



**VERMONT PENSION INVESTMENT COMMITTEE
JULY 23, 2019**

VPIC Members Present:

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

VPIC Members Absent:

VPIC Alternate Members Present:

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2023
KIMBERLY GLEASON, VMERS *Alternate*, term expiring June 30, 2022
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2020
DAVID STARR (phone), Governor's Delegate *Alternate*, term expiring June 30, 2020

VPIC Alternate Members Absent:

Also Attending:

Eric Henry, Chief Investment Officer
Katie Green, Deputy Chief Investment Officer
Andy Cook, Investment Analyst
Omeed Fallahi, Investment Intern
Mark Gunkel, IT Specialist IV
David Borsykowsky Vermont Attorney General's Office
Margaret Belmondo, Andrew Brett, Will Forde, NEPC, LLC
Christopher Leslie, Aaron Rubin, Irene Mavroyannis, & Leslie Golden, Macquarie Infrastructure and Real Assets (MIRA)
Charlie McNairy, Mary Elizabeth McNairy, Dr. Gabriele Onorato, & Brian Uken, International Farming Corporation
Laurie Smith & Peter Stelian, Blue Vista Real Estate Partners
Steve Weddle & Marlie Vredenburgh, JP Morgan
Robert Walker, Primerica Advisors

CALL TO ORDER:

The Chair called the Tuesday, July 23rd meeting to order at 8:52 am, which was held in the Cherry A Room of the Waterbury State Office Complex, 280 State Drive Waterbury, VT.

ITEM 1: Agenda Approval and Announcements

The Chair reviewed the agenda with the Committee and asked if any members of the Committee would like to add or amend any agenda items.

On a motion by Joseph Mackey, seconded by Bob Hooper, the Committee unanimously approved the agenda as written.

ITEM 2: Consent Agenda

The Chair indicated the items on the Consent Agenda were approval of the minutes from the June 25, 2019 VPIC meeting and a routine contract renewal with PIMCO to extend the contract term.

On a motion by Joseph Mackey, seconded by Mary Alice McKenzie, the Committee unanimously approved the consent agenda.

ITEM 3: Vermont State Treasurer's Update

Treasurer Pearce presented a potential change to the \$50.2 million VSERS OPEB fund's custody. Currently the fund is invested in the Trust Investment Account custodied at People's United, in a combination of equity and fixed income index funds. Treasurer Pearce gauged the interest of the Committee in having the fund custodied at JPMorgan as part of the VPIC relationship. Treasurer Pearce and Mr. Henry responded to questions from the Committee on this proposal.

ITEM 4: Chief Investment Officer's Report

Mr. Henry updated the Committee on the status of performance figures for FY2019 Year End, which Staff is hopeful to have by the end of the week of July 29th. Next Mr. Henry provided background on a conversation he had with the CIO of the Maine Public Employees Retirement System related to an infrastructure allocation. Lastly, Mr. Henry updated the Committee on the 2nd calendar quarter 2019 performance of the UBS Trumbull Property Fund. UBS' property appraisal firm altered their valuation assumptions for anchored retail properties. As such, the discount rate used was increased to 5.5%, which in turn lead to a negative gross return for the quarter of -3.88% for the fund. Discussion of UBS's fund and strategy ensued, with Mr. Henry and Ms. Belmondo responding to questions from the Committee.

On a motion by Bob Hooper, seconded by Joseph Mackey, the Committee unanimously approved adding the UBS Trumbull Property Fund to the VPIC Watch List for performance concerns.

ITEM 5: Investment Staff Report

Ms. Green reviewed the *Staff Report* with the Committee, noting that the performance information included was from May, as June information is not yet available. Ms. Green noted that GAM has returned the final tranche of VPIC's investment, resulting in a total return since the fund was gated on July 31, 2018 of 0.485%.

Ms. Green next indicated that the Attorney General's Office has completed contracting with Benefit Street Partners for the Strategic Opportunities Fund II (Senior Secured Opportunities), and that contract has been submitted to the Administration ahead of the July 31st close date.

Omeed Fallahi, Investment Staff Intern, presented to the Committee on the Microsoft One Drive system as a new technology for Committee members to access meeting documents. He and Mark Gunkel responded to questions from the Committee.

ITEM 6: NEPC Monthly Performance Update

Ms. Belmondo reviewed the *June 2019 Fiscal Year End Commentary* and responded to questions posed by the Committee.

ITEM 7: Educational Presentations

i. NEPC

Andrew Brett from NEPC presented the firm's *Infrastructure & Agriculture Overview* which provided a broad overview of each respective asset class for the Committee. He responded to questions from the Committee.

ii. Farmland: International Farming Corporation

Charlie McNairy, Mary Elizabeth McNairy, Dr. Gabriele Onorato, & Brian Uken from International Farming Corporation presented on Farmland as an asset class. They responded to questions from the Committee.

iii. Infrastructure: Macquarie

Christopher Leslie, Aaron Rubin, Irene Mavroyannis, & Leslie Golden from Macquarie Infrastructure and Real Assets (MIRA) presented on Infrastructure as an asset class. They responded to questions from the Committee.

ITEM 8: Blue Vista Real Estate Partners Presentation

Laurie Smith & Peter Stelian from Blue Vista Real Estate Partners presented to the Committee on their firm and the Blue Vista Real Estate Partners Fund V. They responded to questions posed by the Committee, NEPC, and Staff.

The representatives from Blue Vista Real Estate Partners left the meeting. The Committee discussed the fund, and posed questions to NEPC and Staff which were answered.

On a motion by Joseph Mackey, seconded by Bob Hooper, the Committee unanimously approved an investment of \$35,000,000 to the Blue Vista Real Estate Partners Fund V contingent on successful contract negotiations before the fund's final close.

ITEM 9: NEPC/Staff Deliverables for Upcoming Meetings

- A Subcommittee comprised of Jeff Briggs, Treasurer Pearce, Linda Deliduka has been tasked with reviewing the Domestic and International Proxy Voting Policies, with a report and recommendations to be brought to the VPIC at a later meeting.
- The Committee instructed Staff and NEPC to schedule a short-term quality credit education session at the August VPIC meeting.
- The Committee instructed Staff and NEPC to work together to present a search book at the August VPIC meeting focused on Farmland investing, with a potential subset allocation to renewable energy investments.
- Kim Gleason requested either an agenda item or a Committee Retreat specifically for the Committee to discuss ESG related issues as they relate to the Committee, such as matters of gender equality and diversity.
- Staff will evaluate the allocation to UBS Trumbull Fund in line with the steps outlined in the VPIC Watch List Policy.

ITEM 10: Future Agenda Topics/New or Other Business

There was no discussion regarding this agenda item.

ITEM 11: Public Comment

None.

Adjournment:

Peter Amons moved, and Joseph Mackey seconded, that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 2:30 p.m.

Respectfully submitted,

Investment Staff