

Vermont School Boards Insurance Trust (VSBIT)
Board of Director's Teleconference Meeting Minutes

May 28, 2020

Present: Bob Giroux, Michael Bailey, Brenda Fleming, Steve Hier (3:45) & Michael Clark.

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

The meeting was called to order at 3:35 p.m., by Chair Bob Giroux.

Review and Adoption of Agenda

The agenda was adopted by consensus with three changes: to add the May 26th Minutes for approval, move the Transition Update to the end of the meeting, and add an item for other business.

Public Comment: None

Approve Minutes of April 30, 2020, May 19, 2020 and May 26, 2020 Board Meetings

Brenda Fleming made a motion, seconded by Mike Bailey to approve the minutes of April 30, 2020, May 19, 2020 and May 26, 2020. The minutes were approved as written.

Update on COVID-19 Response and Support for Members

Laura Soares provided updates on preparations for reopening the building when appropriate to do so. Since all staff are able to work effectively from home, the expectation is this will remain the norm for the time being. We have seen a significant drop in claims due to the closure of school buildings and are monitoring the staffing situation.

In addition to the COVID-19 supports for members listed in the Business Plan, Tim Vincent provided an overview of the sessions to assist schools in developing their plans to reopen school buildings.

Review President Evaluation Tool for Potential Revision

It was agreed that the Board would not do a formal evaluation of Laura given her upcoming retirement. The topic will be on an agenda in late 2020 to determine the timeline and process for evaluating the new President in 2021.

Multi-Line Net Asset Benchmark Study Discussion and Potential Action on Recommendations to Revise Multi-Line Excess Net Asset Policy to Update Benchmarks

Tim reviewed the results of the Updated Benchmark Study completed by the actuaries. The BCAR A-rated insurance company group was updated to ensure the companies included reflected entities comparable to the Multi-Line program. A new net position to SIR ratio benchmark was added for consideration. The Net Position to SIR Ratio compares program financials to a larger, more characteristic group of public entity pools than the current BCAR pools peer group, and management feels it will be a more useful metric in evaluating the Multi-Line Program's financials moving forward.

Management recommended changing the Policy to replace the BCAR pools peer group benchmark with the net position to SIR ratio benchmark. A motion was made by Steve Hier, seconded by Michael Clark, to modify the Policy accordingly. The motion passed.

Update Multi-Line FY 21 Renewal

Tim discussed the FY21 renewal for the Multi-Line Program. As expected, renewal quotes reflected the hard insurance market with increased rates and pressures to restrict coverage. Property coverage will remain with Travelers with no significant coverage changes but showing a \$300,000 increase in premium. The boiler & machinery coverage is being moved to Travelers as well as their quote was more competitive than the incumbent. VLCT uses Travelers for this coverage and inspections and has not reported any issues. Genesis remains the liability reinsurance carrier however at a 60% quota share. Markel is now reinsuring 40% quota share of the liability lines. There was an overall 9% increase in rates for the liability lines. Safety National will remain the excess carrier for workers' compensation at a 5% rate increase. No changes in coverage for members however Safety National is removing the communicable disease endorsement which addressed how self-insured retention would be addressed in communicable disease scenarios. The endorsement will return re-worded once language is approved by the regulatory body. The coverages such as Crime, Cyber, Student Accident, and Pollution did not see significant rate changes or any changes in terms or conditions.

The Multi-Line Program did utilize the full \$200,000 from excess net position previously authorized by the Board to help smooth the rate increase affect to members. In addition, the program was able to reduce operating costs as a result of COVID to end up with an overall flat base rate for members heading into FY21.

Adopt FY 21 Budget

Chris Roberts presented the FY 21 budget to the Board for consideration. At the direction of the Board, the budget includes a salary increase for Laura for the remainder of 2020, and a salary for the incoming President for all of FY 21. The general reserve shall pay for transition expenses so that programs are only billed for one FTE for the President position. Steve Hier made a motion, seconded by Michael Clark, to approve the FY 21 revenue of \$16,230,488 and expenses of \$16,695,452 budget as presented.

Annual Review of Bylaws and Articles of Incorporation

DFR had no concerns with the revised definition of conflict of interest included the Bylaws or the new COI Policy the Board adopted at the April meeting. These document will now be posted online. The Board had no other changes to consider in either the Bylaws or the Articles of Incorporation.

Fraud Policy Review and Compliance Certification

The Board reviewed the Policy and Laura's compliance certification. Brenda Fleming made a motion, seconded by Steve Hier to affirm that the organization is in compliance with the Policy. The motion passed. The Board had no suggestions for revision to the Policy.

Investment Policy Review and Compliance Certification

The Board reviewed the Policy and Laura's compliance certification. Brenda Fleming made a motion, seconded by Mike Bailey, to affirm that the organization is in compliance with Policy. The motion passed. Chris Roberts provided an update on implementing the investment changes recommended by the Vanguard advisor. This will be completed by the end of the fiscal year.

Laura and Chris recommended the Board make two modification to the Policy to remove reference to the 92-98 workers' comp program that is now closed, and to remove reference to investment in foreign stocks in the operating funds, which is prohibited by I-90-1 and was included in error. A motion was made by Michael Clark, seconded by Brenda Fleming, to modify the Policy as recommended. The motion passed. DFR will be notified of this language clean up.

Discuss and Act on the 2020 Business Plan

Laura presented the 2020 Business Plan to the Board. The strategic objectives were developed by the VSBIT Cabinet, a new group formed by Laura which included the Manager of Finance, IT Coordinator, Manager of the Multi-Line Program, Manager of VEHI Programs, and the President. After discussion, a motion was made by Steve Hier, seconded by Brenda Fleming, to accept the Plan. The motion passed. The Plan will be filed with DFR.

Discuss 2020 Annual Meeting

The Annual Meeting will not be set until fall, when more is known about the ability to hold large in-person meetings. Steve Hier and Brenda Fleming's seats are up for election. Members will be notified and the Nominating Committee (Michael, Mike and Laura) will meet this summer to bring forth a slate to the Membership. Michael made a motion, seconded by Steve, to waive the term limit for Brenda Fleming so she could be considered by the Committee if she remains interested in continuing to serve. The motion passed with Brenda abstaining.

Transition Update

Michael Clark made a motion at 4:59, seconded by Brenda Fleming, to go into executive session with Laura Soares to discuss a personnel issue. The motion passed. Executive session concluded at 5:16 with no action being taken.

Next Meeting of the Board

The Board agreed to meet in early August with the current President and President-elect. The next regular business meeting will be scheduled in September.

Adjournment

There being no further business, the meeting adjourned at 5:20 p.m.

Respectfully submitted by: Laura Soares