MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
December 14, 2017

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

The Board of Trustees met at 9:00 a.m. on December 14, 2017, 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; Terry Hayes; 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; Rebecca Grant, Deputy Executive Director, Administrative Services; Jim Dusch, Deputy Executive Director, Service Programs; and Cara Majeski, Cambridge Associates.

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 9, 2017;
2. Decision, C.B. Appeal; and
3. Decision, K.C. Appeal.

➢ Action. Phil Brookhouse made the motion, seconded by Shirrin Blaisdell, to approve the Consent Calendar. Voted unanimously by seven Trustees.

INVESTMENT POLICY UPDATE

Andrew Sawyer provided the Trustees recommended changes for of the policy regarding derivatives and leverage. Andrew answered various questions from the Trustees.

➢ Action. Terry Hayes made the motion, seconded by Shirrin Blaisdell, to amend the Investment Policy Statement as recommended by the Investment Team. Voted unanimously by seven Trustees.
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). Voted unanimously by seven Trustees.

*The Board moved back into open session.*

PRIVATE MARKETS ACTION

**AQR**

➢ **Action.** Shirrin Blaisdell made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to $300 million to AQR Liquid Enhanced Alternative Premia Fund, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this commitment. Voted unanimously by seven Trustees.

**Windham Risk Premia Fund**

➢ **Action.** Phil Brookhouse made the motion, seconded by Ben Viola, that MainePERS make a commitment of up to $300 million to Windham Risk Premia Fund, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this commitment. Voted unanimously by seven Trustees.

**RISK DIVERSIFIERS REBALANCING**

➢ **Action.** Ben Viola made the motion, seconded by Ken Williams, 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.*

➢ **Action.** Ken Williams made the motion, seconded by Ben Viola, to reduce or eliminate the capital allocated to existing strategies in the Risk Diversifier allocation, as determined by the Investment Team, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute any documents necessary to implement these changes by the end of fiscal year 2018. Voted unanimously by seven Trustees.
Brian Noyes suggested that the Investment Team provide an educational session on risk diversifiers and leverage at a future Board meeting.

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 one or more managers at the investment manager meeting in January.

BOARD EDUCATION

Interest Rates and the Portfolio

Jim Bennett, Andrew Sawyer and Cara Majeski provided an overview of the current interest rate environment and the impact on the fixed income markets and the portfolio. They answered questions from the Trustees.

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 $13.9 billion and that the preliminary fiscal YTD return is 5.6%.

ADMINISTRATION REPORT

Operations Report

Rebecca Grant updated the Trustees on the continuing construction work behind MainePERS. Rebecca shared that RFP’s are being generated for equipment for the new building, and she will provide the floor plan for the new building at next month’s meeting. Sandy Matheson thanked Mike, Val, and Rebecca for the great job they are doing on this project. Rebecca stated the IT staff was involved in a retreat that provided a rethinking of IT operations as we migrate over to the new building.

Disability Retirement Task Force

Jim Dusch stated that meetings continue with the Task Force. The Task Force is looking at statutory improvements which will be presented to the Legislature in
January. Jim will provide that legislation to the Trustees for their review at a future meeting.

**PLD Plan Update**

Sandy Matheson provided an overview of the presentation provided across the state regarding Plan changes. Sandy stated the changes were well received with participants sharing their questions and concerns. Sandy shared that the PLD Advisory Committee is in the process of finalizing those changes to bring before the Trustees.

**2019 PLD Rates**

Sandy Matheson stated in November the Trustees had approved a range of rates by which the PLD Advisory Committee could determine the 2019 rates. The Committee met twice, but did not have a quorum for either meeting. Sandy recommended that the Board adopt an aggregate rate of 10.3%, with the individual plan rates as recommended by the System’s actuary and presented to the Board.

➢ **Action.** Terry Hayes made the motion, seconded by Phil Brookhouse, to adopt the rates as recommended by the Executive Director for the PLD Plans for FY 2019. Voted unanimously by seven Trustees.

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1/11/18

Date Approved by the Board

1/11/18

Sandy Matheson, Executive Director

1/11/18

Date Signed