

**MINUTES OF THE VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND,  
INC. BOARD OF DIRECTORS MEETING  
VLCT OFFICE – MONTPELIER, VERMONT and VIA ZOOM  
FRIDAY, OCTOBER 11, 2024**

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

Staff Present: Joe Damiata, Fred Satink, Ted Brady (remote), Seth Abbene, Phil Woodward, Kelly Knotek and Kelley Avery (remote)

Others Present: Steve DiCenso (Milliman)

President Higgins called the meeting to order at 10:00 a.m. and noted Ted Brady will discuss the Annual Meeting under Other Business. Ms. Higgins requested a motion to approve the agenda.

**Upon motion (Atherton/Gaiotti), duly adopted, the board voted unanimously to approve the meeting agenda as presented.**

**Upon motion (Safford/Urie), duly adopted, the board voted unanimously to approve the minutes of the September 19, 2024 special meeting.**

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

- Samantha Sheehan has been hired as a Municipal Policy and Advocacy Specialist to work with Josh Hanford.
- Town Fair was a great success with over 500+ attendees (including staff and vendors) in Killington this year.
- VLCT is hosting the NLC RISC Staff Conference this year, scheduled to take place October 20 – 23 in Burlington. Several staff will be attending and presenting.
- The Origami policy system is roughly 80% complete with the project tracking around \$140k over budget. The renewals, now known as “Value Collections” are in process, and staff have received positive feedback from members thus far. A draft Statement of Work on the Claims system should be ready by next week.
- The Department of Financial Regulation exam has encountered one issue so far regarding some missing Conflict of Interest forms. Staff already has a better system in place now with the DocuSign method for collecting these forms.

Fred Satink provided a brief update on renewals. With respect to new business, staff have received quote requests from Champlain Water District, the Northwest Regional Planning Commission and Orleans Village, which was previously a PACIF member. Staff have also received notice from Essex Town, the City of St. Albans and Newport Town that they intend to go out to bid.

Seth Abbene reviewed the unaudited financials through the second quarter. Net position increased by 2% from year-end, or close to \$1.3 million. This was due to an investment gain of \$1.1 million combined with an operating surplus of \$0.2 million. Revenues are up \$1.1 million compared to this time last year due to modest rate increases combined with an increase in exposures. General and administrative expenses are 20.1% higher than this time last year primarily due to costs for

the new Origami system and a modest increase on the VLCT administrative agreement. G&A expenditures are under budget by 5.9% as Origami expenses will increase in the third and the fourth quarters and finish the year in line with or slightly above budget. Current fund year claims paid and reserved are \$2.0 million or 28.1% over budget due to a large worker's compensation claim loss and upward reserve adjustments across several coverage lines.

**Upon motion (Atherton/Moreland), duly adopted, the board voted unanimously to accept the Q2 Financial Report.**

Fred Satink reviewed the second quarter claims report. Workers' compensation claims were higher in frequency for both the Q2 and all-quarter averages, and higher in cost for the Q2 average but lower for the all-quarter cost average. Property and casualty claim frequency was higher than the Q2 average and lower than the all-quarter average, while the cost was lower compared to both the Q2 and all-quarter averages.

**Upon motion (Frazier/Murphy), duly adopted, the board voted unanimously to accept the second quarter claims report.**

Bryan Young presented the Report of the Joint Investment Committee (JIC). The JIC met on September 13th. The committee and staff met with Lucy Rimsky from Strategic Assets Alliance (SAA) and Jason Bilodeau, Jim Kaniclides and Emin Hajiyevev from Insight. PACIF's consolidated return, net of fees through June was .67%, while VERB's was 1.79%, both slightly outperforming their benchmarks. The committee also received an overview from Mr. Hajiyevev from Insight on the state of the U.S. economy.

**Upon motion (Urie/Atherton), duly adopted, the board voted unanimously to accept the Report of the Joint Investment Committee.**

Steve DiCenso of Milliman presented the 2024 mid-year Reserve and Funding Analyses. Overall, Milliman has increased the central estimate to \$46,693,743, which is an increase of \$245,973 compared to the year end 2023 analysis. The increase in the central estimate was driven largely by unfavorable property and auto liability claims, while partially offset by favorable net development on liability and worker's compensation claims. Based on the actuarial funding analysis, staff proposes to raise \$28,950,396 at a 60% safety margin. This constitutes an overall .2% proposed rate increase to members. Milliman's analysis also included a proposed \$1.5 million contribution credit allocated to years 2011, 2013, 2017 and 2021.

**Upon motion (Safford/Urie), duly adopted, the board voted unanimously to accept Milliman's 2024 Loss Reserve and Funding Reports and Contribution Credit Analysis.**

Joe Damiata reviewed the draft 2025 preliminary budget which includes an overall increase of 1.7% due to increases in reinsurance costs, expenses for the new Origami system, and increases to the VLCT administrative line items. Staff does not anticipate this preliminary budget will change drastically from the final budget that will be presented in December. Board members asked a couple of questions but overall showed support for the preliminary budget as presented.

Fred Satink discussed the proposed rates for 2025 in detail. Overall, rates will increase by .2% on a gross-net basis. Mr. Satink shared the proposed overall rate changes by coverage line as outlined

in Millman's rate exhibits and the detailed proposed rates included in the board packet. Staff also proposed higher property rates for buildings and water/wastewater facilities located within a FEMA designated flood zone as they feel it is appropriate to charge more for properties with higher flood risk. In addition, staff changed the rating structure for general liability to one that uses calculated payroll, and for solid waste districts changed the public officials liability rating to one that is based on population served. Both of these changes are relatively revenue neutral with respect to member costs. Mr. Satink also noted the rating change for dams based on condition factors and hazard classes.

**Upon motion (Safford/Moreland), duly adopted, the board voted unanimously to approve the 2025 proposed rates as presented.**

Mr. Satink reviewed the proposed reinsurance coverage changes for 2025 as outlined in the detailed chart included in the board packet. While most of the structure remained unchanged, there were some changes to the liability tower recommended by staff. Mr. Satink highlighted the quotes received, reinsurers, limits, and aggregate caps for the 2025 reinsurance structure. A discussion ensued and the board agreed with staff's 2025 reinsurance recommendations as presented.

**Upon motion (Atherton/Gaiotti), duly adopted, the board voted unanimously to authorize staff to bind the reinsurance coverage as presented.**

Kelly Knotek reviewed changes to the 2025 PACIF coverage documents as outlined in the coverage change memo included in the board packet. Staff also mentioned that all coverage document changes have been reviewed and approved by PACIF's coverage counsel.

**Upon motion (Murphy/Atherton), duly adopted, the board voted unanimously to approve the 2025 coverage document changes as presented.**

Joe Damiata reviewed the proposed contribution credit of \$1,500,000 for 2025 as outlined in the Board memo and in Millman's presentation to the Board. Staff also recommends continuing to fund the PACIF Grant Program at \$200,000 for 2025 by using funds from net position.

**Upon motion (Atherton/Frazier), duly adopted, the board voted unanimously to approve a distribution of \$1,500,000 in contribution credits to members for the 2025 renewal and to allocate \$200,000 from net position to fund the PACIF Grant program.**

In other business, Ted Brady requested input from the board on their evaluation of this year's combined annual meeting format. Both Trust Board Presidents Jackie Higgins and Chales Safford expressed their appreciation for the new format and thanked Ted and VLCT Board President Bill Fraser for taking the lead and essentially running the entire annual meeting program.

There was no other business.

**Upon motion (Atherton/Frazier) duly adopted, the board voted unanimously to adjourn the meeting (11:56 a.m.).**

Respectfully submitted,



Fred Satink,  
Assistant Secretary

**Link to Meeting Recording:**

[https://us06web.zoom.us/rec/share/RjGV8cJkW6tkguTz-n7raUTaN8Um4eHgKts3qEB1jlvV4B\\_17HAj-dHX9rRzpufk.3mZbCENLieuH75OV](https://us06web.zoom.us/rec/share/RjGV8cJkW6tkguTz-n7raUTaN8Um4eHgKts3qEB1jlvV4B_17HAj-dHX9rRzpufk.3mZbCENLieuH75OV)