

# MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Minutes

Board of Trustees  
Regular Board Meeting  
February 8, 2018

MainePERS Board Room  
Augusta, Maine  
10:00 a.m.

*The Board of Trustees met at 10:00 a.m. on February 8, 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; Terry Hayes; 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; Kathy Morin, Manager, Actuarial and Legislative Affairs; Brian McDonnell, 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 January 11, 2018;
2. Decision, M.C. Appeal;
3. Dismissal, Lester Poole Appeal; and,
4. Dismissal, Sarah Thompson Appeal.

➤ Action. Ben Viola made the motion, seconded by Shirrin Blaisdell, to approve the Consent Calendar. Voted unanimously by six Trustees.

Brian Noyes asked that the minutes reflect the start time as 10:00 a.m. and item number 3, Real Estate Quarterly Review, be taken off the agenda due to travel problems for the presenter.

### **EXECUTIVE SESSION**

➤ Action. Phil Brookhouse made the motion, seconded by Ben Viola, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(F); 5 M.R.S. § 17057(4). Voted unanimously by six Trustees.

*The Board moved back into open session.*

Terry Hayes arrived at 10:05 a.m.

### **BRIDGEWATER PURE ALPHA**

- Action. Phil Brookhouse made the motion, seconded by Terry Hayes, that MainePERS make a commitment of up to \$400 million to Bridgewater pure alpha strategies, 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.

### **KELSO INVESTMENT ASSOCIATES X**

- Action. Ben Viola made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to \$45 million to Kelso Investment Associates X, 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.

### **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, February 23, 2018, with KKR at 10:30 a.m.

#### **Public Infrastructure**

Andrew Sawyer had a discussion with the Trustees on investments in public infrastructure.

#### **Cliffwater Quarterly Review**

Mark Johnson provided an overview of the private markets portfolios as of September 30, 2017. Mark shared that private credit is new to the portfolio. Mark and the Trustees had a discussion about the different portfolios.

### **INVESTMENT REVIEW**

#### **Investment Monthly Review**

Andrew Sawyer presented the monthly investment report. Andrew reported that as of January 31, the MainePERS fund was valued at \$14.4 billion, and the preliminary fiscal YTD return is 9.9%.

### **Investment Quarterly Review**

Brian McDonnell provided the Trustees with the fourth quarter performance review.

### **STATE/TEACHER PLAN UPDATE**

Sandy Matheson updated the Trustees on the State/Teacher Plan Working Group. Sandy stated the proposed plan may include multiple plan choices, similar to the way the PLD Plan is structured.

### **BOARD OF TRUSTEES iPADS**

Sandy Matheson informed the Trustees that new iPads will be given to them as early as March. Sandy shared one of the new iPads with the Trustees while Stacey Beckim did an overview of the new Board website and how to navigate around it.

### **ADMINISTRATION REPORT**

#### **PLD Update**

Sandy Matheson shared that the PLD Advisory Committee had met recently and had finalized the change provisions to the Plan. The next step is to present those provisions to the Legislature under L.D. 247 and to the Board of Trustees in rulemaking. Sandy reviewed the changes with the Trustees. July 1<sup>st</sup> is the target implementation date. Gene Kalwarski, Cheiron, joined in the meeting via conference call to discuss the final PLD plan proposal with the Trustees.

#### **Operations Report**

Rebecca Grant stated the new building is on track. Vendors for modular furniture and audio visual services have been selected and contracts are being drafted. An example of a workstation will be brought in for staff to examine.

#### **Strategic Planning Update**

Sandy Matheson, Rebecca Grant, and Mike Colleran provided their thoughts on the strategic planning work that currently is being done.

*Terry Hayes left the meeting at 2:00 p.m.*

### **LITIGATION SUMMARY**

Chris Mann stated he had one new case and another may be on the way.

**LEGISLATIVE UPDATE**

Kathy Morin updated the Board on the status of carryover bills and the new bills submitted by MainePERS.

**RULEMAKING**

Mike Colleran shared the proposed amendment to Rule Chapter 803 with the Trustees. The next steps are to have a public hearing at the April Board meeting or a special board meeting if necessary. Depending on the public comments received, the amendment may be presented for Board approval in May or June with the goal of July 1<sup>st</sup> as the effective date.

4-12-18  
Date Approved by the Board

Sandy Matheson  
Sandy Matheson, Executive Director

4-12-18  
Date Signed