



NOTICE

**MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)
Tuesday, February 28, 2023, 1:30 p.m. CT/12:30 p.m. MT**

PLEASE TAKE NOTICE that on **Tuesday, February 28, 2023, at 1:30 p.m. CT/12:30 p.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Board of Directors meeting at the Cornhusker Marriot Hotel, Grand Ballroom, B and C, 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 1335 L Street, Lincoln, Nebraska. A notice of this meeting with the agenda and other materials are available at this location with a copy of the Open Meetings Act posted. The meeting will also be made available by Zoom via Computer, Smart Device or Telephone <https://us06web.zoom.us/j/83950728412?pwd=Q3Fscitpd3VlcnVTaEMwRTFU S2hRdz09> or via phone at 833-548-0276. The Meeting ID is 839 5072 8412 and the passcode is 445528.

On February 21, 2023, 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 also is 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 and Facebook page- www.facebook.com/larmne.



AGENDA

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

Tuesday, February 28, 2023, 1:30 p.m. CT/2:30 p.m. MT

**Cornhusker Marriot Hotel - Grand Ballroom, B and C
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 may also join the meeting by Zoom via Computer, Smart Device or Telephone <https://us06web.zoom.us/j/83950728412?pwd=Q3Fscitpd3VlcnVTaEMwRTFU52hRdz09> or via phone at 833-548-0276. The Meeting ID is 839 5072 8412 and the passcode is 445528.

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. 1:30 p.m. CT/2:30 p.m. MT – Lanette Doane, Village of Ansley Clerk/Treasurer and Chair of the LARM Board, will call the meeting to order.

b. Roll call.

c. Indicate that on February 21, 2023, 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 1335 L Street, 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 and Facebook page- www.facebook.com/larmne

d. Inform the public about the location of the Open Meetings Act which is accessible to members of the public and at www.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 as provided in Article 1, Section 1 of LARM’s Bylaws to approve LARM Administrator Lynn Rex’s recommendation to appoint City of Franklin Clerk/Treasurer Raquel Felzien to fill the vacancy and serve the unexpired term of former City of Hickman Mayor Doug Hanson.

See pages 1-5

· Lynn Rex, Administrator, LARM

3. Consider a motion to elect Lanette Doane, Clerk/Treasurer of the Village of Ansley, as Chair for a one-year term and Joey Spellerberg, Mayor of Fremont, as Vice Chair for a one-year term as provided in Article V, Section 1 of LARM’s Bylaws.

· Lynn Rex, Administrator, LARM

4. Consider a motion to approve the minutes of the December 14, 2022, Meeting of the LARM Board of Directors.

See pages 6-11

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

See pages 12-61

· Michael Maloney, Senior Portfolio Manager, US Bank

6. Consider a motion to accept a report on the current state of the property reinsurance market.

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

See pages 62-82

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

See pages 83-89

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

8. Consider a motion to approve Dave Bos as LARM's designated representative to the Association of Government Risk Pools (AGRIP).

· Dave Bos, Executive Director, LARM

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

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

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

· Lynn Rex, Administrator, LARM

· Dave Bos, Executive Director, LARM

11. Consider a motion to adjourn.

Franklin, Nebraska
February 14, 2023

A meeting of the Mayor and Council of the City of Franklin, Nebraska was held at City Hall in said City on February 14, 2023, at 7:30 PM

Upon roll call, the following Council members were in attendance: Margaret Siel, Fred Beall, Kasey Loschen, Dave Platt, Sandy Urbina.

Mayor Siel gave notice that a copy of the Open Meetings Act was properly posted in the Council Chambers.

Notice of this meeting was simultaneously given to the all members of the City Council and a copy of their acknowledgement of receipt of the notice and agenda was communicated in the advance notice as in the notice to the Council of this meeting. All proceedings hereafter shown were taken while the convened meeting was open to the attendance of the public.

Motion made by Kasey Loschen, seconded by Sandy Urbina to approve and/or receive the items on the Consent Agenda and to waive the oral reading of the minutes. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

AFLAC	INS	736.20
A-1 REFRIGERATION	MAINT	997.99
AMANDA SHELTON	REIMB	149.04
AMGL CPA	FEE	8350.00
BAKER & TAYLOR	SUPP	339.99
BCBS	INS	12623.41
BLACK HILLS	GAS	298.14
BOB'S AUTO	MAINT	1425.17
CAPIAN CREATES	FEE	474.98
CHRISTIE MALL	SERV	80.00
CITY OF FRANKLIN	PETTY CASH	189.40
CITY OF FRANKLIN	C&D FEE	12504.00
CITY OF HOLDREGE	DISP.FEE	2347.62
CPI	FUEL	2778.41
DELTA DENTAL	INS	503.88
DUNCAN WELDING	SUPP	370.34
DUTTON LAINSON	MAINT	1143.25
EAKES	FEE	331.01
EFTPS	PAYROLL	7991.93
ELECTRIC FUND	ELECTIRCITY	6575.21
FELZIEN, RAQUEL	REIMB	36.94
FRANLIN AUTO	SUPP	1691.79

FRANKLIN COUNTRY CLUB	FEE	840.65
FRANKLIN CO CHRONICLE	FEE	484.35
FRANKLIN CO. MEM. HOS.	FEE	115.00
FRANKLIN SHERIFF	FEE	230.00
FRANLIN COUNTY TREAS.	FEE	315.94
FREEDOM CLAIMS	FEE	2468.00
GERDES FEED	SUPP	107.76
GLENWOOD TELE.	PHONE	561.53
GOLDSTAR	MAINT	4047.58
HARRIS APOTHECARIES	CDA GRANT	2187.92
HOMETOWN LEASING	FEE	344.19
JIM'S OK TIRE	MAINT	36.50
LARM	INS	4577.00
MADISON LIFE	INS	57.51
MCQUAY LAW	FEE	1400.00
MIDLAND CONTRACTING	FEE	14688.75
MG TRUST	FEE	4488.35
MUNICIPAL SUPPLY	SUPP	926.28
NE DEPT OF REV	SALES TAX	6079.67
NE DEPT OF REV	PAYROLL	1194.76
NE LIBRARY COMM.	FEE	800.00
NE PUBLIC HEALTH	FEE	30.00
NE RURAL WATER	SCHOOLING	790.00
NEO POST	FEE	350.00
PAYROLL	PAYROLL	26933.21
PITSTOP	FUEL	414.18
PLANK'S HDWE	SUPP	219.85
R & R SALES	SUPP	18.67
REPUBLICAN VET CLINIC	FEE	52.50
RIGHTWAY	SUPP	99.96
S.E. SMITH	SUPP	23.14
SAHLING	MAINT	18.77
SCHMIDT COMPUTERS	FEE	1935.00
SOUTH CENTRAL ST. BANK	NEW CD	400000.00
SOUTHERN POWER	FEE	58653.37
STOREY KENWORTH	FEE	217.06
STOVER, LAWRENCE JR	REIMB	161.49
UNEMPLOYMENT	PAYROLL	24.60
U.S. BANK	SUPP	2384.84
UNITED CHUR. CHIRST	CDA GRANT	2001.16
VERIZON	FEE	287.56
VAN DIEST	MAINT	2383.25
VSP	INS	179.21

WAPA	POWER	6200.00
		\$
TOTAL		611,268.26

Tracy Cannon from AMGL CPA discussed the audit report for FY 2022.

Amanda Shelton, Librarian gave her yearly report to the council for FY 2022.

Motion made by Kasey Loschen, seconded by Fred Beall to approve quote from IPL to order 196 grey 95-gallon carts for \$64.50 each for a total of \$12,642.00 plus freight from Shelbyville KY to Franklin for \$2,312.10 with a grand total of \$14,954.10. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Dave Platt, seconded by Fred Beall to approve Jr Stover to purchase the used Marathon baler from City of Red Cloud at \$5,000 or under. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Dave Platt, seconded by Sandy Urbina to approve nuisance abatement agreement with SCEDD from February 14, 2023 to December 31, 2023 or completion. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Kasey Loschen, seconded by Fred Beall to approve spring clean-up starting April 1, 2023 through May 15, 2023. Motion Passed

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Fred Beall, seconded by Sandy Urbina to approve Raquel Felzien to be appointed to the LARM Board member. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Sandy Urbina, seconded by Fred Beall to approve Stove's Storage LLC; new structure. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Sandy Urbina, seconded by Fred Beall to approve the renewal of liquor licenses for Casey's Retail Company - Store #1595 - Franklin NE - Class D - alcoholic liquor off sale; Premier Stop - Franklin - Class B -Beer off sale only; Rightway Grocery - SK Inc - Class D - alcoholic liquor off sale. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Kasey Loschen, seconded by Fred Beall to approve JEO to start the process of expanding the C&D Site. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Fred Beall, seconded by Sandy Urbina to approve hiring of John Spangler as a trainee for the police department at \$20 per hour. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Sandy Urbina, seconded by Fred Beall to table Chief Woodis wage change until we have a full-time certified police officers hired. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Sandy Urbina, seconded by Fred Beall to approve Resolution 2023-01 Nuisance Officer. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Sandy Urbina introduced ordinance #872 AN ORDINANCE OF THE CITY OF FRANKLIN, NEBRASKA TO AMEND CHAPTER 6, ARTICLE 1 OF THE MUNICIPAL CODE; TO DEFINE DANGEROUS, POTENTIALLY DANGEROUS, AND VICIOUS DOGS; TO PROVIDE CERTAIN REQUIREMENTS FOR DANGEROUS, POTENTIALLY DANGEROUS, AND VICIOUS DOGS; TO CHANGE THE PENALTIES FOR VIOLATION OF THIS ARTICLE; TO PROVIDE FOR PUBLICATION IN PAMPHLET FORM; AND TO PROVIDE AN EFFECTIVE DATE.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF FRANKLIN, NEBRASKA: Roll call: Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Mayor Siel, declares the motion adopted by a 4-0 vote of the council and statutory rule suspended for consideration of said ordinance. Kasey Loschen moves for final passage seconded by David Platt. Mayor Siel asks shall Ordinance 872 be passed and adopted? Roll Call. Beall:

Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Mayor Siel, declares ordinance 872 adopted and sing same in presence of council and clerk who attest same.

Motion made by Sandy Urbina, seconded by Fred Beall to enter into closed session at 8:55 pm to discuss the purchase agreements for 201 14th Ave with Michelle Kahrs and Raquel Felzien present. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Sandy Urbina, seconded by Fred Beall to return to open session at 9:26 pm. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay: 0

Motion made by Fred Beall, seconded by Sandy Urbina to approve Quinn and Monica Coldiron purchase agreement of \$5,000 with a counter offer that within six (6) months buyers must move

the proposed house to the property, hook up utilities and maintain the yard. The proceeds of sale will be held in escrow until the above conditions have been met. Motion Passed.

Beall: Yea, Loschen: Yea, Platt: Yea, Urbina: Yea

Yea: 4, Nay:

Adjourn the meeting at 9:34 PM

ATTEST:

APPROVED:

Raquel Felzien, City Clerk

Margaret Siel, Mayor



MINUTES
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Wednesday, December 14, 2022, 10:30 a.m. CT/9:30 a.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 December 14, 2022, at 10:30 a.m. CT /9:30 a.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 10:30 a.m. CT, **LARM Board Vice-Chair Lanette Doane**, Clerk/Treasurer, Village of Ansley, 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; **Pam Buethe**, Board Member, Sarpy County SID #29; **Lanette Doane**, Clerk/Treasurer, Village of Ansley, **Mayor Don Groesser**, City of Ralston; **Melissa Harrell**, Administrator/Treasurer, City of Wahoo; **Jo Leyland**, Administrator/Clerk/Treasurer, City of Imperial; **Mayor Josh Moenning**, City of Norfolk; **Chris Rector**, Administrator, City of Holdrege; **Sandra Schendt**, Clerk/Treasurer, City of Nelson; and **Mayor Joey Spellerberg**, City of Fremont. Ex-officio (non-voting) Board Member **L. Lynn Rex**, Executive Director of the League of Nebraska Municipalities, and Administrator of LARM was present.

At the time of roll call: 3 were absent: **LeAnn Brown**, Clerk/Treasurer, City of Oshkosh; **Tom Ourada**, Administrator, City of Crete and **Mayor Deb VanMatre**, City of Gibbon

At the time of roll call 2 spots on the board were vacant as **Former Mayor Doug Hanson**, City of Hickman and **Former Mayor Tony Kaufman**, City of Gering, chose to not seek reelection as Mayor of their respective city.

Other participants included: **Cline Williams Law Firm** – representing LARM, Trent Sidders; **Sedgwick (LARM's third party administrator)** – Kristin Smolek, Chris Cadwell and Andy Fynn; **LARM** – Dave Bos, Tracy Juranek, Diane Becker, Drew Cook, Ethan Nguyen, Fred Wiebelhaus, Kyla Brockevelt and James Kelley; **League of Nebraska Municipalities** – Shirley Riley. Former Mayor Doug Hanson, **City of Hickman**.

Vice-Chair Lanette Doane indicated that on December 7, 2022, 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- www.larmpool.org and Facebook page- www.facebook.com/larmne.

Vice-Chair Lanette Doane 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. Vice-Chair Lanette Doane 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 approve the minutes of the September 14, 2022, Meeting of the LARM Board of Directors.** Chair Doane asked if there was any discussion; there was none. Jo Leyland moved, seconded by Pam Bueth to approve the minutes of the September 14, 2022, Meeting of the LARM Board of Directors. Roll call vote. Ayes: Beck, Bueth, Doane, Groesser, Harrell, Leyland, Moenning, Rector, Schendt and Spellerberg. Nays: None. Abstentions: None. Absent: Brown, Ourada and VanMatre. ***Motion carried: 10 ayes, 0 nays, 0 abstention, 3 absent and 2 vacancies.***

(AGENDA ITEM #3) **Consider a motion to accept the resolutions and/or minutes of the respective governing bodies of the following individuals to approve them to serve as a candidate for or a member of the LARM Board by the governing body of the participating member.** (These members were elected at the September 14, 2022, Annual Members' Meeting of LARM to a three-year term on the LARM Board beginning on January 1, 2023): **Josh Moenning**, Mayor of the City of Norfolk, **LeAnn Brown**, Clerk/Treasurer of the City of Oshkosh, **Tony Kauffman**, Mayor of the City of Gering, **Chris Rector**, City Administrator of the City of Holdrege and **Joey Spellerberg**, Mayor of the City of Fremont. Lynn Rex stated that former **Mayor Tony Kauffman** would not be voted for as he was no longer eligible. It was decided to vote for these individuals separately. Vice-Chair Doane asked if there was any discussion; there was none.

Josh Moenning, Mayor of the City of Norfolk. Connie Jo Beck moved, seconded by Mayor Don Groesser. Roll call vote. Ayes: Beck, Bueth, Doane, Groesser, Harrell, Leyland, Rector, Schendt and Spellerberg. Nays: None. Abstentions: Moenning. Absent: Brown, Ourada and VanMatre. ***Motion carried: 9 ayes, 0 nays, 1 abstention, 3 absent and 2 vacancies.***

LeAnn Brown, Clerk/Treasurer, City of Oshkosh. Pam Buethe moved, seconded by Mayor Josh Moenning. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Rector, Schendt and Spellerberg. Nays: None. Abstentions: None, Absent: Brown, Ourada and VanMatre. **Motion carried: 10 ayes, 0 nays, 0 abstention, 3 absent and 2 vacancies.**

Chris Rector, Administrator, City of Holdrege. Connie Jo Beck moved, seconded by Melissa Harrell. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Schendt and Spellerberg. Nays: None. Abstentions: Rector. Absent: Brown, Ourada and VanMatre. **Motion carried: 9 ayes, 0 nays, 1 abstention, 3 absent and 2 vacancies.**

Joey Spellerberg, Mayor of the City of Fremont. Sandra Schendt moved, seconded by Mayor Don Goesser. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Rector, and Schendt. Nays: None. Abstentions: Spellerberg. Absent: Brown, Ourada and VanMatre. **Motion carried: 9 ayes, 0 nays, 1 abstention, 3 absent and 2 vacancies.**

(AGENDA ITEM #4) **Consider a motion to accept the quarterly update on LARM investments.** (Presented by Michael Maloney, Senior Portfolio Manager, US Bank.) Vice-Chair Doane asked if there was any discussion. There was none. Mayor Josh Moenning moved, seconded by Mayor Don Groesser to accept the quarterly update on LARM investments. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Rector, Schendt and Spellerberg. Nays: None. Abstentions: None. Absent: Brown, Ourada and VanMatre. **Motion carried: 10 ayes, 0 nays, 0 abstention, 3 absent and 2 vacancies.**

(AGENDA ITEM #5) **Consider a motion to accept the quarterly update on LARM financials.** (Presented by Kathy Manuel, Sedgwick Risk Pooling Services) Vice-Chair Doane asked if there was any discussion. There was none. Chris Rector moved, seconded by Connie Jo Beck to accept the quarterly update on LARM financials. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Rector, Schendt and Spellerberg. Nay: None. Abstentions: None. Absent: Brown, Ourada and VanMatre. **Motion carried: 10 ayes, 0 nays, 0 abstention, 3 absent and 2 vacancies.**

(AGENDA ITEM #6) **Consider a motion to approve the appointment of Lanette Doane as LARM Board Chair due to the upcoming vacancy of current LARM Board Chair Doug Hanson who chose not to seek reelection as Mayor of the City of Hickman.** (Presented by Lynn Rex, Administrator, LARM) Vice-Chair Doane asked if there was any discussion. There was none. Pam Buethe moved, seconded by Jo Leyland to approve the appointment of Lanette Doane as LARM Board Chair due to the upcoming vacancy of current LARM Board Chair Doug Hanson who chose not to seek reelection as

Mayor of the City of Hickman. Roll call vote. Ayes: Beck, Buethe, Groesser, Harrell, Leyland, Moenning, Rector, Schendt, and Spellerberg Nays: None. Abstentions: Doane. Absent: Brown, Ourada and VanMatre. **Motion carried: 9 ayes, 0 nays, 1 abstention, 3 absent and 2 vacancies.**

(AGENDA ITEM #7) Consider a motion to approve the appointment of Pat Heath, Gering City Administrator, as a LARM Board member due to the upcoming vacancy of Current LARM Board member Tony Kaufman who chose not to seek reelection as Mayor of the City of Gering. (Lynn Rex, Administrator, LARM) Chair Doane asked if there was any discussion. There was none. Chris Rector moved, seconded by Jo Leyland to approve the appointment of Pat Heath, Gering City Administrator, as a LARM Board member due to the upcoming vacancy of current LARM Board member Tony Kaufman who chose not to seek reelection as Mayor of the City of Gering. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Rector, Schendt and Spellerberg. Nays: None. Abstentions: None. Absent: Brown, Ourada and VanMatre. **Motion carried: 10 ayes, 0 nays, 0 abstentions, 3 absent and 2 vacancies.**

(AGENDA ITEM #8) Consider a motion to receive a League Building Committee Update. (Dave Bos, Executive Director, LARM and Lynn Rex, Administrator, LARM) Mayor Josh Moenning moved, seconded by Mayor Don Groesser to receive a League Building Committee update. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Rector, Schendt and Spellerberg. Nays: None. Abstentions: None. Absent: Brown, Ourada and VanMatre. **Motion carried: 10 ayes, 0 nays, 0 abstentions, 3 absent and 2 vacancies.**

(AGENDA ITEM #9) Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation. (Andy Fynn, Sedgwick Risk Pooling Services) Connie Jo Beck moved, seconded by Jo Leyland 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 closes session: Dave Bos, Tracy Juranek, Fred Wiebelhaus, Shirley Riley, Trent Sidders, Andy Fynn, Chris Cadwell, and Kristin Smolek. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Rector, Schendt and Spellerberg. Nays: None, Abstentions: None. Absent: Brown, Ourada and VanMatre. **Motion carried: 10 ayes, 0 nays, 0 abstentions, 3 absent and 2 vacancies.**

Chair Lanette Doane 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, Shirley Riley, Trent Sidders, Andy Fynn, Chris Cadwell, and Kristin Smolek. As of 11:34 a.m. the Board was in closed session.

At 11:47 a.m. Chair Lanette Doane stated that we were now in open session and that no actions were taken during the closed session.

(AGENDA ITEM #10) Discuss the date for the next meeting of the LARM Board of Directors. (Presented by Lynn Rex, Administrator and Dave Bos, Executive Director, LARM).

*(AGENDA ITEM #11) Consider a motion to adjourn. At 11:51 a.m. Connie Jo Beck moved, seconded by Pam Buethe to adjourn. Roll call vote. Ayes: Beck, Buethe, Doane, Groesser, Harrell, Leyland, Moenning, Rector, Schendt and Spellerberg. Nays: None. Abstentions: None. Absent: Brown, Ourada and VanMatre. **Motion carried: 10 ayes, 0 nays, 0 abstentions, 3 absent and 2 vacancies.***

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



NOTICE

MEETING OF THE BOARD OF DIRECTORS OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM) Wednesday, December 14, 2022, 10:30 a.m. CT/9:30 a.m. MT

PLEASE TAKE NOTICE that on **Wednesday, December 14, 2022, at 10:30 a.m. CT/9:30 a.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Board of Directors meeting at the Cornhusker Marriot Hotel, Grand Ballroom, B and C, 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 1335 L Street, Lincoln, Nebraska. A notice of this meeting with the agenda and other materials are available at this location with a copy of the Open Meetings Act posted. The meeting will also be made available by Zoom via Computer, Smart Device or Telephone <https://us06web.zoom.us/j/89172724792?pwd=ZUtxVmFTNEhlWkpUMHUrM2oyRIJQQT09> or via phone at 833-548-0276. The Meeting ID is 891 7272 4792 and the passcode is 773453.

On December 7, 2022, a 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 also is 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 and Facebook page- www.facebook.com/larmne.



League Association of Risk Management

February 28, 2023

U.S. Bank Institutional Asset Management

Your U.S. Bank Team

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Selected Period Performance

Selected Period Performance

	Market Value	1 Month	3 Months	Year to Date (1 Month)	1 Year	3 Years	5 Years	Inception to Date 11/01/2014
Total Portfolio Gross of Fees	20,765,647	.78	1.78	.78	-4.35	-1.77	-.14	.13
Total Portfolio Net of Fees	20,765,647	.77	1.75	.77	-4.49	-1.91	-.28	-.02
Total Fixed Income	13,734,372	1.02	2.17	1.02	-4.25	-1.89	-.11	.18
BBARC 1-5 Year US Treasury Index		1.11	2.26	1.11	-3.51	-.78	.97	.83
Total Cash Equivalents	7,031,274	.33	1.04	.33	1.13	.43	.79	.55
FTSE 1 Month Treasury Bill Index		.35	.99	.35	1.83	.73	1.24	.89
FTSE 6 Month Treasury Bill Index		.35	.94	.35	1.81	.84	1.37	1.01
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.

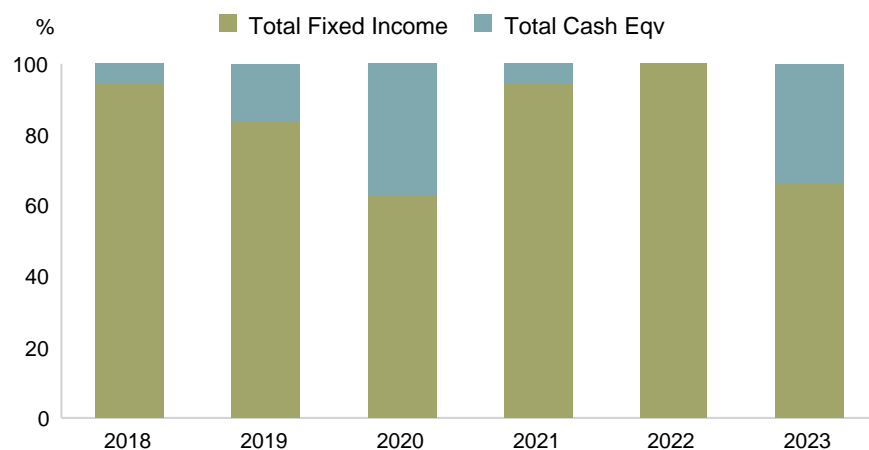
Investment products and services are:
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

History of Asset Growth Graphs

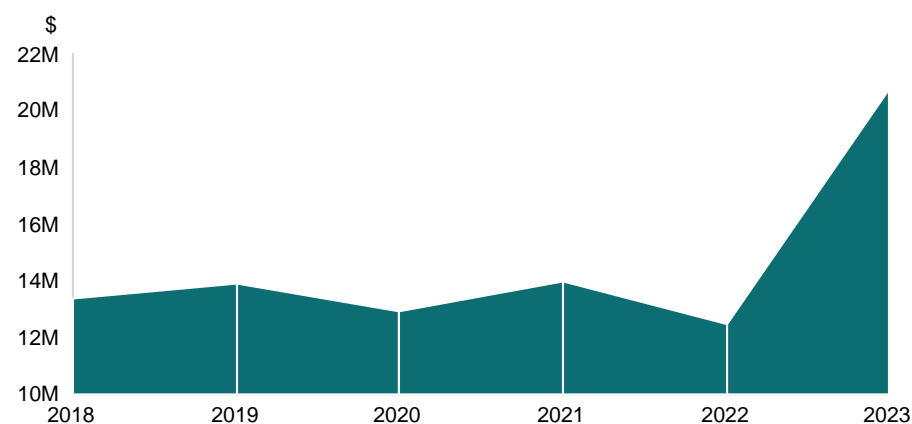
Annual Portfolio Values

	Consolidated	Oct 2017- Sep 2018	Oct 2018- Sep 2019	Oct 2019- Sep 2020	Oct 2020- Sep 2021	Oct 2021- Sep 2022	Oct 2022- Jan 2023
Beginning Portfolio Value	14,923,367	14,923,367	13,380,140	13,922,983	12,945,684	13,999,890	12,440,653
Contributions	36,450,000	4,750,000	4,600,000	3,700,000	7,900,000	7,500,000	8,000,000
Withdrawals	-30,566,518	-6,405,776	-4,574,303	-4,921,961	-6,822,895	-7,833,096	-8,489
Income Earned	950,935	230,600	304,987	209,553	87,451	88,038	30,307
Gain/Loss	-992,137	-118,051	212,158	35,109	-110,350	-1,314,179	303,176
Ending Portfolio Value	20,765,647	13,380,140	13,922,983	12,945,684	13,999,890	12,440,653	20,765,647
Total Return	-.15	.79	3.14	1.52	-.12	-7.28	1.51
Principal	-1.28	-.62	1.22	-.03	-.73	-7.73	1.35
Income	1.14	1.41	1.92	1.55	.61	.45	.16

Allocation Over Time



Ending Market Values Over Time



Account: XXXXXXXXX9800

Holdings Method: Direct

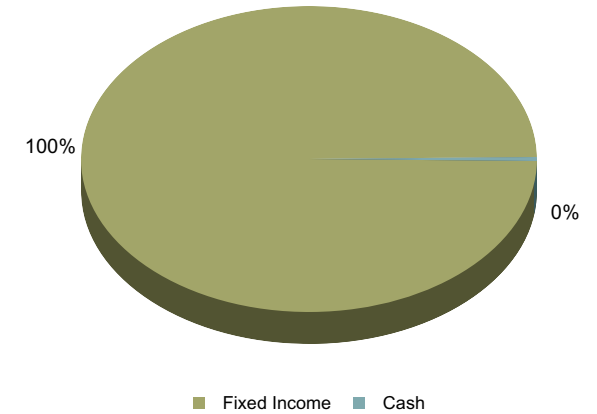
Report Date: 01/31/2023

Portfolio Summary

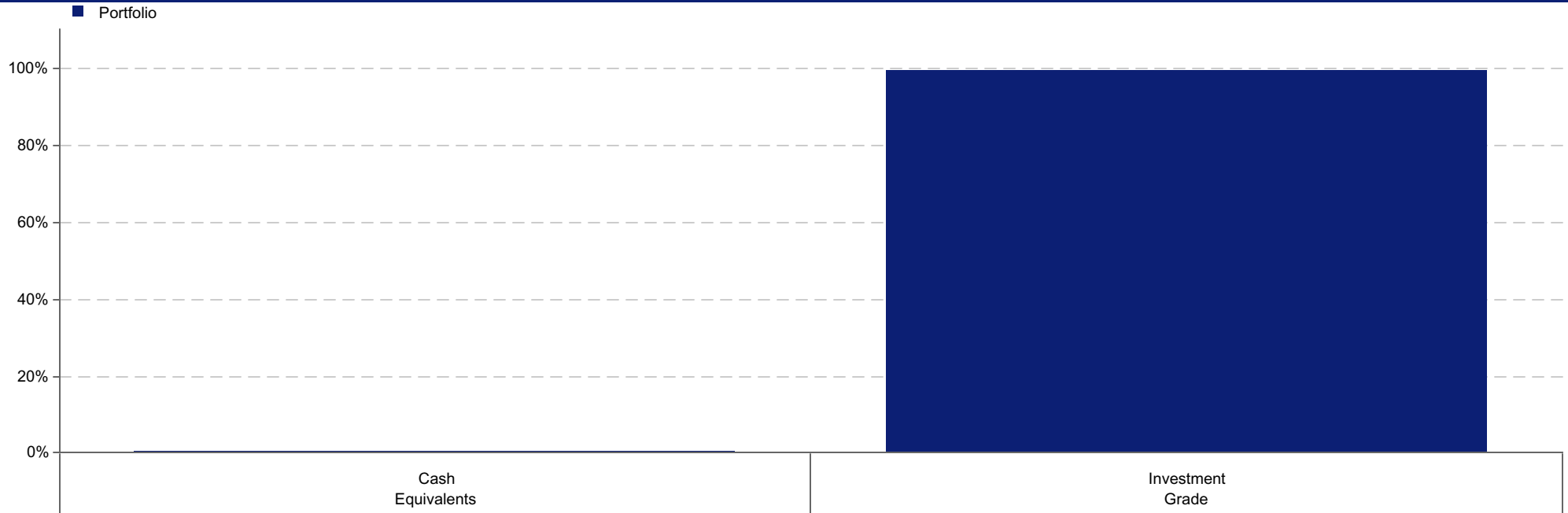
Inv. Objective	All Fixed/Non Taxable
Total Portfolio Value	\$20,740,632
Net Realized Cap Gains YTD	\$0
Annual Income Projected	\$393,510
Current Yield	1.90%
Number of Securities	24
Portfolio Mgr.	Michael T. Maloney

Portfolio Asset Allocation

Fixed Income	\$20,664,742	99.63%
Cash	\$75,890	0.37%
Invested Total	\$20,740,632	100.00%



Portfolio Model Allocation



Account: XXXXXXXXX9800

Holdings Method: Direct

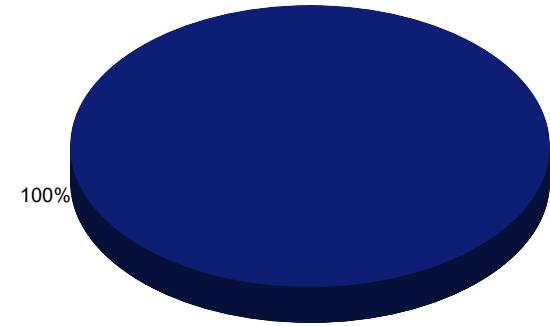
Report Date: 01/31/2023

Fixed Income Summary

Inv. Objective	All Fixed/Non Taxable
Total Fixed Income Value	\$20,664,742
Current Yield	1.89%
Annual Income Projected	\$390,395
Number of Securities	23
Portfolio Mgr.	Michael T. Maloney

Fixed Income Asset Allocation

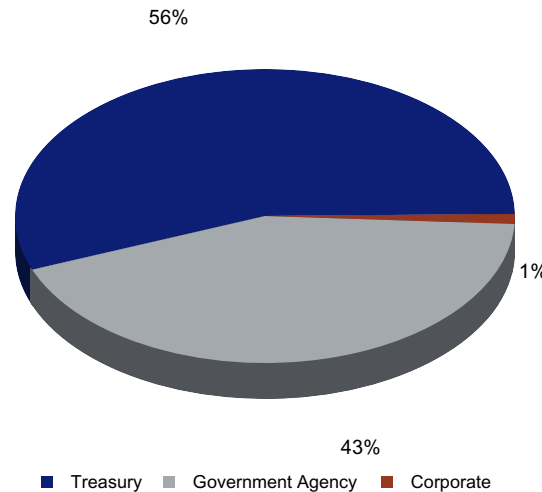
Investment Grade \$20,664,742 100.00%



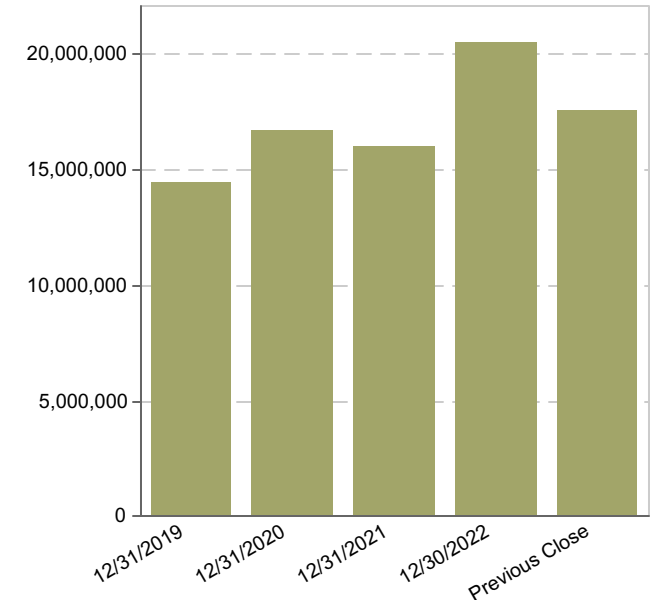
■ Investment Grade

Fixed Income Sector Exposures

Treasury	\$11,536,781	56.00%
Government Agency	\$8,895,814	43.00%
Corporate	\$232,148	1.00%



Fixed Income Market Value



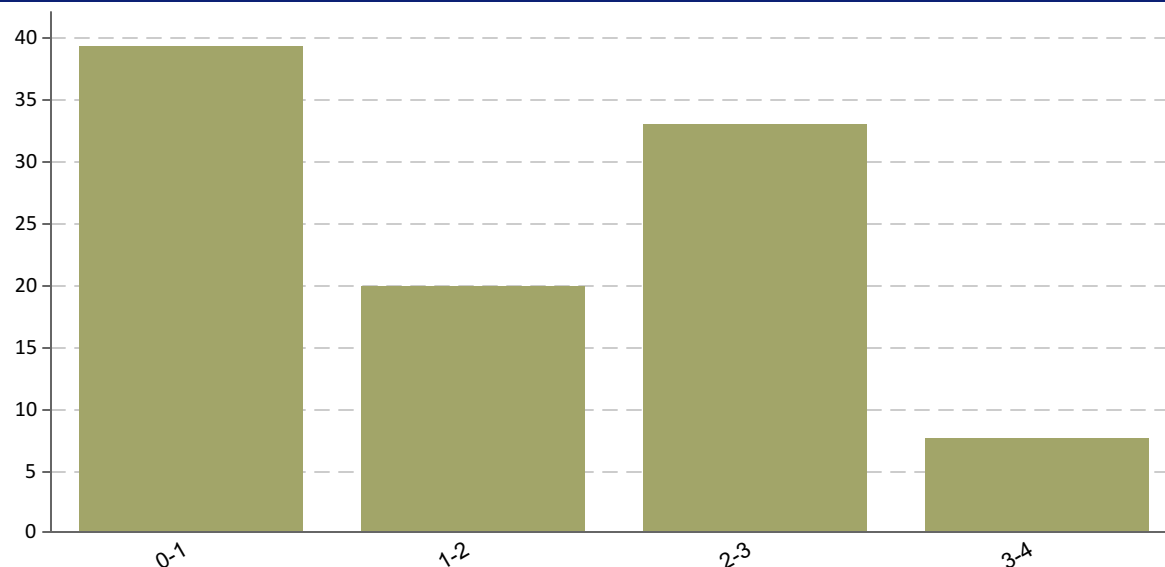
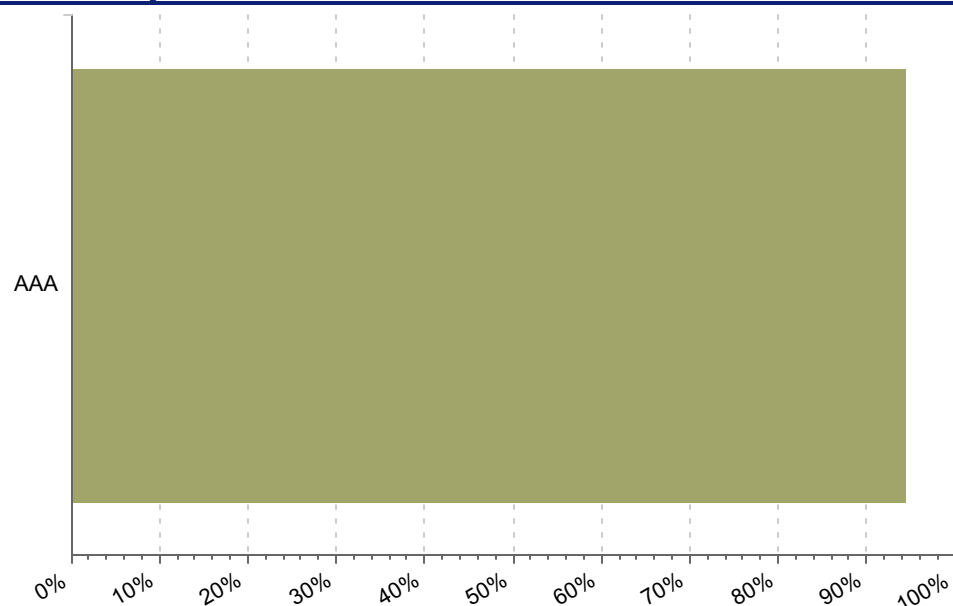
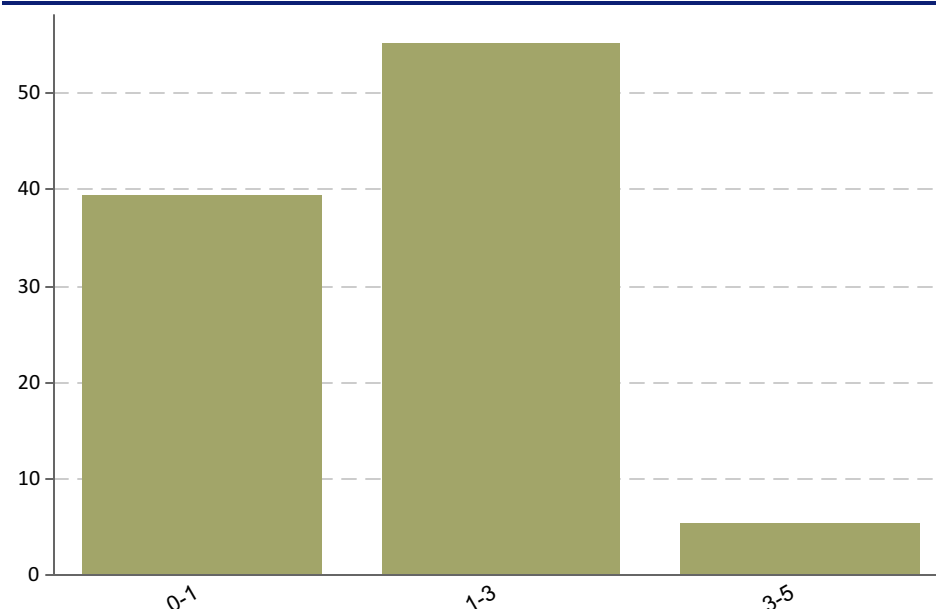
Account: XXXXXXXXX9800

Holdings Method: Direct

Report Date: 01/31/2023

Bond Characteristics

	Portfolio	% Avail
Avg. Coupon (%)	.45	100
Current Yield (%)	1.89	100
Yield To Maturity	4.02	100
Yield to Call/Worst (%)	4.02	100
Eff. Maturity (Yrs)	1.54	100
Effective Duration	1.49	100
Avg. Quality	AAA	96
# of Securities	23	100

Bond Effective Maturity

Bond Quality Distribution

Bond Duration Distribution




LEAGUE ASSOC OF RISK MANAGEMENT

Portfolio Holdings

Account: XXXXXXXXX9800

Holdings Method: Direct

Report Date: 01/31/2023

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		100.0			20,740,632	21,726,274	-985,642	1.90	393,510
Cash		.37			75,890	75,890	.00	4.10	3,115
Cash Equivalents		.37			75,890	75,890	.00	4.10	3,115
FIRST AM GOVT OB FD CL Z	31846V567	.37	1.00	75,890	75,890	75,890	.00	4.10	3,115
Fixed Income		99.63			20,664,742	21,650,384	-985,642	1.89	390,395
Investment Grade		99.63			20,664,742	21,650,384	-985,642	1.89	390,395
Corporate		1.12			232,148	249,500	-17,353	0.38	875
BMW BK NORTH C D 0.350% 10/23/24	05580AXH2	1.12	92.86	250,000	232,148	249,500	-17,353	0.38	875
Government Agency		42.89			8,895,814	9,717,437	-821,623	0.55	48,645
F F C B DEB 0.220% 9/08/23	3133EL6J8	1.05	97.13	225,000	218,552	224,773	-6,221	0.23	495
F H L M C M T N 0.375% 7/29/24	3134GW4X1	3.39	93.88	750,000	704,085	749,775	-45,690	0.40	2,813
F H L M C M T N 0.420% 9/17/24	3134GWSW7	3.38	93.51	750,000	701,355	750,000	-48,645	0.45	3,150
F H L B DEB 0.375% 2/25/25	3130ALB52	4.44	92.17	1,000,000	921,730	1,000,000	-78,270	0.41	3,750
F F C B DEB 0.550% 8/26/25	3130AJZA0	3.30	91.21	750,000	684,045	749,850	-65,805	0.60	4,125
F N M A 0.600% 8/29/25	3136G4X24	3.30	91.30	750,000	684,758	752,138	-67,381	0.66	4,500
F H L M C M T N 0.375% 9/23/25	3137EAEX3	3.29	90.99	750,000	682,425	746,224	-63,799	0.41	2,813
F N M A M T N 0.580% 10/28/25	3135GA2A8	3.28	90.83	750,000	681,210	749,850	-68,640	0.64	4,350
F N M A 0.500% 11/07/25	3135G06G3	4.39	90.95	1,000,000	909,490	996,440	-86,950	0.55	5,000
F H L B DEB 0.570% 11/25/25	3130AKGD2	3.27	90.37	750,000	677,783	748,500	-70,718	0.63	4,275
F H L M C M T N 0.600% 11/25/25	3134GXCH5	4.36	90.45	1,000,000	904,500	1,000,000	-95,500	0.66	6,000
F N M A 0.650% 12/10/25	3135G06J7	3.27	90.45	750,000	678,383	749,888	-71,505	0.72	4,875
F H L B DEB 0.500% 2/10/26	3130AKW51	2.16	89.50	500,000	447,500	500,000	-52,500	0.56	2,500
Treasury		55.62			11,536,781	11,683,447	-146,667	2.95	340,875
U S TREASURY BILL 2/02/23	912796XT1	14.46	99.99	3,000,000	2,999,670	2,969,283	30,387	3.76	112,875
U S TREASURY BILL 4/27/23	912796YV5	9.54	98.94	2,000,000	1,978,760	1,956,123	22,637	4.45	87,975
U S TREASURY BILL 5/04/23	912796YW3	9.53	98.83	2,000,000	1,976,700	1,955,233	21,467	4.49	88,775
U S TREASURY NT 0.125% 12/15/23	91282CBA8	4.63	96.07	1,000,000	960,740	991,445	-30,705	0.13	1,250
U S TREASURY NT 0.375% 4/15/24	91282CBV2	2.29	95.04	500,000	475,215	500,801	-25,586	0.39	1,875
U S TREASURY NT 2.500% 5/15/24	912828WJ5	5.16	97.35	1,100,000	1,070,828	1,065,582	5,246	2.57	27,500

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Holdings Date: 1/31/2023

Not A Deposit | Not FDIC Insured | May Lose Value | Not Bank Guaranteed | Not Insured By Any Federal Government Agency

Material is based on data from sources deemed to be reliable, accuracy/completeness is not guaranteed.



LEAGUE ASSOC OF RISK MANAGEMENT

Portfolio Holdings

Account: XXXXXXXX9800

Holdings Method: Direct

Report Date: 01/31/2023

			Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
U S TREASURY NT	0.750%	11/15/24	91282CDH1	4.53	93.90	1,000,000	939,020	998,086	-59,066	0.80	7,500
U S TREASURY NT	0.750%	4/30/26	91282CBW0	1.09	90.70	250,000	226,748	249,434	-22,686	0.83	1,875
U S TREASURY NT	1.125%	10/31/26	91282CDG3	4.38	90.91	1,000,000	909,100	997,461	-88,361	1.24	11,250

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

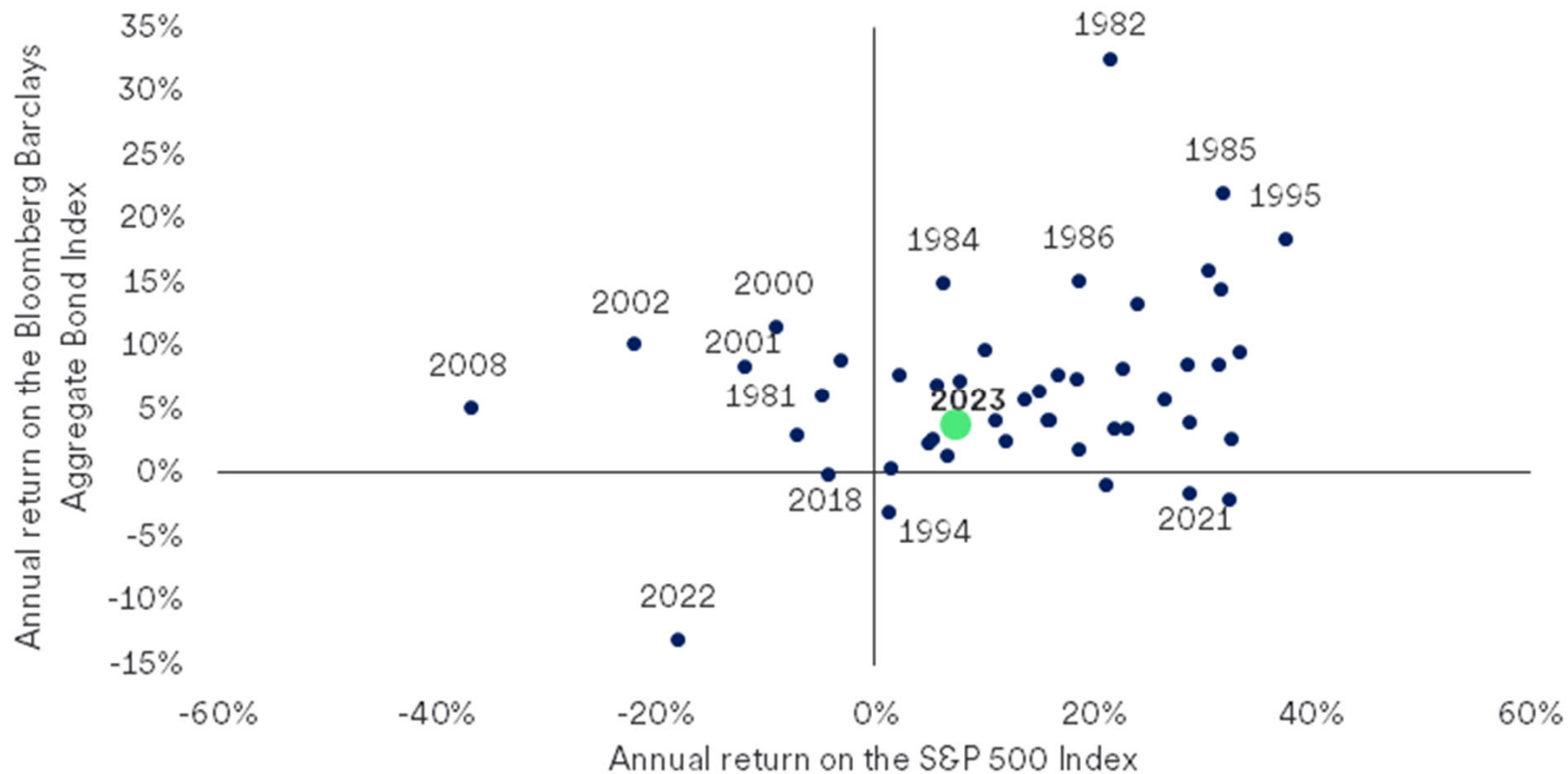


February 3, 2023

Market views – February 2023

2022 stock and bond market performance was a historical anomaly

In the past, bond market returns provided a positive performance offset during periods of material stock market declines. Last year's drawdown across both equities and high-quality domestic bonds stands out as a historical outlier.



Source: U.S. Bank Asset Management Group analysis, Bloomberg. Data period: December 31, 1975-February 1, 2023.

Upfront conclusions

- 1** We recommend a slightly defensive portfolio orientation, emphasizing real assets over equities in the near term and a more favorable outlook on bonds.
- 2** Our "two stage" capital framework remains firmly in play, and we are in between market reactions to interest rate increases and the cumulative impact those increases will have.
- 3** Global consumer spending trends and corporate activity through capital expenditures will be central in determining if we have a soft landing in the economy and in corporate earnings.



Federal Reserve rate hikes are increasing near-term borrowing costs

Short-term Treasury yields have rapidly increased to their highest levels in more than 15 years. Interest rate hikes are an attempt to tighten financial conditions, which should slow demand and ultimately reduce inflation.

U.S. 12-month and two-year Treasury yields



Source: Bloomberg. Data period: June 4, 2008-February 1, 2022.

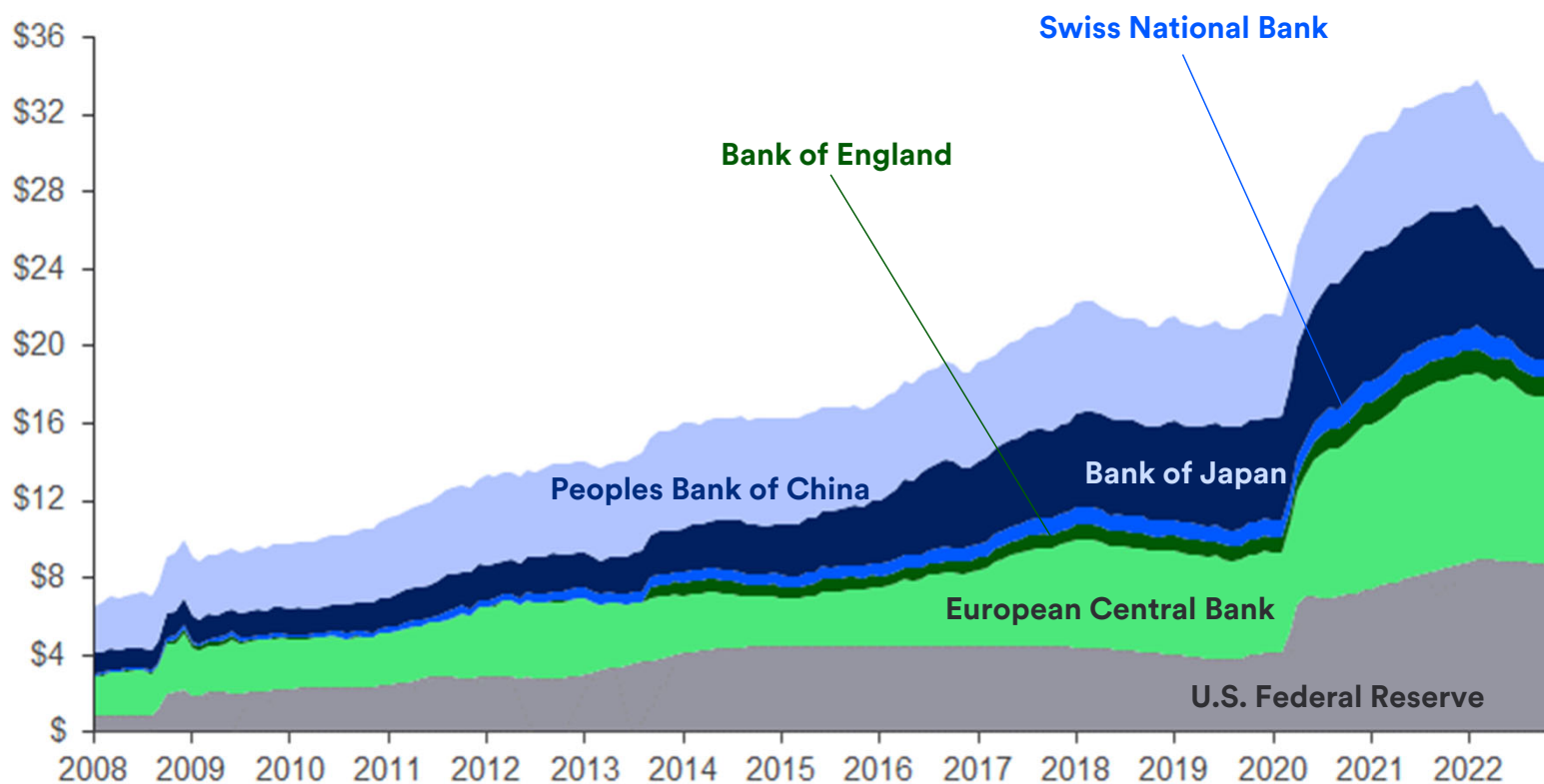


U.S. Bank | Public | Please refer to disclosures in appendix.

The “wall of money” remains high but began to shrink in 2022

Central banks have had a massive capital market presence since 2008, helping to keep interest rates low. The Federal Reserve is reducing its asset holdings by allowing bonds on its balance sheet to mature while simultaneously raising interest rates, a material policy shift from pandemic-era emergency policy support.

Total balance sheet size by major central banks
(\$ trillions)



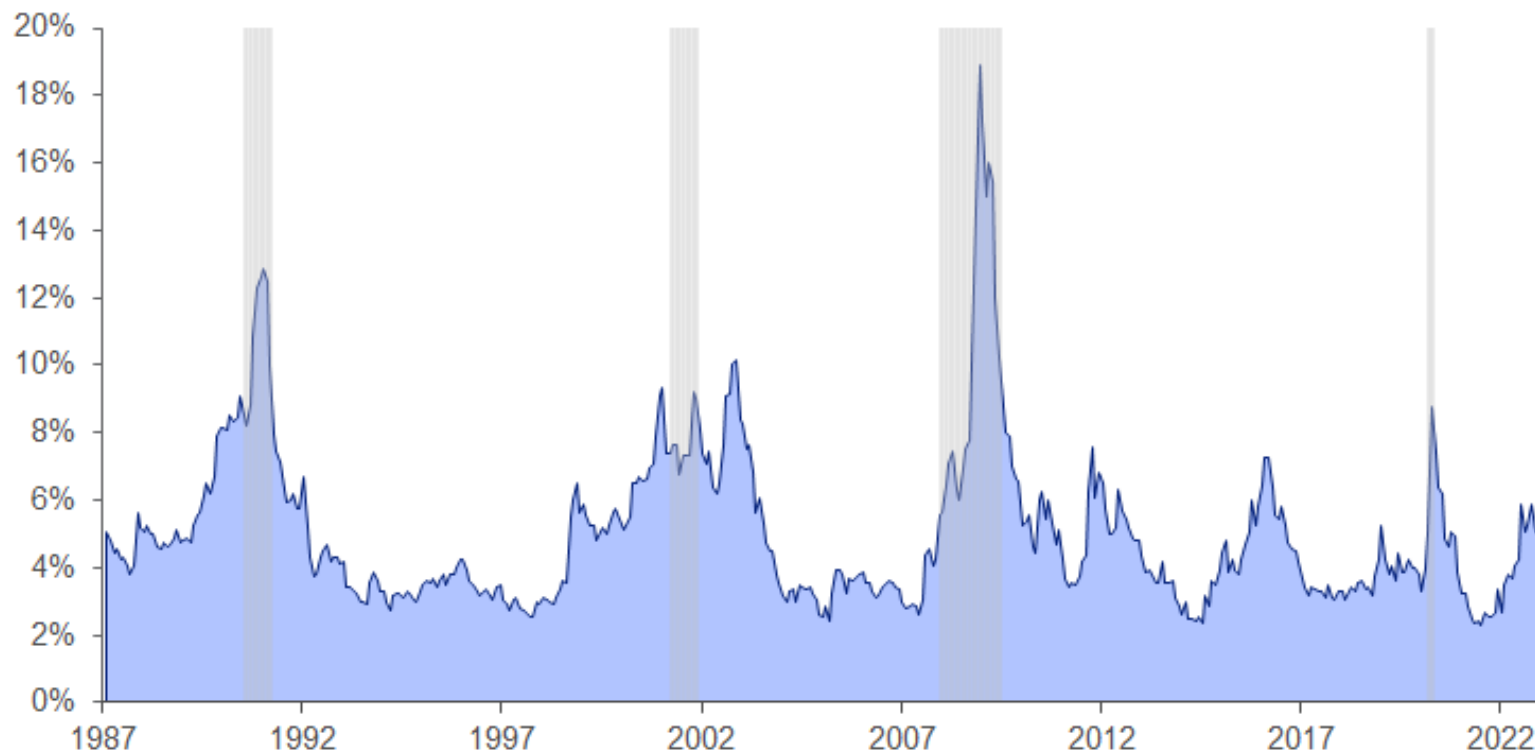
Sources: U.S. Bank Asset Management Group analysis, Bloomberg. Data period: January 2008-December 2022.



A key component of our outlook rests on borrowing costs for riskier companies

High yield credit spreads, which show the premium that riskier borrowers pay to issue debt, improved following the Fed's decisive action to promote pro-growth policies following the pandemic's outset. Spreads have widened from very tight levels but remain subdued relative to history.

Calculated spread between the Bloomberg Barclays U.S. Corporate High Yield Index yield-to-worst and the U.S. government 10-year yield



Source: Bloomberg. Data period: January 1987-February 1, 2023. Gray shaded bar areas indicate recessionary periods.



Global economic growth is expected to continue slowing

Economic growth is slowing across the developed world. The slowdown in gross domestic product (GDP) growth is expected to broaden across geographies in the fourth quarter and persist into 2023.

GDP growth

Country/Region														Forecast Growth		
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Sep-Dec	Mar-23	Jun-23	Dec-Mar
United States	2.6	0.8	-8.4	-2.0	-1.5	1.2	12.5	5.0	5.7	3.7	1.8	1.0	↓	1.0	1.0	↓
Japan	-1.9	-2.1	-10.3	-5.4	-0.9	-1.7	7.2	1.2	0.5	0.6	1.7		↑	1.9	0.8	
United Kingdom	1.3	-2.0	-22.6	-10.3	-9.2	-7.8	24.3	8.5	8.9	10.9	4.4		↓	-0.7	-1.2	
Switzerland	1.7	0.0	-7.4	-1.2	-1.5	-0.1	9.6	4.0	3.8	4.3	2.3		↓	0.2	0.3	
France	1.1	-5.2	-18.5	-3.6	-4.2	1.5	18.6	3.6	5.1	4.8	4.2	0.5	↓	0.4	-0.1	↓
Australia	2.4	1.6	-6.0	-3.5	-0.7	1.5	9.8	4.1	4.5	3.3	3.6		↑	2.4	1.9	
Germany	2.0	-0.1	-8.7	-3.3	-3.3	-2.2	10.2	5.4	6.2	6.7	5.1		↓	-0.4	-0.5	
Netherlands	1.9	1.0	-7.9	-1.0	-1.4	-0.1	9.5	4.1	6.3	3.9	3.9		↓	1.4	-0.6	
Sweden	1.9	1.0	-7.9	-1.0	-1.4	-0.1	9.5	4.1	6.3	3.9	3.9		↓	0.7	-0.6	
China	5.8	-6.9	3.1	4.8	6.4	18.3	7.9	4.9	4.0	4.8	0.4	2.9	↑	2.6	6.9	↓
Taiwan	3.7	2.9	0.6	4.4	5.4	9.3	7.9	4.1	5.2	3.9	3.0	-0.9	↓	0.9	2.8	↑
India	3.2	2.8	-23.8	-6.6	0.7	2.5	20.1	8.4	5.4	4.1	13.5		↑	4.4	6.4	
South Korea	2.6	1.5	-2.5	-0.9	-0.9	2.2	6.2	4.0	4.2	3.0	2.9	1.4	↓	1.4	1.2	↓
Brazil	1.7	0.4	-10.1	-3.0	-0.4	1.7	12.4	4.4	2.1	2.4	3.7		↑	1.3	0.7	
South Africa	-0.5	0.7	-16.6	-5.7	-3.5	-2.4	19.5	3.0	1.7	2.7	0.2		↓	1.2	1.8	
Mexico	-0.7	-0.9	-18.6	-8.3	-4.1	-3.5	19.6	4.3	1.0	1.9	2.4	3.5	↑	2.2	0.8	↓
Thailand	1.2	-2.2	-12.3	-6.4	-4.2	-2.4	7.7	-0.2	1.8	2.3	2.5		↑	3.6	3.6	
Indonesia	5.0	3.0	-5.3	-3.5	-2.2	-0.7	7.1	3.5	5.0	5.0	5.5		↑	4.8	5.0	

Source: U.S. Bank Asset Management Group analysis, Bloomberg, Data period: December 31, 2019-December 31, 2022.



Inflation forecasts are mixed, with dollar strength hindering a deceleration in many countries

December inflation slowed in the U.S. and across emerging economies but remains elevated across Europe. Forecasts anticipate inflationary pressures beginning to broadly ease in 2023, but energy cost concerns and currency weakness remain concerns for many European countries.

Inflation year-over-year percent change

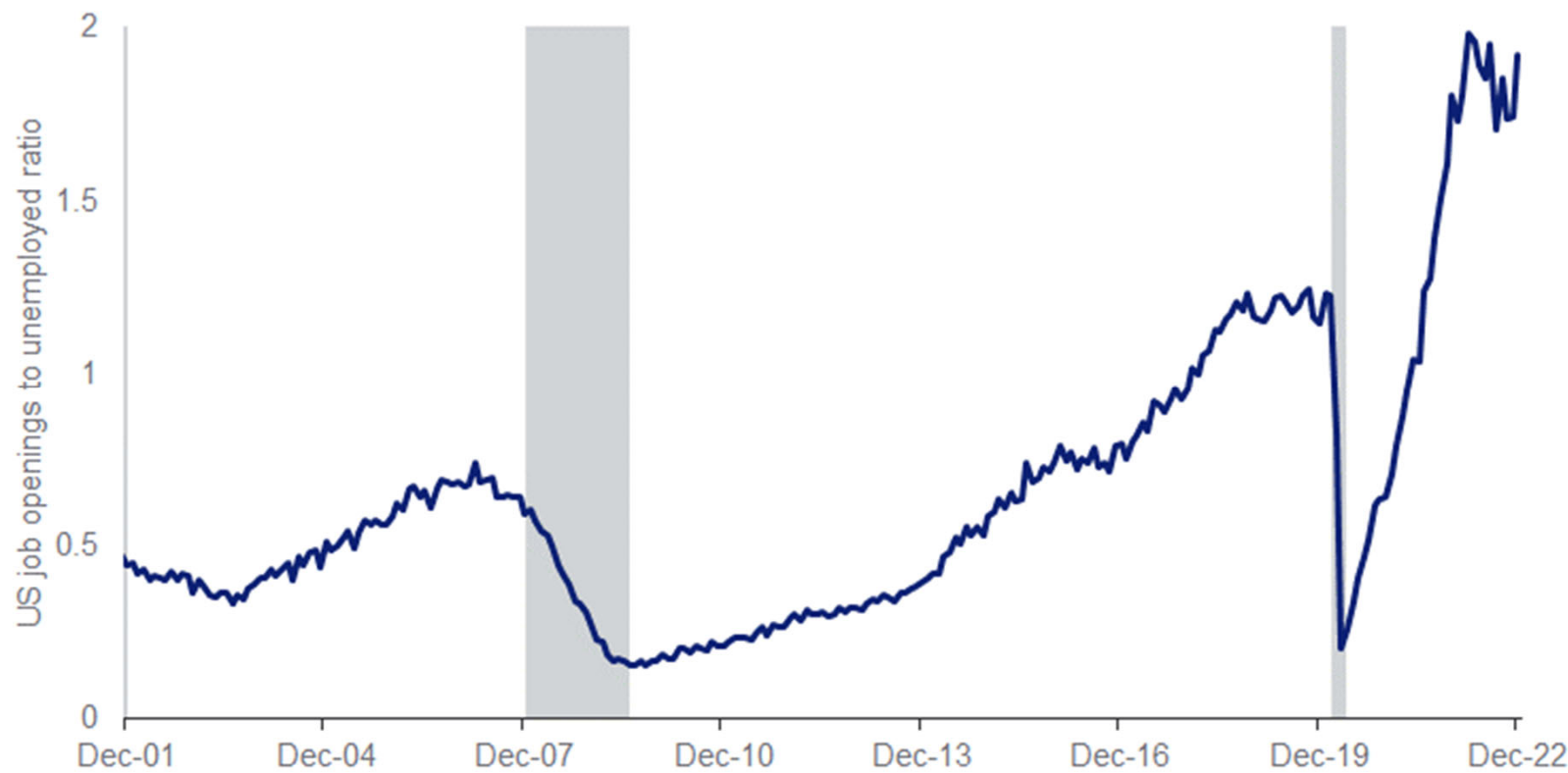
Country/Region															Forecast Inflation		
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Sep-Dec	Mar-23	Jun-23	Dec-Mar
United States	2.3	1.5	0.6	1.4	1.4	2.6	5.4	5.4	7.0	8.5	9.1	8.2	6.5	↓	5.6	3.8	↓
Japan	0.8	0.4	0.1	0.0	-1.2	-0.4	-0.5	0.2	0.8	1.2	2.4	3.0	4.0	↑	2.9	2.4	↓
United Kingdom	1.3	1.5	0.6	0.5	0.6	0.7	2.5	3.1	5.4	7.0	9.4	10.1	10.5	↑	10.1	8.0	↓
Switzerland	0.2	-0.5	-1.3	-0.8	-0.8	-0.2	0.6	0.9	1.5	2.4	3.4	3.3	2.8	↓	2.9	2.0	↑
France	1.6	0.8	0.2	0.0	0.0	1.4	1.9	2.7	3.4	5.1	6.5	6.2	6.7	↑	6.7	5.5	↓
Australia	1.8	2.2	-0.3	0.7	0.9	1.1	3.8	3.0	3.5	5.1	6.1	7.3	7.8	↑	6.8	6.0	↓
Germany	1.5	1.3	0.8	-0.4	-0.7	2.0	2.1	4.1	5.7	7.6	8.2	10.9	9.6	↓	9.4	7.5	↓
Netherlands	2.7	1.4	1.6	1.1	1.0	1.9	2.0	2.7	5.7	9.7	8.6	14.5	9.6	↓	10.9	8.3	↑
Sweden	1.8	0.6	0.7	0.4	0.5	1.7	1.3	2.5	3.9	6.0	8.7	10.8	12.3	↑	10.3	8.0	↓
China	4.5	4.3	2.5	1.7	0.2	0.4	1.1	0.7	1.5	1.5	2.5	2.8	1.8	↓	2.3	2.2	↑
Taiwan	1.1	0.0	-0.8	-0.6	0.1	1.2	1.8	2.6	2.6	3.3	3.6	2.8	2.7	↓	2.3	1.7	↓
India	7.4	5.8	6.2	7.3	4.6	5.5	6.3	4.4	5.7	7.0	7.0	7.4	5.7	↓	5.9	4.7	↑
South Korea	0.7	0.8	0.2	0.9	0.6	1.9	2.4	2.4	3.7	4.1	6.0	5.6	5.0	↓	4.9	3.3	↓
Brazil	4.3	3.3	2.1	3.1	4.5	6.1	8.4	10.3	10.1	11.3	11.9	7.2	5.8	↓	5.1	3.6	↓
South Africa	4.0	4.1	2.2	3.0	3.1	3.2	4.9	5.0	5.9	5.9	7.4	7.5	7.2	↓	6.8	5.8	↓
Mexico	2.8	3.3	3.3	4.0	3.2	4.7	5.9	6.0	7.4	7.5	8.0	8.7	7.8	↓	7.0	6.0	↓
Thailand	0.9	-0.5	-1.6	-0.7	-0.3	-0.1	1.3	1.7	2.2	5.7	7.7	6.4	5.9	↓	4.4	2.7	↓
Indonesia	2.6	3.0	2.0	1.4	1.7	1.4	1.3	1.6	1.9	2.6	4.4	6.0	5.5	↓	5.6	4.9	↑
Hong Kong	2.9	2.3	0.7	-2.2	-1.0	0.6	0.7	1.4	2.4	1.7	1.8	4.4	2.0	↓	2.0	2.4	↓

Source: U.S. Bank Asset Management Group analysis, Bloomberg, S&P, Markit, Data period: December 31, 2019-December 31, 2022.

The number of job openings continues to exceed the number of unemployed people

The ratio of job openings relative to unemployed people has fallen in recent months but remains elevated relative to history, with more than 1.8 jobs available for every person looking for work. While we have noted some progress, prospective worker scarcity contributes to ongoing supply chain challenges and elevated wage inflation.

U.S. job openings to unemployment ratio



Source: U.S. Bank Asset Management Group analysis, Bloomberg data. Data period: December 31, 2001-December 31, 2022. Gray bars indicate recessionary periods.



Small businesses continue to report significant difficulty in finding (and retaining) workers

Similarly, respondents to the NFIB Small Business Jobs Report have noted some recent improvement in filling job openings but continue to navigate a historically difficult environment throughout 2022, providing further evidence of a still-tight labor market.

NFIB hard-to-fill job openings (%)



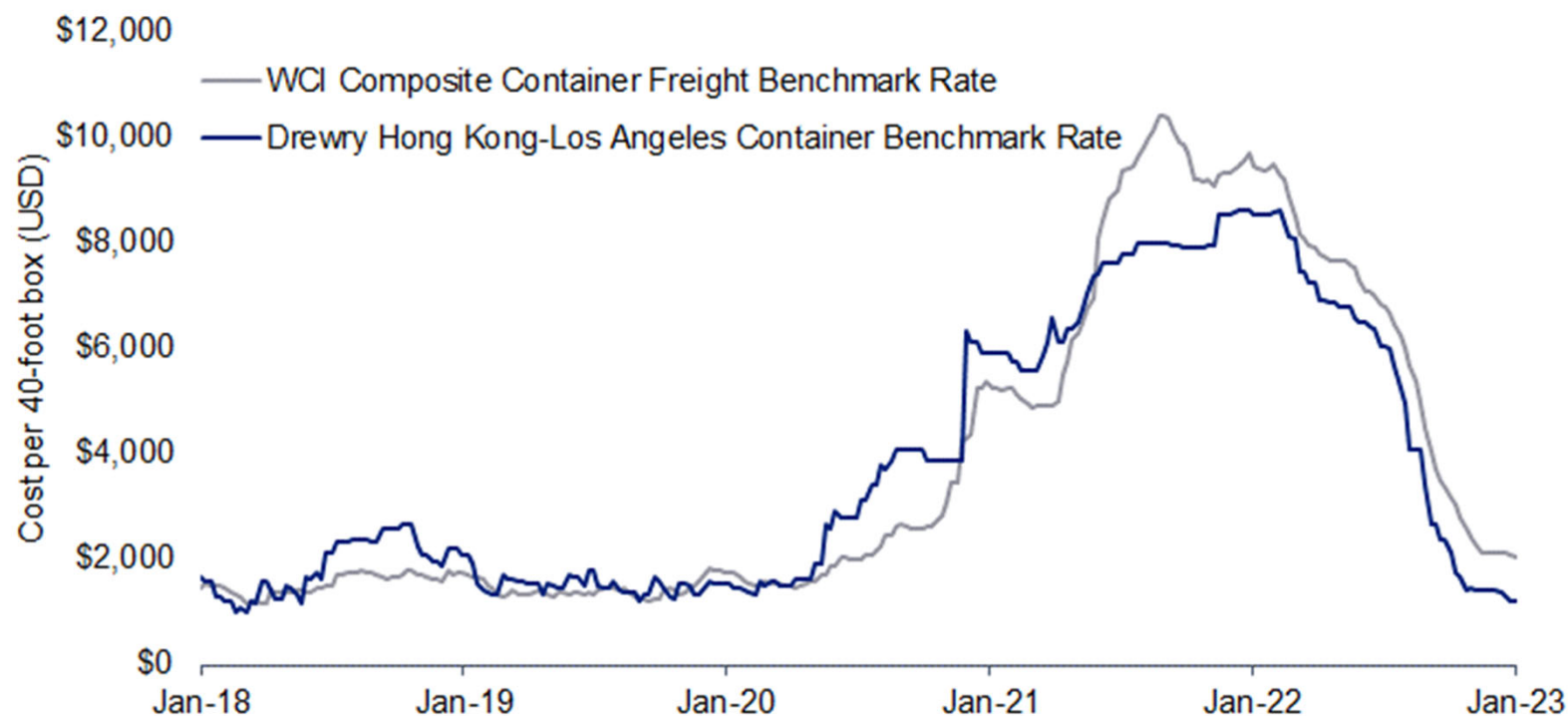
Source: U.S. Bank Asset Management Group analysis, Bloomberg data. Data period: December 31, 1986-December 31, 2022. Gray bars indicate recessionary periods.



Problematic supply chain pressures may be partially alleviated by declining shipping prices

Shipping costs have nearly reverted to pre-pandemic rates, helping alleviate goods sector price inflation.

Container shipping rates

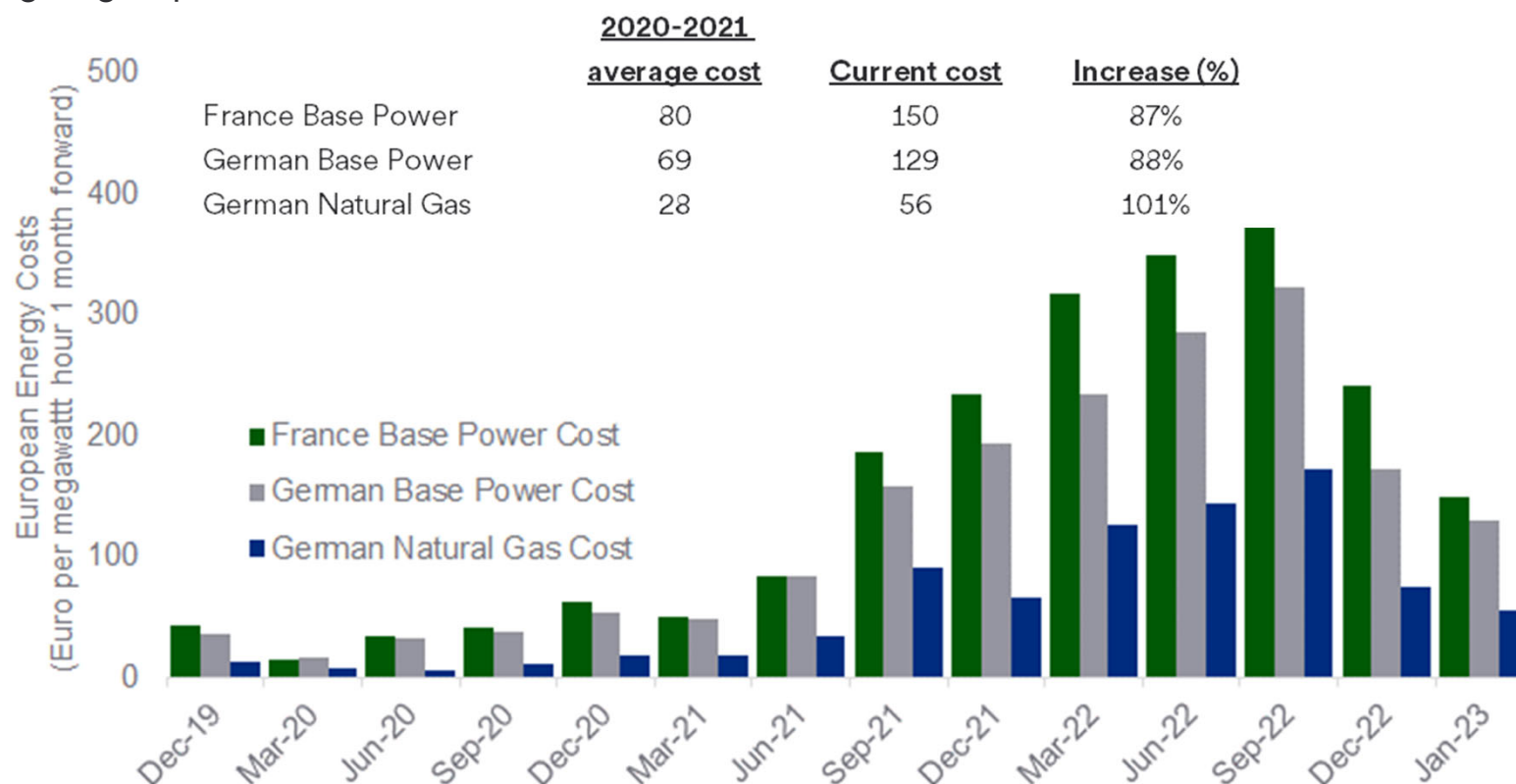


Source: U.S. Bank Asset Management Group analysis, Bloomberg data. Data period: January 26, 2018-January 26, 2023.



European energy costs receded from recent highs but remain elevated relative to pre-conflict levels

Dwindling Russian supplies forced Europe to import higher priced liquified natural gas (LNG), rapidly increasing the region's energy costs in 2022. While this winter's gas storage exceeds the European Union's target, the risk of renewed shortages in 2023-2024 highlights the Russia/Ukraine conflict's ongoing impact.



Source: U.S. Bank analysis, Bloomberg data. Data period: December 30, 2019-January 30, 2023.

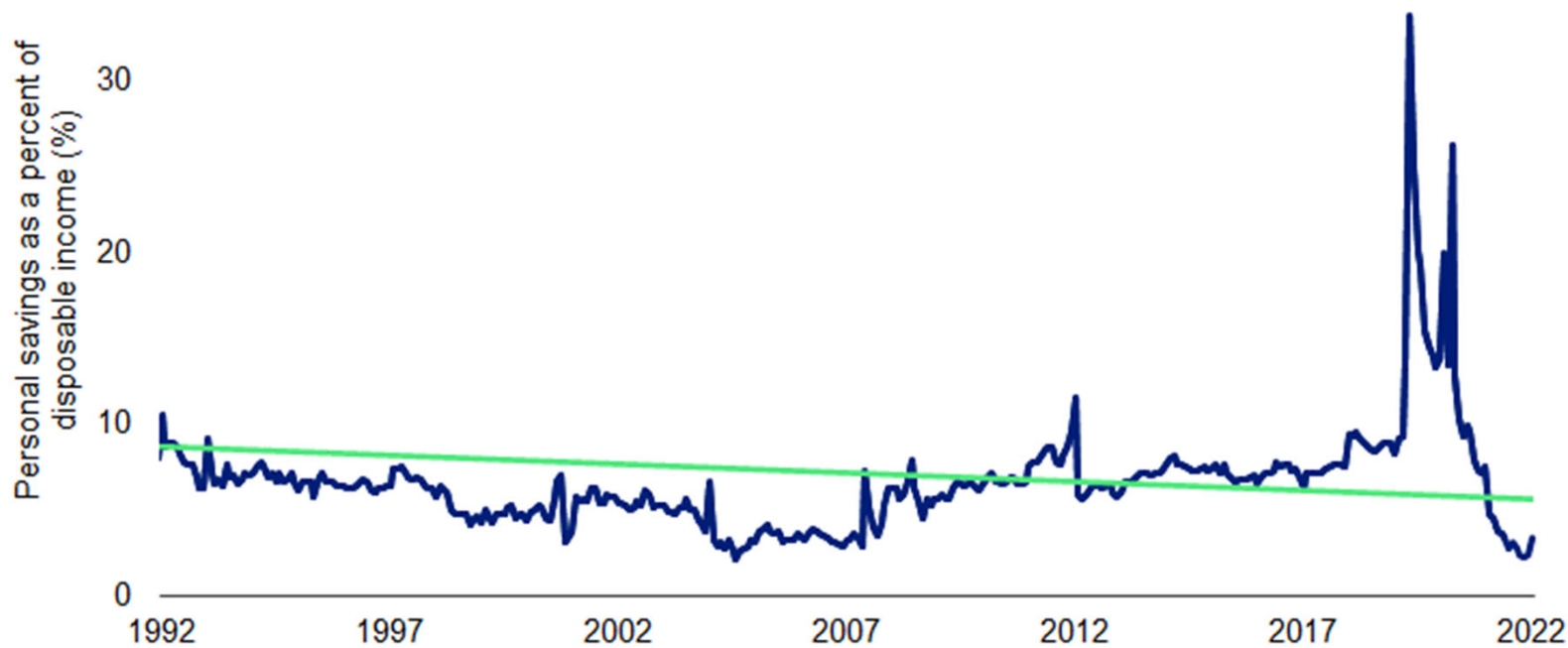


U.S. Bank | Public | Please refer to disclosures in appendix.

Consumers: Savings rates decline from COVID highs

Households appear to be dipping into savings to fuel recent purchases, with personal savings as a percentage of disposable income falling well below the longer-term trend of thrift (green trendline below).

Personal savings as a percent of disposable income

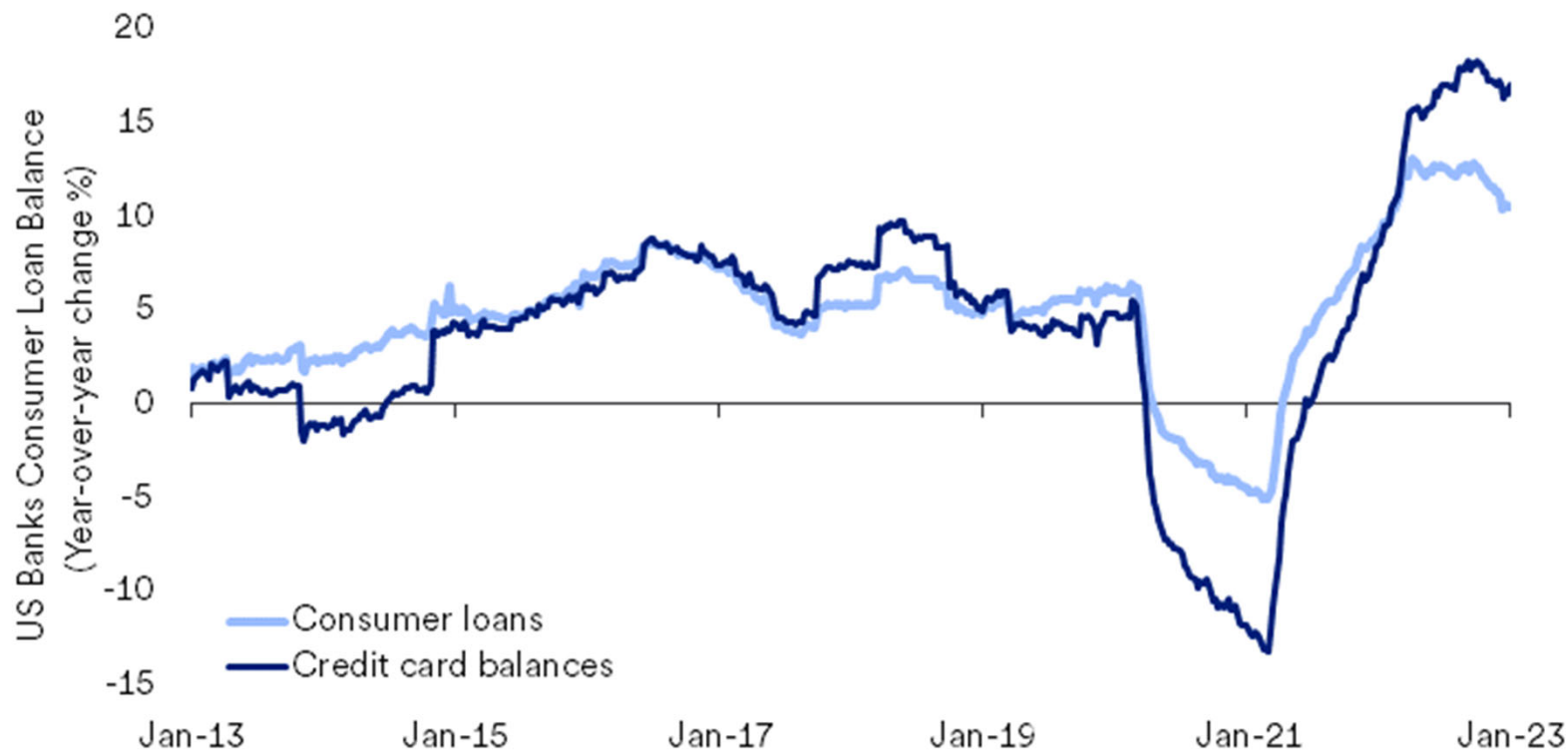


Source: U.S. Bank Asset Management Group analysis, Bloomberg data. Data period: December 31, 1992-December 31, 2022.

Consumers: Relying on credit to support spending

Inflation has exceeded average income growth this year; consequently, consumers have used credit cards to maintain spending. It will be important to monitor credit card usage going forward as lending standards tighten.

Year-over-year growth in U.S. consumer loans and credit card balances



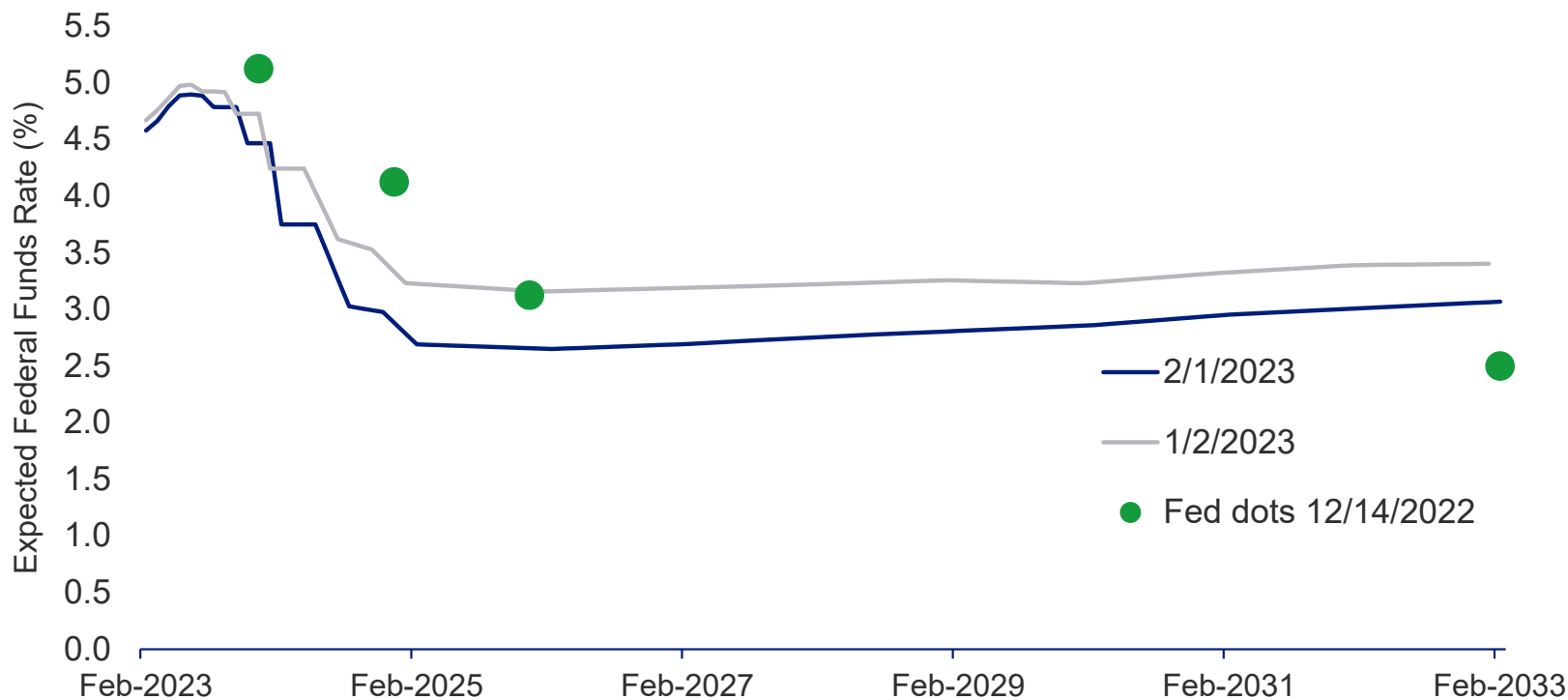
Source: U.S. Bank Asset Management Group analysis, Bloomberg data. Data period: January 18, 2013-January 18, 2023.



Markets and Fed remain conflicted on future policy rate levels

Investors are pricing in expectations that the Fed will continue to increase (“hike”) the effective policy rate in early 2023, ultimately reaching 4.75%-5.00% by March. The market also expects the Fed to reduce interest rates in late 2023 as inflation cools.

Rate hikes priced in by the market and projected by the Fed dots



Domestic earnings are projected to trend higher; 2023 estimates are likely to be revised lower

U.S. Bank Wealth Management S&P 500 estimate summary (as of January 30, 2023; S&P 500 level: 4,017)

Consensus Estimates	Estimated Operating / Reported Earnings Per Share							P/E Est. Multiple		
Firm	2020	2021	2022	2023	YoY Growth			2021	2022	2023
					21/20	22/21	23/22			
• Bloomberg	123.7	192.9	206.0	223.7	55.9%	6.8%	8.6%	20.8x	19.5x	18.0x
• FactSet (Bottom's Up - SP50)	140.5	208.5	219.8	227.6	48.4%	5.4%	3.5%	19.3x	18.3x	17.7x
• S&P Capital IQ	142.5	209.5	218.5	224.0	47.0%	4.3%	2.5%	19.2x	18.4x	17.9x
Blend	135.6	203.6	214.8	225.1	50.2%	5.5%	4.8%	19.8x	18.7x	17.8x

Among fourth quarter items of note:

- Guidance for 2023
- Margin trends
- “State of the Union”
 - Consumer and business spending trends
 - Spending on “experiences” vs. durable goods
 - Supply chain nuances
 - Inventory levels

4Q Earnings Releases

Week Ending	# of Cos.	% of S&P 500	Total % Reported
Prior	143	29%	29%
1/30/23	109	22%	50%
2/6/23	95	19%	69%
2/13/23	68	14%	83%
2/20/23	64	13%	96%
2/27/23	23	5%	100%

Source: Bloomberg, 1/28/23.

Source: U.S. Bank Asset Management Group, Bloomberg. FactSet Research Systems, S&P Capital IQ. Data as of January 30, 2023.

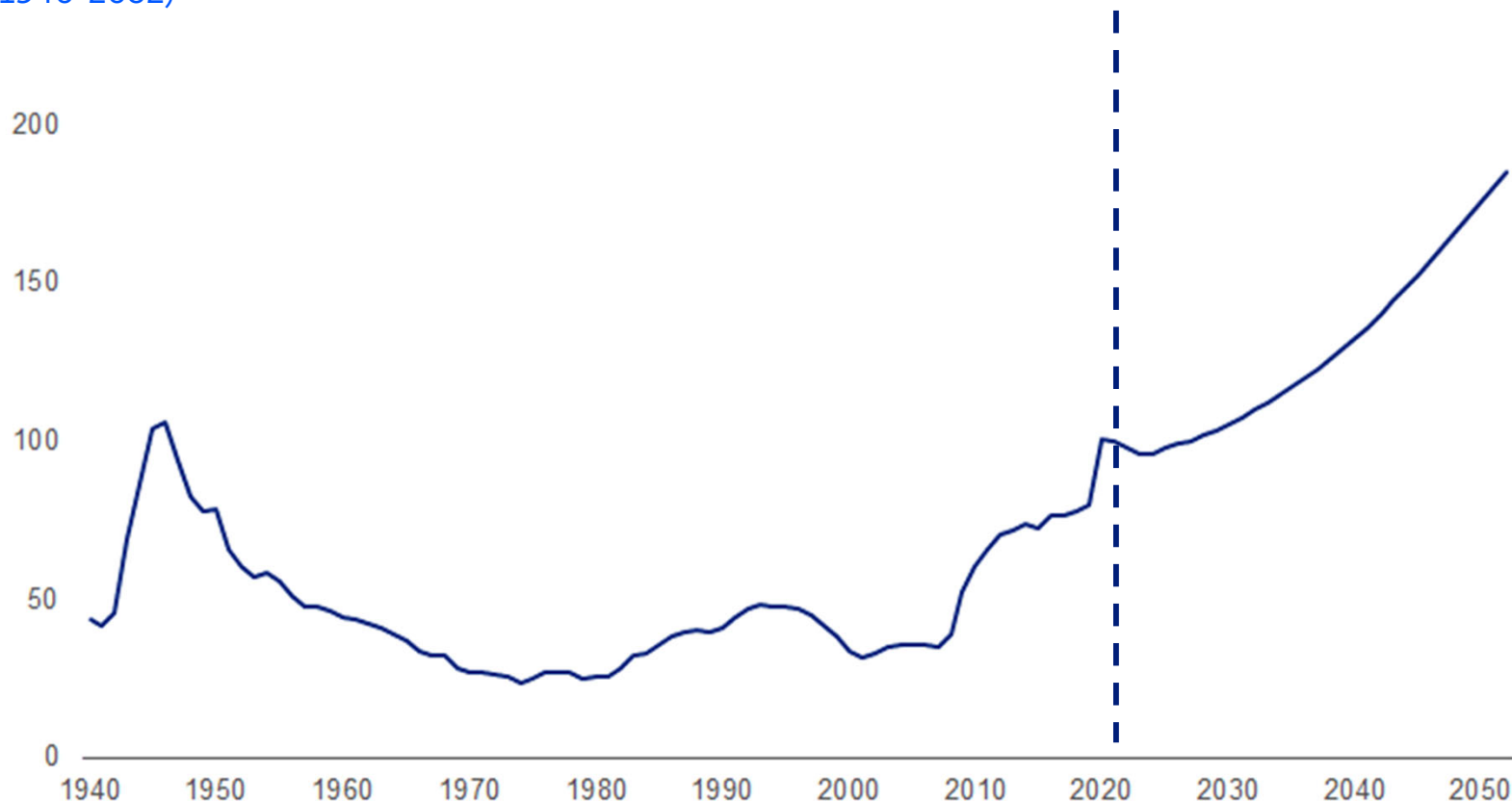


Deficit outlook: When will the bill come due?

An update to the budget and economic outlook

This visual update represents the Congressional Budget Office's (CBO) projections factoring in the COVID-19 stimulus and hit to Treasury's revenues due to the recession. The CBO expects a reduced budget deficit going into the 2030s, at which point entitlements take over and cause the deficit to rise again.

Federal debt held by the public and projected as a percentage of GDP (1940-2052)



Source: Congressional Budget Office. Data: July 2022.



U.S. Bank | Public | Please refer to disclosures in appendix.

The bottom line

- 1** We are currently in the "chop" period between central banks initiating interest rate increases and seeing what impact those increases will have on economies.
- 2** We anticipate a better environment for bonds but expect ongoing, two-sided volatility for global equities and, in particular, U.S. equities as market gauge consumer health and corporate activity.
- 3** Interest rate policy, consumer spending and corporate earnings are our immediate focal areas, and retaining a global perspective is necessary to gauge the path ahead.

Important disclosures, definitions of terms and index descriptions

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

Important disclosures (page 1 of 4)

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



Equal Housing Lender. 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.

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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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Frequently used indexes (page 1 of 5)

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

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

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

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

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

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade 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)

HFR 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.

HFR 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 Country 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.

Important disclosures

U.S. Bank and its representatives do not provide tax or legal advice. Each client's tax and financial situation is unique. Clients should consult their tax and/or legal advisor for advice and information concerning their particular situation.

 Deposit products offered by U.S. Bank National Association. Member FDIC. Credit products offer by U.S. Bank National Association and subject to normal credit approval.

Other disclosures may apply.

Important disclosures continued

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

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses. The **S&P 500 Index** consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market in general. The **MSCI EAFE Index** includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East (EAFE). The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. The **MSCI World Index** tracks equity market performance of developed markets through individual country indices. The **Consumer Price Index (CPI)** is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. The **Personal Consumption Expenditures (PCE) Price Index** measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends. The **Bloomberg Barclays U.S. Corporate High Yield Bond Index** measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market. The **Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. The **Bloomberg Commodity Index** tracks prices of futures contracts on physical commodities in the commodity markets and is designed to minimize concentration in any one commodity or sector. The **Bloomberg Barclays Global Aggregate Index** measures 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. The **Wilshire U.S. REIT Index** is a broad measure of the U.S. real estate securities markets and a subset of the Wilshire Real Estate Securities Index and includes only Real Estate Investment Trusts (REITs). **West Texas Intermediate (WTI)** crude oil is the underlying commodity of the New York Mercantile Exchange's oil futures contracts. The **U.S. Dollar Index (DY)** is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners. The **Hutchins Center Fiscal Impact Measure** shows how much local, state, and federal tax and spending policy adds to or subtracts from overall economic growth and provides a near-term forecast of fiscal policies' effects on economic activity. The **Global Supply Chain Pressure Index (GSCPI)** is a new measurement of supply chain conditions, created by the Federal Reserve Bank of New York. The index combines variables from several indices in transportation and manufacturing, such as those related to delivery times, prices, and inventory.

Important disclosures continued

The **Trade-Weighted Dollar Index** was created by the Federal Reserve to measure the value of the U.S. dollar based on its competitiveness versus trading partners. The **Bloomberg Barclays U.S. Commercial Mortgage-Backed Securities (CMBS) Investment Grade Index** measures the market of conduit and fusion CMBS deals, with a minimum current deal size of \$300 million. The **S&P Global Leveraged Loan Index** is designed to measure the performance of the global senior loan market. This fixed-weight index is 75% weighted in the S&P/LSTA Leveraged Loan Index and 25% weighted in the S&P European Leveraged Loan Index. The **Chicago Board Options Exchange (CBOE) Crude Oil ETF Volatility Index** (Oil VIX) measures the market's expectation of 30-day volatility of crude oil prices. The **ICE BofAML MOVE Index** measures the implied yield volatility of a basket of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries. The **Chicago Board Options Exchange (CBOE) Volatility Index (VIX)** measures the market's expectation of 30-day volatility and is a widely used measure of market risk and is often referred to as the "investor fear gauge." The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market. The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell 2000 Value Index** measures the performance of those Russell 2000 Index securities with lower price-to-book ratios and lower forecasted growth values and is representative of U.S. securities exhibiting value characteristics. The **NASDAQ Composite Index** is a market-capitalization weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market. The Institute of Supply Management Manufacturing Index, also called the Purchasing Manager's Index, measures manufacturing activity based on a monthly survey, conducted by the Institute for Supply Management, of purchasing managers at more than 300 manufacturing firms. The **S&P CoreLogic Case-Shiller Home Price Indices** are the leading measures of U.S. residential real estate prices, tracking changes in the value of residential real estate nationally. The **MBA Purchase Index** is The Mortgage Bankers Association's weekly measurement of nationwide home loan applications based on a sample of about 75% of U.S. mortgage activity.

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **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 **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. There are special risks associated with investments in **real assets** such as commodities and real estate securities. For commodities, risks may include market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors. Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults).



LARM Industry Update and Pre-Renewal Discussion

Alliant Insurance Services
www.alliant.com

(THIS INFORMATION HAS BEEN CONSOLIDATED FROM VARIOUS INDUSTRY SOURCES)



Discussion Topics

Introduce Key Partners in Attendance

Industry Overview

What Does This Mean for LARM



Key Reinsurance Partners

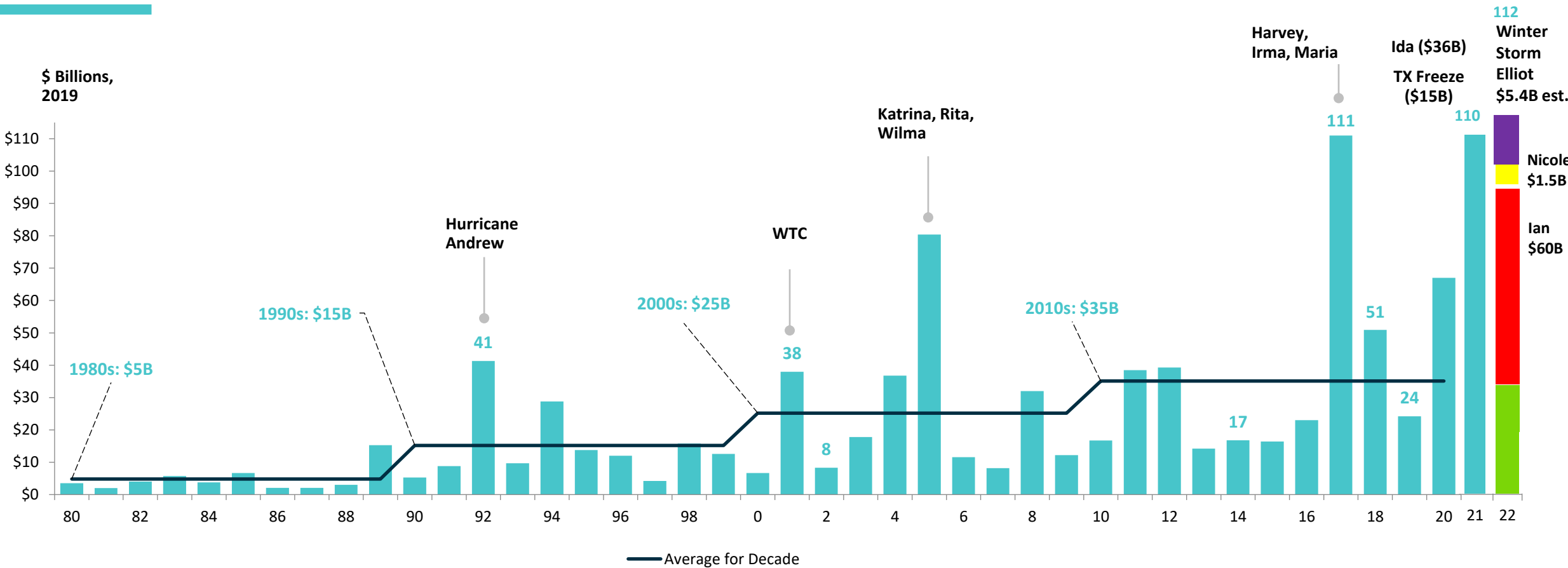
Key Reinsurance Partners

- **Midwest Employers Mutual**
 - Current Excess Workers Compensation Reinsurer
 - Write over 150 self insured groups
 - Have been LARM reinsurance partner since 2002
- **NLC Mutual Insurance Company**
 - Current Liability and Key Property Reinsurance Partner
 - LARM Has an Ownership stake in the Company
 - Pays Dividends to LARM



Industry Overview

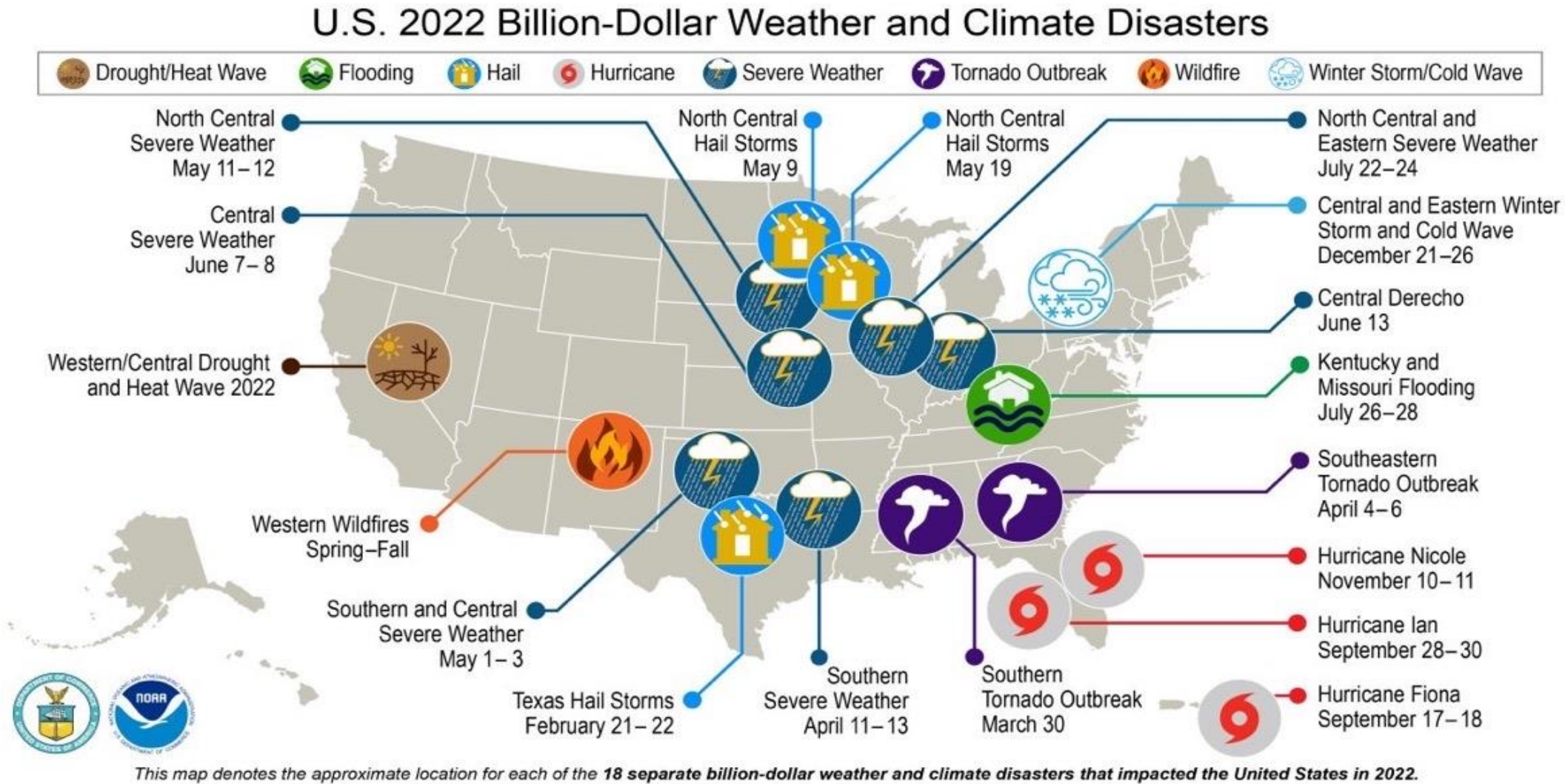
U.S. Inflation-Adjusted Insured CAT Losses



Insured Cat Losses Are Increasing At An Alarming Rate – Nearly 700% Since 80's
Average Insured Loss per Year* | 1980-2021: \$23.8 Billion | 2012-2021: \$44.1 Billion

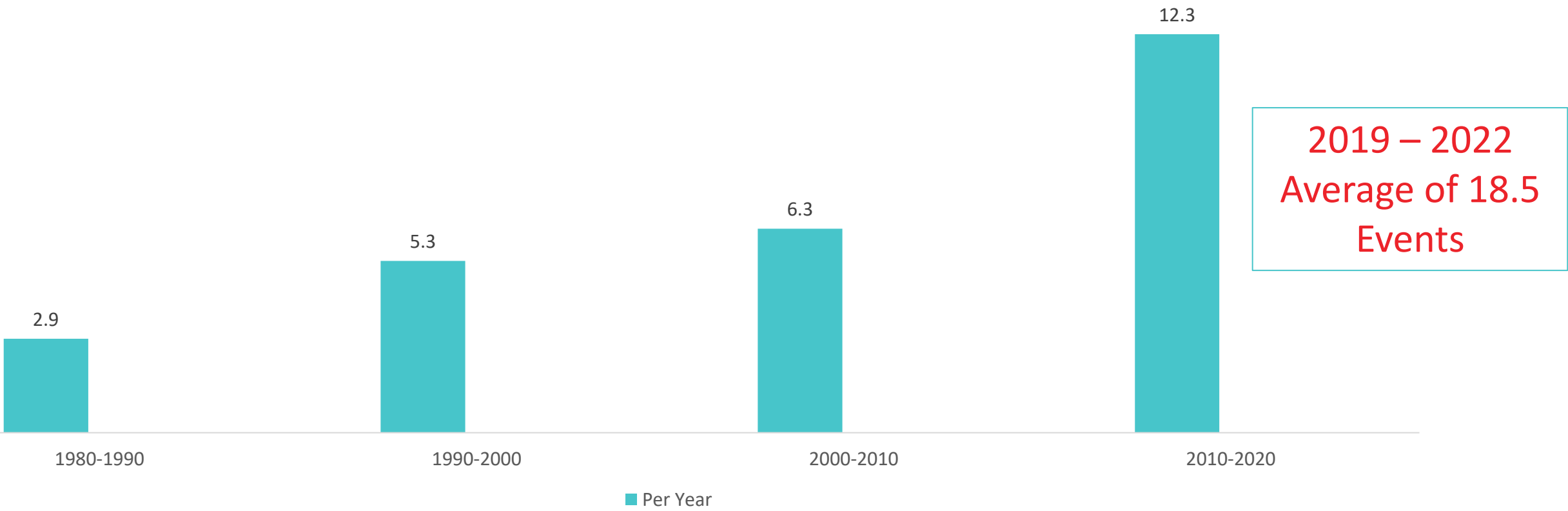
Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

Major U.S Losses in 2022

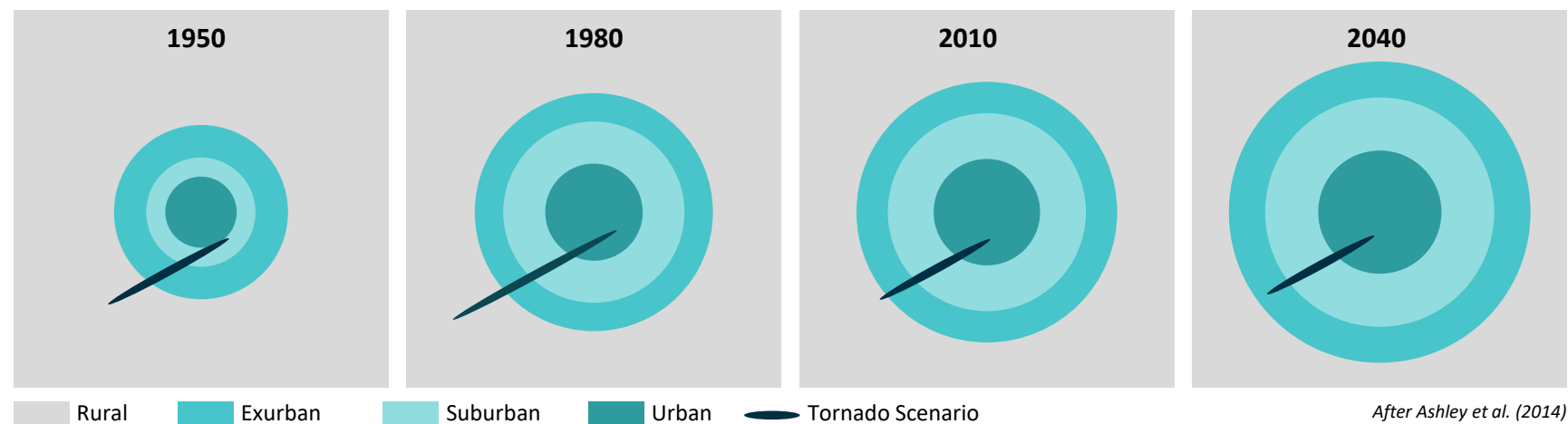
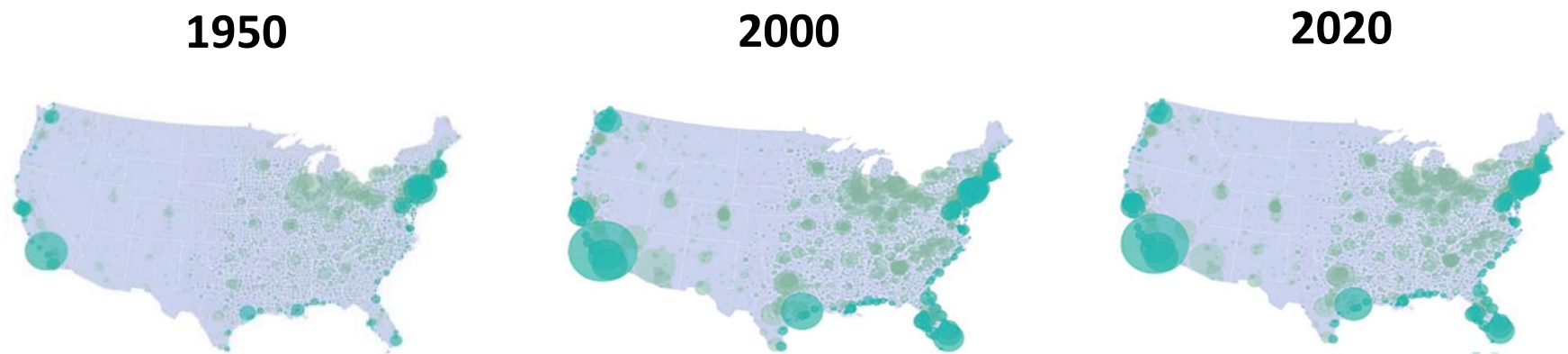


Average # of Events

Average # of \$1B+ Events (NOAA source)

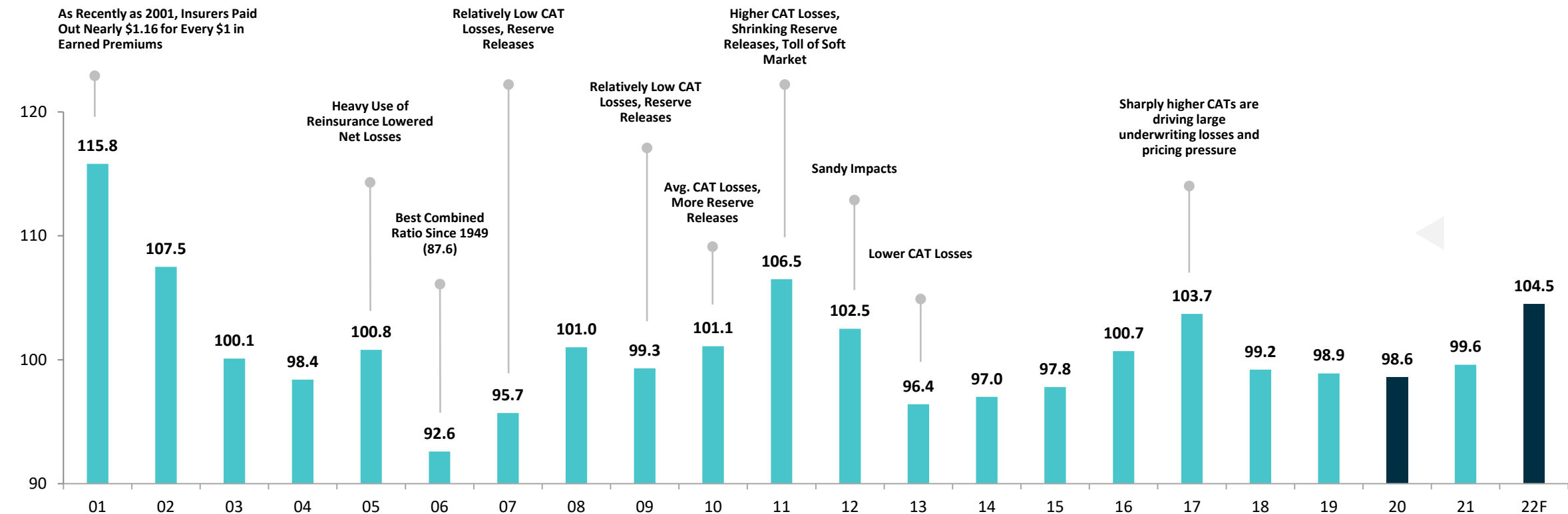


Population Growth and Bullseye Effect



After Ashley et al. (2014)

P/C Insurance Industry Combined Ratio, 2001–2022F**



Sources: A.M. Best, ISO (2014–2022F).

January 1 Property Reinsurance Results (Insurance for Insurance Companies)

- Reinsurance renewals were expected to be difficult pre-Jan
- Results were worse than expected
 - Significant reduction of “capacity”
 - Higher attachment points
 - Reduced terms and conditions
- Supply / Demand Imbalance

Trend and Valuation

Construction Cost Trends

Inflation is not the only challenge impacting construction costs. While certain material costs increases may have subsided and some supply chain issues have diminished, the construction industry is faced with significant labor challenges. The shortage of skilled labor, coupled with increasing wages, is extending project completion timelines and impacting the cost of both existing projects and new bids.

2022 Construction Cost Trends

10.0%

ENR - Building Cost Index

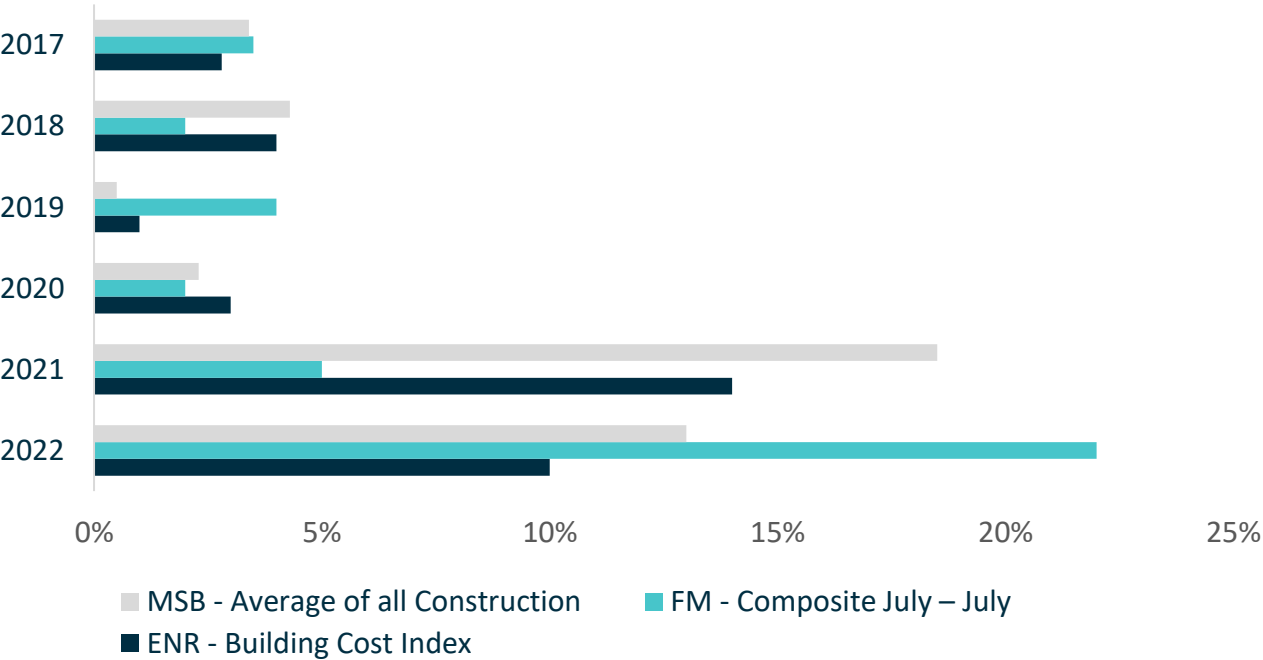
22.0%

FM – Composite July – July


13.2%

MSB - Average of all Construction

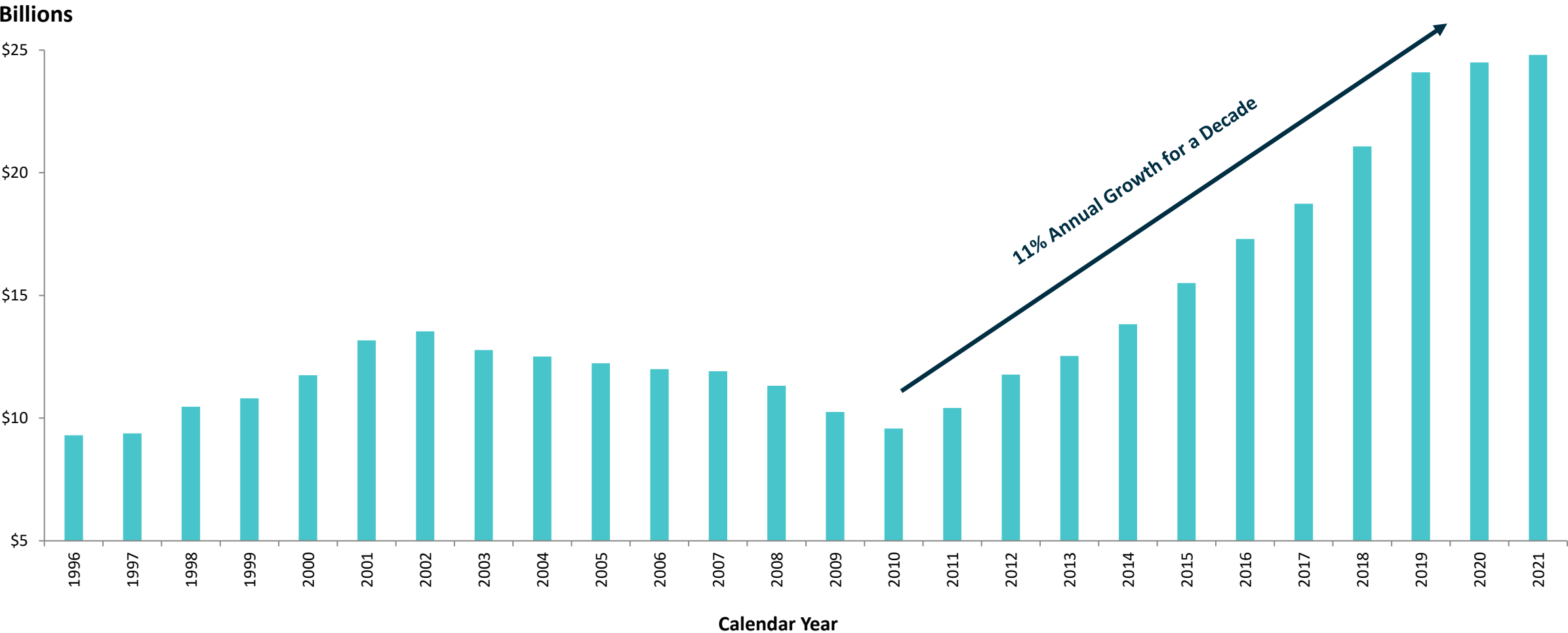
Construction Cost Trends October Yearly



Increasing Impact on Liability Market

 <p>Reduced Capacity reinsurer withdrawals have been significant over the past two years</p>	 <p>Litigation Financing continues to drive large claims and 68% of firms are using it in 2021</p>	 <p>Plaintiff Attorney Strategies specialization and strategies have evolved to get larger verdicts and settlements.</p>	 <p>Hyper Social Inflation “A Texas jury awarded \$300 billion to the family of a teen and her grandmother, who were killed in a 2017 crash with a drunk driver.” This type of verdict is meant to send a message to others.</p>	 <p>Labor Shortage everyone is doing more with less</p>	 <p>Reviver Legislation Amendments A rise in Sexual Abuse and Molestation claims and settlements</p>
 <p>Law Enforcement Increased focus on policing policy and procedures as well as pressure on Qualified Immunity</p>	 <p>Auto Liability Frequency & Severity of losses has returned to pre COVID figures</p>	 <p>Underwriter Scrutiny reinsurers are seeking to grow prudently and are maintaining a disciplined, conservative underwriter approach.</p>	 <p>Inflation Rising cost are increasing the size of claims</p>	 <p>Exclusions continued restrictions surrounding sexual abuse, Wildfire Exclusions, COVID, cyber, opioids and man made chemicals (PFAS – new focus)</p>	

Upward Trend in Liability Claims



Sources: NAIC data sourced from S&P Market Intelligence; Insurance Information Institute.

Social Inflation: Many Interrelated Causes, Difficult to Manage

INSURANCE CLAIM COSTS





Increasing Propensity to Sue



Size of Jury Awards



Courts/Juries Favoring Plaintiffs



Growing Distrust of Large Corps.



Litigation Financing



Aggressive Plaintiff Bar Ads



Changes in Regulatory and Legal Environment

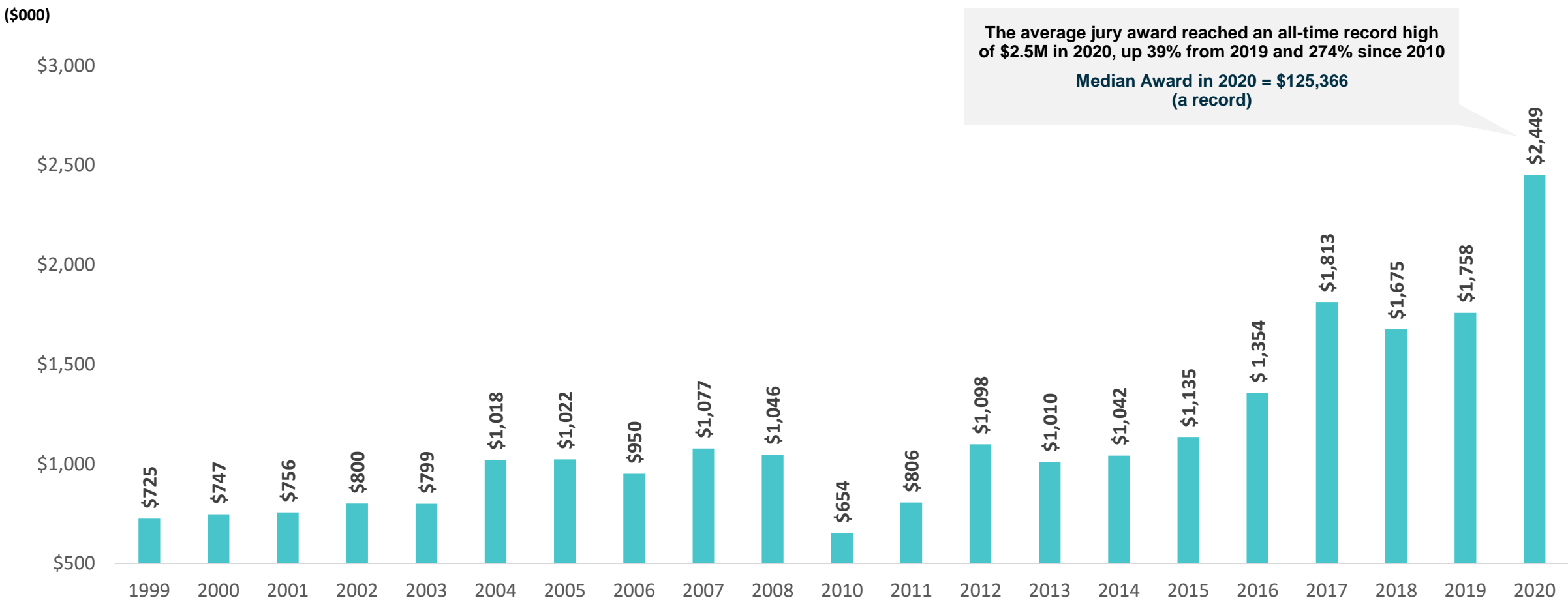
TOP VERDICT CATEGORIES

Dollar Value of Top 100 verdicts by cause of action, in millions.

2020			2021		
1	Intellectual Property	\$14,858	1	Worker/Workplace Negligence	\$301,929
2	Products Liability	\$3,117	2	Intellectual Property	\$3,675
3	Worker/Workplace Negligence	\$706	3	Motor Vehicle	\$2,046
4	Construction	\$285	4	Transportation	\$730
5	Motor Vehicle	\$261	5	Products Liability	\$651
6	Medical Malpractice	\$199	6	Employment	\$489
7	Intentional Torts	\$138	7	Business Law	\$410
8	Legal Profession	\$108	8	Intentional Torts	\$364
9	Fraud	\$94	9	Insurance	\$251
10	Dangerous Condition of Public Property	\$76	10	Government	\$167

Source: Risk and Uncertainty Management Center, Univ. of South Carolina, adapted from Verisk “Social Inflation” presentation (2020); VerdictSearch. Figures are rounded to the nearest \$1 million.

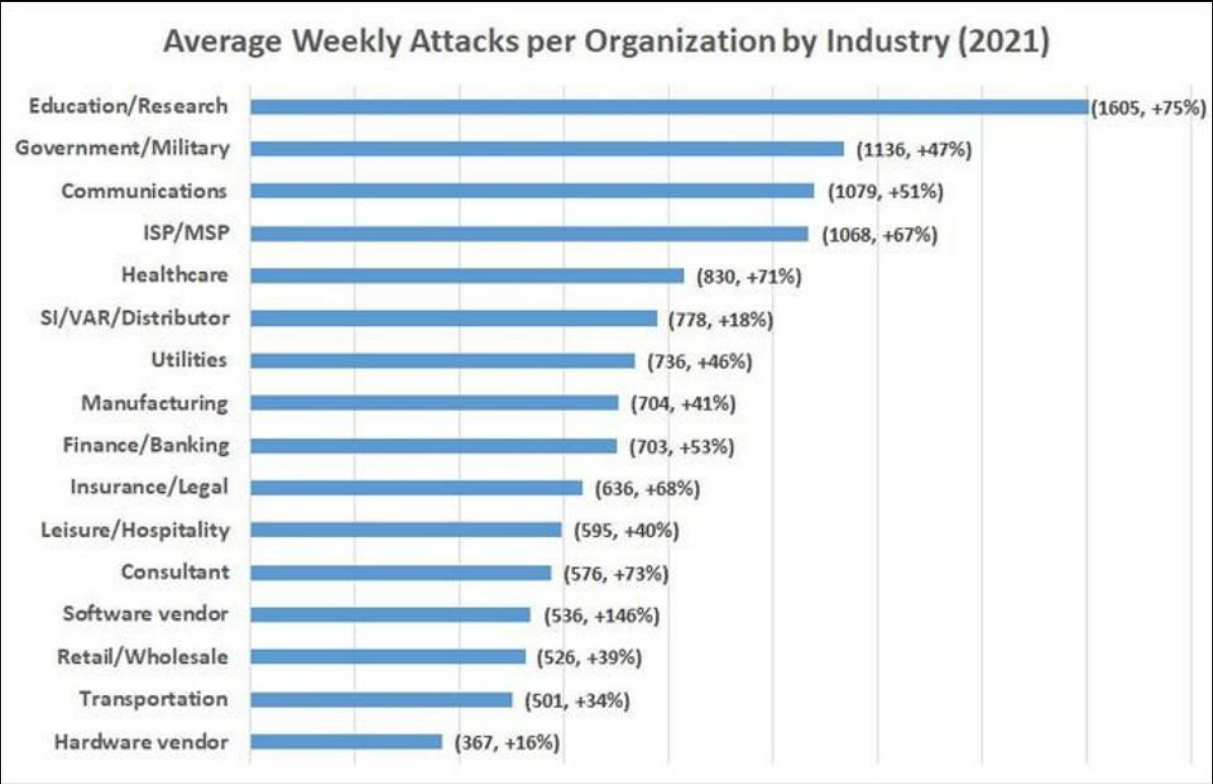
Average Jury Awards, 1999 – 2020 (latest available)



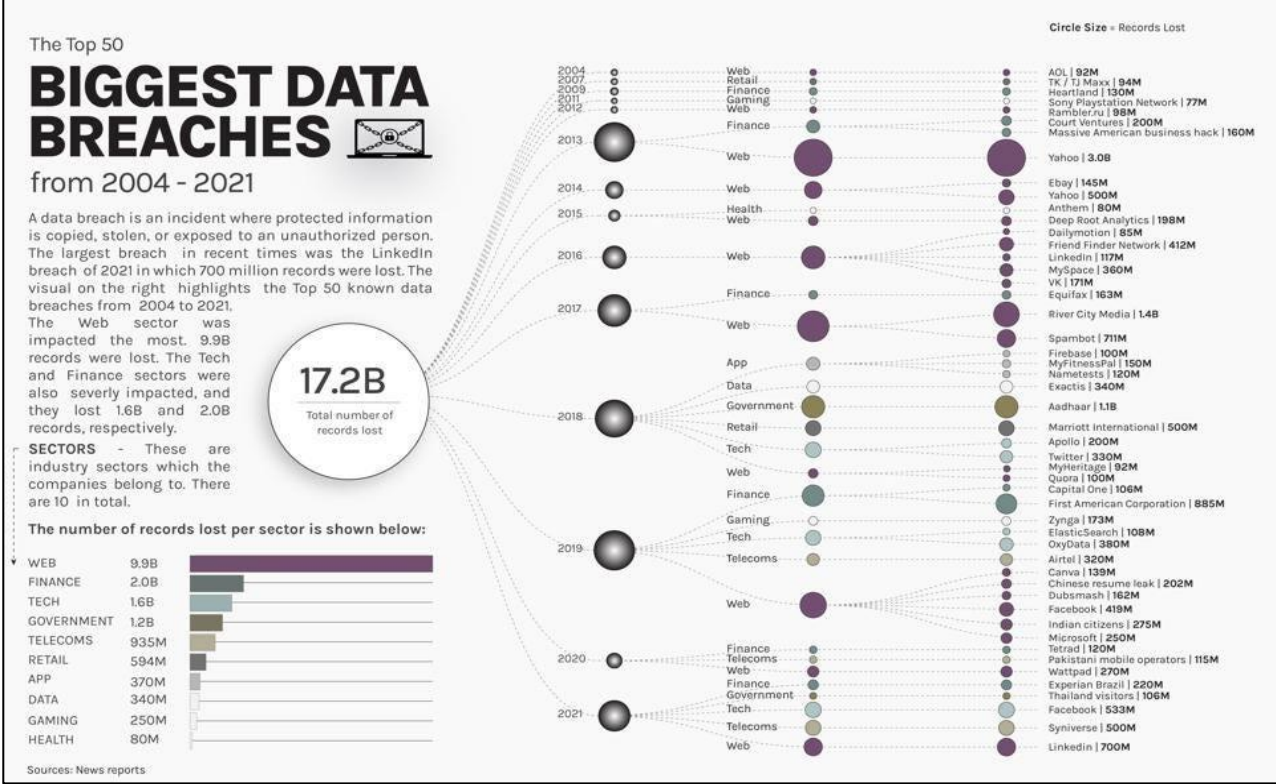
Source: Jury Verdict Research; *Current Award Trends in Personal Injury* (61st Edition), Thomson Reuters; Risk and Uncertainty Management Center, Univ. of South Carolina.

Cyber Trends in the News

Average Weekly Attacks by Industry

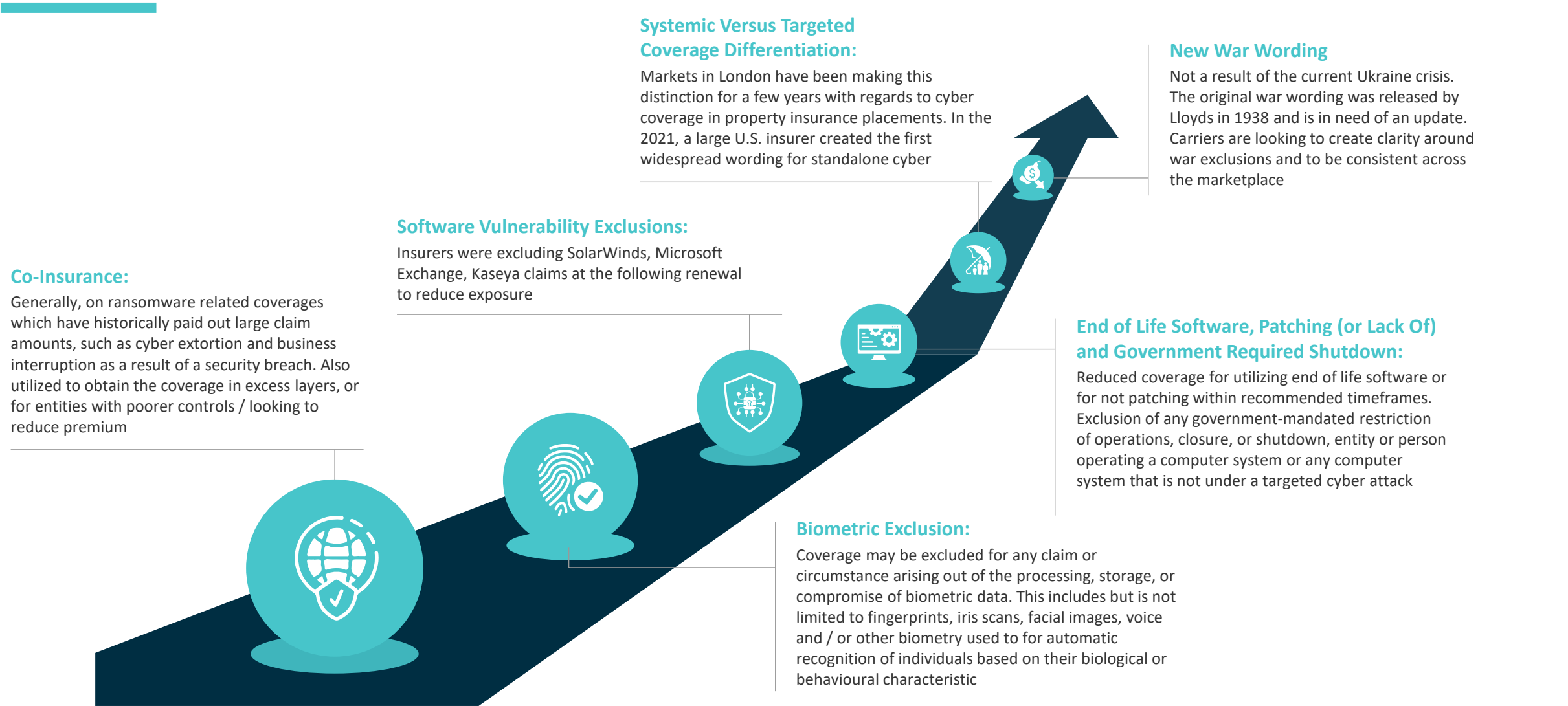


Largest Data Breach 2004-2021



** Information below provided by Forbes www.forbes.com

Cyber Insurance Wording Changes





Looking Toward the Future

What Does This Mean for LARM?

- Commercial market (i.e. competition) will have a difficult year
- NLC partnership will continue to be important
- APIP will have rate increase
- Will explore additional markets as needed
- Percentage deductibles unlikely
- Cyber coverage will be offered but changes to terms and conditions

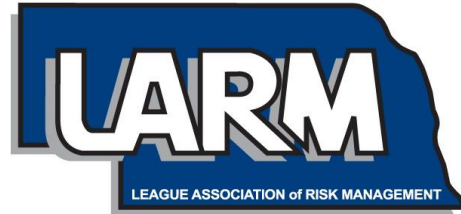


Thank you!

Questions?

Please contact us if you would like a copy of this presentation.





**LEAGUE ASSOCIATION OF RISK MANAGEMENT
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021
AND THE YEAR ENDED SEPTEMBER 30, 2022
(Unaudited)**

LEAGUE ASSOCIATION OF RISK MANAGEMENT

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League Association of Risk Management
Balance Sheets - Statutory Basis
December 31, 2022 and 2021 and September 30, 2022

	<u>Assets</u>		
	December 31 2022 (Unaudited)	December 31 2021 (Unaudited)	September 30 2022 (Audited)
Cash:			
Cash on deposit	\$ 1,507,489	4,824,839	\$ 1,151,445
Short-term investments	6,880,639	-	-
Total cash	8,388,128	4,824,839	1,151,445
Long-term investments	14,780,864	16,230,413	13,711,558
Accounts receivable	4,228	23,405	14,547
Premiums receivable	108,548	121,836	10,683,529
Interest receivable	66,367	20,444	21,503
Reinsurance recoverable on paid losses	583,021	1,301,776	1,887,369
Total assets	<u>\$ 23,931,156</u>	<u>22,522,713</u>	<u>\$ 27,469,951</u>
	<u>Liabilities and Surplus</u>		
Loss reserves	\$ 5,092,528	4,191,485	\$ 4,621,930
Loss adjustment expenses	2,373,807	2,821,515	2,249,940
Unearned premium	7,865,097	6,595,191	11,662,104
Taxes payable	136,727	124,556	106,591
Other liabilities	351,180	135,459	373,730
Funds held under reinsurance treaties	25,000	25,000	25,000
Total liabilities	15,844,339	13,893,206	19,039,295
Surplus	8,086,817	8,629,507	8,430,656
Total liabilities and surplus	<u>\$ 23,931,156</u>	<u>22,522,713</u>	<u>\$ 27,469,951</u>

League Association of Risk Management
Statements of Income - Statutory Basis
For the Periods Ended December 31, 2022 and 2021
and the Year Ended September 30, 2022

	Three Months Ended December 31 2022 (Unaudited)	December 31 2021 (Unaudited)	Year Ended September 30 2022 (Audited)
Revenue:			
Premiums earned, direct	\$ 3,302,578	2,835,160	\$ 11,552,439
Premiums earned, transferred by excess	(1,112,142)	(865,766)	(3,923,186)
Net premiums	<u>2,190,436</u>	<u>1,969,394</u>	<u>7,629,253</u>
Investment income	69,280	16,846	1,142
Miscellaneous income	<u>99,306</u>	<u>1,195</u>	<u>112,913</u>
Total revenues	2,359,022	1,987,435	7,743,308
Expenses:			
Losses incurred, direct	1,154,364	891,365	7,134,579
Losses incurred, transferred by excess	(23,775)	(327,570)	(2,771,433)
Net losses	<u>1,130,589</u>	<u>563,795</u>	<u>4,363,146</u>
Loss expenses incurred	288,802	450,857	686,598
Other underwriting expense incurred	<u>1,283,470</u>	<u>1,213,201</u>	<u>3,132,833</u>
Total expenses	<u>2,702,861</u>	<u>2,227,853</u>	<u>8,182,577</u>
Net income/(loss) - statutory basis	<u><u>\$ (343,839)</u></u>	<u><u>(240,418)</u></u>	<u><u>\$ (439,269)</u></u>

League Association of Risk Management
Statement of Changes in Surplus - Statutory Basis
For the Periods Ended December 31, 2022 and 2021
and the Year Ended September 30, 2022

	Three Months Ended		Year Ended
	December 31	December 31	September 30
	2022	2021	2022
	(Unaudited)	(Unaudited)	(Audited)
Surplus, beginning of period	\$ 8,430,656	8,869,925	\$ 8,869,925
Net income/(loss) - statutory basis	(343,839)	(240,418)	(439,269)
Unrealized capital gain	-	-	410,693
Change in non-admitted assets	-	-	(410,693)
Surplus, end of period	<u>\$ 8,086,817</u>	<u>8,629,507</u>	<u>\$ 8,430,656</u>

League Association of Risk Management
Statement of Cash Flows - Statutory Basis
For the Periods Ended December 31, 2022 and 2021
and the Year Ended September 30, 2022

	Three Months Ended	Three Months Ended	Year Ended
	December 31	December 31	September 30
	2022	2021	2022
	(Unaudited)	(Unaudited)	(Audited)
Premiums collected, net of excess insurance	\$ 8,978,607	8,819,971	\$ 8,993,812
Loss and loss adjustment expenses paid	479,423	(1,768,679)	(6,530,494)
Underwriting expense paid	(1,275,885)	(1,194,082)	(2,893,408)
Cash from underwriting	8,182,145	5,857,210	(430,090)
Investment Income	24,417	11,887	405,817
Other Income/(Expense)	99,306	1,195	112,913
Net cash from operations	8,305,868	5,870,292	88,640
Transfer in:			
Other sources	122	-	-
Transfer out:			
Other applications	(1,069,307)	(2,988,151)	(879,893)
Net change in cash and short-term investments	7,236,683	2,882,141	(791,253)
Cash and short term investments, beginning of period	1,151,445	1,942,698	1,942,698
Cash and short term investments, end of period	\$ 8,388,128	4,824,839	\$ 1,151,445

League Association of Risk Management
Reconciliation of Unpaid Claim Liabilities
For the Periods Ended December 31, 2022 and 2021
and the Year Ended September 30, 2022

	Three Months Ended	Three Months Ended	Year Ended
	December 31	December 31	September 30
	2022	2021	2022
	(Unaudited)	(Unaudited)	(Audited)
Unpaid claims and claims adjustment expenses at the beginning of period	\$ 6,871,870	7,246,215	\$ 7,246,215
Incurring claims and claims adjustment expenses:			
Provision for insured events of current policy year	1,255,000	1,022,500	6,137,435
Increase/(decrease) in provision in insured events of prior policy year	164,391	(7,848)	(1,087,691)
Total incurred claims and claims adjustment expense	1,419,391	1,014,652	5,049,744
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	132,604	81,760	2,555,720
Claims and claims adjustment expenses attributable to insured events of prior policy year	692,322	1,166,107	2,868,369
Total payments	824,926	1,247,867	5,424,089
Unpaid claims at end of period	\$ 7,466,335	7,013,000	\$ 6,871,870