

**MINUTES OF A REGULAR MEETING OF THE
BOARD OF DIRECTORS
VLCT EMPLOYMENT RESOURCE AND BENEFITS (VERB) TRUST, INC.
OCTOBER 5, 2016
CHAMPLAIN VALLEY FAIRGROUNDS - ESSEX, VERMONT**

Directors present: Bill Shepeluk, Kathleen Ramsay, Carrie Johnson, Joel Cope, Charles Safford and Todd Odit.

VLCT staff present: Ken Canning, David Sichel, Jeremiah Breer, Kelley Avery, Mike Gilbar, Gwynn Zakov and Maura Carroll

Others Present: Jared Cadwell (VLCT Board President) and Todd Provencher (City of Montpelier)

The meeting was called to order at 9:00 a.m.

A board quorum was confirmed.

Upon motion (Safford/Colangelo), duly adopted, the board voted unanimously to approve the meeting agenda.

Upon motion (Safford/Johnson), duly adopted, the board voted unanimously to approve the minutes of the August 4, 2016 meeting, with one abstention (Colangelo).

Due to former Director Sandy Gallup's retirement, there is now a board vacancy. One nomination was received for Todd Provencher, the new Finance Director for the City of Montpelier. The board has the authority to appoint Mr. Provencher as an alternate or a full director to fill the unexpired term of Ms. Gallup. The board nominating committee recommended appointing Mr. Provencher as a full board member.

Upon motion (Safford/Cope), duly adopted, the board voted unanimously to appoint Todd Provencher as a full director.

Ken Canning provided an update of staffing changes at VLCT and staff participation in upcoming conferences. Ken also pointed out to the board and staff that this year marks a milestone of 30 years of service for President Shepeluk on Health and now VERB Trust Boards. Board and staff present thanked President Shepeluk for his many years of service.

Jeremiah Breer reviewed the financial statements through June 30, 2016. Revenue is down 6% from last year at this time, and claims expenses increased by about 3.7%. Total net position is up over \$95,485 from year-end. Investment income is higher than at this time last year.

Upon motion (Colangelo/Johnson), duly adopted, the board voted unanimously to approve the financial statements through June 30, 2016.

Charles Safford presented the report of the nominating committee. Three directors have terms expiring this year: Johnson, Colangelo and Odit. The nominating committee recommends reappointing all three directors to renewed terms.

Upon motion (Safford/Cope), duly adopted, the board voted unanimously to accept the report of the nominating committee.

President Shepeluk briefly summarized the Joint Investment Committee meeting held on September 9th, and Ken Canning reviewed the recommended changes to the trust's investment policy. The board requested an amendment to one of these policy changes on page 13, Schedule B, Target Asset Allocation, Maximum Total Portfolio Allocation to read "The portfolio's risk asset allocation will be limited to investments in the following sub-asset categories:"

Upon motion (Odit/Cope), duly adopted, the board voted unanimously to approve the recommended changes to the VERB Trust Investment Policy, as amended.

David Sichel reviewed the actuary's UI Program funding analysis for 2017. Methodologies for the analysis are the same except for the credit distribution. In the past, the recommended credit distribution was estimated by calculating what amount was available over the recommended net position, and then using some portion of that for credit. Since net position now includes funds not just for unemployment but all VERB Trust programs, the actuary instead now recommends taking projected claims versus actual claims and then using some portion of that number as the possible credit distribution. For the 2015 plan year, the difference in projected versus actual claims came to \$505,745, and staff is recommending returning \$350,000, the same amount used for last year.

The actuary is also recommending dropping rates by 7.3% to an average rate of 1.52%. These rates are set at the 90% confidence level. The board proposed that instead the rates be adopted at an 85% confidence level, which would mean a 14% reduction in member rates overall for 2017. The board agreed with the \$350,000 recommendation for a credit distribution to members, and also asked staff to consider possibilities for next year such as returning actual payments to members (if credit exceeds the annual admin fee) or on whether or not it is possible to track credit overage by member on an annual basis to then return those credits in subsequent years. Mr. Sichel reminded the board such actions would require a change to the present board policy.

Upon motion (Colangelo/Johnson), duly adopted, the board voted unanimously to accept the actuary 2017 UI Program Funding Analysis as presented.

Upon motion (Odit/Colangelo), the board voted unanimously to approve the rates for the 2017 UI Program at the 85% confidence level and to set the 2017 member credit distribution at \$350,000.

Larry Smith briefly reviewed information on the 2017 Exchange rates and health insurance renewals. The Green Mountain Care Board approved an average rate increase of 3.7% for MVP and 7.3% for Blue Cross and Blue Shield. Actual increases will vary by plan. In addition, all plans (except one) have changes in co-pays and deductibles for 2017 as well. With respect to the Health Insurance Advisory Services Program, we currently service seven members. 26 members have expressed interest in signing on for 2017, and of these 26, four have already signed.

Ken Canning reviewed the format for tomorrow's Joint Annual Meeting of the VERB Trust and PACIF Trust memberships at Town Fair.

There was no other business.

Upon motion (Safford/Colangelo), duly adopted, the board voted unanimously to adjourn the meeting (10:30 a.m.).

Respectfully Submitted,

David Sichel
Assistant Secretary