MINUTES

Board of Trustees
Regular Board Meeting
December 8, 2016

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

The Board of Trustees met at 9:00 a.m. on December 8, 2016, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Brian Noyes, Chair, presided. Other Trustees present were Ben Viola, Vice Chair; Shirrin Blaisdell; Phil Brookhouse; Kristi Carlow for Terry Hayes; Peter Leslie; Dick Metivier; 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; Douglas Porter, Senior Analyst; Rebecca Grant, Deputy Executive Director, Administrative Services; Jim Dusch, Deputy Executive Director, Service Programs; Kathy Morin, Manager, Actuarial and Legislative Affairs; Cara Majeski and Brian McDonnell, Cambridge Associates; Mark Johnson, Cliffwater; and, John Hunt, ABRY Partners.

CONSIDERATION OF THE CONSENT CALENDAR

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

1. Minutes of November 10, 2016;
2. Decision, Jill S. Bell Appeal;
3. Decision, Lori Mairs Appeal;
4. Decision, Marietta Morin Appeal;
5. Decision, Ernest Rickards Appeal;
6. Decision, Peter Stevens Appeal;
7. Remand Order, Lynette Kiernan-Ghoreyeb Appeal;
8. Dismissal of Peggy Gagnon Appeal;
9. Dismissal of Karen Hunter Appeal;
10. Dismissal of Robert Plante Appeal;
11. Dismissal of Deborah White Appeal.

Action. Shirrin Blaisdell made the motion, seconded by Ken Williams, to approve the Consent Calendar. Approved unanimously by eight Trustees.
PRIVATE MARKETS REVIEW

Private Market Activity

Jim Bennett reviewed the private markets activity for the past 12 months. Jim stated there will not be an investment manager meeting for December. Jim noted that there would likely be several managers at the investment manager meeting in January.

Alternative Credit Update

Andrew Sawyer and Jim Bennett provided an overview of alternative credit and the role it will have in the portfolio.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer presented the monthly investment report. Andrew reported that as of November 30, the MainePERS fund was valued at $12.4 billion and that the preliminary fiscal YTD return is 0.1%.

Kristi Carlow left the meeting at 9:35 a.m.

2016 Election Impact

Brian McDonnell of Cambridge Associates shared thoughts on potential impacts of the recent U.S. election.

QUARTERLY INVESTMENT TRAINING

Strategic Asset Allocation

Cara Majeski of Cambridge Associates discussed fundamentals for developing a long-term investment policy.

Private Market Investment Lifecycle

Andrew Sawyer suggested that this be discussed at the next Board meeting.

INVESTMENT MANAGER MEETING

Andrew Sawyer introduced John Hunt, ABRY Partners.
EXECUTIVE SESSION

➢ Action. Dick Metivier made the motion, seconded by Phil Brookhouse, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(F); 5 M.R.S. § 17057(4). Approved unanimously by seven Trustees.

The Board moved back into open session.

ABRY Senior Equity V

➢ Action. Phil Brookhouse made the motion, seconded by Ken Williams, that MainePERS make a commitment of up to $20 million to ABRY Senior Equity V, 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, Dick Metivier, Phil Brookhouse, Shirrin Blaisdell, and Ken Williams) with one abstention (Brian Noyes).

ADMINISTRATION REPORT

Operations Report

Jim Dusch discussed the relationship between the number of disability inquiries and applications. Rebecca Grant discussed the 2017 Retiree Calendar mailing and shared how important that item is to our retirees.

Sale of Gardiner Property

Rebecca Grant shared that we intend to list for sale a piece of undeveloped property MainePERS owns in Gardiner. The property was purchased in the early nineties with the thought of relocating there. Plans now are to remain on or near our current location.

Disability Retirement Task Force

Jim Dusch stated the Task Force has reviewed a second version of the draft legislative report and concurred with its contents. Jim shared that a final copy of the report will be provided to the Board for their review in January. There may be legislation resulting from the report.

EXECUTIVE SESSION
Action. Shirrin Blaisdell made the motion, seconded by Phil Brookhouse, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(D). Approved unanimously by seven Trustees.

The Board moved back into open session.

COLLECTIVE BARGAINING

Action. Ken Williams made the motion, seconded by Ben Viola, to approve the Administrative and Professional/Technical Collective Bargaining Agreements and the Supervisory wage-reopener agreement negotiated by the staff and authorize the Executive Director, General Counsel, and Deputy Executive Director for Administrative Services as signatories to execute the necessary documents. Approved unanimously by seven Trustees.

PLD PLAN UPDATE

PLD Advisory Committee Update

Michael Colleran stated that the PLD Advisory Committee has been discussing possible changes to the PLD Plan to improve its future funding health. The Committee is looking at various options and will provide the Board with any recommendations.

PLD Rate Change

Kathy Morin presented the Board with the recommendations of the PLD Advisory Committee and Cheiron for FY 2018 employer contribution rates. The recommended rates are:

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>With COLA</th>
<th>Without COLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Plan A</td>
<td>9.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Regular Plan B</td>
<td>6.1%</td>
<td>NA</td>
</tr>
<tr>
<td>Special Plan 1</td>
<td>15.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Special Plan 2</td>
<td>10.1%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Special Plan 3</td>
<td>12.2%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Special Plan 4</td>
<td>8.4%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

Action. Dick Metivier made the motion, seconded by Ben Viola, to adopt the rates as recommended by Cheiron and the PLD Advisory Committee. Approved unanimously by seven Trustees.
Dick Metivier wanted the Board to know how nice it was to work with Cheiron on this and that he appreciated all of their hard work.

**DC OVERSIGHT COUNCIL OVERVIEW**

Michael Colleran gave the Board an overview of the DC Oversight Council, which is a cross-departmental group formed to more formally conduct oversight over the three defined contribution/deferred compensation plans administered by MainePERS.

**LEGISLATIVE AGENDA**

Michael Colleran stated that MainePERS has submitted three agency bills to the Revisor’s Office. One is a proposed constitutional amendment that would change the period over which we amortize experience losses from 10 to 20 years. A second bill would expand protection of medical and personal financial information in the possession of MainePERS. The third bill is miscellaneous/clean-up legislation that would make minor changes to various parts of our statute. We also are looking to work with legislators on two concept bills: one regarding the work that the Disability Retirement Task Force is doing and the other regarding the PLD Advisory Committee’s work on plan funding.

**LITIGATION SUMMARY**

Chris Mann shared that the only change in the litigation summary was that the Court had granted the System’s motion to dismiss in the Sutherland case.

There being no further business, the meeting adjourned at 2:00 p.m.

1-12-17
Date Approved by the Board

Sandy Matheson, Executive Director

1-12-17
Date Signed