MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes
Board of Trustees
Regular Board Meeting
July 13, 2017
MainePERS Board Room
Augusta, Maine
9:00 a.m.

The Board of Trustees met at 9:00 a.m. on July 13, 2017, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Brian Noyes, Chair presided. Other Trustees present were Shirrin Blaisdell, Phil Brookhouse, Michael Currie, Terry Hayes, Dick Metivier, and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; Michael Cullinan, 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; Brian McDonnell and Cara Majeski, Cambridge Associates; and Mark Johnson, Cliffwater.

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 June 8, 2017
2. Decision, Bruce Hyland Appeal;
3. Decision, Lisa Schultz Appeal;
4. Dismissal of Sarah Barnard Appeal;
5. Dismissal of Julia Bowman Appeal;
6. Dismissal of Preston Chadwick Appeal;
7. Dismissal of Steffan Duplessis Appeal;
8. Dismissal of Michael Hughes Appeal;
9. Dismissal of Jennifer Lamson-LaPlume Appeal;
10. Dismissal of Deborah L. Pyne-Young Appeal; and
11. Dismissal of Anne Hunter’s Appeal.

The following addition was made to page five of the June 8, 2017 minutes: “Dick Metivier left the meeting at noon.”

➢ Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell, to approve, as amended, the June 8, 2017 minutes and approve the Consent Calendar. Voted unanimously by seven Trustees.
PLD PLAN PROPOSAL

Sandy Matheson shared that the PLD Advisory Committee has created a preliminary set of recommendations for strengthening the plan and answered Trustee questions. The next step will be to finalize presentation materials with the Committee and then meet with employers and employees around the State for feedback.

PRIVATE MARKETS ACTIVITY

Jim Bennett reviewed the private markets funds that had closed during the past 12 months. Jim reminded the Board that the next investment manager meeting is scheduled for Tuesday, July 25, 2017, with a presentation by Tennenbaum Capital Partners. Jim shared that Stonepeak, GTCR and Water Street may be considered at the August or September meetings.

Jim Bennett and Andrew Sawyer shared their plans to invite a manager to the August board meeting to provide education on the topic of Risk Diversifiers.

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett presented an updated monthly investment report. He reported that the MainePERS fund was valued at $13.3 billion as of June 30 and the preliminary return for fiscal year 2017 is 12.5% net of fees. The calendar year to date return is 7.6%.

Investment Policy Statement Update

Jim Bennett reviewed the changes made to Appendices 1 and 4 of the Investment Policy Statement. Andrew Sawyer continued the discussion on risk diversifiers and hedge funds as it relates to the portfolio.

QUARTERLY INVESTMENT TRAINING

Jim Bennett reviewed the first three quarterly segments of annual investment training the Investment Team provides to Trustees. Jim and Andrew Sawyer then presented the fourth quarterly phase, measurement and monitoring. Andrew explained how the investments are monitored and the process for performance measurement.
Terry Hayes left the meeting at noon.

MUNICIPAL BOND RATE REPORTING

Sherry Vandrell reported changes to the financial reporting requirements for OPEB Plans. She shared that those changes will have very little impact on MainePERS and that she will provide an update after the Audit Committee Meeting in August.

ADMINISTRATION REPORT

Operations Report

Jim Dusch shared that a significant set of changes to the disability program are now in place. Brian Noyes asked Jim to give the Trustees a brief overview of this new process. Jim provided an example of the new steps we have created in order to educate and serve our members the best we can during the disability process. He shared that the initial response from members has been positive.

Rebecca Grant stated security training for staff has been completed. This training was extremely helpful in providing security awareness. Rebecca updated the Trustees on the status of the V3-V10 project.

Real Estate

Michael Colleran reported that we have entered into a sales agreement for MainePERS’ Augusta properties and a 30-year lease of new office space with FD Stonewater. Construction will begin in October with a completion date of December 2018 or early 2019. Michael also shared that an offer on the Gardiner property has been accepted and the transaction will be completed upon authorization of the Trustees.

Action Shirrin Blaisdell made the motion, seconded by Phil Brookhouse, that MainePERS convey its real estate located in the City of Gardiner to Christopher and Margaret Bradley and authorize the Executive Director, General Counsel, and Deputy Executive Director for Administration as signatories to execute any and all documents necessary to effect the transaction. Voted unanimously by six Trustees.
LEGISLATIVE UPDATE

Kathy Morin presented the legislative update and explained the process for those bills currently on the Special Appropriations Table or Special Highway Table.

RULEMAKING

Rule Chapter 803

Michael Colleran updated the Trustees on a proposed amendment to Rule Chapter 803 that would expand employer flexibility for new hire benefits in the PLD Plan. MainePERS has noticed for comment this amendment. Depending on comments received and the recommendation of the PLD Advisory Committee, the amendment may be presented to the Board for approval at the August meeting.

LITIGATION SUMMARY

Chris Mann shared that there was no new information on litigation.

BOARD OF TRUSTEES WEBSITE

Sandy Matheson and Stacey Beckim presented an overview of the new website for the Trustees. The Trustees shared their thoughts and suggestions. The website will be available by September.

EXECUTIVE DIRECTOR EVALUATION

- Action. Dick Metivier made the motion, seconded by Mike Currie, to Enter into Executive Session pursuant to 1.M.R.S. §405(6)(A). Voted unanimously by six Trustees.

Board moves out of executive session.

- Action. Phil Brookhouse made the motion, seconded by Ken Williams to set the Executive Director’s salary effective April 1, 2017, in accordance with the Board Chair’s recommendation. Voted unanimously by six Trustees.
The meeting adjourned at approximately 3:00 p.m.

9/10/17
Date Approved by the Board

Sandra J. Matheson, Executive Director

8/10/17
Date Signed