STATEMENT FROM THE PACIF BOARD OF DIRECTORS

The PACIF Board of Directors at its meeting on Friday, October 2, 2026 approved the following statement to send to all members:

The Board would like to make a statement for the record about our discussions with the Vermont League of Cities and Towns, or VLCT.

The Property and Casualty Intermunicipal Fund, PACIF, is an independent, member-owned nonprofit. It was created under Vermont law so that cities, towns and other local governments can pool their insurance risk. We provide property, casualty and workers' compensation coverage to 360 Vermont members. We are governed by this independent Board, made up of municipal officials from communities large and small. On behalf of our members, we oversee $126 million in assets.

The Fund is strong. Coverage, claims and member service continue without interruption.

Next, we want to be clear about what PACIF is not. PACIF is not part of VLCT. VLCT is a separate nonprofit that serves Vermont municipalities through advocacy, training and other services. Many of our members are also VLCT members, and many people reasonably assume the two organizations are one. They are not. Since 1986, VLCT has been contracted to provide administrative services to PACIF, and the staff who deliver PACIF's insurance services are VLCT employees. It is that contract, and only that contract, that is being negotiated.

We value our partnership with VLCT. But as the costs to administer coverage rose, the Board asked VLCT for a clearer accounting of what PACIF's payments cover. The answers we received did not meet the standard of transparency our members expect or deserve.

The Board then commissioned an independent accounting analysis. It found that PACIF has been paying VLCT approximately $1.2 million more each year than the cost of the administrative services PACIF receives. Because PACIF's members are a subset of VLCT's membership, this means that they have been carrying costs that benefit VLCT's broader operations. It is like a town charging only its water ratepayers for services that belong in the general fund.

The second issue is governance. Like any municipal board, we must be able to select and oversee the people who run the Fund, day to day, including our CEO, attorney and finance director. Today, all of them are VLCT employees. That arrangement made sense forty years ago. The Fund has grown, and the relationship needs to evolve with it.

These are fiduciary responsibilities, and we take them seriously. For ten months, we have negotiated in good faith toward an agreement that aligns what PACIF pays with what PACIF receives and gives this Board appropriate oversight of the Fund's operations. We have not reached an agreement yet.

We hope these discussions lead to a constructive partnership for many years to come. Whatever the outcome, our commitment to our members does not change: uninterrupted coverage, high-quality service, and a Fund that remains strong. Thank you.

For additional information please visit www.VTPACIF.org the Fund's independent website that includes materials and the recording from the October 2nd PACIF Board meeting.

We invite all members to join us at the PACIF Annual Meeting on November 18 at 10 AM at 36 College Street in Montpelier.