



VERMONT PENSION INVESTMENT COMMITTEE

FEBRUARY 28, 2017

DRAFT; NOT YET APPROVED BY COMMITTEE

VPIC Members Present:

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

VPIC Members Absent:

VPIC Alternate Members Present:

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

VPIC Alternate Members Absent:

Also attending:

Katie Green, Investments Manager
Andy Cook, Investments Analyst
Jesse Moorman, David Borsykowsky, Attorney General's Office
Chris Levell, Margaret Belmondo, NEPC LLC
David Cleary, Lazard Asset Management LLC
Matt Lehmann, Jeff Brown, GMO
Michael Mendelson, Zach Mees, Marianne Love, AQR
Jon Beaulieu, Bryan Belton, Lisa Mahoney, PanAgora
Austin Davis, 350Vermont
Robb Kidd, Sierra Club

CALL TO ORDER:

The Chair, called the Tuesday, February 28th meeting to order at 8:36 am, which was held in the Governor's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: **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 Vaughn Altemus, seconded by Treasurer Pearce, the Committee unanimously approved the agenda as written.

The Chair introduced David Borsykowsky as a new representative of the Attorney General's Office that will be working with the VPIC on future contracting items.

ITEM 2: **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 Treasurer Pearce, seconded by Steve Jeffrey, the Committee unanimously approved the consent agenda as written.

ITEM 3: **Discussion Items and Updates**

- **VPIC ESG Sub-Committee Update**

Treasurer Pearce discussed the progress of the VPIC ESG Sub-Committee and the upcoming plans for presenting the ESG Sub-Committee's recommendations to the full Board at the March 28, 2017 meeting. Copies of the PCA report *Climate Risk Divestment Discussion* along with an accompanying memo from Treasurer Pearce were distributed. Treasurer Pearce thanked the ESG Sub-Committee members and representatives from 350 Vermont, Sierra Club, Clean Yield, VPIRG, Divestmentfacts.com, MMR, and the American Petroleum Institute for a collaborative, productive process.

- **NEPC's Update**

Ms. Belmondo presented the *January 2017 Flash Report* to the Committee. Ms. Belmondo and Mr. Levell responded to questions posed by the Committee.

ITEM 4: **Director of Investments Report**

Ms. Green reviewed the Director of Investments Report with the Board. She notified the Committee that after the January cash flows the VPIC allocations were in-line with their target allocations. Ms. Green provided an update to the Committee on meetings Staff conducted with

managers and current contracts in progress. Ms. Green responded to questions posed by the Committee.

ITEM 5: Risk Parity Panel Discussion

Ms. Belmondo welcomed the Risk Parity panelists from AQR, GMO, PanAgora, and Lazard. The panelists presented and debated the opportunities and risks associated with a Risk Parity strategy in a diversified portfolio. The panel participants and Ms. Belmondo responded to questions posed by the Committee.

ITEM 6: Portfolio Investment Review FY 2Q17

Ms. Belmondo presented the *NEPC FY 2Q2017 Investment Performance Analysis Executive Summary*. Ms. Belmondo and Mr. Levell responded to questions posed by the Committee.

ITEM 7: Asset Allocation Review

Ms. Belmondo and Mr. Levell reviewed with the Committee the *VPIC 2017 Asset Allocation Report* and responded to questions posed by the Committee. The Committee requested NEPC bring an alternative “Mix A” asset allocation recommendation to the March 28, 2017 VPIC meeting and work with Staff to create a timeline for implementing the recommendation.

ITEM 8: NEPC/Staff Deliverables for Upcoming Meetings

- NEPC will present on an updated the asset allocation and the timeline for implementing such updates at the March 28, 2017 VPIC meeting.
- The Committee requested that Staff work with NEPC to develop a review of 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 initiate a search for an International Real Estate manager for an anticipated investment of up to \$100,000,000.

ITEM 7: Future Agenda Topics/New or Other Business

ITEM 8: Public Comment

ITEM 9: Adjournment

Treasurer Pearce moved and Linda Deliduka seconded that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 12:48 PM.

Respectfully submitted,

Investments Staff

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