

MINUTES OF THE VLCT JOINT INVESTMENT COMMITTEE MEETING
FRIDAY, MARCH 15, 2024
10:00 AM
VLCT OFFICES, MONTPELIER, VT and VIA ZOOM

Committee Members Present: Jackie Higgins (PACIF), Rob Gaiotti (PACIF - remote), Bryan Young (PACIF), Kathleen Ramsay (VERB/PACIF - remote) and Aaron Frank (PACIF)

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

Others Present: Dan Smereck and Lucy Rimsky (Strategic Assets Alliance - SAA); Jim Kaniclides and Jason Bilodeau (Insight)

The meeting was called to order at 10:03 a.m.

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

Upon motion (Gaiotti/Higgins), the committee voted unanimously to approve the minutes of the September 8, 2023 committee meeting.

Jason Bilodeau and Jim Kaniclides from Insight reviewed the fixed income portfolio performance through January 2024. Overall, both the PACIF and VERB portfolios slightly outperformed the benchmarks. They also briefly reviewed the global and economic outlook for 2024. They shared that market volatility continues, however the economy showed remarkable resiliency during 2023, and has a low potential for recession. In addition, continued economic growth is expected for 2024.

Lucy Rimsky and Dan Smereck from Strategic Asset Alliance (SAA) reviewed the trusts' investment performance through 2023. PACIF's consolidated return, net of fees through December was 7.23%, outperforming the benchmark, while VERB's was 7.24%, which was slightly above the benchmark. Mr. Smereck also described a wide range of factors that are currently impacting the markets and that also contributed to the positive consolidated portfolio results for 2023.

Mr. Smereck presented an educational overview for the committee on "(Re)Educating Governing Body Members to Understand Their Role in Investments". His presentation included an overview of trustee's investment responsibilities, an explanation of the pool investment process, errors trustees should avoid, and key pool investment objectives.

Ms. Rimsky and Mr. Smereck presented SAA's Risk Pool Client Peer Group Analysis. Investment portfolio performance for the trusts is in line with peer averages. The risk asset allocation for the trusts are also similar to that of peers. Overall, the investment performance metrics and the investment advisor fee structure for both trusts are within comparable ranges to the SAA peer group.

At the end of the peer group analysis presentation, Aaron Frank questioned whether it's valuable and useful to compare VERB to Health Trust pools when they are not equivalent peer groups. Mr. Smereck noted they may be able to provide comparisons to other private or commercial pools in the future as they have no other league pools which provide unemployment insurance in their client base. Committee members and staff also noted it may be more helpful to narrow the scope of the PACIF peer comparison in the future to limit it to groups more similar to PACIF in terms of types of coverages provided and regulatory restrictions.

Seth Abbene provided a brief update on VLCT's Municipal Re-Investment Pilot Program RFP. Of the eight respondents, two finalists were selected which were considered low risk to VLCT capital and comparatively high impact to Vermont communities. Staff will revisit the program in the second quarter and expects to have proposals ready to put before the Trust boards sometime in the third quarter regarding potential funding allocations.

There was no other business.

Upon motion (Higgins/Frank), duly adopted, the committee voted unanimously to adjourn the meeting (12:06 p.m.).

Respectfully submitted,



Fred Satink
Assistant Secretary