



**STATE OF VERMONT**  
**OFFICE OF THE STATE TREASURER**

**To:** ESG Sub-Committee of Vermont Pension Investment Committee

**From:** Matthew Considine, CFA – Director of Investments

**Date:** July 25, 2016

**Subject:** Consultant Recommendation

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On March 22, 2016 the ESG Sub-Committee was formed and charged with the task of reviewing the ESG policy and the role of divestment in the Vermont Pension Investment Committee (VPIC) portfolio<sup>1</sup>. As part of the execution of that charge it was determined that a consultant would be retained to assist in the review of existing work product and to outline what, if any, additional steps could be considered by the VPIC in the execution of its fiduciary responsibilities.

Treasurer's Office staff worked with Eric Becker of Clean Yield to develop a Request for Proposal (RFP) to send to three firms – Mercer, PCA and Cornerstone. Two responses were received on July 11, 2016 with one (Cornerstone) having indicated that they would not be submitting a proposal. Due to scheduling constraints the RFP responses were reviewed in two meetings. Eric Becker met with Treasurer Beth Pearce on July 18, 2016 and provided input on focus for questioning the two respondents. This input was incorporated into the phone interviews conducted with Mercer and PCA on Friday, July 22, 2016 by Treasurer Pearce, VPIC Chair Tom Golonka, Director of Investments Matt Considine and Policy Director Tim Lueders-Dumont.

While both firms are highly regarded in their field and each has thought deeply about the issues surrounding divestment, PCA has significant ongoing exposure to public retirement plans and the unique challenges that they face. Also of importance is the fact that they do not receive any fees from investment management firms, nor do they manage funds themselves.

After reviewing the RFP responses and conducting the interviews, the interview committee has concluded that PCA is the firm best suited to be engaged by the ESG Sub-Committee to assist in completing its charge from the VPIC.

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<sup>1</sup> See <http://www.vermonttreasurer.gov/retirement/vpic>, specifically [http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retireVPIC/board/Minutes\\_03222016.pdf](http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/retireVPIC/board/Minutes_03222016.pdf)