



**VERMONT PENTION INVESTMENT COMMITTEE
OCTOBER 28, 2014**

VPIC Members Present:

STEPHEN RAUH, CHAIR
BETH PEARCE, VICE-CHAIR, Vermont State Treasurer
VAUGHN ALTEMUS, Governor's Delegate, term expiring June 30, 2018
THOMAS GOLONKA, VMERS Representative, term expiring June 30, 2016
ROBERT HOOPER (PHONE), VSERS Representative, term expiring June 30, 2016
JOSEPH MACKEY, VSTRS Representative, term expiring June 30, 2015
KAREN PAUL (PHONE), Governor's Delegate, term expiring June 30, 2018

VPIC Alternate Members Present:

JEFF BRIGGS, VSERS *Alternate*, term expiring June 30, 2016
LINDA DELIDUKA, VSTRS *Alternate*, term expiring June 30, 2017
STEVEN JEFFREY, VMERS *Alternate*, term expiring June 30, 2016
DAVID STARR, Governor's Delegate *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, Chris Levell, NEPC LLC

CALL TO ORDER:

The Chair, Mr. Rauh, called the October 28, 2014 meeting to order at 8:30 a.m., which was held in the 4th 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.

ITEM 2: **Consent Agenda**

- **Previous VPIC Meeting Minutes**
- **Routine Contract Amendments and Renewals**
(See Attached Consent Agenda)

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

On a motion by Vaughn Altemus, seconded by Beth Pearce, the Committee unanimously approved the Consent Agenda.

ITEM 3: Director of Investments Report and Action Items

Mr. Considine reviewed the Director of Investments Report with the Board. He outlined the Portfolio Asset Allocation table, and delivered a manager update on Guggenheim Investment Partners that consisted of a compliance violation, which was sufficiently resolved by Investments Staff and the Attorney General's office. Mr. Considine also asked the Board whether markets in countries that are deemed appropriate within an investment manager's guidelines, should be opened to that manager for investment. Investments Staff also requested clarification from the Board on VPIC's Terror and Genocide Policy, and specifically, the process Investments Staff should take in order to be compliant when reporting to the Board restricted names that appear on compliance screens conducted by Investments Staff. Finally, Mr. Considine informed the board that the European Central Bank (ECB) will begin charging fees on cash balances, which will be passed onto the VPIC; however Mr. Considine noted the fees are expected to be negligible. Mr. Considine presented to the Board Staff's recommendation on the T. Rowe Price position, which involved terminating the existing T. Rowe Price portfolio and shifting the funds into the SSgA S&P500 Cap Weighted Index fund.

On a motion by Joe Mackey, seconded by Vaughn Altemus, the Committee unanimously approved to have all markets in line with investment manager contract guidelines, and deemed easily accessible by the Attorney General and JP Morgan's omnibus list be opened to VPIC investment managers.

On a motion by Joe Mackey, seconded by Beth Pearce, the Committee unanimously agreed to termination of the T. Rowe Price Structured Research portfolio.

On a motion by Beth Pearce, seconded by Joe Mackey, the Committee unanimously agreed to reconsider the action to terminate the T. Rowe Price Structured Research portfolio.

On a motion by Beth Pearce, seconded by Joe Mackey, the Committee unanimously agreed to amend the original motion to terminate the T. Rowe Price Structured Research portfolio.

On a motion by Beth Pearce, seconded by Joe Mackey, the Committee unanimously agreed to terminate the T. Rowe Price Structured Research portfolio at an indeterminate date subject to staff and NEPC recommendation and board action to determine an alternative strategy or manager.

ITEM 4: Discussion Items and Updates

- Vermont State Treasurer's Update
- Previous Month's Flash Report

- **NEPC Investment Manager Watch List: Schroder, PIMCO**

Ms. Pearce informed the Board that the Treasurer's Office has received the 2014 actuary reports and shared some highlights of the reports. Mr. Moseley reviewed the previous month's Flash Report, as well as the *VPIC Asset Liability & Risk Discussion* with the Committee and responded to any questions they had.

ITEM 5: Review of Fixed Income Allocation

Mr. Moseley and Mr. Levell led the Committee through the *VPIC Fixed Income Performance Review* and answered any questions they had.

ITEM 6: Fixed Income Manager Searches

Mr. Moseley and Mr. Levell led the Committee through the *VPIC Absolute Return Fixed Income Manager Review*. They highlighted the key attributes of the managers to the Committee and answered any questions they had.

On a motion by Joe Mackey, seconded by Beth Pearce, the Board voted unanimously to interview Loomis, Sayles & Company and GAM USA Inc.

ITEM 8: Economic and Financial Market Dashboard

Mr. Foss reviewed with the Committee the economic and financial market dashboard, and the Committee discussed the positive and negative factors listed.

ITEM 9: Discussion of Future Agenda Topics

ITEM 10: New or Other Business/Public Comment

JT Lukens of 350 Vermont addressed the Committee regarding fossil fuel divestment.

ITEM 10: Adjournment

On a motion by Beth Pearce, seconded by Joe Mackey, the Committee voted unanimously to adjourn the meeting at 3:30p.m.

Respectfully submitted,

Nick Foss,
Investments Analyst

CONSENT AGENDA

ROUTINE CONTRACT AMENDMENTS AND RENEWALS

The Treasurer's Office Director of Investments recommends that the Committee adopt the following resolution as part of the consent agenda:

1. Increase Maximum Amount and Contract Term of BlackRock TIPS Contract

WHEREAS, the VPIC entered into a contract dated as of December 1, 2009 (the "Contract"), with BlackRock Institutional Trust, NA ("Contractor"), in order to purchase units of Contractor's BlackRock TIPS fund; and

WHEREAS, the term of the Contract ends on November 30, 2014 and the original maximum Contract amount of \$500,000 is insufficient to compensate the Contractor.

NOW THEREFORE, the Committee hereby resolves to authorize an amendment of the Contract to increase the maximum Contract amount to \$1,200,000 and to extend the term of the Contract by 5 years to November 30, 2019. Further, the Chair, or in his absence the Vice-Chair, is, upon the advice of counsel, authorized to execute the Contract amendment.

2. Increase Maximum Amount and Contract Term of Schroder Commodity LP Contract

WHEREAS, the VPIC entered into a contract dated as of January 1, 2010 (the "Contract"), with Schroder Investment Management, NA Inc. ("Contractor"), in order to purchase units of Contractor's Schroder Commodity LP; and

WHEREAS, the term of the Contract ends on December 31, 2014 and the original maximum Contract amount of \$4,150,000 is insufficient to compensate the Contractor.

NOW THEREFORE, the Committee hereby resolves to authorize an amendment of the Contract to increase the maximum Contract amount to \$19,650,000 and to extend the term of the Contract by 5 years to December 31, 2019. Further, the Chair, or in his absence the Vice-Chair, is, upon the advice of counsel, authorized to execute the Contract amendment.

3. Increase Maximum Amount and Contract Term of Wellington Opportunistic Emerging Markets Debt Contract

WHEREAS, the VPIC entered into a contract dated as of December 1, 2009 (the "Contract"), with Wellington Asset Management Co, LLP ("Contractor"), in order to purchase units of Contractor's Wellington Opportunistic Emerging Markets Debt; and

WHEREAS, the term of the Contract ends on December 31, 2014 and the original maximum Contract amount of \$2,130,000 is insufficient to compensate the Contractor.

NOW THEREFORE, the Committee hereby resolves to authorize an amendment of the Contract to increase the maximum Contract amount to \$9,830,000 and to extend the term of the Contract by 5 years to December 31, 2019. Further, the Chair, or in his absence the Vice-Chair, is, upon the advice of counsel, authorized to execute the Contract amendment.