



**VERMONT PENSION INVESTMENT COMMITTEE
JANUARY 31, 2017**

VPIC Members Present:

TOM GOLONKA, CHAIR
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer
PETER AMONS, VMERS Representative, term expiring June 30, 2018
ROBERT HOOPER, VSERS, term expiring June 30, 2020
KAREN PAUL, (phone) Governor's Delegate, term expiring June 30, 2018
JOSEPH MACKKEY, (phone) VSTRS Representative, term expiring June 30, 2019

VPIC Members Absent:

VAUGHN ALTEMUS, Governor's Delegate, term expiring June 30, 2018

VPIC Alternate Members Present:

LINDA DELIDUKA (phone), VSTRS *Alternate*, term expiring June 30, 2019
STEVE JEFFREY, VMERS *Alternate*, term expiring June 30, 2018
JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2020

VPIC Alternate Members Absent:

DAVID STARR, Governor's Delegate *Alternate*, term expiring June 30, 2016

Also attending:

Matthew Considine, Director of Investments
Katie Green, Investments Manager
Andy Cook, Investments Analyst
Bill Griffin, Jesse Moorman, Attorney General's Office
Representative Adam Greshin, Vermont Legislature
Margaret Belmondo, Chris Levell, NEPC LLC
Kathryn DeNitto, State Street Bank & Trust
Austin Davis, 350Vermont.org

CALL TO ORDER:

The Chair, called the Tuesday, January 31st meeting to order at 8:34 am, which was held in the Governor's Conference Room, 109 State Street, Montpelier, VT.

ITEM 1: Agenda Approval and Announcements

The Chair reviewed the agenda with the Committee and asked if any members of the Committee would like to add or amend any agenda items.

On a motion by Treasurer Pearce, seconded by Robert Hooper, the Committee unanimously approved the agenda as written.

ITEM 2: Consent Agenda

The Chair indicated the items in the Consent Agenda today were the minutes and routine contract amendments and renewals.

On a motion by Treasurer Pearce, seconded by Robert Hooper, the Committee unanimously approved the consent agenda as written.

ITEM 3: Discussion Items and Updates

- **Vermont State Treasurer's Update**

The Treasurer, Ms. Pearce, presented the Treasurer's Report to the Committee. Ms. Pearce updated the Committee on the ongoing Actuarial Services Contract RFP, and also previewed the upcoming February 16th VPIC ESG Sub-Committee meeting. Ms. Pearce then responded to questions posed by the Committee.

- **NEPC's Update**

Ms. Belmondo presented the *December 2016 Flash Report* to the Committee. Ms. Belmondo and Mr. Levell responded to questions posed by the Committee.

ITEM 4: Director of Investments Report

Mr. Considine reviewed the Director of Investments Report with the Board. He notified the Committee that after the December cash flows the VPIC allocations were in-line with their target allocations. Ms. Green presented Investment Staff's recommended changes to the VPIC's Investment Policy Statement's rebalancing policy. These recommendations were created with input from NEPC and the Attorney General's office. Mr. Considine and Ms. Green responded to questions posed by the Committee.

On a motion by Treasurer Pearce, seconded by Robert Hooper, the Committee unanimously approved Investment Staff's recommendation to change the VPIC Investment Policy Statement to reflect that asset class or manager deviations from the target policy of greater than twenty percent (20%) will be candidates for rebalancing.

Mr. Considine provided an update to the Committee on current contracts in progress.

Treasurer Pearce moved and Karen Paul seconded that premature public discussion of contract negotiation with Crow Holdings Capital will substantially disadvantage the VPIC by disclosing its negotiation strategy and confidential attorney-client communications. The Committee voted to unanimously approve the motion.

The Treasurer moved and Robert Hooper seconded that the Committee enter into executive session to discuss contract negotiation with Crow Holdings Capital pursuant to Title 1, Section 313(a)(1)(A) & (F) of the Vermont Statutes. The Committee voted to unanimously enter executive session at 9:12 a.m. At the request of the Committee, members of the Attorney General's Office, Investments Staff, and NEPC Representatives were asked to remain in the room during Executive Session.

The Committee exited Executive Session at 9:30 am.

On a motion by Treasurer Pearce, seconded by Peter Amons, the Committee unanimously approved a motion to authorize Investments Staff and the Attorney General's office to terminate contract negotiations with Crow Holdings Capital.

The Treasurer moved and Peter Amons seconded to authorize NEPC to initiate a new search for an International Real Estate manager for an anticipated investment of up to \$100,000,000. The committee approved the motion unanimously.

ITEM 5: Review Capital Market Assumptions

Mr. Levell and Ms. Belmondo from NEPC reviewed the *NEPC 2017 Themes, Actions and Opportunities* with the Committee. Ms. Belmondo and Mr. Levell responded to questions posed by the Committee.

ITEM 6: NEPC/Staff Deliverables for Upcoming Meetings

- NEPC will present on the implementation of the asset allocation across investment managers at a meeting following the VPIC's vote on the VPIC Policy targets for 2017.
- The Committee requested that Staff work with NEPC to develop a review of various fixed income allocation options that would best fit the three sub-plans' asset/liability profiles. The Committee requested that the review include a joint recommendation by Staff and NEPC for an allocation to fixed income specific to each sub-plan, which could possibly take the form of a long term glide path. The Committee requested this review be presented during the January – March VPIC meetings addressing the VPIC asset allocation.

- Treasurer's office Staff will organize a Risk Parity panel discussion for a calendar year 1Q17 VPIC Meeting, with preference for the February 28th meeting.
- NEPC will initiate a search for an International Real Estate manager for an anticipated investment of up to \$100,000,000.

ITEM 7: Future Agenda Topics/New or Other Business

ITEM 8: Public Comment

Kathryn DeNitto from State Street Bank & Trust addressed the Committee.

ITEM 9: Adjournment

**Joseph Mackey moved and Peter Amons seconded that the meeting be adjourned.
The Committee unanimously approved the motion to adjourn the meeting at 11:05 AM.**

Respectfully submitted,

Investments Staff