

MINUTES OF THE VLCT JOINT INVESTMENT COMMITTEE MEETING
FRIDAY, MARCH 14, 2025
10:00 AM
VLCT OFFICES, MONTPELIER, VT and VIA ZOOM

Committee Members Present: Bryan Young (PACIF/VERB), Rob Gaiotti (PACIF), Aaron Frank (PACIF – remote, 10:18 a.m.) and Bruce Urie (PACIF – remote, 10:19 a.m.)

Staff Present: Ted Brady, Seth Abbene, Fred Satink, Heather Hood and Kelley Avery

Others Present: Lucy Rimsky (Strategic Assets Alliance - SAA); Jim Kaniclides (remote), Jason Bilodeau and Emin Hajyev (remote) (Insight)

Discussion began at 10:09 a.m. The meeting was formally called to order at 10:19 once a quorum was confirmed.

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

Upon motion (Gaiotti/Frank), the committee voted unanimously to approve the minutes of the September 13, 2024 committee meeting.

Emin Hajiyevev of Insight provided the committee with a broad overview of the current and potential future impact to the economy with respect to policies implemented under the new presidential administration.

Jason Bilodeau from Insight reviewed the fixed income portfolio performance through January 2025. Overall, both the PACIF and VERB portfolios slightly outperformed the benchmarks with PACIF up 1.63% and VERB up 2.46% 2024 at year-end. Jim Kaniclides reviewed the economic outlook noting that despite recent market volatility, the economy still shows remarkable strength and resilience.

Lucy Rimsky from Strategic Asset Alliance (SAA) reviewed the trusts' investment performance through 2024. PACIF's consolidated return, net of fees through December was 3.76%, outperforming the benchmark, while VERB's was 5.82%, also outperforming the benchmark. Ms. Rimsky explained the wide range of factors that are currently impacting the markets and that also contributed to the consolidated portfolio results for 2024.

Ms. Rimsky reviewed SAA's Risk Pool Client Peer Group Analysis. Portfolio metrics were comparable to the peer group median for both PACIF and VERB. It was noted that there were significant outliers in the PACIF peer group due to regulatory restrictions and types of coverage and therefore averages were less comparable than medians. SAA will narrow the peer group for future analyses. Similarly for VERB the peers were health trusts as SAA does not have other unemployment insurance trust clients. Investment fees compared favorably for PACIF and VERB indicating the trusts were paying less than average fees versus peers. Portfolio performance for

PACIF was somewhat lagging the peer group median primarily due to PACIF's longer duration than the peer group.

Aaron Frank questioned the duration variance and asked why PACIF was an outlier. Seth Abbene explained the liability analysis that is performed annually by Insight to determine whether duration is appropriate. Fred Satink noted it might be helpful to show various duration comparisons in relation to yield so that the committee could consider whether shortening duration slightly would be advantageous. Mr. Bilodeau stated Insight could provide such comparisons at the next meeting for the committee's review.

Seth Abbene provided a brief update on local investments. As approved by each of the boards last year, a total of \$750,000 was invested in the Vermont Community Loan Fund (VCLF) with \$250,000 contributed by each entity, VLCT, PACIF and VERB. The investments are promissory notes with a one-year term at 3.5% and are used by VCLF to provide low interest loans to affordable housing developers. Staff requested direction from the committee as the investments mature in July and can be reinvested with VCLF for a further term. Mr. Frank recommended staff provide a one-page reinvestment proposal that included projected interest rates for each board to review and approve at upcoming board meetings. Members agreed and staff committed to provide reinvestment proposal memos for consideration at the June board meetings for PACIF, VERB and VLCT.

There was no other business.

Upon motion (Gaiotti/Frank), duly adopted, the committee voted unanimously to adjourn the meeting (12:16 p.m.).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kelley Avery". The signature is fluid and cursive, with the first name "Kelley" and last name "Avery" clearly distinguishable.

Kelley Avery
Assistant Secretary

Link to Meeting Recording:

https://us06web.zoom.us/rec/share/vX9zdMIOGecuvjph7IXLpWRdnB2_fJkaRR_KiwErUmrsh3ZuFVLp_GsBPFjiW0R.KIVL5xIQW7C8prEp