Minutes

Board of Trustees
Regular Board Meeting
November 13, 2014

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

The Board of Trustees met at 9:00 a.m. on November 13, 2014, 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, Ken Williams, Catherine Sullivan, and Ben Viola (Vice Chair). Joining the Trustees were Sandy Matheson, Executive Director; 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; Jim Bennett, Deputy Chief Investment Officer; Sherry Vandrell, Director of Finance; John Meier, Strategic Investment Solutions and Mark Johnson, Cliffwater.

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

1. Minutes of the October 9, 2014, Regular Meeting;
2. Adoption of Hearing Officer’s Final Report in Peter Turnbull appeal;
3. Recommended Dismissal of the following appeals:

   A. Christine Beal;
   B. Carol A. Chase;
   C. Jennifer E. Choate;
   D. Ernest Gove, III;
   E. Marie L. Gurall;
   F. Thomas McClean;
   G. Sharon L. Merrill;
   H. Michael Morin;
   I. Noel Robinson; and
   J. Michael D. Holmes.

Action. Shirrin Blaisdell made the motion, seconded by Ben Viola, to approve the Consent Calendar. Voted unanimously by seven Trustees.
2015 BOARD MEETING CALENDAR

Sandy Matheson discussed the 2015 Board Meetings calendar. It was noted that the 24th of November Investment meeting needed to be changed to the 17th and the 22nd of December Investment meeting needed to be changed to the 15th.

GOVERNANCE

Sandy Matheson presented three Board of Trustee Governance policies requiring amendments:

- Policy 1.5 – Board Officer Elections – Position Descriptions included changes to make the requirement for five votes to elect the Chair and Vice-Chair consistent throughout the policy.

- Policy 2.5 – Funding is a new policy that describes the Systems funding policy.

- Policy 5.5 – Asset Protection added delegation to the Executive Director to act in emergency situations.

➤ Action. Catherine Sullivan made the motion, seconded by Dick Metivier, to approve Policies 1.5 and 5.5. Voted unanimously by seven Trustees.

Policy 2.5 was tabled until after Gene Kalwarski’s presentation and review.

➤ Action. Catherine Sullivan made the motion to accept Policy 2.5, seconded by Shirrin Blaisdell. Voted unanimously by seven Trustees.

Sandy also provided an overview of the Governance Consultant Review and informed the Trustees that MainePERS is systematically reviewing existing consultant contracts. MainePERS will review the need for a governance consultant RFI process.

ELECTION OF OFFICERS

Peter Leslie gave a brief overview of the process for electing the Board Officers. Following the overview, Peter Leslie was nominated as Board Chair and Ben Viola was nominated as Vice Chair. No additional nominations were made.

➤ Action. Catherine Sullivan made the declaration to vote unanimously for both nominees. Peter Leslie and Ben Viola were voted unanimously for Chair and Vice Chair respectively by seven Trustees.
Peter and Ben expressed thanks to their fellow Trustees for their continued confidence and the Trustees thanked Peter and Ben for their service.

AUDIT COMMITTEE REPORT

Dick Metivier and Sherry Vandrell reported that the auditors issued an unqualified opinion June 30, 2014 financial statement with no management comments. Peter thanked the Audit Committee and commended Sherry and her staff for the continuing high quality of their work and for meeting the tight deadline. Sandy and John Milazzo concurred and added that the effort also includes work by staff throughout the System.

ACTUARIAL REPORT

Gene Kalwarski, FSA, Cheiron, reviewed the MainePERS’ 2014 Program Funding Valuations and answered Trustee questions.

INVESTMENTS - PRIVATE MARKETS

ArcLight Energy Partners VI, L.P.

Andrew Sawyer noted the Investment Team’s recommendation regarding ArcLight Energy Partners Fund VI, L.P., and noted that Cliffwater’s due diligence was ongoing.

Paine & Partners Capital Fund IV, L.P.

Andrew Sawyer noted the Investment Team’s recommendation regarding Paine & Partners Capital Fund IV, L.P. and noted that Cliffwater concurred with the recommendation.

Taurus Mining Finance Fund Ltd.

Andrew Sawyer noted the Investment Team’s recommendation regarding Taurus Mining Finance Fund Ltd. and noted that Cliffwater concurred with the recommendation.

EXECUTIVE SESSION

➢ Action. Ben Viola made the motion, seconded by Dick Metivier, to enter into executive session pursuant to 1 M.R.S. § 405(6)(A). Voted unanimously by seven Trustees.
The Board moved back into open session.

**ArcLight Energy Partners VI, L.P.**

- **Action.** Dick Metivier made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to $150 million to ArcLight Energy Partners Fund VI, L.P., subject to final due diligence, legal review and negotiations, and to authorize the Executive Director, Chief Deputy Executive Director and General Counsel and Chief Investment Officer as signatories, to execute the documents necessary to complete the transaction. Voted unanimously by seven Trustees.

**Paine & Partners Capital Fund IV, L.P.**

- **Action.** Brian Noyes made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to $60 million to Paine & Partners Capital Fund IV, L.P., subject to final due diligence, legal review and negotiations, and to authorize the Executive Director, Chief Deputy Executive Director and General Counsel and Chief Investment Officer as signatories, to execute the documents necessary to complete the transaction. Voted unanimously by seven Trustees.

**Taurus Mining Finance Fund Ltd.**

- **Action.** Brian Noyes made the motion, seconded by Catherine Sullivan, that MainePERS make a commitment of up to $50 million to Taurus Mining Finance Fund Ltd., subject to final due diligence, legal review and negotiations, and to authorize the Executive Director, Chief Deputy Executive Director and General Counsel and Chief Investment Officer as signatories, to execute the documents necessary to complete the transaction. Voted unanimously by seven Trustees.

**INVESTMENTS**

**Strategic Investment Solutions - Quarterly Performance Report**

John Meier, Strategic Investment Solutions, presented the Quarterly Performance Report.

**Monthly Performance – October 2014**

Andrew Sawyer, Jim Bennett and John Meier discussed the monthly performance of the fund for October 2014.
DC Money Market Funds

Andrew discussed the work of the Defined Contribution Plans Oversight Council. He shared that the Council is considering replacing one of the options, but allowing members currently enrolled in that choice to continue. Trustees suggested considering discontinuing the option entirely. The Defined Contribution Plans Oversight Council will continue to review this and bring a recommendation forward to the Board for action in December or early next year.

APPEAL – MARLENE DALEY

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 representative Peter Bickerman, Esq. and the System’s Representative Ann Brandt, Esq. made presentations before the Board.

➢ Action. Ken Williams made the motion, seconded by Ben Viola to accept the final report of the Hearing Officer. Voted unanimously by seven Trustees.

ADMINISTRATION REPORT

Operating Report

John Milazzo reviewed the Operating Report.

Strategic Planning

Sandy Matheson reported on the System’s project with the Segal Company to help integrate the System’s guiding principles throughout the workforce. The Segal consultants working on this project recommended continuing on the current path, and suggested some ideas which are now in development. Segal’s oral and written assessments helped the Leadership Team recognize how far System employees have come in changing the organization’s culture. Andrew Sawyer noted the improved communication between Portland office and Augusta.

Cost Effectiveness Management (CEM)

Sandy Matheson noted that MainePERS has submitted our latest data to CEM Administrative Benchmarking. A team was formed to work on defining and retrieving the data for this latest survey to improve the consistency of the data input over prior years. The teams will review the output when it is issued next year to determine if there are possible improvements to consider, or if our data
submission is inconsistent with peers and needs to be modified for a truer comparison.

**ESG & Disability Task Force Updates**

Jim Bennett reported that the ESG (Environmental, Social & Governance) task force has been formed and is making progress on drafting an ESG policy for Trustee consideration. The task force has held two meetings and has received input from four external stakeholders. These stakeholders' primary comments were focused on climate change while the Task Force is focused on the broader set of ESG considerations. Jim also provided a brief summary of the content of the Boston Carbon Risk Forum he attended in September.

Sandy reported that the Disability Task Force will shortly be reviewing the proposals submitted in response to a request for proposals. She further reported the Task Force efforts are going well and will continue monthly updates to Trustees.

**Appointment of Acting Board Secretary**

Michael Colleran noted that the current Board Secretary, Naomi Poland, is out of the office on a leave of absence for an undetermined amount of time. In order to execute certain board documents, an acting Board Secretary should be designated. Michael recommended the nomination of Heidi Strassberg-Bersani as Acting Board Secretary.

▶ **Action.** Catherine Sullivan made the motion to appoint Heidi Strassberg-Bersani as Acting Board Secretary, seconded by Dick Metivier. Voted unanimously by seven Trustees.

**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)(A). Voted unanimously by seven Trustees.

*The Board moved back into open session.*

*The meeting adjourned approximately 3:55 p.m.*

11/11/14
Date Approved by the Board

John C. Milazzo, General Counsel and Chief Deputy Executive Director
11/14/14
Date Signed