



**VERMONT PENSION INVESTMENT COMMITTEE
DECEMBER 11, 2018**

VPIC Members Present:

TOM GOLONKA, CHAIR
MICHAEL CLASEN, Deputy State Treasurer, designee for BETH PEARCE, VICE-CHAIR,
Vermont State Treasurer
VAUGHN ALTEMUS, (phone) Governor's Delegate, term expiring June 30, 2018
KAREN PAUL, (phone) Governor's Delegate, term expiring June 30, 2018
PETER AMONS, VMERS Representative, term expiring June 30, 2022
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2019
ROBERT HOOPER, (phone) VSERS, term expiring June 30, 2020

VPIC Members Absent:

None.

VPIC Alternate Members Present:

LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2019
KIMBERLY GLEASON, (phone) VMERS *Alternate*, term expiring June 30, 2022
JEFF BRIGGS, (phone) VSERS *Alternate*, term expiring June 30, 2020
DAVID STARR, (phone) Governor's Delegate *Alternate*, term expiring June 30, 2020

VPIC Alternate Members Absent:

None.

Also attending:

Eric Henry, Chief Investment Officer
Katie Green, Investments Manager
Andy Cook, Investments Analyst
David Borsykowsky & Jesse Moorman, Vermont Attorney General's Office
Steve Weddle, JP Morgan

CALL TO ORDER:

The Chair called the Tuesday, December 11th meeting to order at 8:30 am, which was held via conference call.

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 Joseph Mackey, seconded by Peter Amons, the Committee unanimously approved the agenda as written.

ITEM 2: Consent Agenda

The Chair indicated the only items on the Consent Agenda today were approval of the minutes from the November 27, 2018 VPIC meeting and a contract amendment for ISS.

On a motion by Vaughn Altemus, seconded by Joe Mackey, the Committee unanimously approved the consent agenda.

ITEM 3: Vermont State Treasurer's Update

Deputy Vermont State Treasurer Michael Clasen indicated that there would be no Vermont State Treasurer's Update given.

ITEM 4: Chief Investment Officer Report

Mr. Henry addressed the Committee on recent activities by the Investments Team, as well he outlined the timing of the upcoming asset allocation study which will be happening in conjunction with NEPC, LLC in the first part of 2019.

Ms. Green reviewed the *Staff Report* with the Committee. She provided updates on several investment managers which the Investments Team had met with recently. She provided updates to the Committee on currently outstanding RFPs.

On a motion by Joe Mackey, seconded by Peter Amons, the Committee unanimously approved a directive to Staff to re-post the Proxy Voting vendor RFP with an additional question regarding firms' shareholder engagement capabilities.

Mr. Cook provided an update to the Committee on recent cash flows processed by Staff and shared with the Committee that the annual NEPC Client Conference in Boston will take place May 7-8, 2019.

ITEM 5: Discussion Items and Updates

- **VPIC Policies Review**

Mr. Borsykowsky led a review of VPIC's Operating Policies with the committee. Discussion of the policies ensued and Mr. Borsykowsky responded to questions from the Committee. The Committee took no action .

Chair Golonka created an ad hoc Subcommittee to review VPIC's Operating, Standards of Conduct and Education Policy. Kim Gleason, Vaughn Altemus, and Linda Deliduka were appointed to this Subcommittee.

- **VPIC Vendor Review**

At 9:45 a.m., Joseph Mackey moved and Peter Amons seconded for a finding that the Committee should enter executive session under Title 1 V.S.A. § 313(a) subsection (1) because the Committee wished to discuss matters on which they specifically find that premature public knowledge would clearly place VPIC and the investment portfolio at a substantial disadvantage; and (2) such matters relate to outside vendors and includes:

- Subsection (1)(A) – Pending and prospective contract issues.

The Committee unanimously approved this motion.

Karen Paul moved and Robert Hooper seconded that the Committee enter into executive session pursuant to Title 1 § 313(a)(1)(A). The Committee unanimously voted to enter into executive session.

At 10:06 a.m. the Chair, Thomas Golonka removed the Committee from executive session.

- **VPIC Subcommittee Update**

Joseph Mackey provided an update on the progress of the VPIC Proxy Policy Subcommittee. He indicated that discussions have started with ISS to review suggestions to update the VPIC's Domestic and International Proxy Voting Policies. He indicated that a report from the Subcommittee will be brought to the full VPIC at a future meeting.

ITEM 6: Chair Review

Mr. Golonka turned the Committee over to the Vice-Chair, Treasurer Pearce's delegate Michael Clasen, for the period the Committee needed to review Mr. Golonka's performance as chair.

At 10:12 a.m., Joseph Mackey moved, and Peter Amons seconded for a finding that the Committee have a discussion reviewing the VPIC Chair, and that it would not be appropriate to have such a discussion in an open meeting.

Karen Paul made a motion and Vaughn Altemus seconded to enter executive session pursuant to Title 1 V.S.A. § 313(a)(3). The Committee unanimously voted to enter into executive session.

At 10:55 a.m. Michael Clasen removed the Committee from executive session.

Mr. Clasen turned the Committee over to the Chair, Mr. Golonka.

ITEM 7: NEPC/Staff Deliverables for Upcoming Meetings

- The Committee requested that NEPC, LLC bring a revised Benchmarking Review to a later meeting providing a detailed presentation of the asset allocations employed by the top quartile of fund performers in the Investor Force <\$5 Billion Public Fund Universe. Further the Committee requested that Staff work with NEPC to update a Peer Review which was undertaken several years ago with the objective of investigating the possibility of creating a custom benchmark of funds that have similar characteristics to VPIC.
- The Committee requested that NEPC and Staff work together to present a detailed Index Provider Search Book focused on Blackrock, Mellon Capital, Northern Trust and State Street Global Advisors to be presented at a future VPIC meeting. The Committee further instructed Staff and NEPC to keep their recommendations for a provider in a separate document from the full analysis of the providers.
- The Chair created a Subcommittee tasked with reviewing the Domestic and International Proxy Voting Policies, with a report and recommendations to be brought to the VPIC at a later meeting.
- The Chair created a Subcommittee tasked with reviewing VPIC's Operating, Standards of Conduct and Education Policy, with a report and recommendations to be brought to the VPIC at a later meeting.

ITEM 8: Future Agenda Topics/New or Other Business

There was no discussion regarding this agenda item.

ITEM 9: Public Comment

None.

ITEM 9: Adjournment

Joe Mackey moved, and Peter Amons seconded, that the meeting be adjourned. The Committee unanimously approved the motion to adjourn the meeting at 10:59 a.m.

Respectfully submitted,

Investments Staff