MINA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
August 11, 2016

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

The Board of Trustees met at 9:00 a.m. on August 11, 2016, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Peter Leslie, Chair presided. Other Trustees present were Ben Viola, Vice Chair; Shirrin Blaisdell, Phil Brookhouse, Terry Hayes, Dick Metivier, and Brian Noyes. Joining the Trustees were 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; Rebecca Grant, Deputy Executive Director; Jim Dusch, Deputy Executive Director; Kathy Morin, Manager, Actuarial and Legislative Affairs; Brian McDonnell and Cara Majeski, Cambridge Associates; and Mark Johnson, Cliffwater.

Chair Peter Leslie opened the meeting by informing the Trustees that since the Executive Director was unable to be at the meeting they would not be taking action on the Executive Director’s evaluation. He shared his appreciation for the other Trustees’ thoughts and input during that process.

CONSIDERATION OF THE CONSENT CALENDAR

The Chair called for consideration of the Consent Calendar. Michael Colleran recommended that the John Brown and Claire Cheche appeals be removed from the Consent Calendar because documentation on those appeals was not provided to the Board prior to the meeting. The remaining action items on the Consent Calendar were:

1. Minutes of July 14, 2016
2. Dismissal of Katherine Blanche Appeal;
3. Dismissal of Susan Chesler-Doherty Appeal;
4. Decision – Betty Ireland Appeal;
5. Decision – Ethel Laskey Appeal;
6. Decision – Adam Schenck Appeal; and,
7. Decision – Nancy Whirley Appeal.

The Board agreed to revise the proposed July 14, 2016 minutes to insert the word “there” after the word “shared” in the Litigation Summary.
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➢ **Action.** Brian Noyes made the motion, seconded by Dick Metivier, to remove the Claire Cheche and John M. Brown appeals from the Consent Calendar and otherwise approve the Consent Calendar. Voted unanimously by seven Trustees.

**Cost of Living Adjustment**

Kathy Morin provided the Board with the yearly COLA information. She stated the State-sponsored plans provide for an increase of 2.55%, which was legislatively mandated for this year. After this year the COLA for State-sponsored plans will follow the CPI-U as of June 30th. The COLA for PLD retirement programs is 1.0%, which was the CPI-U as of June 30, 2016.

➢ **Action.** Dick Metivier made the motion, seconded by Terry Hayes, that the Board “adopt” a cost of living adjustment (“COLA”) of 2.55% to retirement benefits being paid to eligible recipients of the State Employee and Teacher Retirement Program, the Legislative Retirement Program, the Judicial Retirement Program and adopt a COLA of 1.0% to retirement benefits being paid to eligible recipients of the Participating Local District Retirement Program effective September 2016. Voted unanimously by seven Trustees.

**Actuarial – Rates Update**

Kathy Morin shared that Sandy had provided Commissioner Rosen with a copy of the final rate sheet as well as informing him of the change in costs and rates. Kathy answered various questions from the Board. The Board requested a document that includes color-coding for who pays the different components. Michael Colleran agreed to provide that next month.

**Investment Policy Discussion**

Andrew Sawyer stated that the Board had approved the Investment Policy at the June meeting and any changes suggested would be incorporated into the policy and shared at the August meeting. Most of the changes were minor and not substantive. Sandy Matheson had suggested including a five-year review process for consultants and custodian within the policy. That change was also incorporated into the new policy.

Brian Noyes suggested a change under Derivatives/Leverage as follows: fourth line, sentence beginning with the word “The” should end after the word
“approval.” The rest of the sentence should be deleted as it is redundant. All agreed to the change.

Private Markets Review

Jim Bennett reviewed the table of private markets funds that had closed during the past 12 months. Jim shared that one fund that had been approved by the Board had closed since the Board received the memorandum. Jim also corrected the date in item 3. Jim stated that the Investment Team has scheduled a due diligence meeting in the Portland Office for Tuesday, August 23, 2016, with Tillridge Capital Partners for 9:00 a.m.

Ben Viola suggested putting a note at the bottom of the chart stating what the bold items represented. Andrew Sawyer stated they would add a note denoting the bold items as items where the commitment size was less than what the Board had approved.

Investment Quarterly Review

Brian McDonnell and Cara Majeski presented their Dashboard report and quarterly review to the Board. The simplified, two-page Dashboard was created at the Board’s suggestion. The Dashboard is using the new policy asset classes and weights while the Performance Review used the Interim Policy Weights and Asset Classes due to that policy being in effect during the quarter ending 6/30/16. Brian Noyes thanked Cara for creating the Dashboard in an easy reading, very concise, and excellent format.

Investment Monthly Review

Andrew Sawyer presented the monthly investment report to the Board and had a discussion regarding the asset allocation and fee structure slides within the report. Andrew reported that as of July 31, the MainePERS fund was valued at $12.4 billion with a preliminary return of 2% fiscal year to date.

Defined Contribution Quarterly Review

Andrew Sawyer reviewed the Defined Contribution Plans Quarterly Investment report with the Board. The market value of the funds for fiscal year end was $29.1 million. Andrew explained the default option for new participants is their age appropriate target retirement date. The total number of participants is approximately 1,033.
Quarterly Investment Training

Andrew Sawyer shared that Sandy had requested that the Investment Team provide the Board with quarterly education sessions discussing various topics of interest. Andrew stated that the first session is planned for the October Board meeting.

ADMINISTRATION REPORT

Operations Report

Jim Dusch provided an overview of the Operations Report. He provided clarification on individuals receiving their first benefit check as well as full refunds for the month. Terry Hayes inquired about the use of consultants for the work environment. Rebecca Grant provided the reasoning behind the use of a consultant.

Disability Retirement Task Force

The Disability Task Force update will be provided at the September Board meeting.

LITIGATION SUMMARY

Chris Mann shared with the Board updated information from the Sutherland case.

EXECUTIVE SESSION

- Action. Terry Hayes made the motion, seconded by Shirrin Blaisdell, to enter into executive session pursuant to 1 M.R.S. §§402(3)(M), 405(6)(A) & (F) to discuss IT security. Voted unanimously by seven Trustees.

The Board moved back into open session.

The meeting adjourned at approximately 12:10 p.m.

9-8-16

Date Approved by the Board

Sandra J. Matheson, Executive Director

9-12-16

Date Signed