



VERMONT PENSION INVESTMENT COMMITTEE
APRIL 27, 2021

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
Jim Voytko, Tony Johnson, Jordan Cipriani & Austin Head-Jones, RVK Inc.
David Borsykowsky, Vermont Attorney General's Office
Adam Rees, Pageant Media
Lindsay Saienni, FIN News
Steff Chavez, Financial Times
Margarida Correia, Pension & Investments

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, April 27th meeting to order at 8:31 AM which was held via videoconference.

ITEM 1: Agenda Approval and Announcements

The Chair reviewed the agenda with the Committee.

On a motion by Kim Gleason seconded by Bob Hooper, the Committee unanimously approved the agenda.

ITEM 2: Consent Agenda

The Chair indicated the only items on the Consent Agenda were approval of the minutes from the March 23rd and April 9th VPIC meetings.

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

ITEM 3: Public Comment

None.

ITEM 4: Vermont State Treasurer's Update

Treasurer Pearce updated the committee on the status of OPEB funding in the current legislative session. She noted both the House or Representatives and the Senate have been reviewing bill H. 449 *An act relating to the membership and duties of the Vermont Pension Investment Commission and the creation of the Pension Benefits, Design, and Funding Task Force*. She noted that both she and Chair Golonka have submitted written and verbal testimony related to the scope, timing, and structure of that bill.

Chair Golonka next led a discussion on proposed changes to VPIC in H. 449. Several members of the Committee provided input and perspective on those proposed changes.

Chair Golonka and Treasurer Pearce responded to questions posed by members of the Committee.

ITEM 5: Chief Investment Officer's Report

Mr. Henry noted that RVK would be presenting their first draft Asset Allocation study later on in the meeting. He reminded the Committee that projected levels of risk and return for various portfolios in the study need to be thought of independently from the VPIC's actuarially assumed rate of return (AROR), which is currently set at 7%. He noted that the AROR is a discount rate used to calculate pension liabilities and the actuarially determined employer contribution, and it is not a target return for the asset allocation study that focuses on evaluating long-term portfolio risk/return expectations.

ITEM 6: Investment Staff Report

Mr. Cook presented the Investment Staff Report. Ms. Green along with Treasurer Pearce updated the Committee on progress related to the 2021 VPIC ESG Engagement Plan. They both responded to questions posed by the Committee.

ITEM 7: Evergreen Alternative Credit Fund Recommendation

Ms. Green presented the *Staff & RVK Private Credit Recommendation* document. Ms. Head-Jones referenced the *Ares Pathfinder Core Fund Investment Due Diligence* memo. Together they responded to questions posed by the Committee. It was the consensus of the Committee to invite Ares to the June 22nd VPIC meeting to present on this strategy.

ITEM 8: VPIC Preliminary March Performance

Ms. Cipriani presented the *Monthly Investment Performance Analysis* report for the period ended March 31, 2021. She responded to questions posed by the Committee.

ITEM 9: Asset Allocation Study – 1st Review

Ms. Cipriani, Mr. Johnson and Mr. Voytko jointly presented the *RVK Asset Allocation Study* report. They all responded to questions posed by the Committee, and took feedback to be used in a follow-up version of the study which will be presented at the June 22nd VPIC Meeting.

ITEM 10: Discussion re: Governance Study RFP

At 11:33 a.m., Robert Hooper moved, and Mary Alice McKenzie 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

Subsection (1)(F) – Confidential attorney-client communications made for the purpose of providing professional legal services to the Committee.

The Committee unanimously approved this motion.

At 11:57 a.m. Chair Golonka removed the Committee from Executive Session.

On a motion by Treasurer Pearce seconded by Bob Hooper, the Committee unanimously moved that contracting negotiations should be initiated with RVK for a Governance Study pursuant to the RFP approved at the March 23rd VPIC meeting.

ITEM 11: Deliverables for Upcoming Meetings

- Staff and RVK will work to create an onboarding training process for new VPIC members to be presented at the June 22nd VPIC Meeting
- Chair Golonka and Staff will solicit consultant proposals for a study to review VPIC governance, structure, membership, and the relationship of VPIC to the Treasurer's Office, as well as any other recommendations of the chosen consultant
- Staff will work with the Custodian to create a detailed tax reclaim report for the Committee's review for an upcoming meeting.

- Ms. 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.

ITEM 12: Future Agenda Topics/New or Other Business

No action.

ITEM 13: Executive Session

No action.

Adjournment:

Treasurer Pearce moved, and Kim Gleason seconded, that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 12:05 PM.

Respectfully submitted,

Investment Staff