

**MINUTES OF A REGULAR MEETING OF THE
BOARD OF DIRECTORS
VLCT EMPLOYMENT RESOURCE AND BENEFITS (VERB) TRUST, INC.
APRIL 29, 2015
VLCT OFFICES - MONTPELIER, VT**

The meeting was called to order at 9:32 a.m.

Directors present: Bill Shepeluk, Kathleen Ramsay, Joseph Colangelo, Carrie Johnson, Sandra Gallup, Todd Odit and Charles Safford. Directors absent: Joel Cope. VLCT staff present: Ken Canning, David Sichel, Jeremiah Breer, Larry Smith, Michael Gilbar and Kelley Avery. Others present: Carolyn Rice and Kristen Sharrow (Johnson Lambert) and Brian Story (UVM Intern).

A board quorum was confirmed.

Upon motion (Safford/Colangelo), duly adopted, the board voted unanimously to approve the meeting agenda.

Upon motion (Safford/Colangelo), duly adopted, the board voted unanimously to accept the minutes of the February 26, 2015 board meeting.

Carolyn Rice and Kristen Sharrow reviewed the results of the 2014 Health Trust and UI Trust audits. Since the Trusts have now merged, next year will be the first year doing a single audit on the new VERB Trust entity. The 2014 audits were clean with no internal control deficiencies or material weaknesses. The Health Trust total net position as of 12/31/14 was \$2,077,255. The UI Trust total net position as of 12/31/14 was \$2,419,724.

Ken Canning led the staff report. A Senior Workers Comp Claims Adjuster was hired. Staff is interviewing potential PACIF actuarial candidates. Also Executive Director finalist interviews will take place this week. NavRisk claims was updated and progress is moving forward on the new Pharmacy Benefit Manager (PBM) and Medical Bill Review (MBR) programs for Worker's Comp.

Kathleen Ramsay updated the board on the new Executive Director search. Thirty applications were received. Of these, eight candidates were interviewed, now down to two candidates who will be interviewed again tomorrow. The search committee plans to make a final decision and recommendation prior to the VLCT Board's May meeting.

Kelley Avery provided a review of the first quarter unemployment claims. Q1 claims were down 18% in comparison to Q1 2014. Claims frequency is also down slightly. Equifax reports were not yet available for the meeting, and Kelley will send these to the board once they are completed.

Upon motion (Safford/Gallup), duly adopted, the board voted unanimously to accept the claim reports as presented.

David Sichel provided an overview of the July 1, 2015 and January 1, 2016 Northeast Delta Dental (NEDD) renewal. NEDD is proposing a 1.89% decrease in rates for our group. Our 2014 claims experience, trend and also changes to the NEDD provider fee schedule for 2015 contributed to this rate reduction.

Upon motion (Safford/Johnson), duly adopted, the board voted unanimously to approved the Northeast Delta Dental renewal proposal for July 1, 2015 and January 1, 2016 for a 1.89% rate reduction.

David Sichel briefly reviewed NEDD Action Report showing membership utilization in comparison to our peer groups. 26% of enrollees are not visiting the dentist. Staff is promoting dental check-ups in the field but also plans to distribute payroll stuffers to promote preventive dental care.

Todd Odit reviewed the Human Resources (HR) Program Study Committee results. The committee recommended establishing a program and funding the first year at \$129,939 with a cost-sharing of 70% allocated to PACIF, 20% to VERB and 10% to VLCT, with VERB managing the program. VERB would contract with VLCT/MAC and PACIF for service. The committee adopted a mission statement for the program, developed priorities for the start-up phase and outlined a projected five-year budget. The committee recommended establishing a new HR Program Joint Committee, comprised of two directors from each board, to review the program on an ongoing basis and report back to the boards. Directors Colangelo and Odit agreed to continue to serve on the joint committee.

The proposed program would begin July 1st and the search for a suitable candidate to fill the position would begin immediately upon approval of the program by all three boards. Board members suggested the legal fees line item of \$1,000 for Year 1 might not be adequate and recommended increasing the proposed budget to a cost of up to \$133,940 instead to accommodate the possible need.

Upon motion (Colangelo/Safford), duly adopted, the board voted unanimously to approve establishing the Human Resources Program.

Upon motion (Safford/Johnson), duly adopted, the board voted unanimously to approve the funding model for the Human Resources Program for Year 1 for up to \$133,940 with a cost sharing split of 70% allocated to PACIF, 20% to VERB and 10% to VLCT.

Upon motion (Safford/Colangelo), duly adopted, the board voted unanimously to approve VERB manage the Human Resources Program and the formation of an HR Program Joint Committee to review the program on an ongoing basis.

Upon motion (Safford/Gallup), duly adopted, the board voted unanimously to appoint Todd Odit and Joseph Colangelo to serve on the HR Program Joint Committee

Kelley Avery reviewed the Equifax Annual Report for 2014. The report provided a general overview of 2014 support and services such as claims processed, claims protested, liability avoided or removed, hearings results and a comparison of our data in relation to industry peers. Of claims protested, our win rate was 88%, and \$197,134 was removed in potential liability by successful initial protests.

Kelley Avery reviewed Health Advocate utilization reports. Data from the 2011 - 2014 report shows a dramatic decrease in utilization, from roughly 280 calls per quarter in 2011 to 76 calls per quarter in 2014. The decrease seems to coincide directly with our switch the Carrier Choice model, after which we could no longer do direct mailings to subscribers. Our current, two-year contract with Health Advocate ends on March 1, 2016, so the board may want to re-examine whether they wish to continue this service.

Larry Smith provided an update on the Lincoln Life & Disability Program. Since changing to Lincoln in July of 2014, we have gained thirteen new groups enrolled in the base products, thirteen new groups enrolled in the voluntary optional life and two new groups enrolled in the voluntary accident and critical illness. Six quotes are in currently process for the base group products, with eleven more that have requested info. Three additional groups have also expressed interest in the optional life.

Ken Canning and Joseph Colangelo both commented regarding the success of this year's internship program with UVM. Brian Story, the UVM intern, was also present and validated his positive experience with the program. Brian noted he has learned a great deal in his time with VLCT in his service not only with staff but also in learning about local government overall. Staff and Director Colangelo would like to see the program continue based on the success of this first year. The board suggested possible cost

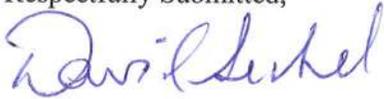
sharing with the other Trust boards for this program moving forward and asked if staff would direct this inquiry to the other boards.

Upon motion (Colangelo/Safford), duly adopted, the board voted unanimously to approve continued funding of up to \$15,000 for the UVM internship program.

David Sichel provided an update on legislative activity. The health care reform bill which initially proposed a payroll tax of .7% to raise \$90 million has now evolved to instead expanding the sales tax to include soda, candy and bottled water, increase tobacco tax and expand the meals tax to vending machine foods to raise \$20 million (including federal match). There is also an unemployment bill proposed which will make it more difficult for reimbursable employers to become taxable employers with the state, and the bill may also require reimbursable employers to be bonded.

Upon motion (Safford/Odit), duly adopted, the board voted unanimously to adjourn the meeting (12:12 p.m.).

Respectfully Submitted,



David Sichel
Assistant Secretary