Utah Local Governments Trust

Strength. Stability. Service.

Administrative Board Meeting · Board Book

Friday · November 13, 2026 · 11:30 AM

Trust Board Room · 55 South Highway 89 · North Salt Lake · Utah 84054

Join via Zoom: zoom.us/j/9835774321 · Dial-In: (669) 900-6833 · Meeting ID: 983 577 4321

Prepared by Steven A. Hansen, CEO-CFO · Date Prepared: November 11, 2026

Trust Board of Directors

Executive Committee	**Christopher F. Robinson**, Chair · **Alison McCoy** · **Stephanie Miller**
Board Members	Carlton Christensen · Brian Horrocks · Scott Paxman · Caroline Rodriguez · Jeff Silvestrini · Mayor Kress Staheli

Agenda at a Glance

Item numbers match the posted agenda. Blue text is a link to the material.

#	Agenda Item	Board Action	Materials
1	Call to Order	—	—
2	Approval of August 6, 2026 Minutes	Motion	August 6, 2026 Minutes
3	Consent Agenda – Financials, Investments & Disbursements	Motion	Financial Statements 9/30/26 Investment Portfolio 9/30/26 MEMCO LDI Fund Performance FY26 (6/30/26) Management Fee Savings Disbursements Jul–Sep 2026
4	Potential Closed Session – Roll Call Pending or threatened litigation and/or the character, professional competence of employee(s), Utah Code Ann. §52-4-205	Motion	Closed Session Affidavit
5	Board & Executive Committee Annual Compensation Resolution	Motion	Board Member Compensation Resolution
6	Review and approval of Proposed Amended and Restated Interlocal Agreement to send to Members for adoption at December Board Meeting	Discussion; possible motion	Proposed Interlocal Agreement (draft 6/30/26)

#	Agenda Item	Board Action	Materials
7	Aon Report – Capital Adequacy	Information	Aon Report – Capital Adequacy (10/12/26) Key points – page 3
8	Profitability Analysis – Taylor-Walker Report	Information	Taylor-Walker Profitability Analysis (11/9/26) Key points – page 3
9	2027 Tentative Budget Adopt tentative budget; set public hearing for Friday, December 18, 2026, 3:00 PM, Alta Club, 100 East South Temple, Salt Lake City (parking at 164 East South Temple)	Motion	Exhibit B – Budget at a Glance Exhibit C – By-Line Budget 2027 Preliminary Budget (line-by-line & by-line) Taylor-Walker 2027 Budget Memo (11/9/26) Taylor-Walker 2027 WC Rate Study (11/9/26)
10	Board Discussion Items (Discussion only. Proposals to be presented March 26, 2027) a. Protecting the Trust's Surplus Against Catastrophic Loss · b. Reserve Confidence Level and Board-Designated Net Position · c. Performance-Based Member Dividend	Discussion	Exhibit D
11	Public Comment – Limited to 3 minutes per comment	—	—
12	Other Business & Member Discussion	Discussion	—
13	Upcoming Meetings	—	See page 4

Public Notice Information

This meeting of the Utah Local Governments Trust Board of Directors is held in accordance with the Utah Open and Public Meetings Act (Utah Code §52-4-101 et seq.). Meeting notice, agenda, and materials are posted as required by state law. Portions of this meeting may be closed pursuant to Utah Code §52-4-205.

KEY POINTS

Item 7 · Aon Report – Capital Adequacy

Aon Report – Capital Adequacy dated October 12, 2026; data as of December 31, 2025

- Net position of $120.5 M against a $55.9 M target under the Board's 2015 policy (loss reserves-to-net position of 1-to-1), leaving $64.6 M discretionary: Liability $36.9 M, Workers Comp $27.6 M, Property at target.
- Aon advises deferring dividends and reevaluating over the next three to five years, citing economic uncertainty, rising excess insurance costs and the $5 M property retention. The Trust has since lowered its property and liability retentions to $2 M per loss (July 2026) as the soft market continues. Any release should be slow, over 5 to 10 years; Aon calls the captive (planned for 2027) an appropriate use of discretionary funds.
- Efficient operations: a 2025 expense ratio of 17% vs. about 25% for the industry, roughly $2.7 M a year in savings for members.

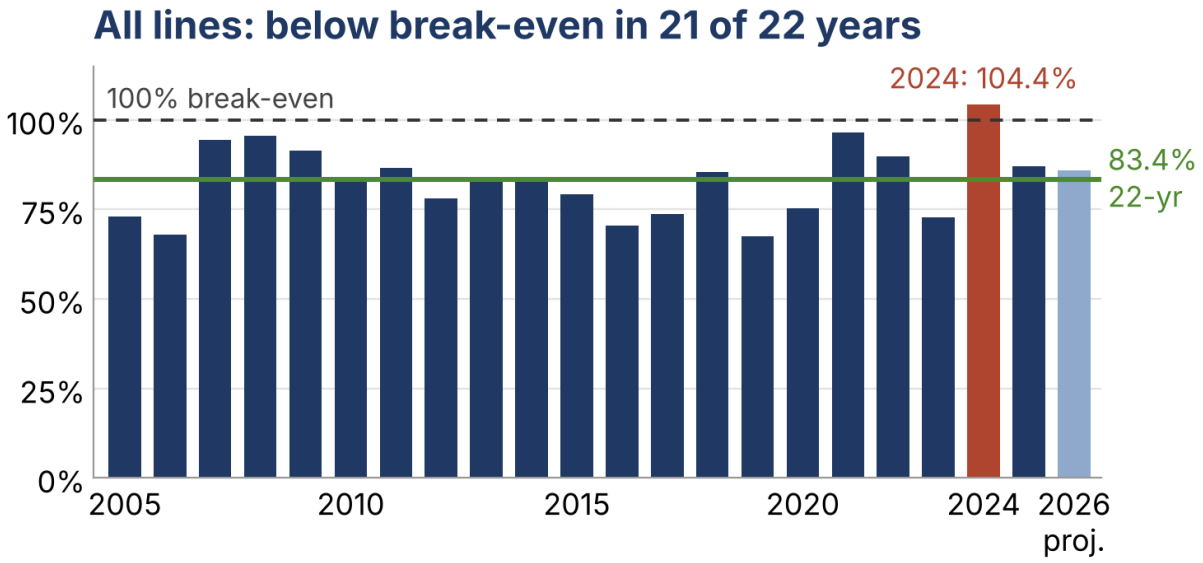
Item 8 · Profitability Analysis – Taylor-Walker

Taylor-Walker profitability analysis dated November 9, 2026; data as of June 30, 2026, with projections for 2026 and 2027. Ratios are overall combined ratios (Column 14), which include investment income. Below 100% means the Trust took in more than it spent.

- Long view: performance in insurance is measured in blocks of years, not one year at a time. From 2005 through 2026 the Trust's overall combined ratio is 83.4%, and 90.1% over the last five years, a span that includes Property's hardest year since that program began in 2010. Taylor-Walker projects 86.0% for 2026 and 86.7% for 2027, and notes recent-year estimates are conservative and tend to improve as claims mature.

Overall combined ratio	2021	2022	2023	2024	2025	5-Year	Since 2005
Liability (GL & Auto)	107.4%	89.9%	52.2%	100.1%	67.8%	82.6%	80.9%
Property & Auto PD	91.3%	86.4%	88.7%	134.4%	88.7%	99.0%	84.7%*
Workers Comp	89.5%	93.8%	80.1%	66.5%	111.7%	88.6%	85.1%
All lines	**96.6%**	**89.9%**	**72.9%**	**104.4%**	**87.1%**	**90.1%**	**83.4%**

5-Year is 2021–2025, premium-weighted from the Taylor-Walker exhibits. Since 2005 runs through 2026 projected. *Property & Auto PD since 2010, when that program began. Chart: all lines, Taylor-Walker Exhibit 5. The 2027 projection predates the LDI estimate.



- Many lines, one strong pool: insuring several lines together lets the Trust absorb a hard year in one line without passing it on to members. In 2024 Property ran 134.4%, while Liability (100.1%) and Workers Comp (66.5%) held the pool to 104.4%. In 2025 it was Workers Comp's turn at 111.7%, and Liability (67.8%) and Property (88.7%) brought the pool to 87.1%. That strength, built over two decades of disciplined management, is what prepares the Trust for the harder years ahead.
- Retentions by design: moving to a $5 M property retention on July 1, 2024 saved about $2.5 M a year in reinsurance premium and kept large losses from passing through to reinsurers and driving extended price increases. Property absorbed the hard 2024 year in its first year at the retention, the kind of year the retention and the Trust's surplus are built for. In July 2026, as a strategic response to a softening market, the Trust lowered its retentions from $5 M to $2 M per loss on both Property, at a cost of about $250,000, and Liability, at a cost of about $800,000; the 2027 budget carries $1.11 M for Liability reinsurance.

Item 13 · Upcoming Meetings

- Friday · December 18, 2026 · 3:00 PM — Administrative Board Meeting, Alta Club (2027 budget public hearing and adoption)
- Friday · December 18, 2026 · 5:30 PM — Board Dinner, Alta Club

2027 (tentative)

- Sunday–Wednesday · March 7–10, 2027 — AGRiP Governance Conference, New Orleans, LA · Conference details
- Friday · March 26, 2027 · 11:30 AM — Administrative Board Meeting (actuarial proposal: reserve confidence, Board-designated net position and member dividend; follows Item 10)

- Thursday · May 20, 2027 · 10:00 AM — Annual Meeting; 12:00 PM — Administrative Board Meeting
- Tuesday · June 15, 2027 · 6:30 PM — Board Orientation Dinner, Alta Club
- Wednesday · June 16, 2027 · 9:00 AM — Board Orientation Work Session (½ day), Alta Club
- Thursday · August 5, 2027 · 11:30 AM — Administrative Board Meeting
- Friday · November 12, 2027 · 11:30 AM — Administrative Board Meeting (2028 Preliminary Budget)
- Friday · December 17, 2027 · 3:00 PM — Administrative Board Meeting; 6:00 PM — Board Dinner, Alta Club

Exhibit A — Trust Financial & Membership KPIs

A.1 Financial Position

As of	Total Assets	Total Liabilities	Net Position
Dec. 31, 2025 (audited)	$194.0 M	$74.2 M	**$120.5 M**
Sep. 30, 2026 (unaudited)	$214.2 M	$85.9 M	**$128.3 M**

A strong net position supports the Trust's ability to pay claims, keep premiums stable, and protect member and public funds. Net position grew $7.8 M in the first nine months of 2026, equal to year-to-date net income. September figures are from the 9/30/26 Financial Statements. Net position also includes pension-related deferrals: at 12/31/25, $194.0 M assets + $0.7 M deferred outflows of resources − $74.2 M liabilities − $0.01 M deferred inflows of resources = $120.5 M (audited). The 9/30/26 total assets include the $0.7 M deferred outflows.

A.2 Membership & Premium Composition · as of November 10, 2026

Member Type	Members	% Members	Premium	% Premium
Cities & Towns	229	34%	$22.6 M	50%
Counties	8	1%	$5.4 M	12%
Special Service & Local Districts	430	64%	$16.8 M	37%
Total	**667**	**100%**	**$44.9 M**	**100%**

Cities and towns generate just over half of premium, while special districts and counties make up about two-thirds of membership, a broad statewide pool that spreads risk and supports stable premiums. Percentages are rounded.

A.3 Key Financial Ratios

Ratio	ULGT	Benchmark	What it tells the Board
Combined Ratio	2025: 87.1% 2026 proj.: 86.0% After investment income. Underwriting only: 106.6% / 105.1%	Below 100%	Whether premiums and investment income cover claims and operating costs. Source: Taylor-Walker profitability analysis, 6/30/26 data (11/9/26).

Ratio	ULGT	Benchmark	What it tells the Board
Expense Ratio (2025)	17%	~25% industry	8 points below industry, about $2.7 M a year in savings for members (Aon, 10/12/26).
Loss Reserves-to-Net Position (2025)	0.46	1.00 adopted target	Well below the Board's 2015 target, so net position is above what reserves require (Aon, 10/12/26).
Net Position to Premium	**2.94**	—	The Trust's cushion relative to program size (9/30/26 net position ÷ 2026 projected premiums).

Exhibit B — 2027 Preliminary Budget at a Glance (Agenda Item 9)

Bottom line: the 2027 budget adds $8.89 M to net position: $1.85 M more than the 2026 budget ($7.03 M) and $2.51 M less than the 2026 projection ($11.40 M). Insurance operations alone show a $2.12 M loss; investment income of $11.01 M covers it, and every line of coverage ends 2027 positive (Exhibit C).

Tentative budget for adoption November 13; hearing and final approval December 18, 2026. Compared with the **approved 2026 budget** (the plan) and the 2026 projection (9/30 year-to-date annualized: what is actually happening), which ties to the 9/30/26 Financial Statements (Item 3). By line: Exhibit C.

	2026 Budget	2026 Projected	2027 Budget	% vs. 2026 Budget	% vs. 2026 Projected
Member Premiums	42,680,701	43,583,288	42,889,678	+0.5%	-1.6%
Less: Reinsurance	(7,512,909)	(7,590,502)	(8,355,975)	+11.2%	+10.1%
Net Premiums	**35,167,792**	**35,992,786**	**34,533,703**	**-1.8%**	**-4.1%**
Administrative Fees	954,567	567,085	601,442	-37.0%	+6.1%
Investment Income	7,727,923	7,905,805	11,011,539	+42.5%	+39.3%
Change in Fair Value of Bonds	0	(1,773,942)	0	—	—
Total Revenue	**43,850,282**	**42,691,734**	**46,146,684**	**+5.2%**	**+8.1%**
Claims (net of recoveries)	22,962,083	16,970,308	23,595,921	+2.8%	+39.0%*
Loss Adjustment Expense	7,333,872	8,458,628	7,141,773	-2.6%	-15.6%
W/C Premium Tax	182,035	207,407	213,630	+17.4%	+3.0%
General & Administrative (incl. depreciation)	6,337,579	5,658,828	6,308,021	-0.5%	+11.5%
Total Expenses	**36,815,570**	**31,295,172**	**37,259,345**	**+1.2%**	**+19.1%***
Change in Net Position	**7,034,713**	**11,396,561**	**8,887,339**	**+26.3%**	**-22.0%**

Expenses as a % of net premiums: 2027 Budget 107.9% · 2026 Projected 86.9% · 2026 Budget 104.7%

Investment income = LDI (Liability Driven and Insurance Fund), bond and PTIF interest, bank sweep and other revenue. Unrealized changes in the fair value of bonds are not budgeted for 2027. Reinsurance is a contra account: a larger negative means it cost more. *2026 projected claims are nine months annualized, net of $1.6 M of deductibles and recoveries the budget excludes.

What Is Driving the 2027 Budget

1. **Premiums —** $42.9 M, +$208,977 (+0.5%) vs. the 2026 budget. Set to Taylor-Walker's 2027 estimates used in the Trust's pricing model (v3, 11/9/26): Liability $14.51 M, Property & Auto PD $17.18 M, Workers Comp $11.09 M (+11.1%).

2. **Reinsurance —** $8.36 M, cost up $843,066 (+11.2%) vs. the 2026 budget. Liability is 12 × the September charge, $1.11 M (+$798,750, with the $2 M retention); Property/Auto is the 2026 projection plus 5%; Workers Comp held at the 2026 projection (−$212,415, −37.1%).

3. **Claims —** $23.6 M, +$633,838 (+2.8%) vs. the 2026 budget, per the actuaries' estimates; deductibles and recoveries not budgeted (Exhibit B note).

4. **Loss adjustment expense —** $7.14 M, −$192,099 (−2.6%), per the actuaries' estimates.

5. **Investments & operations —** Investment income $11.01 M (+42.5%), per the Investment Portfolio report (Item 3; $8.91 M before LDI). G&A $6.31 M: −0.5% vs. budget but +11.5% vs. projection; wages $2.24 M vs. $1.86 M projected (15% growth + $100,000 incentive).

Changes Worth Discussing

Other lines moving more than $100,000 and 10% vs. the 2026 budget:

- **Claims by line —** Workers Comp $9.01 M, +$1,319,566 (+17.2%); Liability $7.62 M, −$1,067,509 (−12.3%).
- **Loss adjustment expense —** Workers Comp legal costs $1.20 M, +$296,607 (+32.7%); four other adjusting-expense lines fall a combined −$908,548 (each −21% to −37%).
- **Investment income —** LDI interest $4.53 M (9.05% on $50 M for all of 2027; $25 M invested today, the rest in Q1 2027; MEMCO report); net gain over today's portfolio about $2.1 M. Bond interest $3.72 M, −$1,036,781 (−21.8%).
- **Administrative fees —** $601,442, −$353,125 (−37.0%). Property and surety bond fees budgeted for 2026 ($366,812) have not materialized; Property's 2027 fee is set to $0.
- **Operations —** Office & facilities $948,593, +$288,593 (+43.7%), set to actual cost; professional services $1.29 M, −$211,514 (−14.1%), with property appraisals at $219,500.

Exhibit C — By-Line Budget (Agenda Item 9)

2027 Budget

	Liability	Property & Auto	Workers Comp	Vision, Dental & Other	Total	vs. 2026 Budget	vs. 2026 Projected
Premiums	14,508,566	17,182,972	11,090,035	108,105	42,889,678	▲ $209K 0.5%	▼ $694K 1.6%
Reinsurance Costs	(1,109,000)	(6,887,429)	(359,546)	0	(8,355,975)	▲ $843K 11%	▲ $765K 10%
Net Premiums	**13,399,566**	**10,295,543**	**10,730,489**	**108,105**	**34,533,703**	▼ $634K 1.8%	▼ $1.46M 4.1%
Administrative Fees	0	0	0	601,442	601,442	▼ $353K 37%	▲ $34K 6.1%
Total Operating Revenue	**13,399,566**	**10,295,543**	**10,730,489**	**709,547**	**35,135,145**	▼ $987K 2.7%	▼ $1.42M 3.9%
Indemnity Claims	7,616,211	6,940,037	9,006,899	32,774	23,595,921	▲ $634K 2.8%	▲ $6.63M 39%*
Loss Adjustment Expense	5,184,915	249,798	1,707,060	0	7,141,773	▼ $192K 2.6%	▼ $1.32M 16%
State Premium Tax	0	0	213,630	0	213,630	▲ $32K 17%	▲ $6K 3.0%
Total Cost of Sales	**12,801,126**	**7,189,835**	**10,927,589**	**32,774**	**30,951,324**	▲ $473K 1.6%	▲ $5.31M 21%
General & Administrative	2,447,601	1,880,612	1,960,060	19,747	6,308,021	▼ $30K 0.5%	▲ $649K 11%
Total Expenses	**15,248,727**	**9,070,447**	**12,887,649**	**52,521**	**37,259,345**	▲ $444K 1.2%	▲ $5.96M 19%*
Income From Operations	**(1,849,161)**	**1,225,096**	**(2,157,161)**	**657,026**	**(2,124,200)**	▼ $1.43M	▼ $7.39M
Investment Income	5,891,173	1,651,731	3,413,577	55,058	11,011,539	▲ $3.28M 42%	▲ $3.11M 39%
Change in Net Position	**4,042,012**	**2,876,827**	**1,256,416**	**712,083**	**8,887,339**	**▲ $1.85M 26%**	**▼ $2.51M 22%**
Starting Net Position	71,956,768	14,582,280	44,424,505	890,254	131,853,806		
Ending Net Position	**75,998,780**	**17,459,107**	**45,680,921**	**1,602,337**	**140,741,145**		

Arrows: green favorable, red unfavorable. *2026 projected claims are nine months annualized and net of $1.6 M of deductibles and recoveries. Starting net position of $131.9 M is the projected 12/31/26 balance; the $128.3 M in Exhibit A is the 9/30/26 actual (nine months).

2026 Projected

	Liability	Property & Auto	Workers Comp	Vision, Dental & Other	Total	vs. 2026 Budget
Premiums	15,502,088	17,480,757	10,492,338	108,105	43,583,288	▲ $903K 2.1%
Reinsurance Costs	(671,500)	(6,559,456)	(359,546)	0	(7,590,502)	▲ $78K 1.0%
Net Premiums	**14,830,588**	**10,921,301**	**10,132,791**	**108,105**	**35,992,786**	▲ $825K 2.3%
Administrative Fees	0	(34,357)	0	601,442	567,085	▼ $387K 41%
Total Operating Revenue	**14,830,588**	**10,886,944**	**10,132,791**	**709,547**	**36,559,870**	▲ $438K 1.2%
Indemnity Claims	4,731,715	4,758,602	7,448,171	31,820	16,970,308	▼ $5.99M 26%
Loss Adjustment Expense	5,617,429	272,474	2,568,725	0	8,458,628	▲ $1.12M 15%
State Premium Tax	0	0	207,407	0	207,407	▲ $25K 14%
Total Cost of Sales	**10,349,144**	**5,031,076**	**10,224,304**	**31,820**	**25,636,343**	▼ $4.84M 16%
General & Administrative	2,331,683	1,717,060	1,593,089	16,996	5,658,828	▼ $679K 11%
Total Expenses	**12,680,827**	**6,748,136**	**11,817,393**	**48,816**	**31,295,172**	▼ $5.52M 15%
Income From Operations	**2,149,761**	**4,138,808**	**(1,684,602)**	**660,731**	**5,264,698**	▲ $5.96M
Investment Income	4,229,605	1,185,871	2,450,799	39,529	7,905,805	▲ $178K 2.3%
Change in Fair Value	(949,059)	(266,091)	(549,922)	(8,870)	(1,773,942)	▼ $1.77M
Change in Net Position	**5,430,308**	**5,058,588**	**216,276**	**691,390**	**11,396,561**	**▲ $4.36M 62%**
Starting Net Position	66,526,460	9,523,692	44,208,229	198,864	120,457,245	
Ending Net Position	**71,956,768**	**14,582,280**	**44,424,505**	**890,254**	**131,853,806**	

Arrows: vs. 2026 Budget. Net position rolls forward from audited 12/31/25 balances by line (Aon Exhibit 2). “Other” = medical, life and surety-bond fees. G&A by net premium; investment income by Taylor-Walker’s yearly allocation (53.5/15/31/0.5%; prior year 59.5/5/35/0.5%).

Detailed account-level budget (2026 Budget · 2026 Projected · 2027 Budget): 2027 Preliminary Budget (line-by-line & by-line)

Exhibit D — Board Discussion Items (Agenda Item 10)

Introduction and discussion only. No action is requested. Every figure in this exhibit is an illustration to frame the conversation, not a recommendation. Management will bring an actuarially based proposal to the first Board meeting of 2027 (March 26, 2027).

Aon figures: Aon Report – Capital Adequacy dated October 12, 2026 (data as of December 31, 2025).

Background: Where the Trust stands — Aon Report (Item 7)

$ Millions	Liability	Workers Comp	APD & Property	Total*
Actual Net Position	$66.5	$44.2	$9.5	$120.5
Target (1-to-1 reserves)	29.6	16.6	9.5	55.9
Discretionary (Excess)	**$36.9**	**$27.6**	**$0.0**	**$64.6**

*Includes “Other” coverages ($0.2 M). As published by Aon; columns may not add due to rounding.

- **Aon’s guidance:** with macroeconomic uncertainty, rising excess insurance premiums, and the property SIR increase to $5 million per occurrence (July 1, 2024), it would be prudent to defer dividends and reevaluate over the next three to five years. Any release should be slow (5 to 10 years), because “it takes a long time to rebuild surplus that has been prematurely released.” Since Aon’s review, the Trust has lowered its property and liability retentions to $2 M per loss (July 2026), taking advantage of a soft reinsurance market that appears to be continuing.

10a. Protecting the Trust’s Surplus Against Catastrophic Loss · built for the bad year

“Rare” events are no longer rare in practice:

When	Event
Mar 18, 2020	Magna earthquake, magnitude 5.7: the largest in Utah since 1992.
Sep 8, 2020	Wasatch Front windstorm: gusts over 100 mph (112 mph at the University of Utah); nearly 200,000 homes and businesses lost power; state of emergency.

When	Event
2024	27 U.S. billion-dollar disasters, about three times the 1980–2023 average of 9 a year; $182.7 billion in cost (NOAA).
Sep 2024	Hurricane Helene: 24.41 inches of rain on Mount Mitchell, against 16.5 inches for a "1,000-year" event; over $59.6 billion damage in North Carolina.
Jan 2025	Palisades and Eaton fires, Los Angeles: insured losses estimated at $28–45 billion.
Jul 4, 2025	Texas Hill Country flood: the Guadalupe River rose 26 feet in 45 minutes; 136 confirmed deaths.

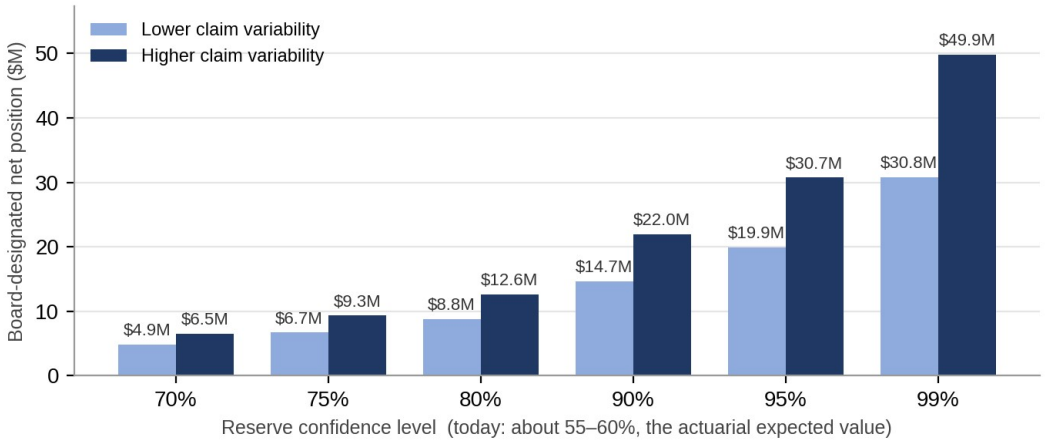
- **The math of "rare":** a 100-year event has a 1% chance in any one year, at one place, for one peril. With just 20 such independent exposures, the chance at least one hits in a given year is 18%; over 10 years it is 87%. The Trust covers many more than 20.
- **Today's reserves are set at the actuarial expected value, about a 55–60% confidence level.** That leaves roughly a 40–45% chance that claims ultimately cost more than booked.
- **2025 was a reminder:** prior-year reserves developed adversely by $4.1 M, the only significant adverse development in the ten years Aon reviewed. Property net position fell from $15.0 M (2023) to $9.5 M (2025) as the Trust took on the $5 M retention (Aon Exhibit 4).
- **Investment income is already doing the heavy lifting:** about $8 M a year earned on surplus brought the overall combined ratio to 104.4% in 2024, 87.1% in 2025 and 86.0% projected for 2026 (Taylor-Walker, 6/30/26 data). Shrinking surplus shrinks that income.
- **Commercial markets come and go:** carriers have cut capacity for public-entity and police liability, and some have left the line entirely. Members cannot walk away from policing, roads, or water, and the Trust will not walk away from them.

  The Trust's promise is to be here, in full, when (not if) something goes badly wrong. Surplus released in a single year can be gone in a single event, and rebuilding it takes a decade.

- **March 26, 2027:** with the proposal, management will present statistical simulations testing whether the Trust has the resources to keep its promises at 1-in-100, 1-in-500, 1-in-1,000, and more extreme scenarios, up to 1-in-1,000,000.

10b. Reserve Confidence Level and Board-Designated Net Position · illustration for discussion

- A concept for discussion: raise reserve confidence above today's 55–60% and set the added margin aside as **Board-designated net position**: committed to protecting claims, not booked as reserves, and not available for distribution. The target level will come with the actuarial study.



Confidence level	Board-designated net position	Discretionary funds remaining (from $64.6 M)
70%	$4.9 – $6.5 M	$58.1 – $59.7 M
75%	$6.7 – $9.3 M	$55.3 – $57.9 M
80%	$8.8 – $12.6 M	$52.0 – $55.8 M
90%	$14.7 – $22.0 M	$42.6 – $49.9 M
95%	$19.9 – $30.7 M	$33.9 – $44.7 M
99%	$30.8 – $49.9 M	$14.7 – $33.8 M

Illustration only, not a recommendation. It assumes the $55.6 M of total loss and LAE reserves at 12/31/25 (Aon) are booked at the expected value, with claim variability of 20% (lower) to 30% (higher) on a lognormal basis. Taylor-Walker's actuarial analysis, presented with the proposal on March 26, 2027, will replace these figures.

10c. Performance-Based Member Dividend · concept for discussion; proposal March 26, 2027

- Management is developing a plan for a **performance-based dividend** to members, earned through longevity and loss performance. It is a dividend, not a refund of premium.
- One possible shape: after the Board-designated net position is set aside, a **small, stand-alone** dividend consistent with Aon's guidance, with the amount reviewed with Aon first.
- Possibly allocated by **longevity of membership** and each member's **5-year loss ratio in bands** (see Interlocal Agreement §6.3.6); funded from discretionary net position in any line of coverage; applied as a premium relief credit at renewal.