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PACIF-VERB Joint Annual Membership Meeting 2021 09-29

Joint Annual Membership Meeting
VLLCT Property and Casualty Intermunicipal Fund
VLCT Employment Resource and Benefits Trust, Inc.
September 29, 2021
Hilton DoubleTree, South Burlington, Vermont, and via Zoom

Minutes

PACIF Directors Present: Carl Rogers, Jackie Higgins, Stuart Hurd, Bruce Urie, Aaron Frank, Erik Wells, David Atherton, Jared Cadwell, and Rob Gaoitti

VERB Directors Present: Bill Shepeluk, Carrie Johnson, Charles Safford, Todd Odit, Kathleen Ramsay, and Joel Cope

A quorum was confirmed for both the VERB and PACIF Trust organizations by participant count.

VERB Trust President Shepeluk called the VERB annual meeting to order at 1:15 p.m.

Upon motion (Safford/Baker), duly adopted, the agenda was unanimously approved by the membership.

Jillian Mulcahy of Johnson Lambert reviewed a summary of the 2020 VERB Trust audit. Commissions decreased 27%, while claims paid increased by nearly 309% due to COVID-19 related layoffs. Increased claim costs were largely offset by CARES Act relief which paid for 50% of these costs from March through December of 2020. Contributions were down by 6.2% due to a rate decrease in the Unemployment Insurance (UI) program. The board voted for no contribution credits back to members in 2020 (for disbursement in 2021) due to increased claims experience from COVID. There was a net investment gain of \$225,000, primarily due to gains in the debt portfolios. There were no audit adjustments or uncorrected misstatements.

Upon motion (Safford/Legacy), duly adopted, the report of the 2020 VERB Trust audit was unanimously accepted by the membership.

President Shepeluk asked for a motion to approve the 2020 VERB Annual Meeting Minutes.

Upon motion (Odit/Ramsay), duly adopted, the minutes of the 2020 Joint Annual Meeting were approved by the membership.

President Shepeluk highlighted an unprecedented year for VERB with unemployment claims due to the pandemic. 163 VERB members, or about 78% experienced unemployment claims, compared to about 66 or 32% in 2019. Additionally, there were over a thousand claimants in 2020 compared to only 154 in 2019. Assistance from the federal government through CARES Act credits helped to mitigate the Trust's losses, and subsequently the fund is still strong. However, these large losses still resulted in a sizeable rate increase to members in 2021 of over 29%. President Shepeluk thanked the members for their patience and for persevering during this difficult time. The Trust has been diligent in giving back to members in the majority of past years rather than imposing rate increases, and we were fortunate to have enough in reserves in case of unforeseen instances such as this.

Joe Damiata provided the staff report to the membership including background detail on the VERB Trust and its formation. He thanked the board, VLCT staff and VERB Trust members for their involvement in the Trust. Mr. Damiata noted there are no rates yet for the UI Program for 2021, but staff is working hard to ensure a return to rate stability. The Trust started 2020 with around \$4.3 million in surplus. Once the pandemic hit the Trust set a record in the 2nd quarter alone with close to \$1.3 million in claims costs. Member equity dropped to around \$3.3 million or roughly 25% through the 2nd quarter, and the Trust closed the year with \$3.75 million in surplus due to partial reimbursement of claims costs from the federal CARES Act, and strong investment returns. The Trust is still in excellent shape financially despite the high losses experienced during the pandemic. Staff and the board will be looking at possibly changing the Trust name back to the Unemployment Insurance Trust next year.

Director Charles Safford presented the Report of the Nominating Committee and slate of officers.

Upon motion (Mackenzie/Goulette), duly adopted, the members voted unanimously to accept the Report of the Nominating Committee and the slate of officers as presented with renewed three-year terms for directors Kathleen Ramsay and Christopher Hoyt.

President Shepeluk thanked Joel Cope of Brighton for his service to the board and wished him well as Mr. Cope recently resigned from the board. In other business, Director Safford noted since there is now an opening on the VERB Trust Board, he encouraged anyone interested to contact President Shepeluk or any of the other board members regarding submitting a nomination.

Upon motion (Safford/Murphy) the members voted unanimously to adjourn the VERB Trust annual meeting at 1:39 p.m.

PACIF President Carl Rogers called the PACIF annual meeting to order at 1:40 p.m.

Upon motion (Higgins/Atherton), duly adopted, the agenda was unanimously approved by the membership.

Upon motion (Safford/Mackenzie), duly adopted, the minutes of the 2020 Joint Annual Meeting were unanimously approved by the membership.

Jillian Mulcahy reviewed a summary of the 2020 PACIF audit. There was a 39% increase in net position due favorable loss experience and an increase in investment earnings. Contributions remained stable with a slight .1% decrease. \$1.5 million was returned to members in 2020, with an additional \$200K for

the grant program. The Trust's loss ratio was at 7% for 2020, an increase from -1% in 2019, due fewer incurred losses. Investment income was \$7.4 million in 2020, down from \$8.1 million in 2019, primarily as a result of unrealized gains in fixed income and equity securities. The Trust maintains a strong financial position.

President Rogers introduced himself and thanked both the board and VLCT staff for their commitment to members. Mr. Rogers went on to note key PACIF programs and services and its proven value to members over the years. Since the trust's inception, over \$22.5 million has been returned to members in the form of contribution credits. Additionally, since 2010 over \$2.2 million has been awarded in grants and scholarships to members. Stable rates are a priority for PACIF members, and the Trust is doing very well financially as the auditors just attested to. The Trust is also superior in its coverage and products and excels in superior customer service.

Mr. Damiata described PACIF's mission and highlighted all of the services and programs that PACIF will continue to provide in 2021 including law enforcement consulting services, HR consulting services and the EPL (Employment Practice Liability) Referral Program along with long standing excellent Loss Control and claims services. Staff is working to secure potential cyber liability coverage for another year, and PACIF's flood coverage remains superior in the marketplace. COVID has fortunately had very little financial impact on the Trust thus far. Although rates have not yet been finalized for 2022, the Trust expects rates to remain stable, and the Trust plans a large return of member equity in the form of contribution credits along with additional funding toward the equipment grant program. The Trust also plans to offer cyber security training for free to members in 2022.

Director Aaron Frank presented the Report of the Nominating Committee and slate of officers. The committee nominated Jackie Higgins, Carl Rogers and Bryan Young for three-year terms commencing on 1/1/22.

Upon motion (Mackenzie/Allaire), duly adopted, the members voted unanimously to accept the Report of the Nominating Committee and the slate of officers as presented with renewed three-year terms for Jackie Higgins, Carl Rogers and Bryan Young.

The meeting was adjourned at 2:03 p.m.

Respectfully submitted,

Kelley Avery
Assistant Secretary

Board or Committee:

PACIF Board of Directors

Board/Committee Meeting Date:

Wednesday, September 29, 2021

Resource Category:

- Annual Meeting Minutes
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