

**MINUTES OF THE VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND,
INC. BOARD OF DIRECTORS MEETING
(held concurrently with the VLCT Employment Resource & Benefits Trust Board)
VLCT OFFICE – MONTPELIER, VERMONT and VIA ZOOM
FRIDAY JUNE 6, 2025**

Directors Present: Aaron Frank, Dave Atherton (remote), Bruce Urie (remote), Rob Gaiotti (remote), Judy Frazier (remote), Erik Wells, Bryan Young, Charles Safford, Todd Odit, Kelly Murphy and Nicolas Storellicastro

Staff Present: Phil Latvis (remote), Ted Brady, Seth Abbene, Kelly Knotek, Jill George, Phil Woodward, Kelley Avery and VLCT interns Julia Keeton, Nolan McKew and Alex Gruden

President Frank called the meeting to order at 10:01 a.m. He announced there would be a slight change to the agenda to move item #10 to new item 5d.

Upon motion (Murphy/Odit), duly adopted, the board voted unanimously to approve the meeting agenda as amended.

Upon motion (Safford/Murphy), duly adopted, the board voted unanimously to approve all Consent Agenda items: the minutes of the April 4, 2025 meeting, the two-year extension of Guy Carpenter’s reinsurance broker services agreement, the Milliman contract/engagement letter and the 2025 board committee assignments as detailed in President Frank’s memo to the board dated May 29, 2025.

Under board governance, Jackie Higgins’s recent resignation leaves a director vacancy on the board. Bryan Young, Chair of the PACIF Nominating Committee, noted the committee recommends appointing current board alternate Nicolas Storellicastro to fill the remainder of her term as a full director. The board agreed.

Upon motion (Young/Atherton), duly adopted, the board voted unanimously to appoint alternate Nicolas Storellicastro to full board director.

Bryan Young went on to note Judy Frazier has also submitted her resignation recently and this leaves another director vacancy, along with two board alternate vacancies. Staff collected four nominations from applicants which were included in the packet: Karen Barber of Huntington, currently serving on the VLCT Board, Rene Bouchard of Roxbury, Daniel Towle of Huntington and Deborah Wright of Rockingham. Director Storellicastro recommended Karen Barber to fill Judy Frazier’s term, and the board agreed.

Upon motion (Storellicastro/Urie), duly adopted, the board voted unanimously to appoint Karen Barber as full board director to fill the remainder of Judy Frazier’s term.

The board discussed the remaining nominations. Ted Brady noted applicants Daniel Towle and Deborah Wright likely do not qualify for the board due to their current positions and background per requirements of the PACIF bylaws. Director Safford nominated remaining candidate Rene

Bouchard as alternate. The board agreed and requested staff solicit additional nominations from the membership in order to choose an additional alternate in the future.

Upon motion (Safford/Murphy), duly adopted, the board voted unanimously to appoint Rene Bouchard as board alternate.

Phil Latvis and Ted Brady provided an organizational update, including the following:

- With Fred Satink's retirement, Mr. Latvis has now taken on the responsibilities of the deputy director.
- Julie McKenzie has agreed to serve as the new Loss Control Supervisor.
- Interns Julia Keeton, Nolan McKew and Alex Gruden have been hired to work with VLCT for the summer.
- Staff are actively recruiting for a Senior Property & Casualty Claim position.
- Staff is progressing on wrapping up the Origami Policy system implementation.
- Staff has hired real estate advisor GB Architecture and is also continuing to work with contractor Betsy Bishop on finding or potentially building a new office space to share with other associations or organizations. The hope is to have a location chosen by year-end.

Jill George provided a brief summary of the Q1 claims report.

Upon motion (Well/Murphy), duly adopted, the board voted unanimously to accept the Q1 Claims Report.

Seth Abbene reviewed the preliminary Q1 financials. Net position increased 2.2% to \$67.2 million since year-end 2024. Revenues are up 7% largely due to higher contributions from increases in insured values and payrolls. General and administrative expenses increased 7.2% compared to this time last year due to member training, the grant program and modest staff salary and benefit increases. Investment performance was positive thus far in 2025 with the combined portfolio returning 1.88% (net of fees) for the quarter, which was 5 basis points ahead of the benchmark.

Upon motion (Young/Storellicastro), duly adopted, the board voted unanimously to accept the Q1 Financial Report.

Phil Latvis briefly discussed the current PACIF Strategic Plan and Business Plan. The Strategic Plan was last updated in 2024 and still reflects current goals and objectives. The Business Plan was updated in January of this year, but Mr. Latvis noted flood coverage should be added as an additional action item to bring it up to date. Mr. Latvis suggested moving a full revision of the Strategic Plan out another year so that he may familiarize himself more with PACIF priorities which will better enable him to provide guidance in this endeavor in the future. The board agreed to this recommendation.

Kelly Knotek 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. Ms. Knotek also outlined the reinsurance renewal strategy for 2026 renewal and ongoing target projects for the coming year.

Seth Abbene provided an overview of the findings from Willis Tower's Watson's review of the PACIF Actuarial Analysis Report. Overall, WTW's findings concurred and were generally aligned with Milliman's actuarial study except for a slight variation in law enforcement liability. This is a draft report, and the finalized report will be presented on the consent agenda for the next meeting for the board's approval.

Seth Abbene reviewed the updated Ten-Year Financial Analysis. This analysis provides a high-level overview of the fund's performance using various Insurance Regulatory Information System (IRIS) ratios, over a ten-year period (2015 to 2024), which is helpful for assessing trust financial performance trends over that period. Despite adverse claims development over the last few years, the fund remains in strong financial and operational position.

Upon motion (Odit/Gaiotti), duly adopted, the board voted unanimously to accept the 10-Year Financial Analysis.

Seth Abbene updated the board on the Vermont Community Loan Fund (VCLF) investment status. Last year the board contributed \$250,000 out of net position toward VCLF's social impact term account, along with the same amount each from VLCT and VERB. From this account, VCLF provides low interest loans to affordable housing developers toward construction or refurbishing low or moderate-income housing projects. These contributions (in combination with other VCLF capital in the affordable housing fund) have supported 259 construction jobs and the development of 302 affordable housing units over the last year. Given the positive impact, and PACIF's strong financial position, staff recommends PACIF continue this local investment for another year at a continued 3.5% interest rate and consider increasing the PACIF contribution to \$500,000. The board agreed.

Upon motion (Odit/Urie), duly adopted, the board voted unanimously to extend the investment in the Vermont Community Loan Fund in the amount of \$500,000 at 3.5% for another year.

President Frank presented a motion to enter into a joint Executive Session to discuss PACIF and VERB's corporate structure with general counsel.

Motion was made (Frank/Safford) to enter into a joint Executive Session pursuant to 1 V.S.A 313(a)(1)(F) for the purposes of engaging in confidential attorney/client communications regarding potential changes to PACIF and VERB's corporate structure, and potential amendment to their respective Articles of Incorporation and Bylaws, and to invite PACIF general counsel and Executive Director Ted Brady to the session.

The board entered into Executive Session at 11:24 a.m.

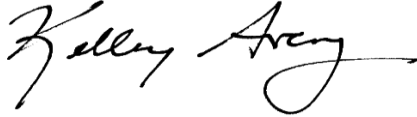
The board returned to General Session at 12:04 p.m.

In other business, Nominating Committee Chair Bryan Young noted Judy Frazier's recent resignation also leaves a vacancy on the VERB Board. In efforts to continue board consolidation, Director Young encouraged anyone on the existing PACIF Board who would also be willing to serve on the VERB Board to please let them know.

In closing, President Frank once again thanked Jackie Higgins for her service on the board and also thanked Judy Frazier and expressed his appreciation and gratitude for her years of service on the board as well.

Upon motion (Odit/Storellicastro), duly adopted, the board voted unanimously to adjourn the meeting (12:09 p.m.).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kelley Avery". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kelley Avery,
Assistant Secretary

Link to Meeting Recording:

https://us06web.zoom.us/rec/share/oY9O3f00uNV8NN6NcTlc4IQhukto_H--eL8csx2csdfHzWpaa5gHpM8E7-EA1znP.rPmoaKFIJGvoeuXu?startTime=1749218372000