MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes
Board of Trustees
Regular Board Meeting
September 8, 2016

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

The Board of Trustees met at 9:00 a.m. on September 8, 2016, at the Maine Public Employees Retirement System, One City Center, 8th Floor, Portland, Maine. Peter Leslie, Chair presided. Other Trustees present were Ben Viola, Vice Chair; Shirrin Blaisdell; Kristi Carlow for Terry Hayes; Dick Metivier; Brian Noyes; and Ken Williams.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; Jim Dusch, Deputy Executive Director, Service Programs; Brian McDonnell and Cara Majeski, Cambridge Associates; Mark Johnson, Cliffwater; Amy McDuffee, Aon Hewitt; and John Cooney and Gargi Chaudhuri, BlackRock.

CONSIDERATION OF THE CONSENT CALENDAR

The Chair called for consideration of the Consent Calendar.

1. Minutes of August 11, 2016;
2. Dismissal of Ann M. Carter Appeal;
3. Dismissal of Richard A. Gagnon Appeal;
4. Dismissal of Cynthia Savage Appeal;
5. Decision, Claire Cheche Appeal; and,

➤ Action. Ken Williams made the motion, seconded by Ben Viola, to approve the Consent Calendar. Voted unanimously by six Trustees.

Brian Noyes arrived at 9:05 a.m.

Decision – John M. Brown Appeal

Chris Mann provided an overview of the appeal. Chris and Michael Colleran answered various questions from the Trustees.

➤ Action. Ben Viola made the motion, seconded by Shirrin Blaisdell, that the Board: (1) find that the Statement of Facts section of the recommended decision exceeded the hearing officer’s jurisdiction; (2) modify the
decision to remove that section; and (3) adopt the modified decision. Voted unanimously by seven Trustees.

**Tillridge Global Agribusiness Fund II**

- **Action.** Kristi Carlow made the motion, seconded by Dick Metivier, to enter into executive session pursuant to 1 M.R.S. §405(6)(F); 5 M.R.S. §17057(4).

*The Board moved back into open session.*

Peter Leslie introduced Amy McDuffee from Aon Hewitt to the Trustees.

- **Action.** Brian Noyes made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to $50 million to Tillridge Global Agribusiness Fund II, 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. Six Trustees voted in the affirmative (Peter Leslie, Ben Viola, Kristi Carlow, Brian Noyes, Shirrin Blaisdell, and Ken Williams) and one in opposition (Dick Metivier).

**Private Markets Activity**

Jim Bennett stated that the Investment Team has scheduled a due diligence meeting in the Portland Office for Tuesday, October 25, 2016, with Taurus Mining Finance Fund for 9:00 a.m. Jim stated ABRY will also be in on that same date to do a review of their portfolio.

Andrew Sawyer stated that there will not be any investment management meetings for the months of September, November and December.

**Investment Monthly Review**

Andrew Sawyer presented the monthly investment report to the Board and had a discussion on the value of liabilities versus assets. Andrew shared that next month’s Monthly Investment Review will reflect the new investment policy. Andrew reported that as of August 31, 2016, the MainePERS fund was valued at $12.4 billion with a preliminary return of 2.2% fiscal year-to-date.
Interest Rate Environment

Andrew Sawyer introduced John Cooney and Gargi Chaudhuri from BlackRock. John is the account relations representative and Gargi is a portfolio manager for BlackRock’s inflation-linked bond portfolios. Gargi presented BlackRock’s views on interest rates, inflation and the economy. She and the Trustees had a discussion about these factors and their possible impact on MainePERS’ portfolio.

ADMINISTRATION REPORT

Operations Report

Trustees were informed that collective bargaining sessions have begun. They discussed IT security following an update on what the System is doing to protect the assets and data that are held.

Disability Retirement Task Force

Jim Dusch stated there are a number of Disability Retirement Kaizen projects in progress. MainePERS has prioritized these projects and is currently working on the three that will provide the greatest impact on creating a smoother application process for the member. Jim provided an example of a Kaizen process tool that has proven effective. Jim shared that conversations continue with the Task Force on the long-term disability insurance plan. The next step is to provide the Legislature with a report on costs and how the plan will work.

2018-19 Rate Setting Update

Michael Colleran provided the Board with a chart comparing the State’s employer pension costs for fiscal years 2018-19 with the prior biennium. Michael answered questions regarding the cost comparisons.

LITIGATION SUMMARY

Chris Mann shared that there was no new information not contained in the litigation summary memorandum.

The Board’s self-evaluation session was held during the afternoon with Amy McDuffee from Aon Hewitt.
The meeting adjourned at approximately 3:00 p.m.

10-13-16
Date Approved by the Board

Sandra J. Matheson, Executive Director

10-13-16
Date Signed