

**MINUTES OF THE VLCT JOINT INVESTMENT COMMITTEE MEETING**  
**FRIDAY, MARCH 11, 2022**  
**10:00 AM**  
**VIA ZOOM**

Committee Members Present:

PACIF-Aaron Frank, Rob Gaiotti, Jackie Higgins, Bryan Young, and Bruce Urie

VERB- Bill Shepeluk and Todd Odit

VLCT-Jessie Baker

Staff Present: Joe Damiata, Ted Brady, Seth Abbene, Fred Satink and Kelley Avery

Others Present: Dan Smereck (Strategic Assets Advisors - SAA), Amanda Abdella and Jason Bilodeau (Insight)

Bill Shepeluk called the meeting to order at 10:02 a.m.

**Upon motion (Frank/Higgins) duly adopted, the committee voted unanimously to approve the agenda.**

Aaron Frank asked if Page 2, paragraph 1 of the September 3, 2021 Joint Investment Committee meeting minutes could be amended to include points made by Jerry Storey with regard to the discussion about local investment options. Staff will amend the minutes to include the comments regarding valuation, risk, return, liquidity and freedom from political influence.

**Upon motion (Baker/Higgins), the board voted unanimously to approve the minutes of the September 3, 2021 committee meeting as amended.**

Jason Bilodeau and Amanda Abdella reviewed the fixed income portfolio performance through the end of 2021. Overall, both the PACIF and VERB portfolios performed somewhat well relative to the benchmarks. They also briefly reviewed the global and economic outlook for 2022. Market volatility, due to anticipated interest rate increases and the recent war in Ukraine have driven both fixed income portfolios negative for the year, though bond yields on the portfolio are expected to offset that to some degree as the year progresses.

Dan Smereck from Strategic Asset Alliance (SAA) reviewed the trusts' investment performance through 2021. PACIF's consolidated return, net of fees through December was at .66%, while VERB's was at .55%, both below the benchmarks. For both trusts, risk asset gains more than offset negative fixed income results. Mr. Smereck also described a wide range of factors that are currently affecting both the equity and bond markets and are contributing to the negative consolidated portfolio results for 2022 thus far.

Mr. Shepeluk and Mr. Frank suggested staff work with SAA to review the potential for increasing the portfolio risk asset allocations. Staff will review this with SAA and will propose revisions to

the current investment policy if the recommendation is to increase risk assets as a percentage of the total portfolio from its current limits.

Mr. Smereck provided a general review of the concept of asset allocation. This included a discussion of risk versus return and best practices for portfolio optimization and diversification when weighing potential risk factors such as time and volatility.

Mr. Shepeluk and Mr. Frank discussed the possibility of combining the VERB and PACIF portfolios, merging them under a single Board, and the potential of possibly making unemployment a line of business under PACIF. Mr. Damiatu noted there were many factors to consider including composition of memberships, ownerships of funds, and that staff would review this in more detail and follow-up with the respective boards.

Mr. Smereck reviewed the annual Peer Analysis for Risk Pools. Overall, the trusts performed well in comparison to their peers in 2021, particularly PACIF. PACIF's outperformance was largely attributed to its longer average duration fixed income holdings. He did note that in the present interest rate environment, it may be beneficial to shorten duration.

Mr. Smereck presented the annual SWOT Analysis which assesses the strengths, weaknesses, opportunities and threats for each trust's portfolios. Once again, both trusts appear to be well positioned for the current environment.

Ted Brady reviewed his memo to the committee discussing the potential for pursuing Vermont-based investments, either by setting aside designated funds for this specific purpose or by modifying the portfolios directly. Mr. Brady mentioned three potential investment options: the Vermont Community Loan Fund, the Vermont Municipal Bond Bank and the Vermont Community Foundation. Mr. Brady requested volunteers from the Joint Investment Committee to form a subcommittee to review these potential local investment options and report back to the Joint Investment Committee at their next meeting. Bill Shepeluk and Aaron Frank volunteered to participate on the subcommittee.

The meeting was adjourned at 12:15 p.m.

Respectfully submitted,



Fred Satink  
Assistant Secretary