MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
May 14, 2015

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

The Board of Trustees met at 9:00 a.m. on May 14, 2015, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Peter Leslie, Chair presided. Other Trustees present were Shirrin Blaisdell, Dick Metivier, Brian Noyes, and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; John Milazzo, General Counsel and Chief Deputy Executive Director; Naomi Poland, Secretary to the Board of Trustees; and Chris Mann, Assistant Attorney General and Board Counsel. The Board was also joined for select portions of the meeting by Jim Bennett, Deputy Chief Investment Officer; Kathy Morin, Manager of Actuarial and Legislative Affairs; and Brian McDonnell and Cara Majeski from Cambridge Associates.

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 April 9, 2015
2. Adoption of Hearing Officer’s Recommended Final Decision in Marietta Cole appeal;
3. Adoption of Hearing Officer’s Recommended Final Decision in Belinda Hobbs appeal;
4. Adoption of Hearing Officer’s Recommended Final Decision in Travis Neal appeal
5. Recommended Dismissal of Jon Allen appeal;
6. Recommended Dismissal of Anthony Cartonio appeal;
7. Recommended Dismissal of Robert Hinkel appeal;
8. Recommended Dismissal of Nancy Moriba appeal;
9. Recommended Dismissal of William E. Morse, V. appeal;
10. Recommended Dismissal of Robert V. Sprankle appeal;
11. Recommended Dismissal of Jeffrey Varnerin appeal;

Action. Brian Noyes made the motion; seconded by Shirrin Blaisdell, that the Consent Calendar be approved as read. Voted unanimously by five Trustees.
FINANCE AND AUDIT COMMITTEE

Dick Metivier, Chair of the Board’s Audit Committee, presented the recommendation of the Audit Committee to approve MainePERS’ administrative and investment operating budgets for FY 15-16, following review and discussion by the Committee in April and May 2015.

➢ **Action.** Dick Metivier made the motion; seconded by Shirrin Blaisdell, to approve the MainePERS administrative and investment operating budgets for FY15-16 in the amounts of $12,362,819 and $3,519,000 respectively as recommended by the Audit Committee. Voted unanimously by five Trustees.

INVESTMENTS – PRIVATE MARKETS

Private Market Activity

Jim Bennett shared the Investment Team has scheduled due diligence meetings with two managers (HIG Brazil and Latin American and AMERRA) on Tuesday, May 26, 2015 in the Portland Office. All Trustees are invited to attend.

EXECUTIVE SESSION

➢ **Action.** Dick Metivier made the motion, seconded by Shirrin Blaisdell, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(C) and (F); 5 M.R.S. § 17057(4). Voted unanimously by five Trustees.

*The Board moved back in to open session.*

PRIVATE MARKET ACTION

High Street Real Estate Fund V, L.P.

➢ **Action.** Dick Metivier made the motion, seconded by Ken Williams, that MainePERS make a commitment of up to $25 million to the High Street Real Estate Fund V, L.P., subject to final due diligence, legal review and negotiations and authorize the Executive Director, General Counsel and Chief Deputy Executive Director and Chief Investment Officer as signatories, to execute the documents necessary to complete the transaction. Voted unanimously by five Trustees.
Investment Review

Jim Bennett was joined by Brian McDonnell and Cara Majeski, both from Cambridge Associates, and presented the monthly investment report and the final Quarterly Performance Review provided by SIS. Jim reported that as of April 30, 2015, the MainePERS fund was valued at $12.8 billion with a preliminary return of 3.0% fiscal year to date.

Environmental, Social and Governance Policy Implementation Update

Sandy Matheson updated the Board on the implementation of the ESG Policy. MainePERS is required by board policy to report ESG activities annually. Implementation of the policy may result in one additional staff to monitor ESG activity, assist in meeting annual reporting requirements, and conducting general investment research.

LEGISLATIVE REVIEW

Kathy Morin presented the legislative update and provided information on the status of bills the System is tracking.

NEW TELEPHONE SYSTEM

Sandy Matheson updated the Trustees on the new telephone system implementation and requested feedback from the Board on the messages they encounter in using our new system. Sandy commended Kathy Morin on her leadership in chairing the Telephone Committee and their successful implementation of the new phone system.

ADMINISTRATION

Operating Report

John Milazzo reviewed his Operating Report noting:

- The quarterly summary of disbursements and contributions;
- The disbursement of surplus monies to certain PLD employers pursuant to the implementation of GASB Statement Number 68;
- The Androscoggin Bank correspondence to PLD employers receiving surplus monies;
- Invincea software, that will permit safe browsing of the internet; and
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- Staff’s recent attendance at the Public Retirement Information Systems Management (PRISM) conference. Staff attending reported that MainePERS appears to be on the leading edge of implementing computer infrastructure that protects against data breaches and other intrusions into our information systems.

**Disability Task Force**

Sandy Matheson discussed the last meeting of the Disability Task Force. Members agree that progress is being made in evaluating the Disability Program.

**EXECUTIVE SESSION**

- **Action.** Brian Noyes made the motion, seconded by Shirrin Blaisdell, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(C) and (F) 5 M.R.S. § 17057(4). Voted unanimously by five Trustees.

*The Board moved back in to open session.*

**APPEAL – L. MICHAEL KENNY**

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to the appeal before the Board and the decision by the Hearing Officer. Zachary J. Smith, Esq., the Appellant’s representative, and N. Quinn Collins, Esq., the System’s representative, made presentations before the Board. The Appellant was not present.

- **Action.** Ken Williams made the motion, seconded by Shirrin Blaisdell, to adopt the recommended final decision of the Hearing Officer. Voted unanimously by five Trustees.

**LITIGATION SUMMARY**

Chris Mann reviewed the litigation summary.

*The meeting adjourned at approximately 1:20 p.m.*

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**Date Approved by the Board**  
6-11-15

**Sandra J. Matheson, Executive Director**

**Date Signed**  
6-11-15