

VERMONT PENSION INVESTMENT COMMITTEE
September 22, 2009

VPIC Members Present:

JEB SPAULDING, VICE-CHAIR, VT State Treasurer
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2011
WARREN WHITNEY, VSERS Representative, term expiring June 30, 2012
DICK JOHANNESSEN, Governor's Delegate, term expiring June 30, 2010
MICHAEL K. SMITH, Governor's Delegate, term expiring June 30, 2012

VPIC Member(s) Absent:

STEPHEN RAUH, CHAIR, VMERS Governor's Delegate, term expiring June 30, 2010

VPIC Alternate Members Present:

VAUGHN ALTEMUS, *Alternate* Governor's Delegate, term expiring June 30, 2010
JON HARRIS, VSTRS *Alternate*, term expiring June 30, 2011
STEVEN JEFFREY, VMERS *Alternate*, term expiring June 30, 2010 – **arrived later in the meeting**
ROBERT HOOPER, VSERS *Alternate*, term expiring June 30, 2012 – **arrived later in the meeting**

VPIC Alternate Member(s) Absent:

None

Also attending:

Donna Holden, Clerk
Stephen Wisloski, Director of Investment and Debt Management
Linda Deliduka, VSTRS *Alternate*, Retired Teachers' Association
Kevin Kondry, NEPC
Bill Griffin, Chief Assistant Attorney General
Jaye Pershing-Johnson, Assistant Attorney General
Michael Kennedy, VT Law School
Investment Managers

CALL TO ORDER:

The Vice Chair, Jeb Spaulding, called the Tuesday, September 22, 2009, meeting to order at 8:03 a.m., which was held in Room #10 of the Vermont Statehouse, State Street, Montpelier, VT.

ITEM 1: **Agenda Approval**

Hearing no objections, the agenda was accepted.

ITEM 2: **Minutes**

- **Approve the Minutes of August 18, 2009 – Regular meetings**
- **Approve the Minutes of August 19, 2009 – Regular meetings**

On a motion by Mr. Johannesen seconded by Mr. Mackey, the Committee unanimously voted to approve the minutes of August 18, 2009, as discussed.

On a motion by Mr. Johannesen seconded by Mr. Mackey, the Committee unanimously voted to approve the minutes of August 19, 2009, as discussed.

ITEM 3: NEPC Overview of Manager Presentations

Along with the Committee, Mr. Kondry reviewed the managers, mandates, attributes, etc. of each of the firms selected as potential candidates.

ITEM 4: Manager Presentations

- **Gresham Investment Management, LLC**

Jonathan Berland, Managing Director, Investment Solutions and Client Services, appeared before the Committee.

- **Schroder Investment Management, North America Inc.**

Eric Nelson, US Alternatives Director and Portfolio Manager, and Shaun Levesque, Head of International Sales, appeared before the Committee.

Steve Jeffrey arrived at the meeting during the next item.

Bob Hooper arrived at the meeting during the next item.

- **Wellington Management Company, LLP**

David Chang, Vice President and Commodities Portfolio Manager, and David Eikenberry, Senior Vice President, Partner, and Director, American Pension Funds, appeared before the Committee.

Mr. Hooper left the meeting.

ITEM 5: Director of Investment and Debt Management Report

Mr. Wisloski updated the Committee on a number of matters, including rebalancing, real estate capital calls and updates of valuations. Mr. Kondry also contributed to the real estate information and advised that Transwestern was in the same situation as RREEF with respect to write-down valuations and financing liabilities.

ITEM 5: Contract Follow-Ups

Ms. Pershing-Johnson distributed a memo describing the status of contract negotiations for three current managers, PIMCO Core Plus FI strategy, KDP guideline exceptions, and Wellington EMD contract.

The Committee discussed and agreed to support the PIMCO recommendations of the AG's Office, per the memo, to accept option one permitting the use of derivatives and to choose option two to decline the waiver of CFTC disclosure option.

The Committee discussed and agreed to support the KDP recommendations of the AG's Office, per the memo, to accept the guideline exceptions, with the caveat that the KDP rating can only be used in the absence of a rating by a standard rating agency.

The Committee discussed and agreed to support the Wellington EMD request to establish an investment transition account with no limitations for a month while building the portfolio.

ITEM 6: Discuss Presentations

The Committee discussed and agreed they still supported the 2% allocation to the commodities sector.

NEPC agreed to provide further data at the October meeting regarding active vs. passive management, and to provide performance and volatility analysis of the SSgA Commodity Index vs. the Gresham VTAP, Gresham A fund, and Schroder's product.

ITEM 7: Action Items

- **Discuss/Approve Education Policy #4-009**

On a motion by Mr. Smith seconded by Mr. Whitney, the Committee unanimously voted to approve the Education Policy #4-009, with the amendment to remove the last sentence in the first paragraph of page 3, "Attendance at... granted by VPIC".

- **Discuss/Approve Amendment to Travel and Expenses Policy #9-005**

On a motion by Mr. Mackey seconded by Mr. Whitney, the Committee unanimously voted to approve the amendment to the Travel and Expenses Policy #9-005, with removal of the word "other" from #2.

- **Discuss/Possible Action: Request by Treasurer's Office and Vermont Law School (VLS) to Represent VPIC on the Global Warming Shareholders Campaign**

Mr. Kennedy appeared before the Committee to discuss the request for approval to represent the VPIC. Mr. Spaulding also distributed further information regarding the Investor Network on Climate Risk and CERES, a network of investors organized to address global climate change.

Members of the Committee felt they were not sufficiently be versed on the issues that may come before the Committee and were concerned with the level of communication needed to be engaged in approval of the motion.

On a motion by Mr. Mackey seconded by Mr. Spaulding, the Committee voted to authorize Michael Kennedy/VLS and the Treasurer's Office work with the INCR and GWSC to create up to three resolutions, which will be subject to the approval of the VPIC prior to actual filing. Motion passed 5-1, Mr. Jeffrey voted no.

ITEM 8: Any Other Business to Come Before the Committee

None

ITEM 9: Adjournment

Hearing no objection, Mr. Spaulding declared the meeting adjourned at 3:28 p.m.

Respectfully submitted,

Donna Holden, Clerk