



**VERMONT PENSION INVESTMENT COMMITTEE  
JANUARY 26, 2016**

**VPIC Members Present:**

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

**VPIC Member(s) Absent:**

**VPIC Alternate Members Present:**

JEFF BRIGGS, VSERS Alternate, term expiring June 30, 2016  
LINDA DELIDUKA, VSTRS Alternate, term expiring June 30, 2017  
DAVID STARR (PHONE), Governor's Delegate Alternate, term expiring June 30, 2016

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

MEL HAWLEY, VMERS *Alternate*, term expiring June 30, 2016

**Also attending:**

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, NEPC LLC  
Tom Boswell, B&F Financial Analytics  
Andrew J. Haigney, Chittenden & Company  
Austin Davis, 350VT

**CALL TO ORDER:**

The Chair, Mr. Jeffrey, called the Tuesday, January 26<sup>th</sup> meeting to order at 8:30 am, which was held in the Pavilion Auditorium, 109 State Street, Montpelier, VT.

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

The Chair, Mr. Jeffrey, reviewed the agenda with the Committee and, hearing no objection, indicated the agenda was approved as written.

**ITEM 2:      Consent Agenda**

The Chair, Mr. Jeffrey, indicated the items in the Consent Agenda today were the minutes, and after pausing for Committee comment, indicated the consent agenda was approved as written.

**ITEM 3:      Sub-Committee Report**

- **Adopt VPIC Chair Job Description**

The Committee discussed the suggested amendments to the current VPIC Chair Job Description.

**On a motion by Bob Hooper, seconded by Joe Mackey, the Committee unanimously approved a motion to adopt the draft proposals to the VPIC Chair job description as recommended by the VPIC Chair Sub-Committee.**

**ITEM 4:      Appointment of the VPIC Chair**

Committee member Tom Golonka announced his candidacy as a potential VPIC Chair and the Committee decided to enter into executive session in order to discuss his potential appointment.

**On a motion by Beth Pearce, seconded by Bob Hooper, the Committee unanimously approved a motion to enter into executive session for the purpose of discussing the appointment of a public official, and to include the Members and Alternates of VPIC, the Attorney General's Staff, and the Treasurer's Office Investments Staff.**

**The Committee entered Executive Session at 8:49AM**

**The Committee exited Executive Session at 9:34AM**

**On a motion by Karen Paul, seconded by Bob Hooper, the Committee unanimously approved a motion to appoint Tom Golonka as the VPIC Chair effective the adjournment of the January 26, 2016 VPIC meeting.**

- **Adopt VPIC Chair Compensation**

**On a motion by Beth Pearce, seconded by Vaughn Altemus, the Committee approved with one abstention (Tom Golonka) a motion to set the VPIC Chair's salary at 1/3 of the Treasurer's salary.**

- **Adopt VPIC Chair Start Date**

Per the prior motion the new Chair's start date will take place at the adjournment of the January 26, 2016 meeting.

**ITEM 5: Discussion Items and Updates**

- **Vermont State Treasurer's Update**

The Treasurer, Ms. Pearce, presented the Treasurer's Report to the Committee. Ms. Pearce notified the Committee that they are still working with the legislature on a miscellaneous retirement bill, which could include a protection against negative COLA's. Ms. Pearce noted that the unfunded liability still is scheduled to be retired in 2038, but that different ways on how to finance it are being discussed. The Treasurer informed the Committee that the Treasurer and Staff testified on divestment during the month. Ms. Pearce also mentioned that in her capacity as Treasurer she would be attending the United Nations investment climate risk conference and is looking forward to sharing her experience with the Committee at next month's meeting.

- **Discussion re: Committee's Communication Practice**

The Chair, Mr. Jeffrey, recommended that all VPIC members be provided with State email addresses in order to allow members to protect their private email addresses from public records requests. Staff was asked to begin the process of setting up State email addresses for all members.

- **December Flash Report**

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

- **NEPC Investment Manager Watch List: Schroder**

Mr. Moseley indicated that Schroder remains on the NEPC Watch List.

**ITEM 5: Director of Investments Report and Action Items**

Ms. Green reviewed the Director of Investments Report with the Board. She outlined the Portfolio Asset Allocation table and notified the board that, as of December 31<sup>st</sup>, the VPIC composite AUM was at \$3.6 billion and the allocations were in line with their target allocations. Ms. Green highlighted Staff's meeting with Mellon and the write-up included in the Director's Report. Ms. Green reviewed Mellon's current strategy, the evolution of that strategy throughout their inclusion in the VPIC portfolio, and Staff's recommendation that the fund be retained in the VPIC portfolio. The Committee was provided with a summary of the list of downgraded securities within the VPIC portfolio, updated on contract updates, and informed on the final completion of the BERS transition.

- **Discussion of Asset Class Roles within the Portfolio**
  - **Hedge Funds**

This agenda item was moved for discussion at a future meeting.

- **VPIC Portfolio Stress Test**

This agenda item was moved for discussion at a future meeting.

Karen Paul left the meeting at 12:00pm.

A brief lunch was taken from 12:00pm - 12:30pm.

Bob Hooper left the meeting at 12:35PM.

**ITEM 6: Annual Asset Allocation Review**

- **Review VPIC Investment Policy Statement**
- **Review Current Portfolio Strategy**
- **NEPC Capital Market Assumptions**
- **NEPC Preliminary Asset Allocation Recommendations**

Mr. Levell and Mr. Moseley reviewed with the Committee the “*Capital Market Assumptions*” document. Mr. Levell responded to any questions posed by the Committee members.

Mr. Moseley reviewed the mixes with the Committee and received feedback. NEPC was asked to come back with an updated version of the mix of possible asset allocations.

**ITEM 7: NEPC/Staff Deliverables for Upcoming Meetings**

- NEPC will provide updated asset allocation mixes (adjustments to GAA, Hedge Funds & Commodities)

**ITEM 8: Future Agenda Topics/New or Other Business**

None.

**ITEM 9: Public Comment**

Mr. Boswell delivered public comment.

**ITEM 10: Adjourn**

The Chair adjourned the meeting at 2:38PM

Respectfully submitted,  
**Nick Foss**  
**Investments Analyst**