

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
February 14, 2019

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

The Board of Trustees met at 9:00 a.m. on February 14, 2019, at the Maine Public Employees Retirement System, 139 Capitol Street, Augusta, Maine. Brian Noyes, Chair, presided. Other Trustees present were Henry Beck, Shirrin Blaisdell, Phil Brookhouse, Mike Currie, 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; James Bennett, Deputy Chief Investment Officer; Rebecca Grant, Deputy Executive Director, Administrative Services; Jim Dusch, Deputy Executive Director, Service Programs; Brian McDonnell and Stuart Cameron, Cambridge Associates; and Mark Johnson, Cliffwater.

Ken Williams introduced Terry Martin, who is a teacher at Mt. Ararat High School and also a member of the MEA Board of Directors. Mr. Martin attended the meeting as a guest of Mr. Williams.

CONSIDERATION OF THE CONSENT CALENDAR

The Chair called for consideration of the Consent Calendar. At Mike Colleran's request, the Decision of J.H. Appeal and the Dismissal of Andrea Turmelle Appeal were added to the Consent Calendar. The action items on the Consent Calendar were:

1. Minutes of January 10, 2019
 2. Decision, J.B. Appeal
 3. Decision, J.H. Appeal
 4. Decision, L.G. Appeal
 5. Dismissal, Peter Hall Appeal
 6. Dismissal, Andrea Turmelle Appeal
- Action. Shirrin Blaisdell made the motion, seconded by Ken Williams to approve the Consent Calendar as amended. Voted unanimously by six Trustees.

PRIVATE MARKET ACTIONS

- Action. Phil Brookhouse made the motion, seconded by Mike Currie, 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.

SUMMIT PARTNERS GROWTH EQUITY FUND X

- Action. Shirrin Blaisdell made the motion, seconded by Mike Currie, that MainePERS make a commitment of up to \$60 million to Summit Growth Equity Fund 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.

TAIL RISK HEDGING REVIEW

Andrew Sawyer presented an overview of tail risk hedging to the Trustees. Andrew discussed with the Trustees tail hedging strategies and answered questions from the Trustees. Andrew may bring a recommendation before the Trustees next month and will provide answers to the questions that came from today's discussion.

BROKERAGE ACCOUNT AUTHORIZATION

Andrew Sawyer shared with the Trustees information on establishing a brokerage account for receipt and sale of securities distributed in-kind by our private market funds, which happens from time to time. This would avoid the need to create new relationships with brokers chosen by the funds' general partners.

- Action. Phil Brookhouse made the motion, seconded by Mike Currie, that MainePERS establish a brokerage account and relationship with its custodian bank, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this account. Voted unanimously by six Trustees.

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 the next investment manager meeting is

scheduled for Tuesday, February 27, 2019, with presentations by Advent International at 9:30 a.m. and Rubenstein Partners at 10:45 a.m. Jim stated EQT will not be in attendance at the next manager meeting but may present at a later date.

Cliffwater Quarterly Review

Mark Johnson provided an overview of the private market portfolios as of September 30, 2018. Mark and the Trustees discussed each of the portfolios. Mark stated Jim Bennett and his team continue to work on bringing more managers into the alternative credit portfolio, which is a newer portfolio.

Real Estate Quarterly Review

Andrew Sawyer shared the Real Estate portfolio with the Trustees. Andrew stated that ORG will be in during the next quarter to go through the portfolio in greater detail.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer presented the monthly investment report to the Board. Andrew reported that as of January 31, the MainePERS fund had a preliminary value of \$14.4 billion, and a preliminary calendar year to date return of 1.9%.

Investment Quarterly Review

Brian McDonnell and Stuart Cameron reviewed, discussed and answered questions from the Trustees regarding the fourth quarter performance.

Risk Diversifier Quarterly Review

Stuart Cameron provided a risk diversifiers presentation to the Trustees. The Trustees asked questions and discussed the presentation.

Shirrin Blaisdell left the meeting at noon.

ADMINISTRATION REPORT

Operations Report

Brian Noyes thanked Rebecca Grant and her team on a job well done with the new building. Rebecca shared that demolition of the old building will begin next week.

Jim Dusch updated the Trustees on the disability retirement process. Jim shared the approval rate has increased while the number of applications have decreased due to the changes made at the intake level. With the reduction in applications staff has more time to focus on those who are eligible for disability.

Rebecca Grant stated the move was successful and staff is settling in quite well. Trustees thanked the staff for the leadership and planning that resulted in what appears from the outside to be the ease of a complex move.

Rebecca informed the Trustees that the collective bargaining agreement for the Administrative and Professional/Technical group has been approved and signed.

LEGISLATIVE UPDATE

Michael Colleran shared that MainePERS has been assigned to the Labor and Housing Committee for this legislature. Sandy Matheson and staff had an opportunity to meet with the Chairs of the Committee and committee members. Trustees complimented staff on the presentations to legislative committees that were included in the board packet.

Trustees and staff discussed questions on pending legislation to increase teacher minimum salaries and the actuarial impact it might have.

Michael Colleran stated that the start date for the long-term disability insurance program is still planning to be July 2020.

FOA BOARD EDUCATION

Michael Colleran and Chris Mann provided an overview to the Trustees of the Freedom of Access Act. They explained everything is open to the public unless an exception is provided in statute. Chris reviewed open meetings information, and Michael reviewed the inspection of documents. The Trustees asked questions and discussed different sections of the Act.

LITIGATION SUMMARY

Chris Mann stated that appeal numbers are down. Michael Colleran added that there currently are 31 pending appeals at the administrative level. This number compares to approximately 145 just a few years ago.

PERSONNEL MATTER

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

The meeting adjourned at approximately 1:30 p.m.

3/14/19

Date Approved by the Board



Sandra J. Matheson, Executive Director

3-14-19

Date Signed