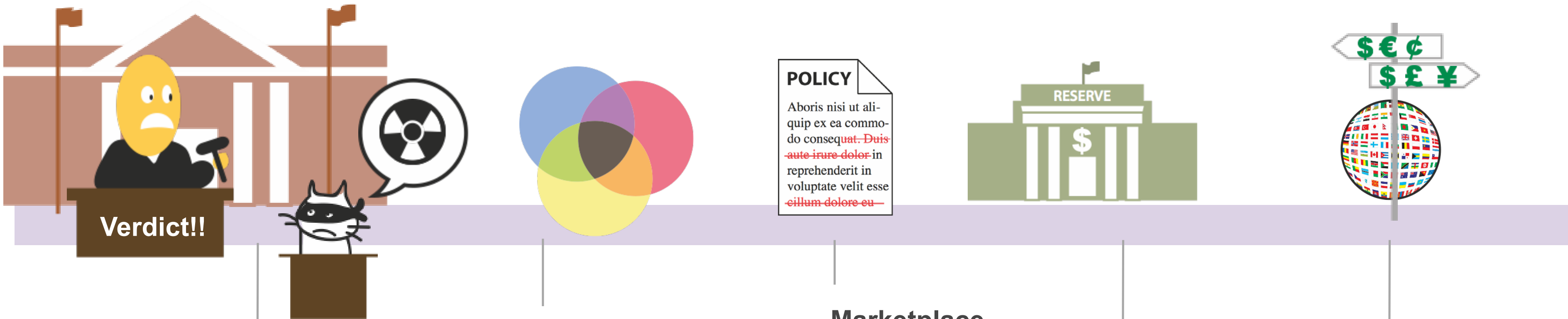
Auto Liability
- Distracted Drivers
- Auto Fatality Trends
- Accident Frequency
- Cost of Technology

Umbrella Liability
- Personal Injury Trends
- Toxic Tort Landscape
- Highly Organized Plaintiffs Bar

Casualty Deep Dive

General Liability

Rate Prediction +2.5% to +7.5%



Loss frequency remains somewhat stable, but as claims become more complex, severity has increased

Carrier consolidations have had little effect on rates

Marketplace continues to revise policy verbiage, including focus on treatment of ALAE, emerging risks and Industry specific endorsements

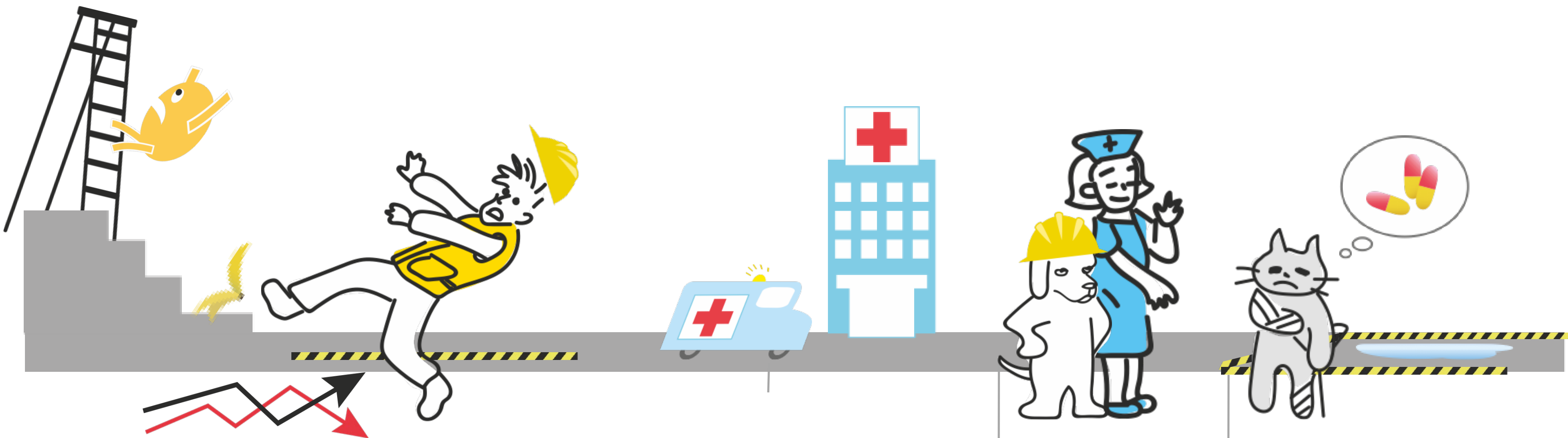
Several large insurers are questioning and re-evaluating general liability reserve adequacy

Foreign casualty marketplace remains soft but reductions are slowing

Casualty Deep Dive

Workers

Rate Prediction **-2% to +2%**



WC claims have fallen by nearly 1/3 in the last ten years – largely driven by employer's Safety, Health & Wellness initiatives.

NCCI data illustrates frequency of claims under $1MM incurred has been decreasing but the frequency above $1MM incurred is increasing.

The frequency of these high dollar claims is increasing, and the costs are reaching levels never before seen.

Low investment income is a concern for offsetting long-tail losses

Opioid crisis will likely bring reform to treatment protocols for patients in pre-pain, acute pain, and chronic pain

Casualty Deep Dive

Auto Liability

Rate Prediction **+6% to +12%**

Rate pressure is causing some insureds to consider alternative structures, including finite risk solutions.

Risks demonstrating robust driver safety programs, safety tech, and other loss control initiatives are faring better

Increased loss frequency and severity continue to concern carriers / markets:

Over the past 4 years the US has averaged 1.16 fatalities per 100M miles driven, a 5% increase in frequency rate from the prior 4 years.

The economic impact of districted driving cost society $40B per year.

In 2018 distracted driving accounted for 4,637 fatalities - up 33% increase from 2015 at 3,477.

"Stretching" of primary limits and introduction of excess "buffers" continue to be implemented to achieve underlying limits required by umbrella carriers.

Primary CSL

Programs with $2M Auto CSL has increased by nearly 100% from 2017 thru 3rd Qtr. 2019.

100+%

Programs with a $5M CSL has doubled from late 2017 thru 3rd Qtr 2019.

Casualty Deep Dive

Umbrella

Rate Prediction	
High Hazard / Challenged	30%+
Low – Moderate Hazard	15% - 25%+

Excess Capacity

Rate Prediction	
High Hazard /Challenged	25%+
Low – Moderate Hazard	15% +

- Lead umbrella marketplace continues to experience a shift towards tightening of rates and reduction of lead limits on high hazard risk profiles.
- Percentage of placements purchasing $25M in lead umbrella limit has been declining from approx. 70% in 2017 to approx. 45% YTD.
- Global liability exposures are growing
- Historical "National Account" umbrella markets are changing strategies and looking to expand middle market capabilities

Developments that could favorably impact this challenging market:

Two (2) primary casualty insurance carriers are launching umbrella products meant to be offered by primary underwriters.

Is this a trend?

Will the conventual umbrella layer become more of a risk financing solution / alternative?

Both retail insurance and reinsurance markets are experiencing abnormal, negative development within their Umbrella & Excess liability loss portfolios.

Several major insurance carriers have reduced their deployed capacity, particularly for:

- Large multi-billion dollar corporations
- Troubled industries / Challenging Exposures

Carriers are moving away from historical rate relativity pricing methodologies and focusing more on rate adequacy.

State of the Market

Casualty Market Disruptors

Illustrated below are the average July 2019 renewal rates compared to Q2 2019 results – the market continues to be dynamic:

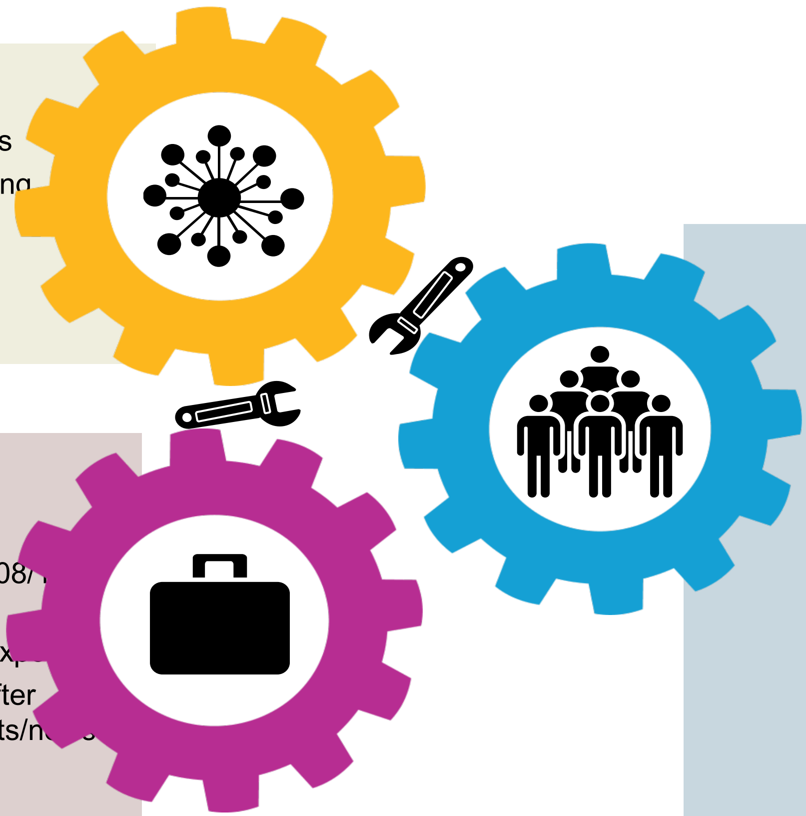
LOB	Average Renewal Rate Results for July 2019	Q2 2019
Auto	+9.3%	+6.5%
Lead Umbrella	+8.4%	+7.0%
Excess Liability	+5.1%	+2.4%
GL	+5.6%	+3.0%
WC	-5.3%	-1.7%
XS WC	-1.7%	+0.8%

Note: *The above is based upon approx. 80% of all July Large & Complex Casualty Programs.*

Financial lines and cyber marketplace disruptors

Cyber liability

- Ransomware and cyber-extortion costs
- Business interruption exposures growing
- Internet of Things exposure
- Privacy / GDPR
- "Silent cyber" uncertainty



Directors and officers

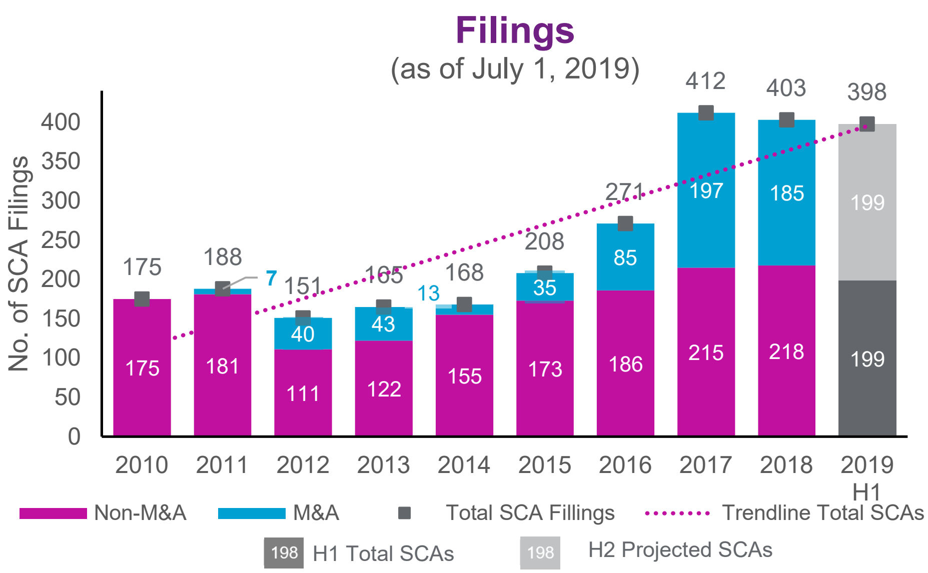
- Very firm market
- Record securities class action suits (208/
  in a time of economic growth
- Cyan case – impacting IPO litigation ex
- "Event-driven" litigation – D&O suits after
  cyber breaches or other adverse events/n
- Defense cost inflation
- Volatile stock market
- Biotech/life science/crypto/cannabis
  the most challenged industries
- Firming for FIs is less than commercial entities

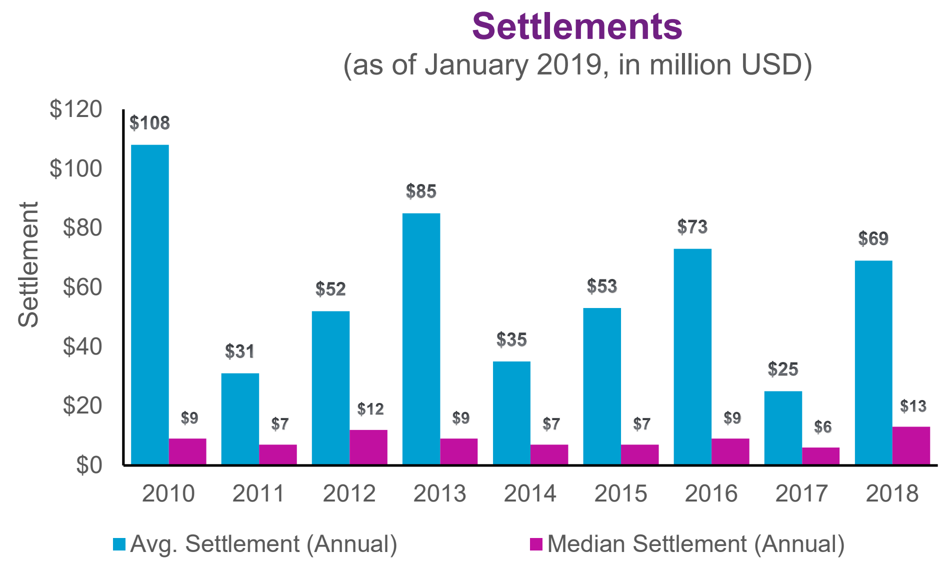
Employment practices

- #Metoo movement environment continues
- Pay equity focus
- Emerging areas of potential discrimination: gender identity, age, citizen status
- Increase in wage & hour exposure and risk transfer
- Gig" economy issues: re-classifying certain "independent contractors" as "employees"
- California still most challenging state for carriers

Directors & officers liability

Leading loss driver - federal securities class actions





Additional Insights

- "New normal" could be about 400 SCAs a year.
- About 85% of M&A deals see objection suits. M&A Filings had a much higher rate of dismissal (86%) vs. non-M&A filings (47%).
- Federal court filings in H1:2019 is higher than for any 6 mos. prior to H1:2017.
- 199 H1 filings is nearly double the 1997-2017 semi-annual average of 102.

- Severity indicators point way up.
- The Cornerstone Disclosure Dollar Loss measure ranks 2018 as the highest ever.
- $939 billion in "Nera-defined" Investor Losses-more than double any prior year, and nearly 4X the five-year Avg. of $245 billion.
- In 2018, 1 in 12 publicly traded companies were subject to a securities class action.
- Boards of Directors face increased accountability for data breaches.

Notes: Filings is based on The Stanford Law School/Cornerstone's Securities Class Action Clearinghouse website and its Securities Class Action Filings: 2018 Year in Review. Settlements is based on Nera's Recent Trends in Securities Class Action Litigation: 2018 Full-Year Review.

D&O market overview

Factors affecting rate

Historic Rate Deterioration

Widespread price pressure and broader coverage terms driven by abundant capacity from 2013-2018

2013-2018: Overall pricing went **down ~15+%.** Current premiums often reflect minimum price per million rates

Securities Class Actions (SCA)

Record "new normal" litigation pace in 2017 and 2018 steered by higher M&A activity and heightened event-driven lawsuits

403 federal SCA lawsuits in 2018 (**+210%** above 1996-2016 average)

Cost of Claims

Carriers are seeing persistent rise in losses and loss- related expenses

Combination of continuous innovation by **plaintiffs' bar** and soaring **defense costs**

Enforcement

SEC enforcement actions against public companies jumped substantially in 2H 2018

At YE 2018, the SEC had over **225 cyber-related** investigations pending

Event-driven D&O Exposures

Securities suits follow companies who have share price decline following a disruptive event

D&O lawsuits can follow revelations of **data breaches**, **privacy issues** and **#metoo** claims

Rate Prediction

Prognosis:
The last 2 months have seen carriers pushing harder for higher rates, noting that that current D&O premiums are inadequate compensation for the D&O risks assumed

Forecast: Rest of 2019

- Overall +5% to +40% (public companies:: +10% to +50%)
- Stable risk profiles, including some FIs: +3% to +15%
- More volatile risk profiles +25% to +75%
- Side A flat to +5%
- IPOs: Pricing at 5X to 10X normal D&O pricing

FINEX deep dive

D&O and Cyber

Directors & Officers **Rate Prediction: +5% to +50%**

- The US market is clearly firm, with some segments that are "hard"
  - Most challenging placements getting the higher end of the range : IPOs , Life science/bio-tech companies, Crypto-related firms, Cannabis industry
- Non-challenged segments seeing 15-30%
- Primary rates and retentions are under pressure
- Excess rates and increased limit factors (ILFs) are also under pressures as ILFs had dropped to under 50%
- Side A / DIC is no longer soft (typically flat)
- Securities class actions remain at high levels
- Many stock valuations remain high / market volatility exists
- FIs seeing lower % increases than commercial entities

Cyber **Rate Prediction: 0% to +7%**

- The US market is starting to firm
- Claim frequency is on the rise globally, as well as costs associated with cyber and privacy claims
- Ransomware losses increasing
- Many are waiting to see impact of Marriott and Capital One breaches
- Insureds demonstrating increased levels of security and internal policy controls are seeing decreases
- Cyber premiums are expected to climb and may reach as high as $10 billion by 2020
- Global capacity is $750 million
- Middle market, low hazard firms are seeing more competitive rates

398
Near Record
projected 2019 SCA filings

US-targeted M&A
shattered historical Q1 records with total volume of
$537.6bn across 2,158 deals

Event driven
lawsuits surge
Cyber, wildfires, privacy, #MeToo fallout, emissions

SCA Severity
UP 152%
Cornerstone's Disclosure Dollar Index® hits highest point ever!

SCOTUS
Lorenzo v. SEC
Broadens
Rule10b-5 liability

190 cos. went **public** in 2018 **up 19%**
proceeds up 32% to $47 billion

Privacy
compliance, already drawing SCAs

nearly 200 CEOs have
declared shareholder value creation is no longer a corporation's sole purpose

ESG ***(Environmental, social, governance)***
New priority for investors

FINEX deep dive

Other lines of coverage

Employment Practice Liability — Rate Prediction: +5% to +15%

- California: +5% to +25%.
- Pay equity continues to be a major focus of underwriters; some offering audit services
- Gig economy (independent contractor vs. employee status)
- #MeToo movement is not slowing down
- EEOC statistics – 13.6% increase in sexual harassment charges
- AI and biometric related exposures continue to evolve

Professional Liability — Rate Prediction: Flat to +5%

- Overall – stable / slightly firming
- Loss severity is on the rise with growing defense costs
- Risks continue to emerge and expand due to companies offering more online services
- Underwriters are scrutinizing insureds' standard contractual language with counterparties especially related to cyber

Fidelity — Rate Prediction: Flat to +5%

- Favorable rulings for policyholders regarding social engineering, but losses keep occurring
- Coverage restrictions for social engineering claims are beginning to appear
- Coverage overlaps and potential gaps between fidelity, cyber and K&R policies should bear scrutiny (ransomware, i.e.)

Fiduciary — Rate Prediction: Flat to +15%

- Financial Institutions with proprietary funds are seeing rates hikes as high as 50%
- Excessive fee litigation producing large losses – igher education and other industries
- Companies with large concentrations of company stock in the plans are seeing up to 12.5% rate hikes
- ESOPs are seeing +5 to +15% rate hikes
- Questions arising on mortality tables' impact on retirement calculations

Healthcare PL — Rate Prediction: +5% to +15%

- HPL market changes as a whole due, in part, to the rising frequency and severity of claims, loss ratios are 80+ and Combined ratios are over 100
- E-Health and other technological advances (e.g .3-D printing) are changing delivery and creating new areas of liability exposure
- Underwriting rigor is becoming the norm. Coverage scrutiny on Opioid and sexual abuse exposures
- Physicians seeing +3% to +10% rate hikes.
- Managed Care E&O is seeing flat to +5%
- Blue Plans are hardest hit segment: +10% to +30%,

Specialty Lines Deep Dive

Aerospace	▪ Market withdrawals and capacity reductions are significant. Excess pricing rising faster than primary. ▪ General aviation is seeing the most upward rate pressure. ▪ Following high-profile aircraft groundings, critical products liability seeing up to 25% rate increases	**Rate Prediction:** +10% to +40%
Construction	▪ Builders Risk rates rising as global capacity shrinks: +5 to +10%. ▪ Owner Controlled project insurance stable but no longer soft: Flat to +5% ▪ Subcontractor default rates rising: +5% to +10% ▪ Other lines (WC, Auto, Umbrella, etc.) following the general market conditions	**Rate Prediction:** Flat to +15%
Energy	▪ Loss experience, particularly for Downstream exposures, continues to be severe. ▪ Downstream exposures are seeing accelerated rate increases +12.5% to +30% ▪ Upstream exposures are seeing more modest rate increases: +2.5% to +10%.	**Rate Prediction:** +10% to +30%
Environmental	▪ Some insurers have reduced capacity on large-limit programs ▪ Coverage for mold and legionella is becoming limited for schools, healthcare institutions, and residential ▪ Insurers have growing concern over PFAS as those chemicals are under scrutiny by regulators.	**Rate Prediction:** +5% to +15%
Kidnap & Ransom	▪ Some key insurers are introducing blanket exclusions for cyber extortion. ▪ Active assailant coverage is evolving and growing in acceptance. ▪ The main drivers of kidnap in 2020 will continue to be economic instability, weak rule of law and ongoing conflicts.	**Rate Prediction:** -5% to +5%

Specialty Lines Deep Dive (cont'd)

Marine

- The marine market continues to harden.
- Stricter underwriting is prevalent, especially in Lloyds
- US capacity is expanding to absorb capacity reductions in London

Rate Prediction: Flat to +15%

Cargo

- Increased loss frequency and severity have driven rates up and capacity down. Hardest hit classes are pharma / life sciences, food and beverage and auto. Triple digit rate increases are not unheard of.
- Lloyds is reducing capacity and underwriters worldwide are reducing limits on individual risks.
- Underwriting focused on security, packing, and other loss prevention measures.

Rate Prediction: 7.5% to +15%

Terrorism

- Marketplace on edge awaiting extension of the US TRIPRA that expires in Dec 2020.
- Standalone Terrorism rates remain remarkably stable.
- Increased interest in Active Shooter products.
- A new generation of analytics have assisted in loss modeling and risk control.

Rate Prediction: Flat

Surety

- Market continues to be relatively soft in most areas.
- Construction projects in excess of $250 million are the only pocket with capacity constraints.
- Bonds being used more frequently to secure insurance program obligations, environmental obligations and in creative contracts.

Rate Prediction: Flat

Specialty Lines Deep Dive (cont'd)

Product Recall

- Complex supply chains, tougher regulations, and more sophisticated forensic detection have driven the average recall costs to $10 million +
- Nationwide recalls are on the rise.
- Foreign material continues to be the top cause of recalls.

Rate Prediction: Flat to +5%

Political Risk

- Influx of capacity is keeping rate hikes moderate and capacity available.
- Geopolitical instability is causing most global companies to reassess exposures – both on the ground operations and their supply chains.
- American companies may increasingly be targeted given rising nationalism across the globe.

Rate Prediction: Flat to +10%

Trade Credit

- Trade credit is being used strategically to enhance supply chain finance.
- Bank usage of trade credit insurance is at an all-time high.
- Insurers are aggressively seeking business in energy, computer, telecom, and food sectors.
- Challenged sectors are retail, automotive and commodities.

Rate Prediction: -5% to +5%

Senior Living

- Retentions are on the rise as well as prices.
- Underwriters are focusing on troubled venues, disaster preparedness, and operators' policies and procedures around resident abuse, elopement, falls, prescription drugs, memory care, and other high-profile risks.
- Employee turnover in the full-employment economy creates risk management issues.
- Interest in captives and other creative risk financing is on the rise.

Rate Prediction: +5% to +30%

Navigating a Challenging Market

The goal is to positively differentiate your risk.

Ideas

- **Start early, prepare information, update values, know your risk control efforts over the past 5 years, know your governance and cyber security**
- **Program Structure**
  - Split retentions
  - Blended limits
  - Quota-share
  - Keep incumbent on the risk, just in different capacity
- **Be Flexible**
  - Consider alternative insurers
  - Deductible buy-downs
  - Stand-alone Cat programs
- **Think global**
  - Bermuda, London, Europe, Asia.
- **Consider non-traditional options**
  - Parametrics, captives, etc.

Questions?

POOL/PACT HR FY 19/20 ACCOMPLISHMENTS TO DATE

POOL/PACT

The Power of the POOL

TRAINING DEVELOPMENT:

- 2 new eLearning courses developed:
  - Taking Control of Conflict eLearning
  - Customer Service in the Public Sector eLearning
- 1 instructor-led course in process: Influential Leadership
- 6 courses revised:
  - Human Resources Representative Certificate Program - Session One
  - Human Resources Representative Certificate Program - Session Three
  - Essential Management Skills Certificate Program - Session Two
  - Essential Management Skills Certificate Program - Session Three
  - Safe and Sober Workplace
  - Taking Control of Conflict
- 4 new Video HR Briefings created:
  - Time Management
  - Meeting Management
  - Ethics
  - Job descriptions
- 2 new HR Briefings developed:
  - New Employee Orientation
  - Drugs and Alcohol in the Workplace
- 18 existing HR Briefings being revised/updated

TRAINING CONDUCTED:

- 48 instructor-led training sessions with 1,066 participants to date
- 12 scheduled Regional Trainings; 3 complete:
  - EMS (4-day class): 3 complete (Pahrump, Hawthorne, Carson City); 3 more scheduled (Elko, Ely, and Carson City)
  - AEMS (2-day class): scheduled 2 times (Carson City)
  - HRR (5-day class): scheduled 1 time (Carson City)
  - AHRR (2-day class): scheduled 1 time (Carson City)
  - So You Want to Be a Supervisor: scheduled 1 time (Carson City)
  - Influential leadership: scheduled 1 time (Carson City)
- 2 Regional Trainings Using Outside Resources conducted:
  - Negotiations, Overtime, and Legislative Update (Carson City and Elko complete; Boulder City canceled - participants attended live webinar via Carson City)

TRAINING CONDUCTED (continued):

- 3 FRISK trainings with 39 participants (12 more tentative)
- 1 EAP Webinar complete; 3 more scheduled
- 12 HR Briefings with 395 participants conducted to date

ALERTS: 3 issued to date:

- U.S. Supreme Court Rules ADEA Applies to All Public-Sector Employees
- Form I-9 Update
- DOL Issues New Final Overtime Rule: New salary Threshold is $684 per Week

HR ASSESSMENTS:

- PHASE I: 17 in process, 3 tentative, 1 complete
- PHASE II: 7 in process

ANNUAL HR SEMINAR:

- Held on October 17-18, 2019 at the Atlantis Casino Resort Spa, Reno
- 71 participants
- 9 sessions:
  - Balanced Leaders and the People Who Follow Them (Gerry Preciado, 34th Street Consulting)
  - Round Table Discussions by Entity Type (POOL/PACT HR staff)
  - POOL/PACT Risk Management Presentation (Mike Rebaleati, NRP)
  - Strategies for Success in Rural Recruitment (Melissa Asher, CPS HR Consulting)
  - New Developments in Case Law (Anthony Hall, SHJ Nevada and Dora Lane, Holland and Hart)
  - No Excuses: How to Get Over It, Around It, and Get It Done! (Karyn Jensen: Human Resource Connection)
  - 2019 Legislative Updates (Rebecca Bruch, Erickson, Thorpe and Swainston, Ltd.)
  - Round Table Discussions by Topic (POOL/PACT HR staff; Ann Alexander, Erickson, Thorpe and Swainston, Ltd; Rebecca Bruch, Erickson, Thorpe and Swainston, Ltd.; Heather Hahn, Nevada State Library, Archives & Public Records)
  - Mock Trial: Disability-based Harassment & Retaliation (Ann Alexander, Erickson, Thorpe and Swainston, Ltd. and Rebecca Bruch, Erickson, Thorpe and Swainston, Ltd.)
- Overall rating: 4.8 out of 5.0

Torch Enterprise Usage Numbers

Activity completions for Q3 2019: 14097

Activities for Year 2019-to-date: 25634

Review Top Organizations over the Year (attached)

Review top Courses for over the Year and Quarter (attached)

Courses Developed This Year:

- Workplace Violence Awareness
- Fit for Retirement
- Robert's Rules of Order
- Updated EAP course
- Conducted test with uploading a policy and attached assessment to it, worked beautifully. For any organization wanting to use Absorb to store and roll out policies, it will work perfectly.

Absorb – Absorb is now live and online. Boulder City was the first entity to move over, as they were under a lot of pressure to jumpstart their online training program. After a six-hour training session, Lourdes Martin was extremely happy with Absorb. Absorb met all their unique needs far better than Torch Enterprise.

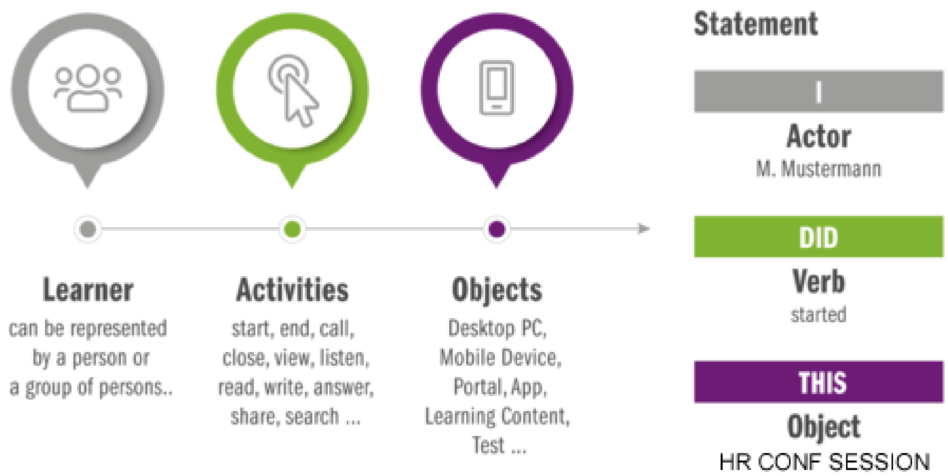
Web Site: Currently undergoing content audit. News feature was recently added.

Takeaways from DevLearn Conference:

1. **Boosted Learning.**
   According to Ebbinghaus Forgetting Curve, 50 percent of information is forgotten after one hour, 70 percent in 24 hours and 90 percent of information is lost in a week. Doesn't matter what the topic or industry is. Art Kahn, who currently works with Google, Apple, and Verizon, adapted a booster learning theory to online learning environments based on studies done by Dr. Henry Roediger, who's at the forefront of memory research. The theory is that by providing a means of recalling the information, each memory recollection 'resets' the learning curve, causing 90% of the information to be retain instead of lost. Some interesting takeaways:
   a. Recalling information for five seconds, thirty seconds, and five minutes all result in nearly the same amount of benefit in terms of longer term retention of material.
   b. Boosting just three major subtopics from a one hour lecture or course increases retention of *all* the material, not just those topics that were "boosted."
   c. Studies show practice questions produced better recall of material than re-reading or re-teaching the material again.
   d. ABSORB can be set up to automatically enroll users in quick booster quizzes/feedback 2 days, and 2 weeks, and 2 months after completion of the initial course. Can be quick 3 question quiz they can finish in less than a minute.
   e. Create a white paper outlining this learning method so admins who are uploading their own courses can create their own booster courses and understand why it's necessary and why it works so well.
2. **Incentivize learning and foster friendly competition**. This can be accomplished with the following:
   a. Currently, all organizations participating in e-learning are operating in a bubble with regard to participation levels of fellow members. I'd like to publish a quarterly report pushed out to all lms admins and appropriate POOL/PACT staff that is on an organization-level that reports how many completions each organization has garnered for the quarter. Doesn't need to include employee names or any personally identifiable info,

   it would only be organization names and completion rates. Stir up some friendly competition.
   b. Work with Marshall and the Loss Control Committee to create a special yearly grant, amount to be determined, to the organization with the highest participation rate. Or highest amount of course completion.
   c. Utilize Absorb's built-in leaderboard system, and award a special plaque to the individual user with the most leaderboard points at the end of the year.
3. **Embrace and Be Prepared For a Rapidly Changing Technology**. xAPI will be replacing SCORM as the preferred platform in which learning objects such as courses communicate with a learning management system or learning record store. A learning record store is a database of users and their corresponding transcripts. Rather than sending users to an LMS with a bunch of courses trapped inside it, with xAPI, virtually anything can be a learning object that communicates with the learning record store. This includes LMS's, services like SurveyGizmo and EventBrite, custom apps, web sites, even Google Assistant and Amazon Alexa.
   Xapi is verb and object based. So rather than simply reporting a yes or no, pass or fail, it would be structured like "Stacy attended the Poolpact Hr Conference" and "Bob Read Nye County's Law Enforcement Policy" etc. Scorm is limited in what it is capable of reporting. Xapi is not.

Features	SCORM	xAPI
Track completion	✓	✓
Track time	✓	✓
Track pass/fail	✓	✓
Report a single score	✓	✓
Report multiple scores		✓
No LMS required		✓
No Internet browser required		✓
Detailed test results		✓
Solid security		✓
No cross-domain limitation		✓
Platform transition		✓
Track serious games		✓
Track advanced simulations		✓
Track informal learning		✓
Track real-world performance		✓
Track offline learning		✓
Track mobile learning		✓
Track adaptive learning		✓
Track blended learning		✓
Track long-term learning		✓
Track team-based learning		✓



In the future, Target Solutions and Absorb could communicate with a learning record store, along with surveys created in Survey Gizmo, courses we create that reside on poolpact.com or anywhere we'd like. A learner's transcript would be action based, rather than graded…sortable by verb or object.

This technology is already embraced by 600 companies includingLMS's, learning record stores, and software like Articulate Storyline and Lectora and Adobe Captivate. At the prior conference I attended three years ago, this was at a pie-in-the-sky stage…now it's actively being adopted. I predict it will be widely used and adopted in three to four more years. Absorb states it's in their roadmap to support it.

Activity Completions by Org - Summary - Q3 2019

Organization	Complete / Passed	In Progress / Dropped
Douglas County School District	8116	132
Churchill County School District	1894	72
Elko County	891	5
Nye County	757	6
Mineral County School District	397	30
Eureka County School District	393	12
Pershing County	340	11
NCSO	307	5
Southern Nevada Health District	269	19
Humboldt County	232	5
Elko County Sheriff's Department	225	0
Lincoln County School District	179	7
Churchill County	179	2
Lyon County	151	2
Douglas County	112	6
Douglas County China Spring Youth Camp	112	5

Activity Completions By Org - Summary - For Year-To-Date 2019

Organization	Complete / Passed	In Progress / Dropped
Everyone	25634	701
Douglas County School District	8456	135
Carson City School District	2533	47
Southern Nevada Health District	2028	116
Nye County	2014	27
Elko County	1988	7
Lyon County	1940	21
Churchill County School District	1917	72
NCSO	776	9
Humboldt County	537	6
Pershing County	526	14
Churchill County	507	10
Elko County Sheriff's Department	495	0
City of Fernley	461	8
Mineral County School District	459	36
Eureka County School District	401	12
LYON COUNTY SHERIFF	357	1
Douglas County	289	9
Douglas County China Spring Youth Camp	289	8
Lincoln County School District	264	10
Lyon County School District	214	48
Storey County	170	9
IVGID	167	22
Town of Pahrump	161	2
Town of Tonopah	142	27
FERNLEY SWIM POOL DISTRICT	134	3
Elko County Justice Court	123	1
Elko County Fire Protection District	114	0
NLCFPD	110	0
Elko County Library	105	0

Completions by Activity 7-1-19 Through 9-31-19

Course/Activity	Completions
Nevada Anti-Harassment	1324
Bloodborne Pathogens	1125
Bullying Workplace	948
Mandatory Child Abuse Reporting	748
DCSD Bullying	664
DCSD Code of Conduct	645
DCSD Various Other Courses	655-598
Cyber Security Phishing	574
Osha Rights and Responsibilities	450
Aversive Interventions	402
FERPA	402
Students in Transition	353
Workplace Violence Awareness	312
Safe and Sober Workplace	309
Cyber Security Awareness	150
Back Safety	136
Nev Ethic in Govt	128
You can Protect our Children	125
Defensive Driving	112
GHS	101
EAP	66
Customer Service	66
Active Shooter	62
Specialty Health	61
Due Process	56

Activity Completion by Activity - Year 2019 - Full List

Activity Name	Complete	In Progress / Droppec	Failed
POOL/PACT - Nevada Anti-harassment Training for Employe	2812	61	0
POOL/PACT - Safe and Sober Workplace for Employees	1868	16	0
POOL/PACT - Cybersecurity - Phishing	1847	34	0
POOL/PACT - Bullying in the Workplace	1841	34	0
POOL/PACT - Bloodborne Pathogens Awareness in Schools	1341	41	0
POOL/PACT - Mandatory Child Abuse Reporting Laws	1207	31	0
POOL/PACT - Workplace Violence Awareness	1147	17	0
POOL/PACT - OSHA Rights and Responsibilities - English Ver	1047	43	0
POOL/PACT Earthquake Safety - If There's No Sturdy Desk or	768	13	0
DCSD BP 433 Code of Conduct 2019	702	3	0
DCSD BP 113 Safe and Respectful Learning Environments - B	689	4	0
DCSD BP 450 Prevention of Sexual Misconduct Towards Stuc	682	2	0
DCSD BP 337 Mandatory Self Reporting by Staff 2019	679	0	0
DCSD Political Views 2019	659	1	0
POOL/PACT - Cyber Security Awareness	658	8	0
DCSD Procedures for School Closures and Delayed Starts for	652	2	0
DCSD BP 103 Equal Educational Opportunity 2019	643	3	0
POOL/PACT - Nevada Ethics in Government	643	16	0
DCSD AR 103 Discrimination Complaint Procedure	602	5	0
POOL/PACT - Active Shooter On Site: What Every Employee	524	38	0
POOL/PACT - Aversive Interventions	423	27	0
POOL/PACT - Students in Transition	407	23	0
POOL/PACT - FERPA	405	9	0
POOL/PACT - Defensive Driving E-Learning Edition	236	5	0
POOL/PACT - Back Safety in the Workplace	231	5	0
Lyon County School District Aversive Intervention	209	47	0
POOL/PACT - GHS - Hazard Communication	196	13	0
POOL/PACT Specialty Health 24-7-365 Program	182	8	0
POOL/PACT - Office Ergonomics	172	3	0
POOL/PACT - Employee Assistance Program (EAP) Orientatic	152	7	0
POOL/PACT - You Can Protect Our Children	140	2	0
POOL/PACT - HIPAA Privacy Rule	138	22	0
POOL/PACT - Nevada Anti-harassment Training for Supervis	106	8	0
POOL/PACT - Due Process	101	5	0
POOL/PACT - Safe and Sober Workplace - Supervisor Supple	92	0	0
POOL/PACT - Lock Out, Tag Out	80	2	0
POOL/PACT - Cybersecurity - What You Need to Know Abou	79	4	0
POOL/PACT - Slips, Trips and Falls	75	1	0
NYE-NEW HIRE SAFETY TRAINING	72	0	0
POOL/PACT - Customer Service in the Public Sector	68	3	0
POOL/PACT - Open Meeting Law	46	7	0
IVGID - Reasonable Suspicion	40	6	0
Nye - Bloodborne Pathogens Interactive Course and Assessn	37	0	0
Columbia-Suicide Severity Rating Scale (C-SSRS) Training	35	2	0
DCSD Procedures for School Closures and Delayed Starts for	35	0	0

NYE - Bloodborne Pathogens Awareness for Law Enforcemei	32	0	0
POOL/PACT - Heat-Related Illness	32	2	0
POOL/PACT - MRSA Awareness for Correctional Employees	32	0	0
DCSD BP 103 Equal Educational Opportunity	30	0	0
DCSD AR 103 Discrimination Complaint Procedure	26	1	0
MCSD Annual training	26	22	0
Hearing Conservation Testing and Class	24	0	0
ABCs of Effective Supervisory Relationships	23	0	0
POOL/PACT - Asbestos Awareness Training	21	3	0
DEFENSIVE DRIVING #2	20	0	0
DEFENSIVE DRIVING # 1	19	0	0
SAFE DRIVING PRACTICES	19	0	0
Hearing Conservation Testing and Class	16	0	0
Cybersecurity - Phishing	15	3	0
IVGID - Crowd Management Training (CMT)	12	9	0
POOL/PACT - Taking Control of Conflict	12	2	0
Flagging Safety	11	0	0
GENERAL SAFETY AWARENESS	11	0	0
POOL/PACT - COMPENSATION DISCRETIONARY C Work Out	11	3	7
NRHA - Workplace Violence Awareness	10	0	0
SAFETY- BACKING, CLEAN WINDOWS, DVIR, TRAILER CONNE	10	0	0
IVGID - Supervisor/Manager Training - Safety and Risk Mana	9	3	0
POOL/PACT PDF Policy Test - Proof of Concept	9	2	0
POOL/PACT - Surviving an Active Shooter â€“ caution: violer	9	1	0
Bullying In the Workplace	8	0	0
NRHA -Safe and Sober Workplace	8	0	0
POOL/PACT - Policy Quiz - Proof of Concept	8	0	0
Workplace Violence Awareness	8	0	0
POOL/PACT - Cybersecurity - ITC Presentation at POOL/PAC	7	1	0
Bloodborne Pathogen Review	6	0	13
Columbia Suicide Severity Rating Scale (C-SSRC) - Camp Proc	6	0	0
NYE-BLOODBORNE PATHOGENS	6	0	0
POOL/PACT - CQLB - The Complex Quadriplex of Lifeguard E	6	2	0
POOL/PACT - Cybersecurity - Malware	6	0	0
POOL/PACT - Cybersecurity - Physical Security & Unintendec	6	0	0
POOL/PACT HR Briefing - Buddy to Boss - 5/1/2019	6	3	0
POOL/PACT - Schools - Avoiding Supervisory Pitfalls	6	2	0
POOL/PACT - Working in Confined Spaces	6	2	0
Aladtec: Schedule Editor	5	0	0
Concussion Awareness	5	1	0
Culture Change and Staff Retention	5	0	0
Neo Gov Perform (Employee Evaluation System)	5	1	6
POOL/PACT - Food Safety Series - Food Inspections	5	5	0
POOL/PACT - Pool Chemical Safety	5	3	0
NRHA -Safe and Sober Workplace - Supervisors	4	0	0
POOL/PACT - Confined Spaces - Review Quiz	4	1	0
POOL/PACT - Earthquake Preparedness - What to Do if You'ı	4	3	0

POOL/PACT - Fit for Retirement	4	1	0
POOL/PACT - Food Safety Series - Food Service Safety	4	4	0
POOL/PACT - Food Safety Series - Kitchen Safety	4	0	0
POOL/PACT - Food Safety Series - Preventing Food Contamir	4	1	0
STOREY - Lifeguard	4	1	0
POOL/PACT - Active Shooter Response for Schools K-12	3	5	0
POOL/PACT - Food Safety Series - Safe Temperatures for Foc	3	1	0
POOL/PACT - Food Safety Series - Sanitation Safety	3	1	0
POOL/PACT - Food Safety Series - Service Storage	3	1	0
POOL/PACT Grouped Policy/Quiz Test	3	0	0
POOL/PACT - Law Enforcement - Strip Search Training	3	1	0
POOL/PACT - Schools - Mosaic: Preventing Discrimination ar	3	0	0
Forklift/Area lift	2	0	0
Harassment	2	0	0
IVGID - Bear Trap Training	2	1	0
POOL/PACT - Customer Training in the Public Sector	2	1	0
POOL/PACT - Earthquake Safety Video Series - Mobility Disal	2	0	0
POOL/PACT - Schools - Heat Illness Prevention	2	3	0
POOL/PACT - Schools - Hiring Staff Who Work With Minors	2	2	0
POOL/PACT - Schools - Mosaic - Preventing Discrimination a	2	1	0
POOL/PACT - Schools - Show Respect! Prevent Harassment i	2	1	0
POOL / PACT Test Form	2	2	0
POOL/PACT - Transporting Students with Special Needs	2	2	0
Resident Rights, Grievances, and Mandatory Reporting Revi	2	0	1
10 hr OSHA TRAINING FOR THE CONSTRUCTION INDUSTRY	1	0	0
10 HR OSHA TRAINING FOR THE CONSTRUCTION INDUSTRY	1	0	0
10HR OSHA TRAINING FOR THE CONSTRUCTION INDUSTRY	1	0	0
2019 Nevada Health Conference	1	0	0
2019 Nevada Health Conference	1	0	0
Academy of Lactation Policy and Practice	1	0	0
Active Shooter Training	1	0	0
Active Shooter Training	1	0	0
Active Shooter Training	1	0	0
Active Shooter Training 8hrs	1	0	0
Advancing Inclusive and Equitable Breastfeeding Support at	1	0	0
Advancing Inclusive and Equitable Breastfeeding Support at	1	0	0
Alameda County Breastfeeding Coalition	1	0	0
Anthropometrics Module	1	0	0
Assertive Communication Series	1	0	0
Back Safety	1	0	0
Basic Emergency Preparedness for Staff of Community Healt	1	0	0
BFGR 2018: Increasing Skin-To-skin	1	0	0
Breast Density & Breast Cancer Risk	1	0	0
Building a Continuum of Care to Support Exclusive Breastfee	1	0	0
CDC Webinar-Celebrating the 25th Anniversary of National I	1	0	0
Certification Module	1	0	0
CEVO-4 AMBULANCE	1	0	0

Childhood Obesity: Simulating the Impacts of Policy Interver	1	0	0
Childhood Obesity: Simulating the Impacts of Policy Interver	1	0	0
Climate Smart Communities: Connections with Public Health	1	0	0
Climate Smart Communities: Connections with Public Health	1	0	0
Climate Smart Communities: Connections with Public Health	1	0	0
Complementary Feeding for Infants	1	0	0
Complementary Feeding for Infants	1	0	0
Complementary Feeding for Infants	1	0	0
Counseling Adolescents About Sexual Coercion and Abuse el	1	0	0
Court Security Training Cert-St of Arkansas	1	0	0
Culturally Competent Nursing Care: A Cornerstone of Caring	1	0	0
Customer Service	1	0	0
Data-Driven Quality Improvement eLearning	1	0	0
Dealing with Difficult People	1	0	0
Designing Evaluations for Systems Change	1	0	0
Designing Evaluations for Systems Change	1	0	0
Discussing Return to Community Living: Best Practices	1	0	0
Encouraging Family Participation in Adolescent Decision Ma	1	0	0
Falls and their Prevention: A Geriatric and Pharmacological I	1	0	0
Family Planning Basics eLearning	1	0	0
Financial Health	1	0	0
FORKLIFT/BOOMLIFT	1	0	0
FORKLIFT/BOOMLIFT	1	0	0
FORKLIFT/BOOM LIFT	1	0	0
FORKLIFT/BOOM LIFT	1	0	0
Forklift/Boom lift training	1	0	0
FORKLIFT/BOOM LIFT TRAINING	1	0	0
Frameworks in Financial Health	1	0	0
Fraud Prevention and Reporting	1	0	0
Front Desk Safety	1	0	0
Front Desk Safety & Security	1	0	0
Front Desk Safety & Security	1	0	0
FUSION LIAISON OFFICER 4 HR BASIC	1	0	0
Fusion Liaison Officer 4 hrs Basic	1	0	0
Fusion Liaison Officer - Basic	1	0	0
Goal Crafting with Your Clients	1	0	0
Goal Crafting with Your Clients	1	0	0
Handling Conflict Series	1	0	0
Hazardous Materials Awareness	1	0	0
HAZWOPER 8hr Annual Refresher	1	0	0
HAZWOPER 8hr Annual Refresher	1	0	0
HAZWOPER 8hr Annual Refresher	1	0	0
HAZWOPER 8HR ANNUAL REFRESHER	1	0	0
HAZWOPER 8HR ANNUAL REFRESHER	1	0	0
Helping Couples Stabilize and Grow Their Financial Health	1	0	0
Hidden Compartments Training Cert	1	0	0
HIPAA	1	0	0

HIPAA & CULT COMP	1	0	0
HIPAA & CULT COMP	1	0	0
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HIPAA & CULT COMP	1	0	0
HIPAA & CULT COMP	1	0	0
HIPAA & CULTURAL COMP	1	0	0
How to Motivate and Counsel Pregnant Smokers	1	0	0
HPV Vaccination: Tools for Training Your Staff	1	0	0
HPV Vaccination: Tools for Training Your Staff	1	0	0
Human Trafficking in The Family Planning Setting Webinar	1	0	0
Immunization: You Call the Shots-Module Sixteen Vaccines f	1	0	0
Immunization: You Call the Shots-Module Ten-Storage and H	1	0	0
Incarcerated Mothers: Understanding the System and their	1	0	0
Infectious Disease: Recognize and Report	1	0	0
Introduction to Quality Improvement for Family Planning eL	1	0	0
IS-00200.B	1	0	0
Issuing Food Packages and Vendor Connection	1	0	0
Knitting a Lactation Care Safety Net	1	0	0
Knitting a Lactation Care Safety Net: Marshaling Resources t	1	0	0
Knitting a Lactation Safety Net: Marshaling Resources to Ser	1	0	0
Let's Dig It: How WIC Gardens	1	0	0
L O C T Covert Entry Training	1	0	0
Mandatory Child Abuse Reporting in Title X-Funded Family F	1	0	0
Mental Health First Aid USA	1	0	0
Mental Health First Aid USA	1	0	0
MSHA 8HR REFRESHER	1	0	0
MSHA 8HR REFRESHER	1	0	0
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MSHA 8HR REFRESHER	1	0	0
MSHA 8HR REFRESHER	1	0	0
MSHA Annual Refresher Surface Miner	1	0	0
NARCAN Training	1	0	0
NARCAN Training	1	0	0
NARCAN Training	1	0	0
NARCAN Training	1	0	0
NARCAN Training	1	0	0
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NARCAN Training	1	0	0
NARCAN Training	1	0	0
NARCAN Training	1	0	0
NARCAN Training	1	0	0
Nevada Information Security Awareness	1	0	0
New Supervisors' Personal Checklist for Success Series	1	0	0
NICHQ	1	0	0
OSHA 10 FOR CONSTRUCTION INDUSTRY	1	0	0
OSHA 10 FOR CONSTRUCTION INDUSTRY	1	0	0
OSHA 10 FOR CONSTRUCTION INDUSTRY	1	0	0
PATC Court Security Training	1	0	0
Peace Officers Standards and Training Management Cert	1	0	0
Peace Officers Standards Training-Advanced Cert	1	0	0
Peace Officers Standards & Training Basic Cert	1	0	0
Peace Officers Standards/Training - Intermediate Certificate	1	0	0
POOL/PACT - FERPA - United Educators	1	0	0

POOL/PACT HR Briefing - Communication Skills 5/15/19	1	0	0
POOL/PACT - Teaching Science Safely	1	0	0
POWER 1-BUDGETS: Revenue Sources, Projections & Foreca	1	0	0
POWER 1-BUDGETS: Revenue Sources, Projections & Foreca	1	0	0
POWER 1-Ethics in Nevada	1	0	0
POWER 1-Ethics in Nevada	1	0	0
POWER 1-Nevada Open Meeting Law	1	0	0
POWER 1-Nevada Open Meeting Law	1	0	0
POWER 1-Realities of Public Life	1	0	0
POWER 1-Realities of Public Life	1	0	0
Public Health ECHO	1	0	0
Putting the QFP into Practice Series Toolkit	1	0	0
Quality Contraceptive Counseling and Education: A Client-Ce	1	0	0
Quality Improvement Methodologies:	1	0	0
RACIAL EQUALITY	1	0	0
Raising Community Voices	1	0	0
Raising Community Voices	1	0	0
Raising Community Voices to reduce Maternal Mortality	1	0	0
Refresher on FNS Instruction 709-5: Shipment and Receipt o	1	0	0
Request for Information on the Serious Deficiency Process	1	0	0
Required Training Modules for All Employees and AmeriCor	1	2	0
Run, Hide, Fight	1	0	0
Scarcity, Distractions and Decision Making	1	0	0
Secure Your Own Mask Before Helping Others	1	0	0
Secure Your Own Mask Before Helping Others	1	0	0
SNAP-ED and Gardening: Growing Together	1	0	0
SNAP-Ed Connection News	1	0	0
Sovereigns, Anti-Government & 1st Amendment Audits	1	0	0
Sovreigns, Anti-Government & 1st Amendment Audits	1	0	0
Strategies for Addressing Vaccine Misinformation in the Pra	1	0	0
Successful Completion of Frameworks in Financial Health	1	0	0
Superbugs are Taking Over...Here's How Telehealth Can Sto	1	0	0
Superbugs are Taking Over...Here's How Telehealth Can Sto	1	0	0
Talking with Clients About Money	1	0	0
Talking with Clients About Money	1	0	0
Terrible Team Member Series	1	0	0
The Asset Building Continuum as a Framework for Goals	1	0	0
The Clinical and Cultural Challenges of Dementia in African A	1	0	0
The Health Impact of Tobacco Use among People with Disab	1	0	0
The Health Impact of Tobacco Use among People with Disab	1	0	0
The Health Impact of Tobacco Use among People with Disab	1	0	0
The Importance of Maternal Immunization	1	0	0
The World Breastfeeding Trends Initiative	1	0	0
The World Breastfeeding Trends Initiative	1	0	0
Title X Orientation: Program Requirements for Title X Funde	1	0	0
TRANSNATIONAL TERRORISM	1	0	0
Understanding Lesbian, Gay, Bisexual, Transgender and Inte	1	0	0

Unraveling the Mysteries of Human Milk	1	0	0
Unraveling the Mysteries of Human Milk	1	0	0
Unraveling the Mysteries of Human Milk	1	0	0
Using the EPIC Exercise	1	0	0
Voter Registration	1	0	0
Voter Registration	1	0	0
Voter Registration	1	0	0
Voter Registration	1	0	0
Weaving a Lactation Care Safety Net	1	0	0
Weaving a Lactation Care Safety Net	1	0	0
Weaving a Lactation Care Safety Net	1	0	0
WEBIZ	1	0	0
What You Should Know About Adult Immunization	1	0	0
What you Should Know About Adult Immunizations	1	0	0
Working with Ambivalence	1	0	0
Workplace Breastfeeding-A Policy, System, Environmental (I	1	0	0
Communicable Disease	0	2	0
(CSYC) Active Shooter Emergency Management Training	0	1	0
POOL/PACT - Word Doc Policy Test	0	1	0
STOREY - New Hire Admin	0	1	0
Trauma Informed Care - Introductory	0	1	3
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