

VERMONT PENSION INVESTMENT COMMITTEE
January 28, 2014

VPIC Members Present:

STEPHEN RAUH, CHAIR

STEPHEN WISLOSKI, Vermont State Deputy Treasurer and BETH PEARCE, VICE-CHAIR,
Vermont State Treasurer

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

THOMAS GOLONKA, VMERS Representative, term expiring June 30, 2016

JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2015

DICK JOHANNESSEN, Governor's Delegate, term expiring June 30, 2014

VAUGHN ALTEMUS, Governor's Delegate, term expiring June 30, 2014

VPIC Member(s) Absent:

None

VPIC Alternate Members Present:

KAREN PAUL, *Alternate* Governor's Delegate, term expiring June 30, 2016

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2017

STEVEN JEFFREY, VMERS *Alternate*, term expiring June 30, 2014

KEVIN GAFFNEY, VSERS *Alternate*, term expiring June 30, 2016

VPIC Alternate Member(s) Absent:

None

Also attending:

Katie Green, Investments Manager

Jaye Pershing-Johnson, Attorney General's Office

Doug Moseley and Chris Levell, NEPC LLC

Michael Travaglini, Grosvenor Capital Management, L.P.

Thomas McGowan, James Corl and Anthony Corriggio, Siguler Guff & Company, LP

Nan Leake, Robert Collins and Tyler Jones, Partners Group

Marc Weidner and Brian Zeiler, Franklin Resources

Jeff Briggs, VSERS Board member

Monica Chiren, Clerk

CALL TO ORDER:

The Chair, Mr. Rauh, called the Tuesday, January 28, 2014 meeting to order at 8:30 a.m., which was held in the 4th Floor Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Agenda Approval and Announcements

The Chair, Mr. Rauh, welcomed Mr. Travaglini from Grosvenor Capital Management to the meeting. The Chair, Mr. Rauh, briefly reviewed the agenda and indicated this was

the first month the Committee would be using the Consent Agenda format. Mr. Hooper requested that the Treasurer's Report be removed from the Consent Agenda until Ms. Pearce was present to discuss it. The Chair, Mr. Rauh, indicated the Treasurer's Report would be moved to Other Business. It was indicated if the Committee members could complete the Standards of Disclosure form and return it to staff it would be greatly appreciated. Mr. Wisloski provided a brief update on the 350.org group. Mr. Hooper indicated members from BERS would be attending the meeting in February in order to hear the asset allocation discussion.

ITEM 2: Consent Agenda

- **Minutes of December 17, 2013**
- **Director of Investments Report**
- **Vermont State Treasurer's Report**
- **Contract Amendments and Renewals**

On a motion by Mr. Hooper, seconded by Mr. Johannesen, the Committee unanimously approved the Consent Agenda with the understanding the Vermont State Treasurer's Report would be discussed under Other Business.

ITEM 3: NEPC Updates

- **December Flash Report**
- **NEPC Investment Manager Watch List: Wellington EMD**

NEPC reviewed with the Committee members the December Flash Report. NEPC responded to the questions posed by the Committee members.

Mr. Moseley indicated there was no update on Wellington EMD and indicated he had sent out an email dated January 22, 2014 to the Committee members regarding the personnel changes at PIMCO. The Committee further discussed the personnel departures from PIMCO, and NEPC added PIMCO to the watch list.

ITEM 4: Approve Permanent VPIC Education Sub-Committee

Mr. Johannesen and Mr. Hooper indicated they had volunteered to be on the Sub-Committee with Mr. Mackey. Mr. Altemus indicated he would serve as a consultant.

On a motion by Mr. Hooper, seconded by Mr. Altemus, the Committee unanimously approved to establish a permanent VPIC Education Sub-Committee.

ITEM 5: Preparation for Annual Asset Allocation Review in February

- **Review VPIC Investment Strategy Framework and Investment Principles**
- **NEPC Updated Capital Market Assumptions**

The Committee discussed the *Asset Class Allocations and 12-Month Trailing Returns as of 30 November 2013* document. NEPC reviewed the *Assumptions and Actions for Clients* document with the Committee members. NEPC responded to the questions posed by the Committee members. Mr. Rauh indicated the asset allocation would be discussed further at the February VPIC meeting.

(Mr. Jeffrey left the meeting during this agenda item.)

NEPC reviewed with the Committee the highlights of the *Real Estate Search Finalists* document. NEPC responded to the questions posed by the Committee members.

(Ms. Pearce entered the meeting and Mr. Wisloski left the meeting at this time.)

(Mr. McGowan, Mr. Corl and Mr. Corriggio entered the meeting at this time.)

ITEM 6: Real Estate Manager Candidate Presentation - Siguler Guff & Company

The presenters from Siguler Guff & Company were introduced and welcomed to the meeting. Mr. McGowan provided the Committee a brief background of Siguler Guff & Company. The presenters from Siguler Guff & Company reviewed their presentation with the Committee members. The representatives from Siguler Guff & Company responded to the questions posed by the Committee.

(Mr. McGowan, Mr. Corl and Mr. Corriggio left the meeting at this time.)

(A recess was taken from 11:10 a.m. to 11:20 a.m.)

(Ms. Leake, Mr. Jones and Mr. Collins entered the meeting at this time.)

ITEM 7: Real Estate Manager Candidate Presentation - Partners Group

The presenters from Partners Group were introduced and welcomed to the meeting. Mr. Collins provided the Committee a brief background of Partners Group. The presenters from Partners Group presented information concerning their funds to the Committee members. The representatives from Partners Group responded to the questions posed by the Committee.

(Mr. Jeffrey returned during this agenda item.)

(Ms. Leake, Mr. Jones and Mr. Collins left the meeting at this time.)

(A luncheon recess was taken from 12:35 p.m. to 1:05 p.m.)

(Ms. Pearce and Ms. Paul were not present for the afternoon session. Mr. Wisloski was present for the afternoon session.)

(Mr. Weidner and Mr. Zeiler entered the meeting at this time.)

ITEM 8: Real Estate Manager Candidate Presentation - Franklin Resources

The presenters from Franklin Resources were introduced and welcomed to the meeting. Mr. Weidner provided the Committee a brief background of Franklin Resources. The presenters from Franklin Resources presented information concerning their funds to the Committee members. The representatives from Franklin Resources responded to the questions posed by the Committee.

(Mr. Jeffrey left during this agenda item.)

(Mr. Weidner and Mr. Zeiler left the meeting at this time.)

(A recess was taken from 2:15 p.m. to 2:31 p.m.)

(Mr. Hooper was not present after the recess.)

ITEM 9: Discuss Presentations/Action

The Committee discussed the three real estate manager presentations. NEPC responded to the questions posed by the Committee members. It was the consensus of the Committee that NEPC and staff would conduct further due diligence relative to the real estate managers and would present their findings at the February meeting, at which time VPIC would make a final selection.

ITEM 10: Economic and Financial Market Dashboard

Ms. Green reviewed with the Committee the economic and financial market dashboard. The Committee discussed the positive and negative factors on the economic and financial market dashboard. Ms. Green reviewed with the Committee the charts on the economic and financial market dashboard.

ITEM 11: New or Other Business/Public Comment

The Chair, Mr. Rauh, indicated the Treasurer's Report was to be discussed under Other Business, but Ms. Pearce was not present and Mr. Hooper, who made the motion to discuss the report later in the meeting, also was not present.

On a motion by Mr. Mackey, seconded by Mr. Golonka, the Committee unanimously agreed to accept the Treasurer's Report as written without discussion.

Mr. Wisloski briefly discussed the constructive engagement portion of the Treasurer's Report with the Committee.

Mr. Rauh indicated NEPC's contract expires on June 30th and that there needed to be a motion to conduct an RFP for an investment consultant.

On a motion by Mr. Golonka, seconded by Mr. Johannesen, the Committee unanimously agreed to direct the Treasurer's staff to issue an RFP for an investment consultant.

ITEM 12: Adjournment

On a motion by Mr. Altemus, seconded by Mr. Johannesen, the Committee unanimously approved to adjourn the meeting at 3:45 p.m.

Respectfully submitted,

Monica Chiren, Clerk