MAIN PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes
Board of Trustees MainePERS Board Room
Regular Board Meeting Augusta, Maine
January 12, 2017 9:00 a.m.

The Board of Trustees met at 9:00 a.m. on January 12, 2017, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Ben Viola, Vice-Chair, presided. Other Trustees present were Shirrin Blaisdell; Kristi Carlow for Terry Hayes; Peter Leslie; Dick Metivier; and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; Michael Colleran, General Counsel; Monica Gorman, Secretary to the Board of Trustees; and Chris Mann, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by Andrew Sawyer, Chief Investment Officer; Jim Bennett, Deputy Chief Investment Officer; Jim Dusch, Deputy Executive Director, Service Programs; Cara Majeski and Brian McDonnell, Cambridge Associates; and Mark Johnson, Cliffwater.

CONSIDERATION OF THE CONSENT CALENDAR

The Chair called for consideration of the Consent Calendar. The action items on the Consent Calendar were:

1. Minutes of December 8, 2016 Meeting;
2. Decision, Philip Hendricks Appeal;
3. Decision, Beatrice Lewis Appeal;
4. Remand Order, Charles Bocchino Appeal;
5. Dismissal of Lynette Kiernan-Ghoreyeb Appeal;
6. Dismissal of Allyn Lister Appeal;
7. Dismissal of Christopher Mogan Appeal.

➤ Action. Shirrin Blaisdell made the motion, seconded by Ken Williams, to approve the Consent Calendar. Approved unanimously by six Trustees.

PRIVATE MARKETS REVIEW

Private Market Activity

Jim Bennett reviewed the private markets activity for the past 12 months. He also reminded the Board that the next investment manager meeting is scheduled for Tuesday, January 24, 2017, with presentations by EnCap at 9:00 a.m. and Owl Rock at 10:30 a.m. Jim also informed the Trustees that the Investment Team had begun preliminary due diligence related to fundraising by CVC Capital Partners.
Dick Metivier suggested that a periodic discussion on the private market portfolio would be beneficial to the Trustees.

**INVESTMENT REVIEW**

**Investment Monthly Review**

Andrew Sawyer presented the monthly investment report. Andrew reported that as of December 31, the MainePERS fund was valued at $12.63 billion and that the preliminary calendar YTD return was 7.5% net of fees.

Andrew reviewed the investment policy objective stating that the twin goals are to balance the investment returns and minimize investment risks.

*Ken Williams left the meeting at 10:07 a.m.*

**EXECUTIVE SESSION**

➢ **Action.** Peter Leslie made the motion, seconded by Shirrin Blaisdell, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(F); 5 M.R.S. § 17057(4) to discuss non-public information about private market investments. Approved unanimously by five Trustees.

*Ken Williams returned to the meeting at 10:10 a.m.*

*The Board moved back into open session.*

**QUARTERLY INVESTMENT TRAINING**

**Private Market Investment Lifecycle**

Jim Bennett shared an illustration of the lifecycle of a private market investment. Jim answered various questions from the Trustees.

**INVESTMENT POLICY IMPLEMENTATION**

**U.S. Equity Implementation Update**

Jim Bennett provided an overview on the benchmark change to the U.S. equity portfolio that was approved last June by the Trustees. Jim then reviewed the Investment Team’s recommendation on how to transition the U.S. equity investments to strategies consistent with the new benchmark.
Action. Shirrin Blaisdell made the motion, seconded by Kristi Carlow that MainePERS transition its U.S. equity portfolio to one or more separate accounts containing shares in the companies in the Russell 1000 and shares in a Russell 2000 ETF and authorize the Chief Investment Officer as signatory to execute the documents necessary to implement the transition. Approved unanimously by six Trustees.

Risk Management Update

Andrew Sawyer shared with the Board the work done by the Investment Team researching risk management strategies and how they have put together an outline and timetable for future strategy development presentations to the Board.

ADMINISTRATION REPORT

Operations Report

Jim Dusch stated work continues on providing Retirement Services data to the Board that is more useful. Information requested, for example, was a detailed breakdown of refunds -- how many years had they worked, were they vested, were they State employees or teachers, etc. Shirrin Blaisdell shared that a member reached out to her and told her what a wonderful experience the member had with the staff here at MainePERS -- how knowledgeable they were and how well they knew their jobs.

Jim shared that the next Kaizen event will focus on the disability retirement application and medical information packet.

Sale of Gardiner Property

Mike Colleran stated that an RFP is being developed to obtain a realtor for the sale of the property. Mike also shared that the State has chosen a developer for the DOT property that surrounds MainePERS. We received an invitation to meet with the developer and the State to see how we might fit with those plans.

PLD PLAN UPDATE

PLD Advisory Committee Update

Sandy Matheson shared that the PLD Advisory Committee continues to discuss options concerning the cost of the PLD Plan and its funding levels. Sandy stated that within the next couple of months the Committee may be ready to bring changes to the Board for approval.
INTEREST RATES

Mike Colleran informed the Board that the new interest rate for withdrawals of contributions is 2.45% based on the 10-year U.S. Treasury Bond yield as of the last business day of 2016.

BANK RESOLUTION

Mike Colleran indicated that Bangor Savings Bank requires a current list of authorized signatories on file and provided the Board with a proposed resolution authorizing signatories.

➢ Action. Dick Metivier made the motion, seconded by Peter Leslie that the Board adopts the proposed resolution. Approved unanimously by six Trustees.

LTDI REPORT TO THE LEGISLATURE

Sandy Matheson updated the Board on the Appropriations Committee’s request that MainePERS prepare a study on the feasibility of offering long-term disability insurance to its members. The draft report was given to the Board and will be delivered to the Committee by January 18, 2017. The Disability Task Force worked with Mercer in order to get an understanding of the long-term disability options and costs. The costs and various options were reviewed and with the Task Force’s approval will be forwarded to the Legislature.

LEGISLATIVE UPDATE

Mike Colleran summarized the three agency bills and two concept drafts submitted by MainePERS or with the help of MainePERS. Mike also gave an overview of other relevant legislative proposals.

LITIGATION SUMMARY

Chris Mann shared that there was no new information this month.

There being no further business, the meeting adjourned at 2:30 p.m.

\[2-28-17\]  
Date Approved by the Board

\[2-28-17\]  
Sandy Matheson, Executive Director

\[2-28-17\]  
Date Signed