

**JOINT ANNUAL MEETING OF THE MEMBERSHIP
VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND
VLCT EMPLOYMENT RESOURCE AND BENEFITS TRUST, INC.
SEPTEMBER 30, 2020
ZOOM MEETING**

MINUTES

PACIF Directors Present: Carl Rogers, Joshua Powers, Stuart Hurd, Patrick Moreland, Aaron Frank, Erik Wells, David Atherton, Jared Cadwell and Rob Gaoitti

VERB Directors Present: Bill Shepeluk, Carrie Johnson, Charles Safford and Joel Cope

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

President Shepeluk called the VERB annual meeting to order at 1:23 p.m.

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

Upon motion (Johnson/Safford), duly adopted, the minutes of the 2019 Joint Annual Meeting were approved by the membership.

Carrie Rice of Johnson Lambert reviewed a summary of the 2019 VERB Trust audit. Commissions increased 2%, and claims paid decreased by 10.3% due to favorable loss activity. Contributions were down by 12.6% due to a rate decrease in the Unemployment Insurance (UI) program. \$325K was returned to members in UI Program contribution credits. There was a net investment gain of \$507,000, primarily due to unrealized gains in the equity and debt portfolios. There were no audit adjustments or uncorrected misstatements.

Upon motion (Safford/Hurd), duly adopted, the report of the 2019 VERB Trust audit was unanimously accepted by the membership.

President Shepeluk highlighted a letter which went out from himself and Director Joe Damiata to the membership regarding the unprecedented 2020 unemployment claims due to the COVID-19 pandemic and how that will impact member costs in 2021. There is a great deal of uncertainty in the coming months, but he encouraged members to stay the course and stick together through this difficult time. A contribution credit return to members for next year is unlikely, but members have received credits in 17 out of the last 20 years, and historically the trust has a stellar record of reducing member costs overall. He indicated that rate stability will return soon, but it will take a few years to build back our surplus. Despite a continued healthy net position, reserves still need to be replenished over time.

Joe Damiata provided the staff report to the membership including background detail on the VERB Trust and its formation. Mr. Damiata noted there are no rates yet for the UI Program for 2021 as the state is delayed in releasing its taxable wage determination for next year. The Trust paid about \$1.3 million in unemployment claims through the second quarter, compared to only \$431,000 budgeted for the year, but claims numbers are starting to come down for the third quarter. The result will certainly impact member rates for a few years. The good news is, due to the federal CARES Act, 50% of these costs were credited back to the Trust, and will continue to be credited through the remainder of 2020, which will substantially help the fund. Mr. Damiata highlighted the various programs under VERB and participation levels and

explained that all of the programs, such as vision, dental, life and disability and the Health Insurance Advisory Services Program will be moving to VLCT for primary oversight in 2021. The VERB Trust will administer solely the Unemployment Insurance Program moving forward.

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

Upon motion (Hurd/Safford), duly adopted, the members voted unanimously to accept the Report of the Nominating Committee and the slate of officers as presented with a renewed three-year term for director Bill Shepeluk.

Upon motion, duly moved and seconded, the members voted unanimously to adjourn the VERB Trust annual meeting at 2:10 p.m.

PACIF President Carl Rogers named off the PACIF Board members and called the PACIF annual meeting to order at 2:12 p.m.

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

Upon motion (Hurd/Pinsonault), duly adopted, the minutes of the 2019 Joint Annual Meeting were unanimously approved by the membership.

Carrie Rice reviewed a summary of the 2019 PACIF audit. There was an 84% increase in net position due to a decrease in incurred losses and an increase in investment earnings. Contributions remained stable with a slight .7% decrease. \$1.5 million was returned to members in 2019, with an additional \$200K for the grant program. The Trust's loss ratio was at -1% for 2019, a decrease from 46% in 2018 due fewer incurred losses. Investment income increased \$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.

Upon motion (Atherton/Powers), duly adopted, the report of the 2019 PACIF audit was unanimously accepted by the membership.

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 \$21.5 million has been returned to members in the form of contribution credits. Additionally, since 2010 over \$2 million has been awarded in grants and scholarships to members. In 2020, the Trust collected \$25.4 million and budgeted for over \$14 million in claims.

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 with Trevor Whipple, HR consulting services with Jill Muhr and the EPL (Employment Practice Liability) Referral Program. Although rates have not yet been finalized for 2021, the Trust expects to deliver a net 9.0% reduction in overall rates to members for 2021 and also return \$1.5 million in contribution credits to members along with \$200,000 toward the grant program. PACIF's flood coverage continues to be superior to that of competitors in the marketplace, and for 2021 there will be some Cyber Liability coverage enhancements related to e-crime. Staff will also be working to increase cyber coverage limits at some point during the policy year. The Trust will be adding a general liability pathogens exclusion and then give back limited coverage through a coronavirus extension. In addition, enhancements are expected for the member online portal including a certificate of coverage module and access to claims detail.

Director Stuart Hurd presented the Report of the Nominating Committee and slate of officers, noting that board member Joshua Powers elected not to renew his three-year term with the board. The committee selected Alternate Jared Cadwell to replace Director Powers upon the expiration of his term.

Upon motion (Mackenzie/Atherton), 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 Jared Cadwell, Aaron Frank, Erik Wells and Bruce Urie.

Upon motion (Hurd/Atherton), duly adopted, the members voted unanimously to adjourn the PACIF Trust annual meeting at 2:50 p.m.

Respectfully submitted,
Kelley Avery
Assistant Secretary

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