

Vermont School Boards Insurance Trust (VSBIT)

Board of Director's Meeting Minutes

November 7, 2018

Present: Stuart Wepler, Michael Clark, Bob Giroux & Steve Hier, by phone: Brenda Fleming (3:40 – 5:00)

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

Guest: Chad Hewitt, CPA Sullivan & Powers

The meeting was called to order at 3:30 p.m., by Chair Stuart Wepler. There were introductions, and Steve Hier was welcomed back to the Board.

Meet with Chad Hewitt, CPA Sullivan & Powers regarding FY 18 Audit

a. Accept FY 18 Audit Report

Chad Hewitt presented the FY 18 audit report to the Board, directing their attention to the Management Discussion & Analysis and the exhibits. Chad answered questions. The auditors provided a clean opinion and clean Management Letter following the FY 18 audit. The Board acknowledged Chris Roberts for outstanding work in this area. Bob Giroux made a motion, seconded by Michael Clark to accept the FY 18 audit report. Motion passed.

Reorganization

a. Election of Board Officers and Appointment of Corporate Officers

Stuart Wepler turned the meeting over to Laura Soares for election of officers. Steve Hier made a motion, seconded by Michael Clark, to elect Stuart Wepler as Chair and Bob Giroux as Vice-Chair. The motion passed. Stuart resumed chair of the meeting.

Bob Giroux made a motion, seconded by Steve Hier, to appoint Brenda Fleming as corporate secretary. The motion passed.

b. Affirm Organizational Mission/Vision

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

c. Review Legal Duties of Non-Profit Board

Stuart Wepler asked all Board members to review the duties as outlined by the Vermont Attorney General.

d. Complete Conflict of Interest Statements

Members of the Board completed conflict of interest statements.

e. Establish Nominating Committee

The chair proposed Michael Clark and Steve Hier, with support from Laura Soares, form the nominating committee. Bob Giroux made a motion, seconded by Brenda Fleming, for these three people to comprise the committee. Motion passed.

f. Review Delegation of Authority

Michael Clark made a motion, seconded by Steve Hier, to approve the Resolution on Delegation of authority of the Corporation to certain officers, agents and employees of the Corporation and the designation of banking and financial services institutions for the funds and finances of the Corporation with the changes recommended by Laura Soares. The motion passed unanimously.

g. Review 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 February 22, 2019.

Public Comment: None

Approve Minutes of October 1, 2018 Board Meeting

Bob Giroux made a motion, seconded by Michael Clark, to approve the minutes of October 1, 2018. The minutes were approved as written.

Annual Meeting Summary

Laura Soares summarized the meeting, which had several dozen members in attendance.

Review and Accept 9-30-18 Financials

Chris Roberts reviewed quarterly financials and responded to questions. Michael Clark, made a motion, seconded by Bob Giroux, to accept the financials as presented. Motion passed.

As a part of the discussion of the financials, the Board was updated on the old worker's comp program. The final claim has closed, and the Board concurred with management that VSBIT should reach out to DFR with a plan to end the program and utilize/distribute funds in an appropriate manner. This will be an action item on a future agenda.

Investment Committee Update

Chris Roberts, Tim Vincent, Bob Giroux and Stuart Wepler serve on the committee to review the recommendations of SAA. The committee is still at the exploratory stage and is looking at the implications of selling the long-term bond fund held by the general reserve as well as Vanguard expertise to ensure the current funds are still the most appropriate for VSBIT. After discussion, there was consensus to remain with index bond and equity funds at Vanguard but to explore other index fund options available with high bond ratings that represent diverse market segments.

Review and Set Unemployment Compensation Program Rating Structure for FY 20

Management recommends retaining the current rate structure, ranging from .05% to 1.06% with a high risk category, for the Unemployment program in FY 20. As outlined in a memo, the Board lowered the rate structure 15% for FY 18 and 35% for FY 19. There was agreement that we should wait to see the impact of these changes before lowering the rates further to avoid over correction that could lead to future rate increases. Member rates will change within the rate structure based on taxable wage and experience. A motion was made by Steve Hier, seconded by Bob Giroux, to accept management's recommendation and continue with the current rate structure in FY 20. The motion passed.

Continue Discussion on Multi-Line and Unemployment Programs Dashboard Indicators – Potential Action

This discussion was tabled to a future meeting.

Act on Recommendation to Increase Asset Capitalization Level

Following up on the Board request from the last meeting, Chris recommends increasing the asset capitalization level from \$1,500 to \$10,000. Since there is no tax benefit to depreciation, Sullivan & Powers is comfortable with this change. Michael Clark made a motion, seconded by Steve Hier, to increase the asset capitalization level to \$10,000. The motion passed.

Multi-Line Excess Net Assets Review and Recommendations

Multi-Line Program Manager Tim Vincent reviewed the memo on the annual evaluation of the Multi-Line net position and a determination of the amount of excess net position. The analysis of current net position against current benchmarks indicates the program's excess net position has increased to \$4.68 million. Given the strength of the program after 15 years, Tim recommends the Board return \$248,333 to the VSBIT general reserve to reimburse for the initial funding to start the program, and an investment of \$100,000 to expand the ice alert pilot loss prevention initiative. The pilot schools showed promising results with fewer slips, trips or falls on ice last winter. Steve Hier made a motion, seconded by Bob Giroux, to approve both uses of the excess net position. The motion passed.

Insurance/Risk Management Collaboration for Vermont Independent & Private Schools

Tim Vincent presented an idea for a program to serve private and independent schools who are not allowed to join the Multi-Line program. It would involve VSBIT endorsing the Scholastic First insurance program through AJ Gallagher Brokerage, and adding loss prevention services provided by Multi-Line loss control staff. The private school premium would include an administrative fee for VSBIT to cover the costs of VSBIT staff (loss control, administration and accounting). Initially the program would be marketed to schools with at least 120 students and the loss prevention services would be limited. Tim was looking for Board support to further investigate the concept with the potential to start the program on 7/1/2020. There was a wide-ranging discussion which identified the relationship to Mission through the improved safety of students at private and independent schools, particularly those schools which accept tuition students from public schools. There was concern about reputational risk, non-profit status of VSBIT with the addition of unrelated business income and IRS filing, the capacity of VSBIT staff, impact on Multi-Line members, and the need for input from VSA and VSBA given the tension between public and private schools in other areas, and a survey of private/independent schools to assess interest. The Board was comfortable with Tim pursuing this concept with these points in mind.

Resiliency Pilot Program – Changing Cultures in Vermont Schools

Tim Vincent indicated the fastest growing area of workers' comp claims is from student-staff interactions. For the past several years, Tim has been reaching out to various parties to identify opportunities to reduce these injuries, with little traction. Analysis of Multi-Line claims data does not indicate any particular approach to de-escalation currently used in schools is impactful on reducing staff injuries. Tim became aware of a program that has been implemented in a small number of schools on the west coast. The three-year program works to improve the culture of leadership, staff, and students in the school to proactively reduce the incidents where contact and de-escalation is needed. Initial results look promising. Tim requested the Board consider allocating a total of \$150,000 from the general reserves over a period of 3 years to run a pilot in

Vermont. If successful, the program would be expanded with additional investment from the participating schools.

The Board found the idea intriguing, and encouraged Tim to develop a steering committee of superintendents, curriculum directors, VT-NEA and VSBA, as well as others he deems appropriate, to interview the west coast schools, look at other programs of a similar nature, examine how to create energy around a small pilot, consider timing of roll-out etc. The Board is interested in further discussing the concept.

Adjournment

There being no further business, the meeting adjourned at 7:25 p.m.

Respectfully submitted by: Laura Soares

Next Meetings: February 22, 2018 10:00 am – WTW Actuaries in Attendance