



**VERMONT PENSION INVESTMENT COMMITTEE
JULY 28, 2020**

DRAFT; NOT YET APPROVED BY COMMITTEE

Note all attendees present were connected via video or teleconference

VPIC Members Present:

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

VPIC Members Absent:

None.

VPIC Alternate Members Present:

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2023
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2020
RON PLANTE, Governor's Delegate *Alternate*, term expiring June 30, 2020

VPIC Alternate Members Absent:

PETER AMONS, VMERS *Alternate*, term expiring June 30, 2022

Also Attending:

Eric Henry, Chief Investment Officer
Katie Green, Deputy Chief Investment Officer
Andy Cook, Investment Analyst
Margaret Belmondo, NEPC, LLC
David Borsykowsky & Jesse Moorman, Vermont Attorney General's Office
Brian Haklisch & Trevor Clark, Angelo Gordon
David Chene, Darren Richman, Doug Logigian, Ben Schryber, Ben Bernstein, Kennedy Lewis
Investment Management
Lindsay Saienni, FIN News
Kevin Alcala, Goldman Sachs
Erin Beidler

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, July 28th meeting to order at 8:30 am, which was held via videoconference.

ITEM 1: **Agenda Approval and Announcements**

The Chair reviewed the agenda with the Committee.

On a motion by Mary Alice McKenzie seconded by Robert Hooper, the Committee unanimously approved the agenda.

ITEM 2: **Consent Agenda**

The Chair indicated the only item on the Consent Agenda was approval of the minutes from the June 23rd and July 21st VPIC meetings.

On a motion by Kim Gleason seconded by John-Henry Hubert, the Committee approved the consent agenda unanimously.

ITEM 3: **Public Comment**

None.

ITEM 4: **Vermont State Treasurer's Update**

Treasurer Pearce noted that she had nothing new to report to the Committee since the last VPIC meeting, and she is waiting for legislative session to begin.

ITEM 5: **Chief Investment Officer Report**

Mr. Henry reviewed the Chief Investment Officer's Report with the Committee. He reviewed the mechanics and holdings in the Allianz Global Alpha strategy the Committee terminated in mid-2019 and noted that the concerns presented at that time were appropriate given its recent performance. He responded to questions from the Committee.

ITEM 6: **Investment Staff Report**

Mr. Cook reviewed the *Staff Report* with the Committee. He noted that the date for the October meeting has been updated to November 10th at noon. He reviewed a draft report of VPIC member attendance for FY2020, and asked members to review the report, in anticipation of voting its approval at the next VPIC meeting. He noted that as expected the VSTRS ADEC contribution was received in early July, and that after a hold back for July benefit payments, a net amount of \$110M was invested into the fund. Mr. Cook, Ms. Green and Mr. Henry responded to questions from the Committee.

ITEM 7: **NEPC Performance Review**

Ms. Belmondo reviewed the *June 2020 VPIC performance report* with the Committee and responded to questions.

ITEM 8: Private & Alternative Credit Manager Presentations**i. Angelo Gordon Direct Lending Fund IV**

Brian Haklisch and Trevor Clark from Angelo Gordon presented on their firm and the AG Direct Lending Fund IV, L.P. They detailed the investment team capabilities, investment philosophy, and fund strategy. They responded to questions posed by the Committee.

ii. Kennedy Lewis Capital Partners Master Fund II

David Chene, Darren Richman, Ben Bernstein, Ben Schryber, and Doug Logigian, from Kennedy Lewis Investment Management presented on their firm and the Kennedy Lewis Capital Partners Master Fund II LP. They detailed the investment team capabilities, investment philosophy, and fund strategy. They responded to questions posed by the Committee.

On a motion by Robert Hooper seconded by Joseph Mackey, the Committee approved investments of \$50,000,000.00 into each of the AG Direct Lending Fund IV, L.P., and the Kennedy Lewis Capital Partners Master Fund II LP, contingent upon successful contract negotiations. (Vote For: Joseph Mackey, Mary Alice McKenzie, John-Henry Hubert, Kim Gleason, Robert Hooper; Vote Against: Treasurer Pearce).

ITEM 9: Deliverables for Upcoming Meetings

- Per request of Mr. Mackey, Staff will issue a brief market update via email each Friday.
- Staff will work with the Custodian to create a detailed tax reclaim report for the Committee's review for an upcoming meeting.
- Mrs. 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.
- Staff will invite Mondrian to present at a future VPIC meeting.
- Staff will transition the assets of the Strategic Global Advisors allocation into the Acadian International Equity Fund.
- Staff will work with PIMCO and the custodian to transition the VPIC Core Plus Fund to a defensive Core Fixed Income Fund.

ITEM 12: Future Agenda Topics/New or Other Business

An August 25, 2020 VPIC education session has been discussed, but as of yet no topic has been chosen. Staff will work with Chair Golonka to determine a topic, or if the session should be cancelled.

ITEM 13: Executive Session

At 12:08 p.m., Kim Gleason moved, and Robert Hooper seconded for a finding that the

Committee should enter executive session under Title 1 V.S.A. § 313(a) subsection (1) because the Committee wished to discuss matters on which they specifically find that premature public knowledge would clearly place VPIC and the investment portfolio at a substantial disadvantage and include:

**Subsection (1)(A) – Pending and prospective contract issues, and
The Committee unanimously approved this motion.**

At 12:54 p.m. Chair Golonka removed the Committee from Executive Session.

Joseph Mackey moved, and Mary Alice McKenzie seconded, that NEPC, LLC be thanked for their many years of service to the VPIC, and further that staff be instructed to commence contracting negotiations with RVK to be hired as investment consultant for the VPIC effective October 1, 2020. The Committee unanimously approved this motion.

Chair Golonka stated his thanks and well wishes to NEPC and Margaret Belmondo for their dedicated service to the State of Vermont.

ITEM 14: Adjournment:

Kim Gleason moved, and Treasurer Pearce seconded, that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 12:54 p.m.

Respectfully submitted,

Investment Staff