

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
January 11, 2018

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

The Board of Trustees met at 9:00 a.m. on January 11, 2018, 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; Mike Currie; Dick Metivier; and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; 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; Valerie Scott, Associate Deputy Director; 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 December 14, 2017; and
 2. Decision, M.S. Appeal.
- Action. Shirrin Blaisdell made the motion, seconded by Phil Brookhouse, to approve the Consent Calendar. Voted unanimously by seven Trustees.

PRIVATE MARKETS REVIEW

Private Market Activity

Jim Bennett reviewed the private markets activity for the past 12 months. Jim shared with the Board that the next investment manager meeting is scheduled for Tuesday, January 23, 2018, with presentations by Bridgewater at 9:00 a.m., and Kelso at 10:30 a.m.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer presented the monthly investment report. Andrew reported that as of December 31, the MainePERS fund was valued at \$14.0 billion and the preliminary fiscal YTD return (six months) is 6.4%.

QUARTERLY INVESTMENT TRAINING

Strategic Asset Allocation

Jim Bennett began by reviewing the phases of institutional investing. Jim and Trustees discussed strategic asset allocation and how asset classes are combined into efficient portfolios. Jim, Andrew Sawyer, and Brian McDonnell then discussed with Trustees the variety of different Risk Diversifier strategies that are available, and which ones might fit best in the MainePERS portfolio.

LEGISLATIVE UPDATE

Mike Colleran presented the legislative update and provided information on the status of carry over bills from the first session and bills that have been introduced for consideration for the second session. Mike also shared a number of reports that will be prepared for the Legislature in the coming weeks. Mike answered various questions from the Trustees.

ADMINISTRATION REPORT

Operations Report

Rebecca Grant stated the weather has not hampered the construction project and it is still on schedule. Rebecca shared the floor plan for the new building and asked Val Scott to review slides with the Trustees. Val answered a variety of questions from the Trustees.

Disability Retirement Task Force

Jim Dusch stated work has begun with consultants regarding long-term disability insurance proposals. An initial report from the consultants will be provided to the Task Force in the near future.

Interest Rates

Mike Colleran informed the Trustees that the new interest rate for withdrawals of contributions will be 2.40%, which is a decrease from 2.45% last year. This rate is based on the 10-year U.S. Treasury Bond yield as of the last business day of 2017. Mike stated this decrease will also lower the interest rate MainePERS charges for the purchase of certain types of service credit (i.e., military and re-purchase by judges) from 4.45% to 4.40%.

PLD Plan Update

Sandy Matheson shared that the PLD Advisory Committee is in the process of finalizing plan change recommendations and would like to have it completed at their February 5th meeting.

Fiduciary Training

Sandy Matheson introduced Amy McDuffee, Founder and CEO of Mosaic Governance Advisors, LLC, who is the Board's governance consultant.

Amy McDuffee, Mike Colleran, and Chris Mann prepared a joint educational presentation on fiduciary responsibilities for the Trustees. This training provided an update for those Trustees who have been members over a long period of time and for those new to the Board. The objective for the discussion was to review the fundamentals of fiduciary concepts; resources available that support Trustees in their fiduciary role; and, discuss case study examples. Amy, Mike, and Chris answered questions from the Trustees throughout the training. Amy commented that the Trustees worked very well together and have the ability to speak openly and honestly which makes for a great Board for the membership they represent.

The following senior staff members also attended the training: Rebecca Grant, Jim Dusch, Val Scott, and Sherry Vandrell.

2-8-18
Date Approved by the Board

Sandy J. Matheson
Sandy Matheson, Executive Director

2-8-18
Date Signed