

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
June 14, 2018

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

The Board of Trustees met at 9:00 a.m. on June 14, 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; Matthew Colpitt for Terry Hayes, 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; Kathy Morin, Manager, Actuarial and Legislative Affairs; Sherry Tripp-Vandrell, Director of Finance; Mark Johnson, Cliffwater; and Gene Kalwarski, Cheiron.

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 May 10, 2018;
2. Decision, M.B. Appeal;
3. Decision, R.C. Appeal;
4. Consideration of Items Removed.

In the M.B. Appeal decision, references to the Maine Disability Rights commission will be corrected to the Maine Human Rights Commission.

- Action. Phil Brookhouse made the motion, seconded by Ken Williams, to approve the Consent Calendar as amended. Voted unanimously by eight Trustees.

EXECUTIVE SESSION

- Action. Shirrin Blaisdell 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 eight Trustees.

The Board moved back into open session.

DENHAM MINING FUND

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to \$35 million to Denham Mining 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 eight Trustees.

PAINE SCHWARTZ FOOD CHAIN FUND V

- Action. Ben Viola made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to \$45 million to Paine Schwartz Food Chain Fund V, 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 eight 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 managers meeting is scheduled for Tuesday, June 26, 2018, with a presentation by Angelo, Gordon & Co. at 9:00 a.m.; Riverside Micro-Cap Fund V at 10:30 a.m.; and Technology Crossover Ventures Fund IX at 12:15 p.m. Jim and the Trustees discussed the Silver Creek Construction Fund and the possibility of them coming to the August Board meeting.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer presented the monthly investment report. Andrew reported that as of May 31st, the MainePERS fund was valued at \$14.2 billion with a preliminary fiscal year to date return of 9.7%. The calendar year-to-date return was 1.9%. Andrew shared that they continue to revisit the asset allocation ranges and the policy around rebalancing and will maintain an ongoing discussion with the Trustees over the next few months.

RATES AND EXPERIENCE STUDY

Gene Kalwarski reviewed how the contribution system works and how those contributions are calculated. Gene also shared where Maine compares to other states. Gene answered questions from the Trustees.

Sandy Matheson and Gene shared that the Society of Actuaries held a contest asking plans for submissions on ideas to save retirement systems. Sandy and Gene submitted a paper and found out they had won. The paper will be published in Society of Actuaries publications. Sandy will provide a copy of the paper to the Trustees.

- Action. Brian Noyes made the motion, seconded by Ken Williams to lower the discount rate for the State-funded plans to 6.75%. Voted unanimously by eight Trustees.

BOARD POLICY 2.2, ACTUARIAL SOUNDNESS AND FUNDING

Sandy Matheson provided the Trustees with an amended copy of Board Policy 2.2, Actuarial Soundness and Funding Policy, for their review and discussion.

- Action. Ken Williams made the motion, seconded by Phil Brookhouse that the Board adopt the amended policy as recommended with clarifying language on the meaning of the risk free rate and reflecting the new discount rate for State-funded plans. Voted unanimously by eight Trustees.

MAINSTART 457 PLAN

Michael Colleran shared recommended updates for the 457 plan documents with the Trustees.

- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell, that the Board adopt the amended and restated 457 plan document and authorize the Executive Director and General Counsel to sign any documents related to effecting this action. Unanimously voted by eight Trustees.

LITIGATION SUMMARY

Chris Mann stated there was no new information this month. Chris explained the process when an applicant challenges a decision and requests Board Counsel to review for errors. Chris answered questions from the Trustees.

ADMINISTRATION REPORT

Operations Report

Rebecca Grant provided an update on the construction of the new building; everything is on schedule to date. Brian Noyes asked if Rebecca would provide the Trustees with the logistics of the move as the time draws closer. Sandy Matheson shared the options for the new logo with the Trustees. Dick Metivier requested information on the RFPs and what they related to. Rebecca Grant shared that mainly the RFPs are for the new building or IT. Dick also asked for information on the disability insurance RFP. Michael Colleran explained that we have engaged a consultant to assist in writing the RFP.

EXECUTIVE DIRECTOR EVALUATION

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

The Board moved back into open session.

The Board of Trustees meeting was adjourned at 2:00 p.m.

7-12-18
Date Approved by the Board

Sandy Matheson
Sandy Matheson, Executive Director

7-12-18
Date Signed