TO ALL VERB AND PACIF MEMBERS,

2020 was a challenging year, and you rose to the occasion. While you worked hard to keep your residents and employees safe despite COVID-19, PACIF and VERB strove to connect you with information and resources you needed to help you do that. We are gratified to have been able to support you during such trying times.

This difficult year proved the value of belonging to a member-owned risk pool like PACIF and VERB. Although VERB’s unemployment claims increased over 300% in early 2020, the fund absorbed the costs thanks to a history of fiscal conservatism, adequate member equity, and federal government assistance. Meanwhile, the number of PACIF claims fell 35 percent, allowing staff to focus on delivering great service and new resources. PACIF’s member equity grew, again allowing the return of $1.7 million to members as 2021 contribution credits and grants.

We appreciate your commitment to the municipal knowledge and expertise of these trusts. The more faithfully we all participate in this group effort, the stronger each fund and its members become. We strive to protect all municipal assets – employees; property, facilities, equipment, and vehicles; elected officials and volunteers; and reputation. We’ll always look out for your best interests because we are you.

Sincerely,

CARL ROGERS
President, Property and Casualty Intermunicipal Fund
Town Manager, Barre Town

WILLIAM SHEPELUK
President, VLCT Employment Resource and Benefits Trust
Municipal Manager, Waterbury

PACIF STATEMENTS OF NET POSITION

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>Other liabilities’</td>
</tr>
<tr>
<td>Other assets</td>
<td>Net claim reserves</td>
</tr>
<tr>
<td>Total assets</td>
<td>Total liabilities</td>
</tr>
<tr>
<td>$109,689,281</td>
<td>$6,212,275</td>
</tr>
<tr>
<td>$111,578,482</td>
<td>$35,504,031</td>
</tr>
<tr>
<td>$111,578,482</td>
<td>$40,126,286</td>
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</table>

PACIF loss control staff bring us forward by helping us address VOSHA compliance, enhance our Safety Committee, and more. I have incorporated their advice into the City’s long-term strategic planning.

Lee Krohn
Mayor, City of Newport

PACIF STATEMENTS OF CONTRIBUTIONS, EXPENSES, AND CHANGES IN NET POSITION

<table>
<thead>
<tr>
<th>Operating</th>
<th>Non-operating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>Non-operating revenues (expenses)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>Contribution Credits to members</td>
</tr>
<tr>
<td>Net operating income</td>
<td>Net non-operating income (loss)</td>
</tr>
<tr>
<td>$13,654,015</td>
<td>$23,584</td>
</tr>
<tr>
<td>$12,225,465</td>
<td>$6,908,105</td>
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<tr>
<td>$13,654,015</td>
<td>$13,654,015</td>
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</table>

VERB STATEMENTS OF NET POSITION

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>Net position</td>
</tr>
<tr>
<td>$4,007,011</td>
<td>$3,759,983</td>
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</table>

VERB STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

<table>
<thead>
<tr>
<th>Operating</th>
<th>Non-operating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>Non-operating revenues (expenses)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>Contribution Credits to members</td>
</tr>
<tr>
<td>Net operating income</td>
<td>Net non-operating income (loss)</td>
</tr>
<tr>
<td>$790,607</td>
<td>$223,116</td>
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<tr>
<td>$1,584,150</td>
<td>$23,584</td>
</tr>
<tr>
<td>$3,759,983</td>
<td>$3,759,983</td>
</tr>
</tbody>
</table>

PACIF & VERB

CHIEF OF POLICE, TOWN OF BRANDON
Trevor Whipple, PACIF’s Law Enforcement Risk Management Consultant’s background is well rounded so he can knowledgeably address many aspects of municipal law enforcement, and he is practical and easy to consult with. So far, we have worked together on animal cruelty issues and customizing PACIF’s model policing policies, and I know there’ll be more.

Christopher Brickell
Chief of Police, Town of Brandon

SALLY OBER
Town Clerk, Town of Lincoln

During this pandemic, it has been an almost full-time job to keep up with changing legislation, safety guidance, and best practices. VLCT has been a savior by working quickly to provide up-to-date and easy to digest information in a timely manner.

Sally Ober
Town Clerk, Town of Lincoln

LEE KROHN
Mayor, Town of Shelburne

Working with PACIF after our VOSHA inspection was extraordinary. Our PACIF loss control consultant provided PACIF templates for VOSHA-compliant program materials and helped us set reasonable, practical guidelines for our programs. As he navigated our response to the inspection, he remained very focused on achieving the best possible outcome and helped us show good faith effort by launching immediately into solving our safety problems.

Lee Krohn
Mayor, Town of Shelburne

MUNICIPAL MANAGER, WATERBURY

LAURA DOLGIN
City Manager, City of Newport

PACIF loss control staff bring us forward by helping us address VOSHA compliance, enhance our Safety Committee, and more. I have incorporated their advice into the City’s long-term strategic planning.
THE PRACTICALITY OF POOLING: Diving into the Value of State League Risk Pools

Based in part on a member’s testimony

MUNICIPALITY-BASED

Municipal governments are organized and governed differently from private companies. Many laws are unique to the operation of municipal government, making it incumbent upon cities and towns to “pool” their resources and share their risks with similar entities.

ALIGNED WITH THE LEAGUE’S MISSION

All of the people behind PACIF and VERB look out for members’ needs and for unseen risks. Steadfastly having the backs of Vermont municipalities is the reason the VLCT trusts exist.

MEMBER-OWNED

PACIF and VERB are owned by Vermont municipalities and operated by VLCT staff who report to governing boards comprising officials from member municipalities. The insurance and related programs offered are the best available because they are tailored to meet the needs of members in general and each community in particular.

NOT JUST TRANSACTION: INTERACTION

Commercial insurers use a transactional business model in which customers buy a pre-set product. This simply doesn’t measure up in “apples to apples” comparisons with all that VLCT offers. And when commercial insurers don’t need municipal business to make the profits they seek, their prices go up markedly. Sometimes coverage is even unavailable. PACIF and VERB interact with members, often one-to-one, and provide additional benefits, programs, and opportunities.

CUSTOMER-CENTRIC

Members’ needs and concerns are the prime motivator for what VLCT’s trusts offer and how they are operated. Staff in all divisions understand the challenges faced by municipalities and focus on providing excellent service and useful resources. Many forms of training as well as specialized consultation and funding through grants & scholarships add important value beyond coverage. Our goal is to help municipalities determine their own path of risk management.

CONTRIBUTION CREDITS

As owners of the VLCT trusts, municipalities benefit directly when contributions (premiums) exceed claims and other operational expenses. VLCT staff, at the direction of the boards, set aside adequate reserves to guard against unusually large claims and put reinsurance in place for added protection for the occasions that claims may go above insurance limits. Almost every year, when the trusts confirm that funds reserved to cover previous years’ claims can safely be released, members receive contribution credits.

2.26 times more PACIF online courses were completed by member employees than in 2019.

PACIF significantly increased its Cyber Liability and Data Breach limits in anticipation of member need.

PACIF members received a variety of COVID-related guidance and resources developed and disseminated by staff specifically to help municipalities comply with evolving state and federal requirements for safety and risk management.

2,410 hours of staff time was spent helping PACIF members, much of it for responding to the realities of COVID-19.

VERB and PACIF staff spent more than 550 hours providing HR-related guidance, advice, and resources to help members understand and abide by FFCRA, FMLA, and CARES Act mandates.

PACIF members received substantive service from PACIF staff — many via two or more interactions.

As a result of PACIF’s Cyber Liability and Data Breach Limits increase, PACIF significantly increased its Employee Breach limits in anticipation of member need.

PACIF members received a variety of COVID-related guidance and resources developed and disseminated by staff specifically to help municipalities comply with evolving state and federal requirements for safety and risk management.

$1.5M total value of member properties covered by PACIF

4,070 structures and buildings covered by PACIF

234 different members received substantive service from PACIF staff — many via two or more interactions.

2020 HIGHLIGHTS

$2.31B

188 free hours of legal service provided during 86 EPL referrals to 53 different PACIF members

7,185 municipal employees covered by VERB’s UI program

VERB’s UI claims more than tripled over budget due to COVID, yet the fund remains stable.

MEMBERSHIP IN VERB’S PROGRAMS

209 UI
154 Dental
113 Vision
126 Life & Disability

2020 HIGHLIGHTS

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