MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes
Board of Trustees
Regular Board Meeting
July 10, 2014
MainePERS Board Room
Augusta, Maine
9:00 a.m.

The Board of Trustees met at 9:00 a.m. on July 10, 2014, at the Maine Public Employees Retirement System, Board Room, at 96 Sewall Street, Augusta, Maine. Peter Leslie, Chair presided. Other Trustees present were Shirrin Blaisdell, Kristi Carlow (for Nerina Douglass), Dick Metivier, and Ben Viola (Vice Chair). Joining the Trustees were Sandy Matheson, Executive Director; Naomi Poland, Secretary to the Board of Trustees; John Milazzo, General Counsel and Chief Deputy Executive Director; and Chris Mann, Assistant Attorney General and Board Counsel. The Board was also joined for select portions of the meeting by Gene Kalwarski, Cheiron; Andrew Sawyer, Chief Investment Officer; Mark Johnson, Cliffwater; and Erin Kinsella, Senior Analyst, Alternative Investments.

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

1. Minutes of the June 12, 2014, Regular Meeting;
2. Adoption of Hearing Officer’s Final Report in David Colda appeal;
3. Adoption of Hearing Officer’s Final Report in Erica Jordan appeal;
4. Adoption of Hearing Officer’s Final Report in Linda Lumber appeal;
5. Adoption of Hearing Officer’s Final Report in Michael Pelletier appeal;
6. Adoption of Hearing Officer’s Final Report in Sally Sawlivich appeal;
7. Recommended Dismissal of Brenda Buccellato appeal;
8. Recommended Dismissal of Dawson Otis appeal;
9. Recommended Dismissal of Roland W. Paradis appeal; and
10. Recommended Dismissal of Willis Smedberg appeal;

Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier to approve the Consent Calendar. Voted unanimously by five Trustees.

ANNOUNCEMENTS

- Sandy introduced Heidi Strassberg, a recent hire, who will provide full-time administrative assistant support in the Executive Office.
- Sandy noted that the deadline for submissions for the MainePERS Photo Contest for the Augusta office is July 31, 2014.
- Sandy noted that construction is ongoing in the building and apologized in advance for any disruption. She noted that staff always attempt to
schedule around Board meetings when at all possible to minimize interruption.

**ACTUARIAL PRESENTATION**

**Rate Setting**

Sandy Matheson reviewed the recent history of the budget cycle timing regarding contribution rate setting for the State of Maine. MainePERS moved contribution rate setting to July in order to provide final rates to the State earlier in the process using a roll-forward calculation of the previous year’s liabilities.

Gene Kalwarski, FSA, Cheiron, reviewed MainePERS’ funding history and its long term improvement in funding status. His presentation on rate setting included Cheiron’s recommendation to lower the discount rate from 7.25% to 7.125% and cover much of the cost of that change by recognizing a portion of deferred recent asset gains.

- **Action.** Shirrin Blaisdell made the motion, seconded by Kristi Carlow, to calculate FY 2016-17 pension contribution based on lowering the discount rate to 7.125% from 7.25% and to offset 37.75% of the cost of that action by recognizing a portion of recent asset gains. Voted unanimously by five Trustees.

**Group Life Insurance**

Gene Kalwarski reviewed Cheiron’s recommendations regarding the retired teacher Group Life Insurance funding requirement and the Group Life Insurance rates for retired State members.

- **Action.** Dick Metivier made the motion, seconded by Ben Viola, to accept Cheiron’s funding requirement for teacher retiree group life insurance for FY2016 of $3,160,317 and FY2017 of $3,270,928 and to increase the Group Life Insurance premium for basic retiree coverage from 22¢ per $1,000 to 24¢ per $1,000 effective FY2016. Voted unanimously by five Trustees.
PRIVATE MARKETS

**Hellman & Friedman VIII, L.P.**

Jeffrey Goldstein, Managing Director at Hellman & Friedman, made a presentation to the Board regarding an investment in Hellman & Friedman VIII, L.P.

Following the presentation, Andrew Sawyer presented the Investment Team’s recommendation that MainePERS make a commitment of up to $60 million to Hellman & Friedman Capital Partners, VIII, L.P. Mark Johnson of Cliffwater joined the discussion and in the recommendation.

- **Action.** Ben Viola made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to $60 million to Hellman & Friedman Capital Partners, VIII, 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 effectuate the transaction. Voted unanimously by five Trustees.

**ABRY Partners VIII, L.P.**

Andrew Sawyer presented the Investment Team’s recommendation that MainePERS make a commitment of up to $30 million to ABRY Partners VIII, L.P. Mark Johnson of Cliffwater joined the discussion and in the recommendation.

- **Action.** Dick Metivier made the motion, seconded by Kristi Carlow, that MainePERS make a commitment of up to $30 million to ABRY Partners VIII, L.P., subject to final 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 effectuate the transaction. Voted unanimously by five Trustees.

**APPEAL- MARLENE MCFADDEN**

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to appeals before the Board and the decision by the Hearing Officer. The Appellant’s
counsel indicated that neither he nor the Appellant would be present for the Board’s consideration.

> Action: Dick Metivier made the motion, seconded by Kristi Carlow, to accept the final report of the Hearing Officer. Voted unanimously by five Trustees.

*Peter Leslie left the meeting at approximately 11:35 a.m.*

*Ben Viola assumed the chair.*

**INVESTMENTS**

**Private Markets Forward Calendar**


Andrew Sawyer briefly reviewed the private market co-investment program and noted a new investment had been made in a renewable (wind) energy company alongside KKR Global Infrastructure Investors. He indicated that a more detailed review of the co-investment program would be brought to the Board at a subsequent meeting.

**ADMINISTRATION REPORT**

John Milazzo reviewed his operating report noting:

- For the 10th consecutive year, MainePERS has won the Government Finance Officers’ Association’s (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
- MainePERS is experiencing the typical July increase in retirements as a result of teachers retiring at the end of the school year.

*The meeting adjourned approximately 12:00 p.m.*
The next meeting will be a regular Board meeting and is expected to be held on August 14, 2014 at the MainePERS Portland Office located at One City Center, 8th Floor, Portland, Maine.

August 14, 2014
Date Approved by the Board

Sandra J. Matheson, Executive Director

August 14, 2014
Date Signed