



From the Desk of:

Emily Fagle, Finance Director

383 Broadway, Fort Edward, NY 12828

Finance Committee Meeting

Minutes: 01/26/2023

Members in Attendance: Jeff Meyer, Bob Dingman, Sam Hall, Krystyna Roberts

Staff present: Emily Fagle, Finance Director; Shelley Smith, Executive Director

Guest Presenters: Sheila Grant and Jim Brown, NBT Bank; Matt Pine, EPIC

This meeting was held virtually via Microsoft Teams. The meeting began at 10:00 with introductions. NBT's presentation began at 10:06am

Global Economic Outlook

- Economic activity at the end of Q4 2022 (holiday season) lagged behind expectations
- Economic growth slowing, volatility will remain elevated
- Inflation being reeled in- but pockets where its persistence (oil)
- Equity valuations are an attractive investment, though if we fall into (a predicted) deep economic recession, equity valuations would suffer.
- Fixed Assets attractive – highest bond yields in over a decade

Investment Performance

- We're on par with the benchmark (blended index), with the exception of the December 1 month figures (though only a small variance)
- While performance has been on the decline throughout 2022, our investments are on par (if not slightly ahead) of the benchmark
- Overall, 2022 was a tough year, though we saw it begin to rebound in the last quarter
- Fixed Income
- Fidelity US Bond under-performed.
- Dodge & Cox Global outperformed
- If we fall into a recession, we may move away from the Federal Hermes fund
- Equity
- JP Morgan Growth under-performed against benchmark
- NBT's investment strategy has been value over growth, which has benefited the Large Cap funds. Value investing can mean gains over the longer-term

LEAP Defined Pension Plan fund – in summary

- Market value of the fund is just over \$3.2M
- 36 basis points in fees assessed to the fund in December
- If we do enter in a recession, the investment manager may make slight shifts towards fixed income, away from equity.


- We have a “moderate” investment policy; committee feels that this is still an appropriate approach

EPIC – Plan Valuation

- Liabilities have dropped over the last 3 years significantly.
 - o Higher current Interest rates is one driver
- At present, the plan liability is \$4M; with a \$3.2M market value, this brings the under-funded status to (\$800k) as of 12/31/2022 ((\$1.9M) at 3/31/2021)
- The agency may be in a position to provide cash contributions to the plan in 2023 and 2024 that could close the funding gap
- When we are closer to a funded-status, with NBT assistance we can begin to take steps to terminate the plan; this may involve turning the plan over to an insurance company to make the payments on our behalf going forward (selling the plan)
- NBT can provide assistance in the RFP process once we are ready to sell to an insurer.
- EPIC will continue to provide quarterly updates (with the funded status) as we get closer to 100% funded.

The meeting concluded at 11:03am

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Emily Fagle', with a stylized flourish at the end.

Emily Fagle, Finance Director

LEAP Services DB Plan

January 2023

Sheila Grant, J.D.

Vice President & Sr. Retirement Plan Administrator

James Brown

Vice President & Trust Investment Officer



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Market Overview

Executive Summary

- Searching for a “Soft Landing”
- Volatility will remain elevated
- Global Economic growth is slowing
- "Transitory" Inflation..."persistent and pervasive"
- Federal Reserve Bank talking tough
- Equity valuation metrics (S&P 500 P/E = 17xEPS) have already collapsed to historic average
- Corporate earnings remain resilient...for now
- Consumer and Corporate Balance Sheets are historically strong—a stockpile for further growth!
- Patience is a virtue in Investments! Stay in the Game!

Abundance of Risk

- ✓ Duration and scope of Russia-Ukraine conflict
- ✓ Potential for COVID resurgence
- ✓ Inflation remains persistent and pervasive
- ✓ Supply chain disruptions lingering
- ✓ Labor Shortages
- ✓ Energy Supplies
- ✓ Fed Policy
- ✓ Rising debt & deficits: How do we pay for all this?
- ✓ Potential for adverse tax policy (corporate, capital gain, dividend)
- ✓ Equity Market Concentration, Valuation and Volatility

LEAP Performance

Selected Period Performance
LEAP Services DB Plan for Op. Head Start
ACCOUNT 00B767
Period Ending: 12/31/2022

Sector		%	Exp Ratio	1 Month	3 Month	Year-to-Date	1 Year	3 Years	Since Inception 6/1/2019
Total Fund (net of fee)				-2.38	7.11	-12.68	-12.68	1.74	3.94
Blended Index				-2.09	6.89	-13.40	-13.40	1.85	4.28
Portfolio Fund Net Exp				0.36					
Short Term Cash				3%	0.35	0.91	1.62	1.62	0.68
FTSE Treasury Bill 3 Mon USD					0.34	0.87	1.50	1.50	0.71
Fixed Income				44%	-0.53	2.59	-11.75	-11.75	-1.28
Inflation Protected Bond				3%					
Bloomberg US Treasury US TIPS TR USD					-1.02	2.04	-11.85	-11.85	1.21
Fidelity® Inflation-Prot Bd Index				FIPDX	0.05	1.93	-12.05	-12.05	1.09
Peer Group Rank %					60	48	63	63	53
Taxable Funds				35%					
Bloomberg US Agg Bond TR USD					-0.45	1.87	-13.01	-13.01	-2.71
Dodge & Cox Income I				DODIX	0.41	2.76	-10.86	-10.86	-1.12
Peer Group Rank %					35	8	10	10	9
Fidelity® US Bond Index				FXNAX	0.03	1.68	-13.03	-13.03	-2.72
Peer Group Rank %					73	47	33	33	40
Loomis Sayles Bond Instl				LSBDX	0.67	2.79	-12.49	-12.49	-2.65
Peer Group Rank %					73	49	74	74	83
Intl. Fixed				1%					
Bloomberg Gbl Agg Ex USD TR USD					1.31	6.81	-18.70	-18.70	-5.94
Dodge & Cox Global Bond I				DODLX	0.45	0.86	-8.19	-8.19	0.61
Peer Group Rank %					23	42	17	17	3
High Yield Bonds				5%					
Bloomberg US Corporate High Yield TR USD					-0.62	4.17	-11.19	-11.19	0.05
Federated Hermes Instl High Yield Bd IS				FIHBX	0.50	4.17	-11.39	-11.39	-0.54
Peer Group Rank %					62	37	66	66	58
Equities				53%	-4.02	10.98	-14.12	-14.12	4.27
Large Cap Equity				21%					
S&P 500 TR USD					-5.76	7.56	-18.11	-18.11	7.66
Fidelity® 500 Index				FXAIX	0.02	7.56	-18.13	-18.13	7.65
Peer Group Rank %					63	58	51	51	32
JPMorgan Large Cap Growth I				SEEGX	0.69	3.51	-25.41	-25.41	11.31
Peer Group Rank %					43	49	30	30	3
Columbia Dividend Income Inst3				CDDYX	0.55	13.77	-4.86	-4.86	9.09

Sector		%	Exp Ratio	1 Month	3 Month	Year-to-Date	1 Year	3 Years
	Peer Group Rank %			20	29	41	41	15
Mid Cap Equity		2.5%						
Russell Mid Cap TR USD				-5.40	9.18	-17.32	-17.32	5.88
Diamond Hill Small-Mid Cap I	DHMIX		0.92	-5.61	7.56	-13.62	-13.62	4.69
Peer Group Rank %				88	97	93	93	83
Small Cap Equity		2.5%						
Russell 2000 TR USD				-6.49	6.23	-20.44	-20.44	3.10
Fidelity® Small Cap Index	FSSNX		0.03	-6.46	6.25	-20.27	-20.27	3.15
Peer Group Rank %				77	90	84	84	79
Intl Developed Markets		13%						
MSCI EAFE NR USD				0.08	17.34	-14.45	-14.45	0.87
Dodge & Cox International Stock I	DODFX		0.62	-1.69	16.01	-6.78	-6.78	1.85
Peer Group Rank %				85	80	29	29	34
Invesco Oppenheimer International Gr Y	OIGYX		0.85	-4.85	14.31	-27.12	-27.12	-0.43
Peer Group Rank %				84	47	66	66	63
iShares MSCI EAFE Growth ETF	EFG		0.36	-3.35	15.94	-22.93	-22.93	0.30
Peer Group Rank %				49	20	40	40	54
DFA International Small Company I	DFISX		0.39	-0.42	17.61	-17.12	-17.12	1.14
Peer Group Rank %				28	13	22	22	23
Intl Emerging Markets		6%						
MSCI EM NR USD				-1.41	9.70	-20.09	-20.09	-2.69
DFA Emerging Markets I	DFEMX		0.36	-2.85	10.07	-16.88	-16.88	-0.99
Peer Group Rank %				69	49	26	26	32
Fidelity® Emerging Markets Idx	FPADX		0.08	-2.78	9.82	-20.07	-20.07	-2.98
Peer Group Rank %				67	53	44	44	55
REITs		2%						
FTSE EPRA Nareit Global REITs TR USD				-3.27	6.89	-23.71	-23.71	-3.22
DFA Global Real Estate Securities Port	DFGEX		0.24	-3.35	6.94	-23.83	-23.83	-2.37
Peer Group Rank %				65	47	22	22	21
Global Listed Infrastructure		2%						
S&P Global Infrastructure TR USD				-2.20	11.04	-0.17	-0.17	1.72
Lazard Global Listed Infrastructure Inst	GLIFX		0.97	-4.47	9.67	-1.30	-1.30	4.17
Peer Group Rank %				84	51	4	4	10
Natural Resources		4%						
Morningstar Gbl Upstrm Nat Res NR USD				-2.64	15.70	15.46	15.46	13.92
FlexShares Mstar Gbl Upstrm Nat Res ETF	GUNR		0.46	-2.72	15.49	14.65	14.65	13.23
Peer Group Rank %				14	33	21	21	36

Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income when and where applicable. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Additional information regarding policies for calculating and reporting returns is available upon request.

LEAP Account Summary

Account Profile For Account : 00B767:LEAP Services DB Plan for Op. Head Start

Prices As Of : 12/31/2022

As Of : 12/31/2022

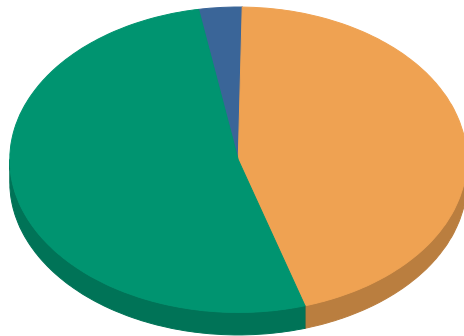
Administrative Information

Account Title : * LEAP Services DB Plan for Op. Head Start
Account Number : * 00B767
Administrator : * Sheila Grant
Capacity : * Trustee
Inception Date : * 04/18/2019

Investment Profile

Investment Officer : * James Brown
Investment Authority : * Sole
Investment Objective : * NBT Moderate Risk/Return

* These reflect current information



Cash Equivalents	3.17%
Fixed Income	44.89%
Stocks/Real Assets	51.93%
Total:	100.00%

Liabilities Excluded From Summary

Asset Class	Total Cost	Market Value	Income	Yield(%)	MV(%)
Cash Equivalents	102,778.24	102,778.24	4,265.30	4.15	3.17
Fixed Income	1,651,564.31	1,454,848.98	45,859.77	3.15	44.89
Stocks/Real Assets	1,495,652.01	1,682,936.77	33,641.62	2.00	51.93
Total Portfolio	3,249,994.56	3,240,563.99	83,766.68	2.58	99.99

Portfolio Holdings For Account : 00B767:LEAP Services DB

Plan for Op. Head Start



As Of Date : 12/31/2022

Price Date : 12/31/2022

Account Name : LEAP Services DB Plan for Op. Head Start

Account No : 00B767

		Investment Objective : NBT Moderate Risk/Return								
Cusip/Ticker	Description	Price	Quantity	Cost	Market Value	Gain/Loss	Income	Yield (%)	TMV (%)	Asset Class%
Cash Equivalents										
Money Market Funds - Taxable										
GOFXX	Federated Government Obligations Fund	1.00	102,778.24	102,778.24	102,778.24	0.00	4,265.30	4.15	3.17	100.00
Total Money Market Funds - Taxable				102,778.24	102,778.24	0.00	4,265.30	4.15	3.17	100.00
Total Cash Equivalents				102,778.24	102,778.24	0.00	4,265.30	4.15	3.17	100.00
Fixed Income										
Inflation-Protected Bond Funds										
FIPDX	Fidelity Inflation Protected Bond Instl Prem	9.02	12,527.852	123,137.90	113,001.23	-10,136.67	0.00	0.00	3.49	
Total Inflation-Protected Bond Funds				123,137.90	113,001.23	-10,136.67	0.00	0.00	3.49	0.00
US Taxable Bond Funds										
DODIX	Dodge & Cox Income Fund	12.19	37,153.751	510,876.80	452,904.22	-57,972.58	12,780.89	2.82	13.98	
FXNAX	Fidelity US Bond Index Instl Premium	10.18	50,239.883	582,228.31	511,442.01	-70,786.30	12,273.40	2.40	15.78	
LSBDX	Loomis Sayles Bond Fund	11.35	14,818.894	194,491.70	168,194.45	-26,297.25	8,634.97	5.13	5.19	
Total US Taxable Bond Funds				1,287,596.81	1,132,540.68	-155,056.13	33,689.26	2.97	34.95	0.00
Global Bond Funds										
DODLX	Dodge & Cox Global Bond Fund	10.08	3,438.975	37,111.65	34,664.87	-2,446.78	1,750.44	5.05	1.07	
Total Global Bond Funds				37,111.65	34,664.87	-2,446.78	1,750.44	5.05	1.07	0.00
High Yield Taxable Bond Funds										
FIHBX	Federated Institutional High Yield Bond Fund	8.31	21,015.908	203,717.95	174,642.20	-29,075.75	10,420.07	5.97	5.39	
Total High Yield Taxable Bond Funds				203,717.95	174,642.20	-29,075.75	10,420.07	5.97	5.39	0.00
Total Fixed Income				1,651,564.31	1,454,848.98	-196,715.33	45,859.77	3.15	44.90	
Stocks/Real Assets										
US Large Cap Equity Funds										
CDDYX	Columbia Dividend Income Inst3	29.50	8,976.951	210,859.70	264,820.05	53,960.35	5,280.15	1.99	8.17	
FXAIX	Fidelity 500 Index Fund	133.12	1,869.353	183,938.70	248,848.27	64,909.57	4,217.26	1.69	7.68	
SEEGX	JPMorgan Large Cap Growth I	44.73	3,350.388	154,735.02	149,862.86	-4,872.16	601.26	0.40	4.62	
Total US Large Cap Equity Funds				549,533.42	663,531.18	113,997.76	10,098.67	1.52	20.47	0.00
US Mid Cap Equity Funds										
DHMX	Diamond Hill Small-Mid Cap Fund	23.31	3,534.853	66,101.53	82,397.42	16,295.89	0.00	0.00	2.54	
Total US Mid Cap Equity Funds				66,101.53	82,397.42	16,295.89	0.00	0.00	2.54	0.00

Portfolio Holdings For Account : 00B767:LEAP Services DB

Plan for Op. Head Start



As Of Date : 12/31/2022

Price Date : 12/31/2022

Account Name : LEAP Services DB Plan for Op. Head Start

Account No : 00B767

Investment Objective : NBT Moderate Risk/Return

Cusip/Ticker	Description	Price	Quantity	Cost	Market Value	Gain/Loss	Income	Yield (%)	TMV (%)	Asset Class%
US Small Cap Equity Funds										
FSSNX	Fidelity Small Cap Index Fund	21.70	3,555.847	57,848.41	77,161.88	19,313.47	970.75	1.26	2.38	
Total US Small Cap Equity Funds				57,848.41	77,161.88	19,313.47	970.75	1.26	2.38	0.00
International Equity Funds										
DFISX	DFA International Small Company Portfolio	17.42	3,599.997	60,154.63	62,711.95	2,557.32	1,447.70	2.31	1.94	
DODFX	Dodge & Cox Intl Stock Fund	43.11	4,841.293	184,922.74	208,708.14	23,785.40	4,647.64	2.23	6.44	
OIGYX	Invesco Oppenheimer Intl Growth Y	33.08	2,190.486	84,668.75	72,461.28	-12,207.47	31.54	0.04	2.24	
Total International Equity Funds				329,746.12	343,881.37	14,135.25	6,126.89	1.78	10.62	0.00
International Equity ETFs										
EFG	Ishares MSCI EAFE Growth ETF	83.76	1,150	90,412.72	96,324.00	5,911.28	1,365.10	1.42	2.97	
Total International Equity ETFs				90,412.72	96,324.00	5,911.28	1,365.10	1.42	2.97	0.00
Emerging Markets Equity Funds										
DFEMX	DFA Emerging Mkts Portfolio	25.21	3,385.199	88,226.33	85,340.87	-2,885.46	3,112.45	3.65	2.63	
FPADX	Fidelity Emerging Mkts Index Fund	9.43	8,502.258	81,887.10	80,176.29	-1,710.81	1,981.03	2.47	2.47	
Total Emerging Markets Equity Funds				170,113.43	165,517.16	-4,596.27	5,093.48	3.08	5.10	0.00
Real Assets: Natural Resources ETFs										
GUNR	FlexShares Mstar Gbl Upstrm Nat Res Idx	43.47	3,270	110,141.01	142,146.90	32,005.89	5,855.92	4.12	4.39	
Total Real Assets: Natural Resources ETFs				110,141.01	142,146.90	32,005.89	5,855.92	4.12	4.39	0.00
Real Assets: REIT/MLP Funds										
DFGEX	DFA Global Real Estate Securities Portfolio	9.71	5,739.13	62,440.22	55,726.95	-6,713.27	822.99	1.48	1.72	
Total Real Assets: REIT/MLP Funds				62,440.22	55,726.95	-6,713.27	822.99	1.48	1.72	0.00
Real Assets: Infrastructure Funds										
GLIFX	Lazard Global Listed Infrastructure Fund	14.20	3,961.261	59,315.15	56,249.91	-3,065.24	3,307.83	5.88	1.74	
Total Real Assets: Infrastructure Funds				59,315.15	56,249.91	-3,065.24	3,307.83	5.88	1.74	0.00
Total Stocks/Real Assets				1,495,652.01	1,682,936.77	187,284.76	33,641.62	2.00	51.93	
Total Portfolio				3,249,994.56	3,240,563.99	-9,430.57	83,766.68	2.58	100.00	
Principal Cash				0.00						
Income Cash				0.00						
Trade Cash				0.00						

LEAP Port Summary & Outlook

LEAP Services – December 2022 Portfolio Summary

- December 2022 was a negative month for the LEAP Services portfolio and markets in general , with the portfolio delivering a strong quarter and outperformance (Net of Fees) over the year-to-date benchmark numbers.
- During the month, the Fixed Income component was slightly negative with the Dodge and Cox Global Fund delivering positive performance and both the actively managed Dodge & Cox Income and Loomis Sayles Bond funds contributing to Alpha. Since inception, the actively managed Dodge & Cox Global Bond, the Federated Hermes High Yield and the passive Fidelity Inflation-Protected Bond Index continued to offer the greatest contributions.
- Within the Equity space, Value continued to outperform Growth. During both the short and intermediate time frames the Value biased holdings - Columbia Dividend Income Fund and the Diamond Hill Small-Mid Cap, continued to offer the greatest contribution to alpha. The long-term Growth vs Value outperformance gap continues to narrow.
- Both the Developed International and the Emerging Market holdings slightly underperformed the benchmark in December, giving back some of the strong quarterly gains. Over the longer term, strong individual performance from the Value biased funds - the Dodge & Cox International Fund, and the DFA International Small Co. Fund continued to be the positive contributors.

LEAP Services – December 2022 Portfolio Summary

- The Real Asset (Natural Resources/REIT/Global Infrastructure) segment was not immune to the negative performance in December performing in-line with respective benchmarks. Real Asset exposure offered positive returns during 4th Quarter and over the Short and Long-term continued to benefit portfolio alpha.
- The Portfolio (NET of Fees) underperformed the benchmark by -.29bps. (-2.38% vs. -2.09%) during the month of December, with strong quarterly outperformance of +.22 bps vs. the benchmark (+7.11 vs. +6.89). Y-T-D thru 12/31/22 the portfolio (NET of Fees) outperformed by +.72 bps (-12.68% vs. -13.40%) vs. the benchmark.
- Since Inception performance (NET of Fees) trailed the benchmark by -.34 bps (3.94% vs. 4.28%) for the period ending 12/31/22, continuing to narrow the margin of underperformance (NET of Fees) over year end 2021 (-.71%) and 2020 (-1.16%).
- The Portfolio Fund Expense Ratio stood at .36% for the month of December.

LEAP Services – December 2022 Portfolio Outlook

- Maintain exposure to broadly diversified core credit within the Intermediate and Multi-Sector spaces with continued allocation to the International and High Yield segments to mitigate interest rate volatility and risk.
- Continue to be positioned to benefit from the Value tilt, both domestically and internationally, a theme that has added alpha to our results over the past year and which we remain committed.
- Real Asset (Natural Resources/REIT/Global Infrastructure) exposure to continue with tactical shifts as inflationary pressures warrant.
- Over the past year, 65% of the funds have outperformed their peer group average. For the 3-year and 5 Year time frames, 65% and 75% of the funds have done so, respectively. Of the funds that have a 10-year history, 75% are beating their peer group averages. The quality and long-term performance of our funds continues to be solid.
- We will continue to analyze each fund and the overall composition very diligently to make sure we are putting forward the best portfolio we can in a cost-effective manner.



EPIC

Retirement Plan Services

L.E.A.P Services Defined Benefit Plan

Pension Plan Update

January 2023

Estimated Plan Termination Cost

The ultimate cost of terminating the plan depends on many factors. Generally, plan liabilities are settled through a combination of lump sums to eligible participants and annuities purchased with an insurance company in the name of the participants.

\$millions	03/31/2021	03/31/2022	12/31/2022
Liabilities	5.5	4.8	4.0
Market Value of Assets	3.6	3.7	3.2
Deficit	(1.9)	(1.1)	(0.8)
Funded Ratio	65%	77%	80%
Discount Rate	2.50%	3.30%	4.40%

*Assumes 70% of participants elect a lump-sum – actual lump-sum take rate and insurer pricing will impact final funding requirement.

Plan termination estimate is based on the April 1, 2022 actuarial valuation. Actual results may differ, possibly significantly, from this projections due to changes in the assumptions, provisions, census data, and actual experience of the plan.