

VERMONT PENSION INVESTMENT COMMITTEE

October 16, 2007

Members Present:

WARREN WHITNEY, Chairman, VSERS, VSEA member (term expiring September, 2008)
VAUGHN ALTEMUS, Vice-Chairman, VSTRS representing Commissioner of Education
JEB SPAULDING, VT State Treasurer
DAVID HERLIHY Representing LINDA McINTIRE, VSERS Commissioner of Human Resources
JAMES REARDON, VSERS Commissioner of Finance & Mgmt
KEVIN GAFFNEY, VSEA member (term expiring September 2009)
KAJ SAMSOM, VSEA Alternate (term expiring September 2009)
DICK JOHANNESSEN, VSERS Governor's Delegate
JOE HEALY, Retired Vermont State Employees' Association (term expiring September, 2008)
JON HARRIS, VSTRS (Active No. 25669), (term expiring July 1, 2011)
JOSEPH MACKKEY, VSTRS (Active No. 29334), (term expiring July 1, 2009)
JAY KAPLAN, VSTRS, Association of Retired Teachers of Vermont, (term expiring July 1, 2008)
STEVEN JEFFREY, VMERS Employee Representative (term expiring July 1, 2010)
DAVID LEWIS, VMERS Employer Representative (term expiring July 1, 2009)
STEPHEN RAUH, VMERS Governor's Delegate

Members Absent:

W. JOHN MITCHELL, II, VMERS Employee Representative (term expiring July 1, 2008)
ROBERT HOOPER, VSEA member (term expiring September 2008)
THOMAS CANDON, VSTRS, representing Commissioner of BISHCA

Also attending:

Donna Holden, Clerk
David Minot, Director of Finance and Investments
Jaye Pershing-Johnson, Assistant Attorney General
Chris Levell, NEPC

CALL TO ORDER:

The Chairperson, Warren Whitney, called the Tuesday, October 16, 2007 *conference call* meeting to order at 1:10 p.m., which was held at the Treasurer's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Due Diligence Reports on Logan Circle and Aberdeen

Mr. Minot reviewed the information previously provided via e-mail on October 12, 2007. Mr. Levell concurred with the report and advised that NEPC supported the transition to Logan Circle Partners. Mr. Johannesen requested follow-up information regarding the risk management profile/model used by the manager. Mr. Levell also verified that a GIPS certification would be owned by the Logan Circle team, in recognition of their past experience with Delaware Investments.

Mr. Mackey joined the meeting during the next item.

Mr. Jeffrey joined the meeting during the next item.

Mr. Harris left the meeting during the next item.

ITEM 2: Approval to Contract with Logan Circle

On a motion by Mr. Spaulding seconded by Mr. Altemus, the Committee unanimously voted to approve the termination of the core fixed income relationship with Delaware Investments consistent with a transition to Logan Circle Partners, and to contract with Logan Circle Partners for the management of approximately \$625 million in their *core plus* fixed income product.

The Committee discussed the proposed fee schedule. Mr. Spaulding advised the Committee that a Bulletin 3.5 sole source waiver had been submitted to the Secretary of Administration to and to request pre-approval of the contracting plan.

ITEM 3: Approval to Initiate a GAA Manager Search

Mr. Minot reminded the Committee that at the August 15, 2007 meeting, that the Committee voted to reassign the Global Asset Allocation manager PIMCO All Asset to the fixed income space, leaving a GAA manager vacancy to be filled.

On a motion by Mr. Kaplan seconded by Mr. Spaulding, the Committee unanimously voted to authorize an advertized search to be conducted by NEPC for a replacement GAA manager.

ITEM 4: Approval to Extend the Green Mountain Capital Partnership

Mr. Whitney reviewed the extension proposal and explained the purpose of this extension would be to best manage the GMC remaining investments focusing on eCopy.

Mr. Spaulding advised the VPIC that the VSERS and VMERS Board held a joint meeting to discuss the matter and reached a consensus on the recommendation before the Committee.

On a motion by Mr. Spaulding seconded by Mr. Kaplan, the Committee unanimously voted to extend the Green Mountain Capital Partnership agreement until December 31, 2008, and authorize the VPIC Chair to sign the contract amendment, subject to the General Partners acknowledgement that any additional extensions beyond the 12/31/08 date would require a two-thirds limited partners approval.

ITEM 5: Approval for UBS Conversion to REIT

Mr. Minot explained that UBS RESA would be converting from an insurance company RESA into a private REIT. He said following conversion of the RESA into the REIT, VPIC would own units of Limited Partnership Interest in the Trumbull Property Fund LP., with a new memorandum covering the investment objectives and operations of the fund, which would essentially be the same for the new LP as for the RESA, that is to invest in core properties in the United States.

He explained he had recently received documentation on this conversion, and regrettably the Limited Partnership Agreement had not yet been made available by UBS. The Attorney General's Office indicated they would therefore not be able to render a recommendation for this meeting, therefore, it would be recommended to defer voting on this matter until a more complete review of documentation and dialogue with UBS on all contract matters is possible.

ITEM 6: Any New or Other Business to Come Before the Committee

Mr. Spaulding advised the Committee that pursuant to the Committee's direction, appropriate due diligence had been conducted at Aberdeen, therefore the Treasurer's Office would move forward with the contracting matters.

Adjournment

On a motion by Mr. Spaulding seconded by Mr. Jeffrey, the Board unanimously voted to adjourn at 2:10 p.m.

Next Meeting Date:

November 27, 2007 – Investment Search Subcommittee meeting

November 28, 2007 - Full VPIC meeting

Respectfully submitted,

Donna Holden, Clerk