

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
August 8, 2019

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

The Board of Trustees met at 9:00 a.m. on August 8, 2019, at the Maine Public Employees Retirement System, 139 Capitol Street, Augusta, Maine. Brian Noyes, Chair, presided. Other Trustees present: Dick Metivier, Vice Chair; Henry Beck; John Beliveau; Shirrin Blaisdell; Phil Brookhouse; and Mark Brunton. Joining the Trustees were Sandy Matheson, Executive Director; 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; Kathy Morin, Manager, Actuarial and Legislative Affairs; Brian McDonnell and Stuart Cameron, Cambridge Associates; Mark Johnson, Cliffwater; Gene Kalwarski, Cheiron (via conference call); and Amy McDuffee, Mosaic Governance Advisors (via conference call).

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 11, 2019
2. Decision, C.C. Appeal
3. Dismissal, Janet Nichols Appeal

- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell 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 including the Participating Local District ("PLD") Consolidated Plan was equal to the CPI-U as of June 30, 2019, which was 1.6%.

- Action. Dick Metivier made the motion, seconded by Phil Brookhouse, that the Board adopt a cost of living adjustment ("COLA") of 1.6% for all eligible plans administered by MainePERS, effective September of 2019. Voted unanimously by seven Trustees.

PRIVATE MARKET ACTIONS

- Action. Shirrin Blaisdell made the motion, seconded by John Beliveau, 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 out of executive session.

KKR Real Estate Partners Europe II

- **Action.** Shirrin Blaisdell made the motion, seconded by John Beliveau, that MainePERS make a commitment of up to \$25 million to KKR Real Estate Partners Europe 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 table of private markets funds that had closed during the past 12 months. He stated that there will be no manager meetings this month.

Cliffwater Quarterly Review

Mark Johnson provided an overview of Cliffwater's private markets quarterly review as of March 31, 2019. He discussed the review with the Trustees and answered questions regarding the various portfolios.

Real Estate Quarterly Review

Jim Bennett presented the real estate quarterly report from ORG for the quarter ending March 31, 2019. He answered questions from the Trustees regarding the portfolio.

Risk Diversifiers Quarterly Review

Stuart Cameron shared the risk diversifiers quarterly report with the Trustees. He answered questions from the Trustees.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer reported that as of July 31, the MainePERS fund had a preliminary value of \$14.8 billion, a preliminary calendar year to date return of 7.7% and a preliminary fiscal year to date return of (0.1%).

Investment Quarterly Review

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

MAINSTART INVESTMENT OPTION

Andrew Sawyer recommended the Trustees approve a new fund to be added to the MaineSTART investment options.

- Action. Phil Brookhouse made the motion, seconded by Henry Beck, that the Board approve the addition of the Vanguard Target Retirement 2065 Fund as an investment option in the MaineSTART plans. Voted unanimously by seven Trustees.

ADMINISTRATION REPORT

Operations Report

Rebecca Grant shared that warranty work continues around the new building. Rebecca also shared that there have been a number of staffing changes during the month. Two of specific interest to trustees are a new Human Resources Specialist, filled externally, who will expand employee training, and a new Compliance Officer, which was filled internally.

Disability Retirement Task Force

Sandy Matheson stated the Task Force met for an update and review of the RFP that will be issued to procure an insurance carrier for the long-term disability insurance program. Sandy shared the Task Force meeting went well and the RFP was acceptable to the Task Force. She shared the implementation goal is July, 2020, although roll-out could extend the beginning of coverage to a later date. Sandy will keep the Trustees informed as the process continues.

RMD Update

Sandy Matheson provided the Trustees with an updated progress report on required minimum distributions. She shared that the System is now focusing on members for whom we may not have good addresses. Progress has been made on this group with the number remaining one-half of what was previously reported. The next step is to complete all distributions and ensure our efforts have met IRS requirements. We will then present our information and request to the IRS and wait for their determination.

COLLECTIVE BARGAINING

Rebecca Grant reviewed changes in the new agreement with the supervisory bargaining unit with the Trustees and answered questions.

- Action. Shirrin Blaisdell made the motion, seconded by Phil Brookhouse to enter into executive session pursuant to 1 M.R.S. §405(6)(D).

The Board moves out of executive session.

- Action. Motion was made by Henry Beck, seconded by Mark Brunton, to approve the Supervisory Collective Bargaining Agreement negotiated by the staff and authorize the Executive Director, General Counsel, and Deputy Executive Director for Administrative Services as signatories to execute the Agreement. Unanimously voted by seven Trustees.

ED CORRESPONDENCE

Sandy Matheson reviewed recent pieces of correspondence received from a retiree and the Governor regarding LD 1104. She provided background information on the bill and that it is currently awaiting the Governor's signature. She also shared her responses to both letters. The Governor has asked that MainePERS develop options that protect retiree COLAs while minimizing possible negative outcomes of LD 1104. MainePERS has until mid-October to provide this information.

DISCOUNT RATES

Gene Kalwarski and Sandy Matheson discussed and answered questions regarding lowering the discount rate.

LITIGATION SUMMARY

Chris Mann stated he has an upcoming oral argument.

FIDUCIARY TRAINING

The Board's fiduciary training session was held with Amy McDuffee from Mosaic Governance Advisors. Amy and the Trustees discussed Board responsibilities, and Amy answered questions from the Trustees.


RULEMAKING

Kathy Morin shared that the System will be proposing amendments to three Rule Chapters 101, 406, and 803. Notice of proposed will be published later this month. A public hearing is scheduled as part of the September Board meeting. Board action on those proposed amendments will be done in October.

Sandy reminded the Trustees that there are two Board meetings scheduled in October (both in Portland). The first is October 10th, which is a Board self-assessment, and the second is October 15th, which is a combination of the regular Board meeting and approval of the annual valuations and financial statements. The State of Maine requested that we submit our approved information by October 15th to enable them to file their information on time. Each of these meetings is scheduled for the full day.

The meeting adjourned at approximately 3:00 p.m.

9/12/19
Date Approved by the Board


Sandra J. Matheson, Executive Director

9-12-19
Date Signed