



STATE OF VERMONT  
VERMONT PENSION INVESTMENT COMMISSION  
JULY 27, 2021

**VPIC Members Present:**

TOM GOLONKA, CHAIR  
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer  
MARY ALICE MCKENZIE, Governor's Delegate, term expiring June 30, 2021  
JOHN-HENRY HUBERT, Governor's Delegate, term expiring June 30, 2021  
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2022  
KIMBERLY GLEASON, VMERS Representative, term expiring June 30, 2021  
ROBERT HOOPER, VSERS Representative, term expiring June 30, 2023  
JIM SALSGIVER, VSBA Representative, term expiring June 30, 2023

**VPIC Members Absent:**

VACANT, VCLT Representative, term expiring June 30, 2022

**VPIC Alternate Members Present:**

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

**VPIC Alternate Members Absent:**

PERRY LESSING, VSTRS *Alternate*, term expiring June 30, 2022

**Also Attending:**

Eric Henry, Chief Investment Officer  
Katie Green, Deputy Chief Investment Officer  
Andy Cook, Investment Analyst  
Jim Voytko, Tony Johnson, Jordan Cipriani, Steve Hahn, & Scott Maynard RVK Inc.  
David Borsykowsky, Vermont Attorney General's Office  
Mike Middleman, Finance & Management  
Lindsay Saienni, FIN News  
Rowen Descallar, Pageant Media  
Ryan Fisher, Man Group  
Corey Snow

**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](mailto:VPIC@vermont.gov).

**Call to Order:**

Chair Golonka called the Tuesday, July 27<sup>th</sup> 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 Kim Gleason seconded by Joseph Mackey, the Commission unanimously approved the agenda.**

Chair Golonka welcomed Chris Dube who has been appointed as the VMERS alternate representative to VPIC, replacing Peter Amons. Mr. Dube introduced himself to the Commission.

**Item 2:      **Consent Agenda****

Chair Golonka indicated that the items on the Consent Agenda were approval of the minutes from the June 22<sup>nd</sup> VPIC meeting, and a motion granting Eric Henry as CIO the authority to sign forms AA14 for contracting related matters.

**On a motion by Kim Gleason seconded by Mary Alice McKenzie, the Commission unanimously approved the Consent Agenda.**

**Item 3:      **Public Comment****

None.

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

Treasurer Pearce updated the Commission that there have been three meetings of the Pension Benefits, Design & Funding Task Force, and she testified at the most recent meeting. The materials for those meetings, and a broadcast of the proceedings may be found at: <https://legislature.vermont.gov/committee/detail/2022/367> She noted to that Task Force that the largest contributing issue to the current level of underfunding is not from investments, rather it is workforce related.

Lastly, she reminded the Commission that she is formally resigning as Vice-Chair of the Commission, and she expressed her preference that the next Vice-Chair be a member who has been appointed as an employee representative to the VPIC.

**Item 5:      **VPIC Vice-Chair Election****

Treasurer Pearce nominated Kim Gleason to serve as the next Vice-Chair of the VPIC. Ms. Gleason thanked the Treasurer for the nomination, and provided a brief overview of her background, and qualifications she feels would benefit the position.

**On a motion by Treasurer Pearce seconded by Mary Alice McKenzie, the Commission unanimously elected Kim Gleason as the next Vice-Chair of VPIC.**

**Item 6: VPIC ESG Committee Appointment**

Chair Golonka led a discussion on the new structure of VPIC as a Commission, and the need to have various Committees as part of that structure. David Borsykowsky reminded the Commission of the open meeting laws that need to be adhered to not just for meetings of the entire VPIC, but for Committee meetings as well. The Commission requested that Chair Golonka and Staff work with RVK to bring a list to the September meeting of potential Committees for the Commission to consider.

**On a motion by Treasurer Pearce seconded by Robert Hooper, the Commission unanimously appointed Mary Alice McKenzie to the VPIC ESG & Proxy Voting Committee, to replace Linda Deliduka.**

The first objective of the VPIC ESG & Proxy Voting Committee will be to bring a draft committee charter before the full VPIC for consideration and approval.

**Chair Golonka created a VPIC Budgeting Working Group consisting of himself, Treasurer Pearce, Jim Salsgiver and Robert Hooper.**

**Item 7: Chief Investment Officer's Report**

Mr. Henry reviewed the Chief Investment Officer's Report with the Commission. He noted that preliminary fiscal year end investment return as of June 30<sup>th</sup> is very strong, at 24.62%. He compared this return to the prior FY return of 4%, which while significantly lower, was actually top quartile among VPIC's peers, given the COVID-19 driven selloff that year. He noted that these two significantly different levels of return reinforce the view that one's ability to predict future returns is not very good. As well it reinforces the difference between the plan's discount rate, and the expected rate of return as projected by capital market assumptions.

He next led a discussion on valuations in equity markets, specifically the historic and current P/E ratios of the All Country World Index and the S&P 500 Index. He noted that current P/E ratios are quite high compared to long term trends in both indices. Historically those high valuations have often been followed by periods of lower performance. He therefore cautioned the Commission that while FY21 returns were very strong, it would be wise to not expect such strong returns to continue in the future. He then responded to questions posed by the Commission.

**Item 8: Staff Report**

Ms. Green and Mr. Cook reviewed the Staff Report with the Commission, including updates on contracting, cash flows, and the FY2021 VPIC attendance records which Commission members will review prior to the September VPIC meeting.

Treasurer Pearce and Ms. Green also provided an update on recent ESG engagement activities.

Mr. Henry provided an update to the Commission on progress of implementing the requirements of H. 449, the legislation establishing the Vermont Pension Investment Commission.

**Item 9: Onboarding & Continuing Education Committee Update**

Mr. Henry provided an update on work being done by the Onboarding & Continuing Education Committee. He shared a draft *VPIC Commissioner Onboarding and Continuing Education Policy* that Staff has created based on input received from the members of that Committee, Mary Alice McKenzie, Kim Gleason, and Bob Hooper. Commissioners provided feedback and suggested edits to the draft policy for Staff and the Committee to review and bring back to the VPIC for potential adoption at the September VPIC meeting.

**Item 10: Non-Core Real Estate Pacing Plan Review**

Mr. Hahn from RVK reviewed the *Real Estate Pacing Analysis* report with the Commission. He noted that RVK recommends a non-core real estate target commitment allocation of \$55mm per year for years 2021-2025. He responded to questions posed by the Commission.

Mr. Maynard also from RVK then provided an update on the state of the non-core real estate market. He responded to questions posed by the Commission.

**On a motion by Mary Alice McKenzie seconded by Joseph Mackey, the Commission approved the Real Estate Pacing Plan with recommended investment commitments of \$55mm per year for 2021-2025 unanimously.**

**Item 11: VPIC Preliminary June Investment Performance**

Mr. Walsh from RVK reviewed the *Monthly Investment Performance Analysis* for June 2021. He responded to questions posed by the Commission.

**Item 12: Deliverables for Upcoming Meetings**

- Joe Mackey requested an education session at a future VPIC meeting focused on non-core real estate
- The Chair and Staff will work with RVK to bring a list of potential committees that should be considered for establishment at the September 28<sup>th</sup> VPIC Meeting
- Staff and RVK will work with the Custodian on a contract extension while simultaneously reviewing opportunities to improve efficiencies, streamline operations, and reduce costs
- Ms. 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
- Staff will invite Mondrian to present at a future VPIC meeting

**Item 13: Future Agenda Topics/New or Other Business**

No action.

**Item 14: Executive Session**

No action.

**Adjournment:**

**Treasurer Pearce moved and Kim Gleason Seconded, that the meeting be adjourned. The Commission unanimously approved the motion to adjourn the meeting at 11:13 AM.**

Respectfully submitted,

**Investment Staff**