

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
June 13, 2019

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

The Board of Trustees met at 9:00 a.m. on June 13, 2019, at the Maine Public Employees Retirement System, 139 Capitol Street, Augusta, Maine. Brian Noyes, Chair, presided. Other Trustees present were Dick Metivier, Vice-Chair; Henry Beck, John Beliveau, Shirrin Blaisdell, Phil Brookhouse, 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 Programs; Jim Dusch, Deputy Executive Director, Service Programs; Kathy Morin, Manager, Actuarial and Legislative Affairs; Gary Soucy, Interim Information Security Manager; Brian McDonnell, Cambridge Associates; and Mark Johnson, Cliffwater.

CONSIDERATION OF THE CONSENT CALENDAR

The Vice-Chair called for consideration of the Consent Calendar. The action items on the Consent Calendar were:

1. Minutes of May 9, 2019
 2. Dismissal, Renee Lamb Appeal
- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell to approve the Consent Calendar. Voted unanimously by seven Trustees.

PRIVATE MARKET ACTIONS

- Action. Phil Brookhouse 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 seven Trustees.

The Board moved back into open session.

SOLAR CAPITAL PARTNERS

- Action. Dick Metivier made the motion, seconded by Phil Brookhouse, that MainePERS make a commitment of up to \$50 million to SCP Private Corporate Lending Fund and up to \$50 million to SCP Cayman SF Debt Master 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.

H.I.G. MIDDLE MARKET LBO FUND III

- **Action.** Ken Williams made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to \$45 million to H.I.G. Middle Market LBO 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.

RIVERSIDE MICRO-CAP FUND IV B

- **Action.** Shirrin Blaisdell made the motion, seconded by Ken Williams, that MainePERS make a commitment of up to \$20 million to Riverside Micro-Cap Fund IV B, 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.

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 there will be no investment manager meeting for the month of June. The next investment manager meeting is scheduled for Tuesday, July 23, 2019, with presentations by KKR Real Estate Partners and possibly two other managers.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer reported that as of May 31, the MainePERS fund had a preliminary value of \$14.3 billion, and a preliminary fiscal year to date return of 3.3%.

PRIVATE MARKETS EDUCATION

Jim Bennett provided the Trustees with a presentation about private market asset classes. Jim and Andrew Sawyer shared an actual investment to illustrate the lifecycle of a private market investment. Jim and Andrew answered questions from the Trustees.

Investment News and Research

Andrew Sawyer introduced a presentation format that will be used to review and analyze relevant news stories. The presentation document will show where Maine fits in on the spectrum of risk for the issues analyzed in the stories. Andrew invited Trustees to submit any news stories of interest, and the Investment Team will review and analyze the story.

ACTUARIAL RATES

Sandy Matheson and Gene Kalwarski shared how contribution rates are calculated. The Trustees asked questions and discussed discount rates with Gene and Sandy.

Henry Beck left the meeting at 12:30 p.m.

MAINESTART EDUCATION

Michael Colleran reviewed the three types of DC plans (MaineSTART) administered by MainePERS. The Board of Trustees has fiduciary oversight of MaineSTART and the investment options within each of the plans. He answered questions from the Trustees.

RULEMAKING

Michael Colleran updated the Trustees on the two proposed amended rules for consideration.

- Action. Shirrin Blaisdell made the motion, seconded by Ken Williams, that the Board adopt amended Rule Chapter 414 and its Basis Statement. Unanimously voted by 6 Trustees.
- Action. Ken Williams made the motion, seconded by Dick Metivier, that the Board adopt amended Rule Chapter 803 and its Basis Statement. Unanimously voted by 6 Trustees.

LEGISLATIVE UPDATE

Kathy Morin presented the legislative update and answered Trustees' questions.

ADMINISTRATION REPORT

Operations Report

Rebecca Grant introduced Gary Soucy, Interim Information Security Manager, to the Trustees. Gary discussed cybersecurity and cybercriminals using emails as a way to attempt to compromise our system. Gary answered questions from the Trustees.

Michael Colleran provided the Trustees with an overview of required minimum distributions (RMD's), the IRS Voluntary Correction Program, and background on the IRS Voluntary Correction Program.

Jim Dusch reviewed a graph showing the progress in making corrective distributions and answered Trustees questions.

LITIGATION SUMMARY

Chris Mann stated he has four pending appeals. Two are waiting for oral argument; one has been filed but the appeal was filed too late; and one case is currently stalled because the Justice hearing the case recused herself and the new Justice needs time to hear the case.

ED EVALUATION

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

The Board moved back into open session.

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

7/11/19

Date Approved by the Board



Sandra J. Matheson, Executive Director

7-11-19

Date Signed