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PACIF Board of Directors Meeting Minutes 2020 11-13

**VLCT Property and Casualty Intermunicipal Fund (PACIF), Inc.
Board of Directors Meeting
Friday, November 13, 2020
Virtual Meeting Via GoToMeeting**

Minutes

Directors Present: Carl Rogers, Joshua Powers, Jackie Higgins, Dave Atherton, Aaron Frank, Stuart Hurd, Jared Cadwell, Jerry Storey, Patrick Moreland, Erik Wells and Rob Gaiotti

Staff Present: Joe Damiata, Maura Carroll, Fred Satink, Jeremiah Breer, Jill George, Kelly Kindestin and Kelley Avery

Others Present: Ann Gergen (Association of Governmental Risk Pools), Jill Eaton (NLC Mutual Insurance Company), Carrie Rice and Jillian Mulcahy (Johnson Lambert LLC)

President Rogers called the meeting to order at 10:01 a.m.

Upon motion (Hurd/Moreland) duly adopted, the board voted unanimously to approve the agenda as presented.

Upon motion (Moreland/Cadwell) duly adopted, the board voted unanimously to approve the minutes of the October 9, 2020 meeting.

Joe Damiata provided a brief organizational update to the board including the following:

- VLCT staff has been advised to work remotely through April 1, 2021.
- Staff is working on PACIF renewals. There have been a couple of glitches due to a new invoice process that Finance is implementing. Invoices will still be in members hands in advance of the December 1 deadline
- Staff is testing a new training resource through LinkedIn Learning.

Jeremiah Breer reviewed the Q3 financial report. Net position has increased by 36.5% from year-end 2019 due to favorable claims development and robust investment earnings. Revenues are nearly equal to this time last year. General and administrative expenses are 2.1% higher than this time last year, yet

9.5% below budget.

Upon motion (Cadwell/Hurd) duly adopted, the board voted unanimously to accept the third quarter financial report.

Jill George reviewed the third quarter PACIF claims report. Overall claims frequency and severity were once again down due to decreased member activity associated with COVID-19's impact on municipal operations and staffing. There were only four COVID-19 related exposure claims, and all were notice only.

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

Fred Satink provided a brief renewal and new business update. Only two members notified PACIF they were going out to bid, and there are three prospective members for new business for 2021. All three prospects are former members of PACIF. Overall it has been a quiet renewal.

Mr. Breer reviewed the current Milliman Engagement Letter for actuarial consulting services. Milliman has completed its funding analysis and mid-year reserve analysis, but we still require a signed agreement for the year. The firm is asking for an increase of \$3,000 for 2021, which staff thinks is reasonable given the scope of their services. Staff is requesting approval of the contract and authorization for the Board President to sign.

Upon motion (Hurd/Atherton), duly adopted, the board voted unanimously to approve the 2020 Engagement Letter with Milliman and authorized the Board President to sign.

Mr. Breer noted that the board's authorization for signing the Strategic Asset Alliance (SAA) contract is also required. The board accepted the recommendation of staff to discontinue the RFP for investment management services and to continue services with SAA at the last meeting. This renewed contract requires the signature of Executive Director Maura Carroll.

Upon motion (Cadwell/Atherton), duly adopted, the board voted unanimously to authorize Maura Carroll to sign the Strategic Asset Alliance contract.

Ann Gergen, Executive Director of the Association of Governmental Risk Pools (AGRiP) provided training to the board on Trends in Public Entity Pooling. The training provided a general overview of AGRiP and its purpose, and reviewed the "new normal" trend in loss, liability, benefits and worker's compensation claims and how it correlates with increased costs for coverage and reinsurance. Ms. Gergen also reviewed industry operational trends and technology advancements coming to pooling.

Jill Eaton, President and CEO of National League of Cities Mutual Insurance Company (NLC-MIC) provided training to the board on NLC-MIC's purpose, relationship to VLCT and why pooling matters. VLCT has been one of the member owners of NLC-MIC since 1993. Ms. Eaton reviewed the most common concerns in the industry presently which include policing, racial equity, civil unrest, cybersecurity, budgets, unemployment and loss of local businesses.

Carrie Rice and Jillian Mulcahy of Johnson Lambert provided an overview of their plans for the 2020 financial audit, which included areas of emphasis and the expected timetable for completion. Questions and input were solicited from both staff and members of the Board.

Fred Satink noted that the Department of Financial Regulation (DFR) contacted him to request a language change to a section within the Cyber Liability and Breach Response Coverage document which was filed after board approval last month. DFR requested that the applicable limit be clarified in the optional extension period section of the document. The revised language was reviewed and approved by the reinsurer Beazley, and also was acceptable to DFR. Staff requests board approval on the updated language so that an amended filing can be provided to DFR.

Upon motion (Moreland/Hurd), duly adopted, the board voted unanimously to approve the revised Cyber Liability and Breach Response Coverage Document as presented.

Joe Damiata briefly updated the board on the Town of Victory's progress since its three-year probationary period began in November of 2017. The town has largely fulfilled its requirements during the period and has made efforts toward improvement. Based on its progress, staff is asking for approval from the board to remove its probation and restore the town's status to normal membership. Such an approval would be followed by a letter from Mr. Damiata confirming the town's return to normal member status.

Upon motion (Hurd/Moreland), duly adopted, the board voted unanimously to remove the Town of Victory from probationary status.

The board adjourned the meeting at 12:42 p.m.

Respectfully submitted,
Fred Satink
Assistant Secretary

Board or Committee:

PACIF Board of Directors

Board/Committee Meeting Date:

Friday, November 13, 2020

Resource Category:

- Minutes
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