November 12, 2026

Understanding VLCT's Request of an Institutional Value Fee from PACIF

Ted Brady
Executive Director
Vermont League of Cities and Towns
tbrady@vlct.org
(802) 316-4475

- **What Are Institutional Value Fees?**

IVFs are almost as old as league-sponsored pooling itself:

- Recognition of the investment leagues made in advocacy for a statutory means to have group self-insurance for municipalities in lieu of purchasing insurance.
- Acknowledgement of the reputational risk leagues took in starting pools.
- Once pools were established, intended to function as a “royalty” to the founding entity for lending its name and associated value to members.

Most states have them in one form or another:

- No standardized way for them to be calculated.
- Exist in states where the pool is part of the league, and where they are separate.

Why should PACIF pay an institutional value fee?

- Brand, Trust and Institutional Legitimacy
- Compensation for Risk VLCT Took Creating the Trust
- Access to 5,000+ Municipal Officials
- VLCT’s Convening Power
- Marketing and Communications Infrastructure
- Education Platform
- Institutional Value of Promoting Good Governance
- Affiliate Organization Relationships
- Advocacy Partnership

Why is VLCT Asking for and Annual IVF of $1.2 Million?

- PACIF and VERB have decided to separate from VLCT, reducing operational efficiencies in the interest of more control and reducing perceived conflicts.

- A separation will reduce the scale of VLCT, PACIF and VERB – requiring all three to consider how to meet finance, IT, HR, and executive needs – currently met by VLCT.

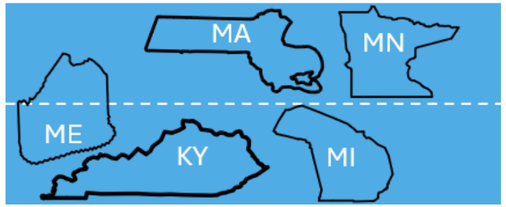
- PACIF proposed the $1.2 million figure during negotiations. Based on delta between what VLCT is charging PACIF for services in 2026 and what PACIF feels it should pay in 2026.

- VLCT would still likely need to make organizational changes, including innovating new revenue sources, increasing dues, and reducing free services with a $1.2 million IVF.

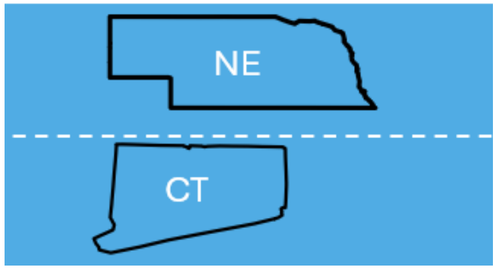
VLCT's Peer Analysis Supported a $1.2 Million IVF.

VLCT studied 11 other league / pool relationships:

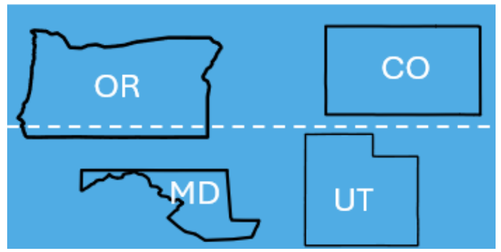
Tight Integration



Integration Challenges



Little to No Integration



Five Key Takeaways
From the VLCT Consultant's Report

1

Little consensus on best allocation methodology of administrative costs.

There is no widely agreed-upon approach to allocating administrative costs across leagues and trusts.

2

It is common for league and pool boards to have overlapping board members.

Many leagues and trusts share board members, reflecting common governance practices.

3

The Executive Director of the league usually has a role in the governance of the trust.

League executive directors typically participate in, or have a formal role in, trust governance.

4

The most common employment arrangement is for the league to serve as the administrator of the trust, and employees to all report through the league board.

In most cases, the league employs trust staff, and all employees report through the league board.

5

Most leagues charge their trusts an institutional value fee.

It is common practice for leagues to charge their trusts an institutional value fee for the services and support provided.

PACIF Evaluated IVFs Paid By Selected Pools

November 4, 2026, Fred Satink Memo / IVF Analysis & Report

- Contacted 35 municipal risk pools
- Received adequate data from 20 pools
- Converted IVF dollar figure into a ratio compared to total annual member contributions to the pool
- Concludes that most risk pools pay an IVF of 2 % or less
- VLCT's request of $1.2 million would be an IVF ratio of about 3.5 %

From Fred Satink Memo:

Contribution-Based IVF – Statistical Results

Pool Type	Average IVF	IVF Median	IVF Range
All Pool Types (n=20)	1.19%	.80%	0-5.3%
League is Employer (n-8)	2.14%	1.80	.60%-5.3%
Non-League Pool (n=12)	.55%	.28%	0-2%*

VLCT Added Missing Data and Corrected Inaccuracies in Satink Memo

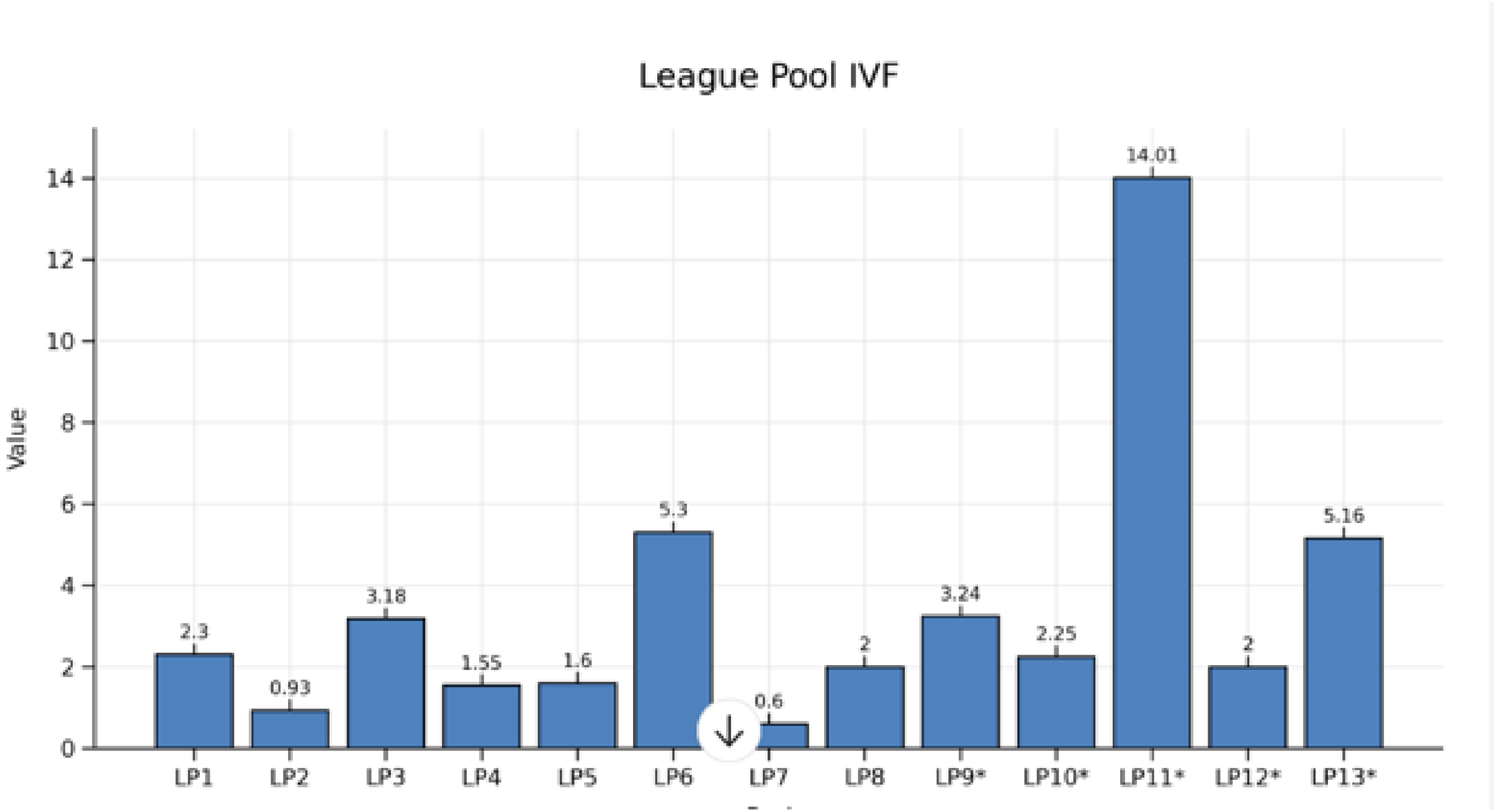
- Added five “League Pools” that have IVFs of 2 percent or higher (data from Paladin Consulting commissioned by several Leagues/Pools to do this work)
- Demonstrated that the pools that pay more than 2 percent were not outliers, but rather the majority.
- Excludes independent pools that have no relationship with leagues that artificially suppressed IVF ratio.
- Corrects Connecticut IVF as confirmed by CCM Director - $2.2 million, not $1.875 million.

VLCT Corrected Contribution-Based IVF – Statistical Results (Satink memo original number appears in red).

Pool Type	Average IVF	IVF Median	IVF Range
All Pool Types (n=21) (n=20)	2.41% (1.19%)	1.67% (.80%)	0.13%-14.01% (0-5.3 %)
League is Employer (n=13) (n=8)	3.39% (2.14%)	2.25% (1.8%)	0.60%-14.01% (.60-5.3%)
Non-League Pool with IVF (n=8) (n=12)	.825% (.55%)	0.67% (.28%)	0.13%-2.00% (0-2.0%)

VLCT added five pools not included in Fred’s analysis and removed four pools that had no relationship with their league or paid no institutional value fee.

The Average IVF Ratio to Contributions Paid By “League Pools” is 3.4%



VLCT removed the names of each pool because we did not seek or get permission to publicly share this data. Some pools and leagues are not public entities like VLCT. Asterisk (*) indicates an IVF ratio that was not included in the Satink memo.