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## VERB Board of Directors Meeting Minutes 2020 10-22

**VLCT Employment Resource and Benefits (VERB) Trust, Inc.  
Board of Directors Meeting  
October 22, 2020  
Virtual Meeting via GoToMeeting and Telephone**

### Minutes

**Directors present:** Bill Shepeluk, Joel Cope, Charles Safford, Kathleen Ramsay, Carrie Johnson (11:20 a.m.) and Todd Odit

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

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

The meeting was called to order at 10:00 a.m.

Upon motion (Ramsay/Odit), duly adopted, the board voted unanimously to approve the agenda.

Upon motion (Cope/Ramsay), duly adopted, the board voted unanimously to approve the minutes of the August 13 and August 27, 2020 meetings.

Joe Damiata presented the board with the organizational update. A memo from Jessi Hill regarding personnel updates was included in the board packet. VLCT's remote Town Fair was a success and well attended with minimal issues. The next board meeting is scheduled for December 17.

Maura Carroll updated the board on the Executive Director search process. An RFP was sent to four search firms and three responses were received. A finalist has been selected and the Committee is working to execute a contract with that firm.

Kelley Avery provided a claims update through the third quarter. The summary and analysis were not available due to continued delays at the state level and Equifax's difficulty in obtaining and loading the claims detail from the state in a timely fashion. Ms. Avery reported she just pulled updated figures from the Equifax system this morning, but it's unknown whether the figures are final. To date, benefits charged for the third quarter total \$546,981, a 52% decrease from Q2. Bills for Q3 are delayed because the VT Department of Labor (VDOL) wants to catch up on all Q2 CARES Act reimbursements before

sending out invoices. VERB has been reimbursed for all but \$2,400 of the 50% reimbursement expected for Q2. VDOL will supposedly only bill reimbursers for 50% of the charges, rather than the full amount, in the third and fourth quarters.

Ms. Avery also provided an update on the Loss Wage Assistance Program (LWA) program funded through FEMA and extended benefits in Vermont.

Regarding health insurance renewals, Ms. Avery reported on the approved 2021 VT Exchange rates for each carrier and provided the board with an update on how health insurance renewals are going for the members participating in the Health Insurance Advisory Services (HIAS) program.

Upon motion (Cope/Ramsay), duly adopted, the board voted unanimously to accept the staff report, Q3 unemployment claims update and 2021 health insurance renewal update.

President Shepeluk and Jeremiah Breer reported on the Joint Investment Committee (JIC) meeting held September 4. Overall investment returns for the first half of the year were 2.06% net of fees. The portfolio performed well through the second quarter considering market conditions. President Shepeluk and Jeremiah Breer reviewed proposed changes to the VERB Investment Policy (as approved by the JIC) which included updating Mellon's name and changing the asset allocations to a range of minimums and maximums rather than a fixed percentage of allocations. This will allow for more flexibility, particularly when liquidity is needed. Staff requests the board approve the recommended changes to the investment policy.

Upon motion (Odit/Cope), duly adopted, the board voted unanimously to approve the proposed changes to the VERB Investment Policy as presented.

Mr. Breer noted the committee also discussed the investment manager RFP process in which only one other organization aside from SAA submitted a bid. The other firm quoted a fee almost \$13,000 per year higher than SAA, so staff recommended terminating the RFP process and continuing with SAA. The committee agreed to this recommendation, and staff requested board approval to authorize Maura Carroll to sign the contract with SAA.

Upon motion (Cope/Odit), duly adopted, the board voted unanimously to Accept the Report of the Joint Investment Committee.

Upon motion (Cope/Odit), duly adopted, the board voted unanimously to authorize VLCT Executive Director Maura Carroll to sign the Strategic Asset Alliance contract.

John Hanna from Liscord, Ward and Roy actuarial services reviewed the Actuarial Analysis Proposed Funding and Rating Plan Effective 1/1/2021. Mr. Hanna explained the methodology behind the funding analysis and the data used to arrive at the proposed rates for 2021 including historical taxable wages, claims experience, benefit ratios and various other data points. Given the circumstances for 2020 surrounding unprecedented unemployment claims, Mr. Hanna also explained a "COVID-load" methodology he calculated for spreading additional contributions across the membership for 2021. Without the "COVID-load," Mr. Hanna is recommending a rate increase of 20.7% at the 75% confidence level for a contribution funding level of \$674,298. Part of the rate increase is due to increased administrative expenses for the UI Program for next year with the VERB ancillary products moving to VLCT, so the other products will no longer share the UI administrative costs. Another reason for the increase is due to the decrease in the state's taxable wage base for 2021, which is moving from \$16,100

to \$14,100. It does not take into account the current year claims costs due to COVID-19. Mr. Hanna also recommends not returning contribution credits to members in 2021 so the Trust may retain its net position due to the highly unpredictable nature of the pandemic and its possible impact for 2021.

Adding the "COVID load" would increase member rates by more than 53%, and staff felt this would be too much of an increase for members to absorb. Therefore, staff recommends the rates at the 75% confidence level for an increase of 20.7%. This would raise the average member rate from .92% to 1.11%. The board discussed the possibility of increasing the rates one step further to the 80% confidence level. VERB Trust UI Program groups have already been warned about the cost increases for next year and to expect increased rates based on what has transpired this year. Given the increased claim costs the Trust has had to bear with over \$1.3 million in claims for just Q2 alone, this additional increase would be another step further in replenishing the Trust's reserves. The 80% confidence level would increase the average rate from .92% to 1.19% and result in a 29.3% increase to rates.

The board agreed to the 80% confidence level in an effort to further protect members from possible increased claims in 2021 and secure the fund's net position.

Upon motion (Ramsay/Odit), duly adopted, the board voted unanimously to approve UI Program rates for 2021 at the 80% confidence level with no COVID load.

Upon motion (Ramsay/Johnson), duly adopted, the board voted unanimously to approve the Actuarial Analysis Proposed Funding and Rating Plan Effective 1/1/2021 and to return no contribution credit to members for 2021.

Under board governance, Joe Damiata explained that there were no nominations received resulting from the request that was sent out prior to Town Fair. President Shepeluk noted that in the current remote environment for meetings, it might be best to leave things as they are for the moment and seek nominations again sometime next year. The board agreed.

Mr. Damiata reviewed a draft of the 2021 VERB Trust Budget. General and Administrative (G&A) expenses are down \$132,348 or 31% over the 2020 budget, primarily due to the VERB programs that are moving to VLCT in 2021. Although G&A is down overall, the UI rates have higher administrative expenses built in because the other VERB programs currently share the admin costs. Revenues are down \$99,149 or 12% due to transfer of commissions from the VERB non-UI related programs to VLCT. Overall, the budget is flat, but once investment income is added the budget produces a \$90,000 surplus. The budget will be updated to reflect the projected claims and contributions for 2021 at the 80% confidence level just approved by the board, and a final version will be presented at the December meeting.

Mr. Damiata also updated the board on the transition of the non-UI VERB programs to VLCT. Staff met with representatives from Hickok & Boardman HR Intelligence. Michael Kilfoyle has drafted a timeline and a proposed new contract, which is currently being evaluated by in-house legal counsel. Staff will also work with Communications to send out an announcement to VLCT members some time in November. The change, however, will be seamless to members since there will be no change to the overall services provided.

Upon motion (Johnson/Cope), duly adopted, the board voted unanimously to adjourn the meeting (11:46 a.m.).

Respectfully submitted,

Kelley Avery  
Assistant Secretary

**Board or Committee:**

VERB Board of Directors

**Board/Committee Meeting Date:**

Thursday, October 22, 2020

**Resource Category:**

- Minutes
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