

**MINUTES OF A REGULAR MEETING OF THE
BOARD OF DIRECTORS
VLCT EMPLOYMENT RESOURCE AND BENEFITS (VERB) TRUST, INC.
JUNE 2, 2023
VLCT OFFICE, MONTPELIER, VT AND VIA ZOOM**

Directors present: Carrie Johnson, Charles Safford, Kathleen Ramsay, Bryan Young, Jared Cadwell and Todd Odit (remote)

VLCT staff present: Joe Damiata, Seth Abbene, Heather Hood (remote) and Kelley Avery

Others present: Magali Welch and Taylor Kacur (Johnson Lambert), Kyra Milton (NLC), Caroline Murray (VLCT intern) and Gavin Sicard (VLCT intern)

The meeting was called to order at 1:01 p.m.

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

Upon motion (Ramsay/Cadwell), duly adopted, the board voted unanimously to approve the minutes of the December 15, 2022 meeting.

Seth Abbene introduced the auditors, Magali Welch and Taylor Kacur, from Johnson Lambert, who presented the results of the 2022 VERB Financial Audit. Ms. Welch reported this was an unmodified, clean audit for 2022 with no material weaknesses or adjustments. Taylor Kacur provided a brief overview of the testing process. Ms. Kacur pointed out that despite some minor delays with the Vermont Department of Labor, Equifax was able to assist, and things progressed rather smoothly.

Upon motion (Safford/Ramsay), duly adopted, the board voted unanimously to accept the 2022 VERB Financial Audit.

Joe Damiata provided a brief organizational update to the board including the following items:

- Staff is in the inception phase with the new Origami system and has started building out the Statement of Work, which will include both policy and claims systems. The current UI system is not a part of the scope of work and will be maintained outside Origami in some alternative system yet to be determined.
- The Municipal Access Portal (MAP) and new website have been fully rolled out to members.
- Kathleen Ramsay and Joe Damiata attended the NLC RISC Trustees Conference in Portland, OR in early May.

- The VLCT Golf Outing will be held June 28th at the Green Mountain National Golf Course in Killington. Proceeds will go towards an academic scholarship for a student pursuing a career in local government.
- Town Fair will be held September 26 and 27 at the DoubleTree in South Burlington with the annual meetings being held on the first day.

Seth Abbene presented the first quarter unaudited financials. Net position increased 2.7% from year-end 2022. Total revenue is up 1.3% due to the slight increase in rates for 2023. Operating expenses are up 6.3% compared to Q1 last year but are 3.4% under budget. Claim costs are down roughly 11% compared to this time last year, and consolidated investment gains are roughly 2.35% through Q1 but down to 1.87% as of the end of May, net of fees. Mr. Abbene also provided a copy of the Q1 investment report from Strategic Asset Alliance (SAA).

Kelley Avery reviewed the Q1 unemployment claim reports. Claims for Q1 totaled \$99,568, a 132% increase from Q4-2022, but substantially decreased compared to this time last year. Claims frequency remained flat. Claims are starting to decline in the second quarter. Ms. Avery also reviewed the 2022 Equifax Annual Summary which shows various stats for the trust and how it compares to other peer UI league pools with respect to compliance, win rates and protest rates. Ms. Avery noted the trust has a new Account Manager, Julie Rezes, who has been assigned to VERB's UI Trust.

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

Kathleen Ramsay presented the Joint Investment Committee Report. The committee met on March 17, 2023 with Dan Smereck from SAA and Jason Bilodeau, Jim Kaniclides and Emin Hajiyev from Insight. Bryan Young was appointed as the new Committee Chair. Overall, 2022 consolidated returns, net of fees, for VERB in 2022 were -10.38%, slightly above the benchmark, but for Q4 were 3.86%. Emin Hajiyev from Insight provided the committee training on current macroeconomic conditions. Dan Smereck presented the annual SAA risk pool client peer group analysis, and Ted Brady presented a draft of the VLCT Municipal Re-Investment Pilot Program Request for Proposals (RFP) which the committee approved for board review.

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

Seth Abbene briefly reviewed the VLCT Municipal Re-Investment Pilot Program RFP. This RFP has been approved by the VLCT and PACIF boards and, although it has already been distributed, staff is looking for the requisite approval from the VERB Board as well. The RFP was sent to Vermont municipalities and nonprofits to solicit local investment opportunities using funds from VLCT, PACIF and VERB. Joe Damiata, Seth Abbene and Ted Brady would field and vet the respondents, and staff would bring any potential disbursements before all boards for approval.

Director Safford suggested that if this program evolves and matures, staff and the boards may want to consider developing a standalone policy specific to this program which would address any risks

to the boards, such as what is appropriate to insure, valid types of security, and other such considerations, in order to protect the boards and trust funds during the course of the program. The board and staff agreed to consider this option for the future.

Upon motion (Safford/Cadwell), duly adopted, the board voted unanimously to approve the VLCT Municipal Re-Investment Pilot Program RFP.

Regarding board governance, the board currently has one vacant position which was formerly held by Bill Shepeluk. In addition, another director has expressed a desire to resign from the board due to time limitations, but will stay on for now due to the board's decreasing numbers. In addition, President Johnson is resigning after the meeting due to her future retirement. The board chose to appoint current Alternate Bryan Young to Bill Shepeluk's open position. In addition, the board requested staff seek further nominations, potentially from other interested PACIF board members. Joe Damiata and Seth Abbene will also explore the possibility of governing UI and PACIF under a single board and report back at the October meeting. In the meantime, the board elected Charles Safford to serve as the new President due to Carrie Johnson's retirement. Subsequently, the board chose Kathleen Ramsay to replace Charles Safford as the new Vice President.

Upon motion (Cadwell/Johnson), duly adopted, the board voted unanimously to appoint Bryan Young as full Director to fill Bill Shepeluk's term and to elect Charles Safford as Board President and Kathleen Ramsay as Board Vice President effective with President Johnson's resignation.

President Johnson appointed the Nominating Committee to present the Nominating Committee Report to the Annual Meeting of the membership in September. The committee normally consists of board members whose terms will not be expiring at the end of the year. The committee will be comprised of Charles Safford and Todd Odit, and President Johnson selected Todd Odit as the Committee Chair.

Kelley Avery provided the board with an update on H.217 which was an omnibus bill regarding childcare, early childhood education and changes to worker's compensation and unemployment statutes. The bill has not yet been signed by the governor. The bill would mandate all nonprofits, including municipalities, to participate in unemployment insurance (UI) regardless of size. Previously, groups with fewer than five employees were exempt from providing unemployment. If passed, the bill would also require the Vermont Department of Labor to coordinate educational efforts with VLCT and other nonprofit organizations to educate nonprofit employers on this change. The bill also requires the Department of Labor to provide reports to the legislature by January 15, 2024 on the potential impact of expanding UI coverage to those required to leave employment under extenuating circumstances such as having to care for a child if child care closes, caring for a sick or injured parent, employee illness, or domestic violence issues.

In other business, Joe Damiata presented President Johnson with a certificate of appreciation and marble cutting board in recognition of her many years of service under the UI and VERB Trust boards. Members of the board and staff thanked Ms. Johnson for her contributions to VLCT over the past several years.

Upon motion (Johnson/Ramsay), duly adopted, the board voted unanimously to adjourn the meeting (2:21 p.m.).

Respectfully Submitted,

A handwritten signature in black ink that reads "Kelley Avery". The signature is written in a cursive style with a large, looping initial "K" and a long, sweeping tail on the "y".

Kelley Avery
Assistant Secretary