

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
May 10, 2018

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

The Board of Trustees met at 9:00 a.m. on May 10, 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; Phil Brookhouse, Mike Currie; Terry Hayes, Dick Metivier; and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; Michael Collieran, General Counsel; and Monica Gorman, Secretary to the Board of Trustees. The Board also was joined for select portions of the meeting by Jim Bennett, Deputy Chief Investment Officer; Rebecca Grant, Deputy Executive Director, Administrative Services; Kathy Morin, Manager, Actuarial and Legislative Affairs; 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 April 12, 2018;
2. Decision, B.S. Appeal;
3. Consideration of Items Removed.

➤ Action. Dick Metivier made the motion, seconded by Ben Viola, to approve the Consent Calendar. Voted unanimously by seven Trustees.

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett presented the monthly investment report. Jim reported that as of April 30, the MainePERS fund was valued at \$14.3 billion with a preliminary fiscal year to date return of 9.5%. The calendar year-to-date return was 1.8%.

Investment Quarterly Review

Cara Majeski presented the dashboard report and provided an overview of the first quarter performance review. Cara and Brian McDonnell answered questions from the Trustees.

PRIVATE MARKETS REVIEW

Private Market Activity

Jim Bennett reviewed the private markets activity for the past 12 months. Jim shared that the next investment manager meeting is scheduled for Tuesday, May 22, 2018, with a presentation by Paine Schwartz at 9:00 a.m. and Denham Capital at 10:30 a.m. Jim and Mark Johnson (Cliffwater) shared information on Silver Creek Construction Materials Fund, which is under consideration and with whom we may meet in the future.

Cliffwater Quarterly Review

Mark Johnson presented the private markets quarterly review as of December 31, 2017. Mark discussed and answered questions from the Trustees regarding the private equity, infrastructure, and natural resources portfolios.

ORG Quarterly Review

Jim Bennett provided the Trustees with a copy of ORG's Quarterly Real Estate Portfolio report as of December 31, 2017.

Brian Noyes requested the Investment Team to provide the Trustees with a report (quarterly) on risk diversifiers.

FINANCE AND AUDIT COMMITTEE

Dick Metivier stated that the Finance and Audit Committee had met over the last couple of months to review the Administration and Investment budgets. The Committee requested additional information, and after some discussion, is making the recommendation to approve both budgets. Sherry, Sandy, and Rebecca provided clarification on questions asked by the Trustees.

- Action. Dick Metivier made the motion, seconded by Ben Viola, to approve the FY19 Recommended Operating Budget in the amount of \$14,702,588 and the Recommended Investment Operations Budget in the amount of \$5,340,072 as recommended by the Finance and Audit Committee. Voted unanimously by seven Trustees.

ADMINISTRATION REPORT

Operations Report

In Jim Dusch's absence, Rebecca Grant shared that his staff have reduced the number of overdue Annual Statement of Compensation forms from 98 to 22. Staff continues to reach out so benefits do not stop.

Rebecca Grant provided an update on the construction of the new building; everything is on schedule to date. A model of the new work station will be set up at the end of the month for staff to examine.

BOARD POLICY DISCUSSION

Actuarial Soundness and Funding

Sandy Matheson reviewed proposed changes to Board Policy 2.2, Actuarial Soundness and Funding, with the Trustees. Sandy answered questions from the Trustees. Proposed changes to the policy will be presented to the Trustees for approval in June.

LITIGATION SUMMARY

Chris Mann stated there was no new information this month.

EXECUTIVE DIRECTOR EVALUATION

- **Action**. Terry Hayes made the motion, seconded by Phil Brookhouse, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(A). Voted unanimously by seven Trustees.

The Board moved back into open session.

LEGISLATIVE UPDATE

Kathy Morin updated the Board on the status of bills. Sandy Matheson provided an update on the new pension plan report, long-term disability insurance bill, and the PLD bill.

RULEMAKING

Amended Rule Chapter 803

Michael Colleran reviewed the process followed for the proposed amendment to Rule Chapter 803. Michael summarized the modifications to the amended Rule

being proposed as a result of comments received and answered questions from the Trustees.

- Action: Terry Hayes made the motion; seconded by Phil Brookhouse that the Board adopt amended Rule Chapter 803 and its Basis Statement. Voted unanimously by seven Trustees.

The Board of Trustees meeting was adjourned at 2:15 p.m.

6-14-18
Date Approved by the Board

Sandy Matheson
Sandy Matheson, Executive Director

6-18-18
Date Signed