

VERMONT PENSION INVESTMENT COMMITTEE
March 25, 2014

VPIC Members Present:

STEPHEN RAUH, CHAIR
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2015
THOMAS GOLONKA, VMERS Representative, term expiring June 30, 2016
DICK JOHANNESSEN, Governor's Delegate, term expiring June 30, 2014
VAUGHN ALTEMUS, Governor's Delegate, term expiring June 30, 2014

VPIC Member(s) Absent:

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

VPIC Alternate Members Present:

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

VPIC Alternate Member(s) Absent:

None

Also attending:

Stephen Wisloski, Vermont State Deputy Treasurer
Matt Considine, Director of Investments
Katie Green, Investments Manager
Jesse Moorman, Attorney General's Office
Richard M. Charlton, Doug Moseley and Chris Levell, NEPC LLC
Bruce Brittain, Ignacio Galez, Alan Isenberg and Saumil H. Parikh, PIMCO
Barry Bryant, City of Burlington
Rachel Cairns, 350.org
David Plants
Jeff Briggs, VSERS Board member
Monica Chiren, Clerk

CALL TO ORDER:

The Chair, Mr. Rauh, called the Tuesday, March 25, 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, reviewed the agenda with the Committee and indicated the agenda was approved as written. Mr. Altemus indicated he would like to have a book purchased.

On a motion by Mr. Mackey, seconded by Mr. Johannesen, the Committee unanimously approved the purchase of the Structured Finance & Collateralized Debt Obligation book written by Janet M. Tavakoli for Mr. Altemus.

Mr. Mackey indicated he would like to attend the Public Funds Summit East. Mr. Rauh indicated once he had the required information it would be added as an agenda item for approval.

ITEM 2: Consent Agenda

- **Minutes of February 25, 2014 – Regular Meeting**
- **Routine Contract Amendments and Renewals**

The Chair, Mr. Rauh, indicated the items in the Consent Agenda today were the minutes and routine contract amendments and renewals, although there were no contracts to consider. The Chair, Mr. Rauh, indicated the other items have been separated from the Consent Agenda to be addressed individually.

On a motion by Mr. Johannesen, seconded by Mr. Altemus, the Committee unanimously approved the Consent Agenda.

ITEM 3: Director of Investments Report and Action Items

- **HarbourVest HIPEP VII**

Mr. Considine indicated as of February 28, 2014 the total VPIC assets under management were \$3.83 billion. Mr. Considine indicated as of the end of March the VPIC's portfolio allocation were expected to remain near 32% equities, 33% fixed income, 14.3% alternatives and 20.6% multi-strategy, compared to target allocations of 31.6%, 33%, 15.4% and 20% respectively. Mr. Considine provided the manager updates for Mondrian IE, Acadian and Wellington EMD. Mr. Moseley indicated after NEPC's meeting with Wellington EMD he expects them to be taken off the watch list next month.

Mr. Considine indicated the process and progress of the RFP for the investment consultants. Mr. Mackey suggested a subcommittee be formed.

On a motion by Mr. Mackey, seconded by Mr. Altemus, the Committee unanimously approved the creation of a subcommittee to review the responses to the RFP for the investment consultants to include Mr. Rauh, Ms. Pearce, Mr. Golonka and Mr. Mackey and Mr. Altemus, when available, and to have a recommendation for the April VPIC committee in the meeting.

Mr. Considine and NEPC reviewed the HarbourVest HIPEP VII document with the Committee members. All questions posed by the Committee members were responded

to. NEPC recommended that VPIC increase its commitment to HIPEP VII to \$15 million from the original \$10 million commitment VPIC had approved in May 2013.

On a motion by Mr. Mackey, seconded by Mr. Altemus, the Committee unanimously approved to increase the allocation to the HarbourVest HIPEP VII fund to \$15 million.

Mr. Considine indicated they are on track with the paperwork for Siguler Guff. Mr. Considine indicated Ms. Pearce, Mr. Rauh and he met with a subcommittee of BERS the Burlington City Council examining the Burlington Employees Retirement System and indicated it was a productive meeting. Mr. Considine indicated if any committee members are interested in attending the NEPC conference they should reach out to him, Katie or Dylan.

ITEM 4: Discussion Items and Updates

- **Vermont State Treasurer's Update**
- **February Flash Report**
- **NEPC Investment Manager Watch List: Wellington EMD, PIMCO**

Ms. Pearce provided the legislative update to the Committee, which included an update of the divestment bill and the miscellaneous retirement bill. Ms. Pearce discussed the funding for the Teachers' health care, and how it would fit in with a single payer system. Ms. Pearce responded to the questions posed by the Committee members.

Mr. Moseley reviewed the February Flash Report with the Committee and responded to any questions they had.

Mr. Moseley indicated they would be meeting with Wellington EMD next month and expected that they would be taken off the Watch List next month. Mr. Moseley indicated they will be meeting with PIMCO today.

(Mr. Briggs and Ms. Cairns left the meeting at this time.)

ITEM 5: Introduction to PIMCO Presentation

Mr. Moseley briefly reviewed with the Committee members the reason for PIMCO's presentation today and what he expected them to cover in their presentation.

(A recess was taken from 9:57 a.m. to 10:02 a.m.)

(Mr. Brittain, Mr. Galez, Mr. Isenberg and Mr. Parikh entered the meeting at this time.)

ITEM 6: PIMCO Presentation and Discussion

The presenters from PIMCO were introduced and welcomed to the meeting. Mr. Isenberg indicated the areas they would discuss during their presentation and started with the recent leadership changes. The presenters from PIMCO reviewed their presentation with the Committee members. The representatives from PIMCO responded to the questions posed by the Committee.

(Ms. Pearce and Mr. Wisloski briefly left and then returned to the meeting during this agenda item.)

(Mr. Brittain, Mr. Galez, Mr. Isenberg and Mr. Parikh left the meeting at this time.)

(Mr. Charlton left the meeting at this time.)

(A luncheon recess was taken from 12:07 p.m. to 12:45 p.m.)

ITEM 7: Annual Asset Allocation Review (continued)

- **Review Portfolio Strategic Framework**
- **Develop 2014 Portfolio Work Plan**

Mr. Moseley reviewed with the Committee members the *Asset Allocation Review & Discussion* document. The four mixes were discussed in detail. NEPC discussed the portfolio work plan. Mr. Moseley and Mr. Levell responded to the questions posed by the Committee members. The Committee agreed to leave the current policy allocation in place for the coming year.

ITEM 8: Economic and Financial Market Dashboard

Mr. Considine 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. The Committee discussed the charts on the economic and financial market.

ITEM 9: New or Other Business/Public Comment

Mr. Plants thanked the Committee for allowing him to attend the meeting.

ITEM 10: Adjournment

On a motion by Ms. Pearce, seconded by Mr. Mackey, the Committee unanimously approved to adjourn the meeting at 2:00 p.m.

Respectfully submitted,

Monica Chiren, Clerk