



STATE OF VERMONT
VERMONT PENSION INVESTMENT COMMISSION
DECEMBER 14, 2021

DRAFT; NOT YET APPROVED BY COMMISSION

VPIC Members Present:

TOM GOLONKA, CHAIR
KIMBERLY GLEASON, VICE-CHAIR, VMERS Representative, term expiring June 30, 2021
BETH PEARCE, Vermont State Treasurer
MARY ALICE MCKENZIE, Governor's Delegate, term expiring June 30, 2021
LAUREN WOBBY, Governor's Delegate, term expiring June 30, 2024
ROBERT HOOPER, VSERS Representative, term expiring June 30, 2023
JIM SALSGIVER, VSBA Representative, term expiring June 30, 2023
SETH ABBENE, VLCT Representative, term expiring June 30, 2022

VPIC Members Absent:

JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2022

VPIC Alternate Members Present:

RON PLANTE, Governor's Delegate *Alternate*, term expiring June 30, 2020
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2023
PERRY LESSING, VSTRS *Alternate*, term expiring June 30, 2022
CHRIS DUBE, VMERS *Alternate*, term expiring June 30, 2025

VPIC Alternate Members Absent:

None

Also Attending:

Eric Henry, Chief Investment Officer
Katie Green, Deputy Chief Investment Officer
Andy Cook, Investment Analyst
Jim Voytko, Tony Johnson, Jordan Cipriani, Corry Walsh, Kirby Francis, Scott Maynard, Kyle Hogmeier & Samia Khan, RVK Inc.
David Borsykowsky, Vermont Attorney General's Office
Matthew Yannocone & Kevin Kester, Siguler Guff
Kathleen Riley & Matt Strom, Segal Marco Advisors
Steff Chavez, Financial Times
Lindsay Saienni, FIN News

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, past meeting materials may be requested by emailing VPIC@vermont.gov.

Call to Order:

Chair Golonka called the Tuesday, December 14th meeting to order at 8:30 AM. The meeting was held via Zoom videoconference.

Item 1: **Agenda Approval and Announcements**

Chair Golonka reviewed the agenda with the Commission and asked for any edits or additions.

On a motion by J. Salsgiver seconded by K. Gleason, the Commission unanimously approved the agenda.

Item 2: **Consent Agenda**

Chair Golonka indicated that the items on the Consent Agenda were approval of the minutes from the November 2nd VPIC meeting.

On a motion by P. Lessing seconded by M. McKenzie, the Commission unanimously approved the Consent Agenda.

Item 3: **Public Comment**

None.

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

Treasurer Pearce noted that the VPIC ESG Committee will be meeting with Segal Marco in early 2022 to develop proposed updates to the VPIC Domestic and International Proxy Voting Policies, which will in turn be brought before the entire VPIC for consideration.

Treasurer Pearce provided an updated on actuarial valuations for the VSERS and VSTRS OPEB systems as of June 30, 2021. She responded to questions posed.

Item 5: **Chief Investment Officer's Report**

E. Henry reviewed the progress made to date on completing the checklist of items required by Act 75 which created the Vermont Pension Investment Commission. He noted that the legislation requires VPIC to submit an annual report to a Joint Public Pension Oversight Committee, and while members have not yet been named to that Committee, a report has been produced and sent to the chairs of the House and Senate Government Operations Committees. He detailed the following 2 themes that were highlighted extensively in that report:

Theme 1: We expect future returns to be lower in the short to medium term

Theme 2: Autonomy for VPIC is increasingly important given the potential impact of reduced return expectations

E. Henry then responded to questions posed and took note of revisions requested by the Commission for the report.

He gave an update to the ongoing budget process that VPIC has been engaging in with the Administration. He answered questions posed by the Commission.

Item 6: Investment Staff Report

a. Vote on 2022 Meeting Dates

On a motion by J. Briggs seconded by M. McKenzie, the Commission unanimously approved the following 2022 calendar year VPIC meeting schedule:

January 25, 2022

February 22, 2022

March 22, 2022

April 26, 2022

June 28, 2022

July 26, 2022

September 27, 2022

November 1, 2022

December 13, 2022

K. Green reviewed the Staff Report and presented a proposal to increase the transparency of the Commission's process, which was agreed upon by the Commission. K. Green then presented a proposal to update Section VIII of the Investment Policy Statement to read as follows, with the underlined text being added:

“All investment management agreements of the VPIC shall be with an investment adviser duly and properly registered under the Investment Advisers Act of 1940, a regulated bank, an insurance company or a mutual fund organization, though certain exceptions may be made by the Commission for investments in private markets.”

On a motion by L. Wobby seconded by M. McKenzie, the Commission unanimously approved the above noted update to the Investment Policy Statement.

b. HarbourVest Fund XII Venture introduction

A. Cook & K. Francis provided an introduction to the Commission on the HarbourVest Fund XII Venture program and responded to questions posed.

On a motion by K. Gleason seconded by J. Salsgiver, the Commission unanimously instructed Staff to invite HarbourVest Partners to the January 25th VPIC Meeting to present on their HarbourVest Fund XII Venture program.

c. Hammes Medical Office Fund Introduction

K. Green & S. Maynard provided an introduction to the Commission on the Hammes Medical Office Fund and responded to questions posed.

On a motion by J. Salsgiver seconded by Kim Gleason, the Commission unanimously instructed Staff to invite Hammes to the January 25th VPIC Meeting to present on their Hammes Partners Fund IV.

d. Evergreen Alternative Credit Recommendation

K. Green updated the Commission on the status of the VPIC Private & Alternative Credit program and noted that a follow-on investment opportunity is available in the Ares Pathfinder Fund Core.

On a motion by K. Gleason seconded by M. McKenzie, the Commission unanimously instructed Staff to invite Ares to the January 25th VPIC Meeting to present on their Ares Pathfinder Core Fund.

Item 7: Siguler Guff Small Buyout Opportunities Fund V Presentation

M. Yannocone & K. Kester from Siguler Guff presented on their Small Buyout Opportunities Fund V, LP as well as the firm's strategy and structure and an update on VPIC's investment in the Small Buyout Opportunities Fund IV. They responded to questions from the Committee.

On a motion by K. Gleason seconded by B. Hooper, the Commission unanimously approved an investment of \$50,000,000 in the Siguler Guff Small Buyout Opportunities Fund V, LP, pending successful contracting negotiations.

Item 8: Chair & CIO Performance Evaluation

This item was moved to the end of the meeting.

Item 14: RVK Governance Study Update

J. Voytko from RVK provided an update on the progress to date of the Governance Study that RVK is completing on behalf of VPIC. He noted that RVK is on target to have the final study completed by the legislative deadline on January 15, 2022, and they intend to have a draft version ready for VPIC's review prior to that date. He responded to questions posed by the Commission.

Item 9: Break

Item 10: Segal Actuarial Presentation

M. Strom & K. Riley delivered a presentation on VPIC's June 30, 2021 fiscal year end actuarial reports and valuations. They both responded to questions posed.

Item 11: RVK Strategic Initiatives Update

J. Cipriani from RVK presented a memo titled *2021 VPIC Strategic Initiatives Overview* and responded to questions posed.

Item 12: Preliminary VPIC Performance Update

T. Johnson from RVK reviewed the *Monthly Investment Performance Analysis for period ending October 31, 2021* with the Commission and responded to questions posed.

Item 13: VPIC Performance Analysis – FY Q12021

T. Johnson from RVK reviewed the *Quarterly Investment Performance Analysis for period ending September 31, 2021* with the Commission and responded to questions posed.

Item 8: Chair & CIO Performance Evaluation

Chair Golonka ceded control of the meeting to Vice-Chair Gleason for the purposes of his and the CIO's reviews.

At 2:16 PM, P. Lessing moved, and K. Gleason 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 (3) the appointment or employment or evaluation of a public officer or employee. The Committee unanimously approved this motion.

At 3:43 PM Vice-Chair Gleason removed the Committee from Executive Session and relinquished control of the meeting to Chair Golonka.

Item 15: Deliverables for Upcoming Meetings

- Staff will investigate the possibility of getting closed captioning added to Zoom meeting video recordings
- A private equity education session will be scheduled for a future VPIC meeting
- Commissioners are asked to provide a short bio to be presented on the new VPIC website. Please send these to staff at VPIC@vermont.gov
- J. Mackey requested an education session at a future VPIC meeting focused on non-core real estate
- Staff and RVK will work with the Custodian on a contract extension while simultaneously reviewing opportunities to improve efficiencies, streamline operations, and reduce costs
- K. Gleason requested either an agenda item or a Commission Retreat for the Commission to discuss ESG topics as they relate to the Commission, such as matters of gender equality and diversity

Item 16: Future Agenda Topics/New or Other Business

No action.

Item 17: Executive Session

No action.

Adjournment:

J. Salsgiver moved and M. McKenzie seconded, that the meeting be adjourned. The Commission unanimously approved the motion to adjourn the meeting at 3:44 PM.

Respectfully submitted,

Investment Staff