

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
October 15, 2019

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

The Board of Trustees met at 9:00 a.m. on October 15, 2019, 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; Henry Beck; John Beliveau; Shirrin Blaisdell; Phil Brookhouse; Mark Brunton; 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; Mark Johnson, Cliffwater; Mark LaPrade and Tyler Butler, BerryDunn; and Sherry Vandrell, Director of Finance. Gene Kalwarski and Elizabeth Wiley, Cheiron, joined select portions by telephone.

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 12, 2019
 2. Decision, C.C. Appeal
- Action. Henry Beck made the motion, seconded by Shirrin Blaisdell to approve the Consent Calendar. Voted unanimously by eight Trustees.

ACTUARIAL VALUATIONS

Gene Kalwarski and Elizabeth Wiley reviewed the actuarial valuation results for all programs with the Trustees. Gene and Elizabeth had a discussion and answered questions from the Trustees regarding those results.

- Action. Shirrin Blaisdell made the motion, seconded by Henry Beck to accept the FY19 Actuarial Reports for the State Employee and Teacher Program, the Legislative Program, the Judicial Program, the PLD Consolidated Program, and the Group Life Insurance Program for both active and retired participants as presented. Voted unanimously by eight Trustees.

AUDITED FINANCIAL STATEMENTS

Mark LaPrade and Tyler Butler of BerryDunn presented the results of the annual audit and the draft annual financial statements for the fiscal year ended June 30, 2019. There were no material weaknesses or significant deficiencies identified within the statements. Mark and Tyler answered questions from the Trustees. Mark reviewed the auditor's required communications letter with the Trustees.

- Action. Henry Beck made the motion, seconded by Phil Brookhouse, to accept the FY19 Audited Financial Statements as presented. Voted unanimously by eight Trustees.
- Action. Dick Metivier made the motion, seconded by Ken Williams, to enter into executive session pursuant to 1 M.R.S. §405(6)(A). Voted unanimously by eight Trustees.

The Board moved back into open session.

PRIVATE MARKET ACTIONS

- Action. Phil Brookhouse made the motion, seconded by Henry Beck, to enter into executive session pursuant to 1 M.R.S. § 405(6)(F); 5 M.R.S. § 17057(4). Voted unanimously by eight Trustees.

The Board moved back into open session.

IPI PARTNERS II

- Action. Henry Beck made the motion, seconded by Mark Brunton, that MainePERS make a commitment of up to \$25 million to IPI Partners 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 eight Trustees.

SILVER POINT SPECIALTY CREDIT FUND II

- Action. Henry Beck made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to \$50 million to Silver Point Specialty Credit 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 eight Trustees.

INFRASTRUCTURE INVESTMENT

- Action. Phil Brookhouse made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to \$30 million to this infrastructure investment opportunity with one of MainePERS' existing infrastructure managers, 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 eight Trustees.

PRIVATE MARKETS REVIEW

Private Markets Activity

Jim Bennett reviewed the table of private markets funds that had closed during the past 12 months. The Investment Team is performing due diligence on AG Net Lease IV, which may be brought before the Board in the future.

INVESTMENT REVIEW

Investment Monthly Review

Andrew Sawyer reported that as of September 30th, the MainePERS fund had a preliminary value of \$14.8 billion, a preliminary calendar year to date return of 7.9%, and a preliminary return for the month of 0.6%.

John Beliveau requested a tutorial on risk diversifiers at the next quarterly board education session.

LITIGATION SUMMARY

Chris Mann reported that the Court has granted our motion to dismiss in the *Flanagin* case..

Phil Brookhouse shared that is not seeking reappointment when his term expires in December. He was appreciative of how much he has learned over his tenure, and that he will miss serving on the Board. He thanked fellow Trustees as valuable colleagues and friends. Brian Noyes thanked Phil for his service, and shared on behalf of all of the Trustees that he will be missed.

QUARTERLY BOARD TRAINING

Measurement and Monitoring

Andrew Sawyer began the training by providing an overview of the investment process. Andrew explained there are four phases titled goals and objectives, strategic asset allocation, implementation, and measurement and monitoring. Jim Bennett shared the different strategies used in the measurement and monitoring of a portfolio. Andrew and Jim discussed and answered questions from the Trustees regarding this phase.

RULEMAKING

Mike Colleran presented the three proposed amended rules before the Board for approval. Rule Chapter 101 provides guidance on earnable compensation and the calculation of average final compensation. Rule Chapter 406 provides the process and requirements for purchasing service credit. Rule Chapter 803 sets forth the plan provisions for the PLD Consolidated Retirement Program.

- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell, that the Board adopt amended Rule Chapter 101 and its basis statement. Voted unanimously by eight Trustees.

- Action. Dick Metivier made the motion, seconded by Ken Williams, that the Board adopt amended Rule Chapter 406 and its basis statement. Voted unanimously by eight Trustees.

- Action. Dick Metivier made the motion, seconded by Phil Brookhouse, that the Board adopt amended Rule Chapter 803 and its basis statement. Voted unanimously by eight Trustees.

ADMINISTRATIVE UPDATE

Brian Noyes shared that on behalf of the Board they pass along their sincerest thanks to Sherry Vandrell, Randal Lloyd, Chris Mann, and Sherry's staff for all of their hard work in conjunction with the audit.

Sandy Matheson updated the Trustees on staff's continued work on addressing building issues, RMD's, valuations, and financial reports.

Brian Noyes congratulated the staff for all of their work on receiving the CAFR award again this year.

ED EVALUATION


- Action. Phil Brookhouse made the motion, seconded by Ken Williams, to enter into executive session pursuant to 1 M.R.S. § 405(6)(A). Voted unanimously by eight Trustees.

The Board moved back into open session.

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

11/14/19

Date Approved by the Board



Sandra J. Matheson, Executive Director

11-14-19

Date Signed