

Vermont School Boards Insurance Trust (VSBIT)

Board of Director's Meeting Minutes

May 21, 2018

Present: Bob Giroux & Michael Clark, by phone: Stuart Wepler & Emily Long.

Staff: Laura Soares, President, Chris Roberts, Manager of Finance, Tim Vincent, Multi-Line Program Manager.

Additional Attendees: John P. Mohr, CFA, CAIA, Strategic Asset Alliance for the first hour.

The meeting was called to order at 10:02 a.m., by Vice Chair Bob Giroux.

Public Comment: None

Report and Discussion of Investment Policy and Strategies with John P. Mohr, CFA, CAIA Strategic Asset Alliance

John Mohr reviewed his summary recommendations with the Board and responded to questions. Overall, VSBIT is invested in appropriate funds with Vanguard. However, VSBIT should consider actively managing bonds, reconsider the long-term bond fund, and consider modifications to the Investment Policy. The Board established an ad hoc Investment Committee consisting of Stuart Wepler, Bob Giroux, Chris Roberts and Tim Vincent to consider these suggestions and make recommendations to the Board on next steps.

Following the presentation, the Board continued the discussion with management. Chris Roberts informed the Board of the changes she made already with People's Bank as a result of this comprehensive review. VSBIT will move \$2 million from the checking to a money market to obtain a better rate of return of .8%. People's Bank also agreed to increase the return on our checking account repurchase to .5%.

Management recommends making an internal transfer of equity funds from the Multi-Line Reserve to the General Reserve to reflect that all growth in the Multi-Line Reserve is allocated to the General Reserve, and therefore the Multi-Line Program has only a small investment currently in equities. This internal transfer will allow the Multi-Line operating reserve to invest more in equities within the scope of the current Investment Policy. An equal dollar value in the short-term bond fund will be transferred from the General Reserve to the Multi-Line Reserve fund. In addition, management recommends internally transferring all the long-term bond fund to the General Reserve from the Unemployment and Multi-Line Reserves to reflect the shorter horizon of the Programs.

An equal dollar value in the short-term bond fund will be transferred from the General Reserve to the Unemployment and Multi-Line Reserves. A motion was made by Emily Long, seconded by Stuart Wepler, to approve management's recommendations as presented. The motion passed.

Approve Minutes of April 16, 2018 Board Meeting

Michael Clark made a motion, seconded by Emily Long, to approve the minutes of April 16, 2018. The minutes were approved as written.

Multi-Line Renewal Update

Tim Vincent updated the Board that the Multi-Line program will include the following changes in FY 19:

- Increase Flood Zone A coverage through Travelers at a cost of \$100,000 with the SIR on Zone A reduced to \$250,000
- Continue crime in-house
- Increase limits to 10 million on liability lines for all members
- Increase Boiler and Machinery from \$50 million to \$100 million
- Added in language to the School to Work coverage to include Co-Op placements and community service work

The rates were favorable overall, and the compensation to Gallagher remains flat.

Initial Nominating Committee Discussion

Both Emily Long and Michael Clark's seats are up for election. Emily has reached her term limit. A motion was made by Michael Clark, seconded by Stuart Wepler, to waive Emily's term limit to allow her to serve the organization for an additional term. The motion passed with Emily abstaining. Emily thanked the Board and expressed appreciation for the consideration. She will let the committee know this summer if she is able to devote the time necessary to continue to serve another term. Emily enjoys serving as Director of VSBIT and praised the organization as a whole. The committee will seek other nominations as well, as is practice.

Review and Accept 3-31-18 Financials and Dashboard

Chris Roberts reviewed the 3-31-18 financials and Dashboard, responding to questions. Stuart Wepler made a motion, seconded by Emily Long, to accept the financials as presented. Motion passed.

President Evaluation

A motion was made by Emily Long seconded by Michael Clark, to go into executive session at 11:40 am to discuss the President's evaluation and salary. The motion passed. Laura Soares was invited into executive session at 11:50. The session ended at 11:55 am.

Stuart Wepler made a motion, seconded by Emily Long, to increase the President's salary by \$5,825 in FY 19, and to commend Laura on a job well done. The motion passed.

Adopt FY 19 Budget

Laura Soares and Chris Roberts presented the FY 19 budget to the Board for consideration. Emily Long made a motion, seconded by Stuart Wepler, to approve the FY 19 revenue and expenses budget as presented with the President's salary adjusted as approved by the Board. The motion passed.

VEHI Update

- a. **FY 19 Service Agreement** – the VEHI Board is looking to add language in the next Service Agreement regarding notification for termination by either party, evaluation process and renewal. A draft will be provided to VSBIT next fall for review. Both VEHI and VSBIT have been using Rob Halpert as their corporate attorney and the VSBIT Board directed Laura Soares to ensure the two organizations do not continue to engage the same corporate attorney.
- b. **Legislative Update** – Laura Soares updated the Board on potential changes to the VEHI Board configuration that could be enacted during the Special Session the Governor called this week. She will update the Board once the Session is concluded. In any event, VEHI is looking to engage a consultant to assist the VEHI Board in effective governance and operations.
- c. **Joint Meeting September 10, 2018** – The VEHI Board requested the joint meeting to provide input into the FY 19 audit firm decision process. Laura Soares will work with Brenda Fleming and Chris Roberts to support this conversation and a decision regarding the FY 19 audit firm selection process. The VSBIT Board agreed to have a working lunch ahead of the 1:15 meeting with VEHI to hear from the ad hoc Investment Committee.

Adjournment - There being no further business, the meeting adjourned at 12:30 p.m.

Respectfully submitted by: Laura Soares