



**VERMONT PENSION INVESTMENT COMMITTEE
JULY 22, 2014**

DRAFT; NOT YET APPROVED BY COMMITTEE

VPIC Members Present:

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

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

KAREN PAUL, Governor's Delegate, term expiring June 30, 2018

VPIC Member(s) Absent:

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

VPIC Alternate Members Present:

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

STEVEN JEFFREY, VMERS *Alternate*, term expiring June 30, 2018

VPIC Alternate Member(s) Absent:

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

[Vacant], *Alternate* Governor's Delegate, term expiring June 30, 2016

Also attending:

Matt Considine, Director of Investments

Nick Foss, Investments Analyst

Jaye Pershing-Johnson and Jesse Moorman, Attorney General's Office

Doug Moseley and Chris Levell, NEPC LLC

Kathryn Blume, Creative Roustabouts and 350VT.org

CALL TO ORDER:

The Chair, Mr. Rauh, called the Tuesday, July 22, 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.

Ms. Pearce made the committee aware that she would be leaving at 11:00am for a brief meeting, but would return afterwards.

ITEM 2: Consent Agenda

- **Previous VPIC Meeting Minutes**
- **Routine Contract Amendments and Renewals**

The Chair, Mr. Rauh, indicated the items in the Consent Agenda today were the minutes and there were no contracts to consider at this time.

On a motion by Steve Jeffrey, seconded by Bob Hooper, the Committee unanimously approved the Consent Agenda.

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 June 30th the composite AUM was at \$4.02B and that the allocations across the portfolio were expected to be in line with the target allocations. Mr. Considine informed the Board that the investments staff had a manager update meeting with PIMCO, which involved introductions to new staff on both sides, a discussion of portfolio performance, and a review of an analysis completed by PIMCO that primarily focused on different projected benefit streams for each of the three systems. Intended to serve as a prelude to the discussion on asset and liability risks, PIMCO's analysis primarily focused on different measures of duration. Mr. Considine also alerted the staff that the NEPC contract had been finalized on June 30th and that the maximum amount for the SSGA ACWI contract was extended.

ITEM 4: Discussion Items and Updates

- **Vermont State Treasurer's Update**
- **Previous Month's Flash Report**
- **NEPC Investment Manager Watch List**

Treasurer Pearce provided an update on a number of various administrative items, as well as, congratulated Karen Paul on her first VPIC meeting as a full member. Treasurer Pearce noted that there would be a meeting with representatives from 350VT in July, and also that our current and past custodians would be asked about foreign exchange fees, in light of recent news flow.

Mr. Moseley reviewed the previous month's Flash Report with the Committee and responded to any questions they had. PIMCO and Schroder remain on the NEPC Watch List with no new additions.

On a motion by Beth Pearce, seconded by Vaughn Altemus, the Committee unanimously approved an increase in the Chair's salary to be in line with the statutory limit.

ITEM 5: Asset/Liability Risk Management Project Proposal

Chairmen Rauh, Mr. Considine, and Treasurer Pearce led the Committee in a discussion regarding the asset/liability risk management project. The Committee reviewed a handout that included a number of graphs, which was populated by historical plan data.

The Chair, Mr. Rauh, indicated that the Treasurer's staff and he would report back to the Committee at the next meeting with more details.

Mr. Moseley and Mr. Levell reviewed with the Committee the research they conducted on the individual plans in regards to the asset liability risk management project the board has been engaged in.

Treasurer Pearce left the meeting at 10:55AM.

The Chair, Mr. Rauh, concluded the discussion by outlining the next steps to be taken, namely:

- Creating a full database for VSTRS and VMERS
- Assess how some data may be forecasted
- Incorporate probabilities of paying scenarios
- Miscellaneous changes to the charts

ITEM 6: Economic and Financial Market Dashboard

Mr. Considine reviewed with the Committee the economic and financial market dashboard. The Committee, staff and NEPC discussed the ebb and flow of the markets during the month of June and July. The Committee discussed charts outlining the quarterly US GDP and unemployment numbers released and its underlying inputs.

Treasurer Pearce returned to the meeting at 11:20AM.

ITEM 7: New or Other Business/Public Comment

Kathryn Blume Executive Director Creative Roustabouts and Board Chair of 350VT delivered testimony on fossil fuel divestment.

ITEM 8: Adjournment

On a motion by Bob Hooper, seconded by Beth Pearce, the Committee unanimously approved to adjourn the meeting at 12:23p.m.

Respectfully submitted,

Matthew Considine, CFA
Director of Investments