

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
August 9, 2018

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

The Board of Trustees met at 9:00 a.m. on August 9, 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 Dick Metivier. 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; William Proom, Managing Director, Investments; Brian McDonnell and Stuart Cameron, Cambridge Associates; Mark Johnson, Cliffwater; and Bob Ratliffe, Tom Lindquist, and Tim Oitzman, Silver Creek Aggregate Reserves.

Andrew Sawyer introduced Rich Costantino and Chuck Callahan, JP Morgan, who attended the Board meeting as guests. Mr. Costantino thanked the Board for the continued partnership with JP Morgan. Brian McDonnell introduced Stuart Cameron, who will be joining Brian and Cara Majeski as part of Cambridge Associates' team covering MainePERS.

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 July 12, 2018;
2. Decision, F.S. Appeal;
3. Dismissal, Gloria Dyer Appeal;
4. Dismissal, Kurt Gordon Appeal; and
5. Dismissal, Linda Janson Appeal.

- Action. Dick Metivier made the motion, seconded by Terry Hayes, to approve the Consent Calendar. Voted unanimously by seven Trustees.

COST OF LIVING ADJUSTMENT

Sandy Matheson stated that under the applicable law the proposed COLA for all plans except for the Participating Local District ("PLD") Consolidated Plan was equal to the CPI-U as of June 30, 2018, which was 2.9%. The PLD Consolidated Plan COLA is capped at 2.5%.

- Action. Terry Hayes made the motion, seconded by Shirrin Blaisdell, that the Board adopt a cost of living adjustment ("COLA") of 2.5% for the PLD Consolidated Plan and 2.9% for the other plans administered by MainePERS, effective September of 2018. Voted unanimously by seven Trustees.

EXECUTIVE SESSION

- **Action.** Dick Metivier made the motion, seconded by Phil Brookhouse, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(F); 5 M.R.S. § 17057(4). Voted unanimously by seven Trustees.

The Board moved back into open session.

H.I.G GROWTH BUYOUTS & EQUITY FUND III

- **Action.** Dick Metivier made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to \$45 million to H.I.G. Growth Buyouts & Equity 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 seven Trustees.

HELLMAN & FRIEDMAN CAPITAL PARTNERS IX

- **Action.** Shirrin Blaisdell made the motion, seconded by Mike Currie, that MainePERS make a commitment of up to \$45 million to Hellman & Friedman Capital Partners, IX, 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.

CUBE INFRASTRUCTURE FUND II

- **Action.** Phil Brookhouse made the motion, seconded by Ben Viola, that MainePERS make a commitment of up to €75 million to Cube Infrastructure Fund II, 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.

ALTERNATIVE INVESTMENT REVIEW

Private Markets Activity

Jim Bennett reviewed the private markets activity for the past 12 months. Andrew Sawyer stated that the Investment Team has had discussions with Capricorn Technology concerning a potential new fund, and may bring that investment before the Board in the future. Jim shared there will not be an investment managers meeting in August.

Cliffwater Quarterly Report

Mark Johnson presented the private markets portfolio as of March 31, 2018. Mark discussed and answered questions from the Trustees regarding the private equity, infrastructure, natural resources, and private credit portfolios.

Andrew Sawyer stated that due to time constraints the Real Estate quarterly review and the Risk Diversifiers quarterly review will be on an agenda in the near future.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer presented the monthly investment report. Andrew reported that as of July 31st, the MainePERS fund was valued at \$14.4 billion with a preliminary fiscal year to date return of 0.9%. The calendar year-to-date return was 3.4%.

Investment Quarterly Review

Brian McDonnell presented the dashboard report and fiscal year-end performance summary to the Board. Stuart Cameron reviewed the asset class performance with the Trustees. Brian and Stuart answered questions from the Trustees.

SILVER CREEK AGGREGATES RESERVES

Andrew Sawyer introduced Bill Proom from the Investment Team, as well as Bob Ratliffe, Tom Lindquist, and Tim Oitzman from Silver Creek Aggregates Reserves. The representatives from Silver Creek presented fund information to the Trustees. They had a discussion and answered questions from the Trustees.

EXECUTIVE SESSION

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

The Board moved back into open session.

SILVER CREEK AGGREGATE RESERVES FUND I

- Action. Ben Viola made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to \$100 million to Silver Creek Aggregate Reserve Fund I, 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.

RULEMAKING HEARING

A rulemaking hearing on a proposed amendment of Rule Chapter 803 was held beginning at 1:00 p.m. Two members of the public spoke offered comments at the hearing, which ended at approximately 1:13 p.m. The proposed amendment, the comments received in the public hearing, and any written comments received by August 24, 2018, will be considered by the board at a future meeting.

ADMINISTRATION REPORT

Operations Report

Rebecca Grant shared that work continues on the new building and preparation for exiting the old. She stated that a competitive bid had been completed for the IT managed service provider. Over the next two to three months, we will be transitioning to the new provider, Presidio Networked Solutions.

Sandy Matheson stated that effective January 2019 all retirees will receive their monthly benefit by direct deposit.

Disability Retirement Task Force Update

Sandy Matheson provided an update to the Trustees. Sandy shared that Milliman is preparing the Long Term Disability Insurance RFP. The next step will be to review the final proposed RFP with the Disability Retirement Task Force, following by bids and pricing. Implementation is targeted for 2019.

PLD Plan Review

Sandy Matheson shared that we are considering participating in the American Actuarial Association's Retirement for the AGES initiative, which reviews plans for alignment, governance, efficiency, and sustainability. This is focused on the new PLD Consolidated Plan design. The Association may consider reviewing the existing State/Teacher Plan, and any new plan design that comes out of the ongoing State/Teacher Plan study.

CAFR and Actuarial Standards

Sandy gave an overview of a new actuarial standard under consideration that would impact liability reporting in our CAFR.

LITIGATION SUMMARY

Chris Mann stated he has oral arguments scheduled for two cases. Chris is also anticipating a new case.

ED EVALUATION

Executive Session

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, 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.

The Board of Trustees meeting was adjourned at 2:30 p.m.

9-13-18
Date Approved by the Board

Sandy Matheson
Sandy Matheson, Executive Director

9-13-18
Date Signed