MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes
Board of Trustees
Regular Board Meeting
November 10, 2016

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

The Board of Trustees met at 9:00 a.m. on November 10, 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; Terry Hayes; Dick Metivier; Brian Noyes; and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; 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; Sherry Vandrell, Finance Director; Kathy Morin, Manager, Actuarial & Legislative Affairs; Ron Farris, Senior Financial Analyst; Brian McDonnell and Cara Majeski, Cambridge Associates; and Mark Johnson, Cliffwater.

CONSIDERATION OF THE CONSENT CALENDAR

The Chair called for consideration of the Consent Calendar.

2. Decision – Michael Blake
3. Decision – Cynthia Hildreth
4. Decision – William Hunt
5. Decision – Michele Marble
6. Decision – Juanita Matthews
7. Decision – Candace Pittman
8. Dismissal of Charles Boehm Appeal
9. Dismissal of Mark Martin Appeal
10. Dismissal of Phillip St. Amand Appeal

Brian Noyes requested, because of a potential conflict of interest, that the Candace Pittman decision be removed from the Consent Calendar.

➤ Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell, to approve the Consent Calendar as amended. Voted unanimously by seven Trustees.

➤ Action. Ken Williams made the motion, seconded by Dick Metivier to adopt the Hearing Officer’s Recommended Decision in the Candace
Pittman appeal. Voted in the affirmative by six Trustees (Leslie, Viola, Metivier, Blaisdell, Hayes, and Williams) and one abstention (Noyes).

**BOARD ELECTIONS**

Peter Leslie opened the discussion asking for nominations for the Chair and Vice-Chair positions on the Board of Trustees.

➤ **Action.** Ben Viola made the motion, seconded by Dick Metivier to nominate Brian Noyes as Chair for the Board of Trustees. Unanimously voted by seven Trustees.

➤ **Action.** Peter Leslie made the motion, seconded by Shirrin Blaisdell to nominate Ben Viola as Vice-Chair for the Board of Trustees. Unanimously voted by seven Trustees.

Many congratulatory remarks were passed along to Peter Leslie for his hard work, guidance and longevity during his tenure as Chair of the Board of Trustees.

**BOARD GOVERNANCE**

Sandy Matheson provided the Trustees with a Board Values Statement, which Amy McDuffee provided at the Board’s request. The Board made minor word changes to the Statement.

➤ **Action.** Terry Hayes made the motion, seconded by Brian Noyes to approve the Values Statement, as amended. Unanimously voted by seven Trustees.

**ACTUARIAL**

Gene Kalwarski presented the results of the annual actuarial valuations of the State Employee and Teacher Plan, the Judicial Plan, the Legislative Plan, the Participating Local District (PLD) Plan and the Group Life Insurance (GLI) Plan for the fiscal year ended June 30, 2016. Gene answered questions throughout the presentation.

**EXECUTIVE SESSION**

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

EQT Infrastructure III

➢ **Action.** Ken Williams made the motion, seconded by Terry Hayes, that MainePERS make a commitment of up to €135 million to EQT Infrastructure III, 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. Unanimously voted by seven Trustees.

Taurus Mining Finance Fund Annex

➢ **Action.** Ben Viola made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to $25 million to Taurus Mining Finance Fund Annex, 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 in the affirmative by six Trustees (Leslie, Viola, Metivier, Blaisdell, Noyes, and Williams) and one opposed (Hayes).

Private Markets Activity

Jim Bennett shared that ABRY will be attending the December Board meeting and will provide an update of their portfolio. The investment team is considering an investment with ABRY Senior Equity V and may be asking for formal action on that investment at that time.

Investment Review

**Quarterly Investment Review**

Cara Majeski and Brian McDonnell discussed the Dashboard Report and the Third Quarter 2016 Performance Review. Andrew Sawyer suggested creating a table summarizing all views on risk/return, ranked in order from optimistic to pessimistic.
Monthly Investment Review

Andrew Sawyer presented the monthly investment report. Andrew reported that as of October 31st, the MainePERS fund was valued at $12.4 billion and reported a preliminary fiscal YTD return of -0.9%.

Investment Policy Update

Andrew Sawyer presented a proposed change to the Investment Objectives section in the Investment Policy Statement. Language was added at the end of the last sentence which clarifies “acceptable levels.”

Action. Ken Williams made the motion, seconded by Shirrin Blaisdell to accept the changes proposed in the Investment Objectives section of the Investment Policy Statement. Unanimously voted by seven Trustees.

Andrew Sawyer stated that work continues on the risk management project, pacing plan, and review of our custodial relationships.

ADMINISTRATION REPORT

Operations Report

Jim Dusch discussed that he is looking at ways to better present the Service Programs section of the Board packet.

Michael Colleran provided a building update and stated that the State has put out a Request for Qualifications for a developer for the adjoining former Department of Transportation property. The developer should be chosen by late December, and at that point we may learn more regarding the future of that property.

Sandy Matheson shared the various accolades the System and Investment Team have received from various professional organizations over the past few months.

Disability Retirement Task Force

Jim Dusch updated the Trustees on the Task Force’s continued work on the long-term disability insurance. Sandy Matheson stated that the draft legislative report was well received by the Task Force. Sandy shared that the Task Force will be meeting again in later this month.
Terry Hayes left the Board meeting at 1:30 p.m.

LITIGATION SUMMARY

Chris Mann shared that there a couple of case closures since last month.

LEGISLATIVE AGENDA

Michael Colleran reviewed the proposed legislation for the 128th Legislature. The following proposals are being considered: 1) Constitutional Amendment proposal to lengthen the amortization period for experience losses; 2) expansion of non-public information to include medical information and personal financial information; 3) implementation of reforms recommended by the Disability Retirement Task Force; 4) possible PLD plan changes to improve funding; 5) clarification of use of funds appropriated to subsidize purchase of military service; and, 6) removal or correction of obsolete, unclear or inconsistent statutory language.

EXECUTIVE DIRECTOR COMPENSATION

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, to enter into Executive Session pursuant to 1 M.R.S. §402(3)(M), 405(6)(A). Voted unanimously by six Trustees.

The Board moved back into open session.

- Action. Ben Viola made the motion, seconded by Shirrin Blaisdell, that the Executive Director receive the same 2.5% salary increase received by other employees for 2016, effective April 1, 2016. Unanimously voted by six Trustees.

The meeting adjourned at 2:30 p.m.

/12-8-16/      /12-13-16/
Date Approved by the Board   Date Signed

Sandra J. Matheson, Executive Director