

**MINUTES OF THE VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND,
INC. BOARD OF DIRECTORS MEETING
VLCT OFFICE – MONTPELIER, VERMONT and VIA ZOOM
FRIDAY, APRIL 5, 2024**

Directors Present: Jackie Higgins, Aaron Frank, Bruce Urie (remote), Dave Atherton (remote), Kathleen Ramsay (remote), Rob Gaiotti (remote), Judy Frazier (remote), Patrick Moreland, Erik Wells, Bryan Young (remote) and Kelly Murphy

Staff Present: Joe Damiata, Fred Satink, Ted Brady, Seth Abbene, Kelley Avery and Peggy Gates

Other present: Carrie Rice and Emily Mann (Johnson Lambert)

President Higgins called the meeting to order at 10:01 a.m.

Upon motion (Frank/Moreland), duly adopted, the board voted unanimously to approve the meeting agenda.

Upon motion (Wells/Frank), duly adopted, the board voted unanimously to approve the minutes of the February 9, 2024 board meeting.

Joe Damiata provided a brief organizational update, including the following:

- In staff news, new Assistant General Counsel for PACIF, Julie McKenzie has started focusing on employment law, while Jill Muhr continues to work for VLCT part-time to assist with general HR inquiries. In addition, new IT Director Emmanuel Ajanma has been hired and will be starting at the end of April.
- An outside adjuster from Colonial Adjusting has been brought in to assist P & C claims with winter related claims. PACIF is also working with an outside firm, Disaster Recovery Services, to provide flood related damage estimates at wastewater treatment facilities.
- Underwriting staff is very busy with the Origami policy system implementation and testing and also worker's comp audits. The Origami claims system is set to begin development sometime in July.
- The sublease for VLCT's space is being finalized, and over half of the existing office space is being broken down to make way for the new tenants.
- Staff is working on finalizing a communication to PACIF members with dams in poor or unsatisfactory condition regarding coverage changes. The reinsurers confirmed they will not cover these dams for liability. Board members reiterated their support of this effort and confirmed if members do not take the proper steps to improve the condition of these dams, then PACIF should no longer cover them due to the extreme risk to the pool.

Fred Satink provided a brief summary of Invest EAP services available to PACIF members and highlighted some key service elements including an increase in member orientations, stable usage patterns amongst members and employees, and continued enhancement of the SECURE peer support program for first responders. Overall, the services provided continue to serve the membership well.

Mr. Satink announced to the board that he will be retiring July 1st but will be working on a limited part-time basis through December with his full retirement at year-end. Several board members expressed their gratitude to Mr. Satink for his years of service and wished him well.

Carrie Rice from Johnson Lambert provided training to the board on understanding financial statements. The training covered terminology, the key components of financial statements, including the balance sheet and income statements, and the required supplementary information included in financial audits. Ms. Rice also explained some basic accounting principles and policies as well as best practices regarding financial oversight and fiduciary responsibility.

Emily Mann of Johnson Lambert reviewed the results of the 2023 PACIF Audit. The firm issued a clean audit with no audit adjustments or material weaknesses in controls identified. Audited financials show PACIF's net position increased by 2% in 2023, primarily due to unrealized gains on investments.

Upon motion (Frank/Moreland) duly adopted, the board voted unanimously to accept the 2023 PACIF Financial Audit as presented.

Bryan Young reviewed the Report of the Joint Investment Committee. The committee met on March 15 to discuss year-end results with Dan Smereck and Lucy Rimsky of Strategic Asset Alliance (SAA) and representatives from Insight. Investment results were positive for both trusts at year-end and slightly outperformed the benchmarks. Dan Smereck also provided the committee with a high-level investment training which included trustee's investment responsibilities, an explanation of the pool investment process, errors trustees should avoid, and key pool investment objectives. Lucy Rimsky provided a peer group analysis, and Seth Abbene provided a brief update on VLCT's Municipal Re-Investment Pilot Program. Staff expects to have program proposals ready for the Trust boards to review at their June meetings.

Joe Damiata reviewed the Report of the Justice, Diversity, Equity and Inclusion (JDEIB) Workgroup. Board members Patrick Moreland and Kathleen Ramsay served on this workgroup. The workgroup met two times, with the first meeting consisting of a facilitated brainstorming session. The report outlines the collaborative process that was used among workgroup participants, the key steps involved, and detailed six key recommendations the workgroup developed based on their efforts. Some of these recommendations are already in process, while others would require Board approval through the 2025 budget development process. Mr. Damiata welcomed comments from Patrick Moreland and Kathleen Ramsay regarding their involvement. Both thanked staff for their work in distilling the brainstorming session down to an actionable plan, and Mr. Moreland noted he found the workgroup to be an extremely rewarding experience.

Upon motion (Wells/Atherton) duly adopted, the board voted unanimously to accept the JDEIB Workgroup Report.

Joe Damiata provided a brief legislative update. S.213 regarding wetlands, river corridors and dam safety is still being discussed, however the section regarding dam liability has since been completely removed. VLCT testified in opposition to the bill when the dam liability section still existed. Staff intends to keep an eye on the bill for any changes that could impact members and the Trust.

Mr. Damiata also highlighted S.278 regarding prohibiting a comparative negligence defense in an action for a negligence claim relating to a sexual act or sexual misconduct. Although sexual misconduct claims are not common with PACIF, when they do occur, this bill could have an impact on cost.

Of most concern is H.55 regarding potential changes to worker's compensation laws with respect to firefighter cancer presumptions. The bill was passed by the House in the form of legislative changes to unemployment law only, and currently resides in the Senate Economic Development committee. The committee intends to add provisions to this bill regarding further changes to the firefighter cancer presumption, including potentially including all cancers, removing the age cap and requiring carrier payment for cancer screenings. The bill is still under development, and staff will be testifying before the committee on this bill. Staff will be keeping careful watch on this bill as it continues to evolve.

President Higgins presented a motion to enter into Executive Session to discuss worker's compensation claims with Claims Manager Peggy Gates.

Motion is hereby made (Higgins), pursuant to 1 V.S.A 313(a)(1)(E) and (F) that premature public knowledge concerning pending/probable litigation involving worker's compensation claims would place the fund at substantial disadvantage in that it involves confidential communications on matters of strategy, discovery, trial preparation and settlement or litigation options.

Motion made to enter into Executive Session (seconded, Frank), pursuant to 1 V.S.A 313(a)(1)(E) and (F) for the purposes of engaging in confidential communications made for the purpose of the Worker's Compensation Manager providing a confidential update to the Board of Directors concerning pending or probable worker's compensation litigation.

The board entered into Executive Session at 11:58 a.m.

Upon motion (Higgins/Frank), duly adopted, the board voted unanimously to leave Executive Session at 12:17 p.m.

Upon motion (Frank/Moreland), duly adopted, the board voted unanimously adjourn the meeting (12:17 p.m.).

There was no other business.

Respectfully submitted,

Fred Satink,
Assistant Secretary