



Published on *Vermont League of Cities and Towns* (<https://www.vlct.org>)

[Home](#) > PACIF Board of Directors Meeting Minutes 2021 05-21

---

## **PACIF Board of Directors Meeting Minutes 2021 05-21**

### **VLCT Property and Casualty Intermunicipal Fund, Inc. Board of Directors Meeting Via GoToMeeting Friday, May 21, 2021**

#### **Minutes**

**Directors Present:** Carl Rogers, Jackie Higgins, Neal Fox, Aaron Frank, Stuart Hurd, Jared Cadwell, Jerry Storey, Erik Wells, Bryan Young and Rob Gaiotti

**Staff Present:** Ted Brady, Joe Damiata, Fred Satink, Jeremiah Breer, Kelly Kindestin, Jill George and Kelley Avery

**Others Present:** Mike Waterman, James Turner, Isabella Pang and Vin Ranade (Guy Carpenter)

President Rogers called the meeting to order at 9:39 a.m.

Joe Damiata requested adding a discussion on a possible change to the PACIF Board meeting schedule under Other Business on the agenda.

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

Upon motion (Fox/Hurd) duly adopted, the board voted unanimously to approve the minutes of the March 26, 2021 meeting.

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

- VLCT staff has resumed on-site visits in Loss Control and Claims.
- VLCT offices will re-open for normal business in July.
- After July, board meetings will once again be held in person at VLCT with a remote option.
- Staff continues monthly Virtual Trust Matter trainings with members, which have been well attended.
- Ted Brady will begin regional virtual listening sessions with members twice a week beginning next week ending the third week in June.

Ted Brady updated the board on the new Chief Financial Officer search. After reviewing multiple qualified applicants, Seth Abbene was hired as the new CFO to replace Mike Gilbar, who is retiring in July. Mr. Brady also noted a new staff member, funded by a grant from the Agency of Commerce and Community Development, has also been selected to guide our members in use of American Rescue Plan Act (ARPA) funds awarded to local government entities, and the new staff person will be announced sometime next week.

Jill George reviewed PACIF claims through the first quarter. For workers' compensation claim frequency and costs were modestly lower than average than the first quarter average. Property and casualty claim frequency was also lower, largely due to the mild winter and fewer auto claims. The average property and casualty claim cost was moderately higher than usual for the quarter, primarily due to a single large loss.

Upon motion (Fox/Storey) duly adopted, the board voted unanimously to accept the Q1-2021 claims report.

Jeremiah Breer provided a review of the first quarter financial statements. Net position was down roughly 1.6% or just over \$1 million from year-end 2020. This was largely due to investment portfolio losses. Revenues for the current fund year are down 6.6% or \$440,801 from this time last year due to lower member contributions resulting from lower rates. General and administrative expenses for the current fund year are up roughly 3.2% or \$39,681 from last year at this time due to in-house counsel costs, but these costs are more than offset by revenue generated from the program.

Upon motion (Hurd/Storey) duly adopted, the board voted unanimously to accept the Q1 financial reports.

Mike Waterman, James Turner and Isabella Pang from Guy Carpenter presented the Annual Stewardship Report. PACIF's overall reinsurance costs for 2021 amounted to \$4.78 million compared to \$4.93 million in 2020 for a savings of \$142,269. The savings was largely attributed to the Trust increasing its retention on the property renewal. Property and liability reinsurance continues to be a hard market in 2021, due to weather events, nuclear verdicts, and social inflation coupled with poor investment returns associated with low interest rates. Cyber liability coverage is also becoming increasingly challenging as public entity markets exit the sector. Guy Carpenter wrapped up their presentation by reviewing their renewal strategy for 2022.

Upon motion (Fox/Higgins) duly adopted, the board voted unanimously to accept the Annual Stewardship Report from Guy Carpenter.

Vin Ranade of Guy Carpenter reviewed the annual Best Capital Adequacy Ratio (BCAR) Report. The report studies the relationship between the balance sheet for an organization and its operating risks. Despite the risk and stress test scenarios, the report results put PACIF in the "strongest" category with respect to its financial strength.

Mr. Breer provided his annual Ten-Year Financial Analysis of PACIF. This report illustrated PACIF's recent growth in net position, with the key indicators highlighting the favorable overall results.

Upon motion (Fox/Hurd) duly adopted, the board voted unanimously to accept the Ten-Year Financial Analysis.

Fred Satink provided the annual report of InvestEAP activities for 2020. Despite challenges posed by the pandemic in 2020, EAP pivoted to a virtual and telephonic services seamlessly, providing both individual counseling and member training sessions via that method. EAP also presented a live webinar for VLCT's Virtual Town Fair last year. In support of workplace diversity and inclusion, they facilitated development on content that is available to members through the John Lawe Scholarship program. They are nearing rollout of a regional first responder peer support services program, which is funded by federal grant. PACIF is promoting this program via marketing and website visibility.

Kelly Kindestin and Mr. Damiata briefly discussed the existing board policy entitled Member Participation in the Defense and Settlement of Claims. Due to some recent claims activity, it was brought to staff's attention that the language in this policy does not align well with PACIF's Bylaws and offers little clarity about what steps to use when a member disagrees with a decision to settle a liability claim. Staff has plans to work on drafting revisions to the existing Board policy and proposing changes to coverage language, but before investing the time to do so, wanted to gauge the Board's overall interest in this endeavor. The Board appeared generally supportive, so staff will present a revised Board policy and coverage language at the September meeting.

With regard to the PACIF budget, at its last meeting the board approved the change to the VLCT Support Services Agreement Addendum that was necessitated by salary increases for VLCT staff, effective in April. Mr. Damiata provided a revised copy of the budget, and staff is asking for board approval of the revised 2021 budget which now shows the previously approved increase of \$62,124.

Upon motion (Cadwell/Fox), duly adopted, the board voted unanimously to approve the Revised 2021 PACIF Budget as presented.

Mr. Damiata and Mr. Satink reviewed progress on the PACIF Three-Year Business Plan, initiated in 2020 as part of the strategic planning process.

Mr. Satink discussed an extension on the Reinsurance Broker Service Agreement with Guy Carpenter for another year beginning July 1, 2021, at the same fee that they have maintained since the beginning of the relationship. Guy Carpenter works hard on our renewals and provide value-added services such as the BCAR analysis, reinsurance rating information, and access to their actuaries. Staff is requesting the board's approval for the contract extension and asks that Joe Damiata be authorized to sign this new agreement once provided.

Upon motion (Storey/Hurd), duly adopted, the board voted unanimously to approve the Guy Carpenter contract extension for one year from July 1, 2021 to June 30, 2022 and authorized Joe Damiata to sign the extension agreement.

Mr. Breer discussed the Milliman engagement letter which was provided to the Board by email. Milliman is asking for a 2.6% increase in their annual fee. Staff feels this is a reasonable increase and asks the Board to approve the contract renewal and also appoint Steve DiCenso as the actuary for VLCT PACIF.

Upon motion (Cadwell/Fox), duly adopted, the board voted unanimously to approve the Milliman engagement letter, appoint Steve DiCenso as the actuary for VLCT PACIF and authorize the board President to sign the engagement letter.

In other business, the board and staff discussed the option of cancelling the June 18 meeting. If approved, the next meeting will be held on September 24.

Upon motion (Hurd/Cadwell), duly adopted, the board voted unanimously to cancel the meeting scheduled for June 18.

Upon motion (Fox/Cadwell), duly adopted, the board voted unanimously to enter into Executive Session (11:55 a.m.)

Upon motion (Storey/Cadwell), duly adopted, the board voted unanimously to return to Regular Session (12:17 p.m.)

The meeting was adjourned at 12:18 p.m.

Respectfully submitted,  
Fred Satink,  
Assistant Secretary

**Board or Committee:**

PACIF Board of Directors

**Board/Committee Meeting Date:**

Friday, May 21, 2021

**Resource Category:**

- Minutes
-