



**VERMONT PENSION INVESTMENT COMMITTEE
NOVEMBER 19, 2019
DRAFT; NOT YET APPROVED BY COMMITTEE**

VPIC Members Present:

TOM GOLONKA, CHAIR
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer
JOHN-HENRY HUBERT, Governor's Delegate, term expiring June 30, 2022 (*phone*)
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2023 (*phone*)
ROBERT HOOPER, VSERS Representative, term expiring June 30, 2020 (*phone*)
KIMBERLY GLEASON, VMERS *Alternate*, term expiring June 30, 2022 (*phone*)

VPIC Members Absent:

MARY ALICE MCKENZIE, Governor's Delegate, term expiring June 30, 2022

VPIC Alternate Members Present:

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2023 (*phone*)
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2020 (*authorized to vote*)
PETER AMONS, VMERS Representative, term expiring June 30, 2022 (*authorized to vote*)

VPIC Alternate Members Absent:

DAVID STARR (*phone*), Governor's Delegate *Alternate*, term expiring June 30, 2020

Also Attending:

Eric Henry, Chief Investment Officer
Katie Green, Deputy Chief Investment Officer
David Borsykowsky & Jesse Moorman, Vermont Attorney General's Office
Mike Middleman, Budget Analyst Department of Finance and Management
Margaret Belmondo, Will Forde, NEPC, LLC

Meeting Materials:

[Materials for this meeting can be found at this link](#), which will be supported for at least one year following the meeting date. After that time you can request public information from the Treasurer's office by sending requests to treasurers.office@vermont.gov.

CALL TO ORDER:

The Chair called the Tuesday, November 19th meeting to order at 8:30 am, which was held in the Governor's Conference Room, on the 4th Floor of 109 State Street, Montpelier VT.

ITEM 1: **Agenda Approval and Announcements**

The Chair reviewed the agenda with the Committee and asked if there were any additions or edits.

On a motion by Treasurer Pearce seconded by Mr. Briggs, the Committee unanimously approved the agenda as written.

ITEM 2: Consent Agenda

The Chair indicated the only item on the Consent Agenda was approval of the minutes from the October 22, 2019 VPIC meeting.

On a motion by Mr. Briggs, seconded by Mr. Amons, the Committee unanimously approved the consent agenda.

ITEM 3: Public Comment

None.

ITEM 4: Vermont State Treasurer's Update

Treasurer Pearce summarized the process and release of her [ESG Issues Report](#). She thanked the environmental community for their help in its completion. She then updated the Committee regarding the risk assessment process that's ongoing in cooperation with the Administration. She responded to questions posed. She then transitioned to discuss the work and recommendations of the VPIC Proxy Subcommittee, of which she Chairs.

On a motion by Mr. Briggs, seconded by Mr. Amons, the Committee unanimously approved the recommended changes to the VPIC International and Domestic proxy voting policies and the letter to the proxy administrator from the Chair and Treasurer on behalf of VPIC to reinforce the issues of importance to the VPIC and underlying retirement Boards.

ITEM 4: Chief Investment Officer's Report

Mr. Henry reviewed his CIO report with the Committee, which outlined proposed next steps for Staffing and investment consultant needs. He then responded to questions posed by the Committee.

ITEM 5: Investment Staff Report

Ms. Green reviewed the *Staff Report* with the Committee. She presented a draft 2020 VPIC meeting calendar for the Committee's approval.

On a motion by Treasurer Pearce, seconded by Mr. Briggs, the Committee unanimously approved the CY 2020 VPIC Calendar of Meetings as presented by Staff.

She updated the Committee on the status of the two managers on the VPIC watchlist, recommending that the VPIC dedicate the balance of the UBS allocation to a 4-year lockup to receive a 25% fee break and turnoff the reinvestment of the quarterly dividend payment since it

will not receive the fee break. In addition, Staff recommended that the VPIC remove UBS from the VPIC Watch List.

On a motion by Treasurer Pearce, seconded by Mr. Briggs, the Committee unanimously approved locking up the entire UBS allocation for four years to receive a 25% fee break and turn off the reinvestment of quarterly dividend payments. In addition, they directed Staff to remove UBS from the VPIC Watch List.

ITEM 7: NEPC Performance Review

Ms. Belmondo reviewed the October VPIC performance report with the Committee and responded to questions. Ms. Belmondo reviewed the Fiscal Year First Quarter 2020 Investment Performance Analysis report with the Committee. She responded to questions posed by the VPIC.

On a motion by Treasurer Pearce, seconded by Mr. Briggs, the Committee placed, by unanimous approval, Strategic Global Advisors (SGA) on the VPIC Watch List for performance concerns.

ITEM 8: Manager/Asset Class Fee Review

Ms. Belmondo reviewed the VPIC Fee Review report with the Committee. She informed the Committee that NEPC has no concerns with the fees associated with the managers under contract with the VPIC. The Committee requested Staff create a detailed fee report for the December meeting.

ITEM 9: Private Markets Rationale & Pacing Plan Review

Ms. Belmondo presented the *VPIC 2020 Private Markets Overview and Pacing Plans*. She then responded to questions from the Committee.

ITEM 10: Lunch

None.

ITEM 11: Deliverables for Upcoming Meetings

- Staff add SGA to the VPIC Watch List.
- Staff work with the Custodian to create a detailed tax reclaim report for the Committee's review for an upcoming meeting.
- Staff create a detailed fee report for the December meeting.
- Kim Gleason requested either an agenda item or a Committee Retreat for the Committee to discuss ESG topics as they relate to the Committee, such as matters of gender equality and diversity.

ITEM 12: Future Agenda Topics/New or Other Business

There was no discussion regarding this agenda item.

ITEM 13 Executive Session

None.

Adjournment:

Mr. Briggs moved, and Treasurer Pearce seconded, that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 11:47 a.m.

Respectfully submitted,

Investment Staff

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