MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
December 10, 2015

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

The Board of Trustees met at 9:00 a.m. on December 10, 2015, 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; and Ken Williams. Joining the Trustees were John Milazzo, General Counsel and Chief Deputy Executive Director; Naomi Martin, Executive Assistant; 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; James Ackor, Sr. Analyst; Michael Colleran, Associate General Counsel; Cara Majeski and Brian McDonnell, Cambridge Associates; Mark Johnson, Cliffwater.

The Chair opened the meeting. Sandy Matheson introduced Jim Dusch, the new Deputy Executive Director for Service Programs. She also shared that Valerie Scott will be joining MainePERS at the end of December as the Deputy Executive Director for Special Projects.

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 12, 2015;
2. Adoption of Hearing Officer’s Recommended Final Decision in Randall Gelo appeal;
3. Adoption of Hearing Officer’s Recommended Final Decision in Patricia Lyons appeal;
4. Adoption of Hearing Officer’s Recommended Final Decision in David B. Quinn appeal;
5. Adoption of Hearing Officer’s Recommended Final Decision in Gladys J. Wolf appeal;
6. Recommended Dismissal of Brenda M. King appeal;
7. Recommended Dismissal of Melinda McKechnie appeal;
8. Recommended Dismissal of Arron Main appeal;
9. Recommended Dismissal of Lisa L. Millwood appeal;
10. Recommended Dismissal of Terry A. Robinson appeal; and,
11. Recommended Dismissal of Denise Theriault appeal.

  ➢ Action. Shirrin Blaisdell made the motion, seconded by Ben Viola, that the Consent Calendar be approved. Approved unanimously by six Trustees.

ACTUARIAL REPORT

Sandy Matheson introduced Gene Kalwarski who provided the group with an overview of the Summary of the 2015 Actuarial Valuation Results for All Programs. Mr. Kalwarski then answered questions from the Board.

INVESTMENTS - STRATEGY DISCUSSION

Andrew Sawyer, Jim Bennett, Brian McDonnell, and Cara Majeski continued the discussion from the November meeting on strategic asset allocation. Mark Johnson and James Ackor presented an overview of Private Equity Pacing. Andrew stated that this discussion will continue over the next two or three months.

PRIVATE MARKET ACTIONS

Andrew Sawyer gave an overview of the three investments being considered for action by the Board; Advent Global Private Equity Fund VIII, Summit Venture Capital IV and Vanguard FTSE Social Index.

EXECUTIVE SESSION

  ➢ Action. Ken Williams made the motion, seconded by Ben Viola, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(C) and (F); 5 M.R.S. § 17057(4). Approved unanimously by six Trustees.

The Board moved back into open session.

Advent Global Private Equity Fund VIII

  ➢ Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to $60 million to Advent International GPE VIII, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, General Counsel and Chief Deputy Executive Director, and Chief Investment Officer as signatories to execute the documents necessary to complete the transaction. Approved unanimously by six 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)(C) and (F); 5 M.R.S. § 17057(4). Approved unanimously by six Trustees.

*The Board moved back into open session.*

**Summit Venture Capital IV**

▶ **Action.** Ken Williams made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to $20 million to Summit Partners Venture Capital Fund IV, L.P., subject to final due diligence, legal review and negotiations, and authorize the Executive Director, General Counsel and Chief Deputy Executive Director, and Chief Investment Officer as signatories to execute the documents necessary to complete the transaction. Approved unanimously by six Trustees.

**Vanguard FTSE Social Index Fund**

▶ **Action.** Terry Hayes made the motion, seconded by Ben Viola, to approve adding the Vanguard FTSE Social Index Fund as an investment option for the MaineSTART 401(a), 457, and 403(b) plans, and authorize the Executive Director, General Counsel and Chief Deputy Executive Director, and Chief Investment Officer as signatories to execute the documents necessary to complete the transaction. Approved unanimously by six Trustees.

**INVESTMENTS**

**Low Carbon Fund**

Sandy Matheson discussed the concept of low carbon index funds and information the System has learned in recent months. Andrew Sawyer explained the mechanics of the index. He also explained that the System is always monitoring investment risk and exploring ideas to manage that risk now or in the future.
Investment Review

Andrew Sawyer presented the monthly investment report. Andrew reported that as of November 30, the MainePERS fund was valued at $12.2 billion and reported a preliminary fiscal YTD return of -1.5%.

Private Market Activity

Andrew Sawyer reminded the Board that the next investment manager meeting will be held on Tuesday, December 15, 2015, with a presentation by Technology Crossover Ventures (TCV) at 9:00 a.m.

Sandy Matheson announced that John Milazzo will be retiring at the end of December and reviewed upcoming planned personnel and organizational changes. Trustees expressed their sincere and deep appreciation for John’s service, stressing how much value he has added and how much he will be missed.

Proxy Voting Update

Andrew Sawyer will provide an update at the February meeting.

APPEAL - Robert Hudson, Jr.

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to the appeal before the Board and the decision by the Hearing Officer. Gerard Conley, Esq., the Appellant’s counsel, and N. Quinn Collins, Esq., the System’s representative, made presentations before the Board. The Appellant and his wife were present.

➢ Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, to adopt the recommended final decision of the Hearing Officer. Five Trustees voted in the affirmative (Peter Leslie, Ben Viola, Dick Metivier, Ken Williams, Shirrin Blaisdell) and one abstained (Terry Hayes).

LITIGATION SUMMARY

Chris Mann provided the litigation summary.

ADMINISTRATION

Operating Report

John Milazzo reviewed the Operating Report noting:

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• Collective bargaining negotiations are ongoing with employees belonging to the supervisory bargaining unit.
• The net difference between contributions and benefits this past quarter was $90 million.

Disability Task Force

Sandy Matheson gave an overview of the work of the Disability Task Force and of planned changes designed to improve the disability application process. She shared that the work of the Task Force has been very successful to date, and that she anticipates productive changes will result from the effort.

401(a) DC Plan Amendment

Michael Colleran explained that when participants in the 401(a) Plan leave employment prior to investing, under IRS regulations employer contributions for that participant are forfeited and may only be used for certain purposes. The plan document currently permits these funds to be used only to offset future contributions for the affected employer. An amendment is necessary to provide authority to use funds for an alternative purpose, in this case to pay plan expenses, when there are no subsequent contributions from that employer to offset in the same plan year.

➢ Action. Dick Metivier made the motion, seconded by Ken Williams, to approve amending the 401(a) Plan Document to authorize the use of forfeited employer contributions to pay administrative expenses where there are no subsequent employer contributions in the same plan year in which the forfeiture occurred and to provide further detail regarding administrative expenses, and authorize the Executive Director, General Counsel and Chief Deputy Executive Director as signatories to execute the documents to make this amendment. Approved unanimously by six Trustees.

FURTHER DISCUSSIONS

Chair Leslie again expressed his appreciation and the Board’s appreciation to John for his service to the Board and MainePERS. The Trustees expressed their good wishes for the future.

Dick Metivier requested an update on the status of Board appointments. Sandy stated Brian Noyes had been sworn in and that the appointment of a representative from the Maine Retired Teachers’ Association should occur in the near future.
The meeting adjourned at approximately 1:47 p.m.

1-14-16
Date Approved by the Board

Sandy Matheson, Executive Director

1-14-16
Date Signed