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**VLCT Employment Resource and Benefits (VERB) Trust, Inc.
Board of Directors Meeting
November 1, 2019
VLCT Offices, Montpelier, Vermont**

Minutes

Directors present: Bill Shepeluk, Todd Provencher, Charles Safford (by phone), Kathleen Ramsay (by phone - 10:20 a.m.), Joel Cope (by phone), Carrie Johnson and Chris Hoyt

VLCT staff present: Maura Carroll, Joe Damiata, Jeremiah Breer, Larry Smith and Kelley Avery

Others present: John Hanna (Liscord, Ward & Roy, Inc.)

The meeting was called to order at 10:04 a.m.

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

Upon motion (Provencher/Johnson), duly adopted, the board voted unanimously to approve the minutes of the August 15, 2019 meeting.

Under board governance, Todd Provencher informed the board he will be leaving his position at Montpelier City and will no longer be eligible to be on the board as of the end of the year. The board expressed their regrets and requested he attend their final 2019 meeting in December.

Joe Damiata presented the board with the organizational updated which included the following details:

- VERB staff met with Hickock & Boardman HR Intelligence (HBHRIQ) regarding transitioning health insurance advisory service responsibilities over to them for 2020.
- VLCT staff met in September to hold internal "listening sessions."
- Key VLCT staff had training with Michael Kilfoyle from HBHRIQ on giving presentations; additional training will be held in November.
- Jen Overton has been hired as VLCT's new Executive Assistant.

Jeremiah Breer reviewed the unaudited financials through September 30, 2019. Net position is up \$405,989 from 2018 year-end with an operating deficit of \$26,200. Total liabilities are still down compared to last year. Total operating expenses are nearly 22% lower than last year and 6.2% under budget. Investment income is also up from year-end.

Upon motion (Provencher/Johnson), duly adopted, the board voted unanimously to accept the financial report.

Kelley Avery reviewed the Q3 2019 unemployment claims reports. Third quarter claims costs were down 66% compared to second quarter, and also down 45% compared to Q3 2018. Claims occurrences were flat compared to Q2 2019 but down 48% compared to Q3 2018. Ms. Avery also noted the Vermont Department of Labor (VDOL) recently released new rules which not only penalize employers monetarily for misclassification of employees but will also publish the disbarred employers online. In addition, the Vermont Department of Labor (VDOL) is allowing for penalty free and cost free reviews of employer quarterly wage reporting through the end of March 2020. Ms. Avery sent notification to the participating UI Program groups to notify them of this VDOL offering.

Upon motion (Johnson/Ramsay), duly adopted, the board voted unanimously to accept the claims report.

Bill Shepeluk provided a brief report to the board on the Joint Investment Committee Meeting held September 13th. Investment returns for the first half of the year were 8.2% of fees and came very close to the benchmarks. John Mohr from Strategic Asset Alliance did not recommend any changes to either the Trust asset allocation strategy or the Trust Investment Policy.

Upon motion (Provencher/Ramsay), duly adopted, the board voted unanimously to accept the Joint Investment Committee report.

John Hanna from Liscord, Ward and Roy actuarial services reviewed the Actuarial Analysis Proposed Funding and Rating Plan Effective 1/1/2020. Mr. Hanna explained the methodology behind the funding analysis and the data used to arrive at the proposed rates for 2020 including historical taxable wages, claims experience, benefit ratios and various other data points. Mr. Hanna is recommending a target net position of \$635,178 at a confidence level of 99.9% and a rate decrease of 3% at the 75% confidence level. As general guidance, the actuary recommends the difference between the 2018 funded or budgeted claim payments and the actual claim payments as the basis for determining next year's contribution credit. In this case that difference for 2018 was \$211,765. Staff is recommending \$325,000 in contribution credits be returned to the members since the Trust has a healthy net position.

Upon motion (Johnson/Provencher), duly adopted, the board voted unanimously to accept the actuarial report.

Joe Damiata and Kelley Avery noted various scenarios were researched and tested this year in an effort to stabilize contributions and give back all of the contribution credits approved by the board. The scenarios staff tested proved no more beneficial than the current process. Staff recommended to keep the contribution credit calculation based on the most recently completed fund year, and staff will do their best to return any amount that cannot be returned due to system restrictions via additional underwriting adjustments.

Upon motion (Johnson/Provencher), duly adopted, the board voted unanimously to approve the 2020 UI

Program rates at the 75% confidence level for an average 3% reduction.

Upon motion (Safford/Ramsay), duly adopted, the board voted unanimously to approve a 2020 contribution credit of \$325,000 to members and to allow any amount not able to be distributed through the system to be distributed through underwriting adjustments.

Larry Smith updated the board on health insurance renewals for 2020. Since the Department of Financial Regulation ruled this year that Association Health Plans (AHPs) would no longer be available for 2020, Mr. Smith and Kelley Avery have been assisting those few members who moved into AHPs to migrate back into the Exchange. Also, since Blue Cross partnered with Business Resource Services (BRS) to form a new captive group product, Mr. Smith and Ms. Avery have been fielding several quote requests for this captive product as well. 22 groups were quoted, including existing BRS groups. Blue Cross declined to quote eight of these groups, and of the remaining quotes, only three had somewhat competitive rates. Several members are actually expressing interest in moving to MVP for 2020 since, on average, their rates are nearly 10% lower overall compared to Blue Cross.

Mr. Smith also discussed the interest generated in the VERB Trust's Life & Disability Program with the recent release of a promotional flyer noting the reduced rates with Lincoln for 2020. At least two new groups will be signing on between now and the end of the year, and there are currently six additional groups so far that have requested quotes for the product.

Joe Damiata reviewed the 2020 VERB Trust preliminary budget. Both Mr. Damiata and Kelley Avery pointed out the UI Program contributions figure will change somewhat once accounting for any underwriting adjustments and other minor variations in member payroll. Also, commission figures may increase due to life and disability new business, but otherwise these figures should not change substantially from the final budget draft, which will be discussed at next month's meeting.

Mr. Damiata noted it was recently brought to our attention that we did not have a current contract in place for Strategic Asset Alliance. The board received a copy of the contract in their packets which would be retro to January 1st for a two-year term. Staff noted the figures would need to be updated in the contract version to reflect costs for both 2019 and 2020.

Upon motion (Ramsay/Johnson), duly adopted, the board voted unanimously to accept the contract for Strategic Asset Alliance as amended and authorized Executive Director Maura Carroll to sign.

Upon motion (Ramsay/Johnson), duly adopted, the board voted unanimously to adjourn the meeting (12:04 p.m.).

Respectfully Submitted,

Kelley Avery
Assistant Secretary

Board or Committee:

VERB Board of Directors

Board/Committee Meeting Date:

Friday, November 01, 2019

Resource Category:

- Minutes
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