

Vermont School Boards Insurance Trust (VSBIT)

Board of Director's Meeting Minutes

November 19, 2019

Present: Brenda Fleming (by phone), Michael Clark, Michael Bailey & Bob Giroux.

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

Guest: Chad Hewitt, CPA Sullivan & Powers (until 4:10 p.m.)

The meeting was called to order at 3:30 p.m., by Vice Chair Bob Giroux.

Welcome New Board Member

The Board welcomed new Board Member Michael Bailey.

Review and Adoption of Agenda

The agenda was adopted with one adjustment - to move the meeting with the auditor before the approval of the minutes of the prior meeting.

Public Comment: None

Meet with Chad Hewitt, CPA Sullivan & Powers regarding FY 19 Audit

Chad Hewitt presented the FY 19 audit report to the Board, providing an overview of the Management Discussion & Analysis and the exhibits. The auditors provided a clean opinion and clean Management Letter following the FY 19 audit. Chad answered questions from the Board. The Board acknowledged Chris Roberts for outstanding work in this area. Michael Clark made a motion, seconded by Mike Bailey, to accept the FY 19 audit report. Motion passed.

Approve Minutes of October 10, 2019 Board Meeting

Michael Clark made a motion, seconded by Mike Bailey, to approve the minutes of October 10, 2019, after amending the Annual meeting item to add the nominating committee's recommendation for Bob Giroux to serve another term as an at-large director. The minutes were approved as amended.

Reorganization

a. Election of Chair and Vice Chair

Bob Giroux turned the meeting over to Laura Soares for election of the chair. Michael Clark made a motion, seconded by Mike Bailey, to nominate and elect Bob Giroux as Chair. Bob accepted the nomination and the motion passed with Bob recusing himself from the vote. Bob resumed as chair of the meeting.

Brenda Flemings made a motion to nominate and elect Michael Clark as vice chair. Michael accepted the nomination and the motion was seconded by Mike Bailey. The motion passed.

b. Appointment of Corporate Secretary

Mike Bailey made a motion, seconded by Michael Clark, to reappoint Brenda Fleming as corporate secretary. The motion passed.

c. Affirm Organizational Mission/Vision

Michael Clark made a motion, seconded by Brenda Fleming, to affirm the organizational Vision/Mission. The motion passed.

d. Review Code of Ethics Policy for Compliance

By consensus, the Board affirmed compliance to the policy. There were no suggested changes to the policy.

e. Establish Nominating Committee

The chair appointed Mike Bailey and Michael Clark to the nominating committee, with Laura Soares supporting the committee.

f. Review Delegation of Authority Resolution

The Resolution was reviewed and no changes were needed. Bob Giroux assumes the responsibilities delegated to the Chair. Mike Bailey made a motion, seconded by Brenda Fleming, to affirm the Resolution for another year. The motion passed.

g. Review and Affirm Annual Work Plan and Meeting Schedule

The Board reviewed the annual work plan, which will be revised as needed throughout the year. The actuary for the Multi-Line program will attend the next meeting of the Board, set for January 30, 2020.

Review Conflict of Interest Policy for Compliance

a. Amend Policy to align definition with Bylaws

Michael Clark made a motion, seconded by Mike Bailey, to amend the definition of “conflict of interest” in the Policy to align with the Bylaws, as proposed in the memo provided by Laura Soares. The motion passed and the annual disclosure statement was updated to reflect this change. The Board tasked Bob Giroux and Laura Soares to review the rest of the Policy for possible revision and bring any recommendations to a future meeting.

b. Complete Conflict of Interest Disclosure Statements

Members of the Board completed conflict of interest disclosure statements.

Review and Accept 9-30-19 Quarterly Financials and Dashboard

Chris Roberts reviewed the 9-30-19 financials (provided directly from the business software system so in a new format) and Dashboard, responding to questions. Brenda Fleming made a motion, seconded by Mike Bailey, to accept the financials as presented. Motion passed. Michael Clark made a motion, seconded by Mike Baily, to accept the Dashboard as presented. The motion passed.

Review Dashboard Policy and Indicators (Attachment A) for Investments and General Reserves/Budget

The Board has no changes to suggest for the policy, which they determined the organization is in compliance with. However, Bob Giroux suggested the Board consider modifying the investment return indicator to CPI-U plus a factor. Chris Roberts indicated the Vanguard consultant will be a good resource. Chris and Bob will bring a recommendation to the Board at a future meeting.

Multi-Line Program

a. Discussion of 6-30-19 results across years and coverages

Chris reviewed the Program’s financial results and how the years change over time as the claims develop. The actuaries will attend the January meeting if the Board has any specific questions on how they set and re-evaluate IBNR for each year. Tim indicated that the workers’ comp line is performing well. The two areas claims are increasing include property and Errors & Omissions in the area of discrimination. The Multi-Line Program has developed loss control resources to focus on each of these areas.

b. Excess Net Assets Update

Tim provided the update. With two years of updated BCAR score data, the actuaries will update the benchmark. In addition, management is meeting with the actuaries in December and looking at replacing the BCAR Pools benchmark with one that may be more useful. Recommendations will be brought to the January meeting.

In addition, with the hardening of the property reinsurance market and expected 10% increase, management requested the actuaries do some modeling of potential uses of some excess net position to mitigate this increase without creating future rate fluctuations. Management will bring recommendations at the January meeting.

Update on Investment Consultant Review and Recommendations

Chris provided an update on the recommendations made by the Vanguard Investment consultant after review of the Board's Policy and current investments at Vanguard. She will be implementing the recommended changes for both the operating fund and the reserve funds. The reserve funds will include several index funds that have active management to improve returns modestly.

Review and Set Unemployment Compensation Program Rating Structure for FY 21

Chris reviewed the recent history of adjustment to the Unemployment rate structure. She feels the current structure is appropriate, and recommends maintaining it. She further recommends the Board consider making one or more distributions from the Program's net position to lower it to within target in the next several years. The Board supported this concept and requested Chris bring a proposal to a future meeting.

A motion was made by Mike Bailey, seconded by Brenda Fleming, to accept management's recommendation and continue with the current rate structure in FY 21. Rates are as follows:

Class 1 .05%

Class 2 .14%

Class 3 .29%

Class 4 .47%

Class 5 .69%

Class 6 1.06%

Current High Risk Adjustment Factor

The motion passed.

Update on Marketing Initiative

Tim provided the update. The results of the 2018 and 2019 Member Surveys indicate a lack of strong brand recognition for VSBIT. To address this gap, a committee of staff sought input from two marketing firms and decided to work with Esmond Communications. Beth Esmond met with the entire staff earlier today to identify all potential stakeholders as well as which ones we may want to target with our messaging. The next step will be for Beth to meet with managers to refine

this work. We are also reviewing all of our current messaging methods and materials. With Beth's assistance we will develop a Communication Plan. The Board will be kept apprised.

As an aside, Tim indicated there are over 40 participants registered for the Essential of Facilities Management training, and about 20 schools have expressed interest in applying for the building Resiliency Pilot.

Potential Executive Session to Discuss Personnel Issue

At 5:50 pm Mike Bailey made a motion, seconded by Michael Clark, to go into executive session to discuss a personnel issue with Laura Soares present. The Board exited executive session at 6:03 pm. No action was taken.

Adjournment

There being no further business, the meeting adjourned at 6:05 p.m.

Respectfully submitted by: Laura Soares

Next Meeting: January 30, 2020 3:30 p.m.