MINA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes
Board of Trustees
Regular Board Meeting
April 13, 2017

MainePERS Board Room
Augusta, Maine
9:00 a.m.

The Board of Trustees met at 9:00 a.m. on April 13, 2017, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Brian Noyes, Chair, presided. Other Trustees present were Ben Viola, Vice-Chair; Shirrin Blaisdell; Phil Brookhouse, Terry Hayes; Peter Leslie; Dick Metivier; and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; Michael Collaran, 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; Bartley Parker, Managing Director, Investments; Rebecca Grant, Deputy Executive Director; Jim Dusch, Deputy Executive Director; Kathy Morin, Manager, Actuarial and Legislative Affairs; Brian McDonnell and Cara Majeski, Cambridge Associates; Mark Johnson, Clifewater; and Edward Schwartz and Yichao Mark from ORG Portfolio Management.

CONSIDERATION OF THE CONSENT CALENDAR

At Michael Collaran’s request, Dismissal of the Scott Couture Appeal was added to the Consent Calendar.

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

1. Minutes of March 9, 2017 Meeting;
2. Decision, Arthur Branagan Appeal;
3. Decision, Stephanie Jackson Appeal;
4. Decision, Paul Preble Appeal;
5. Remand Order, Sarah Barnard Appeal;
6. Dismissal of Scott Couture Appeal;
7. Dismissal of Michael Heath Appeal.

Action. Phil Brookhouse made the motion, seconded by Ben Viola, to approve the Consent Calendar. Approved unanimously by six Trustees.

EXECUTIVE SESSION

Action. Shirrin Blaisdell made the motion, seconded by Phil Brookhouse, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(F); 5 M.R.S. §17057(4). Voted unanimously by six Trustees.
The Board moved back into open session.

CVC Capital Partners

- **Action.** Shirrin Blaisdell made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to €42 million to CVC Capital Partners VII, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute the documents necessary to complete the transaction. Voted unanimously by six Trustees.

EnCap

- **Action.** Ben Viola made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to $40 million to EnCap Energy Capital Fund XI, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute the documents necessary to complete the transaction. Voted unanimously by six Trustees.

Audax Senior Debt

- **Action.** Shirrin Blaisdell made the motion, seconded by Ken Williams, that MainePERS make a commitment of up to $100 million to an account separately managed by Audax Management Company, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute the documents necessary to complete the transaction. Voted unanimously by six Trustees.

PRIVATE MARKETS REVIEW

Private Markets Activity

Jim Bennett reviewed the private markets activity for the past 12 months. Brian Noyes asked if a column reflecting “capital drawn to date” would be helpful to the Trustees on the Private Markets Activity report. After some discussion it was decided to include that within the quarterly investment report. Jim Bennett shared that the next investment manager meeting is scheduled for Tuesday, April 25, 2017, with a presentation by Blackstone Property Partners at 9:00 a.m.
Andrew Sawyer updated the Trustees on the co-investment program and will provide them with a more detailed update in the near future.

*Terry Hayes arrived at 9:30 a.m. and Peter Leslie arrived at 9:45 a.m.*

**INVESTMENT REVIEW**

*Investment Monthly Review*

Andrew Sawyer presented the monthly investment report. Andrew reported that as of March 31, the MainePERS fund was valued at $12.9 billion and that the preliminary return for fiscal year to date is 7.8% net of fees. The calendar year to date return is 3.1%.

**REAL ESTATE OVERVIEW**

Andrew Sawyer introduced Edward Schwartz and Yichao Mark of ORG Portfolio Management and Bartley Parker, Managing Director for Investments.

Edward Schwartz and Yichao Mark made a presentation on the role of real estate investments and our current portfolio. Edward and Yichao also provided a market overview and what lies ahead for future investments.

Andrew Sawyer thanked ORG and Bartley Parker for their continued hard work in the real estate portfolio and is looking forward to continued progress.

**QUARTERLY INVESTMENT TRAINING**

Jim Bennett gave a brief overview of the first two phases of the investing process. Jim presented the next phase, which was implementation of strategic asset allocations. Jim shared the different asset classes and the strategies used to create a portfolio that meets the investment goals and objectives. Jim explained the implementation goals and issues during this process. Next quarter will cover measuring, monitoring and risk management.

**LEGISLATIVE UPDATE**

Kathy Morin provided a legislative update and answered various questions from the Trustees on the status of some of the legislation. Kathy explained that the disability concept bill (LD 176) and long-term disability insurance are two separate items. Kathy shared that Sandy Matheson presented the long-term disability insurance report to the Appropriations Committee and that LD 176 has
been carried over to the second session of the Legislature. Sandy shared that the report was well received and is moving forward. Sandy stated that the Constitutional Amendment bill (LD 723) has been tabled, but discussions will continue.

ADMINISTRATION REPORT

Operations Report

Jim Dusch gave an update on the work that continues on the statistical information provided on the service programs in the Operations Report. Jim stated that the goal is to provide the Trustees with the statistical information that is the most meaningful and helpful to them. The Trustees had a discussion on the listing of RFPs on our webpage.

Rebecca Grant stated that testing continues on the V3 V10 upgrade, and everyone is feeling they are now in the home stretch.

PLD PLAN UPDATE

PLD Advisory Committee Update

Sandy Matheson shared that the PLD Advisory Committee continues to discuss and develop possible changes to the PLD Plan. They are hoping to conclude their preliminary planning at their next meeting. If this occurs, their results will be shared with the Board at a subsequent meeting. The preliminary plan will then be shared at statewide meetings for feedback and possible modifications. Some of the changes could require rulemaking. The current goal is to make these changes effective July 1, 2018.

MAINEPERS BUILDING UPDATE

Michael Colleran stated that FD Stonewater, the firm working with the State of Maine to develop the land next to our property, has an interest in MainePERS participating in this project. FD Stonewater has made a proposal and asked us to enter in to a non-binding letter of intent.

EXECUTIVE SESSION

➤ Action. Ben Viola made the motion, seconded by Phil Brookhouse, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(C). Voted unanimously by eight Trustees.
The Board moved back into open session.

- Action. Ken Williams made the motion, seconded by Terry Hayes, that the Board authorizes the Executive Director to continue discussions and enter into a non-binding agreement with FD Stonewater regarding the conveyance of the 96 Sewall Street property and the lease of office space in a newly-constructed building on the 109 Capital Street property. Voted unanimously by eight Trustees.

Phil Brookhouse left the meeting at 2:00 p.m.

LITIGATION SUMMARY

Chris Mann provided an update on the Jalbert case as a decision had been made after the writing the litigation summary. The Law Court affirmed the Board’s decision.

DISABILITY PROGRAM UPDATE

Sandy Matheson briefed the Trustees on the presentation to the legislature of the report on MainePERS offering long-term disability insurance. Sandy shared the importance of providing a long-term disability program for the members we serve and the continued hard work of the Task Force to reach that goal.

EXECUTIVE DIRECTOR EVALUATION

- Action. Shirrin Blaisdell made the motion, seconded by Peter Leslie, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(A). Voted unanimously by seven Trustees.

The Board moved back into open session.

There being no further business, the meeting adjourned at 3:00 p.m.

(5-11-17)                                      (5-11-17)
Date Approved by the Board                  Sandy Matheson, Executive Director

(5-11-17)                                      (5-11-17)
Date Signed