

**MINUTES OF A REGULAR MEETING OF THE
BOARD OF DIRECTORS
VLCT EMPLOYMENT RESOURCE AND BENEFITS (VERB) TRUST, INC.
OCTOBER 25, 2023 VIA ZOOM**

Directors present: Charles Safford, Kathleen Ramsay, Bryan Young, Jared Cadwell, Todd Odit and Judy Frazier

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 2:02 p.m.

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

President Safford asked attendees to introduce themselves for the benefit of new Director Judy Frazier.

Upon motion (Young/Cadwell), duly adopted, the board voted unanimously to approve the minutes of the June 2, 2023 meeting.

Joe Damiata did a brief organizational update, noting the update memo that was supplied to the board in the packet. In addition, Mr. Damiata noted that he and PACIF General Counsel, Phil Woodward, are working with an outside corporate attorney regarding the potential for merging VERB and PACIF under one board for the future. The attorney's work will no doubt increase the legal services line item on the proposed budget for 2024. Staff does not yet have an estimate for these additional services, but we should have them in time for the final budget to be approved at the December meeting.

Seth Abbene presented the second quarter unaudited financials. Net position has increased 4.5% from year-end 2022. Total revenue is up 1.1% due to the slight increase in rates for 2023. Operating expenses are up .9% compared to Q2 of last year and .2% under budget. Claim costs are down 4.6% compared to this time last year, and investment returns are 2.65% through Q2 but down to just 0.45% as of the end of Q3, net of fees.

The Q2 unemployment claim reports were provided in the packet, but staff did not review them because they were sent to the board for review back in August.

Upon motion (Young/Frazier), duly adopted, the board voted unanimously to accept the staff, financial and claims reports as presented.

Mr. Damiata noted the Joint Investment Committee report was included in the packet. This is the same report that was presented to the PACIF Board at their meeting on October 6th so there is no

need to review the report in detail once again. All members of the VERB board are also on the PACIF Board.

Upon motion (Cadwell/Young), duly adopted, the board voted unanimously to accept the Joint Investment Committee Report.

Joe Damiata presented the preliminary proposed VERB Trust budget for 2024. Other than changes to the legal services line item, 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 remain flat, up \$488 or just .2% from the 2023 budget. Staff were able to keep the increase small by allocating more admin expenses to PACIF. Revenues are down \$39,649 or 5.3% due to the proposed rate decrease for 2024. Overall, the budget is down \$40,049 or 5.4% in comparison to the 2023 adopted budget. There were no comments or recommended changes from board members.

Joe Damiata presented the updated VERB Trust Net Position Target Policy. Last year, 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 G & A costs. Due to increased G & A costs for 2023, the net position target range has increased by roughly \$20,000 at either end, and the policy language was updated in Section IV to remove the reference to the 2021 audited financials.

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

Joe Damiata introduced the Trust actuary, John Hanna of Liscord ward and Roy, and Mr. Hanna presented the VERB Trust 2024 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 \$13,500 to \$14,300 for 2024 factored into the proposed rate structure. The actuary has proposed an 11.6% average rate decrease for 2024 at the 80% confidence level. If the taxable wage base had remained at \$13,500, the same funding at the 80% confidence level would have yielded a 7.4% average decrease. Mr. Hanna further explained that rate increases or decreases will of course differ by member based on a group’s total wage exposures and claims experience, using the best four out of the last five years to determine the benefit ratio. Mr. Hanna also pointed out the analysis on Table B, which shows various scenarios for arriving at a Projected Unrestricted Net Position. This illustration details that there is ample net position available for the staff’s proposed contribution credit of \$100,000 for the 2024 renewal.

Kelley Avery reiterated that staff is recommending the board accept the actuary’s proposed 11.6% average rate decrease at the 80% confidence level for the 2024 rates and also that the board approve staff’s recommendation for returning \$100,000 to the UI Trust members in 2024 in the form of contribution credits.

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


Upon motion (Odit/Cadwell), duly adopted, the board voted unanimously to approve the 2024 UI Trust rates at an overall average rate decrease of 11.6% at the 80% confidence level.

Upon motion (Odit/Cadwell), duly adopted, the board voted unanimously to approve a contribution credit in the amount of \$100,000 for the 2024 UI Trust renewal.

There was no other business.

Upon motion (Odit/Cadwell), duly adopted, the board voted unanimously to adjourn the meeting (2:30 p.m.).

Respectfully Submitted,

A handwritten signature in cursive script that reads "Kelley Avery". The signature is written in black ink and is positioned below the typed name.

Kelley Avery
Assistant Secretary