**VERMONT PENTION INVESTMENT COMMITTEE**
**JANUARY 27, 2015**
**DRAFT; NOT YET APPROVED BY COMMITTEE**

**VPIC Member(s) Present:**

**** The following Members were present by phone***

STEPHEN RAUH, CHAIR
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2015
VAUGHN ALTEMUS, Governor's Delegate, term expiring June 30, 2018
THOMAS GOLONKA, VMERS Representative, term expiring June 30, 2016
KAREN PAUL, Governor's Delegate, term expiring June 30, 2018
ROBERT HOOPER, VSERS Representative, term expiring June 30, 2016

**VPIC Member(s) Absent:**

**VPIC Alternate Member(s) Present:**

**** The following Alternate Members were present by phone***

LINDA DELIDUKA, *Alternate* VSTRS, term expiring June 30, 2017
DAVID STARR, *Alternate* Governor's Delegate, term expiring June 30, 2017

**VPIC Alternate Member(s) Absent:**

STEVEN JEFFREY, VMERS *Alternate*, term expiring June 30, 2016
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2016

Also attending:
Stephen Wisloski, Deputy Treasurer
Matt Considine, Director of Investments
Nick Foss, Investments Analyst
Katie Green, Investments Manager
Jaye Pershing-Johnson and Jesse Moorman, Attorney General's Office
Doug Moseley, Chris Levell, and Dick Charleton NEPC LLC
Barry Bryant, Dahab Associates

**CALL TO ORDER:**
The Chair, Mr. Rauh, called the Tuesday, January 27th meeting to order at 8:30 am, which was held by conference call.

**ITEM 1:** **Agenda Approval and Announcements**

The Chair, Mr. Rauh, reviewed the agenda with the Committee and indicated the agenda was approved as written.

**ITEM 2:** **Consent Agenda**

- **Revised Previous VPIC Meeting Minutes (November 25, 2014)**
- **Previous VPIC Meeting Minutes (December 23, 2014)**

The Chair, Mr. Rauh, indicated the items in the Consent Agenda today were the minutes from the December VPIC meeting, as well as the Minutes from the November 25, 2014 meeting. The November 25, 2014 Minutes were revised to include motions relating to the VPIC's Operating and ESG policies. Hearing no objections, Mr. Rauh indicated the consent agenda was approved as written.

**ITEM 3:** **Director of Investments Report and Action Items**

Mr. Considine reviewed the Director of Investments' report with the Board. He outlined the Portfolio Asset Allocation table and notified the board that as of December 31st the VPIC composite AUM was at $3.9 billion and the allocations were in line with their target allocations. Mr. Considine informed the Board that the addition of the SSgA Barclay's Aggregate Index was complete, funded with $40 Million from the PIMCO Core Plus position, and included in the VPIC portfolio under the diversified fixed income asset class. Mr. Considine mentioned that the consolidation of the VPIC's hedge fund allocation has begun, and that Investments Staff was working on a plan to transition the funds in a low risk, cost-effective manner, consistent with previous funding approaches. Mr. Considine also announced the completion of the transition of the T. Rowe Price large-cap equity position into the SSgA Cap-Weighted Index Fund. Finally, Mr. Considine notified the Board of the departure of PIMCO managing director and generalist portfolio manager Saumil Parikh.

Mr. Rauh asked the Board for feedback on whether the current Proxy Voting Policies required review. The Board agreed it was currently sufficient and that it would be revisited next year.

Dick Charleton and Bob Hooper joined the meeting at 8:50 a.m.

**ITEM 4:** **Discussion Items and Updates**

- **Vermont State Treasurer's Update**

Treasurer Pearce notified the Board that the annual actuarial required contribution for VSTRS and VSERS had been fully funded, and that the Governor's office continues the practice of recommending the full funding of the annual actuarial required contribution. Treasurer Pearce also updated the Board on a number of ESG and shareholder activism efforts that the Treasurer's Office had taken part in, and especially thanked Katie Green for her extensive efforts on

expanding VPIC's range in that area. Finally, Treasurer Pearce updated the Board on the results of the first meeting of the sub-committee on sub-committees.

- **December Flash Report**
- **NEPC Investment Manager Watch List: PIMCO, Schroder**

Mr. Moseley reviewed with the Committee members the December Flash report. NEPC responded to questions posed by the Committee members.

**ITEM 5:** **Asset Allocation Process Overview and NEPC 5-7 Year Capital Market Assumptions**

Mr. Levell reviewed with the Committee members the NEPC 2015 Outlook and responded to questions posed by the Committee members.

**ITEM 6:** **New or Other Business/Public Comment**

None.

**ITEM 7:** **Adjournment**

**Mr. Rauh adjourned the meeting at 10:30 a.m.**

Respectfully submitted,

**Nick Foss**
**Investments Analyst**