

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
October 11, 2018

MainePERS Board Room
Portland, Maine
8:00 a.m.

The Board of Trustees met at 8:00 a.m. on October 11, 2018, at the Maine Public Employees Retirement System, One City Center, 8th Floor, Portland, Maine. Brian Noyes, Chair, presided. Other Trustees present were Dick Metivier, Vice-Chair; Shirrin Blaisdell; Phil Brookhouse; Mike Currie; Terry Hayes; and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; Michael Collieran, 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; Brian McDonnell and Stuart Cameron, Cambridge Associates; Mark Johnson, Cliffwater; Amy McDuffee, Mosaic Governance Advisors; and Gary Hudepohl, Hudepohl and Associates.

ED EVALUATION

- 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 five Trustees.

Terry Hayes and Mike Currie arrived at 8:15 a.m.

The Board moved back into open session.

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 September 13, 2018
2. Decision, R.T. Appeal;
3. Decision, S.W. Appeal;
4. Decision, C.W. Appeal;
5. Dismissal of Laurie Arrigoni Appeal; and
6. Dismissal of Scott Smith Appeal.

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

LITIGATION SUMMARY

Chris Mann shared there was nothing new for this month.

INVESTMENT MONTHLY REVIEW

Jim Bennett presented the monthly investment report to the Board. Jim reported that as of September 30, the MainePERS fund was valued at \$14.5 billion and the calendar year to date return is 3.8%.

CAPRICORN INVESTMENT GROUP PRESENTATION

Andrew Sawyer introduced Dipender Saluja from Capricorn Investment Group. Dipender is one of the co-founders and principals of Capricorn. Dipender provided an overview of the Technology Impact Growth Fund. Dipender and the Trustees had a discussion, and Dipender answered various questions regarding this fund.

PRIVATE MARKET ACTIONS

- **Action.** Phil Brookhouse made the motion, seconded by Dick Metivier, 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.

THOMA BRAVO XIII

- **Action.** Dick Metivier made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to \$45 million to Thoma Bravo Fund XIII, 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.

GLOBAL INFRASTRUCTURE PARTNERS IV

- **Action.** Terry Hayes made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to \$150 million to Global Infrastructure Partners IV, 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.

GLOBAL INFRASTRUCTURE PARTNERS SPECTRUM FUND

- **Action.** Shirrin Blaisdell made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to \$100 million to GIP Spectrum, 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.

HOMESTEAD FARMLAND III

- **Action.** Mike Currie made the motion, seconded by Ken Williams, that MainePERS make a commitment of up to \$50 million to Homestead Capital USA Farmland 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 in the affirmative by 6 Trustees (Noyes, Brookhouse, Blaisdell, Currie, Hayes and Williams) with 1 Trustee (Metivier) against.

TECHNOLOGY IMPACT GROWTH FUND

- **Action.** Phil Brookhouse made the motion, seconded by Mike Currie, that MainePERS make a commitment of up to \$40 million to Technology Impact Growth 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 seven Trustees.

AUTHORIZED SIGNATORIES FOR PRIVATE MARKET INVESTMENTS

- **Action.** Dick Metivier made the motion, seconded by Shirrin Blaisdell, that the Board authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with the Maine Public Employees Retirement System's private market investments. Voted unanimously by seven Trustees.

ACTUARIAL REPORT

PLD Actuarial Assumptions

In conjunction with the System's actuary, Sandy recommended that the wage inflation assumption of 2.75% remain same and the PLD Plan discount rate be decreased to 6.75% from 6.875%, which is the same rate as the State/Teacher Plan.

- Action. Dick Metivier made the motion, seconded by Mike Currie, that the Board approve decreasing the discount rate for the PLD Plan from 6.875% to 6.75%. Voted unanimously by seven Trustees.

ADMINISTRATION REPORT

Operations Report

Sandy Matheson reviewed the Operations Report with the Trustees. Sandy shared that the technology budget has increased due to a change in the quality of equipment to be used in the new building.

Dick Metivier shared he would like to have further information and have a discussion with the Audit & Finance Committee at their next meeting. Sandy stated she would have more detailed information for that meeting.

Michael Colleran reviewed the new parking configuration as progress continues with the DHHS parking lot. Michael also shared the office had a “purge” afternoon where employees went through their offices or work areas to reduce the paper and other items prior to our move. Michael stated that there will be another purge day in November.

Sandy Matheson shared that MSEA has appointed Mark Brunton to replace Ben Viola on the Board. This appointment will take place subject to the senate confirmation in 2019 when the Legislature reconvenes. Sandy shared that she understands Mr. Brunton is enthusiastic about being a Trustee and looks forward to meeting and working with the Board.

PRIVATE MARKETS REVIEW

Private Markets Activity

Jim Bennett reviewed the table of private markets funds that had closed during the past 12 months. Jim reminded the Board that the next investment manager meeting is scheduled for Tuesday, October 23, 2018, with presentations by Blackstone Real Estate Partners at 9:00 a.m., Fort Global Contrarian at 10:15 a.m., and Westbrook Real Estate Partners at 11:30 a.m. The Investment Team and Consultant are reviewing an investment in Northbridge Senior Housing Fund, which may be brought before the Board for consideration in the future.

QUARTERLY INVESTMENT TRAINING

Strategic Asset Allocation

Jim provided the Trustees with an overview of the strategic asset allocation process. Jim and Andrew had a discussion with the Trustees and answered various questions.

BOARD POLICY REVIEW

Mike Colleran reported that the System had reviewed ten Board policies and recommended substantive amendments to three of them. Mike also recommended that the Board authorize the Executive Director to make non-substantive corrections (e.g., typos; inconsistent word use) to Board policies. The Board discussed the recommendations.

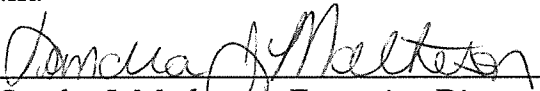
- Action. Phil Brookhouse made the motion, seconded by Ken Williams, that the Board approve amended Board Policies 1.8, 1.10, and 2.7 and authorize the Executive Director to make non-substantive corrections to Board Policies. Voted unanimously by seven Trustees.

LEGISLATIVE UPDATE

Michael Colleran updated the Trustees on the disposition of bills through the adjournment of the Second Special Session of the 128th Legislature.

The meeting adjourned at approximately 2:30 p.m.

11/8/18
Date Approved by the Board


Sandra J. Matheson, Executive Director

11-8-18
Date Signed