VLCT Evaluation of November 4, 2026, Fred Satink Institutional Value Fee Analysis and Report
November 11, 2026

Summary: Before relying on the conclusions of the Satink Institutional Value Fee (IVF) Analysis, Board members may wish to consider the following context, corrections and additional information that challenge Fred's findings that most IVFs are below 2 percent of member contributions. The average of pools with a structure similar PACIF and VLCT is nearly 3.4 percent. If PACIF paid VLCT the average IVF, it would pay VLCT $1.15 million (0.034*$33.8 million).

Issue 1: The Satink survey omitted five "League as Employer" pools that paid significantly higher institutional value fees than those he surveyed. Paladin Consulting provided the institutional value fees of those five pools to VLCT. When included, the average IVF of "League Pools" is 3.39 percent.

Issue 2: The Satink survey included pools that had no relationship with a league, and therefore paid zero IVF. Including leagues with no relationship would be akin to including every insurer without a league connection, and corrupts the comparison. When the four pools with no league connection are removed from the average, the average of all pools, both Non-League Pools and League Pools is 2.41 percent of member contributions.

Issue 3: The Satink survey incorrectly reports the Institutional Value Fee paid to the Connecticut Conference of Municipalities. The correct number is $2.2 million, not $1.875 million, as confirmed with the Executive Director of CCM on November 11th. The IVF does not include any shared service costs. If CCM's contributions were correctly reported in the Satink survey, this equates to a 2.3 percent IVF (the 2.3 percent CCM IVF is included in the calculations in Issue 1 and Issue 2).

Issue 4: The Satink survey calls pools that pay IVFs higher than 2 percent "outliers". The addition of the five "League as Employer Pool" data demonstrates that more pools pay more than 2 percent than pay less than 2 percent.

Issue 5: Multiple factual inaccuracies are included in the Satink Memo, including:

- Inaccurately reporting that IVFs have no connection to pool's net position. Georgia calculates its IVF based on net position;
- Incorrectly stating the Michigan Municipal League Liability/Prop Pool (affiliated with the Michigan League) is smaller than the non-league affiliated Michigan risk pool. According to the websites of both, the league-affiliated pool has twice as many cities as members;
- Incorrectly stating the Maine Municipal Association's risk pools are not separate legal entities. They are, per conversation with Maine Municipal Association Director; and
- Incorrectly stating that the Association of Washington Cities has a workers compensation pool. It does not, as the state providers workers compensation coverage.

Issue 6: The Satink report again states PACIF is paying VLCT in the range of $1.1 million to $1.3 million

"in excess of benefit received". There is no factual data that supports this claim. This number is based on what PACIF wants to pay VLCT, not the value it receives from shared services or shared expenses.

The following charts demonstrate this data corrected in the same format to Fred's report. Note the names of the pools have been anonymized because VLCT does not have permission from each pool to share their data publicly, and unlike VLCT, some are not public entities.

Exhibit 1

VLCT Corrected Contribution-Based IVF – Statistical Results (Fred's 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.

Exhibit 2

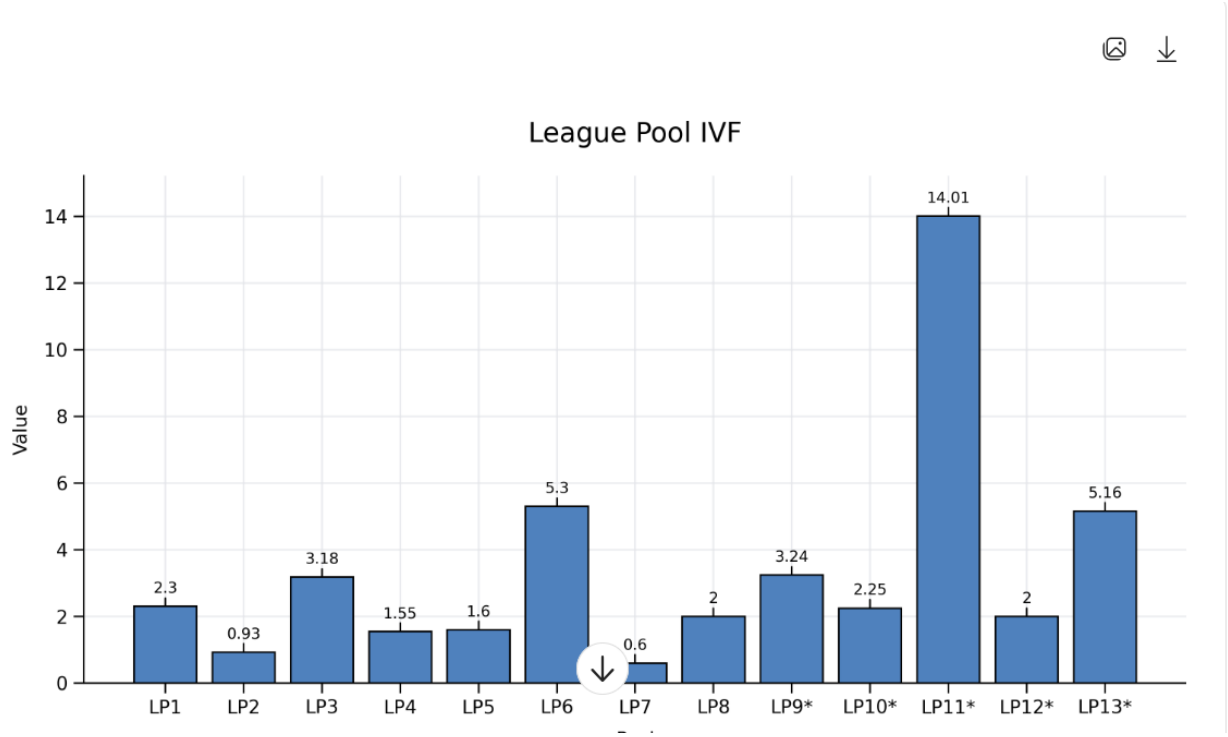


Exhibit 3

Data Table

Non-League Pool IVF				League Pool IVF Equivalents	
NLP1	0.69			LP1	2.3
NLP2	0			LP2	0.93
NLP3	0.65			LP3	3.18
NLP4	0			LP4	1.55
NLP5	2			LP5	1.6
NLP6	0			LP6	5.3
NLP7	0.13			LP7	0.6
NLP8	1.67			LP8	2
NLP9	0.41			LP9*	3.24
NLP10	0.15			LP10*	2.25
NLP11	0.9			LP11*	14.01
NLP12	0			LP12*	2
				LP13*	5.16
Average	0.55			Average	3.393846
Average without "0"	0.825				
				Average All	2.0288
				Average without "0"	2.415238
				Not included in Satink Memo	
				Based on actual 2.2 million IVF	
				*not included in Fred's Data	