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## VERB Board of Directors Meeting Minutes 2020 08-13

**VLCT Employment Resource and Benefits (VERB) Trust, Inc.  
Board of Directors Meeting  
August 13, 2020  
Virtual Meeting via GoToMeeting and Telephone**

### **Minutes**

**Directors present:** Bill Shepeluk, Joel Cope, Charles Safford, Kathleen Ramsay, Carrie Johnson and Chris Hoyt

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

**Others present:** Michael Kilfoyle (Hickok & Boardman HR Intelligence)

The meeting was called to order at 9:30 a.m.

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

Upon motion (Johnson/Ramsay), duly adopted, the board voted unanimously to approve the minutes of the April 30, 2020 meeting.

Joe Damiata presented the board with the organizational update. Town Fair will be held remotely this year September 28 through October 2, and the VERB and PACIF annual meetings will be held jointly on September 30 at 1:00 P.M. Trust attendees must register as a voting delegate for the annual meetings. The meetings will be held using voting platforms known as DOT and Zoom. The annual meeting notices will be going out by the end of August and will include a request seeking nominations to the boards. There will be no cost for Town Fair this year.

Maura Carroll updated the board on a Policing Policy the VLCT Board approved at its last meeting. A subcommittee of the VLCT Board drafted this policy. Also, the National League of Cities (NLC) is offering racial equity training to all Region 1 NLC members and their staff on August 19, and VLCT staff are required to attend. Ms. Carroll also updated the board that a search committee has been formed comprised of VLCT staff and a representative from each of the Trust boards to find and hire her successor prior to her retirement in the spring.

Jeremiah Breer reviewed the unaudited financials through June 30, 2020. Net position is down \$977,438 from 2019 year-end, a 22.8% reduction since the end of 2019. This substantial decrease was largely due to over \$1.1 million in unemployment claims costs in the quarter related to COVID-19 layoffs and furloughs. As a result, total liabilities are up 334% compared to last year at this time. Total revenue is down 10.3% due to a planned rate decrease in 2020. Additional cash was raised from the Trust's investment portfolio to pay the second quarter claims. The Trust also used its \$250,000 line of credit with PACIF, which staff expects will be repaid in August 2020, incurring minimal interest. Staff and the Trust investment advisor will likely work with the Joint Investment Committee at the September 4 meeting to recommend changes to the investment portfolio to allow for additional liquidity moving forward.

Although the Trust is well capitalized with over \$3.3 million remaining in net position, the uncertainty of future unemployment claims could deplete these funds. Despite numerous attempts from staff to obtain this information from key VT Department of Labor (VDOL) personnel, as of this meeting staff has not heard back from the VDOL regarding how and when the 50% credit awarded under the CARES Act for reimbursable employers will be distributed. Staff will continue their efforts and email the board with updates.

To plan for adequate funding moving forward, Mr. Breer highlighted several possible scenarios with varying degrees of severity from worst case to best case. In the best-case scenario, which staff deems most likely, the Trust would have an expected surplus of \$2.5 million at year-end 2021. In the worst-case scenario the Trust would need to assess members individually or to borrow funds from outside sources or from PACIF. Staff will closely monitor the claims situation and continue efforts to obtain information and guidance from the VDOL. Staff will update the board as soon as information becomes available.

President Shepeluk advised staff to begin possible portfolio changes now rather than waiting for the Joint Investment Committee meeting in September. Mr. Breer noted these discussions have begun and will continue. Director Ramsay also noted that in addition to rate increases, staff might also consider eliminating member credits, which have been ample in past years. She also advised sending information to members ahead of time so they can prepare. Joe Damiata noted staff is already working with Communications to send correspondence to members regarding the UI program. The board recommended sending correspondence out to members prior to the annual meeting. Mr. Damiata noted staff will continue to provide the board monthly updates on developing claims activity and will recommend a special meeting of the board prior to the October 22 meeting if necessary.

Mr. Breer also informed the board that the RFP process for investment consulting services has begun, per approval from the last meeting.

Upon motion (Safford/Hoyt), duly adopted, the board voted unanimously to accept the unaudited financials through June 30, 2020.

Kelley Avery provided a claims update through the second quarter. The summary and analysis were not available due to system issues at Equifax which delayed the quarterly reports. Ms. Avery noted the over \$1.1 million in claims for Q2 consisted of claims across 158 (or 75%) of the UI Program participating members. Normally claims are received from between 75 to 90 members each quarter. Additionally, upwards of over 600 municipal employees were included among these claims due to COVID-19 related layoffs or furloughs. For comparison, only 88 claimants collected benefits in Q2 last year. Ms. Avery also reported that the DOL has been bypassing Equifax on most of these claims in the interest of saving time, using solely employer quarterly wage data to determine benefits and get payments out to claimants

quickly.

Also, in July staff conducted a survey of UI Program participating members and found that vast majority of layoffs and furloughs will be ending in August, with few exceptions. Approximately 55% of members participated in this survey. Based on this data, Ms. Avery estimated the third quarter claims will be reduced to roughly \$550,000 or half of the Q2 costs. However, another development in July was a notice from the DOL that, due to over at 10% increase in the unemployment rate, extended benefits are now available to claimants. To qualify for extended benefits, a claimant would need to exhaust the 26 weeks of normal benefits, then the additional 13 weeks of emergency unemployment compensation allowed under the federal government, then they would qualify for an additional 20 weeks of extended benefits under the state. This means the impact to our costs may be even greater for those eligible claimants. The hope is that the number of eligible claimants for these extended benefits will be low, as the unemployment rate is rapidly dropping.

Upon motion (Safford/Johnson), duly adopted, the board voted unanimously to accept the unemployment claims update for Q2 2020.

Michael Kilfoyle of Hickok and Boardman HR Intelligence (HBHRIQ) reviewed their firm's annual stewardship report. In addition to Health Insurance Advisory Services and support with life and disability, last year they provided education to our members regarding captive insurance and provided some of our members with various trainings. Most notable is their work with South Burlington, who will be moving toward a captive model in 2021. HBHRIQ is working on providing additional creative possibilities for health insurance for small groups in the future.

Both Mr. Kilfoyle and Joe Damiata reviewed a new proposal for life and disability from Madison National Life. Last year the Trust went out to bid for these products and elected to stay with Lincoln Financial for a 15% reduction in the Life and STD lines of coverage. A close second in the RFP process was Madison National Life (MNL), which was not yet licensed in the state of Vermont. Since then, MNL has approached VLCT again with a proposal to cut our existing costs with Lincoln by an additional 10%, but staff felt this was just not the time to change carriers given the added administrative burden this would place on members during an already taxing time with COVID-19 related issues. Instead, staff is proposing we revisit a potential partnership with MNL next year. President Shepeluk agreed this may not be the time for such a change.

Mr. Damiata briefly reviewed the updated board compensation policy, revised to allow for board compensation when remote meetings are held. The board accepted the policy but suggested the special meeting duration stipulation be reduced from 90 to 60 minutes in the policy.

Upon motion (Safford/Johnson), duly adopted, the board voted unanimously to approve the revised Board Compensation Policy as amended to reduce the special meeting time from 90 to 60 minutes.

Since the VERB Trust Annual Meeting is in September, the President must elect the Nominating Committee to present their report at the meeting. President Shepeluk appointed directors Todd Odit, Carrie Johnson and Charles Safford (chair) to serve on the committee.

Joe Damiata reviewed his memo to the board dated July 31 on Strategic Planning. Staff recommends taking the following actions for a January 1, 2021 effective date:

- Shift the contractual partnership with Hickok and Boardman HR Intelligence (HBHRIQ) from VERB to

VLCT. HBHRIQ is already responsible for the Health Insurance Advisory Services (HIAS) program and would also take lead responsibility of the life and disability program starting on 1/1/21. VLCT would receive a sponsorship fee from HBHRIQ for using VLCT's name when marketing the programs. VLCT would "own" the group of members and retain the ability to put brokerage services out to bid.

- VLCT takes over sponsorship of the Dental and Vision insurance programs. Commission/sponsorship revenue would go to VLCT starting on 1/1/21.
- Continue the Unemployment Insurance program as currently structured with VERB.

Now seems like the opportune time to make these changes with VLCT seeking to generate additional non-dues revenue. Also, VERB staff has been reduced with the elimination of the Member Relations position, and HBHRIQ seems better positioned to assist our members in the health insurance marketplace while they already service the life and disability program. As such these products no longer need to reside under VERB when they can just as well be serviced directly under VLCT. Kelley Avery will devote a portion of her time to VLCT to continue administering and assisting with these programs, but HBHRIQ will take the lead in marketing and member outreach. The Trust will then remain solely responsible for administering the unemployment program, and the board can determine whether a name change to the Trust should be made in the future.

Upon motion (Cope/Johnson), duly adopted, the board voted unanimously to approve staff recommendations as outlined in Joe Damiata's memo dated July 31, 2020.

Upon motion (Safford/Hoyt), duly adopted, the board voted unanimously to adjourn the meeting (11:12 a.m.).

Respectfully submitted,  
Kelley Avery  
Assistant Secretary

**Board or Committee:**

VERB Board of Directors

**Board/Committee Meeting Date:**

Thursday, August 13, 2020

**Resource Category:**

- Minutes
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