

**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, Judy Frazier and Kelly Murphy

VLCT staff present: Joe Damiata, Seth Abbene, Ted Brady and Kelley Avery

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

The meeting was called to order at 10:31 a.m.

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

President Safford asked attendees to introduce themselves for the benefit of new Director Kelly Murphy.

Upon motion (Young/Frazier), duly adopted, the board voted unanimously to approve the minutes of the September 19, 2024 meeting.

Joe Damiata provided a brief organizational update, noting that most information was already covered at the October 11 PACIF Board meeting where many of the VERB board members were present. Some additional updates were provided:

- VLCT hosted the NLC RISC Conference last week in Burlington and it was a great success.
- Mr. Damiata also noted that although there are not any figures yet in the preliminary budget for next year, staff is undergoing outreach and discussions with a prospective software developer on a new UI system as the current system, Ventiv, will be discontinued mid-January next year. Nothing has been finalized yet regarding a potential new system, and staff is still researching that system and some other options. Staff plans to have details available by the December meeting for final budget discussions.

Seth Abbene presented the second quarter unaudited financials. Net position has increased 2.9% from year-end 2023 to \$4,312,030. This was a result of an operating gain of \$39,845 combined with investment gains of \$80,296. Total revenue was 0.3% ahead of budget, but down 5.1% compared to this time last year largely due to the decrease in rates for 2024. General and Administrative expenses were 1.8% under budget, largely due to timing of expenses that will be incurred in Q3 and Q4. Claim costs were up 10.1% compared to this time last year, but 17.6% under budget and the primary reason for the operating gain. Consolidated investment returns were 1.79% through Q2, net of fees, exceeding the benchmark by 0.04%.

Upon motion (Young/Odit), duly adopted, the board voted unanimously to accept the second quarter financial report as presented.

Kelley Avery briefly reviewed the Q2 unemployment claim reports, which were also sent to the Board in August and included in the board packet. Q2 claims costs decreased by 32% compared to Q1 but increased by 26.7% compared to Q2 of last year. Claims frequency is also down by 44% compared to Q1 but up by close to 6% compared to Q2 of last year.

Upon motion (Young/Murphy), duly adopted, the board voted unanimously to accept the second quarter claims reports as presented.

Director Bryan Young, Chair of the Joint Investment Committee, noted the report from the committee's meeting on September 13th was included in the packet. This is the same report that was presented to the PACIF Board at their meeting on October 11th, where many VERB board members were present, so there was no need to review the report in detail once again.

Joe Damiata presented the preliminary proposed VERB Trust budget for 2025. Other than potential changes regarding a new UI system, as noted earlier, 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 up 45% or \$134,073 from the 2024 budget. This is largely due to a \$100,000 allocation VLCT is requesting to retain a consultant to explore health insurance options for members and a \$25,000 allocation to assist VLCT with DEI related Equity Committee work (both are not included in the rates and would be funded out of net position). Revenues are down \$4,051 or .6% due to the proposed rate decrease for 2025. Overall, the budget is up \$122,131 or 17% in comparison to the 2024 adopted budget. President Safford requested that the Memorandum of Understanding with VLCT for the allocation to retain a health insurance consultant include language that states that the allocation is "up to \$100,000" and that any unspent funds get returned to VERB. The board largely agreed with the preliminary budget and there were no recommended changes from board members.

Joe Damiata 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 2024, 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.

John Hanna of Liscord, Ward and Roy presented the VERB Trust 2025 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 pointed out that the change in the state's taxable wage base from \$14,300 to \$14,800 for 2025 factored into the proposed rate structure. The actuary has proposed a 12% average rate decrease for 2025 at the 80% confidence level. If the taxable wage base had remained at \$14,300, the same funding at the 80% confidence level would have yielded a 9.3% average decrease. Mr. Hanna also reviewed charts which detailed the change in the taxable wages from year to year since 2008 followed by a chart showing member contributions from year to year from the same time period. He wrapped with a chart showing the resulting benefit ratios from year to year.

Kelley Avery noted staff is considering changing to a fixed Taxable Wage Base (TWB) for the UI Trust next year. This would mean staff would not need to wait for a final decision on the TWB from the VT Department of Labor, and the change would also lead to rate stability and expedited renewals moving forward. Mr. Hanna noted this would not impact his work at all other than to simplify the funding analysis process each year, and he also noted none of his other clients change the TWB annually because it is static. The board had no objections to this suggested change for 2025, but would await on a more formal recommendation from staff in 2025 before making a final decision.

Ms. Avery also reiterated that staff is recommending the board accept the actuary's proposed 12% average rate decrease at the 80% confidence level for the 2025 rates.

Upon motion (Odit/Young), duly adopted, the board voted unanimously to accept the actuarial report as presented and to approve the 2025 UI Trust rates at an overall average rate decrease of 12% at the 80% confidence level.

Joe Damiata stated staff is once again recommending a \$100,000 return to members in 2025 in the form of contribution credits. There were no objections from the board.

Upon motion (Murphy/Frazier), duly adopted, the board voted unanimously to approve a contribution credit in the amount of \$100,000 for the 2025 UI Trust renewal.

With respect to board governance, President Safford noted that with Kathleen Ramsay's departure from the board, the position of Vice President is now open. Director Todd Odit nominated Director Bryan Young to the open position, and this was seconded by Director Judy Frazier.

Upon motion (Odit/Frazier), duly adopted, the board voted unanimously to appoint Director Bryan Young as Vice President to the VERB Board.

There was no other business.

Upon motion (Frazier/Murphy), duly adopted, the board voted unanimously to adjourn the meeting (11:15 a.m.).

Respectfully Submitted,



Kelley Avery
Assistant Secretary

Link to Meeting Recording:

https://us06web.zoom.us/rec/share/tyiwwLP3qICkjFbdzWkCpUaMlvFHXqoSTGYSU0IfUag0IseyESeNniRa_tln-BJh.IBabW7gQ9k_r9-VN