

Vermont Education Health Initiative (VEHI)

Board of Directors
Meeting Minutes

September 24, 2019

Present: Joel Cook, Tracy Wrend, John Pandolfo, Frances Brock, Martha Gagner, Laura Soares, Mark Hage, Chris Roberts and Bobby-Jo Salls.

Members of the Public: None

Guests: Rick Brigham, CPA, Sullivan & Powers (4:30 – 4:45 pm), Jim Condos, Secretary of State and Chris Winters, Deputy Secretary of State (4:45 – 6:05 pm)

The meeting was called to order at 4:30 p.m., by Chair Joel Cook.

Public Comment: None

Review and Adoption of Agenda: The agenda was adopted as presented.

Approval of Board Minutes of August 26, 2019

Tracy Wrend made a motion, seconded by Martha Gagner, to approve the meeting minutes of August 26, 2019 as presented. The motion passed.

Meet with Rick Brigham of Sullivan & Powers on FY 18 and FY 19 Financial Audits

After introductions, Rick Brigham reviewed the FY 19 audit report, which also included the figures from the FY 18 audit, and the Management letter. Both audits had unqualified opinions, and Rick complemented Chris Roberts and her team for this outstanding outcome. Rick indicated this result should not be taken for granted, as many firms they audit do not have clean audits year after year as VEHI does. Tracy Wrend asked what steps are taken to avoid overfamiliarity with VEHI, given the firm has been auditing VEHI since its inception. Rick outlined that Sullivan and Powers changes the focus of the audit each year, annually changes the staff on site conducting the audit, and the lead auditor position rotates between the firm's partners every several years or at the request of VEHI. The Board thanked Rick and commended Chris Roberts. Fran Brock made a motion, seconded by John Pandolfo, to accept the FY 18 and FY 19 audit reports. The motion passed.

Annual Review of Investment Policy and Performance – C. Roberts

Chris reviewed her memo, showing that since investing in equities, as now allowed by the Board's investment policy, the investment performance is outpacing the benchmark, CPI-U. The mix of

equities and bonds provides a more balanced portfolio as planned. Martha made a motion, seconded by Fran, to accept the investment report. The motion passed.

Open Meeting Law Training – Secretary of State Jim Condos and Deputy Secretary of State Chris Winters

After introductions, Mr. Condos and Mr. Winters provided a PowerPoint presentation/training on Open Meeting Law. They cautioned that they are not providing legal advice, and there are many gray areas and sometimes room for interpretation. It is important to remember the underlying principle of the public's right to know and participate in meetings of the Board and its committees. Questions from several Board members had been submitted prior to the meeting, and some of them were answered in the course of the presentation and discussion. Other questions were raised during the meeting and responses were provided. Mr. Winters will provide written responses to any questions that were not addressed during the allotted time. The Board thanks both men for their time and the information provided.

Act on Management Recommendation FY 21 Dental Rate Filing

Mark Hage presented the recommendation from management on the use of reserves to hold the FY 21 dental rates level and modestly improve the benefits if these can both be accomplished within the parameters outlined in the memo. If authorized, the final determination of cost will be made in consultation with VEHI's independent actuary. Benefits will only be enhanced if there are enough funds to do so after level funding rates.

John moved, seconded by Fran, to authorize up to \$1,150,000 million from net position and interest earnings to fund FY 21 dental premium rates and modestly enhance dental benefits to remove preventive and diagnostic services from the determination of annual maximums. The motion passed.

Martha made a motion, seconded by Fran, to authorize Laura Soares to file the dental rates on behalf of VEHI. The motion passed.

Act on Management Recommendation of Interstate Pharmacy Collaborative Study

Bobby-Jo Salls presented the recommendation of management that the VEHI Board of Directors formally authorize VEHI's participation in an analytical study with the Wisconsin Education Association Trust and the Michigan Education Special Services Association to investigate the potential benefits, financial and otherwise, of forming a pharmacy purchasing collaborative for approximately 300,000 public school employees, active and retired, and their families. A motion was made by Fran, seconded by Martha, to authorize the study as recommended. The motion passed.

Update regarding VSBIT's letter of August 9 (possible executive session)

Joel Cook made a motion, seconded by Fran, to go into executive session to discuss a VSBIT contract issue. The motion failed.

Joel reported on the work he and Tracy were able to do since the last meeting. They spoke with our legal counsel Rob Halpert. He concluded he should not work with us on this matter since he also serves, in many other contexts, as VSBIT's legal counsel and VSBIT referred in its letter about this matter to a "conflict of interest" regarding its providing an employee to serve as VEHI's president. He did say that Vermont law does not specify the duties of a nonprofit corporation president, only that there be one.

Tracy wanted the full Board to know she communicated with Joel regarding his August 11th email to Bob Giroux, Vice Chair of the VSBIT Board, in response to the August 9th letter from Mr. Giroux to the VEHI Board. She does not believe it was appropriate for Joel to communicate without authorization from the Board to do so. Tracy also indicated she and Joel did not have the same understanding of the charge of the Board made via motion at the last meeting. She passed out the three questions she thought the Board needed answered in the near term by legal counsel to address Laura Soares resigning from the office of President on November 1st.

Joel expressed disagreement with Tracy's characterization and indicated he felt the charge from the Board should be broad to allow a complete review of the issues.

Laura Soares provided history and context for the decision of the VSBIT Board to direct her to resign the office of VEHI President on November 1, 2019. She provided the Board a memo on September 18th listing the four duties she currently performs that she understands should be performed only by a director or officer, and those she believes she can continue to perform if duly authorized through a resolution. The VEHI Board last delegated by resolution in 2015, but the delegation of duties is to the VEHI President role not Laura specifically.

Since most of the delegation is related to financial operations, Chris Roberts prepared a draft resolution that, if approved, would allow various VSBIT employees, including Laura Soares, to continue to manage the daily operations of VEHI. Chris specifically outlined what is the same as the 2015 resolution, and where there are changes and the rationale for the changes. Fran Brock made a motion, seconded by Tracy Wrend, to approve the resolution as presented and to commit to reviewing the resolution again when next renewing or amending the VSBIT Service Agreement. The motion passed.

Tracy Wrend made a motion, seconded by John Pandolfo, to appoint the Chair as President for the purposes of:

1. Signing Member Agreements
2. Signing tax forms or communications with the IRS
3. Signing rate sheets filed with DFR
4. Signing major contracts.

The motion passed.

A motion was made by John Pandolfo, seconded by Martha, to authorize the Chair and Vice-Chair to solicit legal counsel to review the following documents for recommended or required

changes to address the change in the VEHI President role, and to attend the November meeting of the Board.

- The resolution just approved
- The documents referenced in Laura Soares Memo of August 26, which included the Bylaws
- The August 9th letter from Bob Giroux
- The four versions of the Scope of Services Overview, including the one provided on August 9th by Mr. Giroux.

The motion passed.

Discussion on Criteria for Decisions Regarding Service Agreements

The item was postponed to the next meeting.

Discuss future agenda items

There was no further discussion, but the Board was reminded of the protocol for suggesting items for future agendas.

Set next meeting(s) of the Board, including a potential retreat

- a. The next meeting of the board is set for November 21st at 4: 30 pm.
- b. Discussion of the Annual Member Meeting on November 8th, 8:30 am – Joel Cook and John Pandolfo will attend the Annual Meeting and represent the Board. It was agreed other members of the Board do not need to take the day off from work to attend.

Adjournment

There being no further business, the meeting adjourned at 8:08 p.m.

Respectfully submitted by: Laura Soares