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PACIF Board of Directors Meeting Minutes 2020 02-14

**VLCT Property and Casualty Intermunicipal Fund (PACIF), Inc.
Board of Directors Meeting
Friday, February 14, 2020
VLCT Offices, Montpelier, Vermont**

Minutes

Directors Present: Carl Rogers, Joshua Powers, Aaron Frank (by phone), Stuart Hurd (by phone), Patrick Moreland, Jerry Storey (by phone), Bruce Urie, Brendan Whittaker, Dave Atherton, Jackie Higgins, Jared Cadwell and Erik Wells

Staff Present: Joe Damiata, Maura Carroll, Jeremiah Breer, Kelley Avery, Jill George, Trevor Whipple, Jim Carrien and Jill Muhr

Others Present: Tara Miller and Steve DiCenso (Milliman)

President Rogers called the meeting to order at 10:02 a.m.

Joe Damiata asked for a slight adjustment to the agenda to discuss proposed changes to PACIF Cyber Liability coverage under Other Business.

Upon motion (Fox/Powers) duly adopted, the board voted unanimously to approve the agenda as amended.

Upon motion (Powers/Urie) duly adopted, the board voted unanimously to approve the minutes of the December 13, 2019 meeting.

Joe Damiata provided various updates to the board including recent VLCT staffing changes and upcoming conferences and committee meetings. Mr. Damiata also reminded the board to complete and submit their annual Conflict of Interest Disclosure forms.

Mr. Damiata provided a brief 2020 renewal summary noting that PACIF retained 100% of its members at renewal and also gained three new members.

Jill George reviewed the Q4-2019 PACIF claims report. Although claims frequency was up across all lines

of coverage, with the exception of auto claims, actual costs were down compared to the average.

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

Jeremiah Breer provided a brief, unaudited 2019 year-end financial report. Net position increased \$22.8 million from 2018 to 2019 due to a large decrease in reserves and favorable investment results. Additionally, general and administrative expenses were slightly under budget.

Jill Muhr, Jim Carrien and Trevor Whipple provided updates to the board on 2019 and year-to-date 2020 activity in their respective areas of human resource consulting, loss control and law enforcement risk management services.

Joe Damiata updated the board on the Strategic Planning Committee's progress. The committee met on January 31 to work on plan development. Staff is working on a draft and will circulate it to committee members before the committee meets again on March 27. The goal is to have a final draft of the plan ready to present to the board at the meeting in May.

Mr. Damiata also noted that PACIF officially earned its AGRiP Recognition. Staff received notification from AGRiP in mid-January. This accreditation will remain in effect for three years.

Jeremiah introduced Tara Miller and Steve DiCenso from Milliman who presented the "Analysis of Loss and Loss Adjustment Expense Reserves as of December 31, 2019 Year-end Actuarial Results. The results show that reserves continue their downward trend. A discussion ensued about the "safety margin." Staff noted the "safety margin" may no longer be needed now that PACIF has a net position policy, is regularly analyzing capital adequacy and has an Enterprise Risk Management program. Staff recommended the board discontinue use of a safety margin, and the board concurred.

Upon motion (Hurd/Storey) duly adopted, the board voted unanimously to accept the Actuarial Analysis of Loss and Loss Adjustment Expense Reserves as of December 31, 2019, as amended without the safety margin, with carried reserves at the central estimate of \$41,362,026.

Joe Damiata updated the board that the new workers' compensation claims adjuster position was inadvertently left out of the 2020 budget. The board approved the new position as part of the 2020 budget discussion at the December 13, 2019 meeting. Staff analyzed the impact and determined there would likely be no budget adjustment needed as another position was vacated and left unfilled.

After 13 years of service to the PACIF Board, Brendan Whittaker is stepping down. This leaves his position open, and Erik Wells and Jared Cadwell are the current alternates.

Upon motion (Powers/Atherton) duly adopted, the board voted unanimously to appoint Erik Wells as full director to the board.

With an alternate seat now open, staff included several nominations in the packet for the board to consider.

Upon motion (Moreland/Storey) duly adopted, the board voted unanimously to appoint Brannon Godfrey, Town Manager in Hartford, to the position of board alternate.

President Rogers presented a Certificate of Appreciation to Mr. Whittaker and thanked him for his

contribution to PACIF and his many years of service. Staff also presented a card and gift to Mr. Whittaker. Mr. Whittaker expressed his deep appreciation and gratitude to VLCT staff and the board.

Joe Damiata provided a brief update of current bills in the legislature that staff is tracking which may impact PACIF. Trevor Whipple also updated the board on the bills impacting law enforcement. So far there has not been any decisions on these bills in the legislature.

Under other business, Mr. Damiata presented the board with a handout detailing a proposed mid-term enhancement to PACIF's Cyber Liability coverage. The proposed changes include increased limits to the various levels of cyber liability, increased retention (higher deductibles) per claim, and a policy wide aggregate across all members of \$5 million dollars. The total cost for this change will be just over \$63 thousand, and staff is looking for permission to use funds from net position to absorb this cost increase.

Upon motion (Fox/Higgins), duly adopted, the board voted unanimously to approve a mid-term increase in PACIF's Cyber Liability coverage and to pay the increased cost with funds from net position.

Upon motion (Whittaker/Powers), duly adopted, the board voted unanimously to adjourn the meeting (12:24 p.m.).

Respectfully submitted,
Fred Satink
Assistant Secretary

Board or Committee:

PACIF Board of Directors

Board/Committee Meeting Date:

Friday, February 14, 2020

Resource Category:

- Minutes
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