

Announcement



VLCT Property and Casualty Intermunicipal Fund, Inc. (VLCT PACIF)



2018 Annual Meeting of the Membership

Wednesday, October 3, 2018

12:30 PM

Diamond III

DoubleTree by Hilton

South Burlington, Vermont

The Directors of VLCT PACIF invite all member municipalities to attend the Fund's Annual Meeting. As a PACIF member, your participation at the Annual Meeting is essential. Your input helps the Board understand and address the issues that are important to you, so we encourage **your municipality to send one or more representatives to the meeting.**

We did not reach a quorum at the 2017 Annual Meeting so all 2017 decisions and actions will be ratified and confirmed as one item on the 2018 agenda. We need representation from ten percent of the membership (35 members) to reach a quorum in 2018.

Now in its 31st year of operation, PACIF continues to grow in size, strength, and stability. Together we have accomplished something unique and unparalleled in Vermont – providing the best long-term value in property, liability, and workers' compensation risk management and coverage programs to Vermont municipalities through an organization owned and operated by you: member municipalities. PACIF succeeds only because our members succeed, and success comes only from a knowledgeable and informed body of members.

PACIF will hold this meeting in conjunction with the Annual Meeting of the VLCT Employment Resource and Benefits Trust, Inc. (VERB). VLCT's Annual Meeting will follow in the same room. This joint format gives all attendees the chance to learn more about VLCT's other Risk Management Services risk-sharing programs to learn why "one-stop shopping" for your town's municipal risk management needs has become synonymous with VLCT. This format also saves time so members can take advantage of other Town Fair programs and activities scheduled on Wednesday.

The annual meeting will include a report on the Fund's 2017 Financial Audit by Johnson Lambert, LLP, a summary of which will be distributed at the annual meeting. A full copy of that report is also available by contacting our CFO, Michael Gilbar, at mgilbar@vlct.org.

Enclosed you will find a preliminary agenda (**Goldenrod**), the 2016 PACIF Annual Meeting Minutes (**Pink**), the 2017 PACIF Annual Meeting Minutes (**Lilac**), the proposed Bylaw amendment memo (**Buff**), and a board nomination form with an explanatory letter (**White and Tan**).

We look forward to seeing you on October 3rd in South Burlington!



**VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND, INC.
&
VLCT EMPLOYMENT RESOURCE AND BENEFITS TRUST, INC.**

2018 ANNUAL MEETING OF THE MEMBERSHIP

WEDNESDAY, OCTOBER 3, 2018

DIAMOND III

**DOUBLETREE by HILTON
BURLINGTON, VERMONT**

12:30 PM

AGENDA

I. Welcome and Introduction

**II. VLCT Employment Resource and Benefits Trust, Inc. (VERB)
Annual Business Meeting**

1. Call to Order.
2. Approval of Agenda.
3. Approval of Minutes.
4. Financial Audit Report.
5. Report of the President.
6. Staff Report.
7. Report of the Nominating Committee.
8. Election of Directors.
9. Any Other Business.
10. Adjournment.

**III. VLCT Property and Casualty Intermunicipal Fund, Inc. (PACIF)
Annual Business Meeting**

1. Call to Order.
2. Approval of Agenda.
3. Approval of Minutes.
4. Ratify and Confirm Decisions and Actions at the 2017 Annual Meeting
5. Financial Audit Report.
6. Report of the President.
7. Staff Report.
8. Report of the Nominating Committee.
9. Election of Directors.
10. Any Other Business.
11. Adjournment.

Sponsor of:

VLCT Employment
Resource and Benefits
Trust, Inc.

VLCT Municipal
Assistance Center

VLCT Property and
Casualty Intermunicipal
Fund, Inc.

IV. Closing Remarks

**MINUTES OF THE JOINT ANNUAL MEETING OF THE MEMBERSHIP
VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND
VLCT EMPLOYMENT RESOURCE AND BENEFITS TRUST, INC.
OCTOBER 6, 2016
CHAMPLAIN VALLEY FAIRGROUNDS - ESSEX JUNCTION, VERMONT**

PACIF Directors Present: Pat Scheidel, Brendan Whittaker, John Lawe, Joshua Powers, Carl Rogers, Stuart Hurd, Jackie Higgins, Mel Adams, Pete Johnson and Aaron Frank

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

A quorum was confirmed for both trust organizations represented by member sign-in.

VERB Trust President Bill Shepeluk called the meeting to order at 11:06 a.m. and asked for approval of the agenda with one amendment to switch items numbered 5 and 6 on the agenda.

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

Upon motion (Colangelo/Provencher), duly adopted, the minutes of the 2015 Joint Annual Meeting were approved by the membership.

Kristen Sharrow of Johnson Lambert reviewed a summary of the 2015 VERB Trust audit. For the UI program, contributions increased by 12% or \$85K, largely due to decreased member credits from prior year. Paid losses also decreased by 15%, and commissions decreased 17% due to members moving into the Exchange. \$302,925 was awarded in UI Program credits for 2015.

Upon motion (Safford/Adams), duly adopted, the report of the 2015 VERB Trust audit was unanimously accepted by the membership.

President Shepeluk introduced other members of the board. Mr. Shepeluk also discussed the recent changes over the last few years in health insurance and the resulting merge of the former Health and UI Trusts two years ago. President Shepeluk announced the board met yesterday to set rates for the UI program for 2017 and also decided to give credits back to the membership, details of which Ken Canning will review in the staff report. The trust also maintains ample surplus reserved in the event it may be required if the health insurance environment changes in the upcoming years.

Ken Canning provided the staff report to the membership. Mr. Canning noted that if any members wish to review the fully audited financial statements for the trusts for 2015, they are available on the VLCT web site. Mr. Canning congratulated President Shepeluk on 30 years of service to the Health and now VERB Trust boards. Mr. Canning also highlighted the various VERB Trust programs, pointing out the newest, Health Insurance Advisory Services, whereby members may contract with VERB for direct consulting services on health insurance and benefit programs. Mr. Canning also noted the board approved a 14% overall reduction in the UI program rates for 2017 at its meeting yesterday, and also voted to return \$350,000 to UI program participating members in the form of contribution credits.

There was a brief discussion from the memberships regarding funding from prior Health and UI Trusts and how those funds are now allocated. The board and staff confirmed that the trusts are combined and funds are therefore combined as well. However, in terms in the UI contributions and credits, only those participating in the program are considered and only those member claims are taken into account. Likewise, only those members contributing to the UI program may be eligible for credit.

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

Upon motion (Safford/Cope), 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 Carrie Johnson, Joe Colangelo and Todd Odit.

Upon motion, duly moved and seconded, the members voted unanimously to adjourn the VERB Trust annual meeting at 11:44 a.m.

PACIF Trust President Pat Scheidel called the meeting to order at 11:45 a.m. President Scheidel introduced the other members of the board and congratulated Director Joshua Powers on 20 years of service to the board. Mr. Scheidel also requested an amendment to the meeting agenda to switch items 5 and 6.

Upon motion (Powers/Lawe), duly adopted, the agenda was unanimously approved by the membership as amended.

Upon motion (Adams/Powers), duly adopted, the minutes of the 2015 Joint Annual Meeting were unanimously approved by the membership.

Ms. Sharrow reviewed a summary of the 2015 PACIF audit. There was a 35% decrease in net position due to adverse loss development resulting from the new actuary's change in estimated reserves. Contributions remained consistent compared to prior year. The loss ratio was 119% for 2015, and investment income decreased by 96%. In 2015 the board designated \$500,000 in member credits and \$200,000 to the safety grant program.

Upon motion (Svec/Adams), duly adopted, the report of the 2015 PACIF audit was unanimously accepted by the membership.

President Scheidel provided a brief overview and history of the trust, detailing the protection it has provided to members over the years and also the tremendous returns it has been able to give back to its members since the trust's inception. He praised the services provided by the VLCT staff in support of the trust and also the valuable programs available to members, including the new Employment Practice Liability and WorkStrong programs.

Mr. Canning noted the copy of the PACIF and VERB Annual Report in the annual meeting folders. Mr. Canning also mentioned rates have stabilized for the PACIF Trust according a report of the actuary. As a result, the actuary is recommending only a 1% average increase in PACIF rates for 2017, although individual member rates will vary. The board will once again be returning \$700,000 to members in the form of a \$200,000 safety grant and \$500,000 in contribution credits. Although these results are not yet finalized, the board will vote on these proposed recommendations at their meeting on October 14th, and no changes are anticipated.

Mr. Canning also explained changes to Article V, Section 5.1.7 of the PACIF bylaws, included in the meeting packets. This is the third step in the process of implementing a formal member claim appeal process, so that if PACIF denies a claim, members will have a process to appeal outside of legal action. The PACIF board has already adopted a policy regarding this process, and the Department of Financial Regulation has approved changes to the PACIF coverage document incorporating the process. The final step is approval from the membership. There was a request from the membership to change the third word from "may" to "shall" in recommended language of the bylaw change.

Upon motion (Hawley/Hurd), duly adopted, the membership voted unanimously to accept the proposed changes to the PACIF bylaws as amended.

Mel Adams presented the report of the nominating committee and slate of officers.

Upon motion (Colangelo/Rogers), 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 Stuart Hurd, John Lawe, Pete Johnson and Neal Fox.

Upon motion, duly moved and seconded, the members voted unanimously to adjourn the PACIF Trust annual meeting at 12:09 p.m.

Respectfully submitted,

David Sichel
Assistant Secretary

Subject to Member Approval

**MINUTES OF THE JOINT ANNUAL MEETING OF THE MEMBERSHIP
VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND
VLCT EMPLOYMENT RESOURCE AND BENEFITS TRUST, INC.
OCTOBER 5, 2017
NORTHSTAR II – KILLINGTON GRAND HOTEL - KILLINGTON, VERMONT**

PACIF Directors Present: Brendan Whittaker, John Lawe, Joshua Powers, Carl Rogers, Stuart Hurd, Pete Johnson and Jerry Storey

VERB Directors Present: Bill Shepeluk, Kathleen Ramsay, Carrie Johnson and Joel Cope

A quorum was confirmed for the VERB Trust organization by member sign-in. A quorum was not present for the PACIF Trust organization.

VERB Trust President Bill Shepeluk called the meeting to order at 10:35 a.m. and asked for approval of the agenda.

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

Upon motion (Ramsay/Durfee), duly adopted, the minutes of the 2016 Joint Annual Meeting were approved by the membership.

Jillian Mulcahy of Johnson Lambert reviewed a summary of the 2016 VERB Trust audit. Commissions decreased 24%, paid losses remained consistent with 2015 and consulting fees increased 77% with the first full year of the new Human Resources Program. Net investment income increased \$164K, largely due to increases in interest and dividends. \$350K was returned to members in contribution credits. These appeared as a liability for the first time in 2016 as \$350,000 was also expensed in the same year due to recording practice changes in accordance with general accounting principles.

Upon motion (Johnson/Durfee), duly adopted, the report of the 2016 VERB Trust audit was unanimously accepted by the membership.

President Shepeluk introduced other members of the board and provided a brief history of the VERB Trust. Mr. Shepeluk also announced the board met yesterday to set rates for the UI program for 2018 and decided on the 75% confidence level for an 18.7% rate reduction and a \$350K contribution credit return to members. Individual member rates will vary. The trust is in a healthy financial position and has recently started a strategic planning process. Mr. Shepeluk highly encouraged members to take advantage of the trust's Health Advocate program.

Joe Damiata provided the staff report to the membership and asked VLCT staff and be recognized. Mr. Damiata read the VERB Trust's Mission Statement and highlighted the various programs available through the trust. The Life and Disability program rates are now locked until July 1, 2020. The Health Advocate program, previously available at no cost only to those members who were in the Health Trust program prior to the Exchange going into effect in 2014, will be open to all VERB Trust members starting January 2018 at no cost. Mr. Damiata also briefly noted the dental, vision and Health Insurance Advisory Services Programs as well.

Director Johnson presented the Report of the Nominating Committee and slate of officers.

Upon motion (Johnson/Ramsay), 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 11:01 a.m.

PACIF Trust Vice President Pete Johnson called the meeting to order at 11:01 a.m. President Scheidel was unable to attend. Mr. Johnson introduced the other members of the board and thanked Director Joshua Powers for his many years of service to the board. Mr. Johnson also congratulated Joe Damiata on his recent promotion to VLCT Director of Risk Management Services.

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

Upon motion (Powers/Lawe), duly adopted, the minutes of the 2016 Joint Annual Meeting were unanimously approved by the membership.

Kristen. Sharrow reviewed a summary of the 2016 PACIF audit. There was a 16% increase in net position due to decreased losses, a 13% increase in contribution income due to rate increases and a substantial increase in investment income. \$700K was once again returned to members as \$500K in contribution credits and \$200K for the grant program. The trust's loss ratio was far better in 2016 (down from 119% in 2015 to 71% in 2016) due to more favorable loss development for the year.

Upon motion (Powers/Whittaker), duly adopted, the report of the 2016 PACIF audit was unanimously accepted by the membership.

Vice President Johnson introduced other board members present. Mr. Johnson also thanked VLCT staff for their service. Mr. Johnson noted board member Walker James had to step down earlier this year and thanked him for his 14 years of service to the board. Board member Mel Adams also retired recently after two years on the board. Mr. Johnson noted the new Human Resources Program through VLCT is now finding its legs and is a great resource to members. Mr. Johnson also provided a brief overview of PACIF and its membership participation.

Mr. Damiata provided the staff report and read the PACIF Trust's Mission Statement. Mr. Damiata noted PACIF recently received the AGRIP (Association of Government Risk Insurance Pools) Recognition Award for best practices, which is very prestigious. Mr. Damiata also updated the membership on the recent underwriting system upgrade and Cloud migration efforts, which will improve cybersecurity. He also highlighted the various programs available through PACIF such as EPL (Employer Practice Liability), WorkStrong and also the grant and scholarship programs.

Director Rogers explained a proposed PACIF bylaw amendment. The bylaws have been amended to allow for two alternates instead of one. This required a revision to paragraph 4.20.

Upon motion (Rogers/Hurd), duly adopted, the membership voted unanimously to accept the proposed changes to the PACIF bylaws as presented.

Stuart Hurd presented the report of the nominating committee and slate of officers.

Upon motion (Hurd/Rogers), 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 Joshua Powers, Aaron Frank and Brendan Whittaker.

Upon motion, duly moved and seconded, the members voted unanimously to adjourn the PACIF Trust annual meeting at 11:25 a.m.

Respectfully submitted,

David Sichel
Assistant Secretary



MEMORANDUM

To: VLCT PACIF Members

From: Joe Damiata, Director of Risk Management Services

Date: August 10, 2017

RE: Proposed Bylaw Amendment

Attached is a proposed revision to the Bylaws of the VLCT Property and Casualty Intermunicipal Fund. The proposed revision grants the board authority to appoint more than one Alternate Director. The PACIF Board of Directors is recommending that PACIF members approve the proposed changes at the Annual Meeting. Below is a summary of the proposed changes.

Summary of Proposed Revision to the Bylaws

The proposed Bylaw is an amendment to Section 4.20, the Bylaw section that speaks to the Alternate Director position. The amendment makes clear that the board at their discretion can appoint more than one Alternate Director. This is accomplished by editing the existing language as follows: “The Directors may in their discretion appoint Alternate Director(s) ~~a person to the position of Alternate Director~~ for a one-year term, or portion thereof, ending December 31. The Alternate shall receive the same compensation and reimbursement for expenses and have the same duties and obligations as regular Directors except the Alternate Directors may only vote on matters when the presence of ~~the-an~~ Alternate Director is necessary to constitute a quorum. In determining the number of Directors needed to establish a quorum under Article 4.13, the position of Alternate Director shall not be included. In the event a regular Director is unable to complete a term the remaining Directors may, but are not required to, fill the vacancy with ~~the-an~~ Alternate Director.”

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VLCT Municipal
Assistance Center

VLCT Property and
Casualty Intermunicipal
Fund, Inc.



TO: VLCT PACIF Member Municipalities
FROM: Joe Damiata, Director of Risk Management Services
DATE: August 13, 2018
RE: Nominations to the PACIF Board of Directors

With the Annual Meeting on Wednesday, October 3, 2018 comes the election of directors for VLCT PACIF. Three directors' terms are expiring on December 31, 2018. All VLCT PACIF Board members serve three-year terms.

In accordance with PACIF Bylaws, director positions are open to qualified officials of a participating municipality. "Qualified officials" means selectboard or city council members, clerks and treasurers or an elected or appointed official with responsibilities to select or administer property, liability and/or workers' compensation coverage for the member municipality, or with insurance experience. Duties include overall policy, fiduciary and management direction of the Fund. Board meetings are generally held between eight and ten times a year at the VLCT Offices in Montpelier, and directors receive a stipend of \$150.00 per meeting, plus mileage reimbursement.

The position is a responsible one. The PACIF Board of Directors sets policy and goals for the administration of VLCT PACIF. This is vital as the Fund operates for the mutual benefit of its member-owners. This form of governance is an important reason why VLCT PACIF works and is responsive to the membership.

If you or another qualified municipal official in your city or town is interested in being nominated for an open director position, please complete the accompanying nomination form and return it to VLCT **no later than September 15, 2018.**

The PACIF Board of Directors will consider all nominees and present its recommendations to the membership at the Annual Meeting on October 3, 2018.

Thank you for your consideration.

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Resource and Benefits
Trust, Inc.

VLCT Municipal
Assistance Center

VLCT Property and
Casualty Intermunicipal
Fund, Inc.



**VLCT Property and Casualty
Intermunicipal Fund, Inc. (PACIF)
Board of Directors Nomination Form**

Nominee's name: _____

Municipality: _____

Mailing address: _____

Telephone: _____ Email: _____

Position: _____ Years in position: _____

Other municipal involvement (include dates):

Other professional skills. Please comment on your background, if any, in such areas as insurance, risk management, finance, investments, marketing, or legal. You need not limit your comments to these areas.

Other information (such as your occupation, education, activities, or interests):

Why do you want to serve on the VLCT PACIF Board? What contribution do you feel you can make to this Trust?

If you are **not the nominee** but are **recommending** this nominee, please complete the following:

Recommender's name: _____

Municipality: _____

Mailing address: _____

Telephone: _____ Email: _____

Position: _____ Years in position: _____

Why are you making this recommendation?

How do you know the person you are recommending?

RETURN THIS FORM TO:

– or fax to (802) 229-2211 –

PACIF Board of Directors Nomination
Attn: Director, Risk Management Services
89 Main Street, Suite 4
Montpelier, VT 05602