

NOTICE
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Wednesday, Sept. 23, 2020, 11 am CT
Cornhusker Marriott Hotel – Lancaster Ballroom
333 S 13th Street, Lincoln

PLEASE TAKE NOTICE that on **Wednesday, Sept. 23, 2020, at 11 am CT**, the League Association of Risk Management (LARM) will hold a Meeting of the LARM Board of Directors at the Cornhusker Marriott Hotel – Lancaster Ballroom at 333 S 13th Street, Lincoln, Nebraska. An agenda of subjects known at this time is included with this notice, but 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 Sept. 17, 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 are available for public inspection at 1335 L Street, in Lincoln, Nebraska, and also posted on LARM's and the League of Nebraska Municipalities' Facebook pages and their websites – larmpool.org and lonm.org/larm/.

AGENDA
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Wednesday, Sept. 23, 2020, 11 am CT
Cornhusker Marriott Hotel – Lancaster Ballroom
333 S 13th Street, Lincoln

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 or Smart Device – <https://zoom.us/j/99201013338?pwd=cm9JSXdnZWx4VUZ1bFRjYzBWWVpHdz09> or via phone – 1-877-853-5257; the **Meeting ID is 992 0101 3338** and the **Passcode is 810185**. 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 am CT – Hickman Mayor Doug Hanson, Chair of the LARM Board, will call the meeting to order.
- b. Indicate that on Sept. 17, 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 posted on LARM's and the League of Nebraska Municipalities' Facebook pages and their websites – larmpool.org and lonm.org/larm/.
- c. Inform the public about the location of the Open Meetings Act which is posted and accessible to members of the public 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 period 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 and ratify all actions taken at the June 24, 2020, "Meeting of the LARM Board of Directors" held by telephone conference call pursuant to the Governor's Executive Orders waiving certain requirements of the Open Meetings Act due to COVID-19.

Please see pages 1-8.

- Lynn Rex, LARM Administrator and LARM Acting Executive Director

3. Consider a motion to accept the letter from the Nebraska Department of Insurance to "not disapprove the submitted Bylaws."

Please see pages 9-29.

- Andy Barry, Partner, Cline Williams, representing LARM
- Lynn Rex, LARM Administrator and LARM Acting Executive Director

4. Consider a motion to authorize LARM Board Chair Doug Hanson to appoint the following LARM Board Members to a "Personnel Committee" to review a draft of an updated LARM "Employee Manual" and make recommendations to the LARM Board of Directors: Lanette Doane, Melissa Harrell, Jo Leyland, Sandra Schendt, Mayor Deb VanMatre and Teresa Youngquist.

A draft of the updated LARM "Employee Manual" has been prepared by Dave Bos, currently LARM's Loss Control Manager, and Tara Stingley, Partner, Chair of Cline Williams' Labor and Employment Law Section.

- Dave Bos, Currently LARM's Loss Control Manager
- Lynn Rex, LARM Administrator and LARM Acting Executive Director

5. Consider a motion to "not disapprove" the appointment by LARM's Administrator (L. Lynn Rex) of: a) *Dave Bos, currently LARM's Loss Control Manager*, to the position of Executive Director of LARM, effective immediately; and b) *Tracy Juranek, currently LARM's Customer Service Specialist*, to the position of Assistant Executive Director of LARM/Customer Service Specialist, effective immediately.

Article I, Section 3 of LARM's Bylaws provides, in part: "The LARM Executive Director is to perform administrative responsibilities under the direction of the LARM Administrator. The LARM Executive Director shall be appointed and dismissed by the LARM Administrator, provided the LARM Board of Directors does not disapprove, and may also be dismissed directly by the LARM Board."

- Lynn Rex, LARM Administrator and LARM Acting Executive Director

6. Subject to the LARM Board “not disapproving” Agenda Item 4, consider a motion to approve the LARM Administrator’s recommendation to increase the salaries of Dave Bos and Tracy Juranek; these proposed increases in salaries and benefits are included in LARM’s Proposed Budget for FY 2020-21.
 - Lynn Rex, LARM Administrator and LARM Acting Executive Director
7. Consider a motion to approve the LARM Administrator’s recommendation to authorize Dave Bos and Tracy Juranek to hire a “Customer Service Specialist” to provide additional assistance to the Customer Service Department; the salary and benefits for this proposed position are included in LARM’s Proposed Budget for FY 2020-21.
 - Lynn Rex, LARM Administrator and LARM Acting Executive Director
 - Dave Bos, Currently LARM’s Loss Control Manager
 - Tracy Juranek, Currently LARM’s Customer Service Specialist
8. Consider a motion to approve the reinsurance update and place the following coverages: a) Excess Workers’ Compensation, Effective 10-1-20; b) Excess Liability, Effective 10-1-20; and c) Optional Deadly Weapon Response Program, Effective 10-1-20.

Please see pages 30-33.

 - John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick
 - Chris Cadwell, Director of Pool Administration, Sedgwick
9. Consider a motion to approve LARM’s Proposed Budget for FY 2020-21.

Please see pages 34-40.

 - Mark Weaver, CPA, Director of Finance, Sedgwick
 - Dave Bos, Currently LARM’s Loss Control Manager
 - Tracy Juranek, Currently LARM’s Customer Service Specialist
 - Lynn Rex, LARM Administrator and LARM Acting Executive Director
10. Consider a motion to go into closed session to protect the public interest to receive an update on LARM’s claims and pending litigation.
 - Andy Barry, Partner, Cline Williams, representing LARM
 - John Baum, Manager Litigation Claims, Sedgwick

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

- *Lynn Rex, LARM Administrator and LARM Acting Executive Director*

12. Consider a motion to adjourn.

MINUTES
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Via Telephone Conference Call
Call-In Number: 1-571-317-3129 or (toll free) 1-877-568-4106
Access Code: 580-000-365
Wednesday, June 24, 2020, 10:00 am CT/9:00 am MT

A Meeting of the League Association of Risk Management (LARM) Board of Directors was held June 24, 2020, at 10:00 am CT/9:00 am MT via telephone conference call at 11 designated locations identified in the meeting notice (attached).

On June 18, 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 the League of Nebraska Municipalities' Facebook page and its website relating to LARM – <https://www.lonm.org/larm/>.

(AGENDA ITEM #1) **Call to Order.** At 10:20 am 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 each designated location. The Open Meetings Act was posted in the meeting room and was accessible to members of the public at each designated location. Chair Doug Hanson 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.

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 phone: **LeAnn Brown**, Clerk/Treasurer, City of Oshkosh, 305 West 1st Street, Oshkosh, NE; **Lanette Doane**, Clerk/Treasurer, Village of Ansley, 217 Nile Street, Ansley, NE; **Mayor Scott Getzschman**, City of Fremont, 400 East Military, Fremont, NE; **Mayor Doug Hanson**, City of Hickman, League Office, 1335 L Street, Lincoln, NE; **Mayor Tony Kaufman**, City of Gering, 1025 P Street, Gering, NE; **Pam Buethe**, Board Member, Sarpy County SID #29, 8116 Park View Blvd., La Vista, NE; **Jo Leyland**, Administrator/Clerk/Treasurer, City of Imperial, 740 Court Street, Imperial, NE; **Sandra Schendt**, Clerk/Treasurer, City of Nelson, 580 S Main Street, Nelson, NE; **Doug Schultz**, Administrator/Clerk/Treasurer, City of Curtis, 201 Garlick Avenue, Curtis, NE; **Mayor Deb VanMatre**, City of Gibbon, 715 Front Street, Gibbon, NE; **Teresa Youngquist**, Clerk/Treasurer, City of Beaver City, 301 10th Street, Beaver City, NE; and ex-officio (non-voting) Board Member **L. Lynn Rex**, League Executive Director and "Administrator" of LARM/LARM Acting Executive Director, League Office, 1335 L Street, Lincoln, NE.

11 Board Members present; 4 absent (**Melissa Harrell**, Administrator/Treasurer, City of Wahoo; **Jim Hawks**, City Administrator, City of North Platte, **Mayor Josh Moenning**, City of Norfolk and **Tom Ourada**, City Administrator, City of Crete. **Tom Ourada participated as a citizen, but not as a board member, since on June 16, Tom emailed Lynn Rex and indicated he had a scheduling conflict and would not be available to participate in the LARM Board Meeting so Crete City Hall was not listed on the attached Notice as required by the Open Meetings Act.)** Ex-officio (non-voting) Board Member **Mayor Dwight Livingston**, City of North Platte, also participated as a citizen, but not as a board member, since he was not able to be at North Platte City Hall.

Other participants included: **Andy Barry**, Partner, Cline Williams; representing LARM; **Sedgwick (LARM's third party administrator)** - John Brockschmidt, Chris Cadwell and Rebecca Atkinson; Jerry Wilcox, Finance Officer, City of Crete; **LARM** – Dave Bos, Tracy Juranek, Diane Becker, Elizabeth Becker, Fred Wiebelhaus, Randy Peters and Nate Fox; and **League Staff** – Lash Chaffin, Shirley Riley and Brenda Henning.

(AGENDA ITEM #2) **Consider approval of the minutes of the May 28, 2020, “Special Meeting of the LARM Board of Directors.”** Mayor Scott Getzschman moved, seconded by Lanette Doane to approve the minutes of the May 28, 2020, “Special Meeting of the LARM Board of Directors.” Chair Doug Hanson asked if there was any other discussion; there was none. Ayes: Brown, Doane, Getzschman, Hanson, Kaufman, Leyland, Schendt, Schultz and VanMatre. Nays: None. Abstentions: Buethe and Youngquist. Absent: Harrell, Hawks, Moenning and Ourada. **Motion carried: 9 ayes, 0 nays, 2 abstentions and 4 absent.**

(AGENDA ITEM #3) **Consider approval of a motion to accept Chair Doug Hanson's recommendation of Lanette Doane as Vice Chair of LARM; other members of the LARM Board also may submit their name for consideration.** Teresa Youngquist moved, seconded by Sandra Schendt to accept Chair Doug Hanson's recommendation of Lanette Doane as Vice Chair of LARM. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Getzschman, Hanson, Kaufman, Leyland, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: Doane. Absent: Harrell, Hawks, Moenning and Ourada. **Motion carried: 10 ayes, 0 nays, 1 abstention and 4 absent.**

(AGENDA ITEM #4) **Consider approval of a motion to accept the report for placement of LARM's property reinsurance with Alliant, effective July 1, 2020.** (Presented by John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick; Chris Cadwell, Director Pool Administration, Sedgwick; Dave Bos, ARM, LARM's Loss Control Manager; Tracy Juranek, LARM's Customer Service Specialist and Lynn Rex, LARM Administrator and LARM Acting Executive Director.) LeAnn Brown moved, seconded by Pam Buethe to approve a motion to accept the report for placement of LARM's property reinsurance with Alliant, effective July 1, 2020. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Getzschman, Hanson, Kaufman, Leyland, Schendt, Schultz, VanMatre and

Youngquist. Nays: None. Abstentions: None. Absent: Harrell, Hawks, Moenning and Ourada. **Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent.**

(AGENDA ITEM #5) **Consider approval of a motion to authorize LARM Staff to send an email to all LARM members notifying them that LARM will try to obtain reinsurance for communicable and infectious diseases (i.e., COVID-19); if such reinsurance is not available or available at a reasonable cost, LARM will provide some level of coverage at reduced limits.** (Presented by John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick; Dave Bos, ARM, LARM's Loss Control Manager; Lynn Rex, LARM Administrator and LARM Acting Executive Director; and Andy Barry, Partner, Cline Williams, representing LARM.) John Brockschmidt reported on the impact of the pandemic (COVID-19) on LARM's reinsurance. John stated that the reinsurance marketplace is becoming more restrictive due to adverse claim trends and declining investment income. The pandemic has created more uncertainty in the reinsurance marketplace. The insurance industry is predicting this could become the biggest loss in the history of the insurance industry. LARM purchases reinsurance to protect the pool from the impact of large losses. For liability coverage, LARM offers \$5 million in limits, LARM retains \$300,000 and the \$4.7 million (in excess of \$300,000) is covered by reinsurance providers. Many pools that had reinsurance renewals July 1 were faced with exclusions for claims arising out of communicable disease. Currently, LARM does not have an exclusion in its liability form. Without reinsurance support, LARM could not offer full policy limits without some type of exclusionary language. LARM is committed to providing broad coverage to its membership and will work to obtain reinsurance to avoid narrowing of coverage. The National League of Cities Mutual (NLC Mutual) will offer up to \$1 million in limits. With NLC Mutual's support, LARM will be able to continue to provide some coverage, which is good news for its membership. There is the possibility that LARM may not be able to obtain reinsurance support beyond the \$1 million limit. To be fully transparent to the membership, LARM will notify the membership by July 1 that limits may be reduced for communicable disease. We will not know for certain until August if we will be able to continue with the \$5 million limit for this exposure. Our goal and hope are to find reinsurance support so a reduced limit is not necessary; however, it is possible that LARM may have to provide a sublimit for less than \$5 million. Lynn Rex briefly reported on recent actions taken by the NLC Mutual Board of Directors; NLC Mutual voted to exclude coverage for communicable disease, but offer member state League pools an endorsement for communicable disease. Lanette Doane moved, seconded by Pam Buethe to authorize LARM Staff to send an email to all LARM members notifying them that LARM will try to obtain reinsurance for communicable and infectious diseases (i.e., COVID-19); if such reinsurance is not available or available at a reasonable cost, LARM will provide some level of coverage at reduced limits. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Getzschman, Hanson, Kaufman, Leyland, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Harrell, Hawks, Moenning and Ourada. **Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent.**

(AGENDA ITEM #6) **Litigation Update.** Update on the Lancaster County District Court's dismissal of Michael J. Nolan v. League Association of Risk Management, Case No. CI

19-3470 on May 5, 2020, and the filing of a new lawsuit, Michael J. Nolan v. Lynn Rex and League Association of Risk Management, Case No. CI 20-2098, which was filed in the District Court of Lancaster County on June 12, 2020. *(Presented by Andy Barry, Partner, Cline Williams, representing LARM.)* No action was necessary.

(AGENDA ITEM #7) **Discuss possible meeting dates of the next LARM Board of Directors by telephone conference call.** *(Presented by Lynn Rex, LARM Administrator and LARM Acting Executive Director.)* No action was necessary.

(AGENDA ITEM #8) **Motion to adjourn.** At 11:09 am, Mayor Scott Getzschman moved, seconded by Pam Buethe to adjourn. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Getzschman, Hanson, Kaufman, Leyland, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Harrell, Hawks, Moenning and Ourada. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent.***

Approved on:

ATTEST:

Elizabeth Becker

Customer Service Representative
League Association of Risk Management

L. Lynn Rex

LARM Administrator/LARM Acting Executive Director
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
Via Telephone Conference Call
Call-In Numbers: 1-571-317-3129 or (toll free) 1-877-568-4106
Access Code: 580-000-365
Wednesday, June 24, 2020, 10 am CT/9 am MT

PLEASE TAKE NOTICE that on **Wednesday, June 24, 2020, at 10 am CT/9 am MT**, the League Association of Risk Management (LARM) will hold a Meeting by Telephone Conference Call of the LARM Board of Directors. An agenda of subjects known at this time is included with this notice, but 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 June 18, 2020, notice of this Special 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 are available for public inspection at 1335 L Street, in Lincoln, Nebraska, and also are posted on the League of Nebraska Municipalities' Facebook page and its website relating to LARM – <https://www.lonm.org/larm/>.

Board Members are scheduled to be at the following locations, subject to change:

**League of Nebraska
Municipalities**
1335 L Street
Lincoln, NE 68508

Village of Ansley
217 Nile Street
Ansley, NE 68814

City of Beaver City
301 10th Street
Beaver City, NE 68926

City of Curtis
201 Garlick Avenue
Curtis, NE 69025

City of Fremont
400 East Military
Fremont, NE 68025

City of Gering
1025 P Street
Gering, NE 69341

City of Gibbon
715 Front Street
Gibbon, NE 68840

City of Imperial
PO Box 637
Imperial, NE 69033

City of Nelson
580 S Main Street
Nelson, NE 68961

City of Oshkosh
305 West 1st Street
Oshkosh, NE 69154

Sarpy County SID #29
City of La Vista
8116 Park View Blvd
La Vista, NE 68128



STATE *of* NEBRASKA
OFFICE OF THE GOVERNOR
LINCOLN

EXECUTIVE ORDER NO. 20—03
CORONA VIRUS – PUBLIC MEETINGS REQUIREMENT LIMITED WAIVER

WHEREAS, In order to provide flexibility to assist in meeting the emergency conditions and subsequent impacts brought on from COVID-19, a state of emergency was declared in Nebraska on March 13, 2020; and

WHEREAS, the State of Nebraska is committed to providing seamless government operations to the people of Nebraska throughout the state of emergency; and

WHEREAS, state and local governmental boards, commissions and other public bodies must comply with the Open Meetings Act so that citizens may exercise their democratic privilege of participating in meeting of public bodies; and

WHEREAS, for public health purposes, meetings and gatherings have now been limited to no more than 50 people and may be further limited if the presence of COVID-19 warrants;

NOW THEREFORE, I, Pete Ricketts, Governor of the State of Nebraska, by virtue of the authority vested in me by the Constitution and laws of Nebraska, hereby issue this limited waiver of certain requirements of the Nebraska Open Meetings Act.

Pursuant to this declaration, I hereby order the following:

1. This executive order applies to all governing bodies as defined in Neb. Rev. Stat. §84-1409 (1) and to all public meetings as defined in Neb. Rev. Stat. § 84-1409 (2).
2. 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.

3. The advanced publicized notice and the agenda requirements for meetings that are set forth in Neb. Rev. Stat. §84-1411 and the remaining provisions of Nebraska's Open Meeting Act shall continue to be complied with by all governing bodies and are not waived by this executive order.
4. This waiver shall apply to all public governing body meetings that occur from today through May 31, 2020.

IN WITNESS THEREOF, I have hereunto set my hand and caused the Great Seal of the State of Nebraska to be affixed on this 17th day of March, 2020.

ATTEST:



Pete Ricketts, Governor



Robert B. Evnen, Secretary of State



STATE of NEBRASKA

OFFICE OF THE GOVERNOR

LINCOLN

EXECUTIVE ORDER NO. 20-24 CORONAVIRUS – CONTINUED LIMITED WAIVER OF PUBLIC MEETINGS REQUIREMENTS

WHEREAS, in order to provide flexibility to assist in meeting the emergency conditions and subsequent impacts brought on from COVID-19, a state of emergency was declared in Nebraska on March 13, 2020; and

WHEREAS, the State of Nebraska is committed to providing seamless government operations that are open to the people of Nebraska throughout the state of emergency.

NOW THEREFORE, I, Pete Ricketts, Governor of the State of Nebraska, by virtue of the authority vested in me by the Constitution and laws of Nebraska, hereby issue this continued limited waiver of certain requirements of the Nebraska Open Meetings Act.

Pursuant to this declaration, I hereby order the following:

1. Executive Order No. 20-03, which is currently scheduled to end on May 31, 2020, shall remain in effect through June 30, 2020; and
2. The identical statutory waivers and conditions contained within Executive Order No. 20-03 shall continue through June 30, 2020.

IN WITNESS THEREOF, I have hereunto set my hand and caused the Great Seal of the State of Nebraska to be affixed on this 19th day of May, 2020.



Attest:

Pete Ricketts, Governor
State of Nebraska

Robert B. Evnen,
Secretary of State
State of Nebraska

NEBRASKA

Good Life. Great Opportunity.

DEPARTMENT OF INSURANCE



Pete Ricketts, Governor

August 28, 2020

L. Lynn Rex
League Association of Risk Management
1335 L Street, Suite 200
Lincoln, NE 68508

Dear Ms. Rex:

On June 1, 2020, the Department received a notice of LARM's changes to its Bylaws approved by the LARM board at the May 28, 2020 board meeting. Pursuant to 210 Neb. Admin Code § 47-009.03, this letter will notify you that the Director will not disapprove the submitted Bylaws.

Respectfully,

A handwritten signature in blue ink, reading "Tracy A. Burns", is positioned above the printed name and title.

Tracy A. Burns
Counsel

Bruce R. Ramge, Director
Department of Insurance

1135 M Street, Suite 300
PO Box 82089
Lincoln, Nebraska 68501-2089

OFFICE 402-471-2201 FAX 402-471-4610
www.doi.nebraska.gov

**BYLAWS OF THE
LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)**

**ARTICLE I –
NUMBER AND SELECTION OF MEMBERS OF THE LARM BOARD OF DIRECTORS**

Section 1. LARM Board of Directors.

The League Association of Risk Management (LARM) shall be governed by a Board of Directors consisting of fifteen elected or appointed officials of participating members. A vacancy on the LARM Board shall be filled by a majority vote of the LARM Board upon a recommendation made by the LARM Administrator as provided in LARM's Interlocal Agreement. The person appointed to fill a vacancy shall serve for the remainder of the term of the vacating LARM Board member. There shall be two ex-officio, non-voting members of the LARM Board: the President and Executive Director of the League of Nebraska Municipalities, the latter of whom also shall be the LARM Administrator as provided in LARM's Interlocal Agreement. The ex-officio members shall be in addition to the fifteen elected members of the LARM Board and shall be subject to the same provisions in LARM's Interlocal Agreement and these Bylaws governing other members of the LARM Board including, but not limited to, provisions relating to conflicts of interest and ethical standards in Article VII.

Section 2. LARM Board of Directors Selection Procedures.

- 2.1 Nominating Committee.** A Nominating Committee shall recommend candidates for the LARM Board of Directors to the participating members for election at a Members' Meeting. The Nominating Committee shall consist of three persons: the Chairperson of the LARM Board, an elected or appointed official from a participating member municipality selected by the LARM Board, and the LARM Administrator as provided in LARM's Interlocal Agreement. Additional nominations shall be requested from the floor of the Members' Meeting from participating members.
- 2.2 Term.** Members of the LARM Board of Directors shall serve staggered terms of three years to promote stability and continuity. Terms of office shall commence on January 1st of the first year of the term and conclude on December 31st of the last year of the term.

- 2.3 Composition.** In nominating individuals for service on the LARM Board of Directors, the LARM Administrator and Nominating Committee shall endeavor to achieve a balanced mix of elected and appointed officials from participating members of different sizes, types and classes with broad geographic representation across the state, provided that no more than one (1) Director may be an elected or appointed official from a participating member which is not a municipality. No more than one individual from any participating member may serve on the LARM Board at the same time.
- 2.4 Term Limit.** The LARM Board of Directors' service shall be restricted to two consecutive three-year terms to assure that all LARM members have opportunity for representation as Board members. Any LARM member that has previously been represented on the LARM Board may be eligible again for future service following at least one three-year interval of non-Board service following the term limit restriction when the member is not represented on the LARM Board.
- 2.5 Vacancies.** If a member of the LARM Board of Directors at any time during his or her term of office no longer meets the requirements set forth for service on the LARM Board, or resigns or no longer is able to serve as a member of the LARM Board, the office of such LARM Board member shall be deemed to be vacant as of the date such LARM Board member no longer meets such requirements or resigns or is no longer able to serve as a member of the LARM Board. The person appointed to fill a vacancy shall serve for the remainder of the term of the vacating LARM Board member.
- 2.6 Eligibility.** In addition to any other eligibility requirements, a candidate for the LARM Board of Directors must be an elected or appointed official from a participating member and approved as a candidate for or a member of the LARM Board by the governing body of the participating member.

Section 3. LARM Executive Director.

- 3.1 Accountability.** The LARM Executive Director is to perform administrative responsibilities under the direction of the LARM Administrator. The LARM Executive Director shall be appointed and dismissed by the LARM Administrator, provided the LARM Board of Directors does not disapprove, and may also be dismissed directly by the LARM Board. The performance of the LARM Executive Director shall be evaluated at least annually by the LARM Administrator and reported to the LARM Board.

3.2 Conflicts of Interest and Ethics. As a LARM staff member, the LARM Executive Director shall be subject to the same conflicts and ethical standards set forth in Article VII.

3.3 Duties. The LARM Executive Director shall be responsible to the LARM Administrator for the efficient conduct of his or her office. The LARM Executive Director shall have the following duties:

A.1 To attend all meetings of the LARM Board of Directors and report any matter concerning LARM affairs under his or her supervision and direction, as requested by the LARM Administrator or LARM Board.

A.2 To make recommendations regarding the affairs of LARM to the LARM Administrator.

A.3 In consultation with and subject to the approval of the LARM Administrator, to supervise and analyze the functions, duties and activities and services of LARM and of all the employees thereof; to appoint, dismiss and supervise the performance of LARM employees, including the preparation of LARM personnel rules, LARM employee evaluations and current job descriptions of LARM employees. Job descriptions of the LARM Executive Director and employees shall be updated as required and approved by the LARM Board of Directors in public session.

A.4 In consultation with and subject to the approval of the LARM Administrator, to develop and prepare the LARM annual operating budget; to develop and prepare meeting agendas for the LARM Board of Directors and Committees; and to prepare and manage strategic and other planning activities of LARM. The LARM Executive Director shall be responsible for any public records requests directed to LARM. Consultants may be asked to participate in any or all of these activities at the request of the LARM Administrator.

A.5 To perform other duties as assigned by the LARM Board of Directors or LARM Administrator.

ARTICLE II – MEETINGS OF THE LARM BOARD OF DIRECTORS

Section 1. Open Meetings.

The LARM Board of Directors shall hold meetings within the State of Nebraska. All meetings shall be held in accordance with the laws of the State of Nebraska.

Section 2. Number.

Meetings of the LARM Board of Directors shall be held no less than four (4) times each year, at least one time each calendar quarter. Meetings of the LARM Board may be called by the Chairperson, LARM Administrator or the LARM Board. A meeting shall be called by the Chairperson or LARM Administrator upon request of five members of the LARM Board. Notice of meetings of the LARM Board, other than emergency or special meetings, shall be given to each Director at least five calendar days, if possible, prior to the meeting stating the time, place and agenda. Notice of special meetings of the LARM Board shall be given to each Director at least two calendar days, if possible, prior to the meeting, stating the time, place and agenda. Regular and special meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. The LARM Board shall adopt a policy establishing the method for giving reasonable advance publicized notice of the time and place of each regular and special LARM Board meeting to Directors, participating members of LARM, and to the public.

Section 3. Emergency Meetings.

When it is necessary to hold an emergency meeting without notice, the nature of the emergency shall be stated in the minutes and any formal action taken in such meeting shall pertain only to the emergency. Such meetings may be held by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska.

Section 4. Quorum.

At all meetings of the LARM Board of Directors, a majority (eight) of the total number of Directors (fifteen) shall constitute a quorum for the transaction of business, and the act of a majority (eight) of the total number of Directors (fifteen) at any meeting shall be the act of the LARM Board, except as may be otherwise specifically provided by statutes or by LARM's Interlocal Agreement or these Bylaws. If a quorum is not present at any

scheduled meeting of the LARM Board, the Directors present may, consistent with Nebraska law, recess the meeting to a time later that same day when a quorum shall be present. At such resumed meeting at which a quorum is eventually present, any business may be transacted that might have been transacted at the meeting originally noticed.

Section 5. Reimbursement.

A member of the LARM Board of Directors may be reimbursed by LARM for his or her direct expenses incurred in attending meetings of the LARM Board and performing other authorized services as a Director, if such expenses are not reimbursed to him or her by another public agency.

Section 6. Rules.

Robert's Rules of Order, latest edition, shall govern all meetings of the LARM Board of Directors.

Section 7. Notices.

- A. LARM Board of Directors.** Except as otherwise provided herein, notices to the Directors may be by telephone, e-mail, facsimile or text message, or in written correspondence that is delivered personally, or mailed to the Directors at their addresses appearing on the records of LARM.
- B. Participating Members.** Notices of all meetings of the LARM Board of Directors shall be provided to all participating members of LARM by telephone, e-mail, facsimile or text message or in written correspondence that is delivered personally, or mailed to the participating members at their addresses appearing on the records of LARM. An elected or appointed official of a participating member or a member of the public wishing to attend a meeting of the LARM Board, but unable to attend in person, may request that the LARM staff establish a telephone or other electronic connection allowing him or her to listen to the meeting of the LARM Board in question.

Section 8. Waiver.

Any individual notice required to be given under the provisions of the applicable law or LARM's Interlocal Agreement or these Bylaws may be waived in writing either before or after the meeting requiring such notice, provided such waiver is signed by the person or persons entitled to said notice.

ARTICLE III – MEETINGS OF PARTICIPATING MEMBERS OF LARM

Section 1. Annual Meeting.

An annual meeting of all participating members of LARM shall be held in conjunction with the annual conference of the League of Nebraska Municipalities, unless the LARM Board of Directors shall designate some other time or place, or other method for holding such annual meeting. Such annual meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. The nomination and election of members of the LARM Board shall be conducted at the annual meeting.

Section 2. Special Meetings.

Special meetings of participating members shall be called by the LARM Administrator upon written request of the Chairperson, Vice Chairperson or a majority (eight) of the total number of the LARM Board of Directors (fifteen), or twenty percent (20%) of the participating members entitled to vote, stating the time, place and purpose of such meeting. Such special meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. The nomination and election of members of the LARM Board also may be conducted at special meetings of participating members of LARM.

Section 3. Notice.

Notice of annual and special meetings of participating members of LARM shall be provided in the same manner as for meetings of the LARM Board of Directors, in accordance with Article II, Section 7 of these Bylaws.

Section 4. Quorum.

Action taken at a Members' Meeting shall be valid if it is passed by a majority of participating members whose representatives are present at the meeting.

Section 5. Ratification.

For the avoidance of any doubt about the validity of actions taken at a Members' Meeting, each participating member shall, at a subsequent meeting of the participating member's own governing body, vote on whether to ratify actions taken by its representative at the Members' Meeting, including the election of the LARM Board of Directors. Failure to ratify

does not affect the validity of the action.

Section 6. Minutes.

The LARM Administrator or his or her designee shall make draft minutes of all LARM Members' Meetings available to participating members and the public on LARM's website within 30 days if possible after the meeting.

Section 7. Nullification.

If less than a majority of all LARM participating members are represented at a Members' Meeting, the majority of LARM participating members may, at subsequent meetings of their respective governing bodies, vote to nullify any actions taken at the Members' Meeting, including the election of the LARM Board of Directors. If a majority of the governing bodies of participating members vote to do so within 60 days after the Members' Meeting, then the actions subject to nullification shall be null and void. Otherwise, all actions taken at the Members' Meeting shall remain valid.

ARTICLE IV – COMMITTEES

Section 1. Executive Committee.

The LARM Board of Directors may, by motion passed by a majority (eight) of the total number of Directors (fifteen), designate three or more of the members of the LARM Board to constitute an Executive Committee which, to the extent provided in such motion, shall have and exercise the authority of the LARM Board in the management of the business of LARM. Vacancies in the membership of the committee shall be filled by a majority (eight) of the total number of Directors (fifteen) at a regular or special meeting of the LARM Board. The Executive Committee shall keep regular minutes of its proceedings, comply with the laws of the State of Nebraska, and report the same to the LARM Board when required. In the absence of any member of the Executive Committee, the committee members present at any Executive Committee meeting may unanimously appoint another Director of the LARM Board to serve at the committee meeting in the place of such absent member. The duties of the Executive Committee will be to review LARM's routine policy matters when the LARM Administrator or LARM Executive Director seeks feedback from LARM Board members on reports and proposals prepared for the LARM Board's consideration. Additionally, the Executive Committee may exercise policy making authority in those instances when the LARM Board, in accordance with the laws of the State of Nebraska, delegates duties to the Committee.

Section 2. Other Committees.

The LARM Board of Directors may, by motion passed by a majority (eight) of the total number of Directors (fifteen), designate one or more committees. Each such committee shall consist of one or more Directors, but otherwise may include other elected and appointed officials and employees of participating members of LARM to assure active involvement in LARM by a broad base of participating members. To the extent provided in the motion and subject to LARM's Interlocal Agreement, these Bylaws and applicable state laws, a committee shall have and may exercise the powers of the LARM Board in the management of the business and affairs of LARM in those instances when the LARM Board, in accordance with the laws of the State of Nebraska, delegates duties to the Committee. Such committees shall have such names and duties as may be determined from time to time by a majority (eight) of the total number of Directors (fifteen) of the LARM Board.

Section 3. Committee Meetings.

Committee meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska.

Section 4. Minutes.

Committees shall keep regular minutes of their proceedings and shall submit the minutes to the LARM Board of Directors.

Section 5. Reimbursement.

A member of such committees established by the LARM Board of Directors may be reimbursed by LARM for his or her expenses incurred in attending committee meetings and performing other authorized services as a committee member, if those expenses are not reimbursed to him or her by another public agency.

ARTICLE V – OFFICERS

Section 1. Officers.

A majority (eight) of the total number of Directors on the LARM Board (fifteen) shall vote during the first calendar quarter to choose from among the elected Directors, a Chairperson and a Vice Chairperson for a one-year term. The President and Executive Director of the League of Nebraska Municipalities shall not be eligible to serve as Chairperson or Vice Chairperson.

Section 2. Other Officers.

The LARM Board of Directors may appoint such other officers and agents as it shall deem necessary that shall hold office for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the LARM Board.

Section 3. Vacancies.

Any member of the LARM Board of Directors or any member of a committee designated by the LARM Board, or any contractor or agent appointed by the LARM Board, may be removed by a motion passed by a majority (eight) of the total number of Directors (fifteen) when, in the judgment of the LARM Board, the best interests of LARM will be served by the person's removal. However, such removal shall be without prejudice to the contract or employment rights, if any, of the person removed. Any such vacancy occurring by death, resignation, removal, or otherwise shall be filled by the LARM Board, upon the recommendation of the LARM Administrator.

Section 4. Chairperson Duties.

The Chairperson shall preside at all meetings of the LARM Board of Directors, Special Members' Meetings of participating members and LARM's annual meeting of participating members and perform such other duties as are assigned by LARM's Interlocal Agreement, these Bylaws, or as may be assigned by the LARM Board, or assigned by the majority of participating members attending LARM's annual meeting.

Section 5. Vice Chairperson Duties.

The Vice Chairperson shall be chosen in the same manner and for the same term as the Chairperson and shall exercise all the powers of the Chairperson during the absence or

disability of the Chairperson, in addition to such other duties as the LARM Board of Directors may from time to time prescribe.

Section 6. LARM Administrator Duties.

The LARM Administrator, in his or her capacity as LARM's Administrator, shall be subject to the same provisions in LARM's Interlocal Agreement and these Bylaws governing other members of the LARM Board of Directors including, but not limited to, provisions relating to conflicts of interest and ethical standards in Article VII. The LARM Administrator or his or her designee shall attend all meetings of the LARM Board, Special Members' Meetings of participating members, and LARM's annual meeting of participating members and record the proceedings thereof. The LARM Administrator or his or her designee shall be the custodian of LARM's records. The LARM Administrator or his or her designee shall notify or provide for the notification of LARM Board meetings to the Directors, participating members, and the public, in accordance with LARM's Interlocal Agreement, these Bylaws, and the laws of the State of Nebraska. The LARM Administrator or his or her designee shall perform such other duties as assigned by the LARM Board or as assigned by the majority of participating members attending LARM's annual meeting of participating members or any Special Members' Meetings.

ARTICLE VI – MEMBERSHIP

Section 1. General.

Unless otherwise approved by the Executive Board of the League of Nebraska Municipalities, LARM membership shall be restricted to municipalities maintaining membership in the League of Nebraska Municipalities; subject to approval by the Executive Board of the League of Nebraska Municipalities and the LARM Board of Directors, sanitary and improvement districts (SIDs), public power agencies, and such other public agencies of the State of Nebraska that the LARM Board shall, from time to time, approve, also may be participating members of LARM, subject to adopted underwriting standards.

Section 2. Obligations.

The obligations and powers of participating members of LARM shall be as follows:

- 2.1 Payments.** To appropriate for and promptly pay all annual and supplementary or other payments to LARM at such times and in such amounts as shall be established by the LARM Board of Directors within the

scope of LARM's Interlocal Agreement and these Bylaws.

- 2.2 Representatives.** To encourage an elected or appointed official or employee of the participating member to attend LARM's annual meeting of participating members or Special Members' Meetings of participating members in order to vote on business conducted at such meetings, including the election of LARM Directors.
- 2.3 Access.** To allow the LARM Board of Directors, LARM staff members and agents reasonable access to all facilities of the participating member and all public records, including but not limited to, financial records which relate to the purposes or powers of LARM.
- 2.4 Litigation.** To allow attorneys employed or retained by LARM to represent the participating member in investigation, settlement discussions and all levels of litigation arising from any claims made against the participating member within the scope of loss protection furnished by LARM.
- 2.5 Cooperation.** To cooperate fully with LARM's attorneys, LARM staff members, employees, contractors or agents, officers, claims adjusters or consultants of LARM relating to the purposes and powers of LARM.
- 2.6 Risk Management.** To follow in its operations all risk management, loss control and prevention procedures established by LARM within its purposes and powers.
- 2.7 Information.** To provide LARM the budget information and an audit prepared by a certified public accountant of all revenues and expenditures of the participating member for any fiscal year for which figures are requested by LARM. A village that has not had an audit prepared for a fiscal year may provide an unaudited statement of cash receipts and disbursements in lieu of an audit. The unaudited statement shall be on the form prescribed by the Auditor of Public Accounts (APA) for such statements and include any other information provided by the participating member to the APA or requested by LARM.
- 2.8 Report.** To report as promptly as possible all incidents that could result in LARM receiving a claim for loss or injuries to a participating member's property or injuries to persons or property within the scope of loss protection undertaken by the LARM Board of Directors, in accordance with such rules

as the LARM Board shall prescribe.

2.9 Notice of Termination. Participating members of LARM deciding to seek bids from coverage providers in addition to LARM, or to voluntarily terminate participation in LARM, must provide written notice to the Director of the Nebraska Department of Insurance, the LARM Administrator, the LARM Executive Director, and all other participating members at least ninety (90) days prior to the desired bid or termination date, or such longer period as to which the member may agree. The decision to terminate participation in LARM is subject to the approval of the Director of the Nebraska Department of Insurance.

Section 3. Settlement.

The LARM Board of Directors may allow participating members a reasonable opportunity in liability cases or claims to participate in their own defense or prevent the settlement of such cases or claims by LARM in a manner contrary to the wishes of the participating member. When the LARM Board authorizes the participating member the privilege to prevent settlement of the case or claim, the participating member shall be responsible for any cost in excess of the proposed settlement.

Section 4. Late Fee.

Failure by a participating member to pay the member's annual contribution to LARM by November 1 of any year shall result in such member being delinquent. A delinquent member may be charged a late fee starting on October 1 of any year in which the participating member is delinquent. The late fee shall be equal to five percent (5%) of the participating member's annual contribution to LARM. The late fee shall be assessed against any delinquent member on a monthly basis equaling one-twelfth (1/12) of the annual late fee. A delinquent member shall be charged the full monthly late fee assessment for all months in which the participating member is delinquent, including the month in which the delinquent payment is made.

ARTICLE VII – CONFLICTS OF INTEREST AND ETHICS STANDARDS

Section 1. Definition of Conflict of Interest.

A conflict of interest exists when the personal interests of a member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or

agent representing LARM may affect the ability of the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent to act in the best interest of LARM and its participating members. A conflict of interest can be considered to exist when the actions or activities of a LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM involve:

- 1.1 Gain.** The obtaining of direct or indirect personal gain or advantage for the LARM Board member, LARM staff member, elected or appointed official or employee, or contractor or agent. Any LARM Board member faced with taking an action or making a decision which could have a financial benefit or detriment to the LARM Board member, an immediate family member or a business with which he or she is associated is required to: a) prepare a written statement describing the conflict of interest; b) abstain from participating or voting on the matter at issue; and c) file a copy of the written statement with the LARM Board. For purposes of this subsection, “business”, “business with which the individual is associated or business association” and “immediate family” or “immediate family member” shall be defined as provided in Chapter 49, Article 14 of the Nebraska Revised Statutes, as amended.
- 1.2 Adverse Interest.** An adverse or potentially adverse effect on the fiduciary, underwriting, coverage, claims management, client defense and service interests of LARM and its participating members.
- 1.3 Disclosure.** The disclosure of proprietary personnel evaluations, personnel files, pricing, underwriting calculations, legal opinions affecting client defense, claims investigations and other records enumerated in Chapter 84, Article 7 of the Nebraska Revised Statutes, as amended, that authorize LARM to withhold providing such information when responding to a public records request.
- 1.4 Gift.** The acceptance by any member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM (or an immediate family member of any of these) of gifts, excessive entertainment, unsecured loans, or other favors from any outside concern that does, or is seeking to do, business with LARM, or is a competitor of LARM or any of its contractors from which an inference could be made that the action was intended to influence or could influence the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM in the performance of his or her duties.

1.5 Favoritism. Any circumstance that may give rise to reasonable questions of possible favoritism, self-dealing or undue influence for coverages, benefits, contributions or premiums may be a conflict of interest, as well as familial relationships and other close personal relationships that may give rise to reasonable questions of favoritism, self-dealing or undue influence with LARM's participating members, members of the LARM Board of Directors, LARM staff members, elected or appointed officials, employees, contractors or agents, consultants or vendors. All such conflicts should be avoided, if possible. The member of the LARM Board, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM should be sensitive to the appearance of conflicts of interest, even if no actual conflict exists. If an actual or possible conflict cannot be avoided, the actual or possible conflict should be disclosed as soon as possible to the LARM Administrator and the LARM Executive Director, except that any such actual or possible conflict on the part of the LARM Administrator shall be disclosed to the LARM Board.

Section 2. Conflicts of Interest Questionnaire.

Every member of the LARM Board of Directors, LARM staff members, elected or appointed officials or employees, contractors or agents representing LARM shall be requested annually to complete and sign a conflict of interest questionnaire that meets the requirements of the Nebraska Department of Insurance. The responses to the questionnaire will disclose any conflicts of interest that the LARM Board members, LARM staff members, elected or appointed officials, employees, or contractors or agents representing LARM may have. If a LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM develops a potential conflict of interest, he or she shall, as soon as practicable, prepare an updated questionnaire and deliver a copy to the LARM Administrator and the LARM Executive Director. The LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent shall take such action as the LARM Board shall prescribe to remove himself or herself from influence over the matter.

Section 3. Standards of Conduct between LARM Board Members, LARM Staff Members, Elected or Appointed Officials or Employees, or Contractors or Agents Representing LARM.

3.1 Personal Interest. No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall transact any business in his or her official LARM

capacity with any entity in which he or she has a personal business interest, without prior approval of the LARM Board of Directors in public session.

- 3.2 Compensation.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall represent, for compensation, any other private person, group or entity that has a business relationship with LARM, without prior approval of the LARM Board of Directors in public session.
- 3.3 Gift.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall accept or solicit any gift or favor, that might reasonably tend to influence that individual in the discharge of official duties or that the LARM Board member, LARM staff member, elected or appointed official or employee, or contractor or agent knows or should know has been offered with the intent to influence or reward official conduct.
- 3.4 Employment.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall solicit or accept other employment to be performed or compensation to be received while still a LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM, if the employment or compensation could reasonably be expected to impair independence in judgment or performance of duties.
- 3.5 Disclosure.** If a member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM accepts or is soliciting a promise of future employment from any person or entity who has a substantial interest in a person, entity or property which would be affected by any decision upon which the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM might reasonably be expected to act, investigate, advise, or make a recommendation, the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall disclose that fact to the LARM Administrator and LARM Executive Director and shall take no further action on LARM policy or service matters regarding the potential future employer, except that any such conflict on the part of the LARM Administrator shall be disclosed to the LARM Board.

- 3.6 Privilege.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall use his or her official position to secure a special privilege or exemption for himself, herself or others, or to secure confidential information for any purpose other than official responsibilities.

Section 4. Communication between LARM Board Members, LARM Staff Members, Elected or Appointed Officials or Employees, or Contractors or Agents Representing LARM.

- 4.1 Inquiries.** The LARM Board of Directors reserves the right to make inquiries of any LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent relative to LARM activities. Except for purposes of inquiry, the LARM Board shall deal with LARM's administrative services through the LARM Administrator. The LARM Board or any officer thereof shall not give orders directly to any subordinate of the LARM Administrator.
- 4.2 Lobby Prohibition.** LARM's consultants, other contractors or agents shall not entertain or lobby members of the Executive Board of the League of Nebraska Municipalities, members of the LARM Board of Directors or LARM committees. Consultants, other contractors or agents of LARM may contact members of the Executive Board of the League of Nebraska Municipalities, members of the LARM Board, and LARM Committees for normal pool servicing activities associated within the scope of their services or authority with prior approval by the LARM Administrator and LARM Executive Director.
- 4.3 Notification.** LARM staff members, consultants and other contractors or agents have no control over inquiries and contacts initiated by a member of the Executive Board of the League of Nebraska Municipalities, members of the LARM Board of Directors, or LARM Committees; such contact shall not be deemed a violation of LARM's Bylaws. When such contact or inquiries occur, LARM staff members, consultants, contractors or agents shall notify the LARM Administrator and LARM Executive Director within a reasonable time.
- 4.4 Reports.** All information and reports affecting decisions or governance that the LARM Board of Directors may consider in public session, which are requested by LARM Board members from LARM staff members, consultants, other contractors or agents shall be disclosed to the LARM Administrator and

LARM Executive Director and disseminated to the entire LARM Board.

- 4.5 Ex Parte Communication.** Members of the LARM Board of Directors, LARM staff members, elected or appointed officials or employees, contractors or agents representing LARM shall not participate in ex parte conversations and meetings with each other that are intended to create favoritism, self-dealing or undue influence regarding underwriting and pricing, coverage or other LARM services.

ARTICLE VIII – GENERAL PROVISIONS

Section 1. Checks.

All checks or demands for money and notes of LARM and contracts of LARM shall be signed by the LARM Administrator, the LARM Executive Director, or her or her designee.

Section 2. Books.

Subject to the provisions of Chapter 84, Article 7 of the Revised Statutes of Nebraska, as amended, the books, records and papers of LARM will be available at the principal offices of LARM for inspection at reasonable times by representatives of any participating member or other person as may be required by Nebraska law. LARM's Interlocal Agreement and these Bylaws shall be available for inspection at reasonable times by any person at the principal offices of LARM.

Section 3. Loss Control.

The LARM Board of Directors periodically shall be provided an update of LARM's loss control program for adoption by participating members since effective loss control programs are essential to reducing costs.

Section 4. Warranty and Indemnification.

- 4.1 Warranty.** Members of the LARM Board of Directors, LARM staff members, elected or appointed officials or employees, contractors or agents representing LARM expressly agree, covenant, and warrant that they shall make a good faith effort to ensure that all action that they take in their LARM capacities or on behalf of LARM shall be in accordance with any applicable state or federal law or regulation, any applicable municipal ordinance, LARM's *"Agreement for the Establishment and Operation of the League*

Association of Risk Management” (LARM’s Interlocal Agreement), and these Bylaws and in a manner which he or she reasonably believes to be in or not opposed to the best interests of LARM.

4.2 Indemnification. LARM may indemnify or defend any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of LARM, by reason of the fact that such person is or was a member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM, against expenses, including attorney's fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding if such person: a) acted in good faith and in compliance with subsection 4.1; b) acted in a manner which he or she reasonably believed to be in or not opposed to the best interests of LARM; and c) with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

4.3 Mandatory Indemnification. To the extent that a member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsection 4.2 of this section or in defense of any claim, issue, or matter in such action, suit, or proceeding, he or she shall be indemnified against expenses, including attorney's fees, actually and reasonably incurred by him or her in connection with such defense.

4.4 LARM Board of Directors Determination. Any indemnification under this article shall be made by LARM only as authorized in the specific case upon a determination by the LARM Board of Directors that indemnification of the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM is proper in the circumstances because he or she has met the applicable standard of conduct set forth in this Article. Such determination shall be made by the LARM Board by a majority (eight) of the total number of Directors (fifteen) consisting of LARM Board members who were not parties to such action, suit, or proceeding; if such a majority (eight) of the total number of Directors (fifteen) is not obtainable, or even if obtainable, a majority (eight) of the total number of Directors (fifteen) of disinterested LARM Board members may authorize

indemnification, if recommended by independent legal counsel retained by the LARM Administrator in a written opinion that is made available to the public prior to the decision on indemnification.

4.5 Payment of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by LARM in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided in subsection 4.4 of this section upon receipt of an undertaking by or on behalf of the member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM to repay such amount, unless it is ultimately determined that he or she is entitled to be indemnified by LARM as authorized in this section.

4.6 Non-exclusive Indemnification and Continuation. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which the person indemnified may be entitled under any agreement, either as to action in his or her official capacity or as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM and shall inure to the benefit of the heirs, executors and administrators of such person.

4.7 Duty of Loyalty. Any elected or appointed official of any participating member serving on the LARM Board of Directors shall have a duty of loyalty to LARM. Members of the LARM Board, members of LARM Committees, LARM's Executive Director, LARM staff members, contractors and agents shall act in good faith, be faithful to LARM and its goals and missions, and pursue LARM's best interests in all matters. It shall be the agreement and representation of each member of the LARM Board that he or she is acting as a part of his or her duties on behalf of the participating member when performing functions for LARM. Therefore, all privileges and immunities from liability that may be available to such individual in his or her official capacity shall also be applicable to his or her conduct on behalf of LARM. Nothing herein shall compel LARM to provide any benefits to an elected or appointed official, contractor, agent or employee of LARM who is also an elected or appointed official or employee, contractor, agent or employee of a participating member.

Section 5. Acknowledgment and Receipt.

Members of the LARM Board of Directors, LARM committee members, LARM's Executive Director, LARM staff members, contractors and agents representing LARM are to receive and read the Bylaws of the League Association of Risk Management, sign an "Acknowledgment of Receipt and Understanding," including his or her understanding and agreement to abide by the "Conflicts of Interest and Ethics Standards" and "Duty of Loyalty" provisions of the LARM Bylaws and return the "Acknowledgment of Receipt and Understanding" to LARM's Administrator or LARM's Executive Director within a reasonable time, and within a reasonable time after any amendment of these Bylaws.

Section 6. Amendments.

These Bylaws may be altered, amended or repealed, and new Bylaws may be passed by a majority (eight) of the total number of Directors on the LARM Board (fifteen) at any regular or special meeting, if at least five (5) calendar days written notice of the intention to alter, amend or repeal or to adopt new Bylaws at such meeting of the LARM Board has been provided to the Directors, participating members, and the public.

Section 7. Gender and Number.

To the extent permitted by the context in which used, words in the singular number shall include the plural, words in the masculine gender shall include the feminine and neuter vice versa.

Section 8. Captions.

Captions used herein are for convenience only and are not a part of these Bylaws and shall not be deemed to limit or alter any provisions hereof and shall not be deemed relevant in construing these Bylaws.

Adopted September 6, 1995.
Amended October 12, 1995
Amended September 21, 2005
Amended February 26, 2008
Amended December 21, 2012
Amended February 26, 2013
Amended April 30, 2013
Amended December 17, 2013
Amended May 28, 2020

LARM 2020

Reinsurance Programs

Workers' Compensation +
Liability + Optional Deadly Weapon
Response Coverage

Board of Directors Meeting
Lincoln, NE
September 23rd, 2020

Excess WC - 5 year historical

Program Details	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Excess Carrier	MWECC	MWECC	MWECC	MWECC	MWECC
Workers' Compensation - <i>Specific Limit:</i> - <i>Retention each accident,</i> <i>each employee for disease:</i>	Statutory \$750,000	Statutory \$750,000	Statutory \$750,000	Statutory \$750,000	Statutory \$750,000
Employers Liability - <i>Limit:</i> - <i>Retention:</i>	\$2,000,000 \$750,000	\$2,000,000 \$750,000	\$2,000,000 \$750,000	\$2,000,000 \$750,000	\$2,000,000 \$750,000
Aggregate Limit	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Exposure <i>Estimated Payroll:</i> <i>YOY + / -</i> <i>Rate Per \$100 Est. Payroll:</i> <i>YOY + / -</i>	\$82,616,870 - .4681 -	\$78,162,739 - 5.4% .4701 - .43%	\$76,527,521 - 2.1% .4782 1.7%	\$78,333,071 + 2.4% .4853 1.5	\$86,490,825 + 10.4% .4856 0.1%
Annual Premium <i>YOY + / -</i>	\$387,010 -	\$372,505 - 3.8%	\$365,955 - 1.8%	\$380,150 - 3.9%	\$419,999 10.5%

Excess Liability - 5 year historical

Program Details	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Excess Carrier	GAIC*	GAIC	GAIC	GAIC	NLC**
Retention / Limits					
- Retention:	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
- Per Member:	\$4,700,000	\$4,700,000	\$4,700,000	\$4,700,000	\$4,700,000
- Per Occurrence Maximum:	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Exposure					
- Estimated NOE:	\$428,315,177	\$468,280,132	\$434,243,189	\$438,181,163	\$496,641,154
YOY + / -	-	9%	-7%	1%	13%
- Rate Per \$1000 Est. NOE:	1.0506	1.0506	1.0506	1.0716	1.1578
YOY + / -	-	0%	0%	2%	8%
GL Loss Development	(\$578,168)	(\$187,544)	\$605,847	\$1,147,756***	-
Annual Premium	\$450,000	\$491,975	\$456,216	\$468,560	\$575,000
YOY + / -	-	9.33%	-7.27%	2.71%	22.72%

* Great American Insurance Company

** National League of Cities (NLC) Mutual Insurance Company

*** Through Q3

3

Liability - key program terms & conditions

Communicable Disease

- NLC will pay for any loss or damage arising from, caused by, contributed to or resulting from any pathogen, virus, parasite, mold, fungus or other microorganism which the Insured establishes is a direct result of a Covered Loss not otherwise excluded by the Reinsurance Agreement.
- \$1,000,000 per occurrence / \$1,000,000 Pool annual aggregate.

Sexual Abuse & Molestation (SAM)

- NLC will support coverage at \$1,000,000 per occurrence / \$2,000,000 annual aggregate, per Member.
- SAM was previously excluded under LARM's liability coverage form.

4

Optional Deadly Weapon Response Program (DWRP) - coverage purpose & benefits

What is a deadly weapons event?

- An incident involving a deadly weapon that is carried out with the sole intent of instilling public fear while causing as much loss of life as possible.

Why consider DWRP coverage?

- Professional help in assessing potential risk and to aide in the active engagement of prevention and response preparedness activities; shared goals for reducing the potential loss of life, injuries, and damage; as well as recovery relief and guidance.
- DWRP is a complement to the general liability and property coverages LARM already purchased as traditional forms of insurance can be ambiguous and may have coverage gaps; this coverage offers another layer of protection towards mitigating the risk of a malicious attack.

5

Optional Deadly Weapon Response Program (DWRP) - program terms & conditions

Carrier:

- Lloyd's of London

Coverage:

- third party liability
- property damage & business interruption
- crisis management
- deadly weapon & security vulnerability assessment
- safety action plan seminars

Limits:

- \$5,000,000 per occurrence
- \$2,500,000 aggregate
- \$250,000 crisis management, counseling, funeral, demolition & clearance, memorialization & remodel

Deductible:

- \$10,000 each event including claims expense

Annual Premium:

- \$11,602
- 25% minimum earned

6

LARM - 2020/21 reinsurance cost

\$419,999

Excess Workers' Compensation Annual Premium

\$575,000

Excess Liability Annual Premium

\$11,620

Optional Deadly Weapon Response Program (ADWRP) Annual Premium

7

LARM Board of Directors - possible motions

The LARM Board may take action on these items during the Meeting using a motion similar to the following:

1. Excess Workers' Compensation:

- a. Motion to bind MWECC's Excess Workers Compensation 2020/2021 renewal, as presented during the Meeting.

3. Deadly Weapon Response Program:

- a. Motion to bind the DWRP 2020/2021 renewal, as presented during the Meeting.

2. Excess Liability:

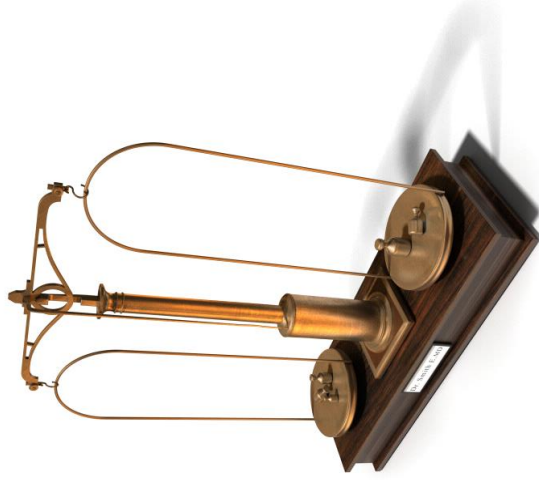
- a. Motion to acknowledge the Communicable Disease restriction to coverage with NLC, as presented during the Meeting.
- b. Motion to acknowledge the Sexual Abuse and Molestation (SAM) broadening of coverage with NLC, as presented during the Meeting.
- c. Motion to bind the NLC Excess Liability 2020/2021 renewal, as presented during the Meeting.

8

League Association of Risk Management



Budget for 2020-2021 Fiscal Year



LEAGUE ASSOCIATION OF RISK MANAGEMENT

2020/21 Draft Budget

September 17, 2020

REVENUE DETAIL

Code	Description	2018-2019 Actual Revenues	2019-2020 Projected Revenues	2019-2020 Approved Budget	2020-2021 Proposed Budget	Current vs Prior Budget:	
						Dollar Incr/(Decr)	Percent Incr/(Decr)
Income							
1	Gross Earned Contribution	8,328,447	8,992,000	8,775,000	9,786,000	1,011,000	11.5%
2	Ceded Premiums	(2,169,796)	(2,438,000)	(2,358,000)	(2,790,000)	(432,000)	18.3%
3	Net Earned Contribution	6,158,651	6,554,000	6,417,000	6,996,000	579,000	9.0%
4	Investment Income (net of fees)	291,004	232,000	100,000	150,000	50,000	50.0%
5	Other Income	4,051	5,000	5,000	5,000	-	-
Total Revenue		6,453,706	6,791,000	6,522,000	7,151,000	629,000	9.6%

LEAGUE ASSOCIATION OF RISK MANAGEMENT

2020/21 Draft Budget

EXPENDITURE DETAIL

Code	Description	2018-2019		2019-2020		2019-2020		2020-2021		Current vs Prior Budget:	
		Actual Expenditures	Projected Expenditures	Approved Budget	Proposed Budget	Dollar Incr/(Decr)	Percent Incr/(Decr)				
Claim Losses and Loss Expenses											
6	Losses and Expenses	5,826,493	7,512,000	3,770,000	4,712,000	942,000	25.0%				
7	Loss Adjustment Expense	1,322,952	1,259,000	407,000	589,000	182,000	44.7%				
8	Ceded Losses	(2,634,393)	(4,684,000)	(1,257,000)	(1,571,000)	(314,000)	25.0%				
9	Net Losses	4,515,052	4,087,000	2,920,000	3,730,000	810,000	27.7%				
Underwriting Expenses											
10	Actuarial Services	32,000	32,000	32,000	32,000	-	-				
11	Legal Services	336,750	247,000	296,000	296,000	-	-				
12	Salary & Wages	712,832	582,000	802,000	718,000	(84,000)	(10.5%)				
13	Employee Benefits	244,913	227,000	258,000	251,000	(7,000)	(2.7%)				
14	Payroll Taxes	62,863	48,000	63,000	57,000	(6,000)	(9.5%)				
15	Retirement Plan	66,603	53,000	69,000	65,000	(4,000)	(5.8%)				
16	Mobile Phone	8,850	11,000	11,000	12,000	1,000	9.1%				
17	Car & Field	17,189	37,000	53,000	53,000	-	-				
18	Computer	39,324	43,000	34,000	51,000	17,000	50.0%				
19	Telecommunication / Network	16,824	20,000	20,000	32,000	12,000	60.0%				
20	Postage	2,964	2,000	2,000	2,000	-	-				
21	Office Supplies	30,507	12,000	12,000	12,000	-	-				
22	Dues & Publications	5,180	6,000	13,000	15,000	2,000	15.4%				
23	Miscellaneous	61	1,000	1,000	1,000	-	-				
24	Conferences & Travel	40,800	30,000	50,000	50,000	-	-				
25	Accounting & Financial Audit	34,856	47,000	47,000	47,000	-	-				
26	Rent/Leases & Building Costs	36,589	41,000	38,000	38,000	-	-				
27	Third Party Administration	760,129	771,000	770,000	790,000	20,000	2.6%				
28	LNM Administrative Fee	-	-	-	-	-	n/a				
29	Advertising / Marketing / Printing	12,597	23,000	18,000	23,000	5,000	27.8%				
30	Appraisal Services	39,644	44,000	55,000	55,000	-	-				
31	Loss Control Services	42,882	59,000	59,000	59,000	-	-				
32	Safety Grant Program	47,581	84,000	84,000	84,000	-	-				
33	Agent Commissions	273,569	308,000	290,000	410,000	120,000	41.4%				
34	Brokerage Services/Consulting	22,997	-	38,000	-	(38,000)	n/a				
35	Department of Insurance Exam.	-	-	14,000	14,000	-	-				
36	Bank Fees	1,128	2,000	2,000	2,000	-	-				
37	Insurance	51,475	56,000	51,000	55,000	4,000	7.8%				
38	Taxes & Licenses	88,928	99,000	99,000	96,000	(3,000)	(3.0%)				
39	Total Underwriting Expenses	3,030,035	2,885,000	3,281,000	3,320,000	39,000	1.2%				
Total Expenditures											
		7,545,087	6,972,000	6,201,000	7,050,000	849,000	13.7%				
40	Net Income	(1,091,381)	(181,000)	321,000	101,000	(220,000)	(68.5%)				

LEAGUE ASSOCIATION OF RISK MANAGEMENT
2020/21 Draft Budget

SURPLUS DETAIL

Code	Description	2018-2019 Actual Surplus	2019-2020 Projected Surplus	2019-2020 Approved Budget	2020-2021 Proposed Budget
	Surplus				
41	Beginning Surplus	10,960,938	9,869,557	9,869,557	9,688,557
42	Earned Surplus	(1,091,381)	(181,000)	321,000	101,000
43	Ending Surplus	<u>9,869,557</u>	<u>9,688,557</u>	<u>10,190,557</u>	<u>9,789,557</u>
44	Dividend Program	-	-	-	-
45	Total Surplus	<u>9,869,557</u>	<u>9,688,557</u>	<u>10,190,557</u>	<u>9,789,557</u>

**League Association of Risk Management
Budget Category Descriptions**

Line #	Category	Description
1	Gross Earned Contribution	Estimated amount of contribution to be collected from members. Amount is derived from current year contributions and rate increases of 9.5% casualty, 3% property, and -8% decrease for workers comp, with no changes attributed to members' exposure. Also includes \$676K in new business.
2	Ceded Premiums	Estimated premiums paid to reinsurers (including broker fees, if any). Rate increases from P/Y: Casualty 22%, property 3%, and workers comp 10%. Includes \$319K for new business premiums, \$13K Boiler/Machinery and \$60k cyber policy. Also includes a \$35K commission to Alliant for the 2020/21 liability policy.
3	Net Earned Contribution	Gross earned contributions less ceded premiums.
4	Investment Income	TPA estimated earnings from funds invested during the fiscal year, net of investment management fees.
5	Other Income	Net income recognized for policies outsourced to reinsurers, less the reinsurer's premium. Flood or crime policies, for example.
6	Claim Losses and Loss Expenses	Total of losses reserved on individual case files. Loss reserves are based on the best estimate of ultimate claim cost. Losses include awards and judgments paid to the plaintiff.
7	Loss Adjustment Expense	Expense associated with losses on Line #6, which includes cost of medical records, expert witness fees, independent medical exams, independent adjuster fees, Sedgwick claim handling fees, and court costs. Due to the vacant position of the Workers Comp Adjuster at LARM, Sedgwick has assumed these duties for an annual fee \$80,000. That cost is included in this line, and the savings are offset in lines 12-15, Payroll, Taxes, and Benefits.
8	Ceded Losses	Loss in excess of self-insured retentions with reinsurers and excess carriers. This amount is expected to be reimbursed to LARM by reinsurers and excess carriers.
9	Net Losses	Losses and expenses, plus loss adjustment expenses, less ceded losses. Actuary estimates of the actual amount of claims to be paid by LARM are obtained from By the Numbers and reviewed by Sedgwick. This is the sum of lines 6 through 8.
10	Actuarial Services	Fees for actuarial services provided under contract. Actuarial services include the annual actuarial reserves opinion required by the Department of Insurance, assistance with development of the annual independent audit, quarterly reports to the Department of Insurance, <u>rate analysis report</u> , and <u>other projects as assigned</u> .
11	Legal Services	General counsel fees incurred that are not related to a claim. Examples may be advice on management, due process, review of coverage policies, DOI inquiries, employment and tax issues. Prior years have also included Lobbying fees.

**League Association of Risk Management
Budget Category Descriptions**

Line #	Category	Description
12	Salary & Wages	Salary and wages for 6 staff members and 1/2 of IT manager, plus 1 new Customer Service Specialist. Also includes 2.5% salary increase for current staff. This budget reflects a reduction in wages for the former Executive Director and the Workers Comp Claim Adjuster positions, which are offset by increased salaries for current staff promotions to Executive Director and Assistant Executive Director. Sedgwick is now handling the workers comp claims for an annual fee of \$80,000. (The cost for this is included in Line 7 above, Claim Loss Adjustment Expense.)
13	Employee Benefits	Employee benefits for 7 1/2 staff (1/2 IT manager) including health, HSA funding, dental, life and disability, as well as staff continuing education hours.
14	Payroll Taxes	Payroll taxes for staff, normally estimated to be 8% of salary & wages.
15	Retirement Plan	Retirement plan for staff, estimated at 10% of salary & wages once staff members are vested.
16	Mobile Phone	Cell phone equipment and usage charges for staff.
17	Car & Field	All vehicles and their related fuel and maintenance expenses. Purchase of a used 4-wheel drive vehicle is budgeted for 2019/20.
18	Computer	Software/hardware costs, technology service contract, hardware lease, website, etc.
19	Telecommunication / Network	Cost of Internet, cable, land line phones and related equipment.
20	Postage	Postage on all meeting packets, promotional calendars, letters, bills, loss control information, etc.
21	Office Supplies	Office supplies for the LARM office including general office supplies, small equipment, board packet materials, copies, and professional photos for website.
22	Dues & Publications	Membership dues, newspaper renewals, magazine subscriptions, etc.
23	Misc.	Cost of special awards, staff meeting items, claim ex gratia payments, and any other office expenses that do not go in another category.
24	Conferences & Travel	Conference and workshops for staff, NLC, AGRIIP and PRIMA, including travel, accommodations, meals, etc. Also includes LARM meetings, Board of Directors mileage, and staff training.
25	Accounting & Audit	Accounting and auditing of filings required by the Department of Insurance, fees related to the independent audit of LARM's financial statements, and any required reports related to that audit. Also includes payroll service fees.
26	Rent/Leases & Building Costs	Rent for office space, utilities, copier lease, and office maintenance such as plumbing, refuse collection, and locksmith services.
27	Third Party Administration	Fees paid to Sedgwick for monthly TPA services. Also included is a 5% incentive payment on new business and \$25K annual large member retention bonus.
28	LNM Administrative Fee	Sponsorship fees previously paid to LONM; 0% budgeted.

**League Association of Risk Management
Budget Category Descriptions**

Line #	Category	Description
29	Advertising/Marketing/Printing	Direct advertising costs and enhanced marketing of LARM services to municipalities. Includes distribution of LARM Life (four times per year), ads in trade magazines (NRWA, NMMP, League Directory), design and printing costs for brochures and the LARM calendar, and promotional merchandise.
30	Appraisal Services	Cost of property appraisals and appraisal software.
31	Loss Control Services	Fees related to the police professional training conducted by LLRMI and NIRMA/PATC, Online University, Nebraska Safety Council annual fee, loss control safety marketing materials, membership publications, and claims software.
32	Grant Programs	Includes the "Lean on LARM" safety grant program, the body armor grant, and the COVID-19 relief assistance program.
33	Agent Administrative Fees	Commission paid on agent-produced business.
34	Brokerage Services/Consulting	Consulting fees previously paid to ICRMS; not contracted for this year.
35	Department of Insurance Exam	Department of Insurance Audit. The audit typically occurs every three years, but can occur whenever the Department of Insurance determines. The last audit was for the three years ended 9/30/15.
36	Bank Fees	Fees for checking account services including general operating account and zero-balance claim accounts.
37	Insurance	Premium paid for public officials liability insurance for the LARM Board of Directors and officers, insurance for LARM vehicles, workers' compensation, general liability, inland marine, commercial umbrella, ERISA bond, employee dishonesty, and cyber policies.
38	Taxes & Licenses	Estimate of premium tax and fees paid to the Nebraska Department of Insurance in compliance with the Intergovernmental Risk Management Act.
39	Total Underwriting Expenses	Total underwriting and miscellaneous expenses. Sum of lines 10 through 38.
40	Net Income	Total revenue minus total expenditures.
41	Beginning Surplus	Surplus shown on the financial statement at the beginning of the fiscal year.
42	Earned Surplus	Net income reported on financial statement.
43	Ending Surplus	Beginning surplus plus earned surplus.
44	Dividend Program	Potential member distribution program.
45	Total Surplus	Ending surplus minus dividend program.