

**MEETING OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
BOARD OF DIRECTORS (DULY ELECTED ON 3-21-18)**

Wednesday, June 20, 2018, 9 am CDT

Merlin Room, Graduate Hotel, 141 North 9th Street, Lincoln

A Meeting of the League Association of Risk Management (LARM) Board of Directors (duly elected 3-21-18) was held June 20, 2018, at 9 am CDT in the Merlin Room at the Graduate Hotel in Lincoln, Nebraska.

On June 15, 2018, notice of this meeting with the agenda and other materials were sent to all LARM members and the LARM Board of Directors (duly elected on 3-21-18); notice of this meeting with the agenda and other materials were available for public inspection at 1335 L Street, in Lincoln, Nebraska; it also was posted on the League of Nebraska Municipalities' website relating to LARM – www.lonm.org.

Call to Order: At 9:05 am CDT, LARM Board Chair Doug Hanson, Mayor of Hickman, called the meeting to order. He stated that in accordance with Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed was available to the public at this meeting for examination and copying. Chair Doug Hanson informed the public about the location of the Open Meetings Act posted in the meeting room. *(Although a telephone was available in the meeting room no LARM member requested a call-in number.)*

After the Pledge of Allegiance to the Flag of the United States of America, the roll call was read with the following Board Members present: **Teresa Bartlett**, Clerk/Treasurer, City of Beaver City; **LeAnn Brown**, Clerk/Treasurer, City of Oshkosh; **Pam Buethe**, Board Member, Sarpy County SID #29; **Lanette Doane**, Clerk/Treasurer, Village of Ansley; **Mayor Scott Getzschman**, City of Fremont; **Mayor Doug Hanson**, City of Hickman; **Melissa Harrell**, Admin./Clerk/Treasurer, City of Wahoo; **Jim Hawks**, City Administrator, City of North Platte; **Jo Leyland**, Admin./Clerk/Treasurer, City of Imperial; **Tom Ourada**, City Administrator, City of Crete; **Sandra Schendt**, Clerk/Treasurer, City of Nelson; **Douglas Schultz**, Admin./Clerk/Treasurer, City of Curtis; **Mayor Deb VanMatre**, City of Gibbon; and ex-officio board member (non-voting member) **L. Lynn Rex**, League Executive Director and "Administrator" of LARM. *13 voting Board Members present; 2 absent (Mayor Josh Moenning, City of Norfolk; and Nathan Johnson, Scottsbluff City Manager). Wendall Gaston, League President and ex-officio board member was not present.*

Chair Doug Hanson asked the LARM Board Members to introduce themselves; others in attendance were invited to identify themselves, if they chose to do so: **Jan Rise**, Administrative Services Director; City of Fremont; **Jerry Wilcox**, Finance Director, City of Crete; **Judi Meyer**, Clerk, City of Crete; **Janine Schmidt**, Clerk/Treasurer, Village of Morrill; and **Silas Clarke**, Admin./Economic Development Director, City of Hickman; **Diane Becker**, Communications Director, LARM; and **Andy Barry** of Cline Williams, the League's Outside Counsel on LARM-Related Issues. The following staff members of the

League of Nebraska Municipalities also were in attendance: **Christy Abraham, Lash Chaffin, Shirley Riley and Brenda Henning.**

(AGENDA ITEM #2) **Consider Approval of the Minutes of the April 19, 2018, “Special Meeting of the LARM Board of Directors (Duly Elected on 3-21-18)”**: Scott Getzschman moved, seconded by Teresa Bartlett to approve the minutes of the April 19, 2018, “Special Meeting of the LARM Board of Directors (Duly Elected on 3-21-18)”. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Bartlett, Brown, Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schendt, Schultz and VanMatre. Nays: None. **Motion carried: 13 ayes, 0 nays, 2 absent (Johnson and Moenning).**

(AGENDA ITEM #3) **Orientation Session for “Duly Elected LARM Board”**

- **Opening Remarks**

- Lynn Rex welcomed the Board and thanked them for their participation.
- Andy Barry stated that he is the League’s Outside Legal Counsel for LARM-Related Issues and for Lynn Rex as the “Administrator” of LARM.

- **Review of the Interlocal Agreement**

- **Andy Barry said that the Interlocal Agreement is approved by municipalities and other public entities to become a member of LARM. Andy highlighted several sections in the Interlocal Agreement, including the following:**

3.2. Administrator shall mean the Executive Director of the League of Nebraska Municipalities.

3.11. League shall mean the League of Nebraska Municipalities.

3.12. League Association of Risk Management or LARM shall mean the risk management pool established and operated under this agreement

Andy noted that “League” is underscored in 3.11 and 3.12 to emphasize that “League” in LARM, refers to the League of Nebraska Municipalities. He stated that originally, there was discussion about naming the public agency the “League of Nebraska Municipalities Association of Risk Management”; however, the name was too long so it was named the League Association of Risk Management.

4. Establishment. The undersigned public agencies hereby jointly and cooperatively establish a risk management pool under the provisions of the Act with all the rights, powers and privileges vested in and conferred upon such a pool under the laws of the State of Nebraska. The name of the pool shall be the League Association of Risk Management.

8.1. Board of Directors. The governing authority of LARM shall be a Board of Directors consisting of elected or appointed officials or employees of participating members. The initial Board shall consist of nine persons, but the number may be increased by the Board up to fifteen persons to maintain appropriate size and geographic representation as the number of LARM members increases. A vacancy on the Board shall be filled by a majority vote of the Board upon recommendation made by the Administrator (Executive Director of the League of Nebraska Municipalities). The person appointed to

- fill a vacancy shall serve for the remainder of the term of the vacating director.
- 8.1.1. The President of the League and the Administrator shall be non-voting ex officio members of the Board of Directors.
 - 8.1.2. The ex officio members of the Board shall be in addition to the elected and appointed members of the Board and shall not be counted for purposes of a quorum.
 - 8.1.3. Each elected or appointed Board member shall be entitled to one vote in all matters that come before the Board.
 - 8.1.4. Board election procedures shall be as follows;
 - 8.1.4.1. A nominating committee shall recommend candidates for the Board to the members. The nominating committee shall consist of the chairperson of the Board, an individual from a participating member selected by the Board and the Administrator. Additional nominations shall be requested from participating members at the meeting.
 - 8.1.4.2. Each participating member may cast one vote for each of the open Board positions.
 - 8.1.5. Members of the Board of Directors shall serve staggered terms of three years to promote stability and continuity.
 - 8.1.6. The terms of office of the members of the Board of Directors shall commence January 1st of the first year of the term and conclude on December 31st of the last year of the term.
 - 8.1.7. Term Limit. The Board of Directors service shall be restricted to two consecutive three-year terms to assure that all LARM members have opportunity for representation as Board members. Any LARM member that has previously been represented on the LARM Board of Directors may be eligible again for future service following at least one three-year interval of non-Board service following the term limit restriction when the member is not represented on the Board.
 - 8.18. Bylaws and Rules of Operation. The Board may make bylaws pertaining to the exercise of its purpose and powers. The Board may, from time to time, revise the bylaws. The Board may also from time to time adopt policies, rules and procedures for the administration and operation of LARM, by majority vote of the Board, so long as such policies, rules, and procedures are not inconsistent with this Agreement or the bylaws. No provisions of the bylaws, policies, rules or procedures shall be inconsistent with the Agreement or the Act.
 15. Professional Services. The Administrator may retain the services of such legal counsel, actuaries, auditors, engineers, service providers, consultants and other advisors as it deems necessary to carry out the business and purpose of LARM.
 16. Place of Business. The principal place of business for LARM shall be 1335 L Street, Lincoln, Nebraska 68508. Notice provided via United States Postal Service by a member to LARM at this address shall be considered proper notice to LARM and all participating members of LARM. The Administrator

may employ necessary staff and may purchase, lease, or rent real or personal property to carry out the business and purpose of LARM.

Andy Barry stated that there is no ability to amend the Interlocal Agreement unless every member approves a new Interlocal Agreement. He also reviewed the Intergovernmental Risk Management Act (IRMA) and the Interlocal Cooperation Act (ICA).

- **Review of LARM's Bylaws**

- **Andy Barry discussed several sections of the Bylaws, including sections relating to the following: Board of Directors, Nominating Committee and Terms. As stated in the Interlocal Agreement (Section 8.18), he emphasized that the Bylaws cannot be inconsistent with the Interlocal Agreement. There have been many amendments to the Bylaws over the years, raising issues about which Bylaws are valid. Andy reviewed key provisions of the following amendments to the Bylaws from 2-26-13 to 3-14-18:**

- **2-26-13:** The LARM Board can be a minimum of nine members up to 15 members; a goal was added to balance the number of elected and appointed officials on the LARM Board. Andy noted that this was also a goal of the Nominating Committee in recommending nominees for the election held at the members meeting on 3-21-18.
- **4-30-13:** The quorum requirement "at any meeting of members" was reduced from a majority to one quarter (25%) of the members entitled to vote; proxy voting at meetings of members was deleted; and provisions were added relating to late fees regarding a member's annual contribution to LARM.
- **12-17-13:** In violation of the Interlocal Agreement, many provisions (but not all) relating to the "annual meeting of members" were deleted as well as a reference to other special meetings of members; language was added regarding the notice of all LARM Board meetings to all LARM members with a provision to allow all LARM members unable to attend Board meetings to request to listen by telephone or other electronic communication. Although the motion on 12-17-13 was to approve the 10-24-13 draft amendments to the Bylaws, there are several discrepancies between the draft amendments of 10-24-13 and the draft amendments of 12-17-13. For example, the "Notice of Termination" is not changed in Article I, Section 2.8 of the 10-24-13 draft amendments to the Bylaws approved on 12-17-13. The "Notice of Termination" section from Article I, Section 2.8 was moved in its entirety to Article V, Section 2.9 in the draft amendments of 12-17-13.
- **2-12-18 and 3-14-18:** In violation of the Interlocal Agreement, the "Purported LARM Board approved amendments to completely remove all "administrative or policy authority" of the League as well as any effective League role regarding LARM. *These Bylaw changes were approved by the "Purported LARM Board" on 2-12-18 and again on 3-14-18, due to admitted Open Meetings Act violations on 2-12-18. (It should be noted that the meeting held on 3-14-18 also was in violation of the Open Meetings Act.) Andy Barry noted that there have been a number of Bylaw changes over the years; there are issues about which Bylaws are "valid."*

- **National Perspective on Pooling**
 - **Jan Rise presented the following information about why so many state Leagues and organizations representing public entities across the country started risk management pools in the 1980s:** Risk-sharing pools were formed to reduce and stabilize long-term insurance costs and ensure access to coverage and service needed for local government.
 - **History:** During the insurance crisis of the 1980s, there was an increase in the number of lawsuits and large liability suits resulting in multi-million-dollar damage awards for clients who suffered personal injuries and won suit against cities and others. Interest rates dropped, and damage awards made the insurance market less profitable. Many insurers abandoned the public entity market as it did not meet the profit goals of the commercial companies. In several states, public services, such as parks and cultural celebrations were cancelled because cities couldn't buy liability insurance. The result was that public entity pools formed. The Association for Governmental Risk Pools (AGRiP) quoted a Swedish proverb – “Best place to find a helping hand is often at the end of your own arm.” There are over 500 risk-sharing pools serving public entities in the United States and Canada who share common values and core purposes. There are 90,000 public entities in the United States and 80% participate in pools. Then and now, pool members share the cost of the risk to pay claims. Pooling protects members against longer-term pricing volatility and contributes to better government.
 - **How: State League pools are member-driven, member-governed, and member-driven to serve members, not stock holders.** There is local control; it is authorized by the state and is a collaborative effort of members to negotiate coverage with commercial insurers for a variety of risks, such as property, liability, business continuity, workers' compensation, and in some cases health coverage.
 - **Pools offer other services:** 1) loss control and claims management (with support for financial performance relating to retentions and reserves **as well as “human outcomes”**); 2) sewer or storm water infiltration coverage for no-fault sewer back-up coverage; 3) liability pools fight claims whose settlement sets bad precedent and avoids wasting time with lawsuits and legal fees; 4) pools resolve claims faster and at lower cost; 5) pools work with members to reduce incidence of preventable losses; 6) pools help to manage crisis; 7) pools are an “on-ground” extension of local governments; and 8) pools benefit greatly from the advisory standards of AGRiP, NLC RISC and PRIMA. Policies and innovative programs are shared among members.
 - **Performance:** Pools have a history of excellent financial performance, coverage innovations and focus on risk management/safety; pricing by pools is lower since there is no 10-15% profit margin; pools spend less on marketing, are exempt from various taxes and are good stewards of public dollars with transparency, efficiency and effectiveness. The surplus funds of pools are an essential “cushion” against unexpected risk and market conditions. In contrast to profits returned to commercial insurance owners and

stockholders, lower claims experience results in surplus funds to benefit members' long-term risk costs.

- **State Perspective on Pooling**

- **Mayor Doug Hanson explained why the League of Nebraska Municipalities created, financed and subsidized LARM to assist League member cities and villages across the state.** (Doug said the following comments are primarily taken from the Local Agents Briefing on 12-10-12, as presented by Mike Nolan, Executive Director of LARM)

- **What is LARM?** LARM is the acronym for the League Association of Risk Management. It is a public agency formed by an Interlocal Agreement. LARM is an extension of each member. LARM is a pool of Nebraska municipalities that provides coverage and risk management services to cities, villages and other local government agencies in Nebraska. LARM provides the long-term, stable, cost-effective risk management alternatives for members of the League. During the 1987 legislative session, the League worked with other government entities for the enactment of LB 398. The Intergovernmental Risk Management Act (IRMA) was passed and authorized municipalities and other public agencies to form risk management pools. IRMA allows the Director of the Nebraska Department of Insurance (NDOI) to adopt and promulgate rules and regulations related to maintaining reserves, payment of dividends, payment of claims and changes to the structure of the pool. The Act (IRMA) clearly states that pools created under IRMA are NOT considered insurance companies, and NDOI recognizes the unique legal status of pools and created regulations specifically for governmental pools. LARM is required by law to comply with Nebraska public records and open meetings statutes and is regulated by NDOI. LARM needs to operate under the direction of the "properly elected" Board of Directors, made up of elected and appointed officials who are elected by the LARM membership at a members meeting as required by the Interlocal Agreement.
- **LARM History:** LARM began operations in 1989 by offering an endorsed insurance program for municipalities that included risk management. LARM's endorsed program was with Star Insurance Company, Meadowbrook Insurance Group's primary carrier subsidiary. LARM's endorsed program was offered to members until LARM built up the necessary reserves required by NDOI. In 1995, with 13 participating municipalities, LARM received its pooling certificate and began operating the Property and Liability Group Self-insurance Pool. LARM's workers' compensation coverage was introduced in 1997 after the League gave LARM \$100,000 to provide this important coverage. Based on a model developed and used by several other state municipal leagues, the League formed LARM with the legal structure that incorporates **check and balances** outlined in the following three documents:
 1. The "Agreement for the Establishment and Operation of LARM" which is the Interlocal Agreement between LARM and its members;
 2. The "Bylaws of the League Association of Risk Management"; and
 3. The "Agreement for Administrative and Management Services" which is the agreement between the League and LARM.

These three foundational documents provide the checks and balances to prevent any third party administrator (TPA), consultant or anyone else from separating LARM from the League to create “just another insurance company,” which may not serve the interests of LARM members.

- **Why Pool?** The simple answer is that municipal insurance pools and LARM provide municipalities with stabilized rates, risk management services and quality insurance coverage for those member cities, villages and other local governments desiring to contract for these services. But what really created the need for a municipal insurance pool in Nebraska was the “Hard Market” in the 1980s. During the hard market of the 1980s, municipalities asked the League for help in addressing the insurance crisis at the time, characterized by skyrocketing rates for significantly less coverage and services. Insurance coverage for many municipalities was not renewed and/or was not available at an affordable rate, if at all. A study initiated and funded by the League determined that insurance carriers and products were not available or were limited to Nebraska municipalities. As such, municipalities were unable to control insurance costs, coverages and services. Based on the results of the study and in the interest of its members, the League resolved to create LARM. **“Sorry, America, Your Insurance Has Been Cancelled”** was on the cover of Time Magazine’s, March 24, 1986, edition. The caption read – *“The city council of Blue Island, IL (Pop 22,000) voted down a 30% increase in property taxes thought necessary to pay rocketing liability-insurance premiums, and the town expects to self-insure for the 1986-87 fiscal year, taking a chance that a large judgement might force taxes up anyway.”* Locally, numerous Nebraska cities and villages were also caught in the “hard market.” Norfolk, for example, had a \$10 million umbrella policy and a premium of \$6,500, which covered underlying policies. By 1985-86, Norfolk found itself without police professional coverage and, for a time, without umbrella coverage. When a carrier willing to provide coverage was finally found, the city retained a \$10,000 deductible and purchased an excess auto and liability buffer for an additional premium of over \$18,000. The carrier refused to provide more than a \$3 million umbrella, at a premium of \$43,000 and the umbrella excluded all errors and omissions. Most Nebraska municipalities experienced the same disruptions and issues with their insurance programs and most villages and cities across the state were subjected to horrendous premium increases and found themselves excluded from needed coverages.
- **Why is it important to have a partnership between the League and LARM?** The most significant reason to have a partnership between the League and LARM is that for many municipalities, they would not have become or stayed a member of LARM without the League’s continued promotion, endorsement and important role in LARM. As mentioned earlier, the League also is present at the table to ensure that LARM does not become “just another insurance company,” that may or may not be in the interest of Nebraska municipalities. Historically, LARM has been administered by the League to provide legal assistance, coordination of legislative efforts and information and education. The League was responsible for contracting with

and overseeing all service providers including the pool manager, risk management staff, accountants, actuaries, investment managers and financial auditors. The agreement between the League and LARM was entered into June 21, 2000, to reflect the ongoing relationship between the parties that have been in effect since September 1995. The League agreed to furnish, provide and contract for the necessary administrative and management services required by LARM, and LARM agreed to establish and oversee a risk management pool to provide insurance coverage for municipal members as provided for under IRMA, the Interlocal Cooperation Act (ICA), the formation of LARM and the LARM Bylaws. One of the many functions of the League is to ensure that LARM, in its actions as a public agency, is compliant with the Nebraska Open Meetings Act. LARM is a PUBLIC AGENCY!

- **Historically, what has the League done for LARM?** In the 1980s, the League totally funded the research and development efforts necessary to form LARM as well as to get a consensus of League members to move forward with the municipal pooling effort. The League continued to subsidize LARM from 1989-1995 as an “endorsed” program with Star Insurance. Even after 1995, the League significantly subsidized LARM as a pool as certified by NDOI. The League gave LARM \$100,000 in 1997 to enable LARM to offer workers’ compensation coverage to members (in addition to other LARM expenses paid by the League). The League did not receive ANY compensation for services rendered as the “Administrator” of LARM, substantial League staff time, legal work, use of the League’s brand, the League’s endorsement, lobbying efforts, and so forth. LARM’s TPA paid the League for rent for office space and parking spaces. Until LARM’s recent relocation, LARM did pay rent on part of the office space used on the second floor and did pay for parking spaces. Pursuant to the “*Agreement for Administrative and Management Services*” between LARM and the League, LARM paid 2% of the gross written premium on all members. Mark Nestor, LARM’s consultant with ICRMS, stated at the LARM Board meeting on Aug. 25, 2016, that he originally suggested the 2% and Lynn Rex indicated at the meeting that 2% is one of the lowest in the country of which she is aware. The League sincerely appreciated the fact that LARM held the League financially harmless after the rate reductions recommended by JI (Texas), LARM’s former TPA. Since Mike Nolan has been LARM’s Director, the League paid from \$10,000-\$12,000 a year to Mike Nolan to supplement his salary from LARM. In addition to other compensation, the LARM Board decided at its meeting in February 2016 that LARM would add to Mike’s salary the comparable amount previously paid to him by the League. Consequently, the League reduced the amount paid to Mike to \$500 for any incidental work he may have done on behalf of the League. The League continues to pay some expenses for LARM-related issues, including but not limited to, legal expenses for outside counsel to testify with the League staff before legislative committees, as well as those expenses that LARM legally cannot pay as a public agency. It is noted that the League Executive Board has never “trumped” the LARM Board. This issue came to light in December 2011 when the League

Board was asked by Mike Nolan, Doug Hanson (then-LARM Board Chair) and David Boeckner (then-LARM Vice Chair and League President as a Scottsbluff Council Member) to direct Lynn Rex, the “Administrator” of LARM, to **NOT** sign another contract with the then-existing TPA if the LARM Board decided to move forward with the TPA’s contract.

- **Lynn Rex explained the structure and partnership between the League and LARM.** The reference to the “League” in the League Association of Risk Management means the League of Nebraska Municipalities. LARM’s logo was intentionally designed to be similar to the League’s logo so that LARM could take advantage of the League’s “brand,” credibility and excellent reputation with League members. **League members joined LARM because of the League!** Unfortunately, it is now clear that Mike Nolan has been working to separate LARM from the League since at least 2015. As required by the Interlocal Agreement, contracts involving LARM are to be signed by the “Administrator” (League Executive Director), to provide necessary checks and balances and prevent LARM from being “spun off” to become “just another insurance company.” At LARM’s Board Meeting on Feb. 24, 2015, the League was removed as a party to the contracts with York (LARM’s TPA) and ICRMS (LARM’s consultant). Lynn Rex was not present and since she was at the Legislature testifying against a bill that would be detrimental to the interests of LARM. Not one LARM Board Member, including Doug Hanson (the outgoing LARM Board Chair), Gerald Solko (the new LARM Board Chair) or the board member who made the motions to approve changes to the contracts with York and ICRMS knew what they were voting on because the agenda item did not state that the League was being removed as a party to the contracts. In August 2015, “Purported LARM Board Chair” Gerald Solko asked Lynn to present LARM’s legal and key documents for the LARM Board Meeting on Aug. 25, 2016. After preparing for this presentation on Aug. 25, 2016, Lynn identified the noncompliance and conflicting provisions between the Interlocal Agreement and the Bylaws. Lynn notified Mike Nolan and Jerry Pigsley of the conflicting provisions between the Interlocal Agreement and Bylaws in August 2016. In addition, Lynn met with the following LARM Board Members in the fall of 2016 to discuss the conflicting provisions between the Interlocal Agreement and Bylaws and the fact that the League had been taken off as a party to the contracts with York and ICRMS on Feb. 24, 2015, in violation of the Interlocal Agreement: “Purported LARM Board Chair” Gerald Solko in St. Paul; then-LARM Board Member Joe Mangiamelli in Columbus; then-LARM Board Member Mayor KC Ortiz in Syracuse; and then-LARM Board Member Jan Rise in Fremont. After meeting with the board members, Doug Hanson and Lynn then asked “Purported LARM Board Chair” Gerald Solko to be placed on the agenda for the next LARM Board Meeting on Dec. 19, 2016. Doug and Lynn informed Gerald and Mike Nolan that they would be requesting the LARM Board to go into closed session to protect the public interest and discuss a legal opinion from Andy Barry of Cline Williams regarding these critical issues. Mike Nolan falsely informed the LARM Board that a closed session was not allowed. There are a number of other things that Mike Nolan has done incrementally to separate LARM from the League. For

example, at the LARM Board Meeting on Sept. 27, 2017, Mike received authority from the “Purported LARM Board” to file documents for “LARM, Inc.” He also received authority from the LARM Board on Sept. 27, 2017 to file documents to trademark the name “LARM,” even though the actual documents were filed on Sept. 11, 2017. In addition, on Dec. 14, 2017, the “Purported LARM Board” authorized moving the LARM offices from the League building (as required in the Interlocal Agreement) to a new location. This was done despite the League’s offer on Dec. 7, 2017 and Dec. 14, 2017 to match the price, terms and conditions of any lease being considered by the “Purported LARM Board”; Lynn also stated that the League offer would be even better than whatever the “Purported LARM Board” was considering. “Purported LARM Board Chair” Gerald Solko was asked to make sure that the League’s offer to match and even make better any lease with LARM be expressly stated in the minutes; Gerald said he would “absolutely” do so, but such a statement was not in LARM’s minutes. Lynn emphasized how important it is to continue membership in LARM and work with the duly elected LARM Board and others to grow LARM’s membership.

The Board took a 10-minute break from 10:40-10:50 am.

- **Municipal Perspective on Pooling**

- **Melissa Harrell discussed why municipalities, like Wahoo, joined LARM years ago.** Melissa said you can’t really understand the value of a pool until you are in a pool. Wahoo has been with LARM since 2004. Wahoo’s initial decision for making a switch from a traditional insurance provider to LARM was primarily based on financial reasons. While LARM continues to be a great value for Wahoo, one of the main reasons we stay is because it is insurance made for municipalities. Pooling of insurance happens in all industries across the nation and there is a reason for that. It’s because pooling works. LARM fully understands the issues and risks municipalities face each and every day because government entities is all they do – no residences, no businesses, no farms, no schools – just us. From 2000-2004, Wahoo’s insurance premium went from \$112,000 to \$215,000 so they went out for bid. LARM’s bid ended up saving Wahoo about \$60,000. Municipalities are allowed to have an additional 5 cents on their levy for an Interlocal Agreement. Years ago, she was asked to serve on the LARM Board and was elected by the members at a members meeting. Regular insurance companies really don’t understand certain risk management issues such as sewer systems, power generations, utilities, etc. LARM is dependable and flexible; decisions are made locally and the pool members receive the “profit,” not the insurance company. Every member needs to stay committed to LARM for stability.

- **Importance of Growing LARM’s Membership**

- **Jim Hawks emphasized why it is so important to continue participating and growing LARM’s membership and the significance of LARM for League members which have not yet decided to join.** Jim stated that municipalities have unique coverages such as law enforcement and utilities. There are different needs based on size of municipality. The LARM Board can discuss issues and

come up with solutions. Members need to have a voice in governance. LARM can hire engineers, an actuarial, etc., to get information to members. If a LARM member sends notification that they are going out for bid, they should be contacted, and the importance of LARM should be explained. When NACO and NIRMA separated, it lost its strength.

- **Value of Board Member Training**

- **Jo Leyland reported on NLC-RISC's orientation sessions in May 2018 for new trustees (board members) and the value of trustee (board member) training.** Jo stated that the NLC-RISC training for Trustees (pool board members) that she recently attended in Santa Fe was very valuable. She came back with questions and knows now what questions to ask such as the role of York, financial philosophies and who handles LARM's investments. There were sessions for new board members and networking with others. Pools have close relationships with their respect state League which is so important. Ethics and transparency are important. Members need to have a voice.

Lynn Rex discussed how it has been an incremental process by Mike Nolan, and now the "Purported LARM Board" to separate LARM from the League. Mike Nolan and others are creating false narratives and giving misinformation to the "Purported LARM Board" and LARM members. For example, LARM staff and others stated that NDOI recommended that LARM separate from the League which is not true. The "Purported LARM Board" wanted to negotiate with the League Executive Board and then offered to negotiate with the LARM Board duly elected on 3-21-18; however, the League Executive Board and duly elected LARM Board declined to do so since the "Purported LARM Board" has no authority to negotiate or take action on behalf of LARM since no member of the "Purported LARM Board" was duly elected or appointed. Lynn emphasized that LARM must be a public agency that is membership driven.

Update by Andy Barry on LARM-Related Issues

- The League met with NDOI regarding its 2015 audit recommendations and followed up with a letter from Lynn Rex to NDOI dated 11-20-17. A letter from NDOI was sent to Lynn Rex 11-21-17 to clarify NDOI's position on its 2015 audit recommendations to LARM which expressly stated that NDOI did not recommend any changes to LARM's Interlocal Agreement.
- A letter from NDOI was sent to Mike Nolan dated 4-20-18 "disapproving" the proposed changes to LARM's Bylaws approved by the "Purported LARM Board" on 2-12-18 and 3-14-18 due to noncompliance with the Interlocal Agreement.
- A *Quo Warranto Action* was filed in Lancaster County District Court to remove members of the "Purported LARM Board" from office so that LARM can be governed by a board duly elected at a members meeting in accordance with its Interlocal Agreement and Nebraska laws.
- A complaint for "declaratory judgment and injunctive relief" was filed in Lancaster County District Court seeking, in part, an order invalidating actions of the "Purported LARM Board" at meetings on 2-12-18 and 3-14-18, based in part on violations of the Open Meetings Act, and to prevent an election which the "Purported LARM Board" proposes to hold in violation of LARM's Interlocal Agreement.

Doug Schultz asked questions regarding the litigation strategy and timeframe. Chair Doug Hanson stated that if litigation strategy is going to be discussed, the Board would need to go into closed session. Sandra Schendt moved, seconded by Lanette Doane to go into closed session to protect the public interest and to discuss legal strategy issues and litigation regarding the "Purported LARM Board" and to include in closed session Lash Chaffin, Christy Abraham, Jerry Wilcox, Jan Rise and Andy Barry. Roll call vote. Ayes: Bartlett, Brown, Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schendt and VanMatre. Nay: Schultz. **Motion carried: 12 ayes, 1 nay, 2 absent (Johnson and Moenning).** Chair Doug Hanson restated the motion before going into closed session.

After returning to open session, LeAnn Brown moved, seconded by Sandra Schendt to come out of closed session that occurred due to a motion to protect the public interest to discuss legal strategy issues and litigation regarding the "Purported LARM Board" and to include in closed session Lash Chaffin, Christy Abraham, Jerry Wilcox, Jan Rise and Andy Barry. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Bartlett, Brown, Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schendt, Schultz and VanMatre. Nays: None. **Motion carried: 13 ayes, 0 nays, 2 absent (Johnson and Moenning).**

Chair Doug Hanson emphasized that there was no action taken during the closed session. Due to lack of time, Doug said the agenda items remaining will be covered in a future telephone conference call. Sandra Schendt moved, seconded by Pam Buethe to adjourn. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schendt, Schultz and VanMatre. Nays: None. Not voting: Bartlett and Brown. **Motion carried: 11 ayes, 0 nays, 2 not voting, 2 absent (Johnson and Moenning).**

Approved on: July 23, 2018

ATTEST:


Brenda Henning
Membership Services Assistant
League of Nebraska Municipalities


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