

**VERMONT PENSION INVESTMENT COMMITTEE**  
**April 22, 2014**

**VPIC Members Present:**

STEPHEN RAUH, CHAIR  
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer  
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2015  
THOMAS GOLONKA, VMERS Representative, term expiring June 30, 2016  
ROBERT HOOPER, VSERS Representative, term expiring June 30, 2016  
VAUGHN ALTEMUS, Governor's Delegate, term expiring June 30, 2014

**VPIC Member(s) Absent:**

DICK JOHANNESSEN, Governor's Delegate, term expiring June 30, 2014

**VPIC Alternate Members Present:**

KAREN PAUL, *Alternate* Governor's Delegate, term expiring June 30, 2016  
LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2017  
STEVEN JEFFREY, VMERS *Alternate*, term expiring June 30, 2014

**VPIC Alternate Member(s) Absent:**

KEVIN GAFFNEY, VSERS *Alternate*, term expiring June 30, 2016

**Also attending:**

Stephen Wisloski, Vermont State Deputy Treasurer  
Matt Considine, Director of Investments  
Katie Green, Investments Manager  
Nick Foss, Investments Analyst  
Jaye Pershing-Johnson and Jesse Moorman, Attorney General's Office  
Doug Moseley and Chris Levell, NEPC LLC  
W. Fran Peters, Frank Benham and Edward Urban, Meketa Investment Group  
Jeff Briggs, VSERS Board member  
Monica Chiren, Clerk

**CALL TO ORDER:**

The Chair, Mr. Rauh, called the Tuesday, April 22, 2014 meeting to order at 8:30 a.m., which was held in the 4<sup>th</sup> Floor Conference Room, 109 State Street, Montpelier, VT.

**ITEM 1:      **Agenda Approval and Announcements****

The Chair, Mr. Rauh, reviewed the agenda with the Committee and indicated the agenda was approved as written. Nick Foss was introduced to the Committee. Mr. Mackey indicated he would like to attend the Public Funds Summit East Conference July 21 – July 23 with a cost not to exceed \$2,000.00.

**On a motion by Mr. Hooper, seconded by Mr. Altemus, the Committee unanimously approved the request for Mr. Mackey to attend the Public Funds Summit East Conference with a cost not to exceed \$2,000.00**

The Committee discussed the budget for conferences. It was indicated staff would provide further information at the next meeting.

**ITEM 2: Consent Agenda**

- **Minutes of March 25, 2014 – Regular Meeting**
- **Routine Contract Amendments and Renewals**

The Chair, Mr. Rauh, indicated the items in the Consent Agenda today were the minutes and routine contracts, although there were no contracts to consider.

**On a motion by Mr. Altemus, seconded by Ms. Paul, the Committee unanimously approved the Consent Agenda.**

**ITEM 3: Director of Investments Report and Action Items**

Mr. Considine indicated the Asset Allocation sheet was available on the table. Mr. Considine indicated as of March 31, 2014 the total VPIC assets under management were \$3.87 billion with the actual allocations close to target. Mr. Considine indicated both the Harbourvest HIPEP VII and Siguler Guff contracts have been completed. Mr. Considine explained to the Committee the need for the amendment to the MSCI ESG contract.

**On a motion by Mr. Mackey, seconded by Mr. Altemus, the Committee unanimously approved the contract amendment to MSCI ESG.**

Mr. Considine provided the manager updates for Schroder and T. Rowe Price.

**ITEM 4: Discussion Items and Updates**

- **Vermont State Treasurer's Update**
- **March Flash Report**
- **NEPC Investment Manager Watch List: Wellington EMD, PIMCO**

Ms. Pearce indicated they continue to work on the proposal for the Teacher Health Care. Ms. Pearce indicated they are also continuing to work with the auditors relative to GASB 67 and 68. Ms. Pearce advised the Committee they are now full-staffed in the investment areas with the addition of Nick Foss.

Mr. Moseley reviewed the March Flash Report with the Committee and responded to any questions they had.

Mr. Moseley indicated they recommend taking Wellington EMD off the Watch List and indicated PIMCO was still on the list, in addition to Schroder now being added.

**ITEM 5: Investment Consultant Candidate Presentation**

The presenters from NEPC thanked the Committee for allowing them to present. Mr. Moseley and Mr. Levell explained to the Committee the recent personnel departure and personnel changes at NEPC. Mr. Levell and Mr. Moseley responded to the questions posed by the Committee. The presenters from NEPC indicated they were hopeful to retain the business and indicated they would be willing to have a discussion concerning the fees.

(A recess was taken from 10:23 a.m. to 10:32 a.m.)

(Mr. Moseley and Mr. Levell left the meeting.)

(Mr. Peters, Mr. Benham and Mr. Urban arrived at this time.)

**ITEM 6: Investment Consultant Candidate Presentation**

The presenters from Meketa Investment Group were introduced and welcomed to the meeting. Mr. Peters provided an overview of Meketa and indicated they would spend the bulk of their presentation discussing the VPIC portfolio.

(Ms. Pearce briefly left and then returned to the meeting during this agenda item.)

The presenters from Meketa provided their presentation to the Committee. The presenters from Meketa responded to the questions posed by the Committee.

(Mr. Wisloski briefly left and then returned to the meeting during this agenda item.)

(Mr. Peters, Mr. Benham and Mr. Urban left the meeting at this time.)

(A recess was taken from 11:50 a.m. to 11:55 a.m.)

**ITEM 7: Discussion/Decision**

The Chair, Mr. Rauh, led the Committee in a discussion relative to the two presentations. The Committee members provided their views on how the Committee should proceed.

**On a motion by Mr. Mackey moved, with a second by Mr. Hooper, that the Committee moved to open negotiations with NEPC in order to retain them as the investment consultant.**

The Committee further discussed this motion. The Committee discussed the fees of the two presenters.

**Mr. Mackey withdrew his first motion. On a new motion by Mr. Mackey, seconded by Mr. Hooper, Mr. Mackey withdrew his first motion and made the motion that the Committee resolved as follows:**

**WHEREAS, the Committee believes there are two credible candidates for the investment consultant, but recognizes that both have strengths and weaknesses.**

**Now therefore BE IT RESOLVED, and that the Committee authorizes the Treasurer's Office to begin negotiations, subject to Board approval, with NEPC and FURTHER RESOLVED that and if the Treasurer's Office is unsuccessful negotiating fees or other terms the Treasurer's Office will return to the Committee for further guidance.**

The Chair, Mr. Rauh, indicated the Treasurer's staff would report back to the Committee at the next meeting.

**On motion by Mr. Altemus, seconded by Mr. Mackey, the Board voted unanimously to enter Executive Session at 12:35 p.m. pursuant to Title 1, § 313 for the purpose of discussing contract negotiation issues.**

(Ms. Paul and Mr. Wisloski left the meeting during Executive Session.)

(The Board exited Executive Session at 1:00 p.m.)

**ITEM 8: Economic and Financial Market Dashboard**

Ms. Green reviewed with the Committee the economic and financial market dashboard. The Committee discussed the positive and negative factors on the economic and financial market dashboard. The Committee discussed the charts on the economic and financial markets.

**ITEM 9: New or Other Business/Public Comment**

None.

**ITEM 9: Adjournment**

**On a motion by Mr. Hooper, seconded by Mr. Altemus, the Committee unanimously approved to adjourn the meeting at 1:05 p.m.**

Respectfully submitted,

Monica Chiren, Clerk