

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
October 15, 2020

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

The Board of Trustees and the Finance and Audit Committee held a meeting through video remote access pursuant to P.L. 2019, Ch. 617, § G-1 at 8:00 a.m. on October 15, 2020. Brian Noyes, Chair, presided. Other Trustees participating were Dick Metivier, Vice-Chair; Henry Beck, State Treasurer; 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 Betsy Stivers, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by James Bennett, Chief Investment Officer; Brian McDonnell and Stuart Cameron, Cambridge Associates; Tom Lynch and George Bumeder, Cliffwater; Ed Schwartz and Austin Mack, ORG; Mark LaPrade and Tyler Butler, BerryDunn; and Gene Kalwarski, Elizabeth Wiley and Ryan Benitez, Cheiron.

Brian Noyes called the meeting to order at 8:05 a.m. A roll call of the Trustees was done to confirm a quorum. All Trustees except Henry Beck, Phil Brookhouse, and Ken Williams responded affirmatively.

CONSIDERATION OF THE CONSENT CALENDAR

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

- Minutes of September 10, 2020; and
 - Decision, Philip Hawes Appeal
- Action. Mark Brunton made the motion, seconded by John Beliveau to approve the Consent Calendar. Voted unanimously by five Trustees (Noyes, Metivier, Beliveau, Blaisdell and Brunton).

ACTUARIAL VALUATIONS

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

- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell to accept the FY20 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 five Trustees (Noyes, Metivier, Beliveau, Blaisdell, and Brunton).

Ken Williams and Phil Brookhouse joined the meeting at 8:10 a.m.

AUDITED FINANCIAL STATEMENTS

Mark LaPrade and Tyler Butler of Berry Dunn, presented the annual audit and draft annual financial statements for the fiscal year ended June 30, 2020. Tyler reviewed the various steps taken in the audit process. Tyler also highlighted the financial statement footnotes with the Trustees.

Mark shared the yellow book report which highlights the internal control piece of the audit. Mark reviewed the required auditor communications noting no significant audit adjustments. Mark and Tyler thanked management and the accounting team for being well prepared.

Sandy Matheson thanked Mark and Tyler for their good work as well.

- Action. Motion made by Shirrin Blaisdell, seconded by Dick Metivier, to accept the FY20 Audited Financial Statements as presented. Voted unanimously by six Trustees (Noyes, Metivier, Blaisdell, Brookhouse, Brunton and Williams).

Henry Beck joined the meeting at 8:15 a.m.

INVESTMENT ACTIONS

GTCR Fund XIII

- Action. Motion made by Ken Williams, seconded by Henry Beck, that MainePERS make a commitment of up to \$50 million to GTCR 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 eight Trustees (Noyes, Metivier, Beck, Beliveau, Blaisdell, Brookhouse, Brunton and Williams).

Bain Capital Venture Fund 2021

- Action. Motion made by Mark Brunton, seconded by Dick Metivier, that MainePERS make a commitment of up to \$40 million to Bain Capital Venture Fund 2021, 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 (Noyes, Metivier, Beck, Beliveau, Blaisdell, Brookhouse, Brunton and Williams).

John Beliveau left the meeting at 8:30 a.m.

RISK DIVERSIFIERS REBALANCING

At the October meeting the Trustees requested Jim Bennett to provide them with an updated review of the System's risk diversifier allocation. Jim provided them with the review and a recommendation for changes to the portfolio. Jim answered questions from the Trustees.

- **Action.** Motion made by Ken Williams, seconded by Phil Brookhouse, that MainePERS rebalance the risk diversifier portfolio as recommended in the Chief Investment Officer's memo and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute the documents necessary to implement this action. Voted unanimously by seven Trustees (Noyes, Metivier, Beck, Blaisdell, Brookhouse, Brunton and Williams).

John Beliveau returned to the meeting at 8:40 a.m.

TAIL RISK HEDGING

Jim updated the Trustees on the tail risk hedging program, which was instituted in 2019 on a trial basis. After reviewing the program, Jim and Cambridge Associates are recommending that the program be discontinued.

- **Action.** Motion made by Ken Williams, seconded by Phil Brookhouse, that MainePERS terminate the tail risk hedging program and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute the documents necessary to implement this action. Voted unanimously by eight Trustees (Noyes, Metivier, Beck, Beliveau, Blaisdell, Brookhouse, Brunton and Williams).

PRIVATE MARKETS REVIEW

Private Markets Activity

Jim Bennett reviewed the table of private markets funds that had closed during the past 12 months. Jim shared that the next manager meeting is scheduled for Tuesday, October 27, 2020, with a presentation by EQT at 9:00 a.m.

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of September 30th, the MainePERS fund had a preliminary value of \$15.1 billion, the preliminary fund return for the month was -1.1%, fiscal year-to-date return of 3.0%, and a preliminary calendar year to date return of 0.0%.

Jim provided the Trustees with an updated version of the monthly investment review. Jim stated there may be more changes over the next few months and welcomes any suggestions or comments from the Trustees. Brian Noyes shared his appreciation to Jim and his staff for including the private market investments summary in the review packet for the Trustees.

GOVERNANCE

Board Policy 1.10 Update

Sandy Matheson shared that Henry Beck would like to discuss with the Trustees a few suggestions for additions to the policy. Henry will provide those suggestions at the November Board meeting.

Stakeholder Inquiries

Sandy Matheson reviewed with the Trustees and answered questions on the process of how stakeholder inquiries are handled. Sandy shared that recent inquiries have been made asking the Board to adopt a responsible contractor policy. Sandy summarized why that type of recommendation will not be brought to the Board for a recommendation.

ADMINISTRATION REPORT

Operations Report

Jim Dusch shared that the lobby has reopened for members to drop off paperwork or pick up information only. Jim stated even though the lobby is open there continues to be no in-person meetings with members.

Brian Noyes asked Jim for an update on RMD's. Jim stated the queries have been put together, run and he has designated staff to prepare them. Michael Colleran stated the IRS filing for the past RMD violations have been completed and is in the final review process.

Rebecca Grant shared the lobby configuration with the Trustees and explained the extra safety measures provided to the member representatives covering the lobby. Rebecca stated the candidate who had accepted the position of Human Resources Manager has accepted another offer so the search has been reopened.

Rebecca stated the Internet Service Provider Peering Project is working with our two providers to create a process where if one provider fails it will go to the other provider automatically. Rebecca shared the process with Trustees for remote and in-house staff for weather related and power outages during the upcoming months.

Sandy shared that the System received the GFOA award for excellence in reporting for our CAFR this year. Sandy thanked staff for all their hard work. Brian Noyes thanked the Trustees, staff and consultants for their continued engagement on behalf of the System during these times.

RULEMAKING UPDATE

Michael Colleran shared that Rule 803 comments will be brought before the Board at the November meeting. Rulemaking has begun to Rule 202 (Medical Board) which is out of date and will be considering on substantive change which will designate UMASS Medical School to provide reviews. A rulemaking notice will be published and written comments will

be received and the rule amendment will be brought before the Board in December for consideration.

LITIGATION UPDATE

Betsy Stivers stated the Law Court law will decide the Gervais matter with no oral arguments.

John Beliveau left the meeting at 10:50 a.m.

ADJOURNMENT

A roll call of the Trustees was done by Brian Noyes to call for adjournment. All Trustees except John Beliveau responded affirmatively.

The meeting adjourned at approximately 10:55 a.m.

12/10/2020

Date Approved by the Board


Sandra J. Matheson, Executive Director

12/14/2020

Date Signed