



**VERMONT PENSION INVESTMENT COMMITTEE  
JUNE 27, 2017**

**VPIC Members Present:**

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

**VPIC Members Absent:**

PETER AMONS, VMERS Representative, term expiring June 30, 2018

**VPIC Alternate Members Present:**

STEVE JEFFREY, VMERS *Alternate*, term expiring June 30, 2018  
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2020  
DAVID STARR, Governor's Delegate *Alternate*, term expiring June 30, 2016

**VPIC Alternate Members Absent:**

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2019

**Also attending:**

Matt Considine, Director of Investments  
Katie Green, Investments Manager  
Andy Cook, Investments Analyst  
Jesse Moorman, David Borsykowsky, Attorney General's Office  
Chris Levell, Margaret Belmondo, Tim Bruce, & John Lutz, NEPC LLC

**CALL TO ORDER:**

The Chair, called the Tuesday, June 27<sup>th</sup> meeting to order at 11:00 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 Robert Hooper, the Committee unanimously approved the agenda as written.**

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

**ITEM 3:      Discussion Items and Updates**

- **Vermont State Treasurer's Update**

Treasurer Pearce updated the Committee on the recently concluded Legislative Session, and indicated that the Legislature fully funded the VSERS and VSTRS pension plans. Treasurer Pearce then provided information related to an upcoming July 13, 2017 joint meeting between VPIC and the three separate retirement boards in which an investment rate of return for the plans will be discussed with the new actuary. A comment was made that there will be a large number of people in that meeting, and the potential exists for not everyone to have their questions answered. Treasurer Pearce stated that as much time as needed will be taken in order to accurately discuss the investment rate of return projection.

Treasurer Pearce next updated the Committee regarding two ESG related items. First, VPIC co-filed a resolution at the most recent Exxon Mobil annual meeting, which instructed the company to report on the impact of global measures designed to keep climate change to 2 degrees centigrade. That resolution passed with 62% of the shareholder vote. Additionally, Treasurer Pearce indicated that Exxon Mobil appointed an environmental expert to their board of directors, largely in response to shareholder proxy votes. Treasurer Pearce summarized that these two accomplishments show how shareholder engagement works for ESG issues.

Finally, Treasurer Pearce updated the Committee that she signed onto a Fiduciary Rule Letter to the Department of Labor encouraging full implementation of the Fiduciary Rule. This was done in her capacity as Treasurer, but she wanted the Committee to be aware.

**ITEM 4:      Director of Investments Report**

Mr. Considine reviewed the Director of Investments Report with the Committee, and responded to questions posed.

**ITEM 5:      ESG Policy Update Discussion**

Treasurer Pearce presented an updated draft of the *Vermont Pension Investment Committee Environmental, Social and Governance Initiatives Revised and Restated June 27, 2017*. Treasurer Pearce indicated that a thorough process had been undertaken to create this draft, and she thanked Tom Golonka, Peter Amons, and Eric Becker for their thoughtful input to the process. Two minor wording changes were proposed by the committee and discussed.

**On a motion by Vaughn Altemus, seconded by Joseph Mackey, the Committee unanimously approved the Vermont Pension Investment Committee Environmental, Social, and Governance Initiatives Revised and Restated June 27, 2017. The final approved version is attached to these minutes.**

**ITEM 6: Portfolio Investment Review FY 3Q17**

Ms. Belmondo presented the *NEPC FY 3Q2017 Investment Performance Analysis Executive Summary* as well as the *May 2017 Flash Report*. Ms. Belmondo and Mr. Levell responded to questions posed by the Committee.

**ITEM 7: Global Equity Search Book Presentation**

Mr. Bruce and Mr. Lutz from NEPC presented their *Global Equity Manager Search* book. They presented the strengths and weaknesses of each of 6 managers which they chose to highlight. Mr. Bruce and Mr. Lutz responded to questions posed by the Committee. After discussion it was the sense of the Committee to bring the following 4 managers in for presentations at the July 25<sup>th</sup>, 2017 meeting: Artisan, Hosking & Co., Fiera Sceptre, and Boston Partners.

**ITEM 8: NEPC/Staff Deliverables for Upcoming Meetings**

- 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.
- NEPC will continue their search for a Private Debt manager search, anticipating to present a search book at the July 25, 2017 VPIC meeting.

**ITEM 7: Future Agenda Topics/New or Other Business**

**ITEM 8: Public Comment**

**ITEM 9: Adjournment**

**Treasurer Pearce moved and Joseph Mackey seconded that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 1:51 PM.**

Respectfully submitted,

**Investments Staff**