

VERMONT PENSION INVESTMENT COMMITTEE

November 24, 2009

VPIC Members Present:

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

JEB SPAULDING, VICE-CHAIR, VT State Treasurer

JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2011

DICK JOHANNESSEN, Governor's Delegate, term expiring June 30, 2010

VPIC Member(s) Absent:

WARREN WHITNEY, VSERS Representative, term expiring June 30, 2012

MICHAEL K. SMITH, Governor's Delegate, term expiring June 30, 2012

VPIC Alternate Members Present:

STEVEN JEFFREY, VMERS *Alternate*, term expiring June 30, 2010

JON HARRIS, VSTRS *Alternate*, term expiring June 30, 2011

VAUGHN ALTEMUS, *Alternate* Governor's Delegate, term expiring June 30, 2010

VPIC Alternate Member(s) Absent:

ROBERT HOOPER, VSERS *Alternate*, term expiring June 30, 2012

Also attending:

Donna Holden, Clerk

Stephen Wisloski, Director of Investment and Debt Management

Beth Pearce, Deputy Treasurer

Bill Griffin, Chief Assistant Attorney General

Jaye Pershing-Johnson, Assistant Attorney General

CALL TO ORDER:

The Chair, Steve Rauh, called the Tuesday, November 24, 2009, meeting to order at 8:35a.m., which was held in the 4th Floor Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Prior Day Follow-Up/Carryover

The Committee discussed items from the November 23rd meeting, including securities lending. Mr. Wisloski was asked to follow-up regarding possible use of "non-cash collateral" to reduce exposure to the Quality D program, on-going risk and return analysis, and whether the VPIC would have option to withdraw from certain lending securities practices.

Mr. Johannesen questioned whether a Tuck professor might be available to provide a 1-2 hour educational seminar on risk management. **The Committee agreed** it could be an option at a later date.

Ms. Pearce confirmed real estate values in the state's financial statements were based on market value.

The Committee recommended Mr. Wisloski investigate obtaining trial access to the State Street Bank "Desktop" product.

ITEM 2: Director of Investment & Debt Management Report

Mr. Wisloski reviewed his November 24, 2009 Director's report distributed.

ITEM 3: Annual Review of Key Service Providers

- **State Street Bank & Trust Company (Custodian Services)**
- **ISS/RISKMETRICS (Proxy Voting and Terrorist/Genocide Monitoring)**
- **NEPC**

At 9:26 a.m. on a motion by Mr. Mackey seconded by Mr. Altemus, the Committee unanimously voted to enter into executive session pursuant to Title 1 § 313 to discuss contractual matters.

Mr. Griffin, Ms. Johnson, Ms. Pearce, Mr. Wisloski, and Mrs. Holden were invited into the executive session.

At 11:03 a.m. the Committee exited executive session.

ITEM 4: VPIC Self Evaluation

- **Discuss/Approve Draft of VPIC Letter to Legislature**

Mr. Spalding explained the reason for the legislative mandate to provide a report was based on uncertainty at the time the current VPIC model was created and whether the Committee should be seven or six members.

The Committee agreed their efforts to work toward consensus, and the smaller more efficient structure was much more constructive. They also agreed longevity and continuity was critical to ensure its success.

Mr. Griffin confirmed the AG's Office had contact with many boards throughout the state and would consider the chairmanship of the VPIC a "near professional" position, which could support a proposal to make it a paid position.

The Committee agreed given the current economic situation in Vermont, and lack of support from all members, it would not be the opportune time to seek a legislative change to increase the member participation payment to non-state employee members and/or the Chair.

On a motion by Mr. Spaulding seconded by Mr. Altemus, the Committee unanimously voted to approve the letter to the legislature, as required by Act 100, with the elimination of the recommendations section.

ITEM 5: Special Agenda Items for 2010/Education Plan

The Committee discussed potential educational opportunities including hosting a northern New England consortium with neighboring states regarding risk management, global trends – international vs. domestic, rebalancing processes, etc.

ITEM 6: Any Other Business to Come Before the Committee

None

ITEM 7: Adjourn

Hearing no objection, Mr. Rauh declared the meeting recessed at 12:11p.m.

Respectfully submitted, *Donna Holden*, Clerk