

**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 WellStrong 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