



VERMONT PENSION INVESTMENT COMMITTEE

APRIL 9, 2021

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

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

KIMBERLY GLEASON, VMERS Representative, term expiring June 30, 2022

ROBERT HOOPER, VSERS Representative, term expiring June 30, 2024

VPIC Members Absent:

VPIC Alternate Members Present:

JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2024

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

VPIC Alternate Members Absent:

RON PLANTE, Governor's Delegate *Alternate*, term expiring June 30, 2020

VACANT, VSTRS *Alternate*, term expiring June 30, 2023

Also Attending:

Eric Henry, Chief Investment Officer

Katie Green, Deputy Chief Investment Officer

Andy Cook, Investment Analyst

David Borsykowsky, Vermont Attorney General's Office

Samantha Salamone, Intern for Speaker of the House

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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 Friday, April 9th meeting to order at 1:02 PM which was held via videoconference.

ITEM 1: Agenda Approval and Announcements

The Chair reviewed the agenda with the Committee.

On a motion by Joseph Mackey seconded by Kim Gleason, the Committee unanimously approved the agenda.

ITEM 2: Potential Legislation Discussion

The Chair led a discussion on potential legislation changes which would impact VPIC that are currently under consideration by the House Committee on Government Operations. The Chair and Treasurer Pearce answered questions posed by members of the Committee. Members of the Committee also provided input on a memo to be sent to the House Committee on Government Operations from the Chair and Treasurer Pearce. That memo is attached to these minutes.

On a motion by Treasurer Pearce seconded by Mary Alice McKenzie, the Committee approved the attached memo, unanimously.

ITEM 3: Executive Session

No action.

ITEM 4: Adjournment:

Treasurer Pearce moved, and Kim Gleason seconded, that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 2:06 PM.

Respectfully submitted,

Investment Staff



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

TO: House Committee on Government Operations
FROM: Vermont Pension Investment Committee
DATE: April 9, 2021
RE: Recommended changes to VPIC House Bill

The VPIC has reviewed the proposal 1.1 in House Committee on Government Operations and VPIC believes in principle it is a good direction, taking issue with the following items outlined in this memo, with recognition that discussion related to term limits and participation by Legislators on the Committee has been deferred for future discussion as soon as practicable.

1. Section 523 on page 7 indicates that VPIC is “attached to the Office of the State Treasurer for administrative support.” This section does not give VPIC the authority to hire and fire a Chief Investment Officer, nor does it give the Chief Investment Officer the authority to hire a staff. We believe that VPIC should have a separate appropriation, staffing, and transition to separate offices, independent of the Treasurer’s Office. While some functions would still need to be provided by Treasury staff, at least in the interim, VPIC’s budget could then reimburse the Treasury for those services. We suggest adding these provisions explicitly and clarifying that, rather than being “attached to the Office of State Treasurer”, instead VPIC “negotiate a memorandum of agreement with the Office of State Treasurer to provide administrative support as outlined in the agreement.” This change would clarify that VPIC is independent from the Office of the State Treasurer and that the investment staff report to VPIC, not to the State Treasurer.
2. Section 522 (e) (2) on page 5 indicates that all VPIC members “shall be state residents.” We recommend removing this requirement as it could narrow the pool of financial experts available to serve.
3. Section 522 (f) (3) on page 6 indicates that “six concurring votes shall be necessary for a decision of the Committee at any meeting of the Committee.” This is effectively a supermajority requirement that, we believe, could delay time-critical investment manager decisions. We suggest eliminating it and allowing for a simple majority vote of those present with a quorum. If the House Government Operations Committee feels strongly that a supermajority vote is necessary for strategic decisions like the assumed rate of return, we suggest at least carving out investment manager hiring and firing decisions for a simple majority vote.
4. Numerous sections throughout the bill call for reports to be issued “not more than 90 days after the end of the fiscal year.” We suggest increasing this period to 180 days to allow for accurate valuation of illiquid assets such as private equity and real estate. 180 days would still allow for reporting prior to the opening of the legislative session.
5. The VPIC feels the definition of “independent” is confusing and requests clarification on whether participation in the Plan is material under this definition to their independence.

Vermont Model

