

**MINUTES OF THE VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND,
INC. BOARD OF DIRECTORS MEETING
VLCT OFFICE – MONTPELIER, VERMONT and VIA ZOOM
FRIDAY, FEBRUARY 9, 2024**

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

Staff Present: Joe Damiata, Fred Satink, Ted Brady, Seth Abbene, Phil Woodward, Jill George, Zander Yensan, Gregg Bailey (remote), Kelly Knotek (remote) and Kelley Avery (remote)

Other present: Steve DiCenso and Julia Rosen (Milliman – remote)

President Higgins called the meeting to order at 10:13 a.m. Attendees introduced themselves for the benefit of new board member Kelly Murphy.

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

Upon motion (Gaiotti/Urie), duly adopted, the board voted unanimously to approve the minutes of the December 13, 2023 board meeting.

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

- Staff is close to finalizing the Enterprise Risk Management Risk Inventory for 2024. Staff will begin working on the 2024 succession plan, and the strategic and business plans as well. A Strategic Planning Committee Meeting will likely be scheduled for March or April.
- In staff news, Zander Yensan joined us as a Senior Loss Control Consultant and Gregg Bailey joined as a Business Applications Systems Administrator. Jill Muhr continues to work for VLCT part-time doing HR consulting until the new Assistant General Counsel for PACIF, Julie McKenzie, joins us in March.
- Mr. Damiata provided an update to the board on PACIF flood related claims to date.
- The Origami contract was signed in late December, and staff have begun working on the system implementation.
- The Justice, Diversity, Equity, Inclusion and Belonging (JDEIB) Workgroup met January 5th and will meet once again on February 22nd. After their final meeting, staff will develop a report to share with the Equity Committee and both boards.
- The NLC RISC Trustees Conference is scheduled for May 8 – 10 in Salt Lake City, Utah, and three board members, Dave Atherton, Kathleen Ramsay, and Kelly Murphy are scheduled to attend.
- Fred Satink updated the board on the 2024 renewal. Along with retaining 100% of its members, PACIF also signed up a new member effective February 1st, the Town of Fairfield.

Jill George reviewed the fourth quarter claims report. Workers' compensation claims were higher than average for the quarter in both cost and frequency, largely due to a few large claims. Property

and casualty claim frequency overall was average for Q4, but costs were substantially higher than average, once again due to some large claims.

Upon motion (Urie/Atherton), duly adopted, the board voted unanimously to accept the fourth quarter claims report.

Steve DiCenso and Julia Rosen presented the Actuarial Analysis of Loss and Loss Adjustment Expenses Reserves through 12/31/2023. Milliman's central reserve estimate for 2024 is at \$46,447,770, a noted increase from the 2023 estimate of \$39,262,298. This increase is largely due to PACIF's 2023 losses, many of which occurred in the third and fourth quarters. The board discussed various reserve amounts to book in the financials, but ultimately settled on staying at the central estimate.

Upon motion (Young/Urie), duly adopted, the board voted unanimously to accept the Actuarial Analysis of Loss and Loss Adjustment Expense Reserves as of 12/31/2023 with carried reserves at the central estimate of \$46,447,770.

Mr. Satink reviewed his January 31 memo to the board regarding Dam Downstream Liability Coverage Risk & Underwriting Practice. PACIF currently provides downstream liability for 62 municipal dams. To the extent feasible, underwriting staff reviewed current state reports and other information for these dams and found that more than one-third were in either poor or unsatisfactory condition. Most of the dams that were in poor or unsatisfactory condition were either "high" or "significant" hazard dams. To address risk to the Fund, staff proposed to provide notification to these members who have high or significant hazard dams that coverage would cease at year-end unless substantial improvements or plans for improvements were made to bring the dams into at least "fair" condition. In addition, staff would also work with liability reinsurers to identify any changes in underwriting requirements going forward. A discussion ensued and the board provided feedback to staff to move forward with that approach. The board also asked that staff introduce an all-member annual aggregate limit for the 2025 and develop fair and risk based underwriting requirements, to monitor the condition of dams that remain under coverage.

Fred Satink provided a brief board training with regard to the wide menu of services and benefits of PACIF's Loss Control Programs. This included a service summary for each key program and its budgeted expense for 2024.

Joe Damiata and Ted Brady provided a brief legislative update to the board. S.213 is a bill being discussed which partly concerns dam safety and liability for damage due to dam breach or failure. This bill would eliminate any defense PACIF would have for downstream liability claims and it would pose a substantial financial risk to the Fund and VLCT members. Other legislation has also been introduced to change Open Meeting Law provisions to require all public meetings be held in a hybrid format, that all municipal job vacancies be posted and include salary and compensation information, and for municipalities to comply with the Vermont State Code of Ethics. Staff has testified in opposition to all of this legislation. Legislators have also noted they will be revisiting the firefighter cancer presumptions this session at some point as well. Staff will continue to monitor these bills and any others which may potentially impact the Trust and VLCT members.

Under board governance, committee appointments and the election of officers were tabled at the last meeting since President Higgins was absent. Dave Atherton moved to reappoint the existing slate of officers, and Kathleen Ramsay seconded the motion.

Upon motion (Atherton/Ramsay), duly adopted. The board voted unanimously to reappoint the existing slate of officers as follows: Jackie Higgins, President; Aaron Frank, Vice President; Bruce Urie, Secretary/Treasurer; Ted Brady, Executive Secretary; Fred Satink, Assistant Secretary; and Joe Damiata, Assistant Treasurer.

Under committee appointments, there are vacancies on the Strategic Planning Committee and VLCT Budget Advisory Committee for positions once held by former board member Jared Cadwell. President Higgins appointed new board member Kelly Murphy to fill these vacancies on both committees. All other committee assignments remain unchanged.

Joe Damiata reminded the board that the first Joint Investment Committee meeting will be held next month on March 15th at the VLCT office.

There was no other business.

The meeting was adjourned at 12:29 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Fred Satink".

Fred Satink,
Assistant Secretary