VERMONT STATE TEACHERS' RETIREMENT SYSTEM
In-House/ Conference Call Meeting of the Board of Trustees
July 13, 2017 – 1:00 p.m.

VSTRS Members present:
JON HARRIS, Chairperson, Active Member Representative, term expiring– July 1, 2019
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2020
BETH PEARCE, Vermont State Treasurer
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2017 – via telephone
DANIEL RADDOCK, Financial Regulation Representative – via telephone
LINDA DELIDUKA, VRTA Alternate Representative, term expiring July 1, 2020
Board members absent:
DEBORA PRICE, representing Secretary of Agency of Education
PERRY LESSING, Active Member Alternate Representative, term expiring July 1, 2017
Also attending:
MATT CONSIDINE, Director of Investments, Treasurer's Office
ANDY COOK, Investments Analyst
DAVID BORSYKOWSKY, Attorney General's Office
CHRISTOPHER LEVELL, MARGARET BELMONDO (phone), NEPC, LLC
KATHLEEN RILEY, MATTHEW STROM, Segal Consulting
MICHAEL CLASEN, Deputy Treasurer
ROGER DUMAS (Chair), THOMAS HANGO (phone), JUDY ROSENSTREICH, JEAN-PAUL ISABELLE,
BETH FASTIGGI, JAY WISNER, NICK FOSS, DAN RADDOCK (phone) VSERS Board
TOM GOLANKA, (Chair), ROBERT HOOPER, KAREN PAUL (phone), VAUGHN ALTEMUS, VPIC Board
PETER AMONS (Chair), DAVID ROWLEE (phone), VMERS Board
MIKE GILBAR, Vermont League of Cities and Towns
DAN POULIOT, Vermont Department of Human Resources
NANCY DIMICK, Retirement Division
DAWN NEDDO, Retirement Division

The Chairperson, Jon Harris, called the Thursday, July 13, 2017 meeting to order at 1:05 p.m., which was held in the Governor's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: Chris Levell from NEPC, LLC presented his report *2017 Long-Term Asset Allocation & NEPC Asset Class Assumptions*. Kathleen Riley and Matthew Strom from Segal Consulting presented their report Review of Investment Return Assumption which included an analysis of inflation factors. Segal Consulting recommended moving to an expected rate of return of 7.5% and NEPC concurred with this recommendation. Segal also recommended moving to a 2.5% inflation factor to investments and COLAs. Mr. Levell, Ms. Riley and Mr. Strom responded to questions posed by members of the committee.

On a motion by Treasurer Pearce, seconded by Mr. Mackey the Board unanimously accepted the recommendation of Segal Consulting to update the expected rate of return for the VPIC portfolio to 7.5%.

On a motion by Treasurer Pearce, seconded by Mr. Mackey, the Board unanimously accepted the recommendation to apply a 2.5% inflation factor to investments and COLAs and resulting assumptions as found on page seven of the Segal Consulting *Retirement Systems of the State of Vermont, Review of Investment Return Assumption* report.

ITEM 2: Approve minutes of June 8, 2017

On a motion by Mr. Mackey, seconded by Treasurer Pearce, the Board unanimously accepted the minutes of the June 8, 2017 VSTRS Board Meeting.

ITEM 3:   **OPEB Services**
There has been an inability to come to terms during negotiations with Buck Consulting/Conduent.

On a motion by Mr. Harris, seconded by Mr. Mackey, the Board unanimously approved to terminate the negotiations with Buck Consulting and approve contracting with Segal Consulting for OPEB services.

Treasurer Pearce made note of the high quality of the materials provided by Segal Consulting.

ITEM 4:   Discuss/ Act on Disability Retirement for
  ➢ Martha Litch

On motion by Treasurer Pearce, seconded by Mr. Mackey, the Board unanimously approved to accept the recommendation of the Medical Review Board for the disability retirement for Martha Litch, with no review.

ITEM 5:   Any other business to come before the board.

None

ITEM 6:   Adjournment

On motion by Treasurer. Pearce, seconded by Mr. Mackey, the Board voted unanimously to adjourn at 3:15 p.m.

Next Meeting Date:

August 8, 2017 9:00 a.m. In-House Meeting, Governor's Conference Room, 4th Floor, 109 State Street Montpelier, Vermont 05609

Respectfully submitted,

Dawn M. Neddo
Program Technician