



**VERMONT PENSION INVESTMENT COMMITTEE
NOVEMBER 29, 2016**

VPIC Members Present:

TOM GOLONKA, CHAIR
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer
VAUGHN ALTEMUS, Governor's Delegate, term expiring June 30, 2018
PETER AMONS, VMERS Representative, term expiring June 30, 2018
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2019
ROBERT HOOPER, VSERS, term expiring June 30, 2020
KAREN PAUL (phone), Governor's Delegate, term expiring June 30, 2018

VPIC Alternate Members Present:

JEFF BRIGGS (phone), VSERS *Alternate*, term expiring June 30, 2020
LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2019
DAVID STARR (phone), Governor's Delegate *Alternate*, term expiring June 30, 2016
STEVE JEFFREY (phone), VMERS *Alternate*, term expiring June 30, 2018

Also attending:

Matthew Considine, Director of Investments
Katie Green, Investments Manager
Jaye Pershing-Johnson and Jesse Moorman, Attorney General's Office
Margaret Belmondo, Michael Manning, Chris Levell, NEPC LLC
Guy Page, Page Communications

CALL TO ORDER:

The Chair, called the Tuesday, November 29th meeting to order at 10:00 am, which was held in the Governor's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: **Review FY 2016 Actuarial Reports**

Treasurer Pearce provided the Committee with an overview of the actuarial reports covered with each of the Retirement Boards by the actuarial firm hired by the State of Vermont. The Treasurer responded to questions from the Committee.

ITEM 2: Agenda Approval and Announcements

The Chair reviewed the agenda with the Committee and asked if any members of the Committee would like to add or amend any agenda items.

On a motion by Treasurer Pearce, seconded by Vaughn Altemus, the Committee unanimously approved the agenda as written.

ITEM 3: Consent Agenda

The Chair indicated the items in the Consent Agenda today were the minutes and routine contract amendments and renewals.

On a motion by Joseph Mackey, seconded by Vaughn Altemus, the Committee unanimously approved the consent agenda as written.

ITEM 4: Discussion Items and Updates

- **Vermont State Treasurer's Update**

The Treasurer, Ms. Pearce, presented the Treasurer's Report to the Committee. She updated the Committee on the two shareholder resolutions, the Committee received notification of by email, that the Treasurer's office staff submitted on behalf of the VPIC to Marathon Petroleum Corporation and Dominion Resources, Inc per the Committee's vote to delegate this authority to Staff under specific guidelines outlined during the October 25, 2016 VPIC meeting.

ITEM 5: Director of Investments Report

Mr. Considine reviewed the Director of Investments Report with the Board. He notified the Committee that after October's cash flows the VPIC allocations were in-line with their target allocations. Mr. Considine provided an update to the Committee on current contracts in progress and in-house meetings with managers.

On a motion by Vaughn Altemus, seconded by Joseph Mackey, the Committee unanimously authorized the Investments Staff to pay the Committee's Council of Institutional Investors membership of \$5,070.

Mr. Considine reviewed the Calendar Year 2017 VPIC Meeting Agenda and Calendar with the Board. The Chair requested feedback on the dates and educational topics presented. The Committee discussed and revised the dates.

On a motion by Robert Hooper, seconded by Joseph Mackey, the Committee unanimously approved the Calendar 2017 VPIC Meeting Agenda and Calendar with two amendments to the calendar meeting dates to February 28th and August 22nd.

ITEM 6: NEPC Investment Manager Update

Ms. Belmondo presented the *October 2016 Flash Report* to the Committee. Ms. Belmondo and Mr. Manning responded to questions posed by the Committee.

ITEM 7: Portfolio Investment Review FY 1Q17

Ms. Belmondo reviewed the *1Q17 Fiscal VPIC Executive Summary: Investment Performance Analysis* with the Committee. The Committee posed questions regarding performance and Ms. Belmondo responded. The Committee provided feedback on the new format of the Investment Performance Analysis report from NEPC.

ITEM 8: NEPC/Staff Deliverables for Upcoming Meetings

- NEPC will present in December on the implementation of the asset allocation across investment managers.
- NEPC, the Treasurer's office Staff and the Attorney General's office will review the rebalancing policy and bring back to the Committee implementation recommendations.
- The Committee requested that Staff work with NEPC to develop a review analyzing various fixed income allocation options that would best fit the three sub-plans' asset/liability profiles. The Committee requested that the review include a joint recommendation by Staff and NEPC for an allocation to fixed income specific to each sub-plan, which could possibly take the form of a long term glide path. The Committee requested this review be presented during the January – March VPIC meetings addressing the VPIC asset allocation.
- NEPC will provide a review to the Board regarding Risk Parity as a strategy in the portfolio at the December 2016.

ITEM 9: Future Agenda Topics/New or Other Business**ITEM 10: Public Comment****ITEM 11: Adjournment**

The Committee unanimously approved a motion to adjourn the meeting at 1:07 PM.

Respectfully submitted,

Investments Staff