

**MINUTES OF A REGULAR MEETING OF THE
VLCT EMPLOYMENT RESOURCE AND BENEFITS (VERB) TRUST, INC.
BOARD OF DIRECTORS
(held concurrently with the VLCT Property & Casualty Intermunicipal Fund Trust Board)
VLCT OFFICE - MONTPELIER, VT and VIA ZOOM
JUNE 6, 2025**

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

VLCT staff present: Ted Brady, Seth Abbene, Phil Woodward and Kelley Avery

Others present: Jillian Mulcahey and Elizabeth Wideawake (Johnson Lambert - remote)

The meeting was called to order at 10:01 a.m.

The PACIF Board conducted their portion of this meeting first and adjourned at 12:09 p.m. The VERB Board broke for lunch at this time and reconvened their meeting at 12:37 p.m.

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

Upon motion (Young/Murphy), duly adopted, the board voted unanimously to approve the minutes of the December 6, 2024 meeting.

Seth Abbene introduced the auditors, Jillian Mulcahey and Elizabeth Wideawake, from Johnson Lambert, who presented the results of the 2024 VERB Financial Audit. Ms. Mulcahey reported this was an unmodified, clean audit for 2024 with no audit adjustments. Ms. Wideawake provided a brief overview of the audit procedures and financial results. As of 12/31/2024, the Trust's net position increased to \$4.5 million or 7.4% since year end 2023.

Upon motion (Young/Murphy), duly adopted, the board voted unanimously to accept the 2024 VERB Trust Financial Audit as presented.

The organizational update from Phil Latvis and Ted Brady was provided during the PACIF Board portion of this meeting, so this item was not reviewed again.

Kelley Avery reviewed the Q1 unemployment claim reports. Claims for Q1 totaled \$92,152, a substantial increase from Q4-2024, and an 8.4% decrease compared to Q1 of last year. Claims frequency was down slightly compared to the prior quarter and down nearly 38% compared to Q1 2024. Claims are starting to decline in the second quarter. Ms. Avery also briefly reviewed the 2024 Equifax Annual Review 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. There were no fraudulent claims reported for 2024. Ms. Avery also noted there have been two new UI Trust members added for 2024, and another will be joining effective July 1st.

Upon motion (Young/Murphy), duly adopted, the board voted unanimously to accept the Q1 Claims Report and the 2024 Equifax Annual Review as presented.

Seth Abbene presented the first quarter preliminary financials. Net position has increased 1.1% from year-end 2024 largely due to investment gains that were partially offset by an operating loss. Total revenue was down just .4% compared to Q1 of 2024 due to a reduction in rates that lowered 2025 contributions. General and administrative expenses are up 43.3% compared to Q1 of last year due to accruals for the health plan consultant and DEI consultant expenses. These expenses were budgeted and approved by the board in 2024 and they are funded from net position. Claims through Q1 were down 8.2% compared to this time last year. Investment income was 8.7% lower than Q1 of last year, but year-to-date investment performance was a positive 1.72% (net of fees) and in line with the consolidated benchmark return of 1.71%.

Seth Abbene noted that the Vermont Community Loan Fund investment update provided to the board during the PACIF portion of the meeting was largely the same for VERB. Staff proposed that VERB continue its \$250,000 investment with VCLF for another year at 3.5% and recommended that the board consider increasing this amount by \$50,000 to \$300,000. This increase would increase the local impact and remain within VERB's capacity for local investment. The board agreed to increase the VCLF investment to \$300,000.

Upon motion (Odit/Murphy), the board voted unanimously to approve the first quarter financial report as presented and to authorize the CFO to make a \$300,000 investment in the Vermont Community Loan Fund at 3.5% for another year.

The Joint Investment Committee Report was provided in the board packets but not reviewed at the meeting. This same report was reviewed at the April PACIF Board meeting, for which most of the VERB Trust Board members were present at the time.

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

Ms. Avery reviewed the proposed update to the VERB UI Underwriting Policy. Staff is proposing adding a provision to the policy to set the VERB Trust taxable wage base at a fixed amount of \$15,000. The potential for setting a fixed taxable wage base was briefly discussed at past meetings. Since the Trust is not regulated by the Department of Financial Regulation, it has the option of making this change. The actuary, John Hanna from Liscord, Ward and Roy, has reviewed and approved this proposed update to the policy. Having a fixed taxable wage base, rather than fluctuating each year with the state's changes, will help improve rate stability for and timely renewal processing for Trust members. The board agreed to this change.

Upon motion (Murphy/Young), duly adopted, the board voted unanimously to approve the proposed updates to the VERB UI Underwriting Policy as amended.

Ms. Avery provided the board with an overview of the Vermont Department of Labor's UI Modernization Project. After nearly a decade of discussions and unsuccessful endeavors, the

VDOL has committed to upgrading its more than fifty-year-old unemployment tax, claims and wages system to a modernized, streamlined, fully automated system. The state hopes to have this system live by spring or summer of next year. The new system will be far more automated and will move away from paper processing. The VDOL will be providing updates in the coming months as well as employer trainings. Ms. Avery and the Trust's third-party administrator, Equifax, will be working closely with the staff at the VDOL to facilitate what is hoped to be a smooth transition for our members.

Ms. Avery provided a brief legislative update to the board. This year's session had very little activity with respect to bills impacting unemployment. The one bill passed regarded technical updates to statute that will allow the Department of Labor to send claim determinations, hearing notices, separation requests and other unemployment related documentation via email or online to align processes with their system automation effort.

President Safford appointed the Nominating Committee to report to the Annual Meeting of the membership in October. 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 Bryan Young and Kelly Murphy. Director Young noted that Nicolas Storrellicastro had mentioned to him he would be interested in also serving on the VERB Board. President Safford requested that his candidacy be added to the next meeting agenda for review.

With regard to Executive Session, this was held as a joint Executive Session with PACIF Board during their portion of the meeting.

There was no other business.

Upon motion (Young/Odit), duly adopted, the board voted unanimously to adjourn the meeting (1:21 p.m.).

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Kelley Avery", with a stylized, flowing script.

Kelley Avery
Assistant Secretary

Link to Meeting Recording:

https://us06web.zoom.us/rec/share/oY9O3f00uNV8NN6NcTlc4IQhukto_H--eL8csx2csdfHzWpaa5gHpM8E7-EA1znP.rPmoaKFIJGyoeuXu?startTime=1749218372000