



NOTICE

MEETING OF THE BOARD OF DIRECTORS OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM) Wednesday, May 22, 2024, 11:00 a.m. CT/10:00 a.m. MT

PLEASE TAKE NOTICE that on **Wednesday, May 22, 2024, at 11:00 a.m. CT/10:00 a.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Board of Directors meeting at the Cornhusker Marriott Hotel, Lancaster Ballroom, 5 and 6, 333 South 13th Street, Lincoln, Nebraska. 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 206 South 13th Suite 800, in Lincoln, Nebraska. A notice of this meeting with the agenda and other materials is available at this location with the following links kept continually current on LARM's website – larmpool.org: an electronic copy of the agenda, all documents being considered at the meeting, and a link to the current version of the Open Meetings Act.

The meeting will also be made available by Zoom via Computer, Smart Device or Telephone

<https://us06web.zoom.us/j/84388813516?pwd=UKLitGazbz4ZjYNi1FY7JUjftdyxFY.1> or via phone at 346-248-7799. The Meeting ID: 843 8881 3516 and the passcode is 359529.

On May 15, 2024, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board.



AGENDA

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

Wednesday, May 22, 2024, 11:00 a.m. CDT/10:00 a.m. MDT

Cornhusker Marriott Hotel - Lancaster Ballroom 5 and 6

333 South 13th Street, Lincoln, NE

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 the meeting and at the links below 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.

You also may join the meeting by Zoom via Computer, Smart Device or Telephone <https://us06web.zoom.us/j/84388813516?pwd=UKLitGazbz4ZjYNi1FY7JUjftdyxFY.1> or via phone at 346-248-7799. The Meeting ID: 843 8881 3516 and the passcode is 359529.

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. 11:00 a.m. CDT/10:00 a.m. MDT – Joey Spellerberg, Mayor of Fremont and Chair of the LARM Board, will call the meeting to order.
- b. Roll call.
- c. Indicate that on May 15, 2024, 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 was available for public inspection at 206 South 13th Suite 800, in Lincoln, Nebraska, and also posted with the following links kept continually current: an electronic copy of the agenda and all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM’s website- larmpool.org
- d. Inform the public about the location of the Open Meetings Act which is accessible to members of the public and at larmpool.org along with a copy of all reproducible written materials to be discussed at this meeting.
- e. Pledge of Allegiance to the Flag of the United States of America.
- 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 to approve the minutes of the February 27, 2024, meeting of the LARM Board of Directors.

See pages 1-5

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

· *Michael Maloney, Senior Portfolio Manager, US Bank*

See pages 6-50

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

· *Mark Weaver, Vice President Finance, Sedgwick*

See pages 51-57

5. Consider a motion to accept the reinsurance renewal update and to set rates to achieve the overall funding targets for Property, General Liability, and Workers' Compensation as presented.

See pages 58-60

· *Justin Swarbrick, Senior Vice-President, Aliant Insurance Services, Inc.*

· *Mark Weaver, Vice President Finance, Sedgwick*

· *Chris Cadwell, Director of Pool Administration, Sedgwick*

6. Consider a motion to authorize Sedgwick, on behalf of LARM, to bind the following reinsurance coverages: a) All Risk Property, effective 07-01-24; b) Cyber Liability, effective 07-01-24; c) Pollution Liability, effective 07-01-24; and d) Deadly Weapon Response Program, effective 07-01-24.

· Chris Cadwell, Director of Pool Administration, Sedgwick

· Mark Weaver, Vice President Finance, Sedgwick

7. (If needed) Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation.

· Fred Wiebelhaus, Loss Control Manager/Claims Manager, LARM

8. Discuss the date for the next meeting of the LARM Board of Directors.

· Lynn Rex, Administrator, LARM

· Dave Bos, Executive Director, LARM

9. Consider a motion to adjourn.



MINUTES
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Tuesday, February 27, 2024, 1:30 p.m. CT/12:30 p.m. MT
Cornhusker Marriott Hotel-Grand Ballroom. B and C
333 S 13th Street, Lincoln NE

A Meeting of the League Association of Risk Management (LARM) Board of Directors was held February 27, 2024, at 1:30 p.m. CT /12:30 p.m. MT. in the Grand Ballroom, B and C at the Cornhusker Marriott Hotel at 333 S 13th Street in Lincoln, Nebraska.

(AGENDA ITEM #1) **Call meeting to order.** At 1:30 p.m. CT, **LARM Board Chair Mayor Joey Spellerberg**, City of Fremont, called the meeting to order.

The roll call was read with the following voting Board Members present: **Connie Jo Beck**, Clerk/Deputy Treasurer, City of St. Paul; **Mayor James Bulkley**, City of Columbus; **Raquel Felzien**, Clerk/Treasurer, City of Franklin; **Mayor Don Groesser**, City of Ralston; **Layne Groseth**, Administrator, City of North Platte; **Pat Heath**, Administrator, City of Gering; **Gwenda Horky**, Clerk/Treasurer, City of Sargent; **Dana Klabenes**, Clerk/Treasurer, City of Neligh; **Tom Ourada**, Administrator, City of Crete; **Chris Rector**, Administrator, City of Holdrege; **Sandra Schendt**, Clerk/Treasurer, City of Nelson; **Mayor Joey Spellerberg**, City of Fremont; **Mayor Deb VanMatre**, City of Gibbon. Ex-officio (non-voting) Board Member **L. Lynn Rex**, Executive Director of the League of Nebraska Municipalities, and Administrator of LARM was also present.

At the time of roll call: 2 were absent: **Pam Buethe**, Board Member, Sarpy County SID #29 and **Mayor Josh Moenning**, City of Norfolk.

Other participants included: **Cline Williams Law Firm** –Trent Sidders; **Sedgwick (LARM's third party administrator)** – Chris Cadwell, and Becky Atkinson; **Alliant Insurance Services-** Justin Swarbrick and Doug Wozniak; **Midwest Employer Casualty-** Bill Costanza; **NLC Mutual Insurance Company-** Moira Kenah; **LARM** – Dave Bos, Tracy Juranek, Diane Becker, Drew Cook, Ethan Nguyen, Fred Wiebelhaus, Kyla Brockevelt, James Kelley, John Hobbs, Steve Hecker, Clint Simmons, Nate Fox and Laura McInturf; **League of Nebraska Municipalities** – Shirley Riley; (Via Zoom): **US Bank-** Michael Maloney; **Sedgwick-** Kathy Manuel.

Chair Mayor Joey Spellerberg indicated that on February 20, 2024, a notice of the meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of the meeting with the agenda and other materials also was made available for public inspection at 1335 L Street, in Lincoln, Nebraska, and posted with the following links kept continually current: an electronic copy of the agenda, all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- larmpool.org.

Chair Mayor Joey Spellerberg stated 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. The Open Meetings Act was posted in the meeting room and was accessible to members of the public. Chair Mayor Joey Spellerberg informed the public about the location of the Open Meetings Act posted in the meeting room and 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.

The Pledge of Allegiance to the Flag of the United States of America was recited.

(AGENDA ITEM #2) Consider a motion to select Joey Spellerberg, Mayor of Fremont, as LARM Board Chair for a one-year term and Sandra Schendt, Clerk/Treasurer, City of Nelson, as LARM Vice Chair for a one-year term as provided in Article V, Section 1 of LARM's Bylaws. Chair Spellerberg asked if there was any discussion; there was none. Mayor Deb VanMatre moved, seconded by Mayor Don Groesser to select Joey Spellerberg, Mayor of Fremont, as LARM Board Chair for a one-year term and Sandra Schendt, Clerk/Treasurer, City of Nelson, as LARM Vice Chair for a one-year term as provided in Article V, Section 1 of LARM's Bylaws. Roll call vote. Ayes: Beck, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, and VanMatre. Nays: None. Abstentions: Schendt and Spellerberg. Absent: Buethe and Moenning. **Motion carried: 11 ayes, 0 nays, 2 abstention, 2 absent.**

(AGENDA ITEM #3) Consider a motion to approve the minutes of the December 13, 2023, Meeting of the LARM Board of Directors. Chair Spellerberg asked if there was any discussion; there was none. Connie Jo Beck moved, seconded by Raquel Felzien, to approve the minutes of the December 13, 2023, Meeting of the LARM Board of Directors. Roll call vote. Aye: Beck, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: Klabenes. Absent: Buethe, and Moenning. **Motion carried: 12 ayes, 0 nays, 1 abstention, 2 absent.**

(AGENDA ITEM #4) Consider a motion to accept the quarterly update on LARM investments. (Presented by Michael Maloney, Senior Portfolio Manager, US Bank) Chair Spellerberg asked if there was any discussion. There was none. Tom Ourada moved, seconded by Sandra Schendt, to accept the quarterly update on LARM investments. Roll

call vote. Ayes: Beck, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe and Moenning. **Motion carried: 13 ayes, 0 nays, 0 abstention, 2 absent**

(AGENDA ITEM #5) Consider a motion to accept a report on the current state of the property reinsurance market (Presented by Justin Swarbrick, Senior Vice President, Alliant Insurance Services, Inc.) Chair Spellerberg asked if there was any discussion. There was none. Mayor Don Groesser moved, seconded by Chris Rector, to accept a report on the current state of the property reinsurance market. Roll call vote. Ayes: Beck, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe and Moenning. **Motion carried: 13 ayes, 0 nays, 0 abstention, 2 absent**

(AGENDA ITEM #6) Consider a motion to accept the quarterly update on LARM financials. (Presented by Kathy Manuel, Finance Manager, Sedgwick) Chair Spellerberg asked if there was any discussion. There was none. Connie Jo Beck moved, seconded by Pat Heath, to accept the quarterly update on LARM financials. Roll call vote. Ayes: Beck, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe and Moenning. **Motion carried: 13 ayes, 0 nays, 0 abstention, 2 absent**

(AGENDA ITEM #7) Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation. (Fred Wiebelhaus, Loss Control/Claims Manager, LARM) Chair Spellerberg stated that the following would be joining the LARM board in closed session: Dave Bos, Tracy Juranek, Fred Wiebelhaus, Steve Hecker, Chris Cadwell, Trent Sidders and Shirley Riley. Chair Spellerberg asked if there was any discussion. There was none. Raquel Felzien moved, seconded by Sandra Schendt to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation with the following joining the LARM board in closed session: Dave Bos, Tracy Juranek, Fred Wiebelhaus, Steve Hecker, Chris Cadwell, Trent Sidders and Shirley Riley. Roll call vote. Ayes: Beck, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe and Moenning. **Motion carried: 13 ayes, 0 nays, 0 abstention, 2 absent**

Chair Spellerberg repeated the motion again to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation with the following joining the LARM Board in closed session: Dave Bos, Tracy Juranek, Fred Wiebelhaus, Steve Hecker, Chris Cadwell, Trent Sidders and Shirley Riley. As of 2:21 p.m. the Board was in closed session.

At 2:28 p.m. Chair Spellerberg stated that we were now in open session and that no actions were taken during the closed session.

(AGENDA ITEM #8) Discuss the date for the next meeting of the LARM Board of Directors. (Presented by Lynn Rex, Administrator and Dave Bos, Executive Director, LARM). Lynn Rex stated that she and Dave Bos would discuss some possible dates for the next meeting of the LARM Board of Directors.

*(AGENDA ITEM #9) Consider a motion to adjourn. At 2:31 p.m. Connie Jo Beck moved, seconded by Mayor Deb VanMatre to adjourn. Roll call vote. Ayes: Beck, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Bueth and Moenning. **Motion carried: 13 ayes, 0 nays, 0 abstention, 2 absent***

Approved on:

ATTEST:

Kyla Brockevelt

Executive Administrative Assistant
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



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The Meeting ID is 883 3272 5316 and the passcode is 274107.

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League Association of Risk Management

May 22, 2024

Your Team

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Senior Institutional Client Portfolio Manager
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Corey Reavis
Vice President
Relationship Manager
U.S. Bank Institutional Trust & Custody
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Portfolio Review

Selected Period Performance

Selected Period Performance

	Market Value	1 Month	3 Months	Year to Date (4 Months)	1 Year	3 Years	5 Years	Inception to Date 11/01/2014
Total Portfolio Gross of Fees	20,121,833	.22	.70	1.11	3.78	-.34	.28	.61
Total Portfolio Net of Fees	20,121,833	.21	.66	1.07	3.64	-.48	.14	.47
Total Fixed Income	11,349,381	.07	.23	.63	3.22	-.62	.14	.60
BBARC 1-5 Year US Treasury Index		-.85	-1.20	-.90	1.10	-1.01	.72	.96
BBARC 1-3 Year US Treasury Index		-.38	-.46	-.10	2.28	-.13	1.02	1.01
Total Cash Equivalents	8,772,452	.42	1.28	1.73	5.31	2.50	1.76	1.14
FTSE 1 Month Treasury Bill Index		.44	1.34	1.81	5.46	2.80	2.05	1.46
FTSE 6 Month Treasury Bill Index		.45	1.37	1.86	5.62	2.86	2.19	1.58
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Investment products and services are:
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

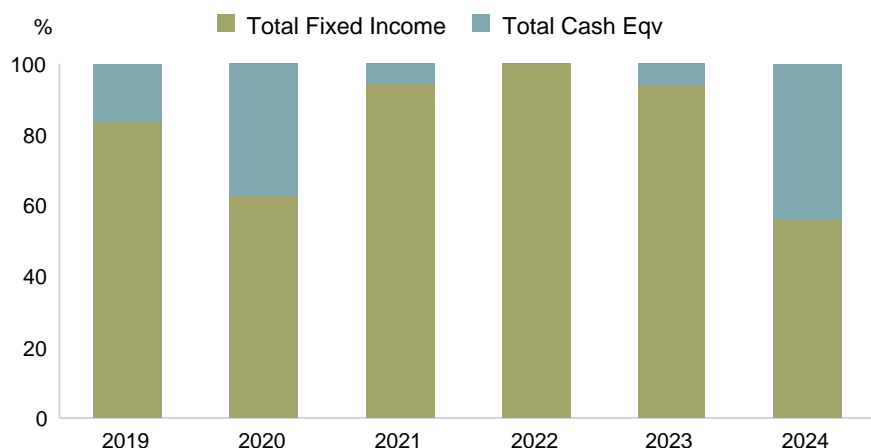


History of Asset Growth Graphs

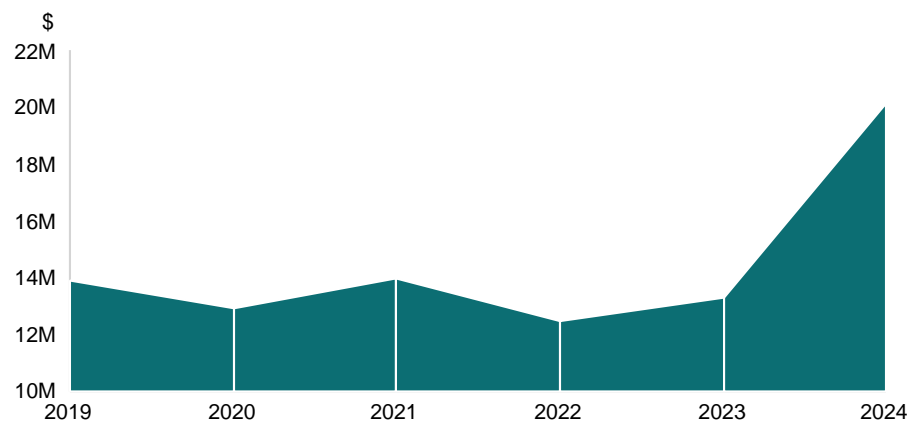
Annual Portfolio Values

	Consolidated	Oct 2018- Sep 2019	Oct 2019- Sep 2020	Oct 2020- Sep 2021	Oct 2021- Sep 2022	Oct 2022- Sep 2023	Oct 2023- Apr 2024
Beginning Portfolio Value	13,380,140	13,380,140	13,922,983	12,945,684	13,999,890	12,440,653	13,290,957
Contributions	40,200,025	4,600,000	3,700,000	7,900,000	7,500,000	8,000,025	8,500,000
Withdrawals	-34,165,688	-4,574,303	-4,921,961	-6,822,895	-7,833,096	-7,749,965	-2,263,469
Income Earned	1,206,977	304,987	209,553	87,451	88,038	278,050	238,899
Gain/Loss	-499,622	212,158	35,109	-110,350	-1,314,179	322,194	355,446
Ending Portfolio Value	20,121,833	13,922,983	12,945,684	13,999,890	12,440,653	13,290,957	20,121,833
Total Return	.57	3.14	1.52	-.12	-7.28	3.17	3.19
Principal	-.72	1.22	-.03	-.73	-7.73	1.56	2.02
Income	1.31	1.92	1.55	.61	.45	1.61	1.17

Allocation Over Time



Ending Market Values Over Time



For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

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Account: XXXXXXXXX9800

Holdings Method: Direct

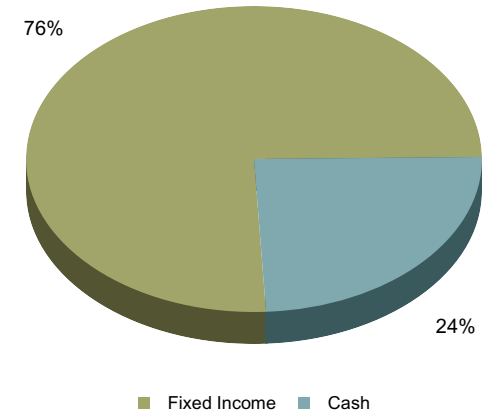
Report Date: 04/30/2024

Portfolio Summary

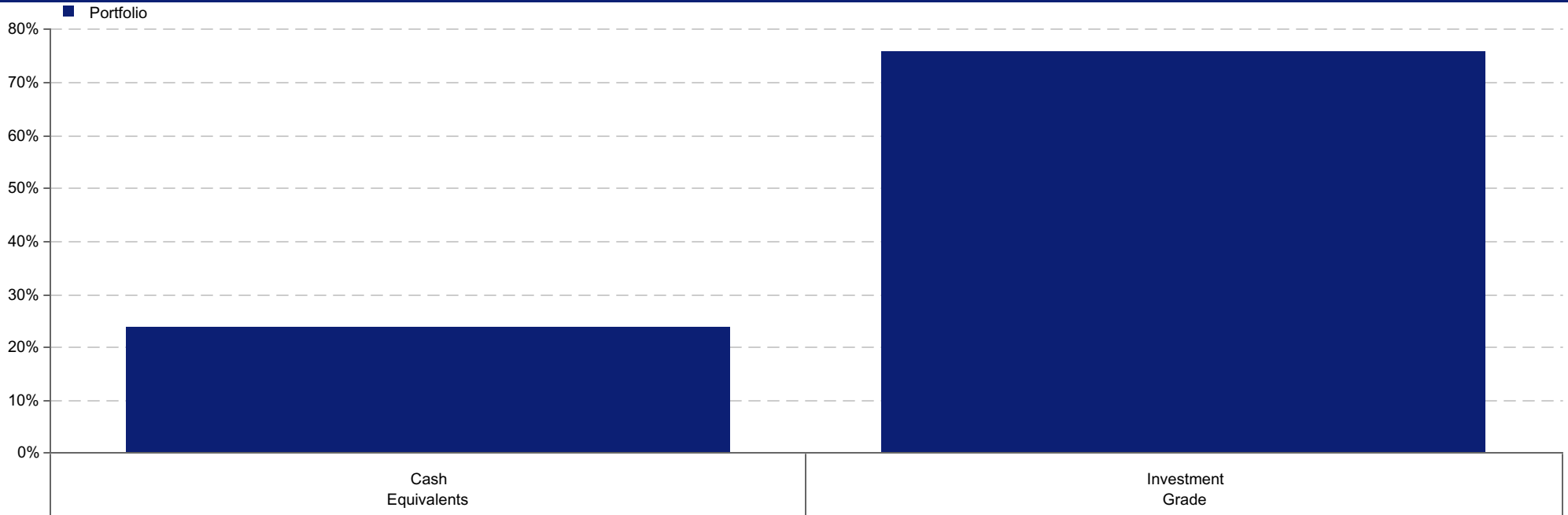
Inv. Objective	All Fixed/Non Taxable
Total Portfolio Value	\$20,084,233
Net Realized Cap Gains YTD	\$7,754
Annual Income Projected	\$532,609
Current Yield	2.63%
Number of Securities	19
Portfolio Mgr.	Pfmam Sub Adv Michael Maloney

Portfolio Asset Allocation

Fixed Income	\$15,256,920	75.96%
Cash	\$4,827,313	24.04%
Invested Total	\$20,084,233	100.00%



Portfolio Model Allocation



Account: XXXXXXXXX9800

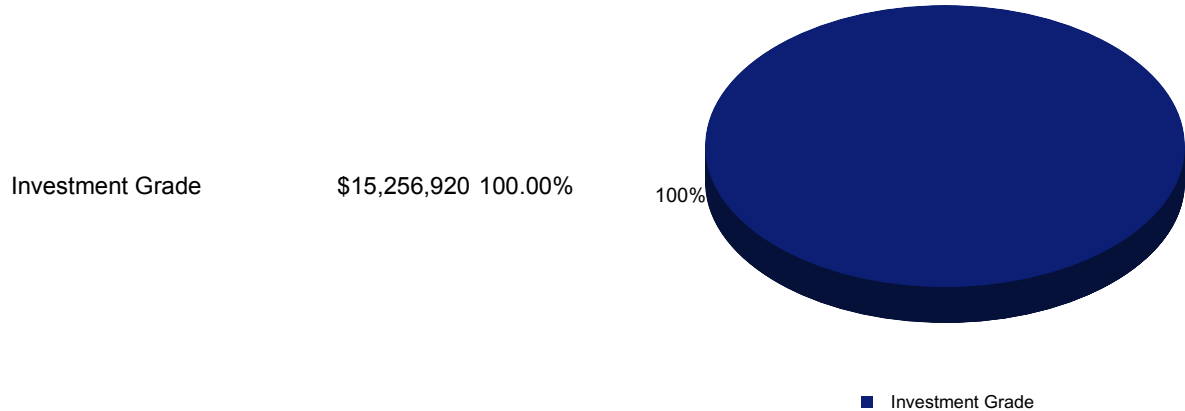
Holdings Method: Direct

Report Date: 04/30/2024

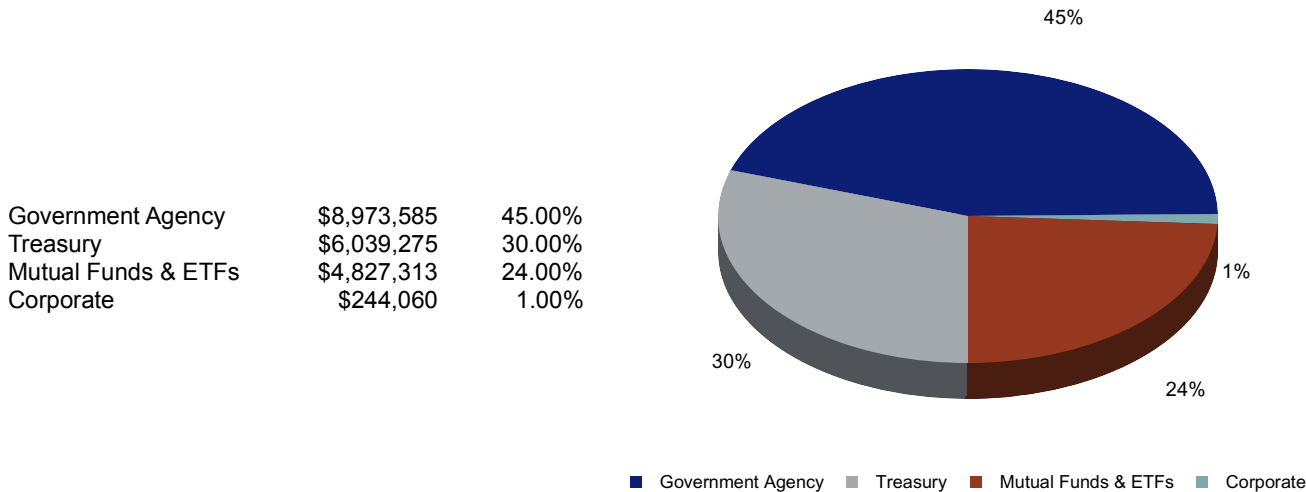
Fixed Income Summary

Inv. Objective	All Fixed/Non Taxable
Total Fixed Income Value	\$15,256,920
Current Yield	1.81%
Annual Income Projected	\$279,925
Number of Securities	18
Portfolio Mgr.	Pfmam Sub Adv Michael Maloney

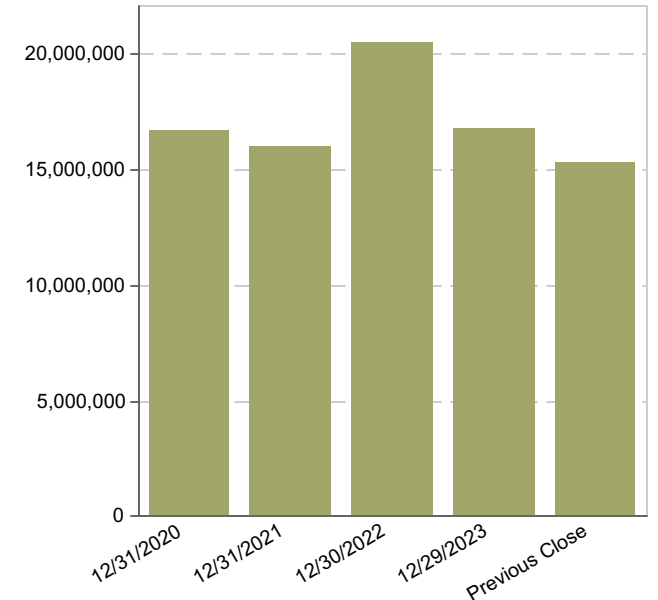
Fixed Income Asset Allocation



Fixed Income Sector Exposures



Fixed Income Market Value



Account: XXXXXXXXX9800

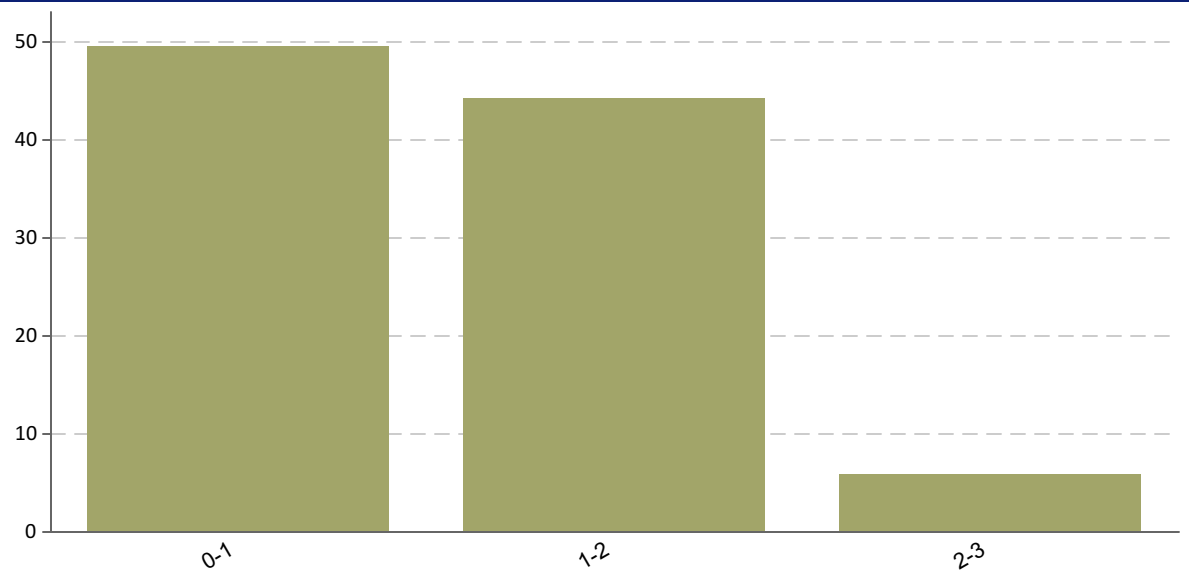
Holdings Method: Direct

Report Date: 04/30/2024

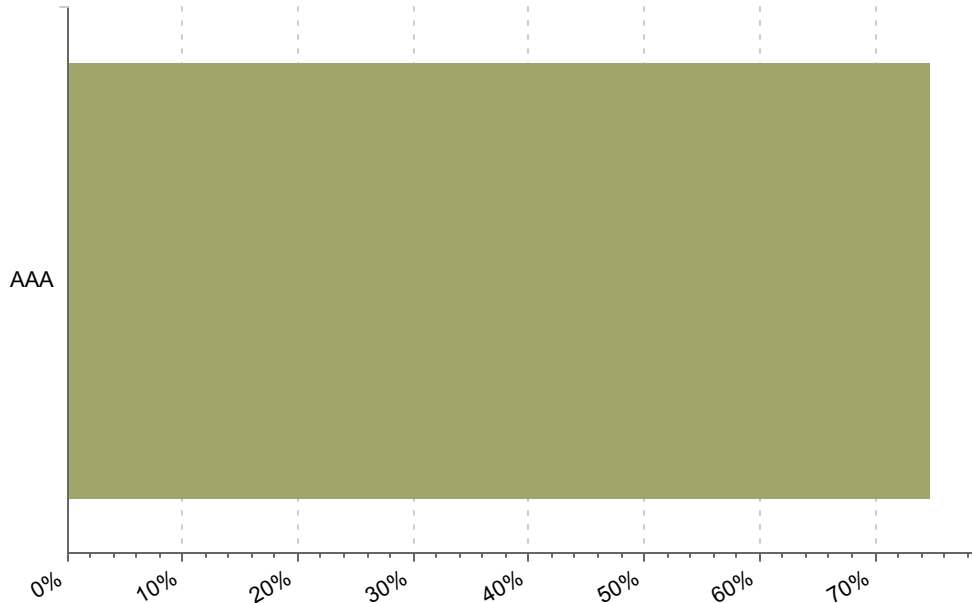
Bond Characteristics

	Portfolio	% Avail
Avg. Coupon (%)	.43	100
Current Yield	1.81	100
Yield to Maturity (%)	5.23	100
Yield to Worst (%)	5.23	100
Effective Maturity	1.04	100
Effective Duration	1.01	100
Avg. Quality	AA+	94
# of Securities	18	100

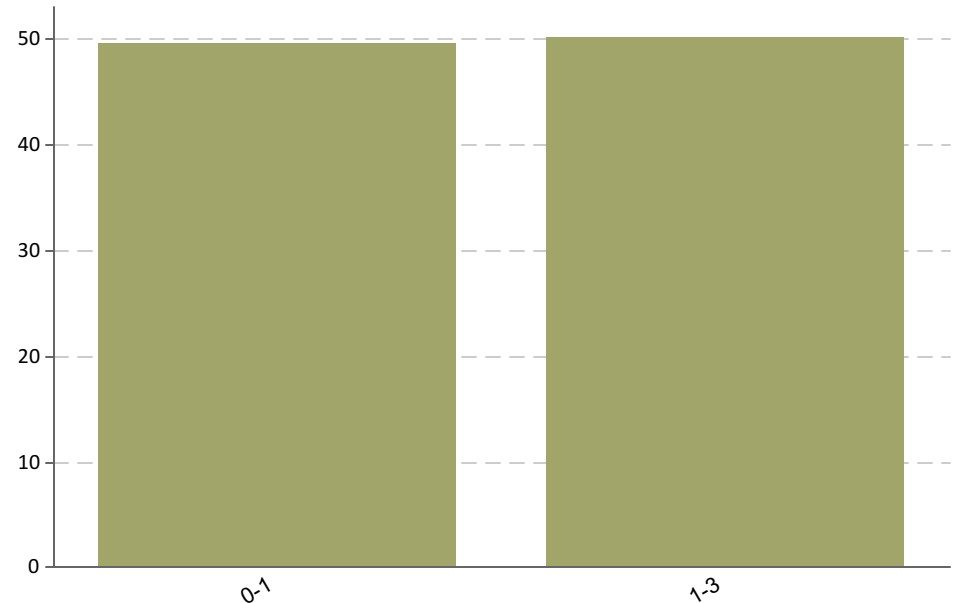
Bond Effective Maturity



Bond Quality Distribution



Bond Duration Distribution





LEAGUE ASSOC OF RISK MANAGEMENT

Portfolio Holdings

Account: XXXXXXXXX9800

Holdings Method: Direct

Report Date: 04/30/2024

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		100.0			20,084,233	20,710,440	-626,207	2.63	532,609
Cash		24.04			4,827,313	4,827,313	0	5.23	252,684
Cash Equivalents		24.04			4,827,313	4,827,313	0	5.23	252,684
FIRST AM GOVT OB FD CL X	31846V336	24.04	1.00	4,827,313	4,827,313	4,827,313	0	5.23	252,684
Fixed Income		75.96			15,256,920	15,883,127	-626,207	1.81	279,925
Investment Grade		75.96			15,256,920	15,883,127	-626,207	1.81	279,925
Corporate		1.22			244,060	249,500	-5,440	0.36	875
BMW BK NORTH C D 0.350% 10/23/24	05580AXH2	1.22	97.62	250,000	244,060	249,500	-5,440	0.36	875
Government Agency		44.68			8,973,585	9,492,665	-519,080	0.54	48,150
F H L M C M T N 0.375% 7/29/24	3134GW4X1	3.69	98.82	750,000	741,135	749,775	-8,640	0.38	2,813
F H L M C M T N 0.420% 9/17/24	3134GWSW7	3.66	98.10	750,000	735,773	750,000	-14,228	0.43	3,150
F H L B DEB 0.375% 2/25/25	3130ALB52	4.78	96.07	1,000,000	960,740	1,000,000	-39,260	0.39	3,750
F F C B DEB 0.550% 8/26/25	3130AJZA0	3.51	94.10	750,000	705,788	749,850	-44,063	0.58	4,125
F N M A 0.600% 8/29/25	3136G4X24	3.52	94.20	750,000	706,530	752,138	-45,608	0.64	4,500
F H L M C M T N 0.375% 9/23/25	3137EAEX3	3.50	93.60	750,000	701,963	746,224	-44,261	0.40	2,813
F N M A M T N 0.580% 10/28/25	3135GA2A8	3.49	93.48	750,000	701,108	749,850	-48,743	0.62	4,350
F N M A 0.500% 11/07/25	3135G06G3	4.64	93.27	1,000,000	932,670	996,440	-63,770	0.54	5,000
F H L B DEB 0.570% 11/25/25	3130AKGD2	3.47	93.05	750,000	697,868	748,500	-50,633	0.61	4,275
F H L M C M T N 0.600% 11/25/25	3134GXCH5	4.64	93.19	1,000,000	931,920	1,000,000	-68,080	0.64	6,000
F N M A 0.650% 12/10/25	3135G06J7	3.48	93.09	750,000	698,198	749,888	-51,690	0.70	4,875
F H L B DEB 0.500% 2/10/26	3130AKW51	2.29	91.98	500,000	459,895	500,000	-40,105	0.54	2,500
Treasury		30.07			6,039,275	6,140,962	-101,687	3.76	230,900
U S TREASURY BILL 8/15/24	912797KB2	9.81	98.47	2,000,000	1,969,300	1,948,282	21,018	5.24	104,900
U S TREASURY BILL 10/10/24	912797KT3	9.73	97.67	2,000,000	1,953,400	1,947,700	5,700	5.27	105,375
U S TREASURY NT 0.750% 11/15/24	91282CDH1	4.86	97.57	1,000,000	975,700	998,086	-22,386	0.77	7,500
U S TREASURY NT 0.750% 4/30/26	91282CBW0	1.14	91.93	250,000	229,815	249,434	-19,619	0.82	1,875
U S TREASURY NT 1.125% 10/31/26	91282CDG3	4.54	91.11	1,000,000	911,060	997,461	-86,401	1.23	11,250

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Holdings Date: 4/30/2024

Investment Policy

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:

<u>Asset Class</u>	<u>Limitation*</u>
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	<u>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</u> <u>5% per issuer, not to exceed 10% if invested in other classes.</u>

**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

Market Review

Provided by Sub-Advisor - PFM Asset Management LLC

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ Robust growth that continues to show surprising strength
 - ▶ Moderating inflation that remains above the Federal Reserve (Fed)'s 2% target
 - ▶ Labor markets continuing to show impressive job gains and low unemployment
 - ▶ Resilient consumer spending supported by wage growth that is outpacing inflation



- ▶ Federal Reserve reaffirms rate cut expectations
 - ▶ Forecast of 75 basis points of cuts this year
 - ▶ After entering the year expecting 6 cuts in 2024, markets have adjusted their expectations to only 2 to 3 cuts in 2024
 - ▶ Fed officials reaffirm that restoring price stability is the priority, but further confidence in inflation moving toward the 2% target is needed, which may delay the timing of rate cuts

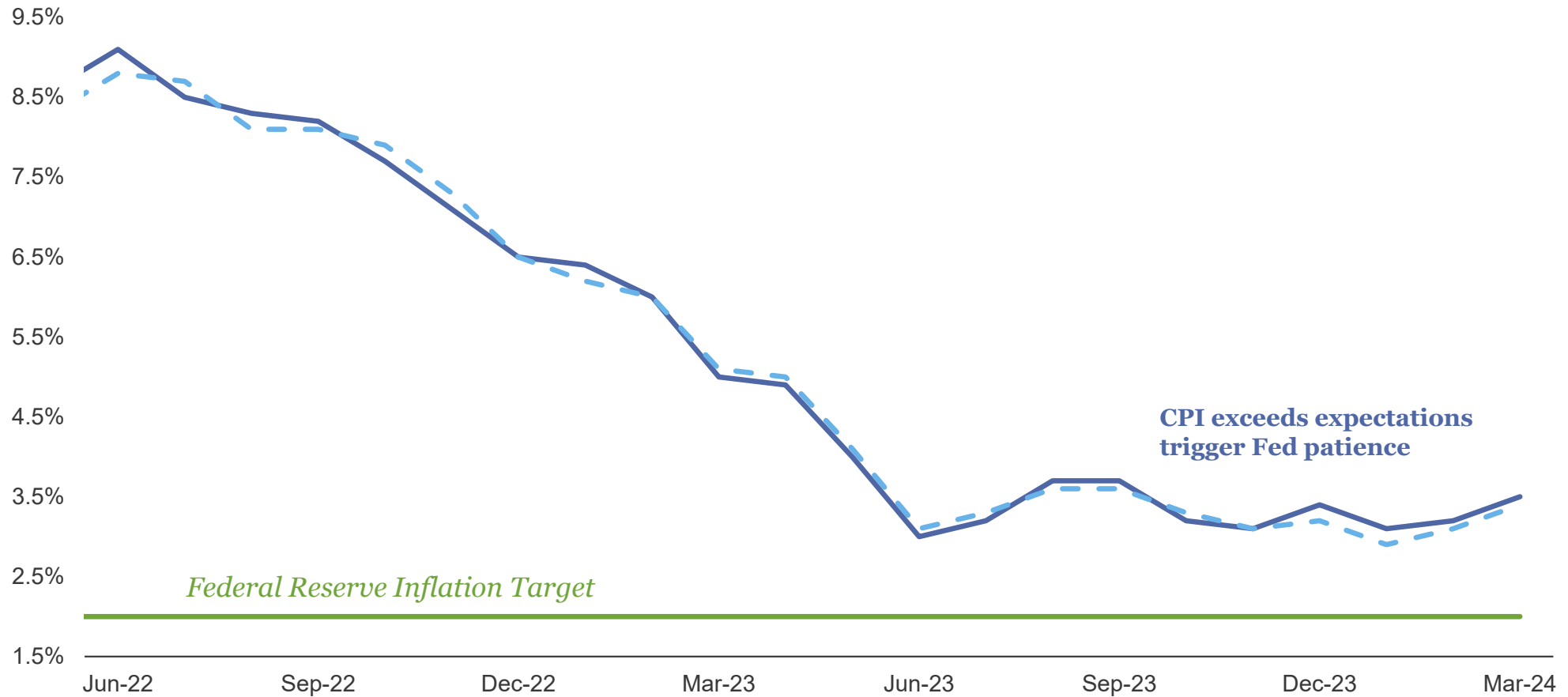


- ▶ Treasury yields increase following the change in market expectations
 - ▶ Yields on maturities between 2 and 10 years rose 30-40 basis points during the quarter
 - ▶ Yield curve inversion persists
 - ▶ Spreads in most sectors fell to multi-year lows given the strong economic environment

Inflation Remains Range Bound After Significant Decline in CPI in 2022 and Early 2023

Consumer Price Index
Year-Over-Year Changes

— CPI - - - CPI Forecast — Fed Target



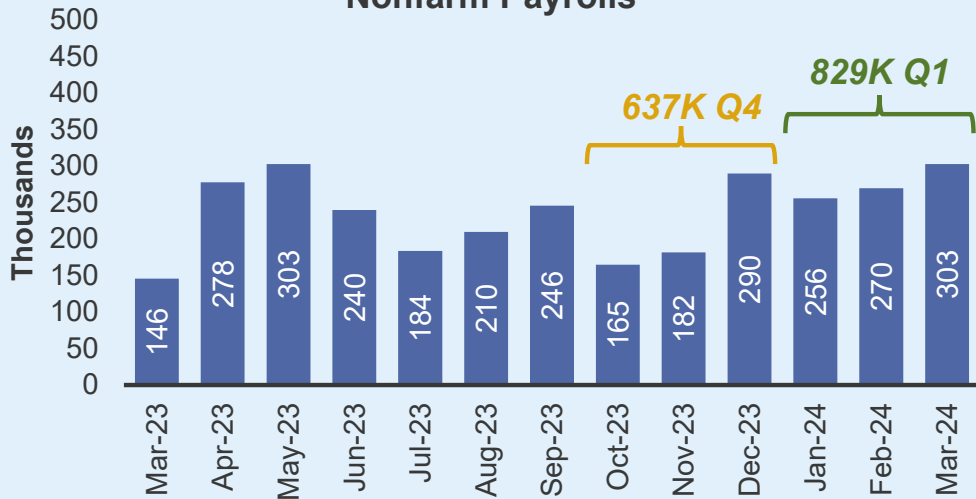
**CPI exceeds expectations
trigger Fed patience**

Federal Reserve Inflation Target

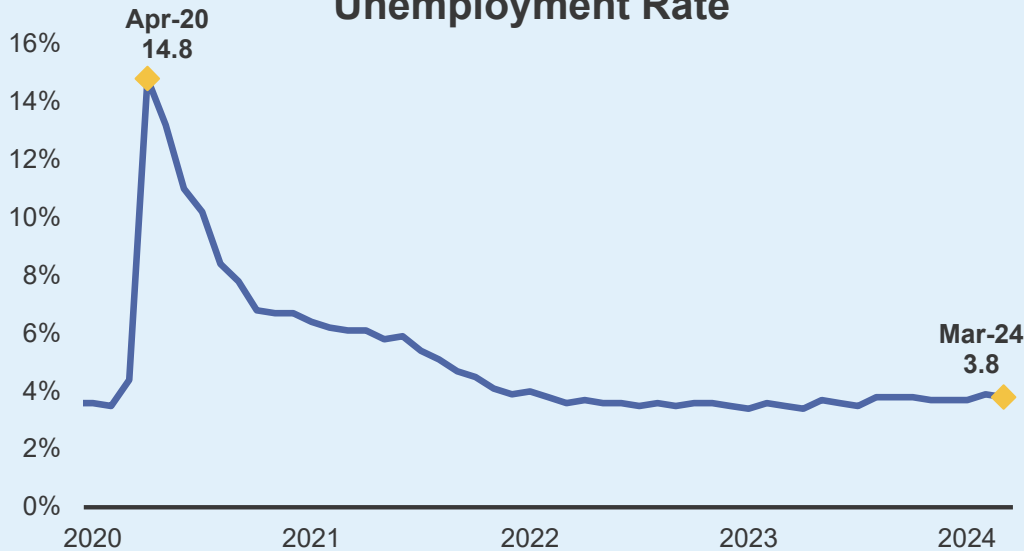
Source: Bureau of Labor Statistics and Bloomberg, as of 4/10/24

Labor Market Remains Strong

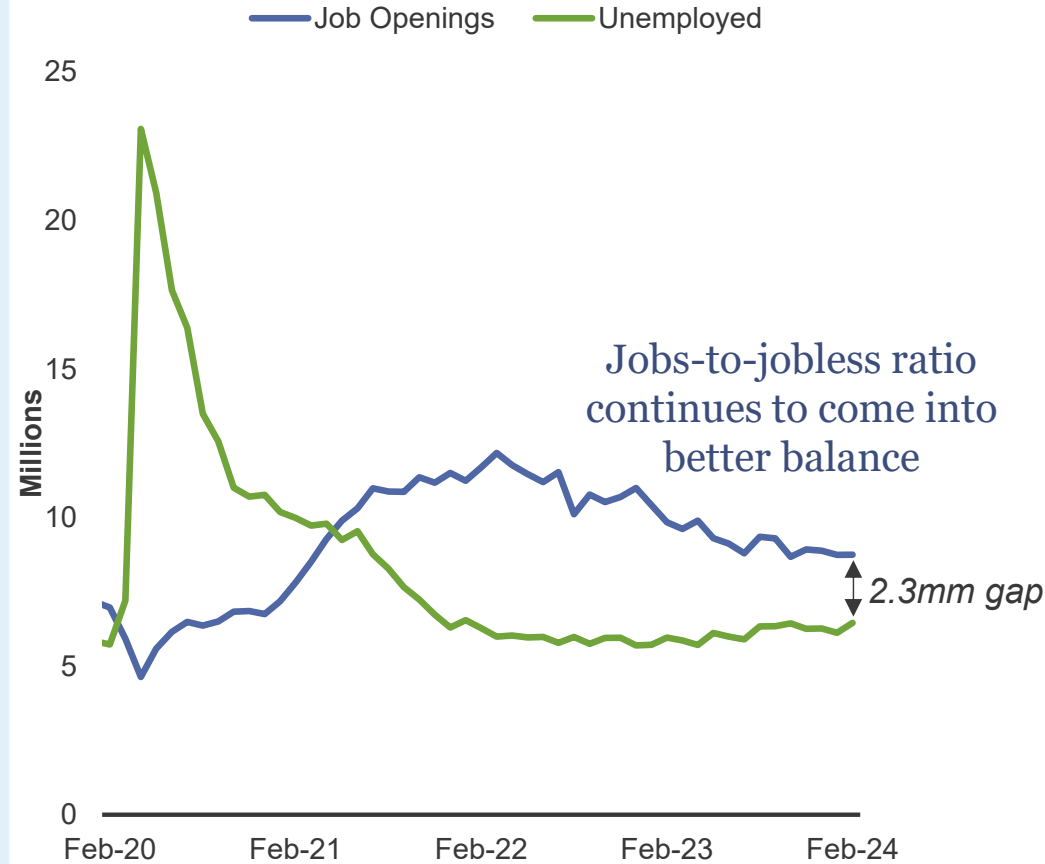
Monthly Change In Nonfarm Payrolls



Unemployment Rate



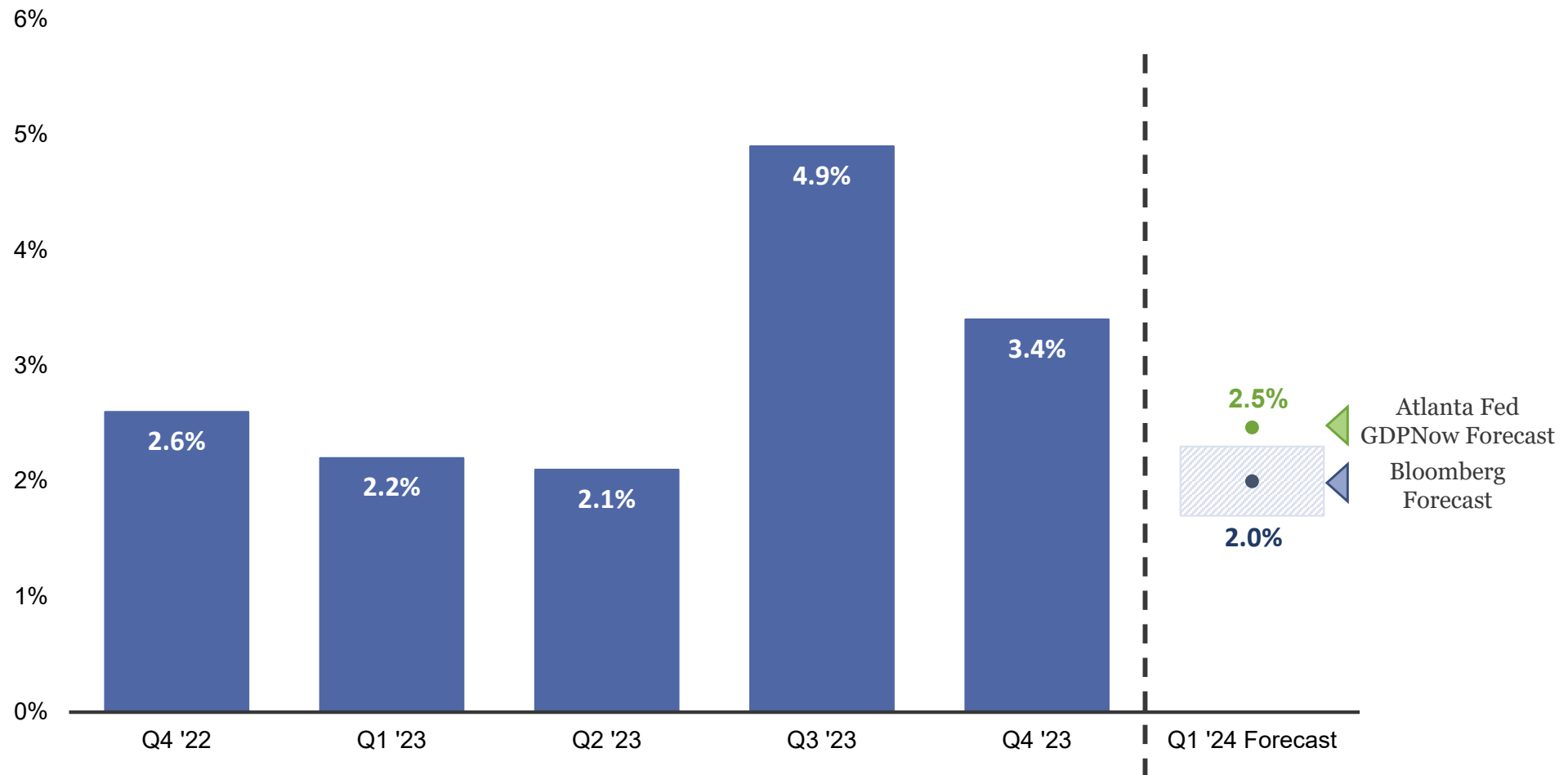
Job Openings vs. Unemployed Workers



Source: Bloomberg. Job openings as of February 2024. Monthly change in nonfarm payrolls and unemployment rate as of March 2024. Data is seasonally adjusted.

Consumer Spending Continues to Drive Strong Economic Growth

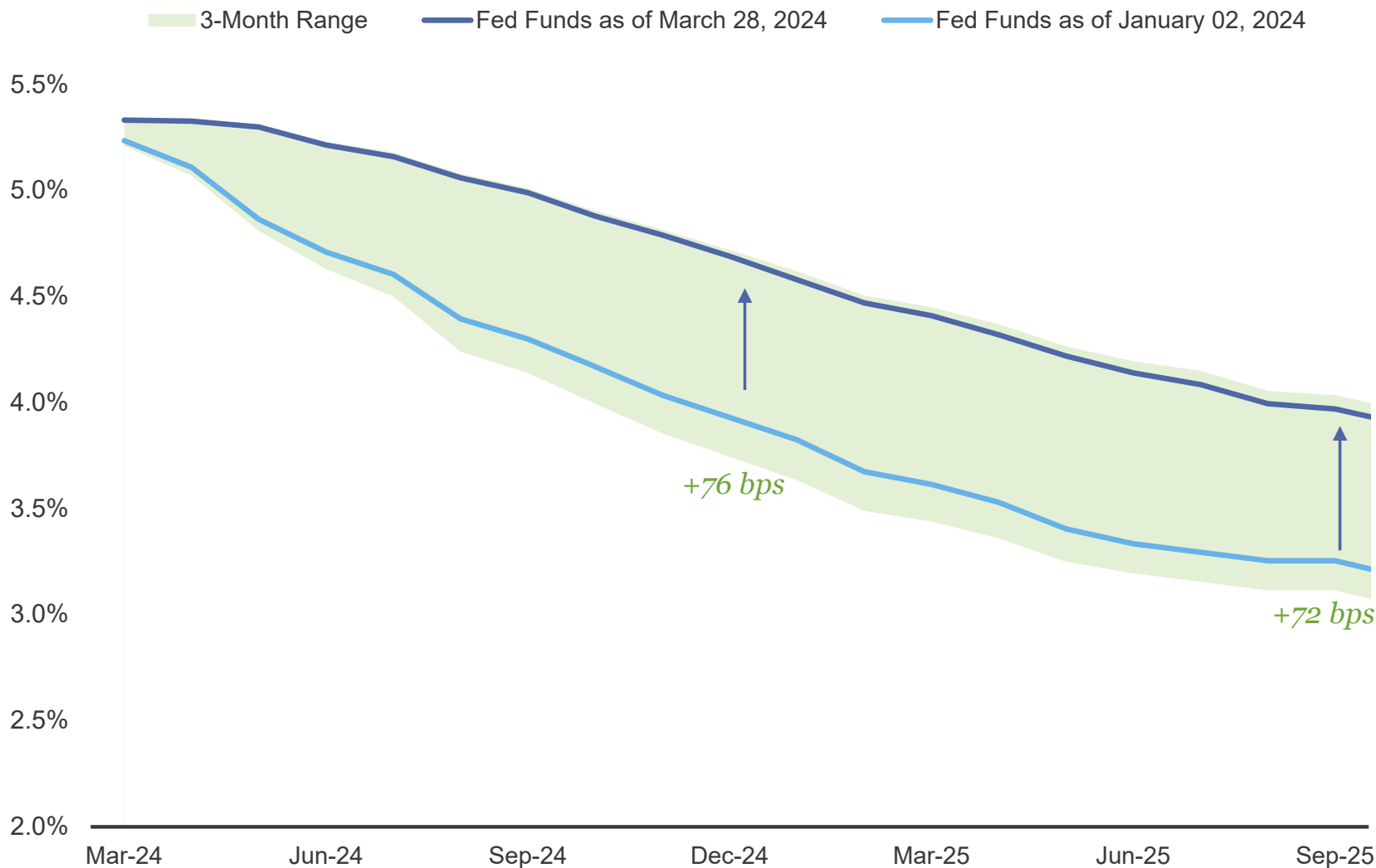
U.S. GDP



Source: Bureau of Economic Analysis, U.S. Department of Commerce; as of March 28, 2024. GDPNow estimates provided by the Federal Reserve Bank of Atlanta; as of April 4, 2024. The Atlanta Fed GDPNow estimate is a model-based projection not subject to judgmental adjustments. It is not an official forecast of the Atlanta Fed, its president, the Federal Reserve System, or the Federal Open Market Committee. Bloomberg Forecasts as of March 2024.

Market Reversed Course and Now Expects a Slower Pace of Rate Cuts

Implied Fed Funds Rate



Market reprices expectations for number of cuts in 2024 in response to hotter than expected inflation and a resilient labor market

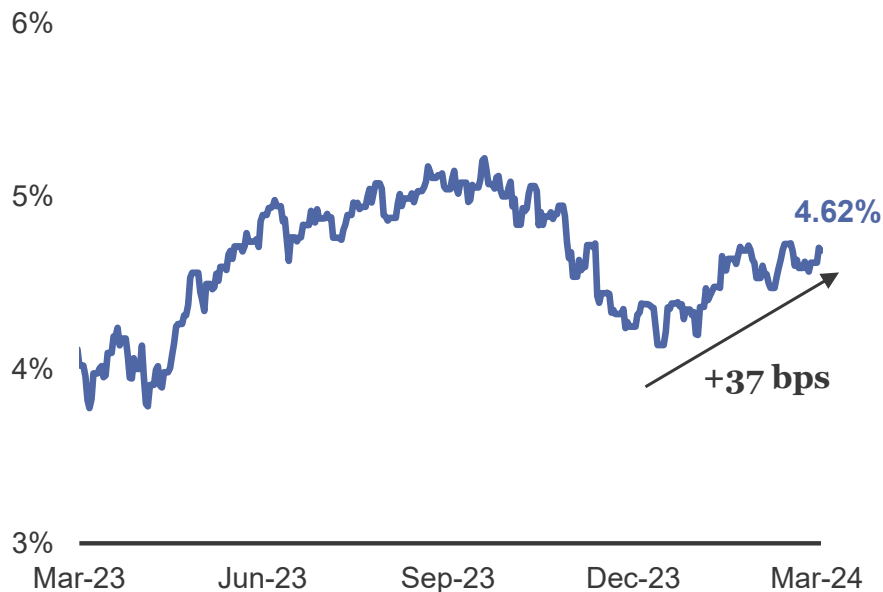
Source: Bloomberg, as of March 2024.

Yields Reprice on Fed Patience

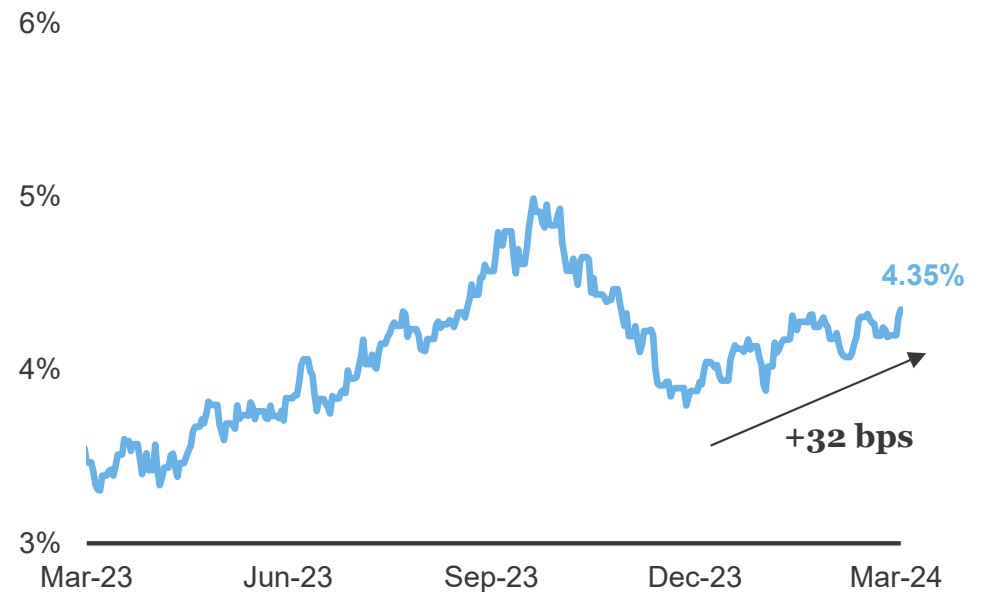
**From the
March 24 FOMC
Meeting
Press Conference**

“...the Committee needs to see **more evidence** to build our **confidence** that inflation is moving down sustainably toward our 2 percent goal, and **we don’t expect that it will be appropriate to begin to reduce rates until we’re more confident** that that is the case”

2-Year Treasury Yield



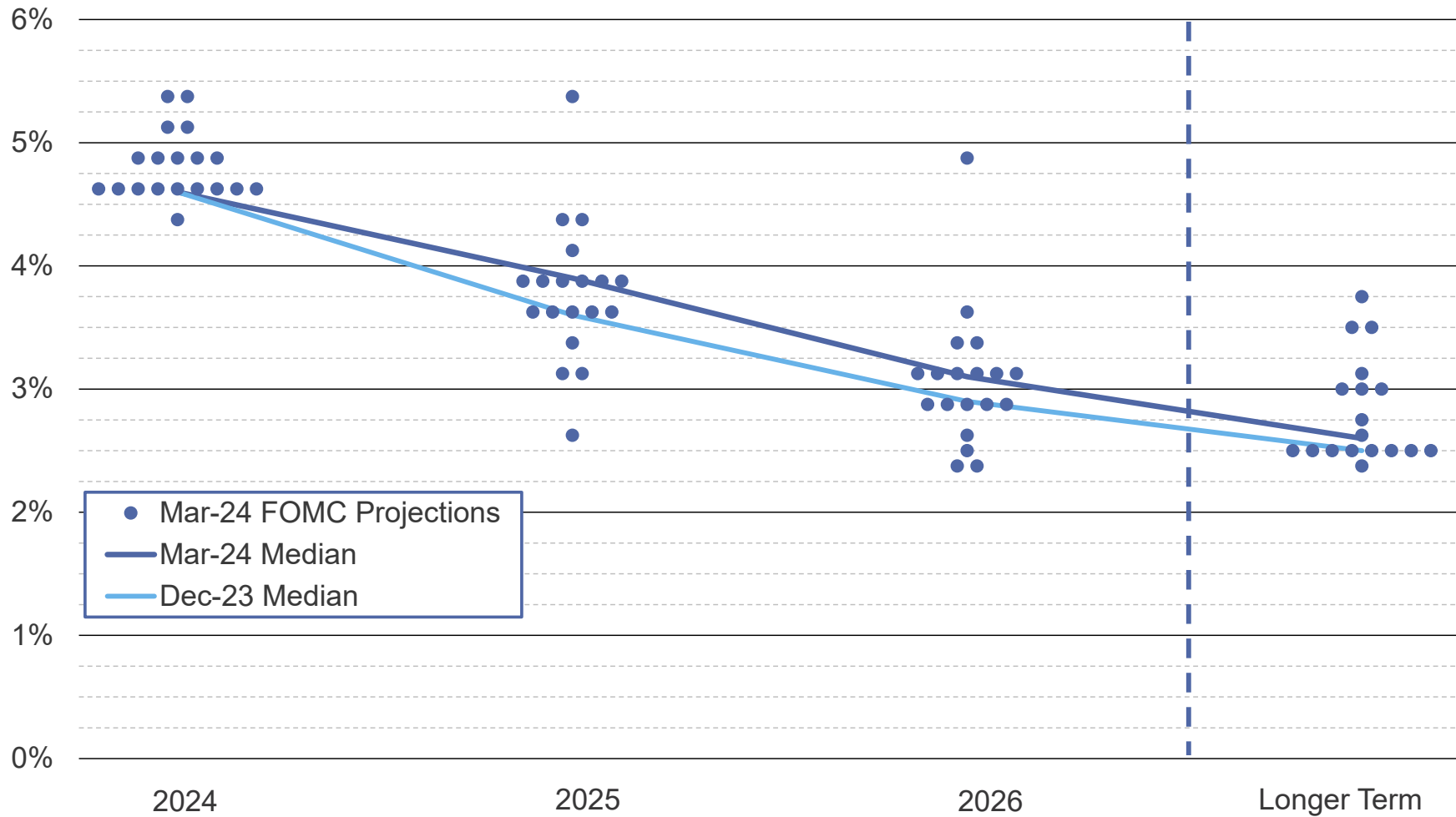
10-Year Treasury Yield



Source: Federal Reserve, Bloomberg, as of 3/31/2024.

Fed's Updated "Dot Plot" Shows Little Change in 2024 Expectation

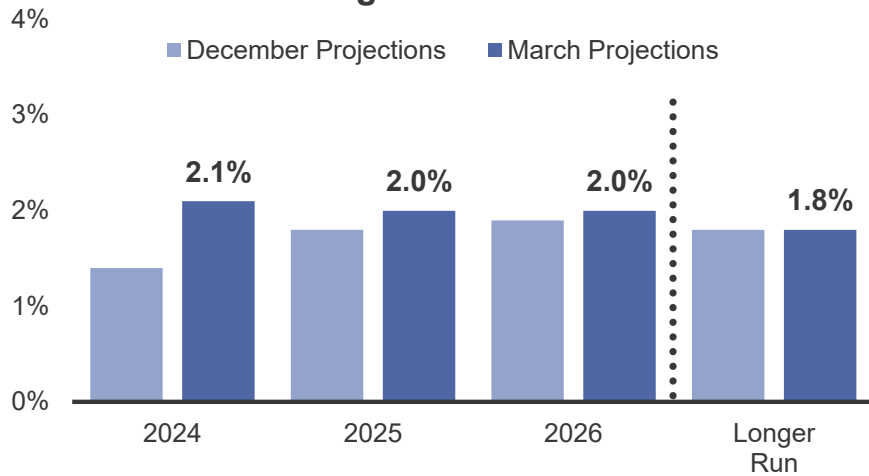
Fed Participants' Assessments of 'Appropriate' Monetary Policy



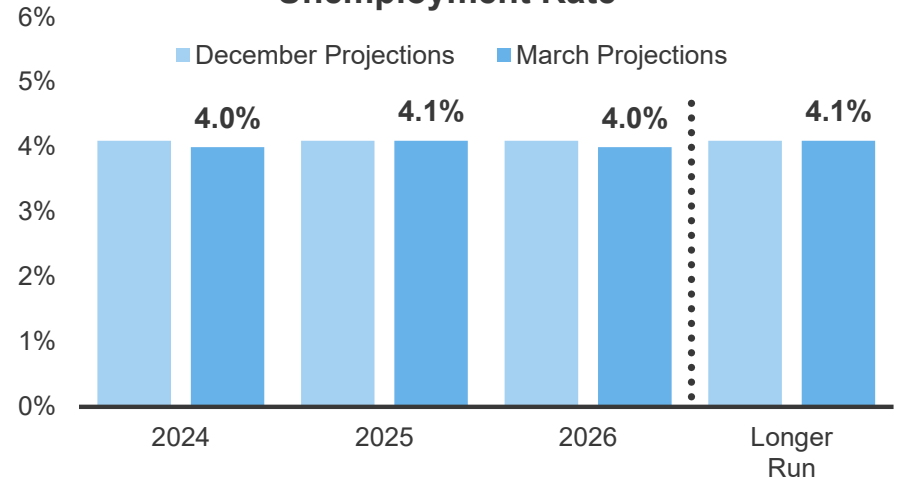
Source: Federal Reserve. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

Summary of Economic Projections Show Stronger Economic Story

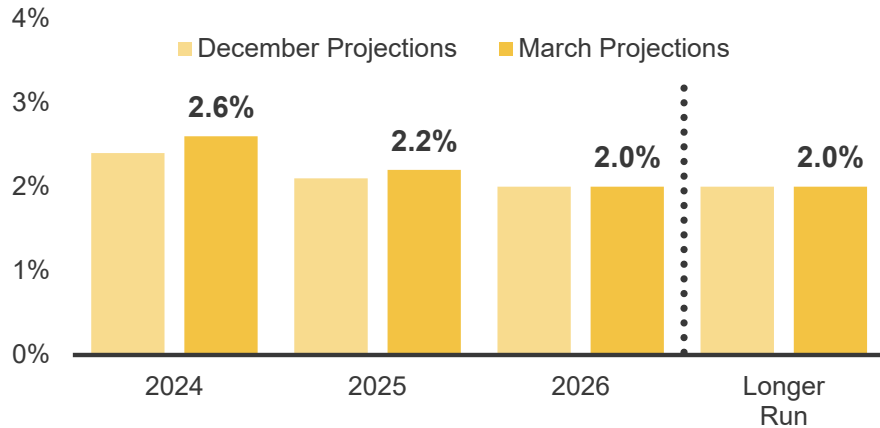
Change in Real GDP



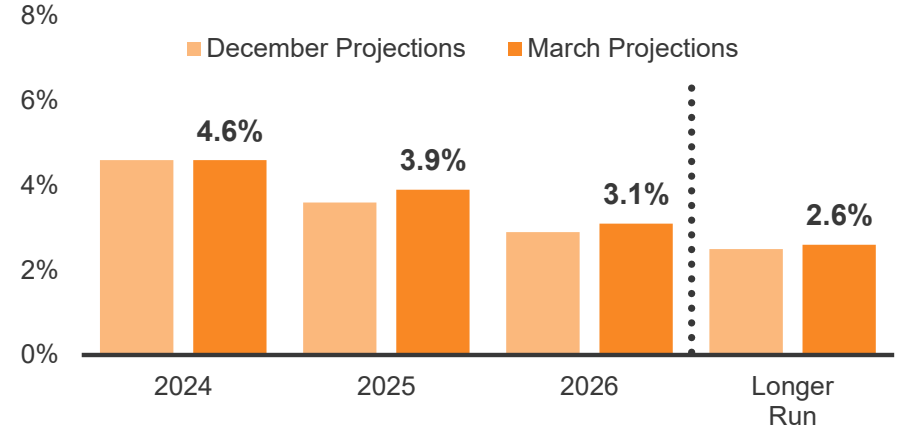
Unemployment Rate



PCE Inflation

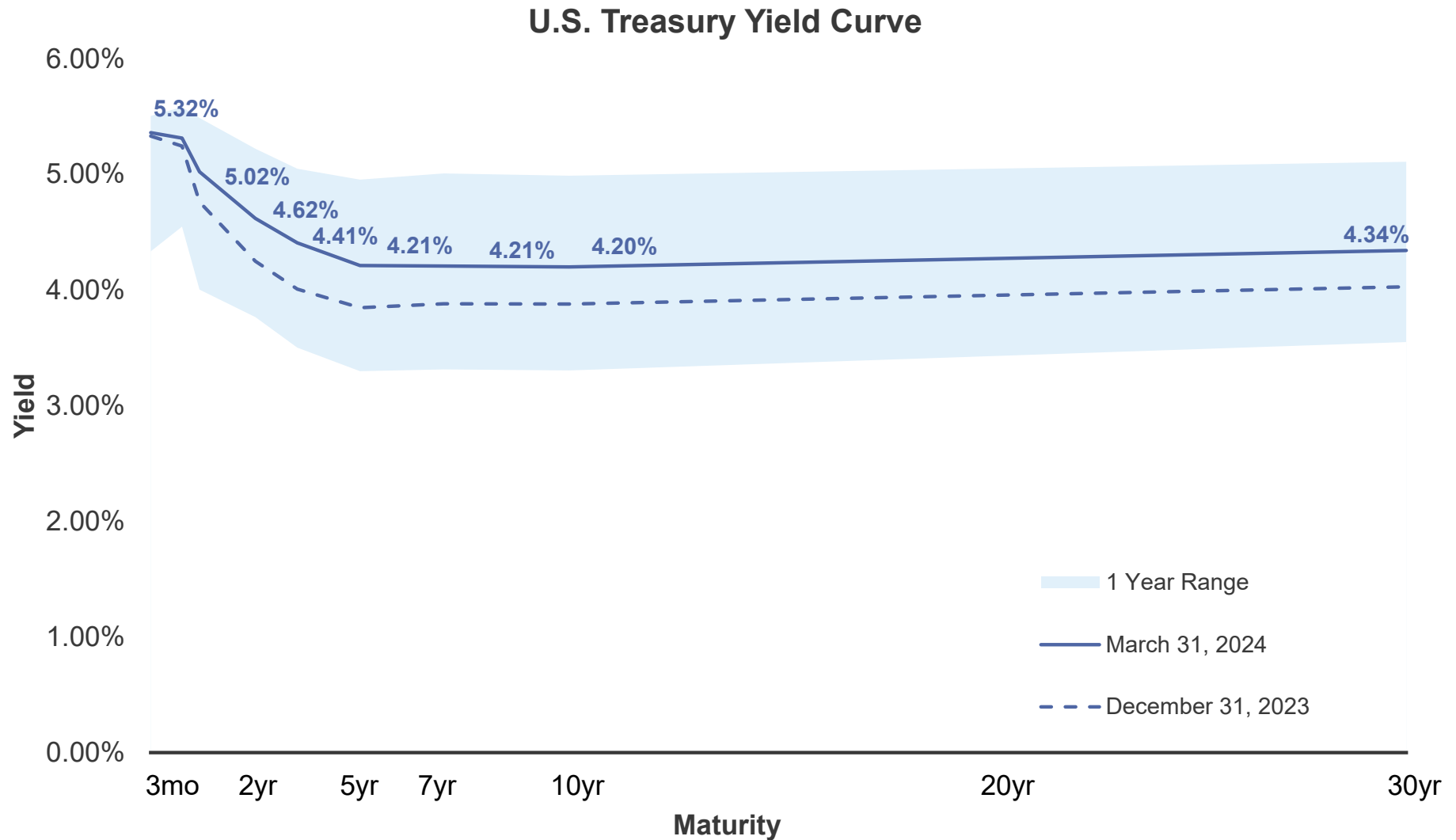


Federal Funds Rate



Source: Federal Reserve, latest economic projections as of March 2024.

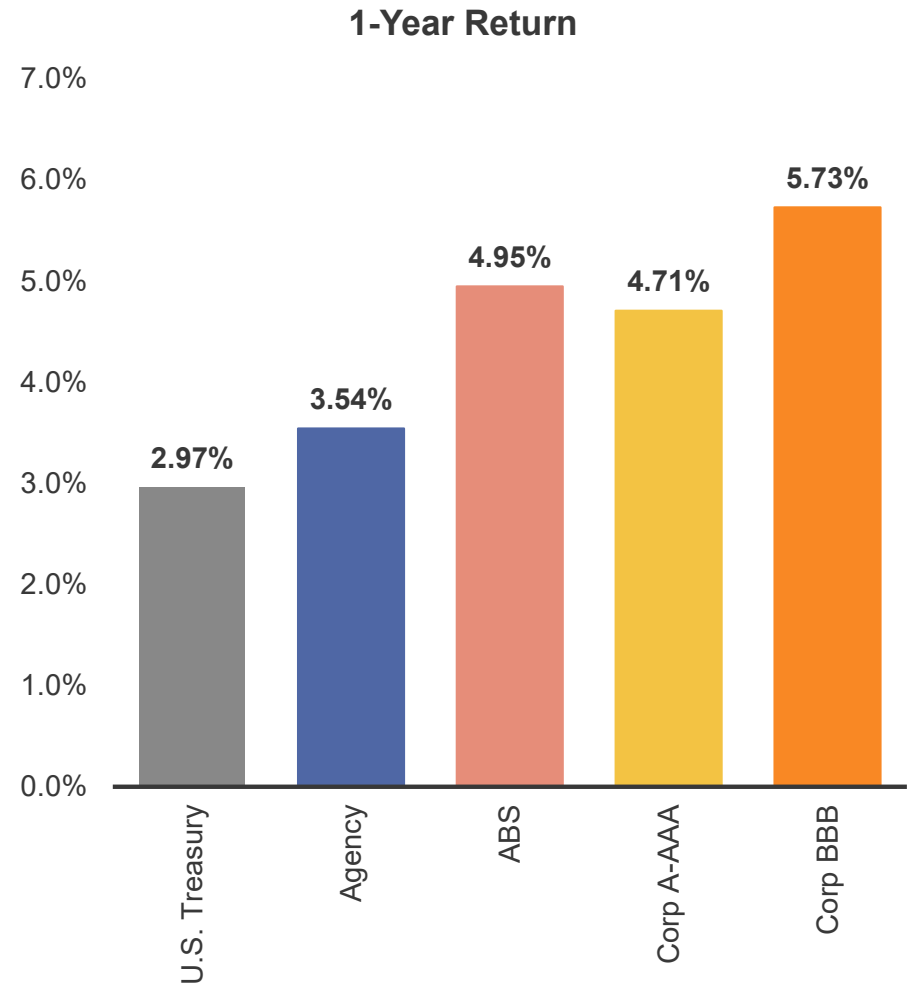
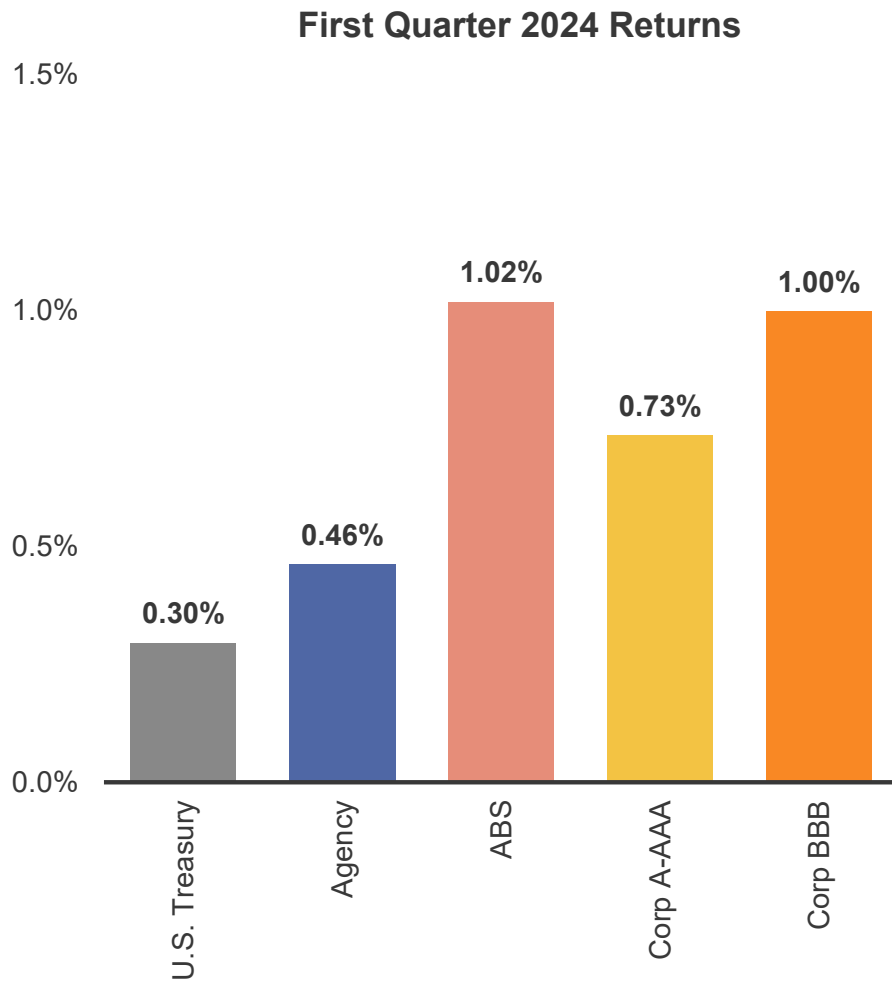
Treasury Yields Move Higher as Market Evolves to Revised Fed Expectations



Source: Bloomberg, as of 3/31/2024.

Fixed-Income Index Total Returns in 1Q 2024

1-3 Year Indices



Source: ICE BofA Indices. ABS indices are 0-3 year, based on weighted average life. As of March 31, 2024.

Factors to Consider for 6-12 Months

Monetary Policy:



- Fed guidance implies a soft landing and 3 rate cuts for 2024. Market expectations have been volatile but recently converged to Fed projections.
- Globally, central banks are nearing the start of cutting cycles with the Swiss central bank being the first to cut.

Economic Growth:



- U.S. resiliency continues as expectations for a soft-landing command center stage. Strength is led by consumers supported by a robust labor market.
- Eurozone growth set to improve in 2024 H2. Although Chinese growth targets seem aspirational, emerging economies are expected to grow.

Inflation:



- Inflation continued to moderate but has proven to be stickier than expected, predominantly in housing and other service sectors.
- Further upside surprises in inflation indicators may complicate the Fed's path for monetary policy.

Financial Conditions:



- Financial conditions continue to soften as the “Fed pivot” remains in play amid sustained strength in various economic indicators.
- With interest rates elevated, we continue to focus on identifying potential pockets of stress within financial markets.

Consumer Spending (U.S.):



- Consumer confidence reached a multi-year high following strong wage growth, a resilient labor market, and slowly moderating inflation.
- Hiring and wage growth have played a role in boosting personal income, which combined with record U.S. household net worth, supported spending.

Labor Markets:



- The labor market remains strong, but a few indicators are moderating from the extreme tightness of 2022.
- No sign of weakness in typical economically-sensitive industries, like retail, leisure and hospitality, and construction.

● Current outlook ○ Outlook one quarter ago



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (3/31/2024) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability.

Fixed-Income Sector Commentary – 1Q 2024

- ▶ **U.S. Treasury** markets spent the quarter adjusting its expectations as strong economic data and Fed commentary pushed back on the notion that a rate cut was imminent. Yields reflected the repricing and are higher by over 30 basis points for maturities greater than a year.
- ▶ **Federal Agency, Municipal, and Supranational** yield spreads remained low and range bound. These sectors eked out positive excess returns, mostly from their modest incremental income. Callable agencies outperformed bullet agencies, as bond market volatility generally waned from recent multi-year highs.
- ▶ **Investment-Grade (IG) Corporates** produced strong excess returns on robust market demand and continued spread tightening in the sector. IG corporates finished the quarter at their tightest spread levels in over two years. Lower rated issues performed best. With spreads near historical tights, some caution in the sector is warranted.
- ▶ **Asset-Backed Securities** were the strongest-performing fixed income sector. The rally in the sector was led by ongoing optimism regarding the strength of the American consumer and, like IG corporates, robust appetite for investment opportunities in the sector. Incremental income from ABS remains attractive and our fundamental outlook for the economy is supportive for the sector.
- ▶ **Mortgage-Backed Securities** performance was mixed with spreads widening in longer maturity structures. Volatility was relatively muted compared to Q4 and helped bolster returns in the sector. Agency commercial mortgage-backed security spreads tightened more aggressively relative to pass-throughs, resulting in strong relative performance.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) yield spreads continued to tighten over the quarter while the credit curve has steepened. Shorter-term maturities are less attractive and we prefer issues with maturities between 6 and 12 months.

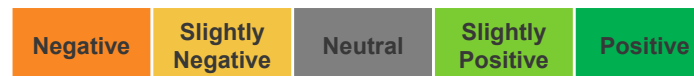


Fixed-Income Sector Outlook – 2Q 2024

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	

● Current outlook

○ Outlook one quarter ago



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 a team member.

Disclaimer

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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. 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:** Firststar Capital Corporation (Firststar 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, Firststar 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 indicated. 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.

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.

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.

Net of Fees: Represents all assets included in the calculation of the portfolio -- after the deduction of trust and asset management fees. Please refer to the client fee schedule for additional information.

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 countries 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.



**LEAGUE ASSOCIATION OF RISK MANAGEMENT
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(Unaudited)
AND THE YEAR ENDED SEPTEMBER 30, 2023
(Audited)**

LEAGUE ASSOCIATION OF RISK MANAGEMENT

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League Association of Risk Management
Balance Sheet - Statutory Basis
March 31, 2024 and 2023 and September 30, 2023

	<u>Assets</u>		
	March 31 2024 (Unaudited)	March 31 2023 (Unaudited)	September 30 2023 (Audited)
Cash:			
Cash on deposit	\$ 7,147,591	1,779,805	\$ 2,354,318
Short-term investments	1,948,282	3,911,356	-
Total cash	<u>9,095,873</u>	<u>5,691,161</u>	<u>2,354,318</u>
Long-term investments	12,495,593	14,788,291	13,493,414
Accounts receivable	-	5,000	4,424
Premiums receivable	165,421	50,451	14,131,220
Interest receivable	33,955	105,918	21,472
Reinsurance recoverable on paid losses	<u>682,705</u>	<u>810,916</u>	<u>732,865</u>
Total assets	<u>\$ 22,473,547</u>	<u>21,451,737</u>	<u>\$ 30,737,713</u>
	<u>Liabilities and Surplus</u>		
Loss reserves	\$ 6,283,223	5,037,721	\$ 5,598,841
Loss adjustment expenses	1,972,460	2,366,933	2,080,595
Unearned premium	5,943,325	5,436,554	14,055,259
Taxes payable	75,471	60,418	120,304
Other liabilities	108,661	353,212	387,134
Funds held under reinsurance treaties	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>14,408,140</u>	<u>13,279,838</u>	<u>22,267,133</u>
Surplus	<u>8,065,407</u>	<u>8,171,899</u>	<u>8,470,580</u>
Total liabilities and surplus	<u>\$ 22,473,547</u>	<u>21,451,737</u>	<u>\$ 30,737,713</u>

League Association of Risk Management
Statements of Income - Statutory Basis
For the Periods Ended March 31, 2024 and 2023
and the Year Ended September 30, 2023

	<u>Six Months Ended</u>		<u>Year Ended</u>
	<u>March 31</u>	<u>March 31</u>	<u>September 30</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Revenue:			
Premiums earned, direct	\$ 8,491,835	6,637,453	\$ 13,598,774
Premiums earned, transferred by excess	(3,011,952)	(2,244,463)	(4,757,150)
Net premiums	<u>5,479,883</u>	<u>4,392,990</u>	<u>8,841,624</u>
Investment income	192,069	155,827	264,924
Miscellaneous income	<u>24,654</u>	<u>113,218</u>	<u>115,198</u>
Total revenues	5,696,606	4,662,035	9,221,746
Expenses:			
Losses incurred, direct	4,858,272	2,651,317	7,052,358
Losses incurred, transferred by excess	(1,832,429)	(213,217)	(1,832,519)
Net losses	<u>3,025,843</u>	<u>2,438,100</u>	<u>5,219,839</u>
Loss expenses incurred	379,023	492,544	608,024
Other underwriting expense incurred	<u>2,696,913</u>	<u>1,990,148</u>	<u>3,353,959</u>
Total expenses	<u>6,101,779</u>	<u>4,920,792</u>	<u>9,181,822</u>
Net income/(loss) - statutory basis	<u>\$ (405,173)</u>	<u>(258,757)</u>	<u>\$ 39,924</u>

League Association of Risk Management
Statement of Changes in Surplus - Statutory Basis
For the Periods Ended March 31, 2024 and 2023
and the Year Ended September 30, 2023

	<u>Six Months Ended</u>		<u>Year Ended</u>
	<u>March 31</u> <u>2024</u> <u>(Unaudited)</u>	<u>March 31</u> <u>2023</u> <u>(Unaudited)</u>	<u>September 30</u> <u>2023</u> <u>(Audited)</u>
Surplus, beginning of period	\$ 8,470,580	8,430,656	\$ 8,430,656
Net income/(loss) - statutory basis	(405,173)	(258,757)	39,924
Unrealized capital gain	-	-	89,606
Change in non-admitted assets	-	-	(89,606)
Surplus, end of period	<u>\$ 8,065,407</u>	<u>8,171,899</u>	<u>\$ 8,470,580</u>

League Association of Risk Management
Statement of Cash Flows - Statutory Basis
For the Periods Ended March 31, 2024 and 2023
and the Year Ended September 30, 2023

	<u>Six Months Ended</u>		<u>Year Ended</u>
	<u>March 31</u> <u>2024</u> <u>(Unaudited)</u>	<u>March 31</u> <u>2023</u> <u>(Unaudited)</u>	<u>September 30</u> <u>2023</u> <u>(Audited)</u>
Premiums collected, net of excess insurance	\$ 11,337,858	8,809,943	\$ 7,797,399
Loss and loss adjustment expenses paid	(2,778,456)	(1,321,407)	(3,865,793)
Underwriting expense paid	(3,020,219)	(2,056,839)	(3,326,842)
Cash from underwriting	5,539,183	5,431,697	604,764
Investment Income	179,586	71,412	354,561
Other Income/(Expense)	24,654	113,218	115,198
Net cash from operations	5,743,423	5,616,327	1,074,523
Transfer in:			
Other sources	998,132	122	218,144
Transfer out:			
Other applications	-	(1,076,733)	(89,794)
Net change in cash and short-term investments	6,741,555	4,539,716	1,202,873
Cash and short term investments, beginning of period	2,354,318	1,151,445	1,151,445
Cash and short term investments, end of period	<u>\$ 9,095,873</u>	<u>5,691,161</u>	<u>\$ 2,354,318</u>

League Association of Risk Management
Reconciliation of Unpaid Claim Liabilities
For the Periods Ended March 31, 2024 and 2023
and the Year Ended September 30, 2023

	<u>Six Months Ended</u>		<u>Year Ended</u>
	<u>March 31</u>	<u>March 31</u>	<u>September 30</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Unpaid claims and claims adjustment expenses at the beginning of period	\$ 7,679,436	6,871,870	\$ 6,871,870
Incurred claims and claims adjustment expenses:			
Provision for insured events of current policy year	3,189,000	3,120,000	7,580,837
Increase/(decrease) in provision in insured events of prior policy year	<u>215,866</u>	<u>(189,356)</u>	<u>(1,752,974)</u>
Total incurred claims and claims adjustment expense	3,404,866	2,930,644	5,827,863
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	416,147	1,113,836	3,122,439
Claims and claims adjustment expenses attributable to insured events of prior policy year	<u>2,412,472</u>	<u>1,284,024</u>	<u>1,897,858</u>
Total payments	<u>2,828,619</u>	<u>2,397,860</u>	<u>5,020,297</u>
Unpaid claims at end of period	<u>\$ 8,255,683</u>	<u>7,404,654</u>	<u>\$ 7,679,436</u>

LARM

REINSURANCE UPDATE AND ANNUAL CONTRIBUTIONS

Board of Directors Meeting
May 22nd, 2024

Reinsurance – current market status and overview

Property Insurance:

- ✓ Improved coverage as competition increases and rate increases level
- ✓ Strong financial results and additional market capacity leading to increased appetite
- ✓ Underwriters continued to scrutinize CAT deductibles and continue look to increase retentions
- ✓ Market conditions improving, although the 2024 catastrophe season and global political/economic conditions remain a concern

Cyber Insurance:

- ✓ Ransomware attacks increasing in frequency, sophistication, and severity

Liability:

- ✓ Casualty markets remain competitive
- ✓ Auto liability remains challenging, with large jury awards and increasing costs for repairs

Workers' Compensation:

- ✓ Remains stable and competitive

2024/2025 Fiscal Year – rate study applied assumptions

- New business: \$350,000
- Investment rate of return: 3.8% [discount rate]
- G&A expense up slightly
- Renewal Exposures:
 - ✓ 11.2% increase in Property TIV
 - ✓ 7.5% increase in Casualty NOE
 - ✓ 5.0% increase in Workers' Compensation Estimated Payroll
- Reinsurance rate increases:
 - ✓ Property: +8.9
 - ✓ Casualty: +10.0%
 - ✓ Workers' Compensation: +5%

2024/2025 Fiscal Year – property program

- 2023/2024 Expiring Contributions:
 - ✓ \$9,348,000

Exposure	2023	2024	~ % Change
Building & Contents	\$2.048 Billion	\$2.273 Billion	+ 11.00%
Additional Property	\$225.2 Million	\$254.1 Million	+ 12.83%
Automobiles	\$124.7 Million	\$139.6 Million	+ 11.95%
TOTAL	\$2.398 Billion	\$2.667 Billion	+ 11.20%

- 2024/2025 Target Renewal Contributions
 - ✓ New Business Assumption: \$200,000
 - ✓ Rate increases: + 9%
 - ✓ \$11,418,000
 - ✓ \$2,070,000 increase over prior period

2024/2025 Fiscal Year – general liability program

- 2023/2024 Expiring Contributions:

- ✓ \$3,391,000

Exposure	2023	2024	~ % Change
Net Operating Expense	\$655.2 Million	\$714.4 Million	9.0%

- 2024/2025 Target Renewal Contributions

- ✓ New Business Assumptions: \$75,000

- ✓ Rate increases: + 0%

- ✓ \$3,720,000 Contributions

- ✓ \$329,000 increase over prior period

2024/2025 Fiscal Year – workers' compensation program

- 2023/2024 Expiring Contributions:
 - ✓ \$3,633,000

Exposure	2023	2024	~ % Change
Estimated Payroll	\$130.3 Million	\$138.6 Million	+ 6.4%

- 2024/2025 Target Renewal Contributions
 - ✓ New Business Assumptions: \$75,000
 - ✓ Rate increases: + 0%
 - ✓ \$3,890,000 Contributions
 - ✓ \$257,000 increase over prior period

LARM - 2024/2025 renewal funding targets

Recommending setting rates to achieve the overall funding targets of:

- ✓ \$11,418,000 in contributions for Property
- ✓ \$3,720,000 in contributions for General Liability
- ✓ \$3,890,000 in contributions for Workers' Compensation contribution

This will result in an overall total contribution of \$19,028,000 based on review of By the Numbers Actuarial Consulting's (BYNAC) "Proposed Premium draft actuarial report for October 1, 2024-2025."