

**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, FEBRUARY 6, 2026**

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

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

Guests: Julia Rosen (remote (11:02 a.m.) - Milliman

President Frank called the joint meeting to order at 9:03 a.m. and asked for a motion to approve the consent agenda.

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

President Frank asked for a motion to enter into Executive Session.

Nicolas Storellicastro moved that the Boards find that premature general public knowledge of contract negotiations between PACIF, VERB and VLCT regarding vendor contracts and 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 vendor contracts and contractual negotiations between VLCT and PACIF and VERB. **Mr. Storellicastro additionally moved** to invite Phil Woodward and Fred Satink to participate in the executive session. **The motions were seconded by Todd Odit, all approved and both boards entered into executive session (9:05 a.m.).**

Other VLCT staff left the meeting.

Director Karen Godnick Barber left the meeting at 9:18 a.m.

Director Wells left the meeting at 9:40 a.m.

At 10:34 a.m., Fred Satink left the meeting and the board returned to open meeting. VLCT staff and Director Barber also rejoined the meeting at this time.

As the executive session ended earlier than anticipated, President Frank suggested the board go out of order and asked Phil Latvis to provide a legislative update. Mr. Latvis presented a handout to the board of bills currently being tracked by the Risk Management Services team and pointed out bills of special note. Mr. Latvis noted an electronic version of the document would be supplied after the meeting.

Julia Rosen of Milliman joined the meeting remotely at 11:02 a.m. and presented an overview of the Actuarial Analysis and Reserve Adequacy as of 12/31/25. Milliman's central reserve

estimate for 2026 is at \$49,413,873, a reduction from the 2025 central estimate of \$50,179,263. This reduction was largely due to favorable claims development. Seth Abbene and Phil Latvis provided a memo to the board in advance of this meeting summarizing the actuarial analysis. Mr. Abbene noted Milliman's central estimate has been largely accurate over the last seven to eight years, and both he and Mr. Latvis recommend accepting the central estimate, which has been common practice, for the sake of stability and to avoid any volatility.

Upon motion (Safford/Odit), duly adopted, the board voted unanimously to accept the Actuarial Analysis of Loss and Loss Adjustment Expense Reserves as of 12/31/25 and approve carrying reserves at the central estimate of \$49.4 million.

President Frank noted the information items on the agenda and asked if the board had any questions, concerns or comments regarding the items. Director Storellicastro expressed his appreciation to staff for their hard work in completing the 2026 PACIF renewals and the member invoicing. Phil Latvis also provided a brief update that staff met with Origami yesterday and they plan to have the invoicing process revised by the end of the first quarter so that it goes far more smoothly for the next quarter.

Mr. Latvis also noted that the board had voted to appoint him as their representative to the NLC RISC Board at a prior meeting, but that this would leave a position open and vacant on the NLC Board until July. Staff is recommending the PACIF Board allow Ted Brady to complete the remainder of his term on the NLC Board so that Mr. Latvis may replace him at that point in time. The Board agreed to the request.

Director Odit also requested an update from staff on filling the Risk Management Services Deputy Director position. Mr. Latvis noted staff is working on some changes to the job description, and once that is completed the position will be posted.

In other business, **Nicolas Storellicastro proposed a motion** that the PACIF Board direct the Risk Management Services Director/Board Assistant Treasurer and VLCT Finance Director to expedite any requests from the PACIF Board Treasurer, Executive Secretary or RHR Smith as is required under Section I.E of the Administrative Services Agreement between VLCT and PACIF. **Mr. Storellicastro additionally moved**, due to the negotiations between VLCT and PACIF on related matters, that the following elements of the Three-Year Business Plan Updated January 2026 be stayed until such time as the PACIF Board votes to approve them. Specifically stayed are the following elements: 1) incorporate financially responsible local investing opportunities into PACIF's investment portfolio in ways that benefit PACIF members while maintaining liquidity and the financial health of the Fund; and 2) work with VLCT to perform a salary and compensation analysis that compares VLCT compensation to employee compensation at other leagues/risk pools. **The motions were seconded by Todd Odit and unanimously approved by the Board, with the exception of Director Barber, who abstained.**

Also in other business, Kelley Avery reminded the board that the NLC RISC Trustees Conference is fast approaching, scheduled for May 13 – 15. She requested board members please let her know as soon as possible if they're interested in attending as hotel bookings tend to fill up very quickly.

Upon motion (Safford/Odit) duly adopted, the board voted unanimously to adjourn the PACIF portion of the meeting (11:32 a.m.).

The board members broke for lunch.

President Safford called the VERB-only portion of the meeting to order at 11:56 a.m.

Present were directors Charles Safford, Todd Odit, Nicolas Storellicastro, Bryan Young and Bruce Urie. VLCT Staff present were Ted Brady, Phil Woodwood, Seth Abbene, Phil Latvis and Kelley Avery.

President Safford asked for an amendment to the agenda to move the executive session from Item 4 to Item 7 just after the health insurance update.

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

President Safford asked staff if there were any changes to the Q1 Administrative Contract Invoice. Seth Abbene noted there were none, and President Safford asked for a motion to accept the Q1 invoice.

Upon motion (Urie/Odit), duly adopted, the board voted unanimously to approve the Q1 Administrative Contract Invoice as presented.

Ted Brady provided an overview to the board on the health insurance investigation project, the scope of work as detailed in his memo to the board included in the meeting packet and also highlights on information obtained thus far. To date, roughly \$61,000 in legal and consulting fees has been spent of the \$100,000 the VERB Board agreed to allocate to the project, and the Department of Financial Regulation (DFR) is now willing to entertain an application from VLCT to provide fully-insured health insurance using the interlocal route. Mr. Brady anticipates there may be approximately \$20,000 - \$30,000 left in expenses yet to be invoiced for the legal work already incurred. Mr. Brady pointed out there is no way of knowing as yet if this project will save our members money. The legal consultant, after review of the VLCT, PACIF and VERB entity structures, recommended VLCT as the entity for providing the health insurance coverage. Subsequently, the VLCT Board at their last meeting approved allowing staff to pursue having VLCT incorporate and change its bylaws in order to move forward with the DFR on this project. The full amount of \$100,000 was included in the 2026 budget, but that was before initial expenses had been incurred starting in 2025. Staff is requesting the board allow for the \$100,000 allocated in the 2026 budget to complete this work, or at least for the remaining balance of that initial \$100,000 promised to be used to pay remaining expenses, and is also requesting approval for staff to move forward in pursuing this coverage under the VLCT Board's oversight or under VERB if that is the VERB Board's preference.

President Safford and the board made several inquiries of staff including the history of the old Health Trust, historical coverage under the Health Trust and its composition and the events which ultimately led to the Health Trust's dissolution. Kelley Avery provided some historical perspective and background details on these events and also noted although the Trust ultimately ended because it was no longer financially viable for VLCT or its members, VLCT members are

consistently requesting help from VLCT staff regarding health insurance costs and requesting we revisit health insurance options on their behalf. There was also discussion among board members and staff regarding the health insurance program being under VERB instead of VLCT.

Directors voiced their concerns regarding the project and whether or not the results may actually yield cost effective options for members, and Todd Odit also noted union contracts present a particular challenge when introducing a new health insurance option. Directors asked for health insurance plan and cost details, but staff pointed out the consultant has not yet obtained any quotes from carriers, so those specific details are not yet known. Phil Latvis pointed out that the goal in this venture should not be a short-term fix, and it would likely take two to three years or more before it's fully realized whether or not implementing a health insurance plan turns out to be cost effective. Staff's intention is to have a plan option available to market to members by July so that members may plan well in advance of the next calendar year renewal.

President Safford asked for a motion for executive session to discuss further in private.

Nicolas Storellicastro moved that the Boards find that premature general public knowledge concerning confidential attorney-client communications made for the purpose of providing professional legal services regarding vendor contracts and the Administrative Services Agreement would clearly place VERB at a substantial disadvantage and further moved that the VERB Board go into executive session to discuss the vendor contracts, contractual negotiations between VLCT and VERB and a potential allocation of \$100,000 for the health car study and to invited VERB's General Counsel to the executive session to provide related legal advice. **The motions were seconded by Todd Odit, all approved and the Board entered into executive session (12:44 p.m.).**

Other staff left the meeting.

The board returned to open meeting at 1:02 p.m. and staff returned to the meeting.

Upon motion (Storellicastro/Odit), duly adopted, the board voted unanimously to confirm authority to pay existing incurred expenses on the health trust investigation not to exceed a total of \$100,000.

Directors noted that the VLCT Board is welcome to move forward to pursue and finalize the health insurance project, but that the VERB Trust is not interested in being the vehicle for the project and/or the coverage and will no longer provide any additional funding for the project beyond the initially allocated \$100,000.

Directors also noted they may wish to revisit VERB's excess net position resulting from the dissolution of the Health Trust, the potential for possibly returning this net position to members and also potential modifications or changes to the Trust's existing bylaws and/or Articles of Incorporation.

There was no other business,

Upon motion (Storellicastro/Young), duly adopted, the board voted unanimously to adjourn the meeting (1:08 p.m.).

Respectfully submitted,

Kelley Avery

Assistant Secretary

Link to Meeting Recording:

<https://us06web.zoom.us/rec/share/2srSC3J2Su0v5u7xE6fgyXEUDvQBIABjgaUS4EUL42TewjZx9k9TpDccQFid2TM.InnJmBV5p14AQN4c>

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