

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
July 12, 2018

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

The Board of Trustees met at 9:00 a.m. on July 12, 2018, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Ben Viola, Vice-Chair, presided. Other Trustees present were Shirrin Blaisdell, Phil Brookhouse, Mike Currie; 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; Jim Dusch, Deputy Executive Director, Service Programs; 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 June 12, 2018;
 2. Decision, J.F. Appeal;
 3. Decision, C.B. Appeal;
 4. Decision, J.M. Appeal;
 5. Consideration of Items Removed.
- Action. Phil Brookhouse made the motion, seconded by Shirrin Blaisdell, to approve the Consent Calendar. Voted unanimously by six Trustees.

EXECUTIVE SESSION

- Action. Dick Metivier 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 six Trustees.

The Board moved back into open session.

AG DIRECT LENDING FUND III

- Action. Mike Currie made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to \$100 million to AG Direct Lending Fund III, 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 six Trustees.

RIVERSIDE MICRO-CAP FUND V

- **Action.** Shirrin Blaisdell made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to \$45 million to Riverside Micro-Cap 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 six Trustees.

TCV X

- **Action.** Phil Brookhouse made the motion, seconded by Mike Currie, that MainePERS make a commitment of up to \$45 million to TCV 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 six Trustees.

PRIVATE MARKETS REVIEW

Private Market Activity

Jim Bennett reviewed the private markets activity for the past 12 months. Jim stated that the next investment managers meeting is scheduled for Tuesday, July 24, 2018, with a presentation by H.I.G. at 9:00 a.m.; Hellman & Friedman at 10:15 a.m.; and Cube at 11:30 a.m. Jim shared that Silver Creek is planning on attending the August Board meeting.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer presented the monthly investment report. Andrew reported that as of June 30th, the MainePERS fund was valued at \$14.2 billion with a preliminary fiscal year to date return of 9.4%. The calendar year-to-date return was 1.6%.

QUARTERLY EDUCATION - MEASUREMENT & MONITORING

Andrew Sawyer presented the next phase of the Board's quarterly education training. Andrew focused on specific areas within the measurement and monitoring of investments. Those areas included asset custody, liquidity, investment performance and risk, and stakeholder concerns. Andrew answered questions from the Trustees.

Terry Hayes arrived at 10:50 a.m.

BOARD POLICY UPDATE

Board Policy 2.2, Actuarial Soundness and Funding

Sandy Matheson reviewed with the Trustees with an updated copy of Board Policy 2.2, Actuarial Soundness and Funding Policy. Sandy stated the changes discussed at June's meeting had been incorporated into the policy.

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, that the Board adopt Board Policy 2.2, Actuarial Soundness and Funding, as presented. Voted unanimously by seven Trustees.

2.1-B RHIT Investment Policy Statement

Sandy Matheson provided the Trustees with a copy of 2.1-B RHIT Investment Policy Statement for their consideration. Sandy answered questions from the Trustees.

- Action. Ken Williams made the motion, seconded by Shirrin Blaisdell, that the Board adopt Policy 2.1-B – RHIT Investment Policy Statement, as presented. Voted unanimously by seven Trustees.

INTEREST RATE FOR SERVICE CREDIT PURCHASES AND BUYBACKS

Michael Colleran stated that the Board is required to set the interest rates we charge and pay to members. In 2016, the rate we charge for service credit purchases and buybacks was set to equal the discount rate. Since we now have different discount rates for different plans, we recommend setting the rate at 6.75%, the discount rate for the State/Teacher plan.

- Action. Dick Metivier made the motion, seconded by Phil Brookhouse, that the Board set the rate of interest for service purchases and buybacks at 6.75%, with an effective date of September 1, 2018. Unanimously voted by seven Trustees.

AMENDMENT OF RULE CHAPTER 803

Michael Colleran updated the Trustees on Rule Chapter 803. At the May Board meeting, the Trustees approved changes to Rule Chapter 803. One of the changes that had been proposed, dealing with retirees who return to work, was not included so that more outreach could be done. A modified version of that change now has been published. The rulemaking hearing is planned for the August meeting with consideration of adoption at the September meeting.

Sandy Matheson and Michael Colleran discussed and answered questions from the Trustees regarding the retire return to work provision.

LEGISLATIVE UPDATE

Michael Colleran updated the Trustees on the status of legislative bills.

ADMINISTRATION REPORT

Operations Report

Jim Dusch reviewed the report with the Trustees. Jim discussed the realignment of the service groups within the organization. Jim shared work continues on the new building and thanked those staff members who have been putting time and effort into this project in order to keep it running smoothly. Jim also thanked staff for the great work on getting notices out and meetings set up for Sandy Matheson’s PLD meetings.

PLD Plan Update

Sandy Matheson shared copies of the updated PLD Plan presentation which was done at outreach sessions across the State. Sandy answered questions from the Trustees.

Terry Hayes left the meeting at 1:00 p.m.

The Board of Trustees meeting was adjourned at 1:05 p.m.

8-9-18
Date Approved by the Board

Sandy Matheson
Sandy Matheson, Executive Director

8-9-18
Date Signed