

**MINUTES OF THE VLCT PROPERTY AND CASUALTY INTERMUNICIPAL FUND,  
INC. BOARD OF DIRECTORS MEETING  
FRIDAY, SEPTEMBER 30, 2016  
VLCT OFFICES, MONTPELIER, VERMONT**

Directors Present: Pat Scheidel, Walker James, Joshua Powers, John Lawe, Carl Rogers, Brendan Whittaker, Stu Hurd, Pete Johnson, Neal Fox, Jackie Higgins

Staff Present: Ken Canning, David Sichel, Maura Carroll, Joe Damiata, Jeremiah Breer, Pam Fecteau, Vicky Abare

Others Present: Chris Kogut from Milliman (10:00 am - 11:30 am)

The meeting was called to order by President Scheidel at 10:04 am.

**Upon motion (Powers/Rogers) duly adopted, the Board voted unanimously to approve the agenda as presented.**

**Upon motion (James/Johnson) duly adopted, the Board voted to approve the minutes from the August 5, 2016 meeting as presented.**

Ken Canning introduced Chris Kogut from our actuary firm Milliman. Ms. Kogut provided a detailed review of the methodology and results of the June 30, 2016 actuarial review of reserves, proposed rates and contribution credits for the board. The board discussed the choice of confidence level for setting the 2017 rates. There was a consensus that the 77% confidence level should be used in developing rates.

The board recessed for lunch at 11:30 am. The board reconvened at 11:50 am.

Ken Canning reviewed the preliminary budget for 2017. This preliminary budget figure was used by the actuary for their study. Mr. Canning also discussed potential IT upgrades for VLCT and their impact on the budget.

The Board discussed proposed rates for 2017. Staff proposes an overall rate increase of 1.1%. More detailed rates by line of coverage were discussed. The board discussed rate smoothing between lines of coverage. It was noted that other factors such as changes in exposures, experience modifiers and underwriting debits and credits impact the actual bill for each member.

Joe Damiata updated the board on the reinsurance renewals. Overall reinsurance costs are down with flat or decreased rates.

Pam Fecteau reviewed proposed changes to the Coverage Document for 2017. PACIF's corporate counsel John Riley has reviewed the proposed changes. PACIF also had one of their defense attorneys review the document to provide a "ground level" assessment. Most of the changes are language clarifications, but there are a few changes of substance.

Ken Canning reviewed the proposed distribution credit to members for 2017. Staff is recommending a distribution credit of \$700,000 with \$500,000 as rate credits and \$200,000 to fund the safety grant program.

**Upon motion (Whittaker/Powers) duly adopted, the Board went into Executive Session to discuss pending litigation at 1:00 pm.**

The board left Executive Session at 1:20 pm.

Under other business Brendan Whittaker spoke about a program on Vermont Public Radio about embezzlement.

**Upon motion (Hurd/Rogers) duly adopted, the Board adjourned at 1:15 PM.**

Respectfully submitted,

David Sichel  
Assistant Secretary