MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees Regular Board Meeting December 12, 2013
MainePERS Board Room Augusta, Maine
9:00 a.m.

The Board of Trustees met at 9:00 a.m. on December 12, 2013, at the Maine Public Employees Retirement System, Board Room, at 96 Sewall Street, Augusta, Maine. Peter Leslie, Chair presided. Other Trustees present were Shirrin Blaisdell, Neria Douglass, Dick Metivier, Brian Noyes, Catherine Sullivan, Ben Viola (Vice Chair), and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; Naomi Poland, Senior Executive Assistant; 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 Andrew Sawyer, Chief Investment Officer, Brenda Leavitt-Paradis (Sage Data Security Systems), Justin Whitlock (Systems Engineering), and Rebecca Grant, Deputy Executive Director.

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

1. Minutes of the November 14, 2013, Regular Meeting;
2. Recommended Dismissal of June Conley appeal;
3. Recommended Dismissal of Brenda Crocker appeal;
4. Recommended Dismissal of Reginald Grant appeal;
5. Recommended Dismissal of Angela LaFrenier appeal;
6. Recommended Dismissal of Agnes O'Shea appeal;
7. Recommended Dismissal of Lisa Pardiella appeal;
8. Recommended Dismissal of Edgar Rhodes appeal;
9. Recommended Dismissal of Susan Slee appeal; and
10. Recommended Dismissal of Daniel Truman appeal.

Action. Dick Metivier made the motion, seconded by Brian Noyes, that the Consent Calendar be approved. Voted unanimously by seven Trustees.

INVESTMENTS

Custodial Bank

Andrew Sawyer briefed the Trustees on the due diligence conducted in light of the recent security breach at J.P. Morgan, MainePERS' custodial bank. The breach affected some Maine unemployment compensation recipients. Andrew met with
J.P. Morgan’s head of compliance and indicated that J.P. Morgan would meet with the Board at its January or February 2014 meeting. The Investment Team is confident that the security breach issues do not extend to MainePERS. J.P. Morgan agreed to provide in writing that there are no issues with our contract in light of these events.

*Neria Douglass arrived at the meeting.*

**Monthly Performance**

Andrew Sawyer indicated that as of November 30, 2013, the fund was valued at $12.1 billion. He also indicated that fund was up 13% calendar year-to-date and up 9% fiscal year-to-date.

**Private Markets Forward Calendar**

Andrew Sawyer reviewed the Private Markets Forward Calendar, noting an investment under consideration with the Westbrook Real Estate Fund IX, L.P.

He also noted that the investments in HIG Middle Market LBO Fund II, L.P. and KKR Real Estate Partners Americas, L.P. approved by the Trustees at the November 2013 meeting were both moving forward.

**APPEALS**

Sandy Matheson noted that there are an exceptionally high number of appeals before the board in December. She explained this is the result of timing, not a backlog. An unusually high number of appeals were concluded in recent weeks.

She also reported that the Appeals Working Group, comprised of MainePERS staff and attorneys and other legal professionals who represent members, discussed a comprehensive review of the disability and appeals processes. She further reported the System will be exploring an RFP process that includes stakeholders seeking to modernize and in that process improve the disability program. Work will begin through the Appeals Working Group in 2014.

**APPEAL – GAIL MACOMBER**

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 did not appear.
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➢ **Action.** Catherine Sullivan made the motion, seconded by Shirrin Blaisdell, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

**APPEAL – THOMAS MANSFIELD**

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 did not appear.

➢ **Action.** Brian Noyes made the motion, seconded by Neria Douglass, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

**APPEAL – SCOTT HIGGINS**

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 did not appear.

➢ **Action.** Dick Metivier made the motion, seconded by Ben Viola, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

**APPEAL – CAROLYN HELWIG**

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 did not appear.

➢ **Action.** Shirrin Blaisdell made the motion, seconded by Neria Douglass, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

**APPEAL – SHERRIE GUSTIN**

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 did not appear.

➢ **Action.** Ben Viola made the motion, seconded by Dick Metivier, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.
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APPEAL – TIMOTHY WILBUR

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 did not appear.

➢ **Action.** Dick Metivier made the motion, seconded by Catherine Sullivan, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

APPEAL – DONALD CYR

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 did not appear.

➢ **Action.** Brian Noyes made the motion, seconded by Ken Williams, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

APPEAL – JOHN BURNE

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 did not appear.

➢ **Action.** Ben Viola made the motion, seconded by Dick Metivier, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

APPEAL – MELISSA KING

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 did not appear.

➢ **Action.** Neria Douglass made the motion, seconded by Dick Metivier, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

APPEAL – DONNA JOHNSON

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 did not appear.
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➢ **Action.** Brian Noyes made the motion, seconded by Neria Douglass, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

**APPEAL – TERESA PETRIE**

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 did not appear.

➢ **Action.** Dick Metivier made the motion, seconded by Shirrin Blaisdell, to accept the report of the Hearing Officer. Voted unanimously by eight Trustees.

**SUMMARY REPORTS**

Sandy Matheson summarized her recent speaking engagement at the Federal Reserve Bank in Cleveland, Ohio at a conference on public pensions.

Neria Douglass informed the Board that the State is participating in litigation regarding Standard & Poors. Chris Mann noted that additional information regarding the Standard & Poors litigation was noted in his summary to Trustees.

**IT SECURITY COUNCIL PRESENTATION**

Brenda Leavitt-Paradis, Sage Data Solutions and a member of the MainePERS Security Council, gave an educational presentation regarding recent data security breaches in several public and private companies and various daily data security risks.

Sandy outlined the System’s efforts and the Council’s work (including security policies) to protect member, retiree, beneficiary and other System data. Other members of the Council present were Justin Whitlock, Systems Engineering; Rebecca Grant, Deputy Executive Director; John Mavodones, Network & Operations Supervisor; and Ryan McArthur, Security Administrator, as well as John Milazzo and Sandy Matheson. John Milazzo credited Rebecca Grant with moving the effort forward.

Sandy indicated that MainePERS staff had recently been involved in comprehensive training and that each staff member was required to sign a policy document following the training.
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APPEAL – SANDRA BASTILLE

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to appeals before the Board and the decision by the Hearing Officer. Appellant’s attorney Brian Condon, Esq. and the Appellant were both present as was Jim Bastille. Michael Goldman, Esq., MainePERS Representative, was also present. Both attorneys made presentations before the Board.

➤ Action. By agreement the Board tabled the appeal of Sandra Bastille in order for the Board’s counsel to verify information regarding her last date in service and options on how to move forward.

APPEAL – JEFFREY WEEKS

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to appeals before the Board and the decision by the Hearing Officer. Appellant’s attorney David Simonds, Esq. and the Appellant were both present, as was N. Quinn Collins, Esq., MainePERS Representative. Mr. Simonds and Mr. Collins both made arguments before the Board.

➤ Action. By agreement the Board tabled the appeal of Jeffrey Weeks in order for the Board’s counsel to verify information regarding dates, to also verify medical reports that were brought to the attention of the hearing officer, and options on how to move forward.

TECHNOLOGY

Sandy Matheson indicated that following review of a cost-benefit analysis and consistent with System IT security, iPads will be provided to the Trustees in 2014 for board packet and other information distribution.

OPERATING REPORT

John Milazzo reviewed his operating report, noting:

• MainePERS is switching over in January 2014 to a new human resources information and payroll system for MainePERS staff.

EXECUTIVE SESSION

➤ Action. Ben Viola made the motion, seconded by Dick Metivier, to enter into executive session pursuant to Title 1 § 405(6)(E) for the purpose of discussing litigation matters. Voted unanimously by eight Trustees.
The Board moved back into open session.

The meeting adjourned at approximately 3:15 p.m.

The next meeting will be a regular Board meeting and is expected to be held January 9, 2014, at MainePERS office located at 96 Sewall Street, Augusta, Maine.

January 9, 2014
Date Approved by the Board

Sandra J. Matheson, Executive Director

January 9, 2014
Date Signed