

**MINUTES OF THE
VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND, INC.
BOARD OF DIRECTORS MEETING
(held concurrently with the VLCT Employment Resource & Benefits Trust Board)
HYBRID MEETING - VLCT OFFICES, MONTEPELER, VT AND ZOOM
FRIDAY, DECEMBER 6, 2024**

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

Staff Present: Joe Damiata, Fred Satink, Kelly Knotek, Jill George, Ted Brady, Phil Woodward and Kelley Avery

President Higgins called the PACIF Board meeting to order at 10:00 a.m., noting that the agenda would be revised to move item #12 Executive Session to just after approval of the minutes.

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

Upon motion (Atherton/Young), duly adopted, the board voted unanimously to approve the minutes of the November 21, 2024 Special Meeting.

President Higgins moved to enter into Executive Session (10:03 a.m.) pursuant to 1 V.S.A. §313(a)(3), for the purposes of discussing evaluation of a public officer or employee, providing that no final decision would be made in Executive Session, and the board dismissed all staff present. The motion was seconded by Vice President Aaron Frank and approved unanimously. All staff left the meeting, and the recording was paused. However, several minutes later, the board invited Executive Director, Ted Brady to rejoin the board in Executive Session.

The board voted to exit Executive Session at 10:37 a.m., staff returned and the recording resumed.

Joe Damiata provided an organizational update, which included the following:

- Staff posted the Business System Administrator/Analyst position that has been vacant for several months and have close to 200 applicants so far.
- VLCT hosted the NLC-RISC staff conference in Burlington October 21 – 23 and it was a great success. Several staff members assisted, presented and attended.
- All July 2023 flood claims have now been paid out to members. The July 2024 claims are still being estimated but are expected to come in far below the 2023 totals.
- The new Origami Policy system is live and the first phase of member renewals, along with invoices, has been completed. Staff is in the process of extending our contract for the Ventiv Claims system for an additional year while the Origami Claims system goes through implementation.
- The Department of Financial Regulation five-year exam is still ongoing but staff expect it will soon wind down and a final report will follow. The exam has gone well so far.
- The AGRiP Governance Conference will take place March 16 – 19 next year, and the NLC-RISC Trustees Conference will be May 14 – 16. Mr. Damiata encouraged board members to attend and to contact Kelley Avery soon if interested in the March conference.

- Ted Brady and Abby Friedman met with the state to discuss our interest in VLCT receiving some of State and Local Government Cybersecurity Grant Program funds to assist members with their cybersecurity efforts. A team of VLCT staff have since met to further define the plan and staff will follow back-up with the State to give a more formal proposal.

Seth Abbene reviewed the preliminary financials through the third quarter. Net position increased by 9.6% from year-end, or roughly \$6.2 million. This was largely due to investment gains of \$6.5 million combined with an operating loss of \$0.3 million. Revenues are up just over \$1.7 million compared to this time last year due to modest rate increases combined with an increase in exposures. General and administrative (G&A) expenses are 15.4% 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 4.4% as Origami expenses are coming in slightly under budget through the end of the year.

Upon motion (Atherton/Murphy), duly adopted, the board voted unanimously to approve the Q3 Unaudited Financial Report.

Mr. Abbene reviewed the 2024 Audit Engagement Letter from Johnson Lambert. The firm is proposing a 12.8% increase in costs totaling \$62,500 plus a new industry standard 3.5% service fee for their services next year. VLCT's new RMIS system and a new GASB standard are major contributors to the increase. Inflationary increases that are occurring across the industry also had a part in the higher fees. Staff intend to go out to bid for audit services in 2025 but are asking for approval of this engagement for the 2024 audit services.

Upon motion (Young/Murphy), duly adopted, the board voted unanimously to approve the 2024 Audit Engagement Letter.

Jill George reviewed the third quarter claims report with the board and there were no questions.

Upon motion (Atherton/Murphy), duly adopted, the board voted unanimously to approve the Q3 Claims Report.

Kelly Knotek provided a brief review of the PACIF renewal and new business. All policies have been bound and invoices have been sent, with the exception of five members which either went out to bid for coverage or are bringing a fire department back under the Town. Cost breakdown reports were not included with the renewal invoices yet, but staff hopes to have these all completed within the next week. The portal is not yet active but should be available to members sometime early next year. Regarding new business, staff have received requests for quotes from Orleans Village and the newly formed Westbury Village.

Seth Abbene reviewed the 2025 Addendum to the VLCT Administrative Support Services Agreement. PACIF's funding for the Municipal Assistance Center (MAC) training subsidy for PACIF members is included in the addendum to eliminate the need for a separate memorandum of understanding with MAC. Excluding the MAC training cost, the agreement increased by 2.8% and is a result of modest salary and benefit increases for staff offset by savings in office space due to subleasing a large portion of VLCT space. The addendum increase was 4.6% including the MAC training costs, however that was previously a separate line item and not a material increase for PACIF. Staff is requesting the board's approval of the addendum with these new changes and authorization for the Board President to sign it.

Upon motion (Atherton/Wells), duly adopted, the board voted unanimously to approve the 2025 Addendum as presented and authorized the Board President to sign.

Ted Brady reviewed the VLCT Equity Assessment Request and Memorandum of Agreement (MOA) between VLCT and PACIF. VLCT is requesting \$50,000 from PACIF and \$25,000 from VERB to help fund equity work to benefit VLCT members. These funds would come out of PACIF net position and would not impact member rates. The funding would be used in an effort to achieve goals set forth by the JDEIB Workgroup to assist VLCT members with DEI work endeavors in their respective workplaces and may entail hiring a consultant to assist members in these endeavors. Staff is requesting the board approve this funding and authorize the Board President to sign the agreement.

Upon motion (Frank/Atherton), duly adopted, the board voted unanimously to approve providing \$50,000 to VLCT to fund equity work and to authorize the Board President to sign the MOA between VLCT and PACIF.

Mr. Damiata reviewed the 2025 Proposed PACIF Budget. The budget was also reviewed at the October meeting but has been revised slightly. The budget is up 5.8% or \$1.7 million largely due to increased reinsurance costs, but also due to salary and benefit increases and a nearly \$1.1 million increase in Net Loss and Loss Adjustment Expense. Additionally, fund contributions increased by 8.4% compared to the 2024 budget largely due to increased exposures from substantial member payroll increases that were reported through values collection, which far surpassed what was estimated.

Upon motion (Murphy/Atherton), duly adopted, the board voted unanimously to approve and adopt the 2025 PACIF Budget as presented.

Mr. Damiata presented the list of Proposed 2025 Board and Committee Meeting dates. Staff propose to hold five board meeting dates and a sixth meeting in June for strategic planning and training in addition to two Joint Investment Committee meetings and the VLCT Budget Advisory Committee meeting. Kelley Avery noted the October trust board meetings for next year are scheduled to take place the same day as the Joint Annual Meeting of the membership on location at Town Fair in Burlington.

Upon motion (Atherton/Safford), duly adopted, the board voted unanimously to approve the 2025 Proposed Meeting Schedule.

Under board governance, Joe Damiata noted that board members will soon receive Conflict of Interest forms from Jessi Hill via DocuSign. Please sign and return these forms in a timely manner.

Vice President Frank reported on the meeting of the Nominating Committee held on October 17. It is the committee's recommendation to appoint Nicolas Storrellicastro, Barre City Manager, as an alternate member for a one-year term.

Upon motion (Safford/Murphy), duly adopted, the board voted unanimously to appoint Nicolas Storrellicastro of Barre City as Board Alternate.

Regarding the election of officers, President Higgins announced she is stepping down as Board President for 2025, and requested a volunteer for new Board President. Charles Safford nominated Vice President Aaron Frank as new Board President for 2025, and Vice President Frank accepted.

Upon motion (Safford/Atherton), duly adopted, the board voted unanimously to appoint Aaron Frank as PACIF Board President for 2025.

This leaves the Vice President position now open for 2025, and Director Frank nominated Director Bruce Urie to serve as Vice President for 2025.

Upon motion (Frank/Atherton), duly adopted, the board voted unanimously to appoint Bruce Urie as PACIF Board Vice President for 2025.

This leaves the Secretary/Treasurer position open for 2025. Director Frank nominated Director Atherton to serve in this position.

Upon motion (Frank/Gaiotti), duly adopted, the board voted unanimously to appoint Dave Atherton as PACIF Board Secretary/Treasurer for 2025.

Joe Damiata noted that with both he and Fred Satink leaving VLCT soon, a new Assistant Secretary and Assistant Treasurer will need to be appointed for 2025. The board nominated Seth Abbene as Assistant Treasurer and Kelley Avery as Assistant Secretary. Ted Brady will retain the position of Executive Secretary.

Upon motion (Safford/Atherton), duly adopted, the board voted unanimously to approve the remaining slate of officers as follows: Ted Brady, Executive Secretary; Kelley Avery, Assistant Secretary; Seth Abbene, Assistant Treasurer.

Regarding committee appointments, Jackie Higgins announced the current committee appointments would remain as is for 2025.

Joe Damiata briefly reviewed both the Fair Claims and Trade Practices Resolution and the Claims Conflict of Interest Policy. The resolution was reviewed with the Trust's general counsel and it was generally agreed there is no need for this policy. Staff is recommending the policy be retired. In addition, staff and Trust general counsel also reviewed the Claims Conflict of Interest Policy and updated the language to address all matters related to a member of the board and not just those specific to claims. Staff is requesting approval of this updated policy language.

Upon motion (Atherton/Wells), duly adopted, the board voted unanimously to retire the Fair Claims and Trade Practice Resolution policy and to approve and adopt the updated Claims Conflict of interest Policy as amended.

Joe Damiata also asked the board how often they wish to review the board policies in general. Director Safford suggested posting board policies to the web site to make them more readily available, and Vice President Frank suggested staff compose a summary of the policies to provide to the board. Mr. Damiata noted staff would explore both options.

Mr. Damiata and Mr. Satink facilitated a discussion with the board on high hazard flood zone coverage. Both suggested the possibility of putting a focus group or workgroup together in 2025

consisting of key staff, potentially a few members of the board and some impacted PACIF members to discuss the challenges, member needs, and what this coverage might look like in 2026 and beyond. The board appreciated the concept of involving members in the discussion, but believed the discussion should start at the board level and with the discussion of staff recommended options and then, potentially expand from there. All agreed the ultimate goal is to find ways to continue to provide high hazard flood coverage, while not creating an adverse rate impact to members who do not have such exposure.

In other business, Vice President Frank moved for the PACIF Board to formally recognize and convey its sincere appreciation to Joseph Damiata, Director of VLCT Risk Management Services, for his substantial contribution of service to the League, Fund and its membership considering that as an employee for seventeen years, and as a director for eight, he has weathered a handful of statewide floods, COVID, thousands of claims and renewals, three VLCT directors, and through it all, leaves VLCT PACIF including its membership, board and staff in a far stronger position than when he started.

Upon motion (Safford/Atherton), duly adopted, the board voted unanimously to adjourn the meeting (11:59 a.m.).

Respectfully submitted,



Fred Satink,
Assistant Secretary

Link to Meeting Recording:

https://us06web.zoom.us/rec/share/m2qlq9q9jQz6FNzKaSL4xrr0OuwgQ7CnnnLYHfCaBE7_njYho_M8BCvOobtR1Mri.xkdguqV-nAugioY2