AGENDA

MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)

utilizing video and telephone conferencing

Friday, March 26, 2021, 9:30 a.m. CT/8:30 a.m. MT

Per Governor Pete Ricketts' Executive Order 20-36 issued December 1, 2020, and Executive Order 21-02 issued January 11, 2021, to extend the waiver to April 30, 2021
CORONAVIRUS - PUBLIC MEETINGS REQUIREMENT LIMITED WAIVER
"All governing bodies may meet by videoconference or by telephone conferencing or by conferencing by other electronic communication so long as there is made available at such meeting access to members of the public and to members of the media."

In accordance with the Open Meetings Act, Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed is available to the public at this meeting for examination and copying. The LARM Board may pass motions to go into closed session on agenda items pursuant to the requirements of the Open Meetings Act.

Join the Meeting by Zoom via Computer, Smart Device or Telephone – https://us02web.zoom.us/j/86857205334?pwd=SmVNaFRrMzRxWTU4RFZVZzZCODFVQT09 or via phone at 1-346-248-7799. The Meeting ID is 868 5720 5334, and the Passcode is 722294.

Officials of LARM members and members of the public may comment on agenda items or listen to the Board Meeting; however, if the Board votes to hold a closed session pursuant to the Open Meetings Act, officials of LARM members and members of the public may not comment or listen during that time.

1. Call meeting to order:

a. 9:30 a.m. CT/8:30 a.m. MT – Hickman Mayor Doug Hanson, Chair of the LARM Board, will call the meeting to order.
b. Indicate that on March 19, 2021, notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials was available for public inspection at 1335 L Street, in Lincoln, Nebraska, and posted on LARM's and the League of Nebraska Municipalities' websites- larmpool.org and lonm.org/larm- and the LARM's Facebook page- facebook.com/larmne.
c. Inform the public about the location of the Open Meetings Act which is accessible to members of the public at www.larmpool.org along with at least one copy of all reproducible written material to be discussed at this meeting.
d. Pledge of Allegiance to the Flag of the United States of America.
e. Roll call.
f. Public comment on any agenda item(s): Pursuant to the Open Meetings Act, the LARM Board Chair reserves the right to limit comments on agenda items. In accordance with the Open Meetings Act, there is no time limit on comments made by members of the LARM Board of Directors.

2. Consider a motion as provided in Article 1, Section 1 of LARM's Bylaws to approve LARM Administrator Lynn Rex's recommendation to appoint Fremont Mayor Joey Spellerberg to fill the vacancy and serve the unexpired term of Former Fremont Mayor Scott Getzschman on the LARM Board of Directors.
See page 1
· Lynn Rex, Administrator, LARM

3. Consider a motion to re-elect Doug Hanson, Mayor of Hickman, as Chairperson and Lanette Doane, Clerk-Treasurer of Ansley, as Vice Chairperson for one-year terms as provided in Article V, Section 1 of LARM's Bylaws.
· Lynn Rex, Administrator, LARM

4. Consider a motion to approve the minutes of the December 17, 2020, Meeting of the LARM Board of Directors.
See pages 2-7

5. Consider a motion to extend the LARM/Sedgwick Administrative Services Agreement set to expire April 1, 2021, for 90 days to facilitate finalization.

See page 8-9

· Lynn Rex, Administrator, LARM

· John Brockschmidt, Senior Vice-President, Sedgwick Risk Pooling Service

-Trent Sidders, Partner, Cline Williams

6. Consider a motion to approve the LARM Employee Handbook revised and updated by the LARM Employee Handbook Committee.

See pages 10-42

· Dave Bos, Executive Director, LARM

7. Consider a motion as provided in Article I, Section 3, Subsection (3.3/A.3) of LARM's Bylaws to approve the job description for the position of LARM Assistant Executive Director/Customer Service Specialist currently held by Tracy Juranek.

See pages 43-46

· Dave Bos, Executive Director, LARM

8. Consider a motion to accept an update on the quarterly LARM investments.

See pages 47-91

· Michael Maloney, Senior Portfolio Manager, US Bank

9. Consider a motion to accept an update on the status of the reinsurance market.

See pages 92-118

· Justin Swarbrick, First Vice-President, Alliant Insurance Services

· John Brockschmidt, Senior Vice-President, Sedgwick Risk Pooling Services

10. Consider a motion to accept an update on the LARM quarterly financials.

See pages 119-140

· Mark Weaver, Director of Financial Reporting, Sedgwick Risk Pooling Services

11. Public disclosure of release and settlement agreement between Philip Mosher and the City of Scottsbluff and the League Association of Risk Management in consideration of payment of the total sum of $325,000 to provide release and discharge to the City of Scottsbluff and the League

Association of Risk Management for a workers' compensation claim, in compliance with Nebraska Revised Statute 84-713.

See pages 141-149

· Dave Bos, Executive Director, LARM

12. Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation.

· Andy Barry, Partner, Cline Williams

· John Baum, Litigation Claims Manager, Sedgwick Risk Pooling Services

13. Discuss possible dates for the next meeting of the LARM Board of Directors.

· Lynn Rex, Administrator, LARM

· Dave Bos, Executive Director, LARM

14. Consider a motion to adjourn.

JOEY SPELLERBERG

MAYOR, CITY OF FREMONT

2705 Summerwood CV, Fremont, NE 68025
C (402) 919-1805
Joey.Spellerberg@fremontne.gov

Consideration to fill the LARM board vacancy previously held by former Fremont Mayor Scott Getzschman.

EXPERIENCE

2020 – PRESENT

MAYOR, CITY OF FREMONT

Officially sworn in as Mayor of Fremont on December 8, 2020. Won a very competitive mayoral race receiving over 58% of the votes in the general election with a focus on growing Fremont together. Raised over $50,000 in campaign contributions from over 200 separate donations. Directed an aggressive ground campaign knocking on over 1,500 doors and placing over 400 signs. As Mayor, oversee over 300 city employees with a combined city and utility budget of over $130 Million.

2013 – PRESENT

PRESIDENT, MOOSTASH JOE TOURS

Currently serve as President and Owner of Moostash Joe Tours, a 45- year-old, family owned and operated, professional group tour operator, operating over 150 packaged tours and serving 6,000 passengers annually. Serving retail customers in Nebraska, Iowa, and the Midwest. Tours range from 1 - 15 days and include transportation, attractions, most meals, and a professional tour director. Group size ranges from 15 - 50 travelers.

Successfully doubled the annual passenger and tripled annual sales in less than 5 years. From a home office with two employees, moved business to storefront and developed a team of over 30 home office, tour directors, and drivers. Out of 300 companies, received national award presented to the most innovative tour operator. Successfully leading business and team through the challenges of Covid-19.

EDUCATION

UNIVERSITY OF ALABAMA BIRMINGHAM (UAB)

Bachelor of Science (BS), Marketing and Sales
2013 – Magna Cum Laude
Professional Sales Certificate
Business Honors Graduate

ACTIVITIES

- Chairman of the Fremont Area Leadership Prayer Breakfast
- Past Board Member of the Fremont Area Chamber of Commerce
- Member of Fremont Alliance Church
- Rotarian – Fremont Rotary Club
- Married to wife Ashley for 9 Years
- 3 Children – Sarah, Hannah, Ava

MINUTES
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
utilizing video and telephone conferencing
Thursday, December 17, 2020, 11:00 A.M. CT/10:00 A.M. MT

Per Governor Pete Ricketts Executive Order 20-36 (December 1, 2020)
CORONA VIRUS – PUBLIC MEETINGS REQUIREMENT LIMITED WAIVER
"All governing bodies may meet by videoconference or by telephone conferencing or by conferencing by other electronic communication so long as there is made available at such meeting access to members of the public and to members of the media."
Effective December 1, 2020 through January 31, 2021

A meeting of the League Association of Risk Management (LARM) Board of Directors was held December 17, 2020, at 11:00 A.M. CT/10:00 A.M. MT via video and telephone conference call.

On December 11, 2020, notice of this meeting with the agenda and other materials were sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials were available for public inspection at 1335 L Street in Lincoln, Nebraska, and also were posted on LARM's and the League of Nebraska Municipalities' Facebook pages and their websites – larmpool.org and lonm.org/larm/.

(AGENDA ITEM #1) **Call to Order.** At 11:03 A.M. CT, **LARM Board Chair Doug Hanson**, Mayor of Hickman, called the Meeting to order. He stated that in accordance with Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed was available to the public at this meeting for examination and copying at www.larmpool.org. The Open Meetings Act was accessible to members of the public at www.larmpool.org. Chair Doug Hanson stated that the LARM Board may pass motions to go into closed session on any agenda item pursuant to the requirements of the Open Meetings Act.

After the Pledge of Allegiance to the Flag of the United States of America, the roll call was read with the following Board Members present by telephone or videoconferencing: **LeAnn Brown**, Clerk/Treasurer, City of Oshkosh; **Pam Buethe**, Board Member, Sarpy County SID #29; **Lanette Doane**, Clerk/Treasurer, Village of Ansley; **Mayor Don Groesser**, City of Ralston; **Mayor Doug Hanson**, City of Hickman; **Melissa Harrell,** Administrator/Treasurer, City of Wahoo; **Mayor Tony Kaufman,** City of Gering; **Jo Leyland,** Clerk/Treasurer, City of Imperial; **Tom Ourada,** City Administrator, City of Crete; **Sandra Schendt,** Clerk/Treasurer, City of Nelson; **Doug Schultz,** Administrator/Clerk/Treasurer, City of Curtis; **Mayor Deb VanMatre**, City of Gibbon;

Teresa Youngquist, Clerk/Treasurer, City of Beaver City; and ex-officio (non-voting) Board Member **L. Lynn Rex**, League Executive Director and "Administrator" of LARM.

*13 Board Members present; 1 absent (**Mayor Josh Moenning**, City of Norfolk) and 1 vacancy.*

Other participants included: **Cline Williams** – representing LARM, Andy Barry and Trent Sidders; **Sedgwick (LARM's third party administrator)** – John Brockschmidt, Chris Cadwell, Mark Weaver, Chris Dondzilla, John Baum and Rebecca Atkinson; **LARM** – Dave Bos, Tracy Juranek, Diane Becker and Elizabeth Becker; **Thomas, Kunc & Black, LLP** – Lyndee Black; **City of Fremont** – Mayor Joey Spellerberg and **League Staff** – Shirley Riley.

(AGENDA ITEM #2) **Consider motion to approve the minutes of the October 6, 2020, "Special Meeting of the LARM Board of Directors."** LeAnn Brown moved, seconded by Teresa Youngquist to approve the minutes of the October 6, 2020, "Special Meeting of the LARM Board of Directors" with a change recommended by Andy Barry to add the word "by" to agenda item #4. Chair Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

(AGENDA ITEM #3) **Consider motion to confirm that the Board** r**eview and recommend any changes to the minutes of the October 22, 2020, "Virtual Annual Members' Meeting of LARM," subject to approval of the minutes by LARM members at the next "Members' Meeting of LARM."** Sandra Schendt moved, seconded by Mayor Deb VanMatre to confirm that the Board will review and recommend changes to the minutes of the October 22, 2020, "Virtual Annual Members' Meeting of LARM," subject to approval of the minutes by the LARM members at the next "Members' Meeting of LARM." Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

(AGENDA ITEM #4) **Consider motion to accept the minutes of the respective elected bodies of the following individuals to approve their election at the October 22, 2020 Virtual Annual Members' Meeting of LARM to a three-year term on the LARM Board** (Beginning on January 1, 2021)**: Don Groesser,** Mayor of the City of Ralston; **Doug Hanson**, Mayor of the City of Hickman; **Jo Leyland,** Administrator/Clerk/Treasurer of the City of Imperial; **Lanette Doane,** Clerk/Treasurer of the Village of Ansley; and **Melissa Harrell,** Administrator/Treasurer of the City of Wahoo. Mayor Tony Kaufman moved, seconded by Tom Ourada to accept the minutes of the respective elected bodies of the following individuals to approve their election at the October 22, 2020 Virtual Annual Members' Meeting of LARM to a three-year term on the LARM Board (Beginning on January 1, 2021): Don Groesser, Mayor of the City of Ralston; Doug Hanson, Mayor of the City of Hickman; Jo Leyland, Administrator/Clerk/Treasurer of the City of Imperial; Lanette Doane, Clerk/Treasurer of the Village of Ansley; and Melissa Harrell, Administrator/Treasurer of the City of Wahoo. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

(AGENDA ITEM #5) **Consider a motion to accept LARM's Actuarial Report Reserve Analysis and Statement of Actuarial Opinion as of September 30, 2020 prepared by By the Numbers Actuarial Consulting, Inc. (BYNAC)** *(Presented by Mark Weaver, CPA, Sedgwick.)* Lanette Doane moved, seconded by Teresa Youngquist to accept LARM's Actuarial Report Reserve Analysis and Statement of Actuarial Opinion as of September 30, 2020 prepared by By the Numbers Actuarial Consulting, Inc. (BYNAC) Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

(AGENDA ITEM #6) **Consider a motion to accept a report by Lyndee Black, CPA, Thomas, Kunc and Black, LARM's Auditor concerning LARM's Annual Audited Financial Statement and Actuarial Opinion.** *(Presented by Lyndee Black, CPA, Thomas, Kunc and Black, LLP.)* Mayor Tony Kaufman moved, seconded by Sandra Schendt to accept a report by Lyndee Black, CPA, Thomas, Kunc and Black, LARM's Auditor concerning LARM's Annual Audited Financial Statement and Actuarial Opinion. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

(AGENDA ITEM #7) **Consider a motion to go into closed session for the protection of the public interest to receive an update regarding open LARM claims and litigation.** *(John Baum, Litigation Claims Manager, Sedgwick.)* Mayor Don Groesser moved, seconded by LeAnn Brown to go into closed session for the protection of the public interest to receive an update regarding open LARM claims and litigation; and also include the following individuals: Andy Barry, Trent Sidders, Bobby Dillman (Cline Williams), Dave Bos, Tracy Juranek (LARM), John Baum, Chris Dondzilla, John Brockschmidt, Chris Cadwell (Sedgwick) and Lynn Rex. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

Chair Doug Hanson repeated the motion again to go into closed session to protect the public interest and to receive an update regarding open LARM claims and litigation and also include the following individuals: Andy Barry, Trent Sidders, Bobby Dillman (Cline

Williams), Dave Bos, Tracy Juranek (LARM), John Baum, Chris Dondzilla, John Brockschmidt, Chris Cadwell (Sedgwick) and Lynn Rex. Chair Doug Hanson announced that as of 11:56 a.m. the Board was in closed session.

At 12:16 p.m., Chair Doug Hanson restated that the reason the Board went into closed session was to protect the public interest and to receive an update regarding open LARM claims and litigation. Chair Doug Hanson stated that the Board was back in open session. Sandra Schendt moved, seconded by Mayor Don Groesser to accept the report regarding open LARM claims and litigation. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 12 ayes, 0 nays, 0 abstentions, 1 present not-voting (Kaufman),1 absent and 1 vacancy.***

(AGENDA ITEM #8) **Consider a motion to go into closed session to protect the public interest to discuss indemnification as provided by the LARM Bylaws and receive a litigation update on the order of dismissal in Lancaster County District Court Case No. CI 20-2098 Michael J. Nolan vs. Lynn Rex and League Association of Risk Management.** *(Presented by Andy Barry, Partner, Cline Williams).* Lanette Doane moved, seconded by Tom Ourada to go into closed session to protect the public interest to discuss the indemnification as provided by the LARM Bylaws and receive a litigation update on the order of dismissal in Lancaster County District Court Case No. CI 20-2098 Michael J. Nolan vs. Lynn Rex and League Association of Risk Management; and also include the following individuals: Andy Barry, Trent Sidders, Bobby Dillman (Cline Williams), Dave Bos and Lynn Rex. Chair Doug Hanson asked if there was any discussion; there was none.

Chair Doug Hanson repeated the motion to go into closed session to protect the public interest to discuss the indemnification as provided by the LARM Bylaws and receive a litigation update on the order of dismissal in Lancaster County District Court Case No. CI 20-2098 Michael J. Nolan vs. Lynn Rex and League Association of Risk Management; and also include the following individuals: Andy Barry, Trent Sidders, Bobby Dillman (Cline Williams), Dave Bos and Lynn Rex. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

Chair Doug Hanson repeated the motion to go into closed session to protect the public interest to discuss the indemnification as provided by the LARM Bylaws and receive a litigation update on the order of dismissal in Lancaster County District Court Case No. CI 20-2098 Michael J. Nolan vs. Lynn Rex and League Association of Risk Management; and also include the following individuals: Andy Barry, Trent Sidders, Bobby Dillman (Cline Williams), Dave Bos and Lynn Rex. Chair Doug Hanson announced that as of 12.25 p.m. the Board was in closed session.

At 12:51 p.m., Chair Doug Hanson restated that the reason the Board went into closed session was to protect the public interest to discuss the indemnification as provided by the LARM Bylaws and receive a litigation update on the order of dismissal in Lancaster County District Court Case No. CI 20-2098 Michael J. Nolan vs. Lynn Rex and League Association of Risk Management. Chair Doug Hanson stated that the Board was back in open session. No action was necessary.

(AGENDA ITEM #9) **Consider a motion to indemnify Lynn Rex as provided by the LARM Bylaws in light of the order of dismissal in Lancaster County Court Case No. CI 20-2098 Michael J. Nolan vs. Lynn Rex and League Association of Risk Management**. *(Presented by Andy Barry, Partner, Cline Williams).* Sandra Schendt moved, seconded by Mayor Deb VanMatre to indemnify Lynn Rex as provided by the LARM Bylaws in light of the order of dismissal in Lancaster County Court Case No. CI 20-2098 Michael J. Nolan vs. Lynn Rex and League Association of Risk Management. Teresa Youngquist called the question, seconded by Mayor Deb VanMatre. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

(AGENDA ITEM #10) **Discuss possible dates for the next meeting of the LARM Board of Directors.** No action was necessary.

(AGENDA ITEM #11) **Motion to adjourn.** At 1:06 p.m., Doug Schultz moved, seconded by Tom Ourada to adjourn. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Moenning. ***Motion carried: 13 ayes, 0 nays, 0 abstentions, 1 absent and 1 vacancy.***

Approved on:

ATTEST:

____

Elizabeth Becker
Customer Service Representative
League Association of Risk Management

____

L. Lynn Rex
LARM Administrator
Ex-Officio, Non-Voting, LARM Board Member
Executive Director of the League of Nebraska Municipalities

NOTICE

MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)

utilizing video and telephone conferencing

Thursday, December 17, 2020, 11 a.m. CT/10 a.m. MT

Per Governor Pete Ricketts Executive Order 20-36
CORONA VIRUS - PUBLIC MEETINGS REQUIREMENT LIMITED WAIVER
"All governing bodies may meet by videoconference or by telephone conferencing or by conferencing by other electronic communication so long as there is made available at such meeting access to members of the public and to members of the media."
Effective December 1, 2020 through January 31, 2021

PLEASE TAKE NOTICE that on **Thursday, December 17, 2020, at 11 a.m. CT/10 a.m. MT**, the League Association of Risk Management (LARM) will hold a meeting of the LARM Board of Directors utilizing video and telephone conferencing. An agenda of subjects known at this time is included with this notice, and the agenda shall be kept continually current and readily available for public inspection at the principal office of LARM during normal business hours at 1335 L Street, Lincoln, Nebraska. On December 11, 2020, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials are available for public inspection at 1335 L Street, in Lincoln, Nebraska, and posted on LARM's and the League of Nebraska Municipalities' Facebook pages and their websites – larmpool.org and lonm.org/larm/.

SECOND AMENDMENT TO POOL CONSULTING AGREEMENT

This Second Amendment to Pool Consulting Agreement ("Second Amendment") is effective as of the _____ day of March, 2021, by and between the League Association of Risk Management ("LARM") and Sedgwick Claims Management Services, Inc., ("Sedgwick").

RECITALS

A. LARM and York Risk Pooling Services, Inc., ("Pool Consultant") entered into that certain Pool Consulting Agreement with an effective date of April 1, 2015 (the "Agreement").

B. LARM and the Pool Consultant entered into the Amendment to Pool Consulting Agreement effective as of February 26, 2020, extending the term of the Agreement and replacing certain exhibits attached thereto.

C. Sedgwick is the successor to the Pool Consultant and has performed the duties of the Pool Consultant pursuant to the terms of the Agreement.

D. The parties desire to amend the Agreement to extend the term, as set forth in more detail below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend the Agreement as follows:

1. **6. Term**. Article 6 of the Agreement shall be replaced with the following:

   > "This Agreement shall commence on April 1, 2015 and shall continue in effect until June 30, 2021, unless terminated earlier pursuant to Article 11."

2. **Defined Terms**. Any capitalized terms used herein and not otherwise defined in this Second Amendment, shall have the meaning set forth in the Agreement.

3. **Counterparts**. This Second Amendment may be executed by fax, pdf, or other electronic transmission and in counterpart, each of which when taken together shall be deemed to constitute an original and form part of the same document.

4. **Remaining Terms**. Except as modified herein, the rest and remaining terms of the Agreement, as amended by the Amendment, shall remain in full force and effect.

In witness whereof, the parties have caused this Second Amendment to be executed by its duly authorized officers on the date noted below.

LEAGUE ASSOCIATION OF RISK MANAGEMENT	Sedgwick Claims Management Services, Inc.
By: ______________________________ L. Lynn Rex Administrator	By: ________________________________ Its ________________________________
Dated: ___________________________	Dated: _____________________________

4848-3005-6161, v. 1

The League Association of Risk Management

Employee Handbook

Effective April 1, 2021

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Purpose

The personnel management system of the League Association of Risk Management (LARM) of which these rules are part is designed to bring to LARM service a high degree of understanding, cooperation, efficiency, and unity through systematic, uniform application of modern personnel practices. Objectives of these rules include the following:

a. To inform employees of their rights and obligations in relation to their employer;

b. To inform department supervisors of their obligations toward and their rights to assign and instruct subordinate employees;

c. To ensure compliance with applicable laws;

d. To promote and increase efficiency, responsiveness to the Members, and economy in LARM;

e. To provide fair and equal opportunity for a qualified person to enter and progress in LARM based on merit and fitness as ascertained through fair and practical personnel management methods; and

f. To enhance the attractiveness of LARM careers and encourage employees to give their best efforts to LARM.

This Handbook contains only general information and guidelines. It is not intended to be comprehensive or to address all the possible applications of, or exceptions to, the general policies and procedures described. For that reason, if you have any questions concerning eligibility for a particular benefit, or the applicability of a policy or practice to you, you should address your specific questions to the Executive Director.

LARM reserves the right to amend, modify, delete, or change the provisions herein, as it deems fit in its sole and absolute discretion, without prior notice. This Handbook becomes effective as of the date set forth on the cover page, and supersedes any and all prior manuals, handbooks, and oral or written policies where there is a conflict.

Scope

All employees of LARM are subject to the application of the personnel policies and procedures in this Handbook. The policies in this Handbook will be followed unless they are found to conflict with federal, state, or local laws, which shall take precedence.

At-Will Employment

Unless otherwise provided by applicable law or altered by a written employment agreement signed by the employee and LARM's Executive Director, all LARM employees are employed at-will. This means that either LARM or the employee may end the employment relationship at any time and for any lawful reason, or no reason at all, with or without prior notice. **<u>THIS HANDBOOK DOES NOT CONFER ANY CONTRACTUAL RIGHT, EITHER EXPRESSED OR IMPLIED, TO REMAIN EMPLOYED BY LARM NOR DOES IT GUARANTEE ANY FIXED TERMS AND CONDITIONS OF YOUR EMPLOYMENT</u>.** Disciplinary action noted throughout this Handbook is not all-inclusive and does not restrict LARM's right to terminate employment "at-will." Cause or notice is not needed to terminate any at-will employee.

To ensure that LARM Members are provided necessary LARM services, LARM requests that employees provide as much advance notice as possible of resignation (preferably, two (2) weeks or more). While this notice is not required, employees who do not provide such notice will not be eligible for rehire.

Equal Employment Opportunity

LARM is an equal opportunity employer and does not discriminate against employees or applicants for employment based on an individual's race, color, religion, creed, sex, sexual orientation, national origin, ancestry, age, disability, marital status, pregnancy, genetic testing information, political beliefs, military or veteran status, or any other status or basis protected by applicable local, state, or federal law. This policy applies to all terms, conditions and privileges of employment, and all employment decisions and practices of LARM, including recruitment, hiring, placement, job assignment, compensation, working terms and conditions, access to benefits and training, leave decisions, promotion, discipline and termination.

Any employees with questions or concerns about any type of discrimination or harassment in the workplace should immediately bring these issues to LARM's attention by reporting them in the manner outlined in the Reporting Harassment, Discrimination, Retaliation, and/or Offensive Conduct Policy, set forth below. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of discrimination will be subject to disciplinary action, up to and including termination of employment.

Disability Accommodation

LARM abides by applicable law governing employment of individuals with disabilities. Qualified individuals with disabilities may be entitled to an accommodation in the application process and/or in the workplace unless doing so would result in an undue hardship to LARM or result in a direct threat of substantial harm to the health or safety of the individual or others. Any qualified individual with a disability who requires reasonable accommodation in the employment process and/or in the workplace shall notify the Executive Director. It shall be the responsibility of a qualified individual with a disability to request reasonable accommodation in the hiring process or in the workplace.

Upon receipt of a request for accommodation, the Executive Director or their designee will meet with the requesting individual to discuss and identify the limitations resulting from the disability and the potential accommodations that LARM might make to help overcome those limitations. LARM will determine the feasibility of the requested accommodation or other reasonable accommodation as required by law. If a reasonable accommodation is provided, it may or may not be the accommodation requested by the individual.

Pregnancy Accommodation

LARM will provide reasonable accommodations to qualified employees for the known physical limitations of an employee who is pregnant, has given birth, or has related medical conditions, unless doing so would result in an undue hardship to LARM or result in a direct threat of substantial harm to the health or safety of the individual or others. Reasonable accommodation with respect to pregnancy, childbirth, or related medical conditions, may include acquisition of equipment for sitting, more frequent or longer breaks, periodic rest, assistance with manual labor, job restructuring, light-duty assignments, modified work schedules, temporary transfers to less strenuous or hazardous work (if available), time off to recover from childbirth, or break time and appropriate facilities and break time for breastfeeding or expressing breast milk. Any employee who requires such accommodation should make a request for accommodation to the Executive Director.

Unlawful Discrimination and Harassment

Policy

Neither harassment nor discrimination will be tolerated. Consistent with LARM's commitment to equal employment opportunity for all, LARM expressly prohibits its officials, board members, and employees from engaging in any form of unlawful harassment or discrimination due to race, religion, color, national origin, sex, sexual orientation, disability, marital status, age, or ancestry, or any other status protected under applicable law.

Each employee has the right to work in a professional atmosphere that promotes equal employment opportunities and is free from discriminatory practices, including without limitation, harassment. Statements or actions that you make with regard to fellow employees, whether done jokingly or otherwise, may create feelings of ill will and interfere with productivity. The desired standard of employee behavior is one of cooperation and respect for each other, despite any differences.

Prohibited Conduct Defined

Discrimination or harassment can take many forms and can include slurs, comments, jokes, innuendoes, unwelcome compliments, pictures, cartoons, pranks or other verbal or physical conduct, including but not limited to the following actions:

- Verbal abuse, ridicule, or derogatory comments, i.e., jokes, threats, whistling;
- Interference with an employee's work;
- Displaying or distributing sexually offensive, racist or other derogatory materials, i.e., posters, e-mails, calendars, magazines;
- Discriminating against any employee in work assignments or job-related training because of one of the above-referenced basis;
- Intentional physical contact with either gender specific portions of a person's body or that person's private parts, i.e., pinching, gestures, unwelcome touching;
- Making offensive sexual, racial or other derogatory hints or impressions;

- Requesting favors (sexual or otherwise), explicitly, as a condition of employment, promotion, transfer or any other term or condition of employment; and
- Overtly using one's title or position to sexually or otherwise harass employees.

Discrimination or harassment based upon a person's protected status is prohibited under LARM policy where it:

- Has the purpose or effect of creating an intimidating, hostile, or offensive working environment;
- Has the purpose or effect of unreasonably interfering with an individual's work performance; and
- Otherwise unreasonably affects an individual's employment opportunity.

Harassment may exist when co-workers or even non-employees, such as officials, board members, vendors, suppliers, or members, engage in such conduct, when the conduct unreasonably interferes with an employee's work performance or creates an intimidating, hostile, or offensive work environment.

Sexual harassment is prohibited under LARM's harassment policy. Sexual harassment occurs when the verbal and physical conduct described above is sexual in nature or is gender-based, that is, directed at a person because of their gender. Sexual harassment does not refer to casual conversation or occasional compliments of a socially acceptable nature. Sexual harassment includes, but is not limited to, situations where:

- Submission to the conduct is either explicitly or implicitly a term or condition of employment;
- Submission to or rejection of the conduct is used as a basis for an employment decision affecting such individual;
- The conduct unreasonably interferes with the individual's job performance or creates a work environment that is intimidating, hostile or offensive;
- Unwelcome verbal behavior such as comments, suggestions, jokes, or derogatory remarks based on sex;
- Physical behavior such as pats, squeezes, repeatedly brushing against someone's body, or impeding or blocking normal work or movement;
- Posting of sexually suggestive or derogatory pictures, cartoons, or drawings, even at one's work station; and
- Unwanted sexual advances, requests or pressure for sexual favors and/or basing employment decisions (such as an employee's performance evaluation, work assignments, advancement) upon the employee's acquiescence to sexually harassing behavior in the workplace.

Sexual harassment does not have to involve conduct of a sexual nature in order to constitute improper behavior. For example, abusive, offensive, or demeaning behavior that is directed to members of the same protected class may be deemed a form of sexual harassment, even though the conduct was not motivated by sexual desire or gratification.

If there are questions about whether conduct is permissible under this policy, employees should refrain from the conduct. Anyone found to be engaging in any type of discrimination or harassment will be subject to disciplinary action, up to and including termination of employment.

Any employees with questions or concerns about any type of discrimination or harassment in the workplace must bring these issues to LARM's attention by immediately reporting the conduct in the manner set forth in the Discrimination and Harassment Complaint Reporting and Investigation Policy, set forth below. Employees can raise concerns and make reports without fear of reprisal.

Discrimination and Harassment Complaint Reporting and Investigation

LARM is committed to diligently enforcing its discrimination and harassment policy by promptly and impartially investigating all complaints. When harassment is discovered, LARM shall take appropriate disciplinary action, up to and including termination. The complaint procedure is designed to deal with complaints in a fair, discrete, and timely manner to:

- Determine if the conduct alleged in the complaint took place and constitutes harassment which violates LARM policy, or constitutes harassment in the form of inappropriate or offensive behavior;
- Stop the offending behavior;
- Restore the complainant's working environment;
- Take steps to prevent retaliation and repetition of the harassment; and
- Educate or discipline the harasser consistent with the seriousness of the offense.

It is every employee's responsibility to ensure that their conduct does not include or imply discrimination or harassment in any form. If any employee believes that they have been subjected to any form of discrimination, harassment, retaliation, and/or offensive conduct, the employee should take the following actions immediately:

1. Ask the offending party to stop, unless confronting the offending party would be uncomfortable or place the employee in danger.

2. An employee must immediately report the conduct to the Executive Director. If the Executive Director is the source of the alleged harassment, or is so closely associated with the source of the harassment that the employee does not feel comfortable reporting to that person, the employee may report the complaint to the LARM Administrator, LARM Board Chair and/or a Member of the LARM Board. Similarly, if the LARM Administrator is the source of the alleged harassment, or is so closely associated with the source of the harassment that the employee does not feel comfortable

reporting to that person, the employee may report the complaint to the LARM Board Chair and/or a Member of the LARM Board. Employees should not wait to report the harassment or discrimination until the acts become so pervasive or offensive that they create a hostile working environment.

Please note that the complaint must be reported in accordance with Step 2, even if the offending party is asked to stop. LARM will not know of the discrimination, harassment, retaliation, or offensive conduct unless it is reported, and LARM cannot correct it if it does not know about it.

Any supervisor or employee who learns of or receives a complaint of harassment is obligated to report it to the Executive Director, or another appropriate party as outlined above. Each complaint shall be fully investigated, and a determination of the facts and an appropriate response will be made on a case-by-case basis.

If it is determined that harassment has occurred, LARM shall take appropriate corrective disciplinary action, which may include, but is not limited to, termination.

No employee shall be subject to any form of retaliation or discipline for raising or pursuing a harassment complaint, and no witnesses shall suffer retaliation as a result of their involvement in the investigation. LARM will not tolerate harassment or any form of retaliation against an employee who has either instigated or cooperated in the investigation of alleged harassment. Employees must report acts of retaliation just as they must report acts of discrimination or harassment. Disciplinary action will be taken against those who are found to have violated LARM's policy against such retaliation.

If the investigation concludes that harassment did not occur or that the alleged incident(s) did not constitute harassment, the matter shall be referred to the Executive Director for further appropriate action. For example, if workplace misconduct may have occurred, but not harassment, the Executive Director shall determine the disciplinary response regarding the findings of the investigation report.

An employee found to have reported harassment in bad faith or to have intentionally or willfully falsely reported harassment shall be subject to disciplinary action.

Job Posting and Advertising

An application for employment will be accepted from anyone who wishes to apply for employment on forms provided by LARM. All information provided on the application must be true and correct.

In the event of a job opening, the position or positions open will be announced and posted on the LARM website. Copies of the job announcement will be distributed to LARM staff and as appropriate, to public and private employment agencies, local newspapers and other sources that might recruit applicants.

Employment Applications and Resumes

LARM relies upon the accuracy of information contained in the employment applications and resumes submitted by prospective employees, as well as other information provided throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information may result in the exclusion of the individual from further consideration for employment, the rescission of a conditional employment offer, or, if the person has been hired, termination or other disciplinary measures.

Smoke-Free Workplace

LARM's policy is to provide a smoke-free work environment for all employees and the public. For purposes of this policy, smoking includes lighting, smoking or carrying a lighted cigarette, cigar or pipe, and the use of any electronic smoking device. This list is illustrative and not exclusive. Smoking of any kind is prohibited on LARM time or LARM property.

Evaluation Period

All new employees, including former employees who have been rehired, are on an evaluation period for the first six months. This period is a time in which the new employee should demonstrate that they are suited for the job and to determine if the position meets their expectations. LARM uses this evaluation period to evaluate employee capabilities, work habits, and overall performance. It is especially important that the new employee make their supervisor aware of any questions or problems encountered during this period. If the Executive Director concludes at any time that the employee is not suited for their position, the employee's at-will employment may be terminated or the employee may be placed on extended evaluation period if approved.

The evaluation period ends successfully when the Executive Director, not sooner than six months after the employee was hired, evaluates the new employee in writing and authorizes their classification as a "regular" employee.

Nothing herein alters the at-will employment relationship between the employee and LARM. Both during the evaluation period and after successful completion of the evaluation period, employment remains at-will. This means that either the employee or LARM may end the relationship at will at any time, with or without cause and with or without prior notice.

Employment Classifications

LARM will comply with the applicable criteria of the Fair Labor Standards Act (FLSA) and other applicable wage and hour laws. The following are LARM's employee classifications:

1. **Regular Full-Time Employee** - An employee who has satisfactorily completed the six-month evaluation period and is scheduled to work an average of forty (40) hours per week on a regular and continuous basis.

2. **Part-Time Employee** - An employee who is scheduled to work an average of less than forty (40) hours per week, whether on a regular and continuous basis, or on a temporary of seasonal basis as needed.

3. **Exempt Employees** - Employees such as executive, administrative, and professional employees have job duties that meet certain guidelines and are paid on a salary basis for all hours worked each week. Certain computer professionals may also be exempt, regardless of whether they are paid on a salary or hourly basis. These employees are expected to work whatever hours are required to accomplish their duties, even if it exceeds their normal workweek. Exempt employees are not eligible for overtime pay.

4. **Non-Exempt Employees** - All employees who are not identified as exempt employees are considered non-exempt employees. Non-exempt employees are generally paid on an hourly basis and will be paid overtime pay at a rate of one and one-half times the employee's regular rate for time worked in excess of forty (40) hours in a workweek.

Work Schedules and Attendance

Regular and reliable attendance is an essential function of every position with LARM. Employees will report to their places of work as scheduled or provide timely notification if unable to report. Unless otherwise specified and approved, an employee's regular work schedule will be forty hours of work per week. The regular forty-hour work week is from Sunday at 12:01 a.m. to Saturday at 12:00 a.m.

LARM may require hours in excess of forty hours per week, as needed to meet LARM's needs and complete work requirements. In such cases, "working day" length shall be adjusted accordingly, and employees shall be expected to work all hours required. The Executive Director will be responsible for establishing any policies permitting rest periods during the working day.

Employees failing to report for or remain at work as scheduled or directed without proper notification, authorization, or excuse shall be considered absent without leave, shall not be in pay status for the time involved, and shall be subject to appropriate disciplinary action. Absence without leave for more than three consecutive working days shall be considered abandonment of duties and be considered voluntary resignation, absent extenuating circumstances warranting such leave.

Accurately Recording Work Time

Employees must record all hours that they work on a daily basis. **Working off the clock is not permitted**. In recording time worked, employees must record the actual time they started and stopped work. Rest breaks of 15 minutes or less are considered time worked and should not be entered on the time record. Meal periods extending at least 30 minutes (where the employee is relieved of all job duties) are unpaid and must be recorded on the time record. Timing and length of lunch periods are generally assigned by the employee's supervisor.

Absences and late arrivals must be indicated on the time record, and supervisors must indicate the pay status for each such absence (Paid Vacation, Holiday, unpaid, etc.).

Except for supervisor's adjustments to time records to comport with actual time worked, no employee may alter another employee's time record in any manner. Falsifying or altering time records will result in disciplinary action, up to and including termination of employment.

Overtime Work and Pay

Overtime work is discouraged except as necessary and essential to LARM's work and mission. When overtime work is necessary, it shall be authorized in advance by the Executive Director or an employee's individual supervisor. Employees must work all scheduled overtime hours.

Non-exempt employees will receive overtime pay at 1.5 times the regular hourly rate for all hours worked in excess of 40 per workweek. Employees must accurately record all hours worked and must have worked all hours recorded. Non-exempt employees may not work "off the clock" and may not work overtime without the permission of the Executive Director. Overtime pay shall be calculated based on actual hours worked. Time off for vacation leave, sick leave, holiday leave, funeral leave or any other leave will not be considered hours worked for the purposes of calculation of overtime pay.

Exempt employees will receive a regular weekly salary that compensates them for all hours worked in the workweek. Such employees do not receive overtime pay or compensatory time off. The Executive Director may, in their sole discretion, permit exempt employees who have worked unusual amounts of time in excess of the normal schedule to work a reduced schedule on occasion, but no exempt employee has a right to do so. Such a decision by the Executive Director shall not result in the accrual of additional leave from work for exempt employees.

Pay Deductions

The law requires that LARM make certain deductions from every employee's compensation, including applicable federal and state income taxes and FICA taxes. Eligible employees may voluntarily authorize deductions (in writing) from their paychecks to cover the cost of participation in certain employee benefit programs.

Reporting Pay Errors or Improper Deductions

LARM makes every effort to ensure employees are paid correctly and for all hours worked. Employees can assist LARM in this matter by closely reviewing each paystub. If mistakes are made, either because of improper deductions, hours recorded, or the applicable pay rate, employees should report this information to the Executive Director immediately.

Upon notification by the employee, LARM will conduct a prompt investigation into the complaint. If LARM determines that an error has been made or improper deduction taken, LARM will fully compensate and/or reimburse the employee and make a good faith commitment to avoid the error in the future.

Maintaining Personnel Records

All employees are responsible for providing current information regarding their address, telephone number, insurance beneficiaries, change in dependents, marital status, etc. The employee should use the personnel records form to note any changes in their address, phone number, emergency contact information, marital status, number of dependents, etc. Changes in exemptions for tax purposes will only be made upon the receipt of a completed W-4 form.

Personnel Files

Employee personnel files are the property of LARM, and do not belong to the employee. Employees shall have a right to review their own personnel file during the course of employment upon request. The documents in the file shall be reviewed in the office of the Executive Director and shall not be permitted to leave that designated office.

Performance Evaluations

Employees will have their job performance reviewed on an annual basis by their supervisor or the Executive Director. This review is intended to provide support for the individual; to improve the performance of the individual by providing meaningful, constructive feedback on the adequacy of performance; and to assist in the development and fulfillment of professional growth goals and job responsibilities.

Formal and documented reviews, as well as casual and undocumented discussions with the employee's supervisor, will be part of the performance evaluation. To the extent practicable, evaluations will be based on the supervisor's direct observations of each employee's performance, the quality and quantity of each employee's performance, and any additional efforts undertaken by the employee.

The employee's signature on formal review forms will serve as confirmation that the review has taken place, not whether the employee agrees or disagrees with the contents. Completed formal evaluation forms will be placed in the employee's personnel file.

Vacation Leave

Regular full-time employees shall be eligible to earn and accrue paid vacation leave at the following rates:

Years of Service	**Annual Accrual**
Up to 1 year	10 days vacation (No vacation will be earned or received the first two months, then one day earned each month for the remaining 10 months)

1 year through 5 years	12 days vacation per year (earn 1 day vacation per month)
6 years through 10 years	18 days vacation per year (earn 1 ½ days vacation per month)
11 years and beyond	24 days vacation per year (earn 2 days vacation per month)

The Executive Director may, in their discretion, grant additional vacation leave to new employees upon their hire date as part of the recruiting and hiring process in recognition of their overall years of experience and qualifications.

Vacation leave shall be subject to the following rules:

a. Vacation leave may not be accumulated beyond 35 days (280 hours). Once an employee earns and accrues up to 35 days (280 hours) of vacation leave, the employee will not earn or accrue any additional vacation leave until their vacation leave balance falls below the maximum accrual amount. At that point, the employee will then again begin earning and accruing vacation leave up to the maximum accrual amount in accordance with this policy.

b. Vacation leave must be earned prior to use.

c. Vacation leave must be previously approved by the Executive Director before it may be used.

d. Vacation leave for an employee shall begin accruing following an employee's successful completion of the first two months of employment with LARM. Any fraction of a month shall be calculated on a prorated basis.

e. Holidays which occur during the period an employee takes vacation leave do not count as vacation leave, and the time will not be deducted from the employee's vacation leave.

f. Employees shall be paid out for all accrued, unused vacation leave upon termination of employment, regardless of the reason for separation.

g. An employee's abuse of the vacation leave policy shall be grounds for disciplinary action, up to and including termination of employment.

Sick Leave

Regular full-time employees will be provided with paid sick leave for use if incapacitated by illness or injury; if due to the employee's contagious disease; if the employee's presence at work would jeopardize the health or safety of others; and for medical, dental, vision, or other health care appointments which cannot reasonably be scheduled for off-duty hours. Eligible employees shall accrue one day (i.e., eight hours) of sick leave per month. Sick leave shall be subject to the following rules:

a. Sick leave may be accumulated up to 90 days (720 hours) for full-time employees working 40-hour weeks.

b. Sick leave shall not be granted in advance of accrual, but vacation leave and/or leave without pay may be authorized by the Executive Director for employees who have exhausted their sick leave.

c. Sick leave may be taken for the physical care of an ill member of the employee's immediate family, spouse, children, grandchildren, and parents if the employee is the primary caregiver. This includes transportation of the ill immediate family member to and from a medical facility. It does not include routine checkups such as dental, vision, or related examinations.

d. Unused accrued sick leave will not be paid out at time of separation from employment.

e. Notification of utilization of sick leave shall be made to the employee's supervisor on as timely basis as is possible. Approval in advance shall be obtained for non-emergency health care appointments.

f. LARM may request and obtain medical documentation or otherwise verify the circumstances surrounding the utilization of sick leave.

g. In addition to sick leave, eligible employees may have one-hour leave per month for medical, dental, vision, or other health care appointments. This leave does not accumulate.

h. Sick leave for an employee shall begin accruing on the day the employee enters the service of LARM. Any sick leave for a fraction of a month shall be calculated on a prorated basis.

i. An employee's abuse of the sick leave policy shall be grounds for disciplinary action, up to and including termination of employment.

Family and Medical Leave Act

LARM is a covered employer under the Family and Medical Leave Act of 1993 ("FMLA"), which provides for unpaid, job-protected leave to eligible employees. To qualify for FMLA leave, an employee must: (1) have worked for LARM for at least 12 months, although it need not be consecutive; (2) worked at least 1,250 hours in the last 12 months; and (3) be employed at a worksite where 50 or more employees are employed by LARM within 75 miles of the worksite. For more information on the FMLA's provisions and employee eligibility requirements, please refer to the FMLA poster displayed on LARM's premises and maintained electronically on LARM's server.

Holidays

The following days are official paid holidays observed by LARM:

New Year's Day	January 1
Martin Luther King, Jr. Day	Third Monday in January
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	First Monday in September
Veterans Day	November 11
Thanksgiving	Fourth Thursday in November and Friday following
Christmas	December 25

Holidays shall be observed in accordance with the following rules:

a. The Board of Directors shall have authority to provide additional paid leave for all employees on days that coincide with or surround holidays or special events.

b. A holiday falling on a Saturday shall be observed on the preceding Friday, and a holiday falling on a Sunday shall be observed on the following Monday.

c. No holiday pay will be paid during any period of unpaid leave.

d. All employees will be paid for their regularly scheduled hours on the above holidays, even where no work is performed.

Bereavement Leave

LARM will provide up to five days (40 hours) of paid bereavement leave for an employee upon the death of an employee's immediate family member. For purposes of this policy, "immediate family member" is defined as spouse, father, mother, grandfather, grandmother, sister, brother, child, grandchild, mother-in-law or father-in-law, spouse of any of these, or someone who bears a similar relationship to the spouse of the employee. Step-persons bearing these relationships are included. The amount of leave granted will be based on travel and other circumstances.

A one-day (8 hour) leave shall be granted in the event of death of an employee's aunt, uncle, niece or nephew.

If an employee must remain away longer than the time granted, the additional time will be charged to available vacation leave. The bereavement leave request shall be submitted in writing to the Executive Director. Employees may be required to furnish proof satisfactory to LARM of the death, the employee's relationship to the deceased, the date of the funeral services, and the employee's attendance at such services upon LARM's request.

Employees are not entitled to payment for unused bereavement leave upon their separation from employment.

Reporting Work-Related Accidents, Injuries or Illnesses

All employees **must immediately report** all work-related accidents, illnesses, and injuries to the Executive Director or their supervisor, and must complete all necessary forms and reports as required by LARM. Within 24 hours of an employee accident or injury, the employee's supervisor shall file a report with LARM for review by the Executive Director. A minor injury may be treated at the scene. Otherwise, the employee may be transported to a medical location for treatment.

Employees must also give the Executive Director written notice of any non-emergency treatment or surgery for any alleged work-related injuries or illnesses. At the request of LARM, employees shall submit to examination by a physician designated by LARM. The costs associated with the second opinion shall be paid by LARM. Employees shall submit to an examination at the request of LARM prior to the time that any anticipated surgery is performed, unless precluded from doing so by medical emergency. If the first opinion and the second opinion conflict, LARM or the employee have the right to request a third opinion. LARM will pay the cost of the third opinion.

Employees injured on LARM jobs who are eligible to receive workers' compensation payments shall receive the workers' compensation check, and LARM will provide the difference of the check between the workers' compensation payment and the amount of the employee's regular base pay. The difference in the workers' compensation check payment and the employee's regular base pay shall be prorated against the employee's accumulated sick and vacation leaves. Once these have been exhausted, the employee will only be eligible for the worker's compensation payment.

When a third party is liable to an employee for injuries on LARM jobs, LARM shall be subrogated to the rights of the employee against such third party to the extent of any sick and/or vacation leave benefits paid pursuant to this subsection.

Employee Benefits are Subject to Change

Where benefits are provided by LARM to eligible employees, all such benefits shall be controlled by applicable plan documents. The information provided in this Handbook is summary only; detailed information on the plans are set forth in applicable plan documents. To the extent there is any discrepancy between plan documents and this Handbook, the plan documents shall control.

Benefits provided by LARM are subject to change and/or termination at any time at the discretion of LARM or as legally required. Employees' eligibility for certain benefits may also be restricted by the benefit provider or insurer.

Healthcare, Disability and Dental Insurance

All regular full-time employees may be eligible for LARM's comprehensive healthcare, disability and dental insurance coverage. This policy is a summary only. All benefit descriptions in this policy are subject to the terms of the applicable benefit plan itself and to the employee meeting the requisite eligibility requirements, qualifications, and conditions that are set forth in the policy or benefit plan. Additional information outlining the benefit plan options is provided in the New Employee Hire Package and may be obtained from the Executive Director.

Retirement

All regular full-time employees may be eligible for LARM's retirement plan upon commencement of employment with LARM. Additional information outlining the plan is provided in the New Employee Hire Package, and may be obtained from the Executive Director. This policy is a summary only. All benefit descriptions in this policy are subject to the terms of the applicable benefit plan itself and to the employee meeting the requisite eligibility requirements, qualifications, and conditions that are set forth in the policy or benefit plan.

Inclement Weather

Personnel that are not essential during inclement weather, as determined by the Executive Director, will be encouraged to consider their own safety when deciding whether to travel to and from work. If the employee chooses not to work, one of the following options shall be available for the employee: vacation leave, make up the time during the current pay cycle, work from home (if available), or take leave without pay.

Emergency Leave

The Executive Director shall have authority to provide paid leave when the office is closed due to emergencies, inclement weather, or other special events.

Jury Duty Leave

LARM encourages employees to fulfill their civic responsibilities by serving jury duty when required, with pay, in compliance with Nebraska state law. Employees who are called for jury duty will be granted time off with pay to perform this civic duty. Employees must notify their supervisors as soon as they learn they have been summoned as a juror so that work arrangements can be made. In order to be paid, an employee must provide their supervisor with the jury summons and a note from the Clerk of the Court indicating the times the employee was in court for jury duty. LARM will pay employees straight time for their regularly scheduled hours of work, minus the compensation they received from the court for their service as jurors. An employee who is excused from jury duty prior to the end of a regularly scheduled workday must report for work for the remainder of that day, or otherwise notify their supervisor of their availability to work.

Retaliation against employees who request or take leave under this policy is prohibited.

Voting Leave

Employees are entitled to two consecutive hours when the polls are open to vote. If an employee does not have two consecutive hours outside their working day to vote (which is unlikely), the employee should contact their supervisor to request leave time that, when added with non-working hours when the polls are open, will total two hours. There will be no deductions from wages for such missed working time.

LARM reserves the right to set the hours during which an employee may be absent for this leave. Retaliation against employees who request or take leave under this policy is prohibited.

Military Leave

A military leave of absence will be granted to employees who are absent from work because of service in the United States Uniformed Services in accordance with the Uniformed Services Employment and Re-employment Rights Act (USERRA). Advance notice of military service is required, unless military necessity prevents such notice or it is otherwise impossible or unreasonable. Employees who are active members of the National Guard of Active Reserve should discuss their leave requirements with the Executive Director.

LARM also will comply with all laws regarding the re-employment of employees who serve in the Uniformed Services. Returning service members will be re-employed in the job that they would have attained had they not been absent for military service, with the same seniority, status and pay, as well as other rights and benefits determined by seniority. Reasonable efforts (such as training or retraining) will be made to enable returning service members to refresh or upgrade their skills to help them qualify for re-employment. While individuals are performing military service, they are deemed to be on a furlough or leave of absence and are entitled to the non-seniority rights accorded other individuals on non-military leaves of absence.

In general, if the employee has been absent by reason of service in the uniformed services, they will be eligible for re-employment under USERRA by meeting the following criteria:

1. LARM had advance notice of the employee’s service;

2. The employee has five years or less of cumulative service in the uniformed services in their employment relationship with LARM;

3. The employee timely returns to work or applies for re-employment; and

4. The employee has not been separated from service with a disqualifying discharge or under other than honorable conditions.

Upon completing service in the uniformed services, the employee must notify LARM of their intent to return to the employment position by either reporting to work or submitting a timely application for re-employment. Whether the employee is required to report to work or submit a timely application for re-employment depends upon the length of service, as follows:

1. <u>Period of service less than 31 days or for a period of any length for the purpose of a fitness examination</u>. If the period of service in the uniformed services was less than 31 days, or the employee was absent from a position of employment for a period of any length for the purpose of an examination to determine their fitness to perform service, the employee must report back to LARM no later than the beginning of the first full regularly-scheduled work period on the first full calendar day following the completion of the period of service, and the expiration of eight hours after a period allowing for safe transportation from the place of that service to the employee's residence. For example, if the employee completes a period of service and travel home, arriving at ten o'clock in the evening, they cannot be required to report to LARM until the beginning of the next full regularly scheduled work period that begins at least eight hours after arriving home, i.e., no earlier than six o'clock the next morning. If it is impossible or unreasonable for the employee to report within such time period through no fault of their own, they must report to LARM as soon as possible after the expiration of the eight-hour period.

2. <u>Period of service more than 31 days but less than 180 days</u>. If the employee's period of service in the uniformed services was for more than 31 days but less than 180 days, they must submit an application for re-employment (written or verbal) with LARM not later than 14 days after completing service. If it is impossible or unreasonable for the employee to apply within 14 days through no fault of their own, they must submit the application not later than the next full calendar day after it becomes possible to do so.

3. <u>Period of service more than 180 days</u>. If the employee's period of service in the uniformed services was for more than 180 days, they must submit an application for re-employment (written or verbal) not later than 90 days after completing service.

<u>Volunteer Emergency Responders Leave</u>

Employees who wish to serve in any volunteer fire department or participate in a volunteer first aid, rescue, ambulance, or emergency squad must provide LARM with a written statement that notifies LARM of the employee's status, signed by the individual in charge of the volunteer department in which the employee is participating. When an employee will be late to or absent from work because of volunteer activities, the employee must make a reasonable effort to notify LARM as early as possible of the employee's lateness or absence to respond to an emergency. At LARM's request, employees must provide, within seven days, a written statement signed by the individual in charge of the volunteer department that includes:

- The fact that the employee responded to a particular emergency;
- The date and time of the emergency; and
- The date and time the employee completed their volunteer emergency activities.

Leave provided under this policy is unpaid, although employees may utilize available vacation leave. Retaliation against employees who request or take leave under this policy is prohibited.

Basic Employee Responsibilities and Conduct

It shall be the duty of all employees to maintain high standards of cooperation, efficiency, economy, integrity and impartiality in their work for LARM. Employees shall be responsible for:

1. Treating other employees, the Executive Director, the Board of Directors, and Members of LARM with appropriate respect and carrying out all instructions to the best of their abilities without delay or argument;

2. Conducting themselves both on-duty and off-duty in such a manner as to bring credit to LARM; and

3. Treating citizens and other employees with courtesy, fairness and equality.

Appearance and Dress

To present a business-like, professional image to the public, all employees are required to wear appropriate clothing on the job, dress in good taste, and maintain appropriate personal appearance and cleanliness at work.

For the LARM office or when otherwise representing LARM in a work capacity, business-style dress is appropriate. Employees should be neatly groomed, and clothes should be clean and in good repair. Employees may not wear clothing that is offensive in nature.

The following are examples of items that may be considered inappropriate for the workplace: sweatpants, exercise wear, shorts, low-rise or hip-hugger pants, t-shirts or sweatshirts, beachwear, crop tops or clothing showing midriffs, spaghetti straps and low-cut blouses, athletic shoes, flip-flops, or croc-like sandals/shoes.

LARM reserves the right to require employees to leave work to change their attire in accordance with this policy.

Assigned Vehicles

LARM has determined that certain employees will have LARM vehicles assigned to them, or have access to LARM owned vehicles to perform duties essential to LARM. A valid and current motor vehicle operator’s license must be in possession of the operator and maintained at all times. When operating LARM vehicles, employees shall exhibit due care at all times, shall comply with all applicable statutes and traffic regulations governing the operation of the vehicle, shall keep the vehicle clean and shall be driven in a manner reflecting favorably upon LARM.

Employees with assigned LARM vehicles may utilize the vehicle for personal use that is incidental in nature or ancillary to the employee’s employment duties with LARM. The vehicle may only be operated in the continental United States. The personal use of the vehicle is taxable income for the employee, per Internal Revenue Service and Nebraska Department of Revenue code. The operator must keep a daily log on miles driven for personal use and business use. All vehicle expenses will be at the expense of LARM. The operator must retain all receipts for the vehicle expenses and submit them to LARM. The operator must submit a Personal Use Value of Company Vehicle form annually. The Annual Lease Method is the method used to determine the income value of the personal use. The recording period is from October 31 of the current year to October 31 of the ensuing year.

Operators of LARM vehicles are individually responsible for all fines or penalties assessed to the operator as a result of traffic or parking violations. The operator is responsible for any parking fees, or highway toll charges while using the vehicle for personal use. Only LARM employees may operate LARM vehicles (other than mechanics and service personal for routine maintenance).

Employees shall not use handheld cellular phones or related devices while driving. If you must use a handheld cell phone or related device for communication while driving, you must pull over to a safe parking location. Texting while driving also is strictly prohibited.

The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic or parking violations, can result in disciplinary action, up to and including termination of employment.

Outside Employment

A LARM employee may hold another position of paid employment or accept pay for other services only with prior approval of the Executive Director. A request for approval of outside employment shall include a description of the nature of the proposed employment, the hours involved and any other pertinent information. Outside employment which would create a conflict of interest or the appearance thereof or which would adversely affect the employee's LARM job performance shall not be approved. Approval of outside employment may be rescinded at any time if in the best interest of LARM.

The requirements of the LARM job, including availability for overtime or other extra duty, shall take precedence over approved outside employment. Employees may not engage in any private business or activity while on LARM work time.

Conflicts of Interest

LARM employees are obligated to comply with the LARM Bylaws. No employee shall engage in any activity or enterprise which conflicts or creates the appearance of conflicting with their LARM duties. The Executive Director may prohibit activities which would create conflicts of interest in their specific organizational environments. Employees shall be encouraged to seek advance determinations regarding possible conflict of interest situations. The following employee activities shall generally constitute "conflicts of interest":

a. Engaging in any activity or enterprise involving the use, for other than LARM purposes, of LARM time or facilities;

b. Receiving or accepting money or other consideration from any person or entity other than LARM for the performance of any service which the employee or LARM would normally be required or expected to render or for preferential or favorable treatment in relation to others;

c. Having a direct financial interest in any contract with LARM or a direct financial interest in the provision or services to LARM, except as may be disclosed to and approved by the Executive Director;

d. Disclosing confidential information or using information in advance of public release when disclosure or use would be detrimental to LARM or would advance the financial or other private interests of the employee or others; and

e. Engaging in any activity or enterprise involving so much of the employee's time that LARM job performance is impaired.

Education, Conferences and Travel Expenses

LARM is committed to providing employees with continued opportunities to learn and improve their skill levels to be able to provide quality service and advanced certifications necessary to serve the needs of LARM and its members in a professional manner. This may be accomplished through any one or more of the following, but not limited to: local, regional, or national seminars, conferences, joint training, technical classes, and business meetings. Travel to these events and all associated costs must be pre-approved before they are incurred.

Authorized education, conference, and travel expenses for LARM employees may include:

- Registration costs, tuition costs, fees or charges.
- Mileage at the rate allowed by section 81-1176 or actual travel expenses if travel is authorized.

- Meals and lodging at a rate not exceeding the applicable federal rate unless a fully itemized claim is submitted substantiating the costs actually incurred in excess of such rate and such additional expenses are expressly approved.
- Nonalcoholic beverages or meals.
- Plaques, certificates of achievement or items of value awarded to employees.

Expenditure of LARM funds to pay for any expenses incurred by a spouse of an employee is prohibited.

Credit Card Expenditures

Some employees may be issued a LARM credit card. All employees who use a LARM credit card will be responsible for the charges they make. All purchases on a LARM credit card must be for valid LARM business purposes. No personal expenditures may be charged on a LARM credit card, even with the intent to reimburse LARM.

All charges made on a LARM credit card shall be documented on a monthly expense spreadsheet and substantiated with purchase receipts. Receipts should include the total amount due for the purchase, a breakdown of items purchased and the date of the purchase. If an employee makes a charge to a LARM credit card and does not produce a valid receipt, the employee may be subject to personal payment of the charges.

The responsibility for the safety and integrity of the LARM credit card belongs to the employee. If a card is lost or stolen, a report shall immediately be made to the credit card company and the Executive Director. Any inappropriate use of a LARM credit card will be grounds for disciplinary action, up to and including dismissal.

Political Activity

Employees are free to vote and support candidates for public office as they may desire, provided they do not engage in political activities during their working hours or use LARM property for such activities. Political campaign buttons shall not be worn while an employee is on duty with LARM. No supervisor or other person in authority shall require an employee to support a candidate or political activity.

Solicitation and Distribution

For the safety, convenience, and protection of all employees, LARM prohibits solicitation and distribution of non-LARM materials on LARM time or LARM property except as authorized by the Executive Director or as otherwise required by applicable law.

Personal Calls, Visits and Business

LARM expects the full attention of its employees while they are working. Although employees may occasionally have to take care of personal matters during the workday, employees should try to conduct such personal business either before or after the workday or during breaks or meal periods. Regardless of when any personal call is made, it should be kept short.

Employees should also limit incoming personal calls, visits, or personal transactions. A pattern of excessive personal phone calls, personal visits, and/or private business dealings is not acceptable and may lead to disciplinary action.

Reimbursement for Expenses

Employees may occasionally incur expenses on behalf of LARM. LARM will reimburse employees for reasonable and necessary business expenses, such as mileage and certain job-related supplies or materials. The request for reimbursement should be submitted to the Executive Director for review and approval. Each request should be accompanied by a receipt when applicable and detailed information regarding the request for reimbursement. LARM reserves the right to request additional information and documentation to LARM's satisfaction from employees regarding expense reimbursement requests.

Discipline

There are reasonable rules of conduct which must be followed in any organization to help a group of people work together effectively and to meet the needs of the organization. LARM expects each employee to present themselves in a professional appearance and manner. If an employee is not considerate of others and does not observe reasonable work rules, disciplinary action will be taken.

As noted throughout this Handbook, employees are employed on an at-will basis, meaning that either LARM or the employee may end the employment relationship at any time, with or without notice or cause. Nothing in this policy, which is discretionary, alters the at-will employment relationship. Although the following disciplinary steps may be utilized, LARM reserves the right to combine, bypass, or skip steps, and retains the discretion to provide the appropriate discipline based upon the circumstances, up to and including termination of employment.

Depending upon the circumstances, including the severity or frequency of the disciplinary problems at issue, the following disciplinary action may be used: a verbal or written reprimand, suspension without pay, disciplinary probation, demotion, or discharge may be necessary. It is within LARM's sole discretion to select the appropriate disciplinary action to be taken. Notwithstanding the availability of the various disciplinary options, LARM reserves the right to discharge an employee at its discretion, with or without notice.
The following is not a complete list of offenses for which an employee may be subject to discipline, but it is illustrative of those offenses that may result in immediate discipline, up to and including termination of employment:

1. Excessive absenteeism or tardiness.

2. Dishonesty, including falsification of LARM-related documents, or misrepresentation of any fact.

3. Fighting, disorderly conduct, horseplay, or any other behavior which is dangerous or disruptive.

4. Possession of, consumption of, or being under the influence of alcoholic beverages while on LARM time or LARM property.

5. Illegal manufacture, distribution, dispensation, sale, possession, or use of illegal drugs or non-prescribed controlled substances.

6. Reporting for work with illegal drugs or non-prescribed controlled substances.

7. Failure to promptly report a workplace injury or accident involving any of LARM's employees, clients, equipment, or property.

8. Willful neglect of safety practices, rules, and policies.

9. Speeding or reckless driving on LARM business.

10. Commission of a crime or other conduct which may damage the reputation of LARM.

11. Unauthorized possession or removal, misappropriation, misuse, destruction, theft or conversion of LARM property or the property of others.

12. Unauthorized use of LARM's name, logo, funds, equipment, vehicles, or property.

13. Insubordination, including failure or refusal to comply with any work assignments or instructions given by any supervisor with the authority to do so, disrespect for authority, willful refusal to comply with a proper order of higher authority, or other conduct that tends to undermine authority.

14. Violation of LARM's Equal Employment Opportunity Policy or its policies addressing harassment and discrimination.

15. Interference with the work or work performance of other employees.

16. Failure to cooperate with an internal investigation, including, but not limited to, investigations of violations of these work rules.

17. Unauthorized possession of and failure to maintain the confidentiality of confidential information.

18. Threatening, coercing or intimidating fellow employees, including "joking" threats.

19. Unsatisfactory performance of job duties.

20. Unauthorized or improper use of official authority.

21. Failure to retain required certification for the position.

22. Solicitation or acceptance of any bribe for performance or non-performance of duties.

23. Attempted use of political influence or bribery to obtain a favorable personnel action.

24. Conduct unbecoming of LARM employee, tending to be prejudicial or harmful to the reputation of LARM.

25. Any other reason that, in LARM's sole determination, warrants discipline.

Workplace Privacy/Computer and Internet Use

The workplace is intended to be a place of work. An important part of work is communications and recordkeeping. No employee is at work 24 hours a day, seven days a week, and there are times when management needs access to communications or records maintained by employees in their individual workplaces. LARM may search property and documents in LARM-owned vehicles, employee desks, lockers, file cabinets, etc. Personal items and personal communications received or stored on LARM premises are not entitled to a guarantee or reasonable expectation of privacy.

Electronic media raises similar issues. LARM provides electronic and telephonic communication and, when necessary, computers to employees. Although assigned to the employee, these items still belong to LARM. Similarly, any computer files created on or software downloaded on a LARM computer belong to LARM.

Unauthorized programs and files may not be used or installed on LARM computers without the written permission of LARM. Additionally, employees may not encrypt work and may not use passwords other than those assigned to them by LARM. Employees may not destroy or delete files from LARM computers except pursuant to LARM's record retention policy.

LARM reserves the right to review voice mail, electronic mail, computer files, and other electronic information generated by, transmitted on, or stored in LARM's electronic systems. Employees have no reasonable expectation of privacy in these systems and should not assume that such messages are confidential or that access by LARM or its designated representative will not occur. LARM also reserves the right to report the finding of such reviews to appropriate agencies.

Although LARM consents to the "reasonable" use of its computers for personal business, what is "reasonable" is determined in the sole discretion of the Executive Director. The only sure way to avoid violating LARM's policy on personal computer use is to not use LARM's computers for **any** personal purpose.

The following uses of LARM's property, systems, and computers are absolutely forbidden:

1. to access any material LARM considers to be pornographic; to transmit or knowingly accept receipt of any communication that is pornographic, obscene, or in LARM's opinion might contribute to a hostile work environment in that it demeans individuals on the basis of race, sex, age, national origin, disability or some similar distinction;

2. to solicit or proselytize for commercial venture, religious or political causes, outside organizations or other solicitation that are not job related;

3. to conduct business for outside employment or a side-business;

4. to solicit others for non-work related reasons; and

5. to send or receive copyrighted materials, proprietary or financial information or similar materials without prior authorization from LARM.

LARM has the capacity to examine the computer usage of individual employees in detail. Even though an item has been "deleted" and the employee cannot retrieve it, this does not mean that LARM cannot do so. It is also possible to generate a report of every Internet connection made by each user and of how much time was spent in each connection. Furthermore, LARM has the right to use recordings or videotaping if there is suspicion of wrongdoing on its property or within its workplace.

Upon termination of employment, an employee must return all confidential information in their possession and take all steps necessary to protect the confidential nature of such information. Also upon termination, an employee must promptly cease using all of LARM's electronic and information systems and return any and all information systems, equipment, software, files, documents, keys, and data in their possession to LARM.

Violations of these policies may result in disciplinary action, up to and including termination of employment.

Workplace Privacy

LARM recognizes the role social media can play in keeping the public informed. Accordingly, this policy provides guidelines for the use of social media and some limited prohibitions on the use of social media by employees while at work or during personal time.

The use of LARM computers by employees to access social media for personal or entertainment reasons on working time is prohibited. Likewise, employees are prohibited from using their personal cell phones/electronic devices to access personal social media sites on working time. Employees may use their personal devices during breaks to access their personal social media accounts, but such access must not to exceed the break periods. Employees must understand that if they use LARM computers or Internet access to access their social media accounts, they do not have any expectation of privacy.

When using social media, employees should be mindful that their speech becomes part of the worldwide electronic domain. Employees must further comply with these guidelines:

1. **Comply with Policies**: Comply with LARM's other personnel policies, including policies against harassment, discrimination, and retaliation.

2. **Be Respectful:** Employees should be fair and courteous to co-workers and patrons. Please keep in mind that work-related complaints are more likely to be resolved by speaking directly with the person at issue and/or by utilizing available communication and complaint channels, rather than by posting complaints to

social media. Employees should avoid defamatory statements, bullying, and harassment.

3. **Maintain Confidentiality:** Employees may not divulge private or confidential information gained solely and exclusively by reason of their employment or authority. This includes but is not limited to, any data protected under the Americans with Disabilities Act (ADA), Genetic Information Nondiscrimination Act (GINA), Health Insurance Portability and Accountability Act (HIPAA), or other applicable laws.

4. **Do Not Speak for LARM:** Employees may not make or publish any statements, speeches, appearances, or endorsements, or materials that could reasonably be considered to represent the views or positions of LARM without express authorization of the Executive Director.

5. **Be Honest and Accurate:** Employees should not make any communication(s) with known false or inaccurate information. Employees should never post any information or rumors that they know to be false about LARM, LARM employees, or LARM members.

6. **Adverse Effects:** Keep in mind that any conduct that adversely affects the employee's job performance, the performance of co-workers, or otherwise adversely affects LARM's legitimate interests may result in disciplinary action up to and including termination of employment.

7. **Do Not Use LARM Email to Register:** LARM employees may not use official LARM email addresses for registration of personal social media.

Workplace Violence

LARM is committed to promoting the health and safety of its employees and is concerned about the increased amount of violence in society, which has also filtered into many workplaces. The purpose of this policy is to heighten awareness of domestic violence and workplace violence and to provide guidance for employees and management to address the occurrence of violence and its effect in the workplace. It is the policy of LARM to expressly prohibit any acts or threat of violence by a LARM employee or former employee against any other employee in or about LARM's facility or elsewhere at any time. LARM will also not condone any acts or threats of violence against LARM employees, customers or visitors on LARM premises at any time or while engaged in business with or on behalf of LARM, on or off LARM premises.

In keeping with the spirit and intent of this policy, and to ensure that LARM's objectives in this regard are attained, it is the commitment of LARM:

1. To provide a safe and healthful work environment.

2. To take prompt remedial action, up to and including immediate termination, against any employee who engages in any threatening behavior or acts of violence or who uses any obscene, abusive or threatening language or gestures.

3. To take appropriate action when dealing with customers, former employees, or visitors to LARM's facility who engage in such behavior. Such action may include notifying the police or other law enforcement personnel and prosecuting violators of the policy to the maximum extent of the law.

4. To prohibit employees, former employees, customers and visitors from bringing unauthorized firearms or other weapons onto LARM premises, unless authorized by Executive Director.

5. To establish viable security measures to ensure that LARM's facility is safe and secure and to properly handle access to LARM facilities by the public, off-duty employees and former employees.

LARM's Employee Assistance Program (EAP) supports this policy. Any employee who displays a tendency to engage in violent, abusive or threatening behavior, or who otherwise engages in behavior that the Executive Director or their designee deems offensive or inappropriate will be referred to the EAP for counseling or other appropriate treatment. If the Executive Director is the employee who displays a tendency to engage in violent, abusive or threatening behavior, or otherwise engages in behavior that the LARM Administrator, LARM Board Chair or LARM Board deems offensive or inappropriate, they will be referred to the EAP for counseling or other appropriate treatment. Such employees will also be subject to disciplinary action, up to and including discharge.

In furtherance of this policy, employees shall warn their supervisors, law enforcement or human resources of any suspicious workplace activity or situations or incidents that they observe or that they are aware of that involve other employees, former employees, customers or visitors and that appear problematic. This includes, for example, threats or acts of violence, aggressive behavior, offensive acts, threatening or offensive comments or remarks and the like. Employee reports made pursuant to this policy will be held in confidence to the maximum possible extent. LARM will not condone any retaliation against any employee for making a report under this policy.

Drug and Alcohol Free Workplace

LARM has a vital interest in maintaining safe and efficient working conditions for its employees. Being impaired as a result of the use of drugs or alcohol may pose serious safety and health risks not only to the user, but to all employees who work with the user, to LARM, and to others. Therefore, the possession, use, or sale of any illegal drugs or alcohol in the workplace is prohibited.

LARM, in accordance with applicable laws, prohibits the use, possession, distribution or sale of illegal drugs, drug paraphernalia, or alcohol on LARM property or while performing work for LARM. Employees are prohibited from using illegal drugs, from misusing any controlled substance, and from being under the influence of illegal drugs or alcohol when reporting for duty or being on the job. "Illegal drugs" are those drugs which are made illegal and/or controlled substances under applicable federal, state, or local laws, except when used pursuant to a valid prescription or as otherwise authorized by law. “Illegal drugs” also include the misuse of otherwise legal prescription and over-the-counter drugs.

Anyone violating this policy may be subject to disciplinary action, up to and including termination of employment.

Use of Medications; Medical Conditions that Prevent the Safe Performance of Job Duties

If an employee uses prescription drugs and/or over-the-counter medications that may impair their ability to perform their job safely, or the employee has a current medical or health impairment that may do the same, the employee must inform the Executive Director or their supervisor, so that steps may be taken to minimize the safety risks posed by such use. In such circumstances, employees may be asked to obtain certification from a medical provider that they are able to safely perform the responsibilities of their position, they may be provided leave as an accommodation, or they may be reassigned to a different position, as allowed by law. Any information that LARM may learn about an employer’s health or medications will be treated confidentially and shared with personnel only on a need-to-know basis.

Reporting Drug Violations

Any employee who is charged with any criminal drug violation must notify LARM’s Executive Director within five (5) days.

Drug and Alcohol Testing

In furtherance of this policy, LARM may require applicants and employees to submit to a drug and/or alcohol test under the following circumstances:

1. **Post-Employment Offer Testing**: After a contingent offer of employment has been extended, the applicant may be required to submit to a drug and/or alcohol test as a qualification to assuming the position. The offer of employment shall be contingent upon the applicant passing the drug and/or alcohol test. A positive test for illegal drugs or alcohol by an applicant will exclude the candidate from further employment consideration.

2. **Post-Accident Testing**: Where an employee is involved in an incident or accident that causes personal injury to the employee or another person or property damage while on duty, under circumstances where drug and/or alcohol use may have contributed to the incident and for which testing can identify impairment caused by drug or alcohol use, the employee may be asked to submit to a drug and/or alcohol test. LARM employees shall notify the Executive Director of any behavior patterns on the part of their co-workers that may cause an injury to the worker or other employees or may result in an accident or damage to LARM property or to the property of employees.

3. **Reasonable Suspicion Testing**: A drug and/or alcohol test may be required if there is direct observation of drug or alcohol use, or if significant and observable changes in the employee’s performance (including accident near misses),

appearance, behavior, speech, or coordination that provide reasonable suspicion of being under the influence of alcohol and/or drugs.

The testing shall be conducted in accordance with applicable state law and shall be completed off-site at a testing facility designated by LARM. Submission to testing or examination may come with or without prior notice and is subject to the discretion of LARM. Any employee who refuses to submit to the testing or tampers with any testing will be subject to disciplinary action, up to and including termination of employment. Any employee who tests positive for drug and/or alcohol will be subject to disciplinary action, up to and including termination of employment. The results of all test procedures shall be placed in the employee's confidential medical file.

League Association of Risk Management
Employee Acknowledgment of Handbook Receipt

I have received and read a copy of the Employee Handbook of the League Association of Risk Management (LARM) which outlines the guidelines of LARM. I will familiarize myself with the information in this Handbook which sets forth personnel policies of LARM and abide by these policies.

I acknowledge that I understand all of the rules, policies, terms and conditions in this Handbook, and agree to abide by them, realizing that failure to do so may result in disciplinary action and/or termination. I also understand that this Handbook supersedes all previous inconsistent written and unwritten policies, and any previous handbooks.

Since the information in this Handbook is necessarily subject to change if situations warrant, it is understood that changes in policies may supersede, modify or eliminate the policies in this Handbook. Unless approved by the LARM Board of Directors, no representative of LARM has any authority to enter into any agreement for employment for any specified period of time or to make any agreement contrary to the foregoing.

I understand there is nothing in this Handbook that in any way creates an expressed or implied contract of employment between LARM and myself, but rather is intended to provide the fostering of a better working atmosphere during the existence of the employee/employer relationship. I understand that, except for employment-at-will status, any and all policies and practices may be changed at any time by LARM, and LARM reserves the right to change my hours, wages, and working conditions at any time in accordance with applicable law. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify or eliminate existing policies.

I understand that my employment with LARM is at-will, that I may resign my employment at any time, and that employment with LARM can be terminated, without cause, and with or without notice, at any time at the option of LARM.

EMPLOYEE

________________________________ ________________________________
Signature Date

____
Printed Name

LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)

BY: ____

ITS: ____

LARM
JOB DESCRIPTION

Job Title:

LARM Assistant Executive Director / Customer Service Specialist

Division:	Department:	Unit:
LARM	LARM	NA

SUPERVISOR'S ORGANIZATION CHART AND REPORTING RELATIONSHIPS

Supervisor's Title: LARM Executive Director

List the job title of this position and list the job titles of other positions reporting directly to the supervisor:

LARM Assistant Executive Director / Customer Service Specialist

Position title of individuals reporting directly to the incumbent:

Customer Service Specialist / Customer Service Representative / Communications/Marketing Director

POSITION SUMMARY (Summarize the key purpose and role in the organization of the job.)

The role of the Assistant Executive Director / Customer Service Specialist is to coordinate operational support activities for core policyholder services and to assist with the management of LARM for the successful undertaking of daily operations. This person works under the general direction of the LARM Executive Director with a direct reporting relationship in managing the LARM Customer Service Specialist, Customer Service Representative and the Communications/Marketing Director.

KNOWLEDGE AND EXPERIENCE (List the minimum education, experience, communication and technical skills necessary to perform the job. If applicable, list physical requirements necessary to perform the job.)

Education:

Bachelor's degree (B.A.) from four-year college or university; or four years related experience and/or training; or equivalent combination of education and experience. Property & Casualty Insurance License required.

Experience:

Minimum of three to five years of commercial property/casualty and workers' compensation experience with a commercial carrier, agency or third-party administrator in the areas of underwriting, policyholder services and insurance customer service.

Communication Skills:

- Strong motivation, interpersonal skills on the phone or in person with clients.
- Good written and verbal skills to maintain and provide ongoing interactions with LARM members, service providers, business partners and potential insurance agencies.
- Ability to interact with cross functional LARM team members to assist them in core serving activities and duties.
- Proven track record of understanding and clarifying members needs to LARM's expectations and service delivery capabilities.

Technical Skills/Knowledge:

- Proven management and policyholder service skills and capabilities.

- Completion of industry sponsored educational programs relating to primary insurance management or servicing, e.g., ARM, AAA, AAI, via internal company management programs or external educational services encouraged.
- General knowledge of commercial multi-lines operations and their related exposures.
- Working knowledge of commercial lines insurance rating activities by line of coverage.
- Good computer skills for inputting changes and exposures associated with LARM new and renewal applications.
- Good organizational skills.
- Knowledge of insurance laws, rules, and regulations.
- Working knowledge of primary rating activities associated with underwriting of property, casualty, and workers' compensation coverages.

Physical Requirements/Working Conditions:

Limited travel may be required. Able to operate/ function in multiple office environment(s).

QUANTIFIABLE MEASURES:	(List annualized, pertinent statistics (financial and non-financial of the job such as budget, people supervised, etc.)

Total staff supervised: 3

Additional quantifiable measures:
To be developed

Budget responsibility: Assist Executive Director

PRINCIPAL ACCOUNTABILITIES:	Include in each statement what the accountability is, how it is accomplished and the expected outcome of the accountability.

Accountabilities:

1. Direct responsibility for the review, evaluation and input of new business and renewal information for the development and processing of member insurance quotations.
2. Direct responsibility for the receipt, review and clarification of member exposure, deletions, or modifications to their current LARM coverages.
3. Direct responsibility for member invoices, billings, subrogation or deductible billings, binders, and premium breakouts.
4. Under supervision, develop new business and renewal business LARM proposals.
5. Direct responsibility to update member auto, property, and liability schedules to include updating of property appraisal data into member files and schedules.
6. Provide insurance schedules upon request of members after receiving approval from LARM.
7. Answer phones, respond to email inquiries and other member communications.
8. Develop, review and proof member renewal applications and assist them in completion of such via phone or by email.
9. Under supervision, assist in the development and issuance of member policies, forms, endorsements, and schedules.
10. Assist LARM staff in the Member Account Review process to include preparation of information, materials and follow up action plans.
11. Under supervision, assist in reinsurance data acquisition, business plans and other essential LARM business tools.
12. Under supervision, assist in data input for claim reporting.
13. Under supervision, assist in monoline coverage placements and servicing.
14. Assist the LARM staff in preparation of information and materials for regional seminars or annual meetings.
15. Assist in agent servicing activities when required.
16. Provide new business support with marketing materials.
17. Update property statement of values as needed.

18. Provide client field support service, when requested.
19. Have knowledge and ability to access management reports from the LARM computer database necessary for LARM policyholder operations.
20. Assist in the development, execution and delegation of the LARM Annual Business Plan and structural components.
21. Assist in the development, management and delegation of the annual LARM budget and financials.
22. Assist in the development, management, delegation and execution of LARM General Operations. Working with TPA, Actuary, Financial Auditor, other contractors/vendors and Board of Directors.
23. Assist the Administrator, Executive Director and Board or Directors in providing management and over-site of LARM investment portfolio, policies and practices.
24. Assist in the Human Resources function of LARM to include hiring, employee(s) performance evaluations, education and training and disciplinary action when appropriate.
25. Assist in reviewing contract agreements for primary service providers, vendors, sub-contractors, lessors and LNM officials.
26. Assist in reviewing and evaluating primary service providers Annual LARM Service Plans for all contractually provided service activities.
27. Assist in strategic planning development, review and execution with the Administrator, Executive Director, Board of Directors, LARM staff and primary service providers.
28. Assist with the over-site, execution and monitoring membership services, retention and satisfaction.
29. Assist with the over-site and authorization of all Board of Directors and membership informational materials via hard copy, electronic or web interface.
30. Assist with the development of accountability, over-site, management and review of the TPA and its services and activities in accordance with the LARM ASA which may include benchmarks and performance measurements for these contractual activities from the primary service provider and other vendors.
31. Assist with development, management and operations of Board of Directors meetings, subcommittees and all materials and documents for such.

OTHER DUTIES:

FREEDOM TO ACT:	(List decisions for which the incumbent is solely responsible, types of problems that must be referred to a supervisor and how often the incumbent has the ability to effect a change in policy/procedure/methods. Also include what guidance is available to make decisions, i.e., policies, procedures, corporate goals, etc.)

INTERNAL/EXTERNAL CONTACTS:	(List ongoing, job-related internal and external contacts with individuals, departments or agencies and the frequency and purpose for each.)

The nature of this job position requires interaction with divergent groups both internal and external in varying levels of responsibility. Most frequent interaction with internal groups includes LARM members and on-site LARM staff.

The above information on this description has been designed to indicate the general nature and level of work performed by employees within this classification. It is not designed to contain and be interpreted as a comprehensive inventory of all duties, responsibilities and qualifications required of employees assigned to this job.

Reviewer's Signature:	**LARM Executive Director Concurrence:**	**Compensation Approval:**

Date:	**Date:**	**Date:**

League Association of Risk Management

March 26, 2021

U.S. Bank, Institutional Trust & Custody

Investment products and services are:

NOT A DEPOSIT	NOT FDIC INSURED	MAY LOSE VALUE	NOT BANK GUARANTEED	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

us bank

Your U.S. Bank Team

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Selected Period Performance

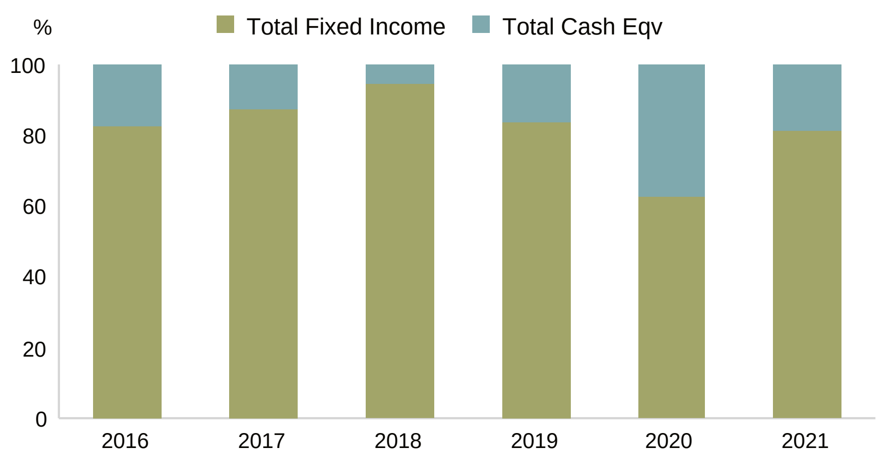
	Market Value	1 Month	3 Months	Year to Date (2 Months)	1 Year	3 Years	5 Years	Inception to Date 11/01/2014
Total Portfolio Gross of Fees	19,159,888	-.55	-.46	-.60	.12	1.71	1.21	1.08
Total Portfolio Net of Fees	19,159,888	-.56	-.49	-.63	-.02	1.57	1.06	.94
Total Fixed Income	15,557,328	-.67	-.56	-.73	.01	1.85	1.30	1.19
Gov/Agency Bonds	15,054,560	-.69	-.58	-.75	-.05	1.90	1.09	
FTSE 1 Year Treasury Benchmark		.00	.04	.03	1.16	2.20	1.57	1.29
Taxable Fixed Other	502,768	-.05	-.04	-.03	1.19			
Total Cash and Equivalents	3,602,560	.00	.01	.00	.08	.93	.66	.53
FTSE 1 Month Treasury Bill Index		.00	.02	.01	.21	1.42	1.09	.87
FTSE 6 Month Treasury Bill Index		.01	.03	.02	.52	1.62	1.26	1.02
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

History of Asset Growth Graphs

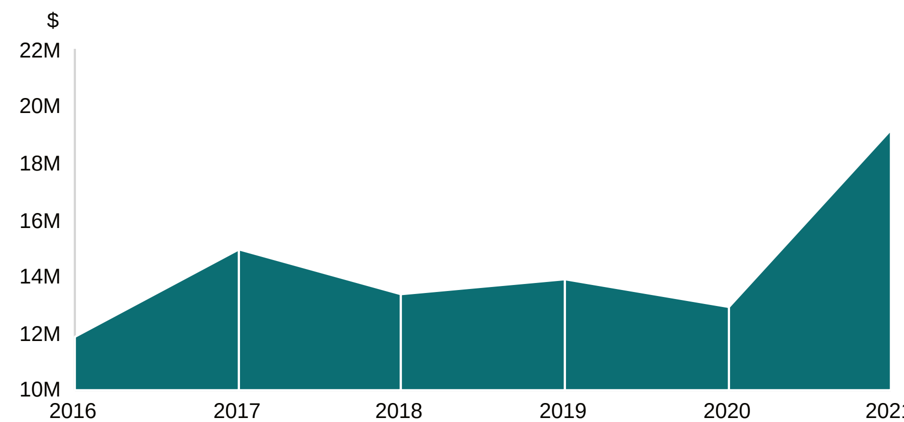
Annual Portfolio Values

	Consolidated	Oct 2015-Sep 2016	Oct 2016-Sep 2017	Oct 2017-Sep 2018	Oct 2018-Sep 2019	Oct 2019-Sep 2020	Oct 2020-Feb 2021
Beginning Portfolio Value	**12,561,811.66**	**12,561,811.66**	**11,853,807.43**	**14,923,366.95**	**13,380,140.00**	**13,922,982.86**	**12,945,683.79**
Contributions	32,380,000.00	5,430,000.00	6,300,000.00	4,750,000.00	4,600,000.00	3,700,000.00	7,600,000.00
Withdrawals	-26,779,016.99	-6,293,559.68	-3,274,224.81	-6,405,775.65	-4,574,302.59	-4,921,960.55	-1,309,193.71
Income Earned	1,056,443.74	109,099.44	162,643.19	230,600.07	304,987.14	209,552.66	39,561.24
Gain/Loss	-59,350.25	46,456.01	-118,858.86	-118,051.37	212,158.31	35,108.82	-116,163.16
Ending Portfolio Value	**19,159,888.16**	**11,853,807.43**	**14,923,366.95**	**13,380,140.00**	**13,922,982.86**	**12,945,683.79**	**19,159,888.16**
Total Return	**1.18**	**1.05**	**.31**	**.79**	**3.14**	**1.52**	**-.41**
Principal	-.05	.31	-.69	-.64	1.23	.18	-.63
Income	1.23	.74	1.00	1.44	1.89	1.34	.23

Allocation Over Time



Ending Market Values Over Time



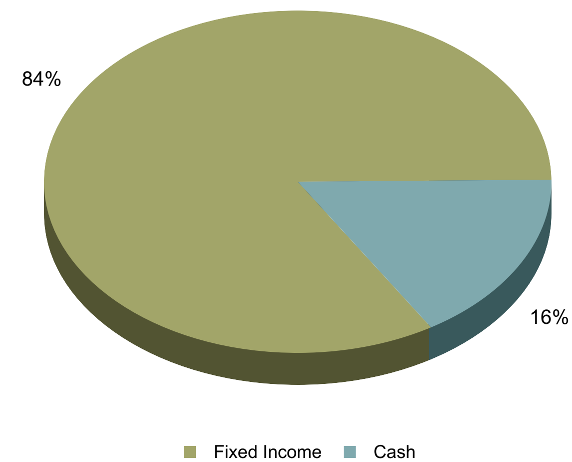
Account: XXXXXXXX9800 | *Holdings Method: Direct* | *Report Date: 02/26/2021*

Portfolio Summary

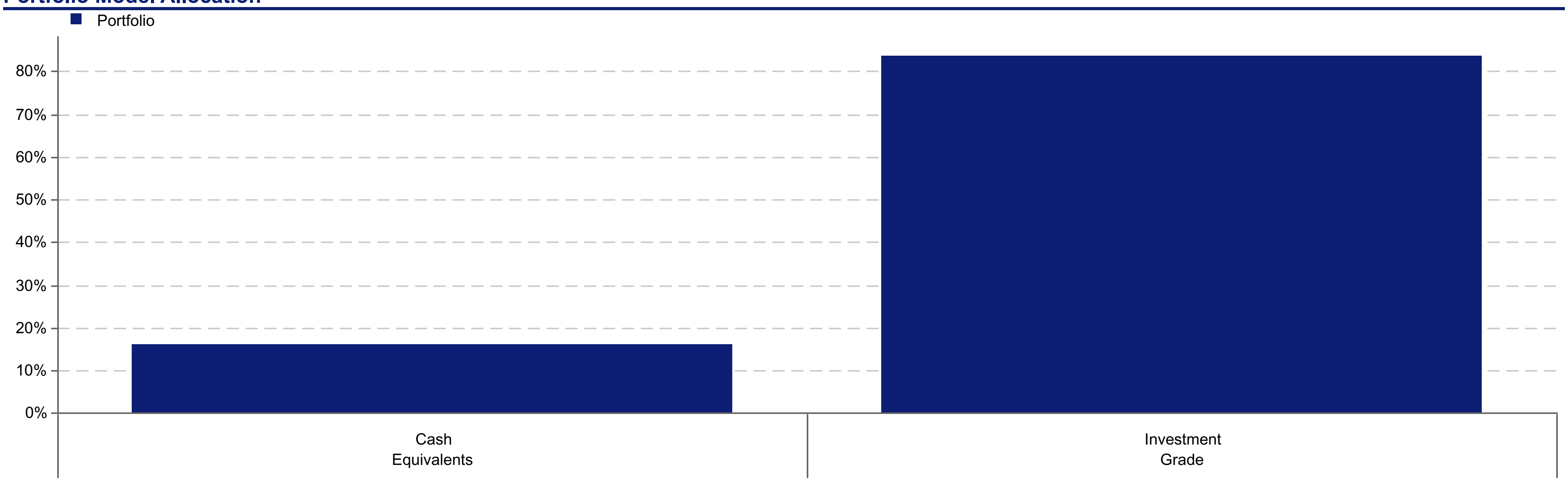
Inv. Objective	All Fixed/Non Taxable
Total Portfolio Value	$19,132,896
Net Realized Cap Gains YTD	$2,850
Annual Income Projected	$84,586
Current Yield	.44%
Number of Securities	23
Portfolio Mgr.	Michael T. Maloney

Portfolio Asset Allocation

Fixed Income	$16,030,323	83.78%
Cash	$3,102,573	16.22%
Invested Total	**$19,132,896**	**100.00%**



Portfolio Model Allocation



Holdings Date: 2/26/2021

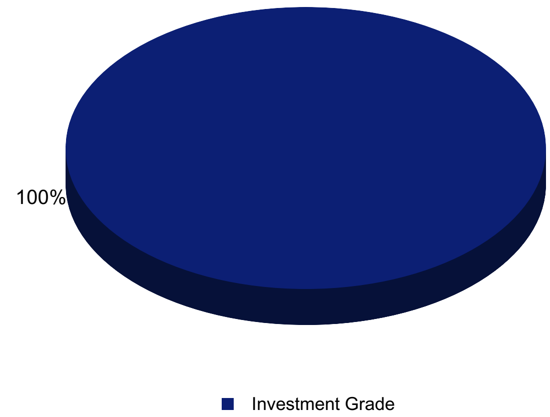
Account: XXXXXXXX9800 *Holdings Method: Direct* *Report Date: 02/26/2021*

Fixed Income Summary

Inv. Objective	All Fixed/Non Taxable
Total Fixed Income Value	$16,030,323
Current Yield	.53%
Annual Income Projected	$84,431
Number of Securities	22
Portfolio Mgr.	Michael T. Maloney

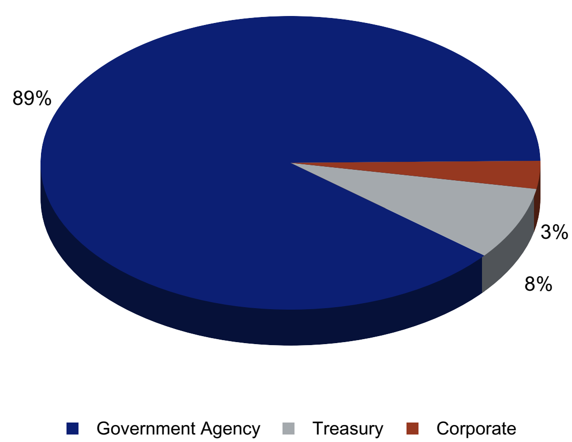
Fixed Income Asset Allocation

Investment Grade	$16,030,323	100.00%

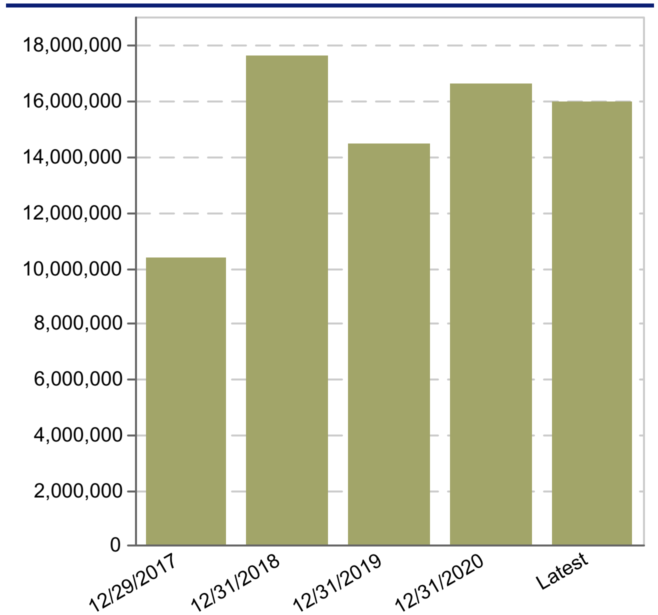


Fixed Income Sector Exposures

Government Agency	$14,233,163	89.00%
Treasury	$1,295,883	8.00%
Corporate	$501,278	3.00%



Fixed Income Market Value

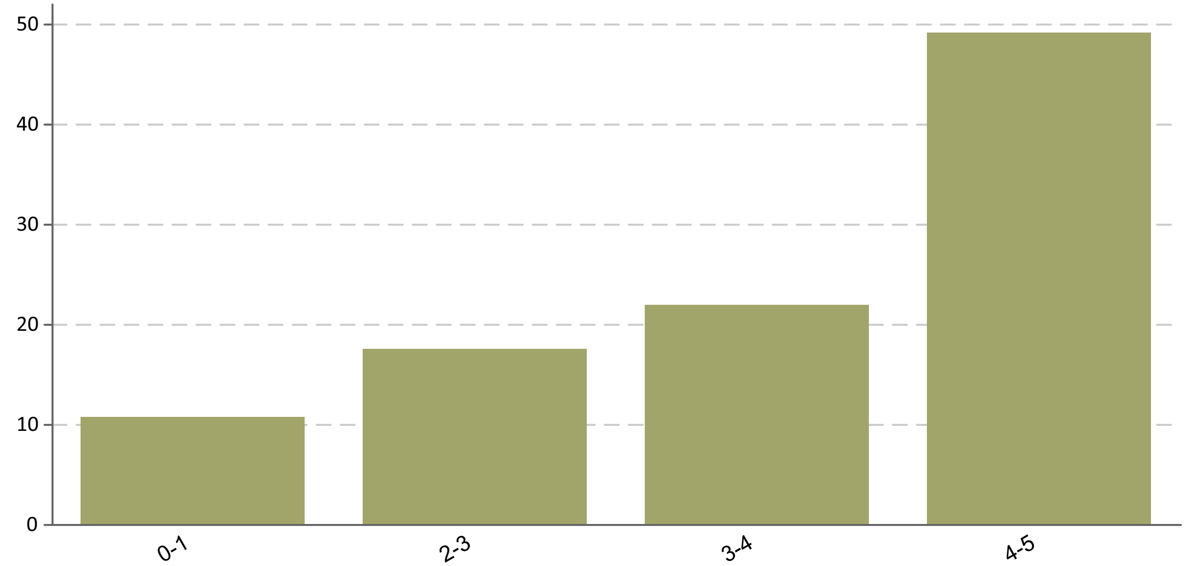


Holdings Date: 2/26/2021

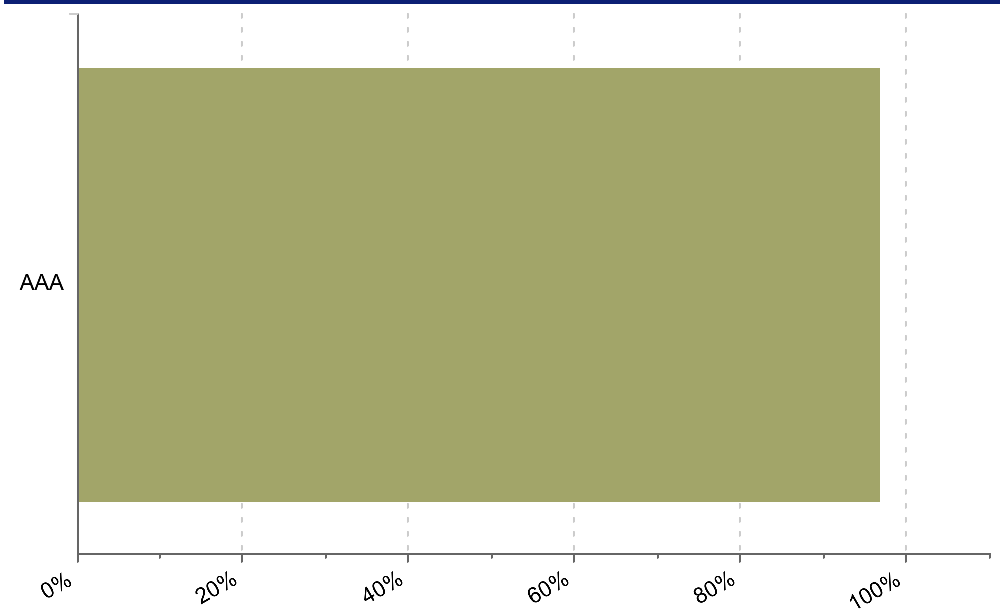
Bond Characteristics

	Portfolio	% Avail
Avg. Coupon (%)	.53	100
Current Yield (%)	.53	100
Yield to Maturity	.57	95
Yield to Call/Worst	.57	95
Effective Maturity	3.63	95
Effective Duration	3.44	95
Avg. Quality	AAA	91
# of Securities	22	100

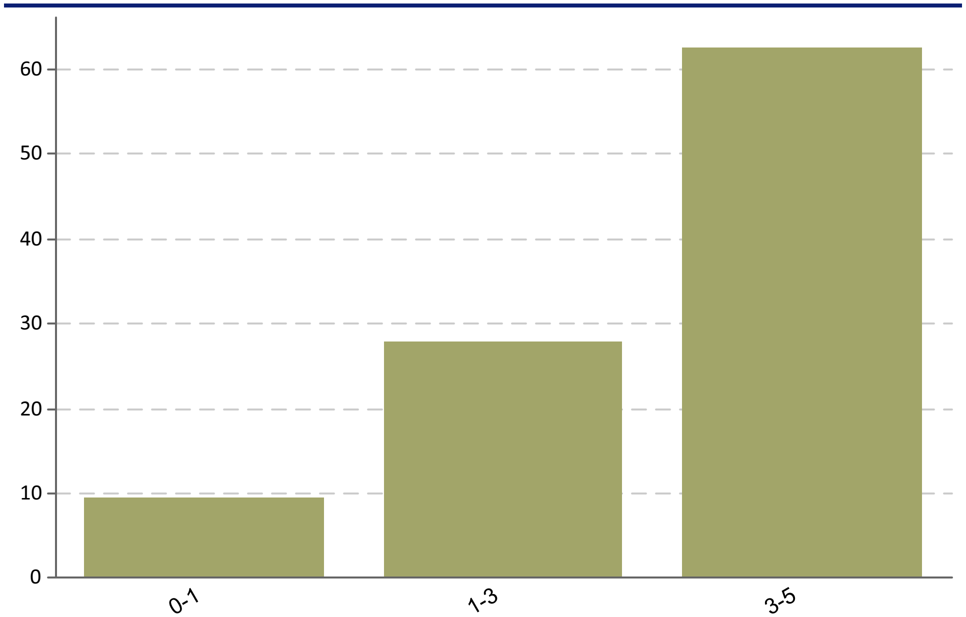
Bond Effective Maturity



Bond Quality Distribution



Bond Duration Distribution



Holdings Date: 2/26/2021

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**19,132,896**	**19,189,960**	**-57,064**	**0.44**	**84,586**
Cash		**16.22**			**3,102,573**	**3,102,573**	**.00**	**0.00**	**155**
Cash Equivalents		**16.22**			**3,102,573**	**3,102,573**	**.00**	**0.00**	**155**
US BANK MONEY MARKET (MMDA) IT&C	991070749	16.22	1.00	3,102,573	3,102,573	3,102,573	.00	0.00	155
Fixed Income		**83.78**			**16,030,323**	**16,087,387**	**-57,064**	**0.53**	**84,431**
Investment Grade		**83.78**			**16,030,323**	**16,087,387**	**-57,064**	**0.53**	**84,431**
Corporate		**2.62**			**501,278**	**499,500**	**1,778**	**0.92**	**4,625**
BMW BK NORTH C D 0.350% 10/23/24	05580AXH2	1.31	100.18	250,000	250,458	249,500	958	0.35	875
PRIVATE BANK AND C D 1.500% 5/06/21	74267GVB0	1.31	1.00	250,000	250,820	250,000	820	1.50	3,750
Government Agency		**74.39**			**14,233,163**	**14,338,226**	**-105,063**	**0.43**	**61,738**
F F C B DEB 0.160% 8/12/21	3133ELZE7	5.23	100.05	1,000,000	1,000,480	999,890	590	0.16	1,600
F H L M C M T N 0.250% 8/24/23	3137EAEV7	5.23	100.08	1,000,000	1,000,770	998,958	1,812	0.25	2,500
F F C B DEB 0.220% 9/08/23	3133EL6J8	5.22	99.92	1,000,000	999,230	998,989	241	0.22	2,200
F F C B DEB 0.270% 11/03/23	3133EMFN7	2.61	99.88	500,000	499,420	500,000	-580	0.27	1,350
F H L B DEB 0.125% 12/08/23	3130AKF84	1.82	99.71	350,000	348,978	348,474	504	0.13	438
F H L M C M T N 0.375% 7/29/24	3134GW4X1	3.91	99.81	750,000	748,538	749,775	-1,238	0.38	2,813
F H L M C M T N 0.420% 9/17/24	3134GWSW7	3.90	99.48	750,000	746,093	750,000	-3,908	0.42	3,150
F H L B DEB 0.375% 2/25/25	3130ALB52	5.17	98.96	1,000,000	989,640	1,000,000	-10,360	0.38	3,750
F F C B DEB 0.550% 8/26/25	3130AJZA0	3.88	98.91	750,000	741,825	749,850	-8,025	0.56	4,125
F N M A 0.600% 8/29/25	3136G4X24	3.89	99.30	750,000	744,728	752,138	-7,411	0.60	4,500
F H L M C M T N 0.375% 9/23/25	3137EAEX3	3.85	98.23	750,000	736,740	746,224	-9,484	0.38	2,813
F N M A M T N 0.580% 10/28/25	3135GA2A8	3.88	99.05	750,000	742,860	749,850	-6,990	0.59	4,350
F N M A 0.550% 11/04/25	3135GA2J9	5.17	98.89	1,000,000	988,920	999,250	-10,330	0.56	5,500
F N M A 0.500% 11/07/25	3135G06G3	5.16	98.76	1,000,000	987,590	996,440	-8,850	0.51	5,000
F H L B DEB 0.570% 11/25/25	3130AKGD2	3.86	98.37	750,000	737,783	748,500	-10,718	0.58	4,275
F H L M C M T N 0.600% 11/25/25	3134GXCH5	5.14	98.32	1,000,000	983,180	1,000,000	-16,820	0.61	6,000
F N M A 0.650% 12/10/25	3135G06J7	3.89	99.20	750,000	744,030	749,888	-5,858	0.66	4,875
F H L B DEB 0.500% 2/10/26	3130AKW51	2.57	98.47	500,000	492,360	500,000	-7,640	0.51	2,500
Treasury		**6.77**			**1,295,883**	**1,249,662**	**46,221**	**1.40**	**18,069**

		Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
U S TREASURY BILL	4/22/21	9127962Q1	2.61	100.00	500,000	499,975	499,603	372	0.05	256
U S TREASURY NT	2.375% 2/29/24	9128286G0	4.16	106.12	750,000	795,908	750,059	45,849	2.24	17,812

LEAGUE ASSOCIATION OF RISK MANAGEMENT

INVESTMENT POLICY

I. Purpose. The purpose of this document is to establish the investment policy for the League Association of Risk Management, hereafter called LARM, and to provide guidance to the LARM Board, the Investment Committee, the LARM Administrator, and, if utilized, the Investment Manager or Custodian Bank pertaining to investment objectives and guidelines.

II. Goal. The overall investment goal of LARM is to obtain a high rate of return on its portfolio assets, with a minimal risk, abiding by the appropriate statutes governing the investment of these funds and complying with the responsibility to LARM members.

III. Priority Listing of Objectives.

A. Safety of Principal. Avoidance of financial risk or compromise of the financial integrity of the portfolio.

B. Liquidity. Provide sufficient liquidity for the payment of claims and expenses. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary and resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds which offer same day liquidity for short term funds.

C. Earn a High Rate of Return. Earn the highest rate of return with minimal risk. However, return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

D. Diversification of Assets. Diversify assets by both the industry and the issuer in order to avoid undue exposure by any single industry or issuer.

E. All investments of LARM shall be in compliance with the Nebraska Insurer's Investment Act at all times.

IV. Procedure.

A. LARM Board. The Board shall:

1. Review and approve, at least quarterly, all purchases and disposals of investments.

2. Review, at least quarterly, whether all investments have been made in accordance with the Investment Policy.
3. Authorize the Investment Committee, under the general supervision of the LARM Board Chair, to manage the investments of LARM, either independently or through the utilization of the LARM Administrator or an Investment Manager or Custodian Bank.
4. Review the investment policy on an annual basis.

B. Investment Committee. The Investment Committee shall:

1. Receive and review summary reports on the investment portfolio, investment activities, and investment practices in order to determine whether the investment activity is consistent with the Investment Policy.
2. Provide such summary reports at least quarterly to the LARM Board for their review and approval.
3. Review and recommend revision of the Investment Policy to the LARM Board, as appropriate.
4. Review the Investment Manager or Custodian bank's performance and fees at least every 3 years.

C. LARM Administrator. The LARM Administrator shall:

1. Notify the Investment Committee of matters that bear upon the proper investment of the portfolio including pertinent financial, legal, or other information involving the investment of the portfolio and changes in investment objectives.
2. Meet regularly with the Investment Committee to report on progress of the portfolio.

D. Investment Manager or Custodian Bank. If utilized, the Investment Manager or Custodian Bank shall:

1. Meet regularly with the Investment Committee to report on progress of the portfolio.
2. Provide reports monthly to the Investment Committee.
3. Provide information concerning market trends and investment strategies.

V. Investment Guidelines.

A. Regulatory Limitations. The investment guidelines and restrictions as set forth by the Insurers Investment Act (Nebraska Revised Statutes Section 44-5101 et seq.) shall be adhered to at all times by the Board, the Investment Committee, the LARM Administrator, and any Investment Manager or Custodian Bank utilized by the Investment Committee in exercise of their discretion.

B. Prudence. The standard of prudence to be used for managing LARM's investments is the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived."

C. General Strategies.

1. The Investment Committee, or an Investment Manager or Custodial Bank, if utilized, shall determine the appropriate allocation of funds among cash, cash equivalents, and investment grade fixed income securities.

2. Capital gains and losses may be realized when, in the judgment of the Investment Committee or its investment manager or custodian bank, if utilized, consistent with the goals, objectives, and guidelines of this policy, such action is in the best interest of the portfolio and will lead to a greater long-term total rate of return.

3. Securities purchased by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited in general maturity parameters as follows:

   The maximum maturity of any security at date of purchase shall not exceed 60 months. The purchase of a security with a maturity longer than 60 months shall be approved by the LARM Board at the next quarterly meeting. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as money market funds to ensure appropriate liquidity is maintained to meet ongoing obligations.

   Securities shall not be sold prior to maturity with the following exceptions:
   A security with declining credit may be sold early to minimize loss of principal.
   Liquidity needs of the portfolio require that the security be sold.
   A security swap that would adjust the portfolio (quality, yield, or duration) in a manner that would allow it to better fulfill the investment objectives.

   Security purchases and sales shall be made, so that at the time of purchase or sale they do not cause, or exacerbate, non-compliance with the LARM portfolio maturity limitations.

4. Investments made by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited according to the following:

Asset Class	Limitation*
Direct obligations of the United States or obligations for which the full faith and credit of the United States is pledged for the payment of all principal and interest	No Limit
Direct obligations of any agency or instrumentality of the United States or obligations for which the full faith and credit of any agency or instrumentality of the United States is pledged for the payment of all principal and interest	25% per issuer
Other investment grade fixed income securities	5% per issuer
Mutual funds investing in the above classes	5% per issuer, not to exceed 25% in total if the fund is only allowed to invest in U.S. government obligations or U.S. agency or instrumentality obligations; and 5% per issuer, not to exceed 10% if invested in other classes.

**Limitations apply to the percentage of admitted assets as shown by the most recent financial statement filed with the Nebraska Department of Insurance.*

VI. Standard of Performance. Consideration shall be given to the extent to which the investment results are consistent with the goals and objectives as set forth in this policy.

Revised 3-23-2007; 12-16-2009; 3-1-2011; 2-26-2018

2021 capital market assumptions

Insights

Contributed by U.S. Bank Wealth Management:

Eric J. Freedman
Chief Investment Officer

Thomas M. Hainlin, CFA®
National Investment Strategist

Robert L. Haworth, CFA®
Senior Investment Strategy Director

Executive summary

Each year, U.S. Bank analyzes and estimates return expectations for investment performance to help us build an investment strategy to help our clients with wealth planning needs. We use a process that carefully assesses a variety of factors and their most likely potential impact on a range of asset classes in the next five to seven years.

One of the most important considerations is the expectation for interest rates in the U.S. This figure establishes a base to help us compare the return of "risk-free" investments in comparison to other "risky" investments. Investors should expect to be rewarded for taking on risk. Therefore, it is important to lay the groundwork by identifying what expectations are for the "risk-free" rate. For that, we look at the 10-year U.S. Treasury note.

A key in determining the direction of interest rates is the expectation for the global economy. The economic fallout arising from the COVID-19 pandemic made 2020 a uniquely challenging year. After a significant economic decline in the first half of the year, global economies began to recover in the second half. That rebound is likely to continue in 2021, with growth prospects being stronger in the U.S. than in most developed overseas markets.

In response to the dramatic economic decline that occurred earlier in 2020, central banks around the globe reduced short-term interest rates. Most notably, the Federal Reserve set U.S. rates back to near-zero levels and indicated it would maintain that policy into 2023. Yet, we expect longer-term interest rates to begin trending higher if economic growth continues.

Investors should expect returns on fixed income investments, including cash products, government bonds and other types of credit instruments, to be relatively muted in the coming years. Given the current historically low levels of interest rates, it is likely that we'll see yields slowly moving higher in the coming years. However, since there is an inverse relationship between bond prices and interest rates, rising rates can be expected to detract from total returns.

 Important disclosures begin on page 14.

Our anticipation is that returns from equities may be somewhat muted in the coming years compared to historical levels. While improved economic growth should boost corporate earnings, other factors may create headwinds, such as a risk of higher inflation and a return to more normalized valuation levels compared to today's extended valuations. We expect stocks of small and mid-sized companies to modestly outperform large-cap stocks. Overseas markets are likely to generate returns that are roughly comparable to those of U.S. stocks.

Real estate is projected to benefit from a fairly favorable environment in the coming years. By contrast, commodities are likely to face some headwinds; demand may be muted in the anticipated environment for modest economic growth.

It is important for investors to take risk factors into account, as well as projected returns, when structuring a well-diversified portfolio. Keep in mind that there are always challenges in projecting investment performance several years out. Unanticipated events can easily alter the economic and investment landscape. However, we consider the projections laid out in this paper to reflect our best estimates based on available information today.

Introduction

The U.S. Federal Reserve's (Fed) return to near-zero interest rate policy in 2020 leads us to expect more modest stock and bond returns over the next five- to seven-year time horizon. Low current bond yields anchor our low return expectations across most asset classes. A modest rise in interest rates from current levels means bond prices will likely fall (since interest rates and prices move inversely), further reducing bond investors' returns from already historically low yields. With both U.S. and international government bond yields near historical lows, other asset classes, such as equities, can more easily surmount this lower return hurdle. However, high current equity prices relative to underlying earnings coupled with modest economic growth expectations suggest equity returns through our time horizon will also be below historic norms.

In our process, U.S. interest rates drive asset class prices by setting a base for risk-free investments as an alternative to other risky investments. Investors expect riskier investment opportunities will produce returns superior to risk-free interest rates, otherwise, they are not being compensated for bearing the additional risk. If, for example, the U.S. 10-year Treasury note yields 2 percent, then competing asset classes (like stocks) should offer investors a prospective forward return above that rate. This excess return reflects the extra risks common stockholders bear in the form of business and income uncertainty relative to a government bondholder's surety, where the income is generated by the taxing power of the U.S. government. Similarly, if the 10-year Treasury yields 8 percent, stocks must offer a compelling return that considers the 8 percent that bond holders will receive if the U.S. government doesn't default on its debt. Since interest rates globally are very low — and according to our analysis, several other asset classes are expensive relative to their own history — investors should prepare for a lower potential return period over the next cycle.

Forecasted capital market environment

The global economy is likely to rebound from 2020's coronavirus-induced recession. However, after an initial recovery bounce, we expect growth rates to moderate as we traverse our forecast period. The basic economic building blocks are the size of the working age population (the number of available workers) and worker productivity (the output per worker). Demographic trends in major global economies point to slower growth in the working age population, which, along with productivity's structural decline, challenges potential economic growth during our forecast horizon. Like growth forecasts, inflation should also rebound as the global economy re-accelerates and absorbs idled productive capacity before leveling off, reflecting the longer-term growth constraints noted above.

We do note both upside and downside inflation risks over our forecast horizon. First, upward price pressures could emerge if the global economy recovers but expanding government spending and continued accommodative policies by global central banks push growth beyond existing capacity. We also remain guarded against persistent deflationary pressures as the global population ages and slowing working age population growth in Europe and Japan spreads to China and the U.S.

In 2020, we witnessed extraordinary easing policies by global central banks, including the return to near-zero short-term interest rates in the U.S. The Fed has indicated a plan to maintain interest rates near zero into 2023. Our base case is for the Fed to moderately increase interest rates over our forecast horizon as growth and inflation return to long-term average levels. However, we cannot discount the possibility the Fed may need to hold interest rates low beyond the current expected horizon or may expand its accommodative policies should economic activity remain moribund. Such actions could leave interest rates at current levels or lower over our forecast horizon.

As the U.S. emerges from shutdowns intended to combat the coronavirus pandemic, early economic data suggests the rebound is underway and is stronger than the recovery path in Europe and Japan. Economies in both areas appear to be mired in low growth environments. Lower interest rates over an extended period of time should provide a further lift to the U.S. economy. However, consumer tastes and behaviors in the pandemic's wake remain unknown, with uncertain impacts on future economic activity.

Unfolding global trade issues and potential changes in the global supply chain remain risks over our forecast horizon.

Outside of the United States, an aging population remains a key force limiting potential economic growth. We anticipate continued moderation in growth in the aging economies of Europe and Japan. China and other emerging Asian economies have weathered the global pandemic well and appear to be leading the economic recovery. Over our forecast horizon however, growth should continue to moderate.

Philosophy

We design our capital market assumptions to reflect the current state of the global investment universe relative to its long-term history, adjusted for reasonable considerations of future scenarios. Spanning a broad swath of asset classes, we attempt to reflect current market prices, such as yields and earnings, conditioned by future expectations and long-term historical relationships. Our focus is on a five- to seven-year forward view — a time horizon that has historically represented a full economic cycle. We maintain an annual update cycle of our capital market assumptions, allowing us to transmit our views with regular frequency.

We organize our work around broad asset class categories, including equities (stocks), fixed income (bonds) and real assets (real estate and commodities). Asset class return and risk patterns tend to take their cue from various market factors. We define factors as observable phenomena and forces that drive how assets are priced. Examples include interest rate levels, valuation metrics and global growth. Some factors are germane to a given asset class. For example, within stocks, market capitalization (a company's size) or domicile (a company's geographic location) can shape how investors value the equity of a particular company. Our work incorporates both broad market factors as well as asset class-specific considerations.

- We use three basic building blocks: Real (inflation-adjusted) gross domestic product (GDP) growth, consumer price inflation and our estimate of future cash returns. We then apply additional factors germane to a given asset class. In general, the more factors we add to a given investment, the riskier its likely behavior. This makes both intuitive sense and financial sense. It goes to follow that the more factors to which an investor is exposed, the greater the potential return opportunity, but also the greater the variability of returns that may occur.
- Our fixed income analysis focuses on relationships among a variety of bond-centric indicators relative to history. One technique is to assess a given bond instrument's real yield relative to its longer-term average. For credit instruments, or bonds issued by non-governmental entities that do not have the power to tax, we factor in a default rate (the chance that a borrower will not pay back its creditors), as well as a recovery rate (usually when a bond defaults it pays back at least some of its obligations, and the repayment amount relative to total obligation due is known as a recovery rate).
- Equity building blocks include current dividend yields, a variety of factors to estimate earnings growth and the relationship of several valuation measures to their long-term history. For example, if, at the time we conduct our analysis, valuations are high relative to historical norms and we view them as unsustainable based on our forward economic views (that is, corporate profit growth may slow and challenge prevailing equity market valuations), we may assign a valuation "penalty" to stocks. This penalty indicates that over the forecasted time, the starting valuation point for stocks is higher than will likely persist.
- Real asset factors share some common elements with equities and fixed income. Also, we assume that over our assessment horizon (five to seven years), the nominal or non-inflation-adjusted value of each of these assets should keep pace with inflation. This reflects our view that over a five- to seven-year time horizon, it is unlikely significant supply creation or destruction will occur. Since many real asset investments provide current income in the form of disbursements to asset owners, we also assess how likely current income sustainability may be over our forecast horizon.
- Hedge funds comprise a set of strategies that generally use some, or even all of, the aforementioned asset classes to generate returns. A unique feature is typically the use of leverage, or borrowing, as well as both purchasing and short selling assets. Managers attempt to derive returns through skills in timing, security selection and analysis. As such this relatively diverse set of strategies tends to defy our traditional methods of building expected returns. Rather we use historic relationships between these types of strategies and our long-only asset class expected returns. These estimates are not meant to be accurate forecasts, but instead to estimate a normalized relationship between our long-only capital markets assumptions and hedge funds. These estimates reflect a very broad average of fund strategies and styles. There may be certain niche types of investment strategies which offer a much different experience than we reflect in our estimates.

Capital market assumptions

Asset class	Index	Geometric return[1]	Arithmetic return[2]	Standard deviation[3]	Semi deviation[4]	Start date	End date
Cash	USTREAS T-Bill Cnst Mat Rate 3 Mon	0.44%	0.44%	0.25%	0.03%	1/31/83	9/30/20
US 5 year Treasury Notes	USTREAS T-Bill Cnst Mat Rate 5 Yr	0.10%	0.15%	3.30%	2.79%	12/31/70	9/30/20
US 10 year Treasury Notes	USTREAS T-Bill Cnst Mat Rate 10 Yr	-0.14%	0.06%	6.45%	5.19%	12/31/70	9/30/20
US 30 year Treasury Notes	USTREAS T-Bill Cnst Mat Rate 30 Yr	-0.01%	0.88%	14.24%	11.47%	2/28/78	9/30/20
US TIPS	BBgBarc US Treasury US TIPS TR USD	0.62%	0.72%	4.45%	4.49%	2/28/98	9/30/20
US Aggregate Bond	BBgBarc US Agg Bond TR USD	0.69%	0.74%	2.96%	2.52%	12/31/76	9/30/20
US Municipal Bond	BBgBarc Municipal TR USD	1.05%	1.12%	3.79%	4.48%	1/31/81	9/30/20
US Investment Grade Corporate	ICE BofAML US Corporate TR USD	1.29%	1.41%	4.98%	5.31%	12/31/76	9/30/20
US High Yield Corporates	BofAML US HY Master II TR USD	3.06%	3.30%	7.08%	8.84%	8/31/87	9/30/20
Foreign Developed Debt	BBgBarc Global Aggregate Ex US TR LCL	-0.33%	-0.14%	6.43%	7.03%	1/31/91	9/30/20
Foreign Developed Debt USD Hedged	BBgBarc Global Aggregate Ex US TR USD	-0.54%	-0.49%	3.28%	2.98%	1/31/91	9/30/20
Emerging Market Debt	JPM EMBI Global TR USD	2.83%	3.12%	7.82%	9.34%	12/31/94	9/30/20
Hedge Funds - Debt	HFRI Relative Value (Total) Index	1.40%	1.48%	4.15%	6.97%	12/31/90	9/30/20
Private Debt	CDLI Direct Lending	5.28%	5.33%	3.09%	9.70%	9/30/05	9/30/20
Reinsurance	SwissRe Global Cat Bond TR USD	5.09%	5.14%	3.24%	6.23%	1/31/03	9/30/20
All World Equity	MSCI ACWI GR USD	6.39%	7.47%	15.37%	17.03%	12/31/88	9/30/20
US Total Market	S&P 500 / Russell Mid Cap / Russell 2000 Blend	6.88%	7.99%	15.53%	16.57%	12/31/79	9/30/20
US Large Cap Equity	S&P 500 TR USD	6.41%	7.46%	15.13%	15.93%	1/31/71	9/30/20
US Mid Cap Equity	Russell Mid Cap TR USD	8.22%	9.49%	16.63%	18.10%	12/31/79	9/30/20
US Small Cap Equity	Russell 2000 TR USD	7.27%	8.92%	19.27%	21.31%	12/31/79	9/30/20
US Microcap	Russell Micro Cap TR USD	6.94%	8.82%	20.70%	22.29%	6/30/01	9/30/20
Developed International	MSCI EAFE GR USD	6.73%	8.05%	17.06%	17.50%	12/31/70	9/30/20
Emerging Market Equity	MSCI EM GR USD	8.60%	10.95%	23.28%	25.37%	12/31/88	9/30/20
Frontier Market Equity	MSCI Frontier Markets GR USD	6.03%	7.54%	18.40%	20.29%	5/31/03	9/30/20
Hedge Funds - Equity	HFRI Equity Hedge (Total) Index	3.02%	3.39%	8.90%	8.93%	12/31/90	9/30/20
Private Equity	Cambridge Associates US Private Equity (Daily)	11.26%	11.31%	3.18%	3.58%	3/31/87	9/30/20
US REITs	DJ Equity All REIT TR USD	4.89%	6.38%	18.35%	19.40%	2/28/90	9/30/20
Foreign Real Estate	S&P Developed Ex US REIT GR USD	4.77%	5.91%	15.91%	17.95%	6/30/90	9/30/20
Direct Real Estate	NCREIF Property (Daily)	5.81%	5.84%	2.21%	3.95%	12/31/78	9/30/20
Commodities	S&P GSCI TR USD	0.58%	2.16%	19.35%	18.50%	1/31/71	9/30/20

Source: U.S. Asset Management Group research, Bloomberg, FactSet.

Indexes used to represent each asset class are detailed in the disclosures section.

[1] Geometric return: Used to calculate average rate per period on investments that are compounded over multiple periods.

[2] Arithmetic return: A mathematical representation of the typical value of a series of numbers, computed as the sum of all the numbers in the series divided by the count of all numbers in the series. The arithmetic mean is sometimes referred to as the average or simply as the mean.

[3] Standard deviation: Applied to the annual rate of return of an investment to measure the investment's volatility. Also known as historical volatility; it is used by investors as a gauge for the amount of expected volatility.

[4] Semi deviation: Applied to the annual rate of return of an investment to measure the investment's dispersion of values falling below an observed level, in this case zero.

Basic building blocks

These blocks may be used in any asset class and help form a basic view on the future.

GDP growth and inflation: Estimates come from the International Monetary Fund (IMF), with regional combinations weighted by relevant index allocations. The most recent IMF estimates are represented in the following table.

	5-year average GDP[1] growth	5-year average Inflation
World*	2.67%	2.01%
United States	2.40%	2.27%
Developed international countries**	2.30%	1.26%
Europe	2.88%	1.53%
United Kingdom	2.85%	1.77%
Japan	1.35%	0.71%
Emerging market countries***	4.74%	2.53%
China	6.18%	2.62%
India	7.80%	3.89%
Brazil	2.35%	3.15%

Source: IMF forecasts. Date: October 13, 2020.
[1]GDP: gross domestic product
*Weighted by MSCI ACWI Index country weights
**Weighted by MSCI EAFE Index country weights
***Weighted by MSCI Emerging Markets Index country weights

Mean reversion: A concept rooted in the notion that certain phenomena, including asset prices, tend to fluctuate around a long-term average value and are likely to adjust toward the long-term average from extremes. Our observations of history indicate these reversions tend to occur over lengthy time frames, such as a full business cycle. This makes mean reversion of valuation measures for certain asset classes poor at near-term market timing, but more reliable in projecting longer-term, full market cycle, expected returns. We assume that over our five-year forecast horizon, interest rates are likely to adjust about halfway toward the long-term average of the indicator from current levels.

Fixed income

We leverage our analysis of these four proprietary U.S. Bank scenarios to derive our cash and U.S. Treasury forecasts:

1. The current real (inflation-adjusted) yield of U.S. Treasuries will mean revert smoothly halfway toward the long-term average yield.
2. The forward U.S. Treasury yield curve is an accurate estimate of future cash yields.
3. The economy remains stuck in the current environment of low inflation and low growth and rates do not change over our forecast horizon.
4. The Fed follows the European Central Bank and Bank of Japan into negative interest rate policies to stimulate economic growth. We consider that interest rates adjust to the current average of rates in Japan and Germany.

Our U.S. Treasury estimates serve as a base for our estimates of other fixed income asset classes. In these asset classes we contemplate factors such as their long-term relationship to U.S. Treasury yields and trends and changes in defaults or impairments.

Cash: Our five-year forecasted annualized return is 0.44 percent. In our first two scenarios we anticipate interest rates are likely to rise modestly over the next five years by 0.80 percent to 1.00 percent, which lifts returns for cash investors from the current rate near 0.10 percent The second two scenarios consider no change to interest rates or perhaps a decline of 0.50 percent over the next five years, which reduces the potential returns on cash.

Treasury bonds and notes: For our first two scenarios, nominal and real yields are historically low across the Treasury curve. Eventual normalization of global central bank policies combined with a modest rise in inflation, should allow real and nominal interest rates to rise. We assume rates are likely to increase by 0.30 percent to 1.70 percent across the U.S. Treasury curve, reflecting a partial adjustment toward long-term average real interest rates as well as based on the forecasts embedded in the current interest rate curve. Should the economy remain stuck in its current low growth, low inflation regime, rates could remain unchanged or decline from 0.65 percent to more than 1 percent. Our forecasted returns are based on a blend of these scenarios, with a slight preference for the more normal first two scenarios and a lesser chance of the continuation of the low growth, low inflation scenarios. Keep in mind the inverse relationship between yields and bond prices.

- Five-year Treasury notes: Our five-year forecasted annualized return is 0.10 percent.
- Ten-year Treasury notes: Our five-year forecasted annualized return is -0.14 percent.
- Thirty-year Treasury bonds: Our five-year forecasted annualized return is -0.01 percent.

Investment grade bonds:

- Taxable (Bloomberg Barclays U.S. Aggregate Bond): Our five-year forecasted annualized return is 0.65 percent.

  Current yields on this broad blend of investment-grade bonds are low relative to long-term averages, similar to what we see in U.S. Treasuries. Yields are also low relative to U.S. Treasuries. We anticipate this relationship should normalize modestly over the next five years. This should lift future incomes but is likely to depress returns slightly over our horizon.

- Municipal (Bloomberg Barclays Municipal Bond Index): Our five-year forecasted annualized return is 1.05 percent.

  Current yields are low relative to history, but high relative to U.S. Treasuries. Despite the likely rise in U.S. Treasury yields, which should be a headwind to municipal bond investors, the normalization in the relationship between municipal bonds and U.S. Treasuries should be a modest tailwind for investors.

- U.S. TIPS (Bloomberg Barclays U.S. Treasury U.S. TIPS Index): Our five-year forecasted annualized return is 0.62 percent.

  Current real yields on U.S. Treasury Inflation Protected securities are negative and low relative to long term history. Relative to current market prices real yields should rise modestly over the next few years. Investor returns will also benefit from the average 2.3 percent expected inflation lift over the next few years.

- U.S. investment-grade corporates: Our five-year forecasted annualized return is 1.29 percent.

  This segment experiences more credit risk than the higher quality U.S. Treasury bond. While total returns from these bonds will suffer from rising rates, like U.S. Treasuries, the higher starting yield provides some compensation for the risk from rising interest rates. Over the long term, this index typically experiences 0.05 percent in annual losses to defaults.

- U.S. high yield corporates: Our five-year forecasted annualized return is 3.06 percent.

  We assume high yield bonds will experience a modest lift in yields, driven by expected increases in U.S. Treasury yields. The benefit of investing in lower-quality credits is limited relative to the long-term average (about 0.5 percent lower) and should experience a modest increase over the next five years as fixed income investment normalizes to reflect risks. Lastly, we also adjust our forecast for long-term average losses due to defaults of weak companies within the asset class. Our low growth scenario for economic expansion over the next five years implies the default environment should be comparable to the long-term average environment.

- Foreign developed debt: Our five-year forecasted annualized return is -0.33 percent.

  Real yields across the developed world remain quite depressed, despite very low levels of historical inflation. The eventual normalization of global interest rates should lead to modestly rising real interest rates. We estimate a modest increase in interest rates of

1.5 percent over the next few years. However, currency valuations are somewhat depressed across the developed world and should normalize somewhat over the next five years, adding to investor returns.

- Foreign developed debt U.S. dollar hedged:
  Our five-year forecasted annualized return is -0.54 percent.

  Some investors choose to hedge their currency risk for foreign debt. Higher current cash yields for U.S. investments compared to developed economies such as Japan, the United Kingdom and Europe are a benefit to U.S. foreign currency hedgers. Even so, negative and rising interest rates limit the benefits to investors.

- Emerging market debt (U.S. dollar denominated):
  Our five-year forecasted annualized return is 2.83 percent.

  Current yields on our emerging market debt index relative to U.S. Treasuries are about 0.40 percent below longer-term average levels and credit losses are half their long-term average levels. As these revert toward longer term averages future returns will average slightly less than current yields.

- Private debt:
  Our five-year forecasted annualized return is 5.28 percent.

  Private debt is a growing asset class. It consists generally of private companies and funds providing capital to borrowers who may prefer to avoid selling their company, such as through a private equity transaction. These borrowers may have difficulty obtaining capital through the banking system. This asset class has been growing post-financial crisis. Credit quality is generally below investment grade, in line with most bank lending assessments and should provide returns relative to the illiquidity commensurate with these extra risks which lenders accept. We estimate the illiquidity premia for this general private lending asset class has averaged about two percentage points above returns for high yield corporate bonds over the past decade. Our estimate adds this average premium to our estimated return for high yield corporate debt.

- Reinsurance:
  Our five-year forecasted annualized return is 5.09 percent.

  Catastrophe bonds collect insurance premiums in exchange for accepting risk of excess losses from events such as hurricanes, earthquakes, wind damage and other events. We estimate forward returns based on our expected cash returns plus the historic premium for catastrophe bonds relative to cash investments. There is some risk to this forecast if we see a significant influx of competitors, which could limit future returns to investors.

- Hedged debt funds:
  Our five-year forecasted annualized return is 1.40 percent.

  Fixed income-oriented hedge funds comprise a very diverse set of strategies including, long and short credit-oriented bonds, relative value trades amongst a variety of fixed income instruments within a company, country or industry, currency trading and even distressed situations. Our estimate captures the relationship between an index of such strategies and fixed income asset classes including, emerging market debt and high yield debt. We then equal weight the adjusted return estimates reflecting the diverse nature of investment strategies to build our expected return.

Equities

Our proprietary equity return model starts from the investor's point of view. Typically, investors expect to receive at least the dividends from their equity investments over a market cycle. Our primary building block process for expected equity returns starts with the current dividend yield for a given country or equity index. In addition to this cash flow to investors, we model expected earnings growth, which reflects improvement in the fundamental value of equities — since equity investors are essentially purchasing an interest in a company's future earnings. Our models include estimates of nominal gross domestic product (GDP) growth for the relevant economy, as well as a comparison of current trend earnings growth relative to long-term averages. The last common factor is an estimate of the appropriate valuation methodology, commonly called "multiples," and includes metrics like price-to-earnings per share, price-to-sales per share, or price-to-book value relative to longer-term averages. Lastly, for non-U.S. markets, we apply an estimate for the change in currency value relative to its long-term average.

- U.S. large-cap equity (S&P 500 Index): Our five-year forecasted annualized return is 6.41 percent.

  In our view, domestic equity returns should remain solid, but not spectacular for the next few years. A rebound in inflation from the recent low rates should help nominal earnings growth. The anticipated rebound in inflation may provide a modest headwind to equity market valuations. Investors should continue to receive their recent just below 2 percent dividend yield, approximating the average for the past 20 years. Earnings growth should rebound to a more normal 5 percent, after this year's negative growth. A retreat in recent above average valuation levels should reduce forward returns by around half a percent or so annually.

- U.S. mid-cap equity (Russell Mid Cap Index): Our five-year forecasted annualized return is 8.22 percent.

  Like large cap U.S. stocks, dividend yields form a solid base for investor returns, just below 2 percent. Earnings growth should recover similar to large-cap stocks, back to its median pace of more than 6 percent. Valuations are closer to historic levels, likely detracting one-eighth of 1 percent annually.

- U.S. small-cap equity (Russell 2000 Index): Our five-year forecasted annualized return is 7.26 percent.

  Dividend yields are just above average levels and earnings growth is likely to rebound back toward its long term median of nearly 6 percent. The current dividend yield, at 1.6 percent, is more modest than that of large U.S. equities. Valuations are likely to be a headwind over our forecast horizon, similar to other equity asset classes, detracted one-third of one percent annually.

- U.S. micro-cap equity (Russell Micro Cap Index): Our five-year forecasted annualized return is 6.95 percent.

  The smallest companies in the U.S. market are thought to offer the highest growth potential. Recent performance struggles provide some potential for recovery given current below average valuations. However, dividend yields are modest and earnings growth rates are average relative to other U.S. stocks.

- U.S. total equity: Our five-year forecasted annualized return is 6.88 percent.

  We blend our small-cap, mid-cap and large-cap estimates (68 percent large cap, 25 percent mid-cap and 7 percent small-cap) to derive an estimate for the total U.S. equity market.

- All world equity (MSCI ACWI Index): Our five-year forecasted annualized return is 6.39 percent.

  Global stocks start with a solid dividend yield of more than 2.0 percent. Global earnings growth is likely to improve, providing an average gain of 4.9 percent over the next few years. As is the case with U.S. stocks, high valuations provide a similar headwind for global stocks.

- Developed international equities (MSCI EAFE Index): Our five-year forecasted annualized return is 6.72 percent.

  Valuation premiums for developed international companies are more modest when compared to the U.S., reflecting significant sector differences between the markets. Valuations are historically high for these markets, likely detracting 0.10 percent per year. Hampering our forward view is lower expected earnings growth, reflecting softer relative economic and earnings growth when compared to the U.S. The strength of the U.S. dollar over the past few years is likely to moderate, creating a tailwind for investors from currency valuation which may add 0.3 percent per year to market returns (U.S. investors with overseas holdings benefit from a declining dollar). Dividend yields also provide a premium relative to U.S. stocks, adding 2.7 percent to our forecast, about 0.9 percent better than large cap U.S. stocks.

- Emerging market equities (MSCI EM Index):
  Our five-year forecasted annualized return is 8.6 percent.

  Emerging market equities are likely to maintain reasonable return premiums relative to U.S. stocks. Dividend yields are below average, but above U.S. levels (2.3 percent versus the S&P 500 at 1.8 percent). Earnings and economic growth should remain elevated relative to the U.S. Valuations (prices relative to fundamental factors such as earnings and sales) are closer to long-term medians than the U.S., which translates into a more modest headwind. And finally, the strength in the U.S. dollar over the past few years may moderate, providing a modest annual boost to our expectations.

- Frontier market equities (MSCI Frontier Markets Index):
  Our five-year forecasted annualized return is 6.02 percent.

  These countries exhibit much more risk than developed and emerging nations, reflecting the relative immaturity of their capital markets and less developed capital protections and rule of law. Dividend yields are a solid 3.6 percent, but average earnings growth levels are more modest than developed markets and valuations are slightly above the long-term average.

- Private equity:
  Our five-year forecasted annualized return is 11.26 percent.

  To our expected return for U.S. small-cap equity, we add the long-term average illiquidity premium derived by regressing returns from the private equity index relative to the small-cap index. Over the past 25 years, private equity investments have provided excess returns relative to small-cap stocks of 4 percent to 7 percent. We err on the side of conservatism here, selecting a premium at the low end of the range (4 percent) over publicly traded smaller companies.

- Hedged equity funds:
  Our five-year forecasted annualized return is 3.02 percent.

  The global nature of this universe of investment strategies leads us to blend return expectations of all three of our global markets, U.S., developed and emerging foreign equities. We have observed the long-term betas or relationship between each of these markets and a broadly diversified index of equity-oriented hedge funds.

Real estate

Our forward assumptions assume property values will adjust higher, on pace with inflation while investors will continue to receive the current indicated income stream. We assume the valuation of the index will adjust halfway back toward the long-term average for each indicator. Here we use a blend of measures for valuation to mitigate measurement issues with any single metric. We have included measures, such as spreads, for a variety of yield measures relative to the 10-year U.S. Treasury and various measures relative to current prices, such as book value, earnings and free cash flow.

- U.S. real estate investment trusts (REITs):
  Our five-year forecasted annualized return is 4.89 percent.

  Current yield levels, reflecting dividend cuts this year at 2.35 percent are well below the long-term average of 4.3 percent. Our valuation measures are mostly above long-term averages, apart from the current yield relative to 10-year U.S. Treasury yields, which creates a modest tailwind for returns.

- Foreign real estate (liquid):
  Our five-year forecasted annualized return is 4.77 percent.

  Foreign inflation expectations are somewhat lower than values for the United States, reducing expected returns. Valuation measures for foreign real estate are rich relative to history while the strength of the U.S. dollar means foreign currencies are somewhat cheap. Higher current dividend yields, due to more limited dividend cuts through the coronavirus pandemic, bring expected returns toward the levels of U.S. publicly traded real estate.

- Direct real estate:
  Our five-year forecasted annualized return is 5.81 percent.

  Yields on direct real estate investments are generally higher than for publicly traded REITs, reflecting risks and costs of these illiquid investments. Our valuation estimates indicate values are somewhat more overvalued for direct real estate relative to history when compared to publicly trade REITs. This offsets some of the benefits of higher starting yields for direct real estate.

Commodities

Our commodities model follows the basic building blocks from the futures industry — collateral yield*, roll yield** and an adjustment for estimated global demand. We estimate collateral yield over the forecast horizon by our forecast for cash. We estimate roll yield over the next five years as roll yield from the one-year forward futures curve and then assume the roll yield will mean revert about halfway to the long-term average roll yield. To estimate global demand growth, we assume that over this relatively short five-year horizon, the real value of each commodity will remain constant. We proxy this with our global inflation estimate. Additionally, global demand will also likely adjust based on the change in GDP growth, with faster global GDP growth lifting commodity prices and slower GDP growth pressuring commodity prices to reflect supply and demand. To do this, we compare our world GDP forecast to the trailing five-year forecast.

- Commodities:
  Our five-year forecasted annualized return estimate is 0.58 percent.

  Our forecasted U.S. Treasury and cash returns are quite modest relative to long-term history and will likely lead to lower realized collateral returns from commodity index investments. Inflation estimates remain average relative to the long term. Relatively flat world GDP growth when compared to the most recent five years indicates little lift from surprise demand growth. The current negative roll yield for commodity futures across the complex is a detriment to our forward return expectation.

*Collateral yield: The implicit return in a fully funded commodity futures index from the collateral required to maintain the futures positions.

**Roll return/yield: The difference between the future price and the spot (or current cash market) price. Futures priced at a discount to the spot price yield have a positive roll return while those priced at a premium yield have a negative roll return.

Asset class risks and correlations

Investors typically focus heavily on forecasted returns to develop preferred investment solutions, but estimates of risk incurred to receive those returns, as well as correlation (or how asset classes differ in their return patterns) are important factors in building portfolios. Our work on these measures is largely derived from observation of historical asset class behavior. We then make modest adjustments to estimates based on the presence of historical outliers and the current environment.

Our forecast period necessitates using longer-term averages of historical results. Generally, we use 10-year averages of monthly observations as the basis for our assessment, but we also incorporate longer-term data where possible and applicable. A challenge of using data that goes too far back in time is that you risk seeing more notable dissimilarities between economic environments; the global economy is markedly different today from what it was 40 or 50 years ago.

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This practice gives us a sensible way to measure central tendencies over long time periods and "normal" levels for the volatility of an asset class while retaining perspective on differences across economies.

In general, the variability in returns across asset classes has moderated significantly since the historical volatility of the 2008-2009 financial crisis. In the past year, many asset classes have experienced the highest variability in returns relative to their their history. Our expectations for future volatility generally point to normalization moving directionally towards long-term averages.

Private capital strategies, such as private equity, debt and direct real estate strategies, present an interesting assessment challenge. Less frequent price observations (underlying investments are subject to only monthly or quarterly valuations) and appraisal-based updates mean risk measures, such as standard deviation, are low relative to similar asset classes with daily liquidity. We have chosen to present these observations without adjusting for issues such as serial correlation, which arises from appraisal-based valuations. We are using unadjusted observations to reflect the expected client experience of return patterns, instead of adjusting them to account for the potential or real risks of drawdown and impairment within the asset classes.

Risks to forecasts: Where we could be wrong

We have outlined our base case for the future capital market environment over the forecasted time period. Predicting the future five years to seven years from now is obviously an imperfect exercise, and unanticipated events may dramatically alter the outcomes we envision. As highlighted earlier, when and how central banks unwind pro-growth monetary policies will have a material impact on interest rates and consequently, on asset class prices. While we think central banks will unwind at a measured pace, it is possible that central banks may opt instead to move more quickly while simultaneously raising interest rates to ward off inflationary pressures that could be more significant than we anticipate. That could cause bond prices to weaken faster than coupon payments can offset price deterioration, resulting in lower returns than we forecast. Central banks raising interest rates faster than we forecast would likely also hurt equity markets through lower valuations. We also cannot overlook the possibility of the Fed holding interest rates low beyond the current expected time horizon in the event the anticipated economic recovery fails to materialize, and deflationary pressures intensify.

Conclusions

Capital market forecasting is a challenging endeavor. We carry our forecasts to two places right of the decimal point, implying a level of precision that, of course, we cannot match. What is most important to us is to convey realistic, market-based assumptions that are useful for our clients and partners. In a way, we hope we are wrong that the upcoming capital market environment will have a lower return profile than longer-term historical experience. However, we feel the combination of extremely low interest rates, with riskier asset class valuations towards the upper end of metrics, will lead to a less robust return experience. Our job is to help provide clients with the best potential capital market opportunities, using a global lens, so the work herein also helps us direct our efforts accordingly.

Please do not hesitate to let us know if you have questions or follow up items for our team.

Asset class correlation analysis

	Weighted Average LT Correlations	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1	Cash (U.S. 3-mo Treasury bills)	1.00																													
2	U.S. 5-year Treasury notes	0.26	1.00																												
3	U.S. 10-year Treasury notes	0.18	0.95	1.00																											
4	U.S. 30-year Treasury bonds	0.12	0.84	0.94	1.00																										
5	U.S. TIPS	0.00	0.62	0.64	0.52	1.00																									
6	U.S. aggregate bonds	0.18	0.91	0.94	0.88	0.78	1.00																								
7	U.S. investment-grade corp bonds	0.08	0.75	0.80	0.74	0.72	0.92	1.00																							
8	U.S. municipal bonds	0.05	0.60	0.63	0.59	0.52	0.72	0.71	1.00																						
9	U.S. high yield corporates	-0.12	-0.07	-0.02	0.00	0.33	0.25	0.51	0.31	1.00																					
10	Foreign developed debt	0.17	0.68	0.72	0.70	0.50	0.74	0.63	0.55	0.07	1.00																				
11	Foreign developed debt (USD)	-0.01	0.45	0.42	0.33	0.57	0.50	0.49	0.31	0.19	0.37	1.00																			
12	Emerging market debt	-0.08	0.12	0.19	0.13	0.55	0.45	0.62	0.36	0.66	0.26	0.37	1.00																		
13	Hedge funds - debt	-0.03	-0.21	-0.19	-0.21	0.29	0.08	0.37	0.17	0.68	-0.03	0.09	0.62	1.00																	
14	Private debt	-0.08	-0.36	-0.53	-0.64	-0.20	-0.43	-0.09	-0.10	0.05	-0.21	-0.27	-0.04	0.53	1.00																
15	Reinsurance	0.05	0.06	0.05	0.00	0.19	0.18	0.29	0.20	0.30	0.11	0.13	0.23	0.38	0.17	1.00															
16	U.S. large-cap equity	-0.02	0.04	0.07	0.05	0.08	0.16	0.31	0.18	0.59	-0.06	0.15	0.56	0.55	0.29	0.19	1.00														
17	U.S. mid-cap equity	-0.06	-0.07	-0.01	0.01	0.12	0.12	0.29	0.19	0.64	-0.08	0.15	0.59	0.61	0.25	0.20	0.93	1.00													
18	U.S. small-cap equity	-0.08	-0.15	-0.09	-0.05	0.03	0.03	0.19	0.10	0.61	-0.12	0.11	0.52	0.56	0.20	0.13	0.82	0.93	1.00												
19	U.S. microcap equity	-0.15	-0.39	-0.38	-0.35	0.06	-0.09	0.23	0.23	0.02	-0.18	0.22	0.46	0.62	0.26	0.13	0.89	0.93	0.99	1.00											
23	U.S. total equity	-0.04	0.01	0.05	0.03	0.08	0.15	0.30	0.17	0.62	-0.08	0.15	0.57	0.58	0.29	0.19	0.99	0.97	0.89	0.91	1.00										
24	All-country world equity	-0.07	-0.19	-0.16	-0.14	0.14	0.05	0.27	0.07	0.61	-0.07	0.27	0.62	0.60	0.26	0.20	0.92	0.88	0.78	0.85	0.92	1.00									
25	Developed international equity	-0.08	-0.01	0.01	-0.02	0.16	0.10	0.24	0.10	0.54	-0.07	0.37	0.61	0.56	0.20	0.20	0.64	0.66	0.60	0.78	0.64	0.95	1.00								
26	Emerging market equity	-0.11	-0.23	-0.21	-0.20	0.21	0.00	0.22	0.03	0.60	-0.08	0.20	0.68	0.62	0.23	0.17	0.72	0.75	0.70	0.72	0.74	0.82	0.76	1.00							
27	Frontier market equity	-0.02	-0.25	-0.24	-0.25	0.19	0.01	0.31	0.02	0.54	-0.09	0.33	0.46	0.65	0.62	0.20	0.63	0.63	0.54	0.54	0.63	0.70	0.69	0.66	1.00						
28	Hedge funds - equity	-0.01	-0.26	-0.22	-0.22	0.13	-0.02	0.25	0.06	0.61	-0.10	0.16	0.55	0.71	0.42	0.22	0.76	0.85	0.85	0.82	0.82	0.82	0.77	0.79	0.69	1.00					
29	Private equity	0.00	-0.29	-0.29	-0.22	-0.28	-0.22	-0.05	0.02	0.21	-0.14	-0.20	0.10	0.50	0.88	0.15	0.42	0.36	0.26	0.30	0.41	0.50	0.47	0.39	0.59	0.51	1.00				
31	U.S. REITs	-0.06	-0.04	0.00	0.01	0.23	0.15	0.28	0.19	0.50	0.08	-0.01	0.49	0.42	-0.29	0.14	0.50	-0.60	0.60	-0.15	0.52	-0.07	0.43	0.43	-0.02	0.41	0.05	1.00			
32	Foreign real estate	-0.12	0.02	0.05	0.03	0.34	0.26	0.44	0.24	0.58	0.14	0.45	0.66	0.53	0.24	0.24	0.60	-0.07	0.56	-0.39	0.61	-0.19	0.72	0.65	-0.25	0.55	0.20	0.59	1.00		
33	Direct real estate	0.29	-0.03	-0.03	-0.01	0.00	-0.06	-0.06	-0.05	-0.06	-0.04	0.42	-0.02	0.04	0.44	0.05	0.07	-0.01	0.01	-0.38	0.06	-0.16	0.07	-0.04	-0.24	0.08	0.37	0.08	0.09	1.00	
34	Commodities	0.05	-0.08	-0.09	-0.13	0.25	-0.04	0.04	-0.06	0.16	-0.13	0.23	0.24	0.36	0.55	0.14	0.10	0.13	0.12	0.38	0.12	0.25	0.17	0.29	0.61	0.41	0.13	0.11	0.29	0.09	1.00

-0.50	-0.10	0.30	0.70	1.00

Source: U.S. Bank Asset Management Group research, Bloomberg. Data period: 1/31/71-9/30/17. Indexes used to represent each asset class are detailed in the disclosures section.

The content represents the opinion of the U.S. Bank and views are subject to change at any time based on market or other conditions. This is not intended to be a forecast of future events or guarantee of future results. It is not intended to provide specific advice or to be construed as an offering of securities or recommendation to invest. Not for use as a primary basis of investment decisions. Not to be construed to meet the needs of any particular investor. Not a representation or solicitation or an offer to sell/buy any security. Investors should consult with their investment professional for advice concerning their particular situation. The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness. U.S. Bank and its representatives do not provide tax or legal advice. Each client's tax and financial situation is unique. Clients should consult their tax and/or legal advisor for advice and information concerning their particular situation.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. Diversification and asset allocation do not guarantee returns or protect against losses.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy.

Indexes shown are unmanaged and are not available for direct investment.
U.S. large-cap equities: The **S&P 500 Index** consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market in general. U.S. small-cap equities: The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market. U.S. micro-cap equities: The **Russell Microcap Index** includes the smallest 1,000 securities in the small-cap Russell 2000 Index, plus the next smaller 1,000 securities. U.S. midcap equities: The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. U.S. total market equities: Represented by a blend of the S&P 500 Index, Russell Midcap Index and the Russell 2000 Index. Hedge funds – equity: The **HFRI Equity Hedge Total Index (HFRI EHI)** is an equally weighted index that uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds (both long and short managers), with a minimum of $50 million or a 12-month track record and is reported in U.S. dollars. It is calculated and rebalanced monthly and shown net of all fees and expenses. Equity hedge strategies invest in a core holding of all equities hedged at all times with short sales of stocks/or stock index options. Some maintain a substantial portion of assets within a hedged structure and commonly employ leverage. Private equity: The **Cambridge U.S. Private Equity Index** is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter. The Russell 3000 Index (representing 98 percent of the investable U.S. equity market) is used as a proxy until actual performance is received. All world equities: The **MSCI All Country World Index** (MSCI ACWI) is designed to measure the equity market performance of developed and emerging markets. Developed international equities: The **MSCI EAFE Index** includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the

 Important disclosures continued on page 15.

Far East (EAFE). Emerging market equities: The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. Frontier market equities: The **MSCI Frontier Markets Index** captures large and mid-cap representation across 29 frontier markets countries. U.S. aggregate bonds: The **Bloomberg Barclays Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. U.S. municipal bonds: The **Bloomberg Barclays U.S. Municipal Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar denominated, fixed tax-exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds. U.S. Treasury inflation-protected securities: The **Bloomberg Barclays U.S. TIPS Index** includes all publicly issued, U.S. Treasury Inflation-Protected Securities that have at least one year remaining to maturity, are rated investment grade and have $250 million or more of outstanding face value. U.S. high yield corporates: The **BofA Merrill Lynch U.S. High Yield Master II Index** is a commonly used benchmark index for high yield corporate bonds and measures the broad high yield market. U.S. investment-grade corporates: The **ICE BofAML U.S. Corporate Index** tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the United States. Foreign developed debt: The **Bloomberg Barclays Global Aggregate Index** is a measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging market issuers. Foreign developed debt USD hedged: The **Bloomberg Barclays Global Aggregate ex-U.S. Dollar (USD) Index** is a measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. Emerging market debt: The **J.P. Morgan Emerging Markets Bond Index Global (EMBI Global)** tracks total returns for traded external debt instruments in the emerging markets. Hedge fund – debt: The **HFRI Relative Value Index** includes investment managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. Private debt: The **Cliffwater Direct Lending Index** (CDLI) seeks to measure the unlevered, gross of fee performance of U.S. middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements. The CDLI includes income return, realized gain/loss and unrealized gain/loss. U.S. REITs: The **Dow Jones Select REIT Index** intends to measure the performance of publicly traded REITs and REIT-like securities. The index is a subset of the Dow Jones U.S. Select Real Estate Securities Index (RESI), which represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the United States. The indices are designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. Foreign real estate: The **S&P Developed ex-US REIT** is a member of the S&P Global Property Index series and serves as a comprehensive benchmark of publicly traded equity REITs domiciled in developed markets. Direct real estate: The **NCREIF NPI Property Index** measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter. The Dow Jones U.S. Select REIT Index is used as a proxy until actual performance is received. Commodities: The **S&P GSCI** is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. Reinsurance: The **Swiss Re Cat Bond Index** is a market value-weighted basket of natural catastrophe bonds and is designed to reflect the returns of the catastrophe bond market.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. **Equity securities** are subject to stock market fluctuations that occur in response to economic and business developments. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Stocks of mid-capitalization** companies can be expected to be slightly less volatile than those of small-capitalization companies,but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies.

 Important disclosures continued on page 16.

Stocks of small-capitalization companies involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. While all investments involve risk, **microcap** stocks are among the most risky. Often, the biggest difference between a microcap stock and other stocks is the amount of reliable publicly-available information about the company. Many microcap companies are new and have no proven track record. Additionally, risks involve such things as the stocks do not pay dividends since profits are usually retained and reinvested back into the company, low liquidity and extreme market volatility. Many **frontier markets** do not have developed stock markets so investments are often private or direct in startups and infrastructure. Although it's possible to achieve strong results from investing in frontier markets, investors must also accept higher risks than in the United States or Europe. Some of the risks investors face in frontier markets are political instability, poor liquidity, inadequate regulation, substandard financial reporting and large currency fluctuations. In addition, many markets are overly dependent on volatile commodities. Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments. The **municipal bond market** is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity. There are special risks associated with investments in real assets such as commodities and real estate securities. For commodities, risks may include market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors. Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). **Alternative investments** very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Private equity investments** provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt investments** may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Insurance-linked securities (ILS)** are financial instruments whose performance is determined by insurance loss events primarily driven by weather-related and other natural catastrophes (such as hurricanes and earthquakes). These events are typically low-frequency but high-severity occurrences. In exchange for higher potential yields, investors assume the risk of a disaster during the life of their bonds, with their principal used to cover damage caused if the catastrophe is severe enough.

Important disclosures, definitions of terms and index descriptions

If you have questions regarding this information or wish to receive definitions of any additional terms or indexes used in this report, please contact your Portfolio Manager.

Important disclosures (page 1 of 4)

The information provided here is not intended to replace your account statement. Your account statement is the official record of your account.

EQUAL HOUSING LENDER

Equal Housing Lender. Credit products are offered by U.S. Bank National Association and subject to normal credit approval. Deposit products offered by U.S. Bank National Association. Member FDIC.

For use in one-on-one meetings/presentations.

This information represents the opinion of U.S. Bank. The views are subject to change at any time based on market or other conditions and are current as of the date indicated on the materials. This is not intended to be a forecast of future events or guarantee of future results. The factual information provided has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness.

U.S. Bank and its representatives do not provide tax or legal advice. Your tax and financial situation is unique. You should consult your tax and/or legal advisor for advice and information concerning your particular situation.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**

Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments.

Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities.

Important disclosures (page 4 of 4)

Mutual fund investing involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in these funds.

Holdings of First American Funds: U.S. Bancorp Asset Management, Inc. is a registered investment advisor and subsidiary of U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, performance or services of U.S. Bancorp Asset Management. U.S. Bancorp Asset Management, Inc. serves as an investment advisor to First American Funds. **Holdings of Nuveen mutual funds**: Firstar Capital Corporation (Firstar Capital), an affiliate of U.S. Bancorp, holds a less-than-10 percent ownership interest in Windy City Investments Holdings, LLC which was formerly the parent of Windy City Investment Inc. and the indirect parent of Nuveen Fund Advisors, LLC which is the investment advisor to the Nuveen Mutual Funds. On October 1, 2014, Windy City Investments, Inc. was sold to Teachers Insurance and Annuity Association of America. As a result of the sale, U.S. Bancorp no longer has an indirect ownership interest in Nuveen Fund Advisors, LLC. Depending on the outcome of certain factors, Firstar Capital might in the future receive an earn-out payment in respect of its interest in Windy City Investment Holdings, LLC, under the terms of the sale. **Non-proprietary mutual funds**: U.S. Bank may enter into agreements with other non-proprietary mutual funds or their service providers whereby U.S. Bank provides shareholder services and/or sub-transfer agency, custodial and other administrative support services and receives compensation for these services. Compensation received by U.S. Bank directly or indirectly from mutual funds does not increase fund fees and expenses beyond what is disclosed in the fund prospectuses. For more information, review the fund prospectus.

Definitions of report and statement terms (page 1 of 5)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than $1 million (excluding primary residence) or an income of more than $200,000 individually ($300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.

Definitions of report and statement terms (page 2 of 5)

Cost basis/book value: The original value of an asset at the time it was acquired. This is normally the purchase price or appraised value at the time of acquisition. This data is for information purposes only.

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns in periods up to one year, but annualized returns for periods exceeding one year.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

Effective Maturity: The date of a bond's most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Estimated annual income: The amount of income a particular asset is anticipated to earn over the period indicted. The shares multiplied by the annual income rate.

Gain/loss calculation: If an asset was sold, the difference between the proceeds received from the sale compared to the cost of acquiring the asset. If the value of the proceeds is the higher of the two numbers, then a gain was realized. If the value of the proceeds is the lower of the two numbers, a loss was incurred. This data is for information purposes only.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.

Definitions of report and statement terms (page 3 of 5)

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a “horizon date/price” that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the “horizon date/price” and ignores any potential call/put/pre-refunding, even if they are mandatory.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company’s stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm’s ability to grow its earnings. A low P/E indicates the market has less confidence that the company’s earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least $5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

Definitions of report and statement terms (page 4 of 5)

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third-party security fees and expenses. Details of those fees and expenses are provided in the security’s prospectus or offering documents.

Definitions of report and statement terms (page 5 of 5)

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund's or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Unrealized gain (loss) — The difference between the current market value (at the end of the statement period) and the cost to acquire the asset. If the current market value is higher than the cost, a gain is reflected. If the current market value is lower than the cost paid, a loss is reflected. This data is for information purposes only.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.

Frequently used indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have $250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least $50 million, have a maturity value of at least $5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade counties outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Frequently used indexes (page 2 of 5)

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax-exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.

Frequently used indexes (page 3 of 5)

HFRI Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

HFRI Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.

Frequently used indexes (page 4 of 5)

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

MSCI All County World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East.

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.

Frequently used indexes (page 5 of 5)

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

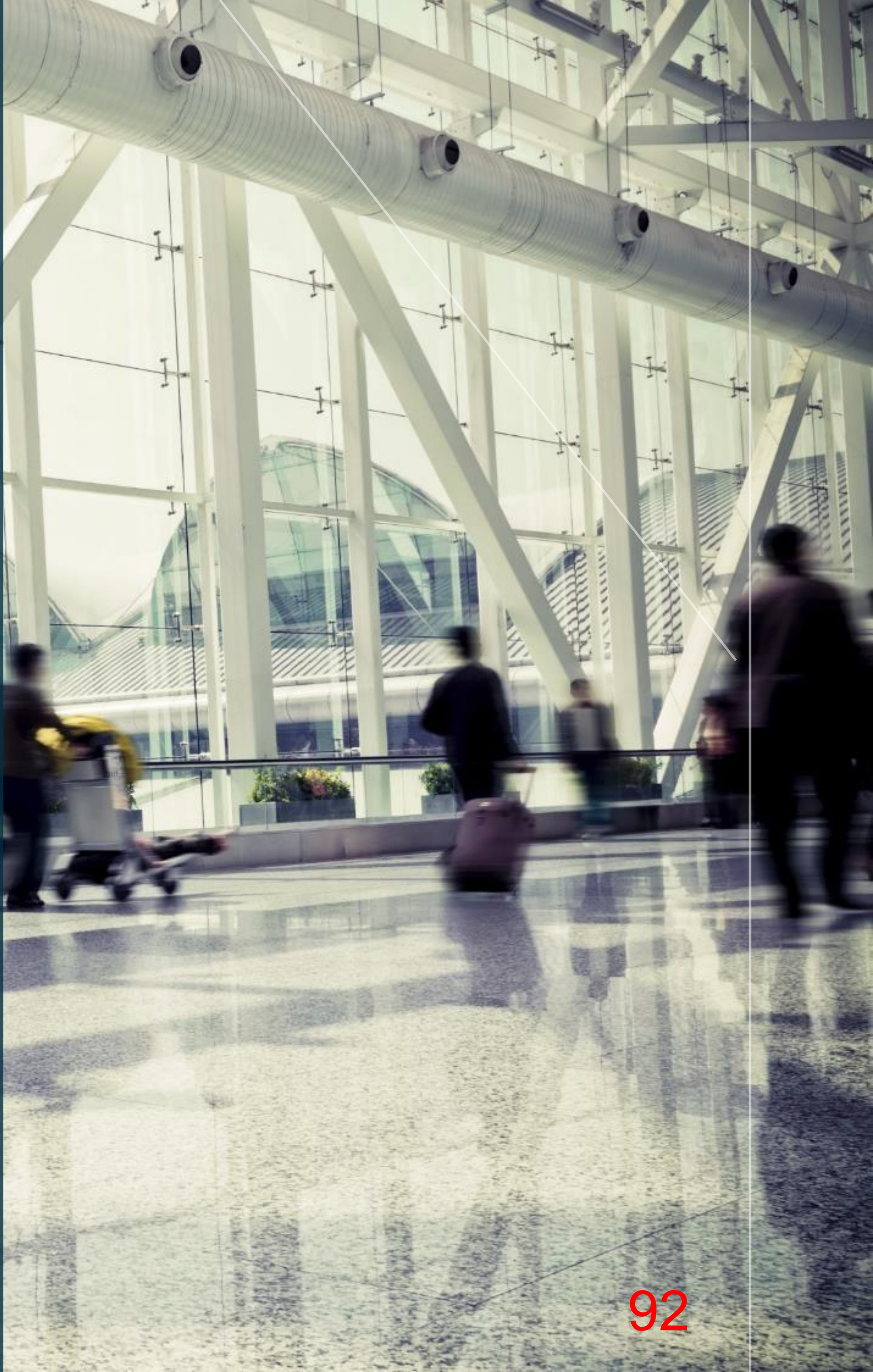
Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stock markets.

State of the Insurance/Reinsurance Market

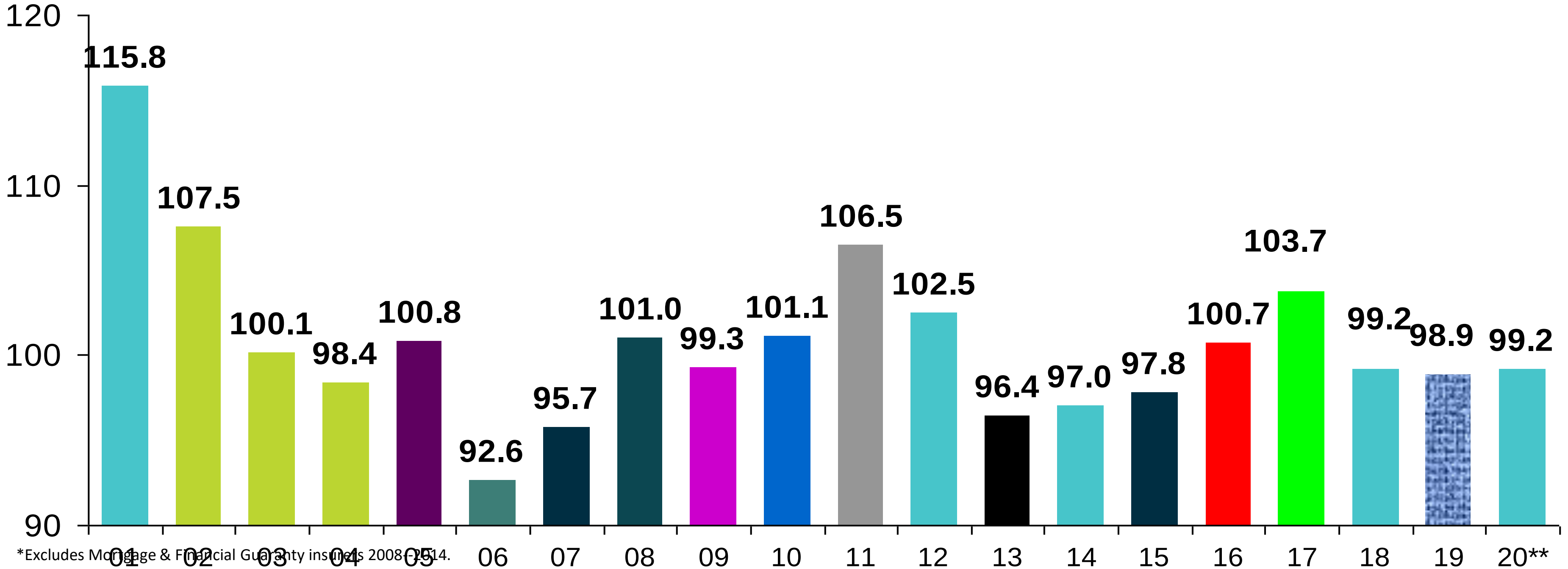
March 2021




MARCH 24, 1986
$1.95
TIME
STOCK SURGE
How the Boom Machine Works
Sorry, America, Your Insurance Has Been Canceled

P/C Industry Combined Ratio (First 6 Months of 2020)

The Problem in the Market is Lack of Underwriting Profitability and Historic Low Investment Gains



*Excludes Mortgage & Financial Guaranty insurers 2008-2014.
*First Half 2020.
Sources: A.M. Best, ISO (2014-2019).

Alliant

PROPERTY MARKET

Property Market Update

2020 was the 5^{th} worse loss year ever

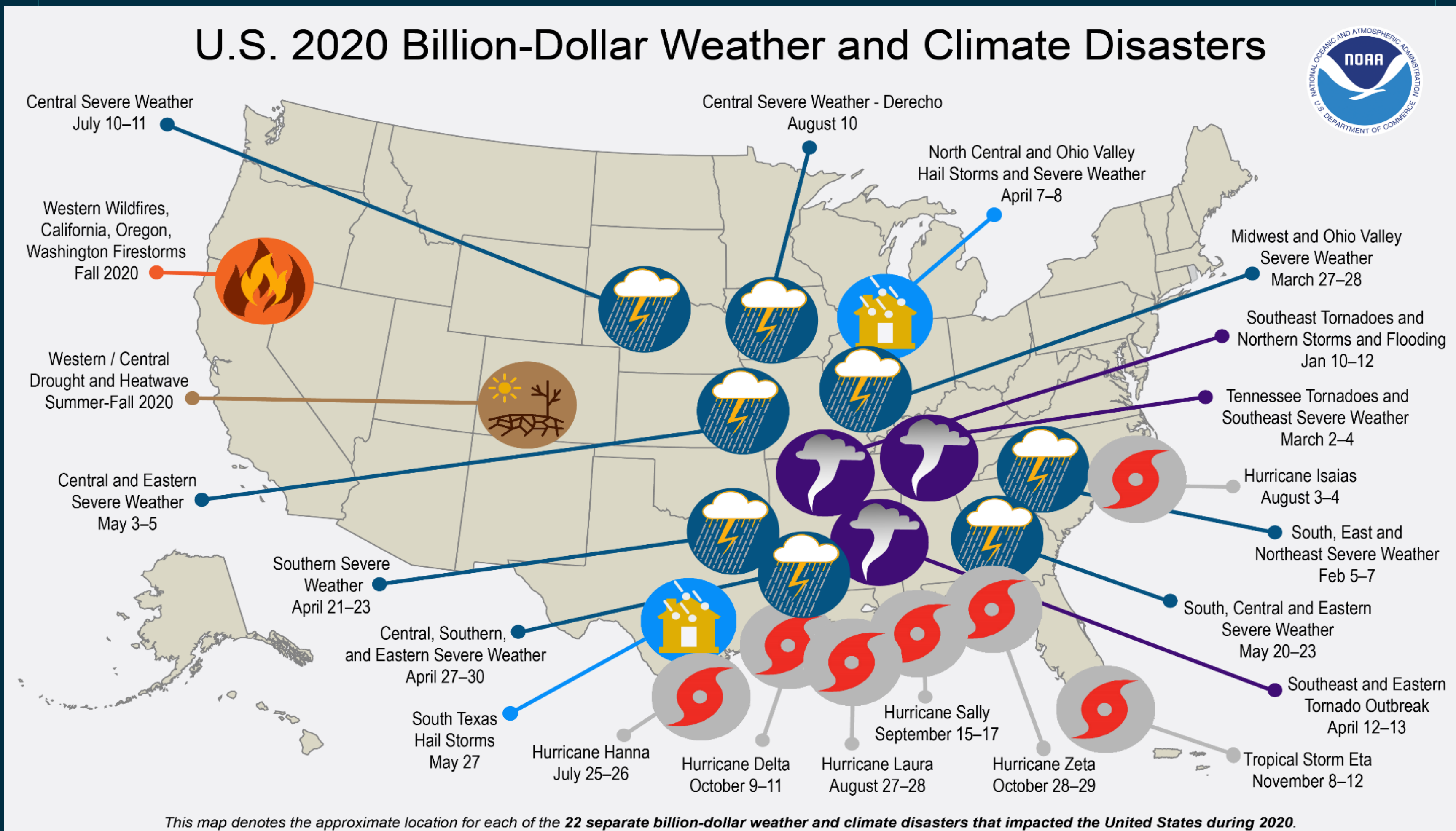
Weather related claims on the rise

Strike, Riot, Civil Commotion claims

Covid 19 uncertainty

Demand for underwriting profitability

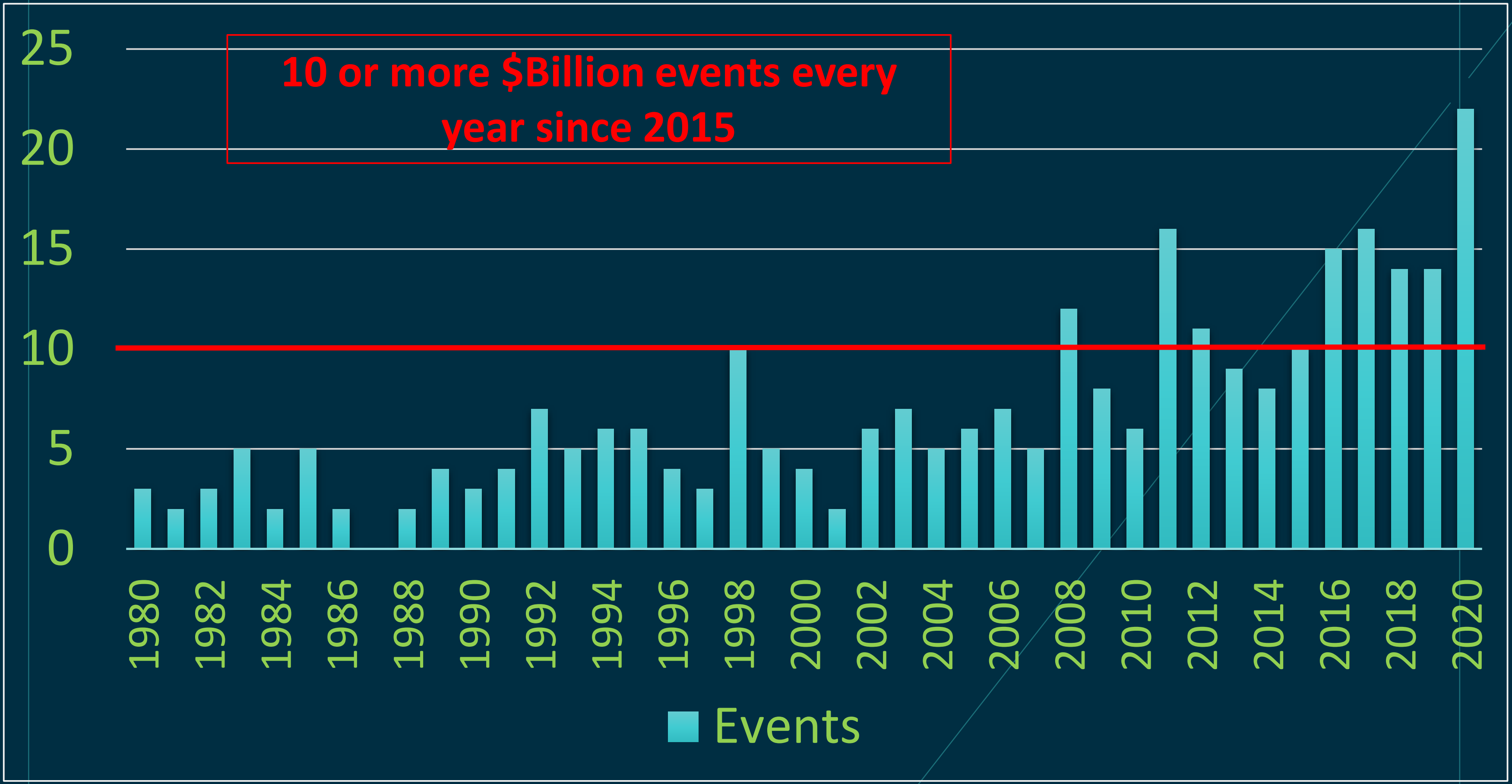
Hard market trend expected to continue


U.S. 2020 Billion-Dollar Weather and Climate Disasters
Central Severe Weather July 10–11
Central Severe Weather - Derecho August 10
North Central and Ohio Valley Hail Storms and Severe Weather April 7–8
Midwest and Ohio Valley Severe Weather March 27–28
Western Wildfires, California, Oregon, Washington Firestorms Fall 2020
Western / Central Drought and Heatwave Summer-Fall 2020
Southeast Tornadoes and Northern Storms and Flooding Jan 10–12
Tennessee Tornadoes and Southeast Severe Weather March 2–4
Central and Eastern Severe Weather May 3–5
Hurricane Isaias August 3–4
South, East and Northeast Severe Weather Feb 5–7
Southern Severe Weather April 21–23
Central, Southern, and Eastern Severe Weather April 27–30
South, Central and Eastern Severe Weather May 20–23
Southeast and Eastern Tornado Outbreak April 12–13
South Texas Hail Storms May 27
Hurricane Hanna July 25–26
Hurricane Delta October 9–11
Hurricane Laura August 27–28
Hurricane Sally September 15–17
Hurricane Zeta October 28–29
Tropical Storm Eta November 8–12
This map denotes the approximate location for each of the 22 separate billion-dollar weather and climate disasters that impacted the United States during 2020.

Alliant

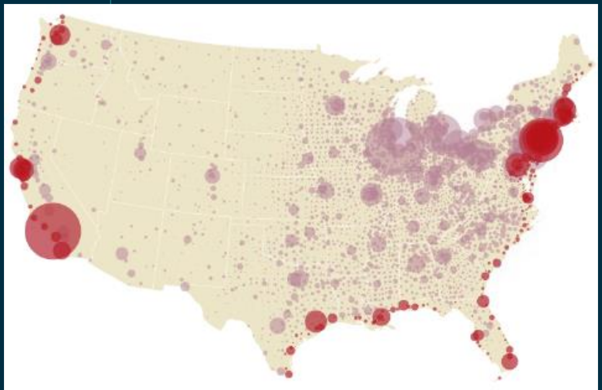
97

Billion – Dollar Weather and Climate Disasters 1980 - 2020

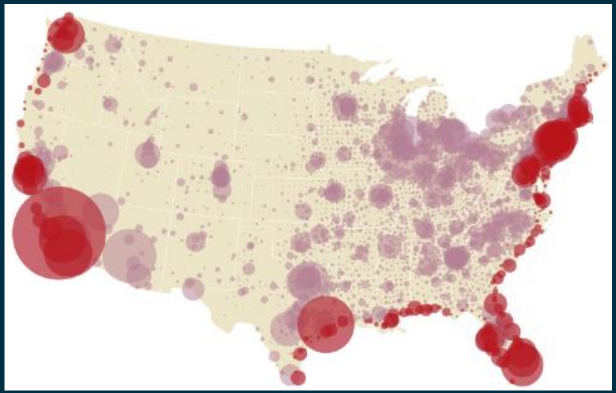


Population Growth and Bullseye Effect

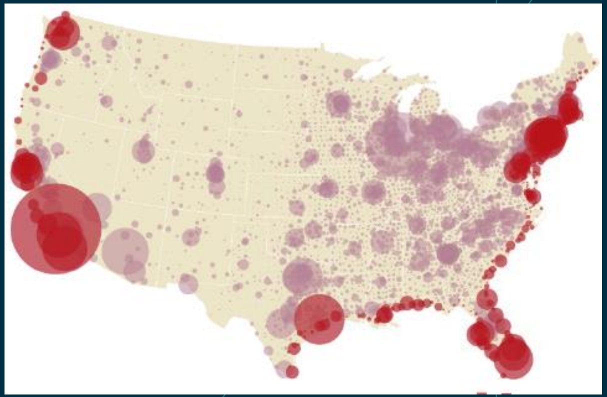
1950

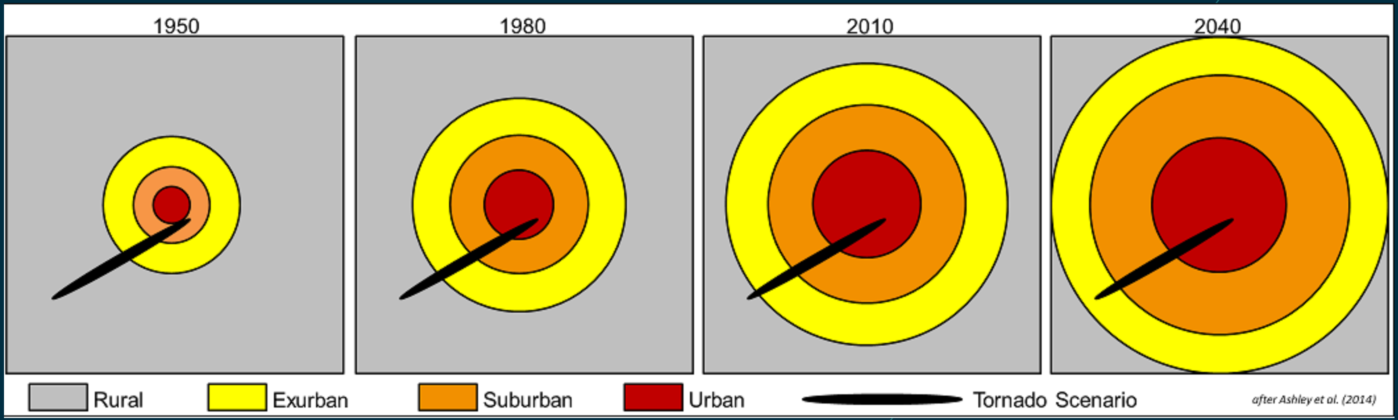


2000



2020





2021 To Date

Not off to a good start

Texas winter storm

Record setting losses for Q1

Weather trends

Overview of Alliant Property Insurance Program (APIP)

Largest Property Program in the World

Tailored for public entities

$600 Billion total insurable value

Includes cyber, pollution, and deadly weapons

98% retention rate

Exclusively available through Alliant

LARM Property Renewal Expectations

APIP Renewal

25% - 35% Rate Increase

Pressure on current terms and conditions

Pressure on flat wind/hail retention

(Industry is pushing for percentage of TIV retentions)

NLC Renewal (Wind/Hail Buydown)

5-9% rate increase

No changes to terms and conditions

Explore alternative options

CYBER MARKET

Cyber Market Update

Cybercrime is projected to hit $6 trillion annually by the end of 2021, was $2 trillion in 2019

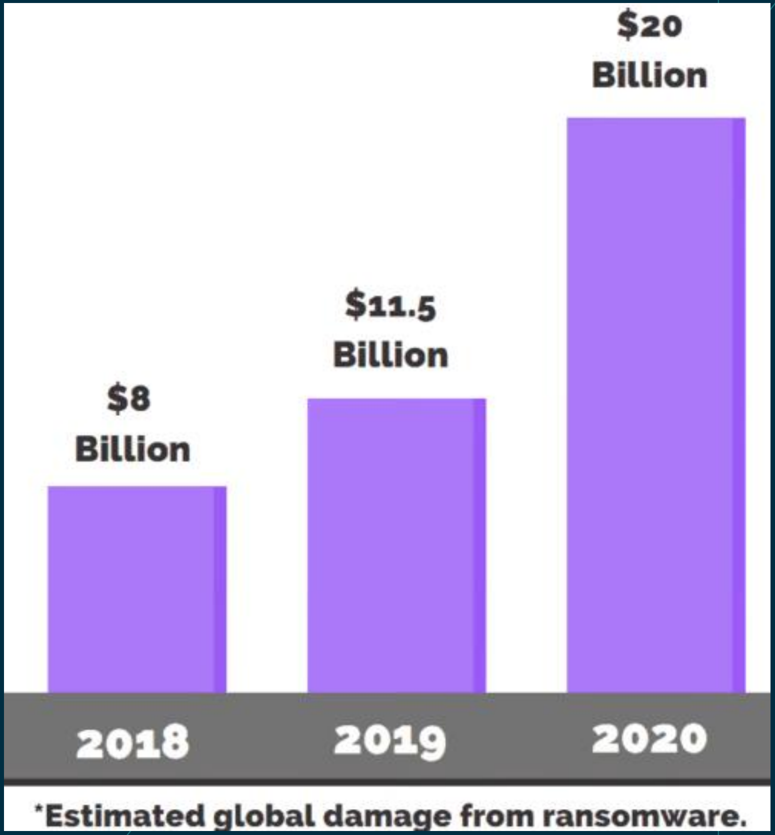
Ransomware is now the fastest growing in frequency and severity of claims for insurance companies

Top 10 cyber insurance carriers (controls about 70 - 75% of the marketplace) all report an overwhelming increase in ransomware claims

Public Entity was the most successfully targeted sector in terms of penetration by the attackers and frequency

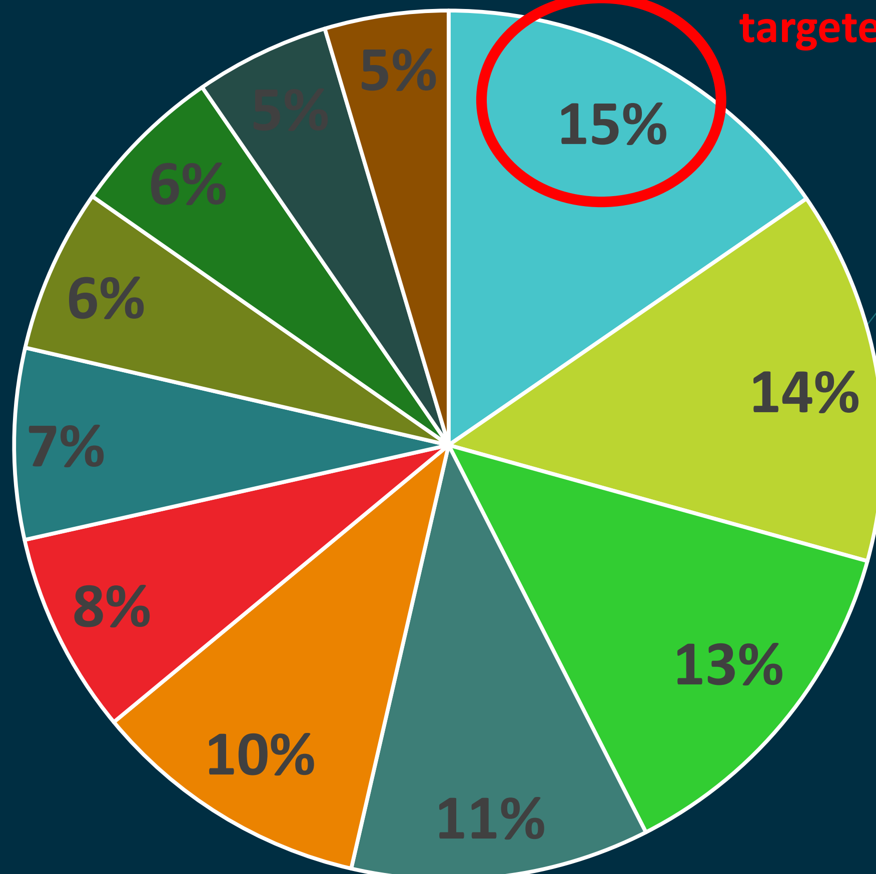
The Ransomware Epidemic

Ransomware surged in recent years, and there is no foreseeable slowdown. All industry segments were impacted. Manufacturing and professional services were particularly hard hit, followed closely by healthcare, education, and **government entities**.



Industries Targeted by Ransomware

Government – 15%
Manufacturing – 14%
Construction – 13%
Utilities – 11%
Professional services – 10%
Retail – 8%
Real estate – 7%
Hospitality – 6%
Healthcare – 6%
Education – 5%
Financial institutions – 5%



Government entities most targeted class

Ransomware Statistics

Ransomware perpetrators carry out more than 4,000 attacks daily.

1 in 3,000 emails that pass through filters contains malware.

On average, organizations pay a ransom of $233,217.

There’s a 19-day downtime following a ransomware attack.

95 new ransomware families were discovered in 2019.

In 2021, ransomware attacks against businesses will occur every 11 seconds.

LARM Cyber Liability Renewal

Current Premium	**$6,485**
Renewal Premium (Estimate)	**$30,000***

<u>Possible Changes to Program</u>

Retention changes

Pool Aggregate vs. Per Member Aggregate

Coverage sub limits

Additional information will be required in 2022

**Included in APIP Renewal Rate Increase Expectation*

LIABILITY MARKET

Liability Market Overview

Its all about Social Inflation

Nuclear jury verdicts

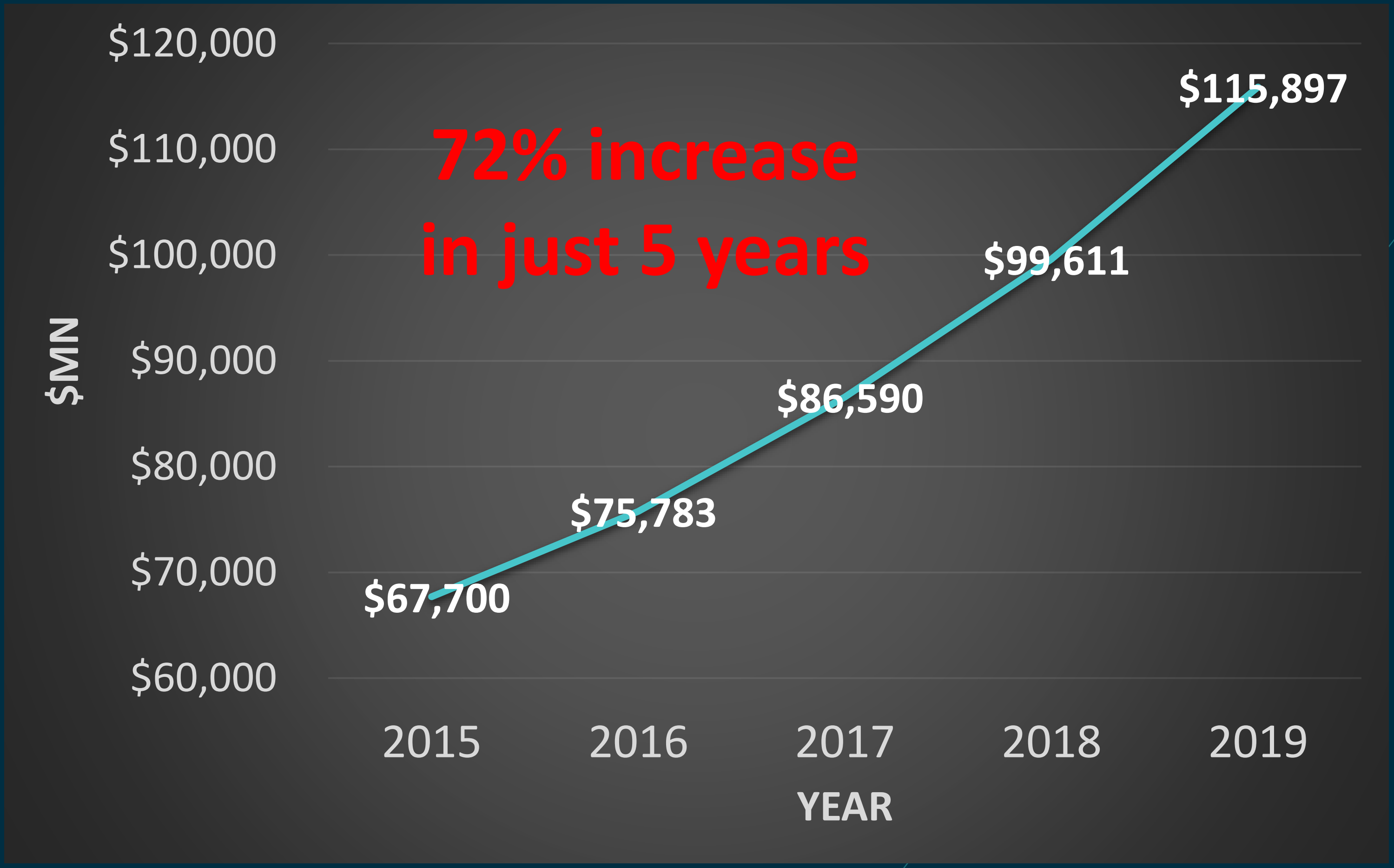
Record settlements

Litigation funding

Media influence

Plaintiff strategies

Top 50 US Verdicts – Average

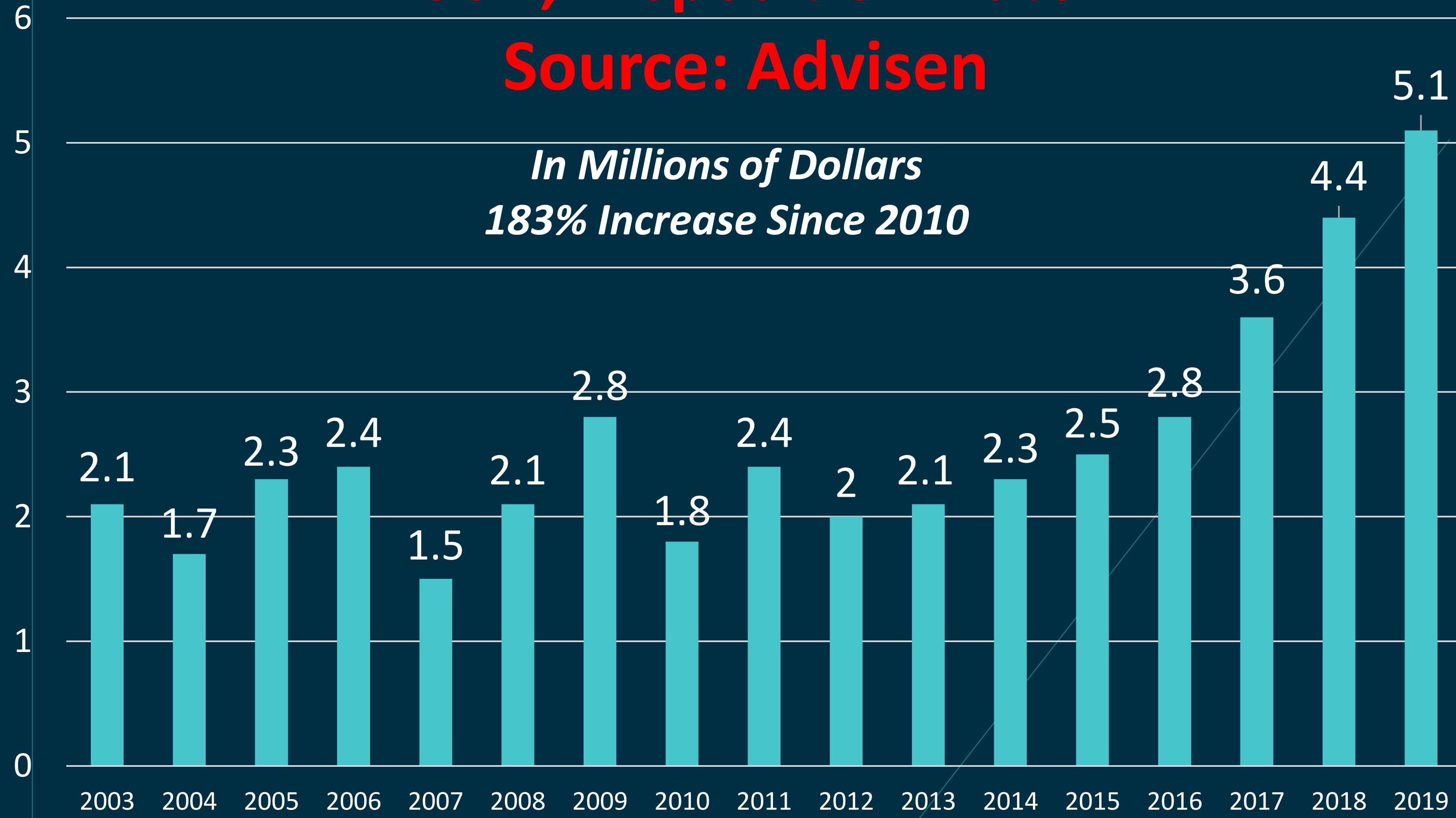


Source: https://topverdict.com/lists

*Excludes top 10 Verdicts each year

Alliant

Median Cost of Single-Fatality
USA, Disposition Date
Source: Advisen



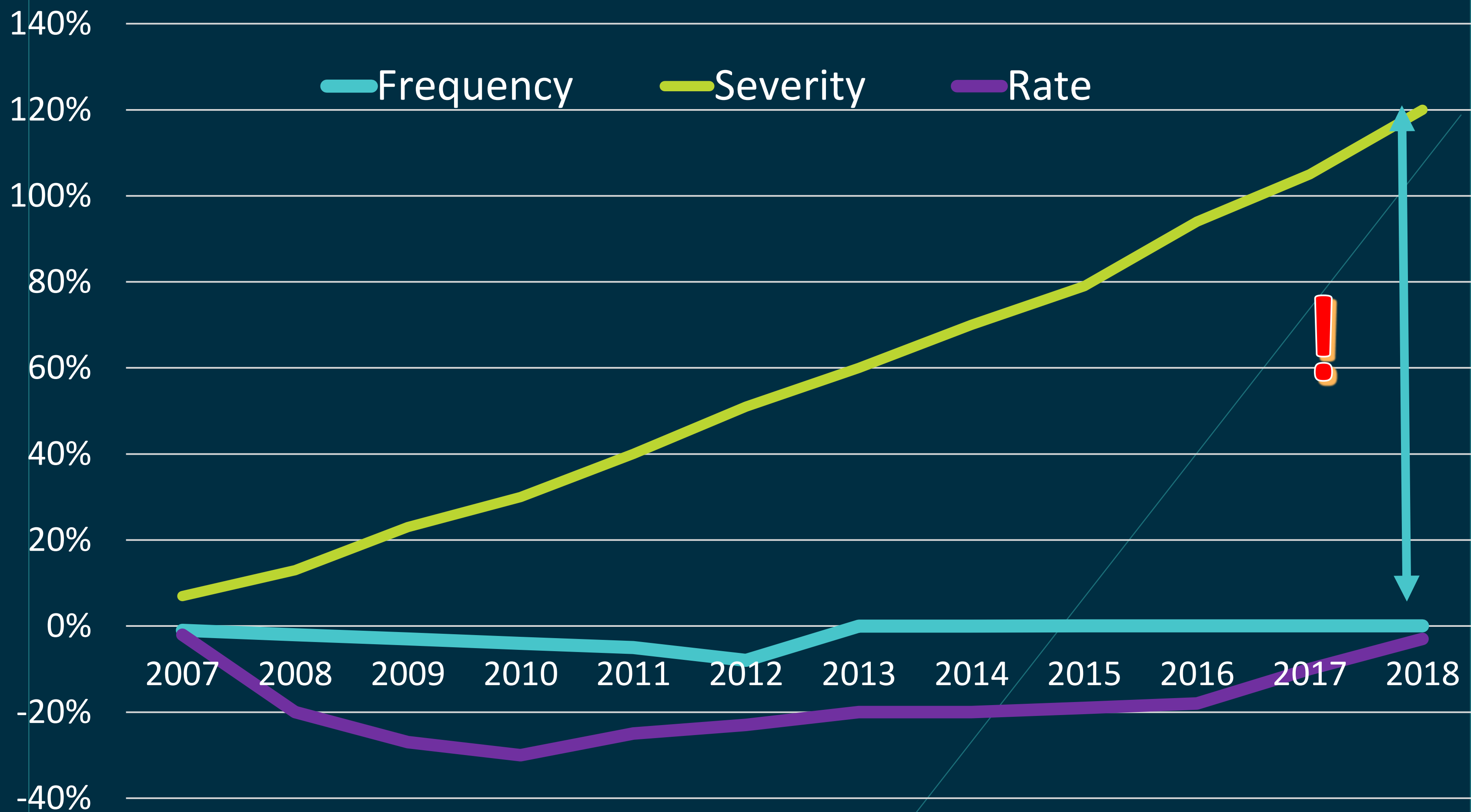
Alliant

Public Entity Related Claims

Loss Year	Description	Total Paid
2018	Sexual Abuse (Class Action)	$500,000,000
2017	Sexual Abuse (Class Action)	$215,000,000
2015	Methane Gas Leak	$120,000,000
2015	Bus Shelter Collapse (Single Plaintiff)	$115,000,000
2014	Child Abuse/Foster Care	$113,400,000
2011	Police Shooting/Wrongful Death	$97,000,000
2014	Dangerous Condition/Landslide	$71,500,000
2016	Vehicle Accident/Fire Ambulance	$65,750,000
2016	Wrongful Death	$60,000,000
2015	Strip Search (Class Action)	$53,000,000
2012	Dangerous Condition/Bridge Fire	$50,000,000
2017	Vehicle Accident/Motorcycle vs Auto	$46,000,000
2015	Vehicle Accident/Sherriff Vehicle	$42,000,000
2011	Wrongful Conviction	$40,000,000
2014	Dangerous Condition/Vehicle Accident	$32,500,000
2015	Sexual Abuse	$31,000,000
2016	Dangerous Condition/Vehicle Accident	$30,000,000

Excess Casualty Cumulative Severity v. Rate

Source: Chubb Insurance



“The situation is quite simple. Insurers have significantly underpriced casualty business for the past 10 years.”

-Stephen Catlin

LARM Liability Renewal

10/1 Effective Date

NLC insulates LARM from market volatility

Single digit increase

No change in terms and conditions

Communicable disease buyback

It is Bad News, But….

Pooling remains the best solution for public entities

APIP economies of scale benefit LARM over long run

NLC gives LARM an advantage

Entities still in commercial market have uncertainty about future

Questions

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Accountant's Compilation Report

Financial Statements - Statutory Basis

December 31, 2020 and 2019

and

September 30, 2020

QUARTERLY STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2020
FOR
LEAGUE ASSOCIATION OF RISK MANAGEMENT

Nebraska Company Code: 201675 | Employer's ID Number: 47-0791192

Incorporated May 1, 1995 under the Laws of Nebraska

The offices and primary location of books and records are at 1335 "L" Street
Lincoln, Nebraska 68508

The mailing address is 1335 "L" Street
Lincoln, Nebraska, 68508

Telephone Number	402-742-2600
Fax Number	402-476-4089
Contact Person	L. Lynn Rex

Officers of the Association:

Chair:	Doug Hanson
Vice-Chair:	Lanette Doane
Secretary:	L. Lynn Rex

Directors or Trustees:
LeAnn Brown
Pamela Buethe
Don Groesser
Melissa Harrell
Tony Kaufman
Jo Leyland
Josh Moenning
Tom Ourada
Sandra Schendt
Douglas Schultz
Deb VanMatre
Teresa Youngquist
Paul Lambert – Ex-officio

LEAGUE ASSOCIATION OF RISK MANAGEMENT

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TKB Certified Public Accountants

Thomas, Kunc & Black, LLP

Independent Accountant's Compilation Report

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska

December 31, 2020 and 2019 Financial Statements

Management is responsible for the accompanying financial statements of League Association of Risk Management, which comprise the balance sheets - statutory basis as of December 31, 2020 and 2019 and the related statutory statements of revenues and expenses, changes in surplus, and cash flows for the quarters then ended, and the related notes to the financial statements in accordance with accounting practices prescribed or permitted by the Insurance Department of the State of Nebraska. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these December 31, 2020 and 2019 financial statements.

As described in Note 1 to the financial statements, League Association of Risk Management prepared these financial statements using accounting practices prescribed or permitted by the Insurance Department of the State of Nebraska, which practices differ from accounting principles generally accepted in the United States of America. Management has not determined the effect of this departure from accounting principles generally accepted in the United States of America on the financial statements.

September 30, 2020 Financial Statements

The accompanying September 30, 2020 financial statements of League Association of Risk Management were audited by us, and we expressed an unqualified opinion on the statutory basis of accounting in our report dated December 11, 2020, but we have not performed any auditing procedures since that date.

Lincoln, Nebraska
February 15, 2021

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

December 31, 2020 and 2019 and September 30, 2020

Assets

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	September 30, 2020 (Audited)
Cash:			
Cash on deposit	$ 2,015,341	2,604,906	873,504
Short-term investments	1,749,766	6,599,677	5,248,706
Total cash	3,765,107	9,204,583	6,122,210
Long-term investments	14,838,156	7,848,748	7,251,105
Accounts receivable	117	21,734	10,232
Premiums receivable	783,115	772,583	9,463,267
Interest receivable	26,684	60,733	27,181
Reinsurance recoverable on paid losses	2,034,310	2,269,348	1,899,306
Total assets	$ 21,447,489	20,177,729	24,773,301

Liabilities and Surplus

	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	September 30, 2020 (Audited)
Loss reserves	$ 4,444,431	3,454,831	4,266,416
Loss adjustment expenses	1,743,102	2,201,765	1,937,233
Unearned premium	5,797,184	5,167,551	8,781,678
Taxes payable	114,286	110,399	89,761
Other liabilities	193,997	132,767	293,143
Funds held under reinsurance treaties	25,000	25,000	25,000
Total liabilities	12,318,000	11,092,313	15,393,231
Surplus	9,129,489	9,085,416	9,380,070
Total liabilities and surplus	$ 21,447,489	20,177,729	24,773,301

See accompanying notes to financial statements and independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT.

Statements of Income - Statutory Basis

For the periods ended December 31, 2020 and 2019

and for the year ended and September 30, 2020

		Three Months Ended		Year Ended
		December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	September 30, 2020 (Audited)
Revenues:				
Premiums earned, direct	$	2,442,551	2,189,168	8,886,960
Premiums earned, transferred by excess		(657,480)	(590,547)	(2,407,442)
Net premiums		1,785,071	1,598,621	6,479,518
Investment income		17,345	63,386	245,812
Miscellaneous income		263	365	3,318
Total revenues		1,802,679	1,662,372	6,728,648
Expenses:				
Losses incurred, direct		711,351	2,802,643	6,353,220
Losses incurred, transferred by excess		176,157	(2,001,454)	(3,269,162)
Net losses		887,508	801,189	3,084,058
Loss expenses incurred		110,220	614,810	1,378,197
Other underwriting expenses incurred		1,055,532	1,030,516	2,755,882
Total expenses		2,053,260	2,446,515	7,218,137
Net income/(loss) - statutory basis	$	(250,581)	(784,143)	(489,489)

See accompanying notes to financial statements and independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Changes in Surplus - Statutory Basis

For the years ended December 31, 2020 and 2019

and for the years ended and September 30, 2020

		Three Months Ended		Year Ended
		December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	September 30, 2020 (Audited)
Surplus, beginning of period	$	9,380,070	9,869,559	9,869,559
Net income/(loss)- statutory basis		(250,581)	(784,143)	(489,489)
Unrealized capital gain		-	-	241,968
Change in non-admitted assets		-	-	(241,968)
Dividends		-	-	-
Surplus, end of period	$	9,129,489	9,085,416	9,380,070

See accompanying notes to financial statements and independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Cash Flows - Statutory Basis

For the years ended December 31, 2020 and 2019

and for the year ended and September 30, 2020

	Three Months Ended December 31, 2020 (Unaudited)	Three Months Ended December 31, 2019 (Unaudited)	Year Ended September 30, 2020 (Audited)
Premiums collected, net of excess insurance	$ 7,490,972	6,548,967	6,368,014
Loss and loss adjustment expenses paid	(1,148,848)	(2,939,929)	(5,069,090)
Underwriting expenses paid	(1,130,153)	(1,012,981)	(2,598,609)
Cash from underwriting	5,211,971	2,596,057	(1,299,685)
Investment income	17,842	62,978	520,924
Net cash from operations	5,229,813	2,659,035	(778,761)
Transfers in:			
Other sources	135	2,790,220	3,347,286
Transfers out:			
Other applications	(7,587,051)	-	(201,643)
Net change in cash and short-term investments	(2,357,103)	5,449,255	2,366,882
Cash and short-term investments, beginning of period	6,122,210	3,755,328	3,755,328
Cash and short-term investments, end of period	$ 3,765,107	9,204,583	6,122,210

See accompanying notes to financial statements and independent auditor's report.

(1) Summary of significant accounting policies:

(a) Nature of organization:

The League Association of Risk Management (the Pool) is a risk management pool created under the provisions of the Intergovernmental Risk Management Act and the Interlocal Cooperation Act of the State of Nebraska. The Pool was created for the purpose of Nebraska municipalities to act jointly to provide risk management services and insurance coverage in the form of group self-insurance or standard insurance, including any combination of group self-insurance and standard insurance, to protect members against losses arising from general liability, property damage, destruction or loss, errors and omissions liability, and workers' compensation liability. Any county, city, village, school district, public power district, rural fire district, or other political subdivision of the State of Nebraska, the State of Nebraska, the University of Nebraska, and any corporation whose primary function is to act as an instrumentality or agency of the State of Nebraska is eligible to participate as a member of the pool.

The Pool is financed through the annual and supplemental contributions paid by the participating entities, through income earned from the investment of the Pool's funds, and through any other monies, which may be lawfully received by the Pool and made part of the Pool's assets. The Pool provides group self-insurance coverage for automobile physical damage, comprehensive property - all risk, boiler and machinery, basic crime, general liability, automobile liability, law enforcement liability, public officials liability, employment practices liability, non-monetary relief defense expense, reimbursement of criminal defense expense, workers' compensation, employers' liability, cyber liability, and terrorism.

The Pool is operated by a Board of Directors consisting of elected and appointed officials or employees of the Pool members. The Board has the power to establish the coverage document, ensure that all claims covered by the document are paid, take all necessary precautions to safeguard the assets of the Pool, and make and enter into any and all contracts and agreements necessary to carry out any of the powers granted or duties imposed under the Pool formation agreement, the Pool's bylaws, or any applicable law or regulation.

(b) Basis of presentation:

For purposes of this statement, the Pool uses the statutory basis of accounting as prescribed by the Insurance Department of the State of Nebraska, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the statutory basis of accounting, certain fixed assets and prepaid expenses are not recognized on the balance sheet.

(c) Investment income:

Investment income consists primarily of interest and is recorded as earned.

(d) Contributions:

Contributions are earned over the terms of the related coverage document and reinsurance contracts. All coverage documents coincide with the fiscal year of the Pool. Unearned contribution reserves are established to cover the unexpired portion of contributions written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

(e) Unpaid loss and loss adjustment expenses:

Unpaid loss and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed and any adjustments are reflected in the period determined.

(1) Summary of significant accounting policies: (Continued)

(f) Reinsurance:

In the normal course of operation, the Pool seeks to reduce the loss that may arise from events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy.

(g) Income taxes:

The Pool is exempt under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is required and the Pool is not required to file any returns or reports with the Internal Revenue Service related to income taxes.

(h) Management estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(i) Risks and uncertainties:

In March 2020, the United States declared a national emergency related to the rapidly spreading coronavirus (COVID-19) outbreak. The Pool invests in various securities as part of its ongoing operations and is exposed to economic and financial market risks. Events that result from the COVID-19 pandemic may have a material impact on the valuation of the Pool's investments. Additionally, financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the members. COVID-19 may have an effect on the financial position of the Pool.

(2) NLC Mutual Insurance Company:

The Pool joined the NLC Mutual Insurance Company (NLC) as of October 1, 2002. NLC is a mutual insurance company, formed with the assistance of the National League of Cities in 1986.

Each entity is charged a capitalization fee based on a percentage of premiums. The Pool contributed a total of $377,664, which is reflected on NLC's financial statements as member surplus. In addition, NLC allocates a portion of their net income to the member surplus each year. As a mutual company, NLC returns earnings that are not needed to pay claims and the expenses of operations to the members in the form of dividends. NLC did not declare any dividends for the years ended September 30, 2020 and 2019. The total member surplus reflected on NLC's financials for LARM were $2,267,029 (December 31, 2020), $2,025,061 (December 31, 2019) and $2,267,029 (September 30, 2020).

The Nebraska Department of Insurance classifies this investment as non-admitted as it is not easily liquidated into cash.

(3) Cash on deposit and investments:

Cash on deposit, which includes cash in checking accounts, certificates of deposit with original maturities of one year or less, and money market deposit accounts are carried at cost, which approximates market value. The Pool maintains its cash on deposit in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

Long term investments are investments with original maturities of more than one year. Included in long term investments are certificates of deposit and governmental agency bonds. Certificates of deposit are carried at cost, which approximates market value. Statutory accounting principles require that bonds be reported at amortized cost.

See independent accountant's compilation report.

(3) Cash on deposit and investments: (Continued)

Statutes authorize the Pool to invest in bank certificates of deposit, repurchase agreements collateralized by U.S. government and government-guaranteed obligations, or U.S. agency and instrumentality obligations and mutual funds that invest in these investments.

For purposes of this footnote, the cost basis does not include checks issued and outstanding.

The Pool's cash and investment balances were as follows:

	Cost		
	Insured or Direct U.S. Government	Uninsured	Total
At December 31, 2020			
Cash on deposit	$ 250,000	2,090,056	2,340,056
Short-term investments	1,749,766	-	1,749,766
Long-term investments	14,838,156	-	14,838,156
	$ 16,837,922	2,090,056	18,927,978
At December 31, 2019			
Cash on deposit	$ 250,000	2,811,587	3,061,587
Short-term investments	6,599,677	-	6,599,677
Long-term investments	7,847,585	1,163	7,848,748
	$ 14,697,262	2,812,750	17,510,012
At September 30, 2020			
Cash on deposit	$ 250,000	693,436	943,436
Short-term investments	5,248,706	-	5,248,706
Long-term investments	7,248,332	2,773	7,251,105
	$ 12,747,038	696,209	13,443,247

The Pool has adopted Statement of Statutory Accounting Principles (SSAP) No. 100, *Fair Value*. This standard defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Pool considers the primary or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

The Pool classified its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. SSAP 100 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1 – Quoted prices in active markets for *identical* assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly; such as quoted prices for *similar* assets or liabilities, quoted prices in markets that are not active; or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

(3) Cash on deposit and investments: (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Bonds – Mortgage and Other Asset Backed Bonds: Valued based on Residential Mortgage Backed Securities modeling file provided by FINRA. The prepayment assumptions used for single class and multi-class mortgage backed/asset backed securities were obtained from broker/dealer survey values. These assumptions are consistent with the current interest rate and economic environment.

	December 31, 2020					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ 999,860	-	801,713	-	1,801,573	-
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	751,110	-	13,607,132	2,953	14,358,242	2,953
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	1,750,970	-	14,408,845	2,953	16,159,815	2,953
Total temporarily impaired securities	$ 1,750,970	-	14,408,845	2,953	16,159,815	2,953

The amortized cost and estimated statutory fair value of bonds at December 31, 2020, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	$ 1,749,766	1,750,970
Due after one year through five years	11,840,213	11,908,695
Due after five years through ten years	2,498,418	2,500,150
Due after ten years	-	-
	$ 16,088,397	16,159,815

See independent accountant's compilation report.

(3) Cash on deposit and investments: (Continued)

	December 31, 2019					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ 5,098,567	445	1,773,810	-	6,872,377	445
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	1,501,388	-	5,598,991	9,172	7,100,379	9,172
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	6,599,955	445	7,372,801	9,172	13,972,756	9,617
Total temporarily impaired securities	$ 6,599,955	445	7,372,801	9,172	13,972,756	9,617

The amortized cost and estimated statutory fair value of bonds at December 31, 2019, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	$ 6,599,677	6,599,955
Due after one year through five years	5,848,749	5,877,001
Due after five years through ten years	1,500,000	1,495,800
Due after ten years	-	-
	$ 13,948,426	13,972,756

See independent accountant's compilation report.

(3) Cash on deposit and investments: (Continued)

	September 30, 2020					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ 4,499,155	2	806,048	-	5,305,203	2
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	753,780	-	5,995,490	5,886	6,749,270	5,886
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	5,252,935	2	6,801,538	5,886	12,054,473	5,888
Total temporarily impaired securities	$ 5,252,935	2	6,801,538	5,886	12,054,473	5,888

The amortized cost and estimated statutory fair value of bonds at September 30, 2020, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	$ 5,248,706	5,252,935
Due after one year through five years	6,751,105	6,801,538
Due after five years through ten years	-	-
Due after ten years	-	-
	$ 11,999,811	12,054,473

The Pool regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the prospects of the issuers, including, but not limited to 1) the Pool's intentions and ability to hold the investments; 2) the length of time and the magnitude of the unrealized loss; 3) the credit ratings of the issuers of the investments, and 4) other information specific to the issuer, the Pool has concluded that any declines in the fair values of the Pool's investments in bonds at December 31, 2020 and 2019 and September 30, 2020 are temporary and are presented on the following page.

See independent accountant's compilation report.

(3) Cash on deposit and investments: (Continued)

The cost, gross unrealized gains, gross unrealized losses and estimated fair values are as follows:

December 31, 2020

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 16,088,398	74,370	2,953	16,159,815
Total	$ 16,088,398	74,370	2,953	16,159,815

December 31, 2019

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 13,948,426	33,947	9,617	13,972,756
Total	$ 13,948,426	33,947	9,617	13,972,756

September 30, 2020

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 11,999,811	60,550	5,888	12,054,473
Total	$ 11,999,811	60,550	5,888	12,054,473

The statement value and estimated fair value of financial instruments at December 31, 2020 and 2019 and September 30, 2020 are as follows:

	December 31, 2020				
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$ 16,088,422	16,159,815	-	16,159,815	-
Cash on deposit (including certificates of deposit)	2,515,341	2,518,114	2,015,341	502,773	-
Investment income due and accrued	26,684	26,684	26,684	-	-
Total	$ 18,630,447	18,704,613	2,042,025	16,662,588	-

(3) Cash on deposit and investments: (Continued)

	December 31, 2019				
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$ 13,948,425	13,972,756	-	13,972,756	-
Common stock	-	-			
Cash on deposit (including certificates of deposit)	3,104,906	4,355,153	3,853,736	501,417	-
Investment income due and accrued	60,733	60,733	60,733	-	-
Total	$ 17,114,064	18,388,642	3,914,469	14,474,173	-

	September 30, 2020				
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$ 11,999,811	12,054,473	-	12,054,473	-
Cash on deposit (including certificates of deposit)	1,373,504	1,376,277	873,504	502,773	-
Investment income due and accrued	27,181	27,181	27,181	-	-
Total	$ 13,400,496	13,457,931	900,685	12,557,246	-

(4) Related party transactions:

LARM contracted with the League of Nebraska Municipalities for office space and miscellaneous administrative services. The total amount paid to the League of Nebraska Municipalities was $32,526 (December 31, 2020), $65,343 (December 31, 2019), and $180,995 (September 30, 2020).The total amount of payables to the League of Nebraska Municipalities was $0 (December 31, 2020), $2,249 (December 31, 2019), and $7,081 (September 30, 2020).

(5) Reinsurance recoverables:

Amounts recoverable from reinsurers are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured coverage document. The Pool's management believes the recoverables are appropriately established. The Pool had reinsurance recoverable amounts from seven third-party reinsurers.

(5) Reinsurance recoverables: (Continued)

		December 31, 2020	December 31, 2020	September 30, 2020
Contributions:				
Direct	$	2,442,551	2,189,168	8,886,960
Ceded		(657,480)	(590,547)	(2,407,442)
Net contributions earned	$	1,785,071	1,598,621	6,479,518
Losses:				
Direct	$	711,351	2,802,643	6,353,220
Ceded		176,157	(2,001,454)	(3,269,162)
Net losses incurred	$	887,508	801,189	3,084,058

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of $2,034,310 (December 31, 2020), $2,269,348 (December 31, 2019), and $1,899,306 (September 30, 2020).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of $5,379,674 (December 31, 2020), $4,584,864 (December 31, 2019), and $5,668,649 (September 30, 2020).

The Pool has entered into quota share, stop loss and per occurrence reinsurance agreements. As part of a reinsurance agreement, the Pool has withheld $25,000 from the balance payable to a reinsurer. At December 31, 2020 and 2019 and September 30, 2020, the Pool had the funds withheld recorded as a liability.

The accompanying financial statements reflect the financial position and results of operations net of related reinsurance. To the extent that any reinsuring companies are unable to meet their obligations under the reinsurance agreements, the Pool would remain liable.

(6) Self-insured retention:

The Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by the reinsurance contracts and excess insurance contracts.

The per-claim retention limit for the coverage was as follows:

$	300,000	per occurrence	General Liability, Auto Liability, Police, Errors and Omissions
$	300,000	per occurrence	Public Official's Liability
$	100,000	per loss	Property, Auto Physical Damage
$	450,000	per occurrence	Wind and Hail Damage
$	750,000	per location and loss	Workers' Compensation
$	10,000	per occurrence	Boiler and Machinery
$	20,000	per occurrence	Cyber
$	10,000	per occurrence	Terrorism

From July 1, 2019 to July 1, 2020 the Property, Auto Physical Damage per-claim retention limit was $200,000 and Wind and Hail Damage per-claim retention limit was $300,000, plus a $300,000 corridor deductible.

(7) Retrospective assessments and credits:

Nine months following the close of the fiscal year and at annual intervals thereafter, the Pool may recalculate each member's retrospective premium or premium credit for the year.

No dividends were declared for the periods ended December 31, 2020 and 2019.

(8) Surplus:

Assets are reported under statutory accounting on an admitted assets basis. The non-admitted assets are excluded through a charge against surplus.

The portion of surplus represented or reduced by the following items are as follows:

		December 31, 2020	December 31, 2020	September 30, 2020
Non-admitted assets:				
Accounts receivable over 90 days past due	$	-	-	-
Agents balances receivable over 90 days past due		-	-	-
Investment in NLC		2,267,029	2,025,061	2,267,029
	$	2,267,029	2,025,061	2,267,029

(9) Commitments and contingencies:

From time to time, the Pool is involved in pending and threatened litigation in the normal course of business in which claims for monetary damages are asserted. In the opinion of management, the ultimate liability, if any, arising from such pending or threatened litigation is not expected to have a material effect on the results of operations, liability, or financial position of the Pool.

(10) Financial statement presentation:

Amounts for December 31, 2019 and September 30, 2020 have been restated in some instances to conform with current statement presentation.

(11) Subsequent events:

The Pool evaluated subsequent events through February 15, 2021. There were no subsequent events that require disclosure and/or adjustments.

SUPPLEMENTAL INFORMATION

TKB Certified Public Accountants

Thomas, Kunc & Black, LLP

Independent Accountant's Compilation Report
on Supplemental Information

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska

The December 31, 2020 and 2019 supplementary information contained in the Reconciliation of Unpaid Claims is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

The September 30, 2020 supplementary information contained in the Reconciliation of Unpaid Claim Liabilities is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole based upon the statutory basis of accounting. We have not performed any auditing procedures on the supplementary information since December 11, 2020.

Lincoln, Nebraska
February 15, 2021

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Reconciliation of Unpaid Claim Liabilities

For the periods ended December 31, 2020 and 2019

and the year ended September 30, 2020

	Three Months Ended December 31, 2020 (Unaudited)	Three Months Ended December 31, 2019 (Unaudited)	Year Ended September 30, 2020 (Audited)
Unpaid claims and claims adjustment expenses at beginning of period	$ 6,203,649	5,759,407	5,759,407
Incurred claims and claims adjustment expenses:			
Provision for insured events of current policy year	932,500	730,000	3,209,110
Increase/(decrease) in provision in insured events of prior policy years	65,228	685,999	1,253,145
Total incurred claims and claims adjustment expenses	997,728	1,415,999	4,462,255
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	95,732	68,701	906,267
Claims and claims adjustment expenses attributable to insured events of prior policy years	918,112	1,450,109	3,111,746
Total payments	1,013,844	1,518,810	4,018,013
Total unpaid claims and claims adjustment expenses at end of period	$ 6,187,533	5,656,596	6,203,649

See independent accountant's compilation report on supplemental information.

NLC Mutual Insurance Company
Combining Statements of Changes in Members' Surplus
Pool: Nebraska
December 31, 2020

	Workers' Comp. Line	General Liab. Line	Property Line	Total
Contributed Surplus	0.00	207,442.00	170,222.00	377,664.00
Total Retained Allocated Earnings	-	1,695,561.72	591,477.50	2,287,039.22
Total Members' Surplus @ 12/31/20	0.00	1,903,003.72	761,699.50	2,664,703.22
2020 Activity:				
Priority Allocation @12/31/20	-	55,517.46	23,828.54	79,346.00
Profit/Value Allocation @12/31/20	-	348,364.29	76,073.92	424,438.21
Total Allocation @12/31/20	-	403,881.75	99,902.46	503,784.21
Less: Dividend Declared @12/31/20	-	87,091.07	19,018.48	106,109.55
Plus: Dividend Reinvested - 2020	-	-	-	-
Less: Equity Withdrawn in 2020	-	-	-	-
Change in Members' Surplus	-	316,790.68	80,883.98	397,674.66
Dividend Payable in 2021	-	87,091.07	19,018.48	106,109.55
Equity Available for Withdrawal in 2021	-	-	-	-

84-713. Settled claims; record required; contents; public record; certain settlement agreements; public agency; agenda item; applicability of section.

(1) A public entity or public agency providing coverage to a public entity, public official, or public employee shall maintain a public written or electronic record of all settled claims. The record for all such claims settled in the amount of fifty thousand dollars or more, or one percent of the total annual budget of the public entity, whichever is less, shall include a written executed settlement agreement. The settlement agreement shall contain a brief description of the claim, the party or parties released under the settlement, and the amount of the financial compensation, if any, paid by or to the public entity or on its behalf.

(2) Any claim or settlement agreement involving a public entity shall be a public record but, to the extent permitted by sections 84-712.04 and 84-712.05 and as otherwise provided by statute, specific portions of the claim or settlement agreement may be withheld from the public. A private insurance company or public agency providing coverage to the public entity shall, without delay, provide to the public entity a copy of any claim or settlement agreement to be maintained as a public record.

(3) Except for settlement agreements involving the state, any state agency, or any employee of the state or pursuant to claims filed under the State Tort Claims Act, any settlement agreement with an amount of financial consideration of fifty thousand dollars or more, or one percent of the total annual budget of the public entity, whichever is less, shall be included as an agenda item at the next meeting of a public agency providing coverage to a public entity and as an agenda item on the next regularly scheduled public meeting of the public body for informational purposes or for approval if required.

(4) For purposes of this section, a confidentiality or nondisclosure clause or provision contained in or relating to a settlement agreement shall neither cause nor permit a settlement agreement or the claim or any other public record to be withheld from the public. Nothing in this section shall require a public official or public employee or any party to the settlement agreement to comment on the settlement agreement.

(5) For purposes of this section:

(a) Confidentiality or nondisclosure clause or provision means any covenant or stipulation adopted by parties to a settlement agreement that designates the settlement agreement, the claim, or any other public record as confidential, or in any other way restricts public access to information concerning the settlement agreement or claim;

(b) Public body means public body as defined in subdivision (1) of section 84-1409;

(c) Public entity means a public entity listed in subdivision (1) of section 84-712.01; and

(d) Settlement agreement means any contractual agreement to settle or resolve a claim involving a public entity or on behalf of the public entity, a public official, or a public employee by (i) the public entity, (ii) a private insurance company, or (iii) a public agency providing coverage.

(6) This section does not apply to claims made in connection with insured or self-insured health insurance contracts.

Source: Laws 2010, LB742, § 1.

Cross References

State Tort Claims Act, see section 81-8,235.

IN THE NEBRASKA WORKERS' COMPENSATION COURT

PHILLIP MOSHER, Plaintiff, v. CITY OF SCOTTSBLUFF, Employer and LEAGUE OF RISK MANAGEMENT, its Insurer, Defendants.	)))))))))	DOC. 218 NO. 1263 **RELEASE OF LIABILITY PURSUANT TO NEB.REV.STAT. § 48-139(3)**

RECEIVED AND FILED

JAN 31 2020

NEBRASKA WORKERS' COMPENSATION COURT

The plaintiff and defendants have entered into a lump sum settlement in accordance with Neb.Rev.Stat. § 48-139(3) for the accident of 2-5-12, and injuries to the head, traumatic brain injury, concussion and post concussive syndrome, headaches, dizziness, vision, cogniti139ve, depression, speech, and post-traumatic stress disorder, and submit this Release of Liability and Lump Sum Settlement Agreement pursuant to Neb.Rev.Stat. § 48-139(3).

Plaintiff's employer on the date(s) of injury was: City of Scottsbluff
2525 Circle Drive
Scottsbluff, NE 69361

I, PHILLIP MOSHER, plaintiff, understand and waive all rights under the Nebraska Workers' Compensation Act for the above referenced injuries, including, but not limited to:

- The right to receive weekly disability benefits, both temporary and permanent;
- The right to receive vocational rehabilitation services and benefits;
- The right to receive future medical, surgical, hospital, and miscellaneous expenses as provided in § 48-120, unless such services are specifically excluded from this release; and
- The right to decline settlement and proceed to trial, which may result in more or less money and other benefits or dismissal of my claims, and the right to ask a judge of the compensation court to decide the parties' rights and obligations.

I, PHILLIP MOSHER, plaintiff, further attest and affirm that:

- I am not eligible for Medicare, am not a current Medicare beneficiary, and do not have a reasonable expectation of becoming eligible for Medicare within thirty (30) months after the date the settlement was executed;

- There are no medical, surgical, hospital, or miscellaneous expenses related to or incurred for treatment of the above-referenced injuries which have been paid by Medicaid and not reimbursed to Medicaid by the employer as part of the settlement; and

- There are no medical, surgical, hospital, or miscellaneous expenses related to or incurred for treatment of the above-referenced injuries that I have submitted to the defendants and for which I have requested reimbursement that will remain unpaid after this settlement. A listing of medical bills submitted by Plaintiff and paid by Defendants is attached as Exhibit A, and no further medical, hospital, or miscellaneous expenses shall be paid.

In consideration of payment in accordance with the settlement of $325,000.00 to settle all issues, including past, present and future indemnity including, but not limited to, TTD, PPD and PTD and all past, present and future medical from the employer CITY OF SCOTTSBLUFF, and the insurer LEAGUE OF RISK MANAGEMENT, and including any predecessors, successors, parents, affiliates, related or subsidiary companies, divisions, partnerships, joint ventures, assigns, insurers, excess insurers, reinsurers, underwriters, indemnitors, present and/or former administrators, directors, officers, executive officers, representatives, agents, attorneys, employees, servants, and heirs and/or persons or entities for which Defendants may have liability herein, hereinafter collectively referred to as "Released Parties", for the accident and injuries of 2-5-12, I agree that the employer and its insurer and released parties are fully and completely discharged from further liability under the Nebraska Workers' Compensation Act on account of the above-referenced injuries, whether now known or to become known in the future under the Nebraska Workers' Compensation Act. I further state that I knowingly and willingly enter into this settlement.

NOW, THEREFORE, in consideration of the foregoing, the undersigned, PHILLIP MOSHER, hereby releases and forever discharges the defendants CITY OF SCOTTSBLUFF, and the insurer, LEAGUE OF RISK MANAGEMENT and Released Parties, from all liability on account of the accident and injuries sustained by plaintiff on 2-5-12, and from all of plaintiff's claims of every kind or character, now known or unknown, latent or not, arising from the accident and injuries of 2-5-12, under the Nebraska Workers' Compensation Act, and from all such claims for medical, legal, or other expenses resulting from the accident and injuries, and hereby dismisses with prejudice the suit filed at Doc. 218, No. 1263 in the Nebraska Workers' Compensation Court.

PHILLIP MOSHER, Plaintiff

STATE OF NEBRASKA)
COUNTY OF Scotts Bluff)
)

The foregoing instrument was signed and acknowledged before me by the above-named individual this 28th day of January, 2020, either personally known to me or identified by me through satisfactory evidence as required by law.

Witness my hand and Notarial Seal the day and year last above written.

GENERAL NOTARY - State of Nebraska
JAIME K. ROHRER
My Comm. Exp. December 7, 2020

Jaime K. Rohrer
Notary Public

Monte L. Neilan
1721 Broadway, Suite 225
PO Box 5127
Scottsbluff, NE 69363-1527
308-633-3600
monte@neilan.law
Attorney for Plaintiff

STATE OF NEBRASKA)
COUNTY OF Scotts Bluff)
)

The foregoing instrument was signed and acknowledged before me by the above-named individual this 28th day of January, 2020, either personally known to me or identified by me through satisfactory evidence as required by law.

Witness my hand and Notarial Seal the day and year last above written.

GENERAL NOTARY - State of Nebraska
JAIME K. ROHRER
My Comm. Exp. December 7, 2020

Jaime K. Rohrer
Notary Public

LUMP SUM SETTLEMENT AGREEMENT

THIS LUMP SUM SETTLEMENT AGREEMENT (hereinafter "Agreement") is made this 28th day of January, 2020, by and between PHILLIP MOSHER (hereinafter referred to as "Plaintiff") and CITY OF SCOTTSBLUFF and LEAGUE OF RISK MANAGEMENT (hereinafter referred to as ("Defendants").

WHEREAS, the parties wish to execute this Agreement which constitutes a full and complete settlement of all matters relating to the ending of the plaintiff's employment relationship with CITY OF SCOTTSBLUFF and claims for worker's compensation benefits;

NOW, THEREFORE, in consideration of the agreements contained herein, the Plaintiff and Defendants agree as follows:

1. **CONSIDERATION:** Defendants agree to pay, and the Plaintiff agrees to accept Three Hundred Twenty-Five Thousand Dollars and 00/100 ($325,000.00) as total consideration for the releases and promises contained herein and in the accompanying Release of Liability Pursuant to Neb. Rev. Stat. §48-139(3). The receipt and sufficiency of this consideration is hereby acknowledged by the Plaintiff.

2. **FULL AND COMPLETE RELEASE:**

A. **Final Bar.** This settlement shall constitute a FULL AND FINAL BAR to any and all claims under the Nebraska Workers' Compensation Act which Plaintiff, or anyone claiming by, through, or for Plaintiff has now, or may hereafter have against Defendants, and including any predecessors, successors, parents, affiliates, related or subsidiary companies, divisions, partnerships, joint ventures, assigns, insurers, excess insurers, reinsurers, underwriters, indemnitors, present and/or former administrators, directors, officers, executive officers, representatives, agents, attorneys, employees, servants, and heirs and/or persons or entities for which Defendants may have liability herein, hereinafter collectively referred to as "Released Parties", growing out of, or resulting from, any conditions, injuries or diseases claimed to have been sustained by Plaintiff on or about 2-6-12, and claimed to have arisen out of and in the course of Plaintiff's employment with CITY OF SCOTTSBLUFF, and any and all disability of any kind or character resulting or to result from there. Plaintiff further agrees to execute the accompanying Release of Liability Pursuant to Neb. Rev. Stat. § 48-139(3) and authorizes Plaintiff's attorney to execute a Stipulation for Dismissal with Prejudice.

B. **Release.** The Plaintiff hereby releases, acquits, and discharges Defendants and Released Parties from any and all claims, however characterized, whether for damages, costs, expenses, compensation, penalties, medical, hospital, and miscellaneous expenses, or other payments under the Nebraska Workers' Compensation Act, as amended.

C. **Encouragement to Consult Attorney.** The Plaintiff is encouraged to consult an attorney prior to signing of this Agreement. The Plaintiff agrees that, in fact, he has received legal advice from his attorney, Monte L. Neilan. The Plaintiff agrees that this Agreement and all of the terms and conditions of this Agreement have been fully explained to and are understood by him.

4. **SET-ASIDE.** The plaintiff was born on 2-8-83 and is 36 years old. It is not the intention of Defendants, released parties or the Plaintiff in this case to shift the responsibility for paying future medical expenses related to the Plaintiff's injuries to the federal government. The

parties have considered and protected Medicare's interests in this case; however, Plaintiff is not a Medicare beneficiary and does not have a reasonable expectation of the same within 30 months. The settlement amount of $325,000.00 is sufficient to cover all future medical, hospital, medications, and other expenses related to the accident and injuries sustained on 2-5-12 as specified in the Release of Liability pursuant to Neb.Rev.Stat. 48-139(3).

5. **BINDING NATURE.** The terms of this Agreement are contractual and not a mere recital.

PHILLIP MOSHER, Plaintiff

STATE OF NEBRASKA)
) ss.
COUNTY OF Scotts Bluff)

The foregoing instrument was signed and acknowledged before me by the above-named individual this 28th day of January, 2020, either personally known to me or identified by me through satisfactory evidence as required by law.

Witness my hand and Notarial Seal the day and year last above written.

GENERAL NOTARY - State of Nebraska
JAIME K. ROHRER
My Comm. Exp. December 7, 2020

Jaime K Rohrer
Notary Public

PHILLIP MOSHER, Plaintiff

____
Monte L. Neilan
1721 Broadway, Suite 225
PO Box 5127
Scottsbluff, NE 69363-1527
308-633-3600
monte@neilan.law
Attorney for Plaintiff

STATE OF NEBRASKA)
) ss.
COUNTY OF Scotts Bluff)

The foregoing instrument was signed and acknowledged before me by the above-named individual this 28th day of January, 2020, either personally known to me or identified by me through satisfactory evidence as required by law.

Witness my hand and Notarial Seal the day and year last above written.

GENERAL NOTARY - State of Nebraska
JAIME K. ROHRER
My Comm. Exp. December 7, 2020

Jaime K Rohrer
Notary Public

CITY OF SCOTTSBLUFF, Employer, and
LEAGUE OF RISK MANAGEMENT, Insurer,
Defendants

By: John W Iliff

John W. Iliff # 17320
Gross & Welch, P.C., L.L.O.
2120 South 72nd Street, Suite 1500
Omaha, NE 68154
(402) 392-1500
jiliff@grosswelch.com
Attorneys for Defendant

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was signed and acknowledged before me by the above-named individual this 28th day of January, 2020, either personally known to me or identified by me through satisfactory evidence as required by law.

Witness my hand and Notarial Seal the day and year last above written.

Mary L. Middleton
Notary Public

GENERAL NOTARY - State of Nebraska
MARY L. MIDDLETON
My Comm. Exp. October 20, 2022