

**MINUTES OF THE VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND,
INC. and VLCT EMPLOYMENT RESOURCE AND BENEFITS TRUST, INC. BOARD
OF DIRECTORS JOINT MEETING
VLCT OFFICE, MONTPELIER, VT and VIA ZOOM
FRIDAY, JUNE 5, 2026**

Directors Present: Aaron Frank (P), Bryan Young (P/V), Todd Odit (P/V), Erik Wells (P), Charles Safford (P/V), Rob Gaiotti (P-remote), Bruce Urie (P/V), Judy Frazier (P – remote), Karen Barber (P – remote) and Nicolas Storellicastro (P/V)

Staff Present: Phil Latvis, Seth Abbene, Ted Brady, Phil Woodward, Fred Satink and Kelley Avery

Guests: Russell Young (Primmer, Piper, Eggleston & Cramer PC), Ron Smith (RHR Smith), and Michael Gilbar; Elizabeth Wideawake and Jillian Mulcahey (Johnson Lambert – remote - present for VERB-only portion)

President Frank called the joint meeting to order at 9:06 a.m. and welcomed director Judy Frazier back to the PACIF Board.

President Frank asked for a motion to approve the consent agenda with a change to omit Item 3.c., the Draft New Articles of Association Review Policy, as this new draft policy requires some additional revisions.

Upon motion (Storellicastro/Young), duly adopted, the board voted unanimously to approve the consent agenda as amended.

President Frank moved that the boards find that premature general public knowledge of contract negotiations between PACIF, VERB and VLCT regarding the Administrative Services Agreement would clearly place PACIF and VERB at a substantial disadvantage and further moved that the PACIF and VERB boards go into executive session to discuss contractual negotiations between VLCT, PACIF and VERB to include the General Counsel, Corporate Counsel, the Executive Secretary, Ron Smith and Michael Gilbar. **The motions were seconded by Todd Odit, all approved and both boards entered into executive session (9:07 a.m.).**

With the exception of Phil Woodward, all VLCT staff left the meeting. Director Barber also left the meeting.

Ron Smith left the meeting at 10:20 a.m.

At 11:08 a.m. the boards returned to open meeting. VLCT staff and Director Barber rejoined the meeting. VLCT interns Anna Spinale and Elizabeth Atherton also joined the meeting at this time and introduced themselves to the boards.

Under Information Items, President Frank asked the board members if they had any questions regarding these items. Director Odit asked Phil Latvis to provide some additional details regarding the AGRiP Recognition process and why AGRiP requested more information on VLCT negotiations. Mr. Latvis noted AGRiP asked for additional details, such as the timeline, and staff supplied this information along with details regarding the progress being made with the

PACIF/VERB/VLCT working group. Director Odit thought it was important for the PACIF board to understand that AGRiP was looking for a timeline on putting conflict free advice changes in place.

Seth Abbene provided a brief overview of the PACIF Q1 Financials. Net position for all fund years decreased by \$759,567 or 1% from year-end 2025. Revenues for the current fund year are up \$629,270 or 8.1% compared to this time last year, and current fund year general and administrative expenses are down \$7,371 or .3% below budget.

Upon motion (Storellicastro, Urie), duly adopted, the board voted unanimously to approve the First Quarter Financial Report.

President Frank reminded the board members that staff reports no longer need to be formally voted on and approved by the board.

Seth Abbene reviewed the PACIF 10 Year Financial Analysis. This analysis, presented each year, provides a high-level overview of the fund's performance using various Insurance Regulatory Information System (IRIS) ratios, over a ten-year period (2016 to 2025), which is helpful for assessing trust financial performance trends over that period. Despite adverse claims development over the last three years, the fund remains in strong financial and operational position.

Director Odit noted it would be interesting to see staff counts in relation to the illustrated expense ratios given the jump in administrative expenses that started in 2021 and continued through 2025. The board also noted it would be helpful to see additional details in upcoming meetings regarding the adverse claims development over the last three years, and staff suggested this be included as part of the claims reporting.

Phil Latvis reviewed Guy Carpenter's annual stewardship report. The broker has provided invaluable service to PACIF through its connections within the industry and its work to get PACIF the best possible premiums and terms with our reinsurers. They also provide a range of services at a reduced or no cost including catastrophe modeling, capital modeling, retention analysis, and reinsurance contract language review. Mr. Latvis also outlined the reinsurance renewal strategy for the 2027 renewal and ongoing target projects for the coming year, including addressing challenges presented with flood and cyber coverage.

Staff and the board briefly discussed the upcoming renewal for the Vermont Community Loan Fund promissory notes. These loans renew on July 15 and staff is suggesting renewing both PACIF and VERB at \$250,000 each for another year at 3.5%. Director Odit noted that upon recently reviewing the PACIF Board's investment policy, he does not feel this investment aligns with the current policy goals and objectives and believes the promissory notes should not be renewed. The board members were in general agreement.

Upon motion (Frank/Odit), duly adopted, the board voted unanimously to discontinue the promissory notes with the Vermont Community Loan fund.

Staff and the board briefly discussed the upcoming Strategic Planning session scheduled for June 26. Phil Latvis noted the PACIF Strategic Plan has not been updated for a few years. Although most of the existing goals are still relevant, the plan requires revision with some new direction

and increased focus. Staff will send a series of questions to the board in advance of the June 26 session so that the board members can come ready with their responses to facilitate a productive discussion. The goal moving forward is to have a subset of the PACIF Board, or a Strategic Planning Committee, which will advise and guide this process moving forward and report back to the PACIF Board sometime in the fall. President Frank noted he has spoken with Mr. Latvis on this suggestion and supports this approach rather than having an outside consultant involved. The board was in agreement with this suggested process.

In other business, Director Odit requested that staff, PACIF corporate counsel and the board general counsel review the investment policy to remove references to the local investing and suggested the updated policy be presented at an upcoming meeting. Director Odit also suggested the board consider reviewing its bylaws at some point to address the issue of allowing VLCT Board members to serve on the PACIF Board and whether this practice should continue. Director Barber noted this issue may best be addressed after the VLCT/VERB/PACIF working group concludes its discussions. Director Safford suggested that the timing be the purview of the President.

President Frank noted there was an illustration included in this meeting's board packet showing the relationship between VLCT, PACIF and VERB and believed this type of information is not appropriate to be publicly deployed during negotiations among the entities. Director Odit agreed.

Upon motion (Storellicastro/Safford), duly adopted, the board voted unanimously to adjourn the joint meeting (12:03 p.m.).

The board members broke for lunch.

President Safford called the VERB-only portion of the meeting to order at 12:25 p.m.

Present were directors Charles Safford, Nicolas Storellicastro, Bryan Young, Todd Odit and Bruce Urie. VLCT Staff present were Phil Woodward, Seth Abbene, Phil Latvis, Ted Brady and Kelley Avery. Russell Young was the only guest present.

President Safford requested a motion to approve the agenda but suggested moving forward on agenda items as the auditors from Johnson Lambert had not yet joined the meeting.

Upon motion (Odit/Young), duly adopted, the board voted unanimously to approve the consent agenda.

The board briefly discussed the Vermont Community Loan Fund renewal, which was also discussed during the joint meeting session. The board agreed with the PACIF Board's decision not to renew.

Upon motion (Odit/Young), duly adopted, the board voted unanimously not to renew the promissory notes with the Vermont Community Loan Fund.

Under Information Items, President Safford asked if the board had any question on the Q1 Financials or UI Modernization. There were no questions, but Kelley Avery provided the board with an update that she just received a communication yesterday from the Vermont Department

of Labor that they expect to go live with their new system in July. Ms. Avery subsequently sent a message to all UI Trust members yesterday to inform them of this new information.

President Safford appointed Bruce Urie, Todd Odit and Nicolas Storellicastro to serve on the VERB 2026 Nominating Committee as Bryan Young's term is expiring this year. There were no objections from the board.

Jillian Mulcahey and Elizabeth Wideawake joined the meeting remotely to present the board with their results of the 2025 VERB Financial Audit. Ms. Mulcahey reported this was an unmodified, clean audit for 2025 with no audit adjustments. Ms. Wideawake provided a brief overview of the audit procedures and financial results. As of 12/31/2025, the Trust's net position increased to \$4.8 million or 8.3% since year end 2024.

In other business, Director Odit requested that Trust general counsel and staff work to revise the VERB investment policy to remove the local investing language and to present the updated draft for approval at an upcoming meeting. The board agreed with this suggestion.

Upon motion (Young/Storellicastro), duly adopted, the board voted unanimously to adjourn the meeting (12:41 p.m.).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kelley Avery", with a stylized, flowing script.

Kelley Avery

Assistant Secretary

Link to Meeting Recording [here](#)