

Minutes
Utrust Trustee Meeting
September 25, 2020

Trustees of the Unemployment Compensation Trust met September 25, 2020 via zoom. Attending the meeting were: Chairman David Jones, Vice Chairman Joey Cooper; trustees: Roger Greene, Dawn Fry, Norma Tate and Jasper Taylor; Dewey Branstetter, Trust Attorney; Investment Adviser Mike Hill from SunTrust; Auditors, Karen Stephens and Kristen Francisco from Blankenship; staff members: Dr. Dan Tollett, Trust Administrator, Kristi Coleman, Director of Finance & Administration and Dameron Johnson, Communications Specialist. Regina Waller was absent.

Chairman David Jones called the meeting to order at 2:00 p.m.

COOPER/FRY: Motion to approve the consent agenda. **Motion carried unanimously.**

Administrator's Report

Dr. Tollett expressed appreciation to trustees for setting aside the time and making the arrangements necessary to participate in a Zoom meeting. Then he reported the following:

Assistance with unemployment issues. Requests for assistance with unemployment issues have been frequent and numerous. Kristi has spent her time in recent weeks almost exclusively on such issues.

The Department of Labor has been overwhelmed. As a result, they assigned employees to deal with issues about which they have limited, if any knowledge. As might be expected, they've made some decisions that defy logic. School system employees have found themselves dealing with situations and issues that didn't know how to handle. Neither the DOL, DOE or the feds provided the assistance needed. Our members were delighted to learn that Utrust was able and willing to help.

Kristi has been on the phone with our members' finance and human resource employees answering questions, showing them how to access data, helping them prepare appeals and appeals to appeals. We've sent our members sample letters to help them request funds from their city or county governments. Kristi has established contacts in the DOL that she has been able to access directly to expedite matters and affect decisions that help our members.

50% Reimbursement. A big issue for us has been the automatic reimbursement of 50% of Covid related UC claims. Our members were eligible for these funds only as a reimbursement for claims they had paid. The change made to our intergovernmental agreement allowed us to assess members for claims so they would be charged for the claims we had paid on their behalf so that technically, they could qualify for reimbursement.

Interestingly, after our members received reimbursement checks for the claims that Utrust paid, some members have not reimbursed us. Most have. Some have not. Primarily, because over zealous state auditors advised them not to send the money to Utrust.

After Kristi makes her report and shares more information about this, we'd like your opinion about how we should proceed regarding the members who have not sent us the reimbursement checks.

The good news is that beginning August 1, claims will be handled differently. Instead of us paying the claims and hoping that our members will reimburse us, claims are now being billed to us with the 50% reduction already credited. That is how this should have been handled in the first place. It is better for all concerned.

Policies and Practices. Several UC claims that were approved could have been denied if local boards had correct policies and procedures in place. We discovered that in some instances there were no policies or administrative procedures to address the issue. In other cases, questionable policies were the culprit. At any rate, we are collecting and developing policies specifically designed to provide guidance in the area of unemployment practices.

Intergovernmental Agreement. With all of the issues going on with the reimbursements, we've carefully re-examined our intergovernmental agreement and the change we recently made. Dewey helped us work with our audit team of Karen, Rich and Kristen clarifying some of the provisions of our intergovernmental Agreement. We appreciate their efforts in helping with that issue.

Staff Visits. We ordinarily would have made a number of visits to meet new superintendents and explain Utrust and its services. Because of the pandemic, we have only made one such visit since our last Trustee meeting. It was to Richard City Special School District in Marion County. It was a very good visit and we're looking forward to visiting with other new superintendents in our member districts.

Utrust Appreciation Program. We've been pleased with the number of schools that asked for appreciation grants to implement their appreciation programs. It is our intention to move forward with the awards program unless you feel differently.

Trustees. We have now come to the point that every trustee election will be for a 7-year term. A trustee would serve a shorter term only if appointed by the remainder of the trustees to fill an unexpired term.

Conclusion. In these times when we see evidence of so much discouragement, division, hateful attitudes and lack of concern and respect for one another, it is especially good to be a part of an organization that is doing just the opposite. Utrust encourages students and staff to make their school, and in turn, the world a better place by recognizing individuals, showing kindness to them and expressing appreciation to them for what they do.

He thanked trustees for the important role they play in making the world of lots and lots of people much better.

Investment Report

Mike Hill reported for the period ending August 31, 2020, the Utrust portfolio had a market value of \$23,280,760 (net of \$1.5mm in distributions) and was up +7.08% calendar year-to-date versus the benchmark return of +4.23%. During the period, we actively managed the portfolio through the market dislocation related to COVID-19 and the related quarantines in February and March by reducing risk and shifting the equity allocation to the growth style in place of value. The shift aligned with our outlook for a mixed recovery benefiting technology, healthcare,

etc and a headwind for traditional value sectors such as financials and energy. As we look forward to the remaining months of 2020 and into 2021, there is a heightened amount of uncertainty including the presidential election, monetary and fiscal policy and a second wave of COVID-19. We continue to take a cautious approach to the investment portfolio as we manage through the current volatility and look for more visibility for the economy and corporate earnings in early 2021.

TATE/COOPER: Motion to approve investment report. **Motion carried unanimously.**

Audit Report

Karen Stephens discussed the audit report. She said the financials as of June 30, 2020 were presented in a fair and accurate manner and therefore the Trust received an unmodified opinion. No adjustments were necessary.

GREENE/COOPER: Motion to approve audit report. **Motion carried unanimously.**

Financial Report

Kristi Coleman reviewed the financial report for August 31, 2020. She reported that the investments had increased in value since the beginning of the fiscal year attributing to the net income for the fiscal year to date of a little over \$1.6 million.

She reported the claims for July and August were trending very high. The July claims were up over \$176,000 and August claims were twice as much as compared to the previous year. Because of COVID-19, unemployment costs have been exceptionally high during the spring months and throughout the summer primarily due to substitute teachers being able to draw unemployment. She stated the hope is unemployment costs will decline substantially now that school is back in session. She also reported that under the CARES Act, 50% reimbursement for unemployment costs incurred as a result of COVID-19 would be recovered by school systems and would help to offset these large increases in costs.

She stated that we are continuing to work with the Department of Labor to address unemployment issues to help with limiting unemployment costs going forward.

GREENE/FRY: Motion to approve the financial report as of August 31, 2020. **Motion carried unanimously.**

Utrust Appreciation Program

Dameron Johnson gave a brief presentation to the Trustees about the Appreciation Program. She stated that even though things were uncertain this summer about what schools and Appreciation Programs will look like, many schools have applied for appreciation grants. Many schools have already posted summaries, photos and videos from Bus Driver Day this year. She scrolled through the Utrust Coordinators Facebook page to show Trustees the excellent posts by schools about their first appreciation day. She stated staff and students seem to be excited about the themes for this school year with an overall theme of "Game On!"

The staff has already been brainstorming themes for next school year 2020-21. The themes will be just as fun and exciting using the overall theme of Classic Cartoons. She ended her presentation saying appreciation is needed now more than ever before and encouraged trustees to be involved with their appreciation programs.

She explained the length of time it takes to go through all the photos, videos and summaries posted by the coordinators because the program is growing rapidly. She closed her presentation stating that she believes 2019-20 will be the best appreciation year yet because of the efforts made to visit new superintendents, host workshops and continual improvements to make the UAP easy to implement.

Legal Update

Dewey Branstetter gave a quick overview of the national and state status regarding unemployment. He explained that an issue had been raised regarding the legal implications of the recent changes made in the intergovernmental agreement. He explained that the change was made to allow Utrust members to be eligible to receive reimbursement of unemployment claims which resulted from the pandemic. He said that Utrust assessing members for the unemployment costs allowed our members to be legally eligible for the CARES act funds since they specifically were for reimbursement of unemployment costs paid by the school system. Utrust was not eligible for direct reimbursement of costs paid on behalf of member systems but if the member systems actually were assessed for the claims, the member systems would be eligible to receive reimbursement for the claims and could, in turn, reimburse Utrust for those claims. He explained that Utrust would continue to pay claims as it has done in the past.

Mini-Grant Discussion


Dr. Tollett discussed the uncertainty of the effects of the pandemic and the upcoming election on our investments combined with the high unemployment costs that we have incurred over the last several months and the timing of the decision as to whether mini-grants should be awarded. He stated the staff, Mike Hill and Dewey Branstetter all thought it would be prudent to delay in making a decision about mini-grants until January to ensure Utrust is positioned well to provide a substantial distribution to the membership. He said such a delay would allow trustees a much clearer financial picture and would be understood by the membership.

COOPER/FRY:

Motion to approve the recommendation to delay the decision about mini-grants until the first week of January. **Motion carried.**

Date of Next Meeting

The next two trustee meeting dates were set for January 8, 2021 and May 7, 2021.


David Jones, Chairman


Dan Tollett, Trust Administrator