

**PUBLIC ENTITY PARTNERS
BOARD OF DIRECTORS
MINUTES OF MEETING
DATE OF MEETING: June 18, 2025
1:00 p.m.**

The Board of Directors of Public Entity Partners (“PE Partners”) met at 1:00p.m. on June 18th, 2025, at PE Partners’ offices in Franklin, Tennessee.

Board Members Present: Chairman Brundige, Vice-Chair Lay, Mayor Holden, Mayor Preece, Mayor Brown, Mayor Stover, Todd Smith, Commissioner Sam Tharpe and Councilmember Hardison.

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; Chester Darden, Director of Loss Control; 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, Jim Morrison, PRS; Anthony Haynes, TML

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 adopt the minutes of February 28th, 2025 seconded by Mayor Preece. **MOTION PASSED UNANIMOUSLY**

II. Financial Reports

a. Financial Statements – Third Quarter

Amanda Shrum – Good morning. We are under Tab 2. We will go through the financials for 3/31 first. I’m not going to go through the statement of net position. There’s really nothing out of the ordinary in that, but if you have questions, I’ll be happy to answer any of those.

But if you’ll turn back to the statement of revenues, expenses and changes in net position for 3/31. As of March 31st, net earned premium, it was reported at \$59.7 million. Which was up \$3.5 million from last year. Total revenues were \$62.5 million, up \$3.4 million. We realized \$6.4 million in losses on

investments as of March 31st and those losses are reflected in the \$2.6 million for the investment income.

Under total loss and loss adjustment, we show \$49.2 million. Which was an increase of \$3.4 million from last year. Policy acquisition costs of \$7.2, had increased \$1 million from last year. G&A expenses of \$8.9 are up \$555,000. And Total expenses as of March 31st were \$65.3, which was a total increase of \$5 million. As of March 31st, our operating losses reported at \$2.8 million, with the increase in the fair value on investments at \$9.3 million since June 30th, for a change in net position, up \$6.5 million, leaving an ending net position of \$129.7 million. Which was an increase from last year from \$117.6 million.

Any questions on that or the statement of net position, I'll be happy to take those before we move on.

Vice-Chair Lay -Do you anticipate additional losses or gains?

Amanda Shrum - For the \$9.4 million? Part of us realizing the losses is because we have traded out some of the securities for higher yielding securities. So basically, part of that is because of the trades we've done and also the fact that the Market values came up. Now, if you'll look when I get to the investments for May 30th, they have gone back down to about \$50 million. So, we're still kind of bouncing back and forth. But from June 30th last year to March 31st, our market value [recording inaudible] Just the market and the fact that we have been trading out some securities. So, where we had, you know large losses in front of those, we sold, we don't have those losses in new securities.

Motion to Accept made by Todd Smith to approve Financial Statements seconded by Commissioner Tharpe. MOTION PASSED UNANIMOUSLY

b. Q3 Budget to Actual

Amanda Shrum – We have by department where we are with the G & A expenses. All departments are operating within their budget. I'm going to talk about Celeste/HR because she seems to have a lot of money, but that was Elisha came in as one position and got moved to a member services position. So even though Elisha was budgeted in her department she's been moved to Member Services. Everyone is on track and actually doing really well. Any questions?

Motion to Adopt made by Commissioner Tharpe to approve Q3 Budget to Actual seconded by Mayor Holden. MOTION PASSED UNANIMOUSLY

c. Investment Report – May 31, 2025

Amanda Shrum - We will turn over to the investment portfolio analysis. As we've done in the past, we've given a recap of where we are by quarter and then the most current months. As we look at the recap, you'll see that our Unrealized losses at May 31st came in at around \$50 million. It has improved since June 30, still \$3.9 million not as good as we were in March, but still moving in the right direction. The average coupon was 4.32%. The average yield was 5.108. Based on our current portfolio, we expect our yearly interest income to come to \$12.6 million. That number does not include the investment into LGIP account.

Anyone have any questions on that?

Motion to Adopt made by Todd Smith to approve Investment Report – May 31, 2025 seconded by Vice-Chair Lay. MOTION PASSED UNANIMOUSLY

III. G & A Budget – FY 2026

Chairman Brundige – Now the general & administrative budget for the fiscal year 2026.

Michael Fann - Thank you, Mr. Chairman. I'll let Amanda walk through this, but I would like to congratulate Amanda and her team working with our entire leadership team on getting this budget put together. We obviously have a lot of moving parts here. She'll probably go over this again, but our overall budget is up 2.88% and that does include 3% cost of living allowance for our teammates, as well as a 3% increase in contracts with Russ's team. So overall a 2.88%.

Amanda Shrum – Under the salaries and benefits, of course, Michael's already talked about the cost of living increases. We did have a handful of merit increases for employees. Insurance, under employee benefits, we normally won't get benefit renewals until December for January, but we do look at anywhere from 5% to 10% at least on increases every year. We did have one insurance plan that has already gotten us prepared that we were going to be seeing 65% increase. So that is included in that 9.96%.

Under the travel-related expenses, that's going to include anything from the conference expenses, the symposium, the TML Conference, any of our training for staff. The category as a whole we're up about 13.5%. That also includes travel for our face-to-face visits, our loss control visits.

Under the member-related expenses, you're going to see a very minimal increase there. This includes any of our sponsorships at conferences. This includes expenses for things like annual report, our newsletters, it also includes our grant and scholarships program that we offer to our Members and legal hotline. Under the administrative expenses, we've got a decrease of about 8% and the biggest portion of that is going to be the depreciation. When we came into this building a little over 5 years ago, the furniture and equipment is now fully depreciated. So, that is off of our expense side now, so that's where you're going to see the biggest decrease there. Under the office and equipment supplies we had budgeted last year for new surfaces, since it is not budgeted this year, it shows as a decrease.

Under the professional expenses, you're going to see around a 7% decrease and that, the biggest thing is our actuarial studies, including capital adequacy, we've done it a little more frequently in the last couple of years. We usually try to give three to five years, but that is not budgeted for this year.

Any questions?

Motion to Adopt the FY 2026 General & Administrative Budget made by Mayor Preece, seconded by Mayor Holden. MOTION PASSED UNANIMOUSLY

IV. Contracts

Michael Fann – Thank you, Mr. Chairman, this is our practice in June, we go through our maintenance contracts, if you will, and you can see, if you have not had a chance to look through it already 24 of those

listed and I believe we've got three new contracts. Let me just walk through these very quickly and then I'll be happy to answer any questions or some of it can be referred to other staff.

Item 1 - The BLR contract is a service that we provide all of our Members, many of who are HR directors, risk managers and safety personnel use EHS Hero and HR Hero.

This is something that's been going on for a number of years. Proposed amount this year is \$80,000 for that service. I will say we also provide access to some of the MTAS consultants as well.

Item 2 - Our workers' compensation audit contract. Research Technical Services (RTS) estimated amount this year for all of our workers' compensation audits \$165,000.

Item 3 - The next one, the origami risk is our online claims management system. This will be a new contract that you have. There are three contracts at the back of this section that we will point these out again. Roughly a little over \$500,000 annually with our system, you'll also see additional items included, if needed. The total request is not to exceed \$600,000.

Item 4 - Also, our IT infrastructure, server infrastructure, with Flexential. Estimated contract for the coming year of \$120,000.

Item 5 - Also on the IT end of things, our LBMC Technology contract, \$120,000 in firewall support, CRM support and licenses and disaster for recovery and we are asking for budget contract not to exceed \$120,000.

Item 6 – Claims Medical Bill & Utilization Review (Careworks). Again, it's based on a fee schedule and this is the program that is part of our workers compensation program.

Item 7 – Similarly, On the top of next page Data Dimensions contract. The estimated fee on electronic claims payments is \$35,000.

Item 8 - Is our contract with Sanderson for assistance with Medicare Secondary Payer Services set asides. Again, it's a three-year contract. Automatic renewal, estimated fees FY 26 is \$250,000.

Item 9 - The next one talks about our annual reinsurance coverage. You will remember in February, this board approved our new contract with Arthur J. Gallagher for a new three-year contract for reinsurance placement brokerage services. With that, I want to introduce Michele Fassbender, and get her to say hello.

As a part of the new three-year deal. We had a five-year contract that lapses on June 30th and to get that contract within the three-year board policy for contracts we are starting that on July 1 and Michelle will be assisting us with our claims consulting. We get a number of requests from reinsurance on, obviously the big claims, the catastrophic claims we get, she's going to be assisting the leadership team, in kind of understanding that process moving forward with our reinsurance program. But anyway, our annual reinsurance coverage, we will be, we are just bound coverage for July 1 for our workers' compensation reinsurance with Safety National Casualty Corporation at a little over \$1.9 million. That is a flat renewal. Also, with Safety National for July 1, for our liability reinsurance. That is a little over \$1.5 million dollars in reinsurance coverage. That represents a 2% and 3% increase in that area. Most of that increase obviously goes to our high-risk areas, like law enforcement and auto. Our property reinsurance coverage does not, as most of you know, does not renew until October 1st. We've got estimates for October this year, that help in our renewal just past October we renewed at \$17.5 million. One of the things I would like to say, as it relates to property insurance, our broker had recommended, for a number of years, for us to kind of get face to face with London market underwriters and we finally put that together. Just last

month Amanda and I stayed for three and a half days meeting with underwriters at Lloyd's in the London market. We feel as we have put in here, we feel very good about our October 1st renewal coming up. As it says, expected flat or maybe a small, estimated increase. But one of the things we were able to do in that series of meetings, I think we met 16 or 18 underwriters over there, many of whom were already on our property program. That's a good thing for us to see them face to face and for them to know how serious we are about our program and about controlling losses. But maybe the bigger piece of it, we met with a number of underwriters who are not on our program currently and now want to be, so they could kind of see our seriousness and they're wanting to compete. Obviously competition for reinsurance, especially at our higher layers lowers costs so, we're hopeful and obviously we'll keep you comprised of the developments as we move forward 10/1, but we feel pretty good pretty close, not flat, pretty close to a flat renewal on 10/1 and we've had claims, as you all know. Expected storms and hailstorms. So, if we could get through the rest of this renewal period without raising too many eyebrows, looking at the cost of reinsurance, or property, as opposed to more. Any questions about that at all? Amanda, do you have anything else on our visit with our London markets?

Amanda Shrum - The only thing I can say is that from all 18 that we met with, probably 17 of them pretty much acknowledge the fact that it was kind of the buyers market and there would be competition. There was only one that gave any type of indication, we just don't know what we're going to be, you know. Maybe that's just the way the rest of them. Really, I don't know it, but we're pretty open to the fact that, you know, we're not on the same market either last year.

Michael Fann - They stressed the amount of capital that has fallen into the reinsurance market, especially in the US. Because I think all of us after the wildfires and other things this past winter, we're expecting hardly any additional capital has created some competition.

Any other comments, thoughts?

Ok, we'll move on. Our claims administrator, Public Risk Services 2026 contract amount \$6.16 million. That includes an automatic annual increase of 2.9%.

Item 11- Our sponsorship contribution to the Municipal League is a flat fee again this year at \$1 million. You'll note that beginning next year it will go to the formula, as has been previous years. To be calculated at 1.5% of the previous year's net premiums, premium net reinsurance.

Item 12 - Employee group medical insurance. Big congrats for Celeste continuing to help us maneuver this market the agreement this coming year is \$712,000 with an additional contribution to HSA's.

Item 13 - Property appraisal services that we've had a contract with Huber and Lamb for many years. Estimated '26 amount \$822,000.

Item 14 and 15, let me say a quick word about the relationship that we have with Russ and his team.

As you know, a few years ago, this board passed a contracts policy. And at the time, there was essentially the two contracts with Farrar & Bates & Berexa for the general Counsel services, lobbying services. There was the Gallagher reinsurance brokerage contract. And there was my contract, that were grandfathered in who had already entered that were longer than the three years. Mine is kind of moot as I only have two years left in it. So that kind of that solves that. But, Gallagher when we redid the brokerage relationship, put it out for RFQ this year. We determined it is going to be a three-year contract, so that solves itself on 7/1 and I just want to thank publicly, Russ and his team, I just went to them and said is there anyway we can renegotiate this too to be contracted within the three-year policy for the board they agreed to do that they didn't have to. But I think that shows you what kind of teammates we

have with these folks. So, I want to thank Russ and Team for that. So, we have those two policies along with the Origami contracts following this item, but I think that shows what we have in this partnership, also just the amount of, I know we were laughing about it before, the amount of work that went into this legislative session, had to be the most difficult in 30 years, or at least in my 30 years. But we stayed on it, his team stayed on it. You guys stayed on it, contacting your legislators to make sure we didn't have adverse results and we'll have to be ready again come January. I want to thank him for that. And the general Counsel contract \$397,662 dollars and then the government affairs contract at \$264,234. To any comments or questions about that.

Russ Farrar –Hello everyone. Michael and I spent a lot time going all over the state meeting with legislators then making a call directly boots on the ground and that includes boots on the ground from allies that worked with us and I think Michael deserves a lot of credit for that. He listens to input we work together as a team and I also want to thank Kristin and Casey for being here. I appreciate them being general counsel. They are as much of the general counsel as I am. They are on top of everything and I appreciate them more. I know it's crazy to say but I'm looking forward to working with Michael on this next session.

Michael Fann - Any comments, thoughts?

Item 16 - Is our relationship with UT MTAS Law Enforcement management program. Our estimated expense, we're asking for authorization is \$268,908. That partially funds two MTAS police management consultants.

Item 17 - Is our police online training program. That's a relationship that we have with Savant Learning and Virtual Academy we make available and I think we've got, right at 200 police agencies that utilize that program, that's a program that loss control folks administer. Estimated authorization is \$145,000.

Item 18 - Our relationship for media communications public relations with The Corporate Image is \$145,000 authorization. We've had that relationship for a number of years.

Item 19 - Audit Services here is going back to LBMC estimated contract \$78,500 for the audit of the current year.

Item 20 - Amanda already mentioned actuarial services so we'd like to go back to Price Waterhouse Coopers and their pool specialists. Our contract amount for 2026, \$68,000, including a reserve study of \$44,000, rate study at \$24,000. We elected not to do a capital adequacy study because we've done them much more frequently in the last few years.

Item 21 - Our employee group Life Accident Disability \$50,000 authorization.

Item 22 - The Symposium educational event estimated amount of 2026 \$150,000.

Item 23 - Our employee long-term care is with UNUM estimated amount \$185,000.

Item 24 - Our fiber and coax network, Comcast estimated 2026 budget amount \$60,000. And then again would like to say 3 contracts that will renew as of 7/1 are there for your consideration as well

Mr. Chairman, I'll be happy to answer any questions.

Motion to approve made by Vice-Chair Lay for Key Contracts / Agreements seconded by Commissioner Tharpe. MOTION PASSED UNANIMOUSLY

Motion to approve made by Vice-Chair Lay for Origami Contract seconded by Todd Smith. MOTION PASSED UNANIMOUSLY

Motion to approve made by Mayor Holden to approve Farrar & Bates – General Counsel Contracts seconded by Mayor Preece. MOTION PASSED UNANIMOUSLY

Motion to approve made by Mayor Preece for Farrar & Bates Lobbying contract seconded by Vice-Chair Lay. MOTION PASSED UNANIMOUSLY

Michael Fann – Thank you all very much.

V. Board Member Appointment

Michael Fann - Yes, Mr. Chairman, just a couple of comments to go into this. As you know, bylaw changes for the past four years, we held an open nominations process and received a number of very good nominations from our membership. I think there's a total of 10 that ended up qualifying one that's not qualifying, but we have two members who are eligible for, actually have three who are eligible for three-year reappointment. Mayor Preece, as you all know, has elected to step down from the board. Certainly, want to thank her, we will do so in more formal setting in our September meeting, but Mayor Preece, thank you for all work. Todd Smith and Brian Stover are eligible for reappointment, and then we have 10 folks that we will walk through that are also going to qualify for appointment to this board. As you know this year is a little unusual for a number of reasons, but specifically because we added a bylaws requirement that once this board votes on new board members, then we present that at an Insured member meeting at our Symposium, well that Symposium typically occurs in August. This year it doesn't occur until October, and so there is an extended period of time until our Members will get to vote up or down on the nominations at this point. So technically our board year runs till the end of August, our Chairman Mayor Brundige, Vice-Chair Lay, will continue in those roles really through the September meetings. I want to make sure everyone is clear on that. And also, that both Mayor Brundige and Mayor Preece would stay on our board through that September meeting, so that no change in the board will really occur until after that October Symposium meeting. That means it'll be December board meeting before we elect new chair and vice chair. Hope that's clear. But this should be the only year, generally our intent, I think I'm right Carly, is our Symposium will go back to August next year once they obviously finish all of their remodels.

So, with that Mr. Chairman, I don't know if you want to take up with our board to reappoint Mayor Stover and Todd Smith?

Motion made by Vice-Chair Lay to reappoint Mayor Stover and Todd Smith seconded by Commissioner Tharpe. MOTION PASSED UNANIMOUSLY

Michael Fann - So, then the next, you'll look behind Tab 5, we have ten names. Many are great friends of this organization. A lot of qualified people. Obviously with Mayor Brundige rolling off in West

Tennessee, elected official. Mayor Preece rolling off as a East Tennessee elected official that also plays a role since our bylaws suggest and our desire, is that we be diverse across the state. And so, with those things in mind, I'm assuming you've all had an opportunity to review. We have Keith Morrison Administrator of Algood, Mayor Edwards, City of Cedar Hill here in Middle Tennessee, Mayor Donna Hartman of Fayetteville here in middle Tennessee, Jeannie Anderson City Manager, Niota, Tennessee, Mayor Warren Gooch, City of Oak Ridge, East Tennessee, Blake Walley City Manager Savannah West Tennessee, Marc Woerner, Town Administrator in Atoka, and then the last three, Town Manager of Englewood, Joe Cline and Mayor Ron Williams, Town of Farragut, East Tennessee and finally Mayor Jason Turner of Jasper, also in middle Tennessee.

So, those are your candidates for these two new appointments to be on board.

Mayor Holden made a motion to nominate Blake Walley of Savannah and Mayor Gooch of Oak Ridge, seconded by Vice-Chair Lay. Discussion ensued. The motion passed with Councilmember Hardison and Mayor Preece voting against.

VI. Reinsurance Update

Michael Fann - We talked a little bit about this. Just to make sure we're all the same page, our workers' compensation and liability reinsurance through 7/1. We have elected to stay with Safety National, who we have been with a number of years on workers' compensation, a lesser number years on the liability side. As we mentioned earlier, the workers' compensation renewal is flat. Rate the liability is less than 3%. So, we felt very good about our renewal with Safety National, we just found out last Thursday. So it'll go into effect 7/1 and as we talked a little bit earlier regarding our 10/1 property renewal, we feel very good about that. In addition to Amanda going to meet with the London market underwriters, three of our reinsurance placement broker partners went with us and so they heard everything we heard and in meeting with the London markets, I think it was very, very important for us moving forward. They've been asking us to do that for a number of years and we've not been able to schedule that. We are also scheduling with our US partners. Trying to get in probably mid to late August a trip to Atlanta to meet with our US underwriters. So, there's a lot going on, but we feel really good about the market. Surprisingly, the market softened when we were expecting it to harden. And so we've got fingers crossed moving forward that we'll get pretty close to a flat renewal on our property. Any questions or thoughts, comments?

VII. Date of Next Meeting

Michael Fann reviewed upcoming events. Discussion of conflicts with the next proposed board meeting and potential dates was had. Wednesday, September 17th at 10 a.m. was agreed upon.

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

Motion made by Commissioner Tharpe to adjourn, seconded by Mayor Holden. MOTION PASSED UNANIMOUSLY

Randy Brundige, Chairman

Halie Gallik, Secretary