

**PUBLIC ENTITY PARTNERS
BOARD OF DIRECTORS
MINUTES OF MEETING
DATE OF MEETING: September 17, 2025
10:00 a.m.**

The Board of Directors of Public Entity Partners (“PE Partners”) met at 10:00a.m. on September 17, 2025, at PE Partners’ offices in Franklin, Tennessee.

Board Members Present: Chairman Brundige, Vice-Chair Lay, Mayor Holden, Mayor Preece, Mayor McTizic, Mayor Stover, and Commissioner Sam Tharpe.

PE Partners Staff Present: Michael Fann, President/CEO; Amanda Shrum, CFO; George Dalton, Executive Vice President; Halie Gallik, Board Secretary/ Director of Underwriting; Celeste Taylor, Director of Administration & Human Resources; Elisha Hodge, Director of Legal & Member Services; Carly Salah, Communications and Research Manager, Allen Dean, IT Manager, Jason Dodson, Assistant IT Manager, and Janine Helton, Assistant Director of Underwriting.

Also Present: Russ Farrar, Farrar, Bates, & Berexa; Kristin Berexa, Farrar, Bates, & Berexa; Casey Crane, Farrar, Bates, & Berexa; Anthony Haynes, TML; Wade Morrell, TMBF; Michele Fassbender, Arthur J. Gallagher.

Chairman Brundige called the meeting to order.

Roll call was taken. All members were present.

Citizen Comments – no one spoke.

I. Approval of Minutes

Motion made by Vice-Chair Lay to approve the minutes of June 18, 2025 seconded by Commissioner Tharpe. **MOTION PASSED UNANIMOUSLY**

Motion made by Mayor Preece to approve the minutes of August 29, 2025 seconded by Vice-Chair Lay. **MOTION PASSED UNANIMOUSLY**

II. Financial Reports

a. Financial Statements – FYE 6/30/25

Amanda Shrum – Good morning, everyone. We’re going to be under Tab 2 in your books, and we will start with the financial reports for 6/30. We are currently undergoing our yearly audit. So, there could be minor adjustments to this once the auditors, but this is what we've got, what we have presented to them.

We will start with the statement of revenue expenses and changes in Net position. As of June 30th, net earned premium was reported at \$79.7 million, which was up \$4.9 million from last year and total revenues are reported at \$84.2 million which were up \$4.3 million.

We realized \$7.8 million in losses on investments last year and those losses are reflected in the \$4.3 million of investment income that you see. Moving down to total loss and loss adjustment of \$59 million showed an increase of \$9.5 million from last year.

Policy acquisition cost of \$8.9 million increased approximately \$300,000. The G & A expenses of \$12.2 increased \$730,000 from last year. I do want to note here that \$360,000 of that was due to a TCRS pension expense adjustment. So, every year they send us the report of their actuarial and it required us to up our expense 360,000.

Total expenses on June 30th were \$80 million, an increase of \$10.6 million from last year. Our operating income for the year was \$4.2 million and add that with the increase in fair values on investments of 7.9. We had a change in net position of \$12.1 million leaving an Ending net position of \$135.2 million.

If you'll turn over to the statements of net position. There's not a whole lot of changes from the year, but I do want to note that our combined cash and market values on investments were up \$14.1 million from last year, totaling \$262 million. Our total assets and deferred outflows increased \$10 million, while our total liabilities and deferred inflows increased \$3 million.

So, do we have any questions on the financials?

Motion made by Mayor Holden to approve the financials seconded by Vice-Chair Lay. MOTION PASSED UNANIMOUSLY

b. Year-End Budget Report FYE 6/30/25

Amanda Shrum - Next, if you'll turn to the G & A expenses, the budget to actual, you will see that our total G & A expenses totaled \$12.2 million. That was approximately \$1.4 million less than you budgeted of \$13.6.

I do want to point out you'll see several different departments here that are showing as over budget. That is a result of the TCRS expense adjustment. So, we allocate those expenses out among departments based on payroll. So, this is nothing that any of the department heads would have had any control over. This was just part of that report. So, some departments had enough left in their budgets to absorb that, some did not.

So, do you have any questions on that?

Motion made by Vice-Chair Lay to approve the Year End Budget Report FYE seconded by Mayor Preece. MOTION PASSED UNANIMOUSLY

c. Investment Report – August 2025

Amanda Shrum - So if you'll turn to the next page, we've got the investment analysis. If you'll look, you'll see that our unrealized losses as of August 31st are \$45 million, which have improved around \$1 million from June 30th. The average coupon was 4.358 and the average yield was just a little over 5%.

Based on our current portfolio, we project yearly interest income of \$12.7 million. I do want to say as of Monday, our values have improved. We are now under \$40 million in unrealized losses. I believe the Fed meets today. So hopefully we will have some good news. I believe that's today. So, I think they're looking at probably an interest rate drop. So, that will help I believe.

Does anybody have any questions? You do have a full report of every security we have in our portfolio if you want to take a look at it or have any questions on that.

Motion made by Mayor Holden to approve the Investment Report – August 2025 seconded by Mayor McTizic. MOTION PASSED UNANIMOUSLY

d. Proforma Schedule of Revenues / Expenses FY 2026

Amanda Shrum – If you get through the full investment report, the last page of tab 2 should be the Pro Forma Statement of revenues and expenses. Of course, we presented the G & A budget back in June and that was approved. This just kind of ties together everything for revenue projections and expense projections for the year. So based on our current projections, we are estimating that our earned premium for this current year to be \$99.6 million. We took into account base rate changes that were approved earlier this calendar year in February and also made adjustments for any new business that we picked up or business we have lost in the current year.

We're showing \$22 million estimated for reinsurance premiums. I believe we're looking at a pretty flat renewal for property, but we did budget in about a 5% increase just to take into account any exposure changes or we had several buildings that were added last year, and those buildings of course have increased and we will possibly get additional premium from any properties that are added.

After we include \$10.2 million of projected investment income, we estimate our total revenues of \$88 million for the year. Under the expenses, we project expenses of \$87.2 million, which includes the claim losses,. \$9.4 million in policy acquisition and the \$14 million G & A budget. Like I said that you guys approved in June, leaving an estimated operating income of \$832,000 for the year.

Anybody have any questions on that?

Motion made by Vice-Chair Lay to approve the Proforma Schedule of Revenues/Expenses FY 2026 seconded by Commissioner Tharpe. MOTION PASSED UNANIMOUSLY.

III. By-Laws Update

Michael Fann - Yes, Mr. Chairman, as most of you know, we have undergone four years of examination of our bylaws. It began really with meetings that we had with Comptroller Mumpower and we took his recommendations and suggestions very seriously. And so, this is kind of, I won't say it's the final, but it's it certainly wraps up the recommendations that he has made. There are three under tap three. You have a full copy of our bylaws with the three changes marked in red. Those three changes, the first one is a recommendation. I think we've talked about this before from Comptroller Mumpower, as we have gone back to allowing our chair or the chairs designee to sit on the TML board, he did recommend that we change that to an ex-officio non-voting member and also that the TML president sitting on our board would be an ex-officio non-voting member. So that's the first one that I wanted to mention. The second element that we're asking for obviously came about as a result of a couple of resignations that we've had

this late summer with Todd Smith resigning from this board and DaVena Hardison having to resign from this board. Obviously, we have a plan in place this time to fill both of those positions quickly, but it occurred to us had those occurred early in the calendar year, we would have had to have waited until our symposium this time in October. Next year would be in August, to have a new board member confirmed. And so, we've written in bylaws change that allows, if we are more than 60 days out in front of our symposium and our Insured Organization Meeting that this board could make interim fulfill those spots in an interim basis until that meeting. So, obviously quorum comes into play when you have a couple or three resignations or those sorts of things. So just to keep the business of PEP going and a full board for these meetings, we would ask you to adopt that second element which will allow for interim appointments if there are openings greater than 60 days in front of the Insured Organization Meeting. And then the final recommendation, there's an element clause in our bylaws that requires a racial minority representative on the board. After talking this over with our leadership team and in consultation with the General Counsel's office, just to make sure we can always fill that we are wanting to change the wording there from racial minority to basically that our desire is that it should reflect the demographics of the state of Tennessee. And so that would allow for a racial minority or any other minority to be named to the board. So, those are the three elements, Mr. Chairman. I'll be happy to try to answer any questions anybody might have.

Mayor Holden - So it's something we can do.

Michael Fann - This would change our by-laws. This would change.

**Motion to Approve By-Laws Update made by Commissioner Tharpe seconded by Mayor McTizic.
MOTION PASSED UNANIMOUSLY**

IV. Board Nomination Selection

Michael Fann - Yes, Mr. Chairman, under Tap 4, this is the nominees during our 30-day open nominations process that came in to replace DaVena Hardison on this board and obviously this nomination would go to the October Insured Organization Meeting. But we had three nominees, all three kind of fit the bill as it relates to the demographics of the state because just for East, Middle and West distribution, we were looking for obviously DaVena was a Middle Tennessee elected official. So, we were looking for either a Middle or East Tennessee elected official. All three of these meet those criteria. You'll notice that Mayor Edwards of Cedar Hill and Councilmember Manis of Clinton are fairly young in their careers, less than five years with those cities. I will point out that Mayor Hartman from Fayetteville is a little bit longer and this is the second time that she has applied through our open nominations process. So those are the three candidates. All three fit the demographic and we'll see what the pleasure of the of the board will be.

Motion to appoint Mayor Donna Hartman to fill the vacant Board of Directors seat by Vice-Chair Lay and seconded by Mayor Preece. MOTION PASSED UNANIMOUSLY.

V. Property Reinsurance Renewal Update under tab 5.

Michael Fann - Property reinsurance will update under tab 5. Obviously, there's no information there, as you know we have an October 1 property reinsurance renewal that we have been working diligently on. 10/1 property renewal. As you know, that is one of the biggest items on our annual budget. We are routinely in the \$15 to \$20 million that we invest in good property reinsurance that ensures the \$16 plus billion dollars worth of local property buildings and so forth that would we insure across the state of Tennessee and so we have engaged a significant amount of time in working this year really began back in the spring we have based upon where we were in January of this year, we've added over a billion dollars worth of additional properties, either added properties or with inflationary costs to our insureds, our estimate of that now \$17.7 billion dollars worth of coverage that we building values that we that we cover. Our estimate in January was that we were expecting our property reinsurance to be somewhere in the \$21 million range and as you know we have engaged underwriters, property underwriters, both in London and here domestically. I think we met, if I remember the numbers, about 31 different underwriters for property reinsurance. We will get final numbers, official numbers this afternoon in a meeting with our property broker, but we're looking somewhere in the \$16 to \$17 million range which based upon estimates from where we were in January. It's going to be over a \$4 million savings and it feels good to save the taxpayer and save \$4 million. So, I want to congratulate our leadership team that were responsible for these meetings for going and sitting face to face with these underwriters and just did a tremendous job. Our team did in working through this in conjunction with our property broker partners, Arthur J. Gallagher. So anyway, just want to give you that update. Obviously, we'll have an official number for you, it'll probably come out in our newsletter, but certainly by the December board meeting of where those numbers end up. But we're pretty excited about what we've been able to accomplish this year on our property reinsurance. So, I just want to update the board, Mr. Chairman, on all that.

VI. Recognition

Michael Fann - Yes, Mr. Chairman. Sam kind of hit on it a few minutes earlier, but you know those of you who were here in October of 2020 and we engaged Judy King and sat in a training retreat with our leadership team at the time and our board for the first time in our history really, and created a strategic plan that this leadership team has carried out. But the significance of that initial meeting, I know we had a follow-up to that meeting where we tweaked the strategic plan, but today is a bittersweet day because a couple of our folks, this is their last meeting and I wanted to just recognize them. I would like those of you on the leadership team that were at that October meeting, would you please stand? I know we've had a little bit of turnover in leadership if you were there. First, I want to ask Mayor Lois Preece to come forward.

Public Entity Partners in recognition of distinguished and dedicated service to the membership of Public Entity Partners, effective risk management practices in local government, the public risk discipline throughout the United States and taxpayers in the great state of Tennessee will lead Public Entity Partners to effective strategic planning, transparent governance and organizational transition. We hereby honor Lois Preece, Mayor of the City of Niotra. PE Partners - Board of Directors, November 2018 through October 2nd, 2025.

Mayor Preece - I'm glad you're serving on this board and it's hard to leave, but sometimes your body says it's time. We hit the 80s, it's time to reconsider some of the things that you're doing, so that you still have time left to serve your city. And to me, that's really my first interest.

Michael Fann – Mayor Brundige would you mind standing? Public Entity Partners in recognition of distinguished and dedicated service membership of PEP, effective risk management practices and local

government in the public risk discipline throughout the US and the taxpayers of the great state of Tennessee for leading Public Entity Partners to effective strategic planning, transparent governance and organizational transition. We hereby honor Randy Brundige, Mayor of City of Martin. Public Entity Partners, Board of Directors, June 2017 through October 2nd, 2025, PE Partners Vice Chair, November 14, 2018, September 27, 2024 and PE Partners Board Chair September 27th, 2024 through October 2nd, 2025. Thank you, Mayor.

Chairman Brundige – Just want to say thank you. I've been here around a long time and experienced a lot of changes here. Met a lot of great people, staff at PEP is great. But it has been a pleasure. The friends I've made here, new friends and old friends that I've known for a long time. I'll miss being a part of the board. And I will thank you. It's been some good times and it had been some rough times here. We went through some rough times too, but I find things are a lot better now and I give it to the leadership of PEP that things are going to get better in the future. Thank you all very much.

Michael Fann - I just also we are going to present Todd Smith with a plaque next week at the Tennessee City Managers Association and I'll have an opportunity to thank him publicly since he's speaking at that meeting. So that's for Todd.

Chairman Brundige - Next meeting for the board is suggested Wednesday, December the 17th, 2025. Of course we've got the symposium in October. Anything else to come forth?

Michael Fann reviewed upcoming events available to board of director members.

Chairman Brundidge – Do I have a motion to be adjourned?

Motion made by Vice-Chair Lay to adjourn, seconded by Mayor Holden. MOTION PASSED
UNANIMOUSLY

Mayor John Holden, Chairman

Halie Gallik, Secretary