

**MINUTES OF A REGULAR MEETING OF THE
BOARD OF DIRECTORS
VLCT EMPLOYMENT RESOURCE AND BENEFITS (VERB) TRUST, INC.
OCTOBER 28, 2024**

Directors present: Charles Safford, Bryan Young, Todd Odit (remote) and Kelly Murphy

VLCT staff present: Phil Latvis, Seth Abbene and Kelley Avery

Others present: John Hanna (Liscord, Ward and Roy)

President Safford called the meeting to order at 10:32 a.m.

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

Upon motion (Murphy/Young), duly adopted, the board voted unanimously to approve the consent agenda.

Seth Abbene presented the second quarter unaudited financials. Net position increased \$172,047 or 3.8% from year-end 2024. This was a result of an investment gain of \$189,934 offset by an anticipated operating loss of \$17,887. Total revenue was down 0.5% or \$1,904 compared to the same time last year largely due to the decreased rates for 2025. Total operating expenses are 45.7% higher than this time last year, largely due to allocated funding for the health plan study. Claim expenses are 20.6% under budget through the second quarter and down 6.5% compared to the same period last year. Consolidated investment returns were 4.31% through Q2, net of fees, which was in line with the benchmark

Kelley Avery briefly reviewed the Q2 unemployment claim reports. Q2 claims costs decreased by 29% compared to Q1 and also decreased by 3.7% compared to Q2 of last year. Claims frequency is also down by 55% compared to Q1 and down 42% compared to Q2 of last year.

Upon motion (Murphy/Storellicastro), duly adopted, the board voted unanimously to approve the second quarter financial and claims reports as presented.

Phil Latvis presented the preliminary proposed VERB budget for 2026. Staff do not anticipate this budget will change greatly from the final budget which will be presented in December. General and Administrative (G&A) expenses are down 3% or \$12,870 from the 2025 budget. This is largely due to the absence of the \$25,000 in allocated funding for DEI related Equity Committee work for this year. The budget accounts for continued \$100,000 toward health plan consulting as this project work is expected to carry over into next year. The line item is not built into the rates and staff is once again recommending it be funded out of net position. Revenues are up by 3% or \$21,325 largely due to growth in UI Trust membership. Overall, the budget is down \$24,812 or 3% in comparison to the 2025 adopted budget.

John Hanna of Liscord, Ward and Roy presented the VERB Trust 2026 Funding Analysis. Mr. Hanna reminded the board that 2020 is still being excluded from the analysis, as per the direction of the board and VLCT staff. 2021 claims were used, net of federal credits. Mr. Hanna also noted that the board's policy decision at its last meeting set the Trust's fixed taxable wage base at \$15,000 also factored into the proposed rate structure. The actuary has proposed a 7.2% average rate decrease for 2026 at the 80% confidence level. If the taxable wage base had remained at \$14,800, the same funding at the 80% confidence level would

have yielded a 6.2% average decrease. Mr. Hanna also briefly reviewed charts highlighting projected estimates in the Trust's unrestricted net position.

Upon motion (Storellicastro/Murphy), duly adopted, the board voted unanimously to accept the actuarial report as presented.

Ms. Avery confirmed that staff are recommending the proposed 7.2% average rate decrease at the 80% confidence level in addition to a \$100,000 contribution credit to return to members for the 2026 renewal.

Upon motion (Young/Storellicastro), duly adopted, the board voted unanimously to approve the 2026 proposed rates at an average decrease of 7.2% at the 80% confidence level and to allocate a contribution credit in the amount of \$100,000 to UI Trust members for the 2026 renewal.

Kelley Avery presented the updated VERB Trust Net Position Target Policy. In 2022, the Board implemented a Net Position Target Policy for the first time to determine an ideal "target" net position range for Trust operations on an annual basis. The policy must be updated each year to reflect updated Trust General and Administrative (G&A) costs. Due to increased G & A costs for 2025, the net position target range has increased only slightly.

Upon motion (Frazier/Murphy), duly adopted, the board voted unanimously to approve the updated VERB Net Position Target Policy as presented.

Kelley Avery briefly updated the board on the health plan study. Staff is still working with outside legal and benefits consultants in discussions with the Department of Financial Regulation (DFR). Due to legal complexities, approval from the DFR is still pending as we work to confirm VLCT's eligibility status. Since the project work is ongoing at this late stage of the year, we do not expect to have a viable health coverage option(s) until mid-2026 at the earliest or, more likely, January 2027. The board asked for some clarification on the issues, and staff explained they largely dealt with the legal structure of a newly formed group under current laws and statutes.

There was no other business.

Upon motion (Murphy/Young), duly adopted, the board voted unanimously to adjourn the meeting (10:58 a.m.).

Respectfully Submitted,

Kelley Avery
Assistant Secretary

Link to Meeting Recording:

https://us06web.zoom.us/rec/share/11C4pAQqA6sbdUNY2W2czNcOCq1v3SrArXtYsongSKJaGaUQg-gUQh_2Hc0Bdn1Z.CcSE0fVFr80HzXkG