



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

*Note all attendees present were connected via video or teleconference*

**VPIC Members Present:**

TOM GOLONKA, CHAIR  
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer  
ROBERT HOOPER, VSERS Representative, term expiring June 30, 2020  
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

**VPIC Members Absent:**

**VPIC Alternate Members Present:**

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2023  
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2020  
PETER AMONS, VMERS *Alternate*, term expiring June 30, 2022  
RON PLANTE, 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  
Margaret Belmondo & Will Forde, NEPC, LLC  
David Borsykowsky & Jesse Moorman, Vermont Attorney General's Office  
Michael Middleman, Budget Analyst Department of Finance and Management  
Chris Crevier, Tristram Perkins & Benjamin Perl, Neuberger Berman  
Ben Belldegrün, Pontifax Ag Tech  
Lindsay Saienni, FIN News  
John Pelletier, Champlain College  
Patrick Mulholland, Financial Times

**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](mailto:treasurers.office@vermont.gov).

**CALL TO ORDER:**

The Chair called the Tuesday, April 28<sup>th</sup> meeting to order at 8:30 am, which was held via teleconference.

**ITEM 1:      Agenda Approval and Announcements**

The Chair reviewed the agenda with the Committee.

**On a motion by Mary Alice McKenzie seconded by Kim Gleason, 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 March 24, 2020 VPIC meeting.

**On a motion by Treasurer Pearce, seconded by John-Henry Hubert, the Committee approved the consent agenda unanimously.**

**ITEM 3:      Public Comment**

John Pelletier of Champlain College spoke to his opinion of the VPIC Actuarially Assumed Rate of Return, and encouraged VPIC members to review data published in the Milliman Pension Funding Index.

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

Treasurer Pearce noted to the Committee that the Treasurer's Office is processing all retirement, and other payments on time despite the COVID-19 pandemic. She noted that her staff is working remotely, but the systems that have been put in place to facilitate payments are working very well.

Secondly, she noted that the experience study for the three pension systems is in progress, and telephone meetings are being utilized to keep the process moving forward. At the conclusion of the study a joint meeting will be called between VPIC, VSERS, VMERS, and VSTRS to set an assumed rate of return.

**ITEM 5:      Chief Investment Officer Report**

Mr. Henry reviewed his CIO report with the Committee, he spoke to the high level of volatility experienced in financial markets during the 1<sup>st</sup> Quarter of 2020. He pointed out that the VPIC portfolio has been performing largely as expected, and specifically that its downturn hedging assets have proved an effective store of value and liquidity and have helped to offset the losses experienced by the portfolio's growth assets. He reminded the Committee that as discussed at the March VPIC meeting, a cash balance equal to 3 months' worth of benefit payments for each system is being held. This is being done as a result of recommendations of Staff and NEPC to keep cash on hand in case a period of severely limited liquidity is encountered in the coming months.

**ITEM 6:      Investment Staff Report**

Ms. Green and Mr. Cook reviewed the *Staff Report* with the Committee. Ms. Green provided an overview of the current fixed income market, and reviewed VPIC manager updates and summarized recent ESG activity. Ms. Green noted that the date for the October 27<sup>th</sup> VPIC Meeting will need to be changed, and the most likely alternative date is November 10<sup>th</sup>, and a finalized decision will be made at a future meeting. Mr. Cook provided additional manager updates and reviewed recent cash movements with the Committee. Ms. Green and Mr. Cook responded to questions from the Committee.

**ITEM 7: NEPC Performance Review**

Ms. Belmondo reiterated NEPC's view that clients should maintain at least one quarter's worth of cash needs on hand, given current market conditions. She then reviewed the *March 2020 VPIC performance report* with the Committee and responded to questions.

**ITEM 8: Manager Presentation Neuberger Berman Secondary Opportunities Fund V**

Tristram Perkins and Benjamin Perl from Neuberger Berman presented on their firm and the NB Secondary Opportunities Fund V LP. They detailed the investment team capabilities, investment philosophy, and fund structure. They then responded to questions posed by the Committee.

**ITEM 9: Proposed Top-Up of Pontifax AgTech Fund II Commitment**

Ben Beldegrun from Pontifax updated the Committee on their AgTech Fund II, including investments made to date, and the fund's pipeline, as well as fundraising activity. He noted that the fund originally targeted a size of \$250,000,000 and that VPIC had committed a \$25,000,000 investment, not to exceed 10% of the fund. Additional capacity has become available for existing investors, and now VPIC is being offered an additional \$5,000,000 investment as the fund size will now be \$300,000,00, and with that additional investment VPIC would still not exceed 10% of the total fund. He responded to questions posed by the Committee.

Ms. Belmondo and Mr. Henry relayed NEPC's and Staff's views of both the NB Secondary Opportunities V LP potential commitment and the Pontifax AgTech Fund II top up commitment.

**On a motion by Treasurer Pearce seconded by Joe Mackey, the Committee unanimously approved an investment of \$70,000,000 into the NB Secondary Opportunities Fund V LP contingent upon satisfactory contracting negotiations.**

**On a motion by Mary Alice McKenzie seconded by Kim Gleason, the Committee unanimously approved an increase to VPIC's investment in the Pontifax Ag Tech Fund II to a total commitment of \$30,000,000 not to exceed 10% of the total fund.**

**ITEM 10: 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 Acadian and Mondrian to present at the June VPIC meeting.

**ITEM 10: Future Agenda Topics/New or Other Business**

There was no discussion regarding this agenda item.

**ITEM 11: Executive Session**

There was no discussion regarding this agenda item.

**Adjournment:**

**Treasurer Pearce moved, and Kim Gleason seconded, that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 11:26 a.m.**

Respectfully submitted,

**Investment Staff**