



**VERMONT PENSION INVESTMENT COMMITTEE
MAY 24, 2016**

VPIC Members Present:

TOM GOLONKA, 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
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2019
STEVE JEFFREY, VMERS Representative, term expiring June 30, 2018

VPIC Member(s) Absent:

ROBERT HOOPER, VSERS Representative, term expiring June 30, 2016

VPIC Alternate Members Present:

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2019
DAVID STARR, Governor's Delegate *Alternate*, term expiring June 30, 2016
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2016

VPIC Alternate Member(s) Absent:

MEL HAWLEY, VMERS *Alternate*, term expiring June 30, 2018

Also attending:

Matt Considine, CFA, Director of Investments
Nick Foss, Investments Analyst
Katie Green, Investments Manager
Jaye Pershing-Johnson and Jesse Moorman, Attorney General's Office
Doug Moseley and Chris Levell, NEPC LLC
Robb Kidd, Sierra Club
Austin Davis, 350VT
Collin Fingon

CALL TO ORDER:

The Chair, Mr. Golonka, called the Tuesday, May 24th meeting to order at 8:30 am, which was held in the 4th Floor Governor's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: **Agenda Approval and Announcements**

The Chair, Mr. Golonka, reviewed the agenda with the Committee and asked if any members of the Committee would like to add or amend any agenda items, and hearing no objection, indicated the agenda was approved as written.

ITEM 2: Consent Agenda

The Chair, Mr. Golonka, indicated the items in the Consent Agenda today were the minutes.

On a motion by Steve Jeffrey, seconded by Joe Mackey, the Committee unanimously approved a motion to accept the consent agenda as written.

ITEM 3: Discussion Items and Updates

▪ **Vermont State Treasurer's Update**

Treasurer Pearce notified the Board that the Governor has signed the Miscellaneous Retirement Bill, which should save the taxpayer an estimated \$150 million in future interest payments, as well as pay down the pension systems unfunded liability quicker. In addition, the bill includes an increase in rates for employees, for which the Treasurer thanked participants in taking an active role in investing in the future health of the pension system.

Karen Paul entered the meeting at 8:45AM.

ITEM 4: NEPC's Watch List Protocols & Ratings Process

Mr. Moseley and Mr. Levell reviewed the *NEPC Manager Ratings & Due Diligence Event Process* document with the Committee. NEPC answered any questions from the Committee.

NEPC noted that some clients managed their own internal watch list. Mr. Golonka expressed interest in Investments Staff constructing their own watch list. Investments Staff will begin to include a watch list in the Director of Investments report going forward.

ITEM 5: VPIC ESG Sub-Committee Update

The Chair, Mr. Golonka, and Treasurer Pearce updated the Committee on the current progress of the ESG Subcommittee, which is in the early process of determining the scope and background for a study to be conducted by a third party. In addition, conducting a public forum of select VPIC investment managers who incorporate ESG factors into their investment process was mentioned.

ITEM 6: Director of Investments Report

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 April 30th, the VPIC composite AUM was at \$3.7 billion and the allocation was in line with their target allocations. Mr. Considine noted that a number of manager reviews were provided in the body of the report,

and that Investments Staff would like to remind the Committee of the opportunity to add an additional \$21 million to the Siguler Guff DREOF II Co-Investment Fund. In addition, Mr. Considine updated the Committee on a number of contracts currently in progress, and asked the Committee to approve a 1-year extension to the current NEPC contract.

On a motion by Beth Pearce, seconded by Joe Mackey, the Committee unanimously approved a motion to extend the NEPC contract for 1-year.

Due to the ongoing international real estate search, which is scheduled to be revisited at the next VPIC meeting, the Committee decided to postpone the Siguler Guff investment opportunity decision, and include it in the full international real estate review.

ITEM 7: Portfolio Investment Review FY3Q

Mr. Moseley and Mr. Levell reviewed the *NEPC First Quarter (Calendar Year) Investment Performance Analysis* document with the Committee. NEPC answered any questions from the Committee.

ITEM 8: NEPC/Staff Deliverables for Upcoming Meetings

- Divestment Study (*NEPC*)
- International Real Estate Search (*NEPC*)
- 2nd Quarter Review (*NEPC*)
- Fixed Income Risk Analysis (*NEPC*)
- Internal Manager Watch List (*Investments Staff*)

ITEM 9: Future Agenda Topics/New or Other Business

Mr. Golonka and Treasurer Pearce noted a number of future agenda topics to be considered:

- Roll of Investments Staff/Different Structure Possibilities
- Review on Benchmarks
- Asset Class Overlaps
- Active vs. Passive
- Fixed Income Review
- Risk Management
- Number of Meetings

Mr. Starr noted he would like to have more opportunities to interact with VPIC's investment managers.

Mr. Mackey informed the Committee of his interest to attend the Opal Public Funds Summit in Newport, Rhode Island.

On a motion by Steve Jeffrey, seconded by Vaughn Altemus, the Committee unanimously approved a motion to provide funding not to exceed \$2,000 for Joe Mackey to attend the Opal Public Funds Summit.

Item 10: Public Comment

None.

The Committee adjourned at 11:27AM

Adjournment

Respectfully submitted,

Nick Foss

Investments Analyst