

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
September 10, 2020

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

The Board of Trustees held a meeting through video remote access pursuant to P.L. 2019, Ch. 617, § G-1 at 9:00 a.m. on August 13, 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; and Austin Mack, ORG.

Brian Noyes called the meeting to order at 9:01 a.m. A roll call of the Trustees was done to confirm a quorum. All Trustees except Henry Beck and Phil Brookhouse responded affirmatively.

Sandy Matheson shared with the Trustees that she had received two public comments the previous evening regarding private market investments.

CONSIDERATION OF THE CONSENT CALENDAR

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

- Minutes of August 13, 2020; and
 - Dismissal, Raymond Brown Appeal
- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell to approve the Consent Calendar. Voted unanimously by six Trustees (Noyes, Metivier, Beliveau, Blaisdell, Brunton and Williams).

Phil Brookhouse joined the meeting at 9:05 a.m.

Henry Beck joined the meeting at 9:07 a.m.

PRIVATE MARKET ACTIONS

TCV XI

- Action. Motion made by Dick Metivier, seconded by John Beliveau, that MainePERS make a commitment of up to \$45 million to TCV XI, 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).

RISK DIVERSIFIERS

Risk Diversifiers Overview

Jim Bennett provided the Trustees with an overview of risk diversifier assets. Jim shared the current portfolio as well as a review of strategies and managers going forward.

Jim updated the Trustees on the tail risk hedging program, which was instituted in 2019. He also reviewed the costs of the program and will discuss the future of the program at the next Board meeting.

Risk Diversifiers Quarterly Review

Brian McDonnell and Stuart Cameron provided a summary of the risk diversifier portfolio as of June 30, 2020. Brian and Stuart answered questions from the Trustees.

INVESTMENT REVIEW

Proxy Voting RFP Update

Jim Bennett shared with the Trustees that an RFP for proxy voting was issued in June. Glass Lewis currently provides those services. Three responses were received, the submissions are being reviewed, and a decision will be made in the near future.

Investment Monthly Review

Jim Bennett reported that as of August 31st, the MainePERS fund had a preliminary value of \$15.25 billion, the preliminary fund return for the month was 1.9%, fiscal year-to-date return of 4.1%, and a preliminary calendar year to date return of 0.9%.

Brian Noyes shared his appreciation to Jim and his staff for including the private market investments summary in the review packet for the Trustees.

PRIVATE MARKET 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, September 22, 2020, with a presentation by GTCR at 9:00 a.m. and a presentation by Bain Capital at 9:45 a.m.

MAINESTART QUARTERLY REVIEW

Mike Colleran provided the Trustees with an overview of the MaineSTART program as of 6/30/2020. Mike shared that a record-keeper RFP will be issued later in September. Mike answered questions from the Trustees.

ADMINISTRATION REPORT

Operations Report

Jim Dusch shared that the monitoring of teacher retirement applications and estimate requests continues with no noticeable upswing in either. Sandy Matheson shared she had met with the Department of Education at their request to provide information on how early retirement incentives work and the associated cost.

Jim Dusch shared the contract for medical review of disability cases has been awarded to UMass Medical School. Jim stated UMass also provides this service to other retirement systems. They are currently working on logistical pieces as well as looking at some test cases. They hope to be working to full capacity on MainePERS reviews in October, which will end the in-house Medical Board that we currently use. Brian Noyes asked to have Jim come back to the Board with some comparatives and contrasts at a future meeting.

Rebecca Grant shared that IT has been busy adding new staff and promoting staff. Interviews are being scheduled for candidates for the Human Resources Manager position.

Negotiations

- **Action.** Ken Williams made the motion, seconded by Henry Beck to enter into Executive Session pursuant to 1 MRS Section 405(6)(d) for the discussion about upcoming collective bargaining negotiations with three bargaining units within Maine Service Employees Association (MSEA), specifically the Administrative, Pro Tech, and Supervisory Units. Voted unanimously by eight Trustees (Noyes, Metivier, Beck, Beliveau, Blaisdell, Brookhouse, Brunton and Williams).

The Board moved out of executive session. No votes were taken. This was an informational executive session only.

GOVERNANCE

Board Policy 1.10 Review

Sandy Matheson provided a presentation for the Trustees regarding Board Policy 1.10 – Board Meetings and how the Board accepts public comments. Treasurer Beck asked to consider a possible amendment to the policy for consideration by the Board at a future meeting.

RULEMAKING UPDATE

Michael Colleran shared that the rulemaking process will begin to loosen restrictions for when PLDs can join the Consolidated Plan or change their plan offerings. Flexibility on those restrictions during the coronavirus crisis was provided on an interim basis. The PLD Advisory Committee discussed and approved the proposal to allow those changes the first of any month rather than only on January 1 or July 1. A rulemaking notice will be published and comments will be received in writing. Consideration of this rule amendment will be brought to the Board at a future meeting.

LITIGATION UPDATE

Betsy Stivers shared she received the reply brief from Mr. Gervais and is now waiting for the briefing schedule.

ADJOURNMENT

- Action. Motion by Ken Williams, seconded by Phil Brookhouse, to adjourn the meeting of the Board of Trustees. Unanimously voted eight Trustees (Noyes, Metivier, Beck, Beliveau, Blaisdell, Brookhouse, Brunton and Williams).

The meeting adjourned at approximately 11:35 a.m.

10/15/2020
Date Approved by the Board


Sandra J. Matheson, Executive Director

10-15-2020
Date Signed