Trustee Martin, Chair, called the meeting to order and welcomed everyone.

**Defined Contribution Plans - Asset Mapping.**
Michael Pratico and Barry Schmitt, Senior Vice Presidents with CAPTRUST Financial Advisors, provided a comparison of funds held in the frozen TIAA contracts to comparable funds in the core menu. During the University of Maine System’s (UMS) conversion to a sole recordkeeper in 2014, certain mutual funds on the TIAA platform were frozen to new contributions but accumulations remained. CAPTRUST now recommends mapping these remaining assets into the “best fit” fund on the current fund menu. This mapping will further consolidate plan assets to the higher quality funds currently offered. Fund comparisons support the recommendation based on performance, risk adjusted returns, volatility measures and several qualitative factors. Approximately $69 million in assets will be mapped.

**Action Taken:**
On a motion by Trustee Turner, which was seconded by Trustee Timm, the Investment Committee approved the following resolution:

The Board of Trustees, acting through the Investment Committee, approved “mapping” the assets from the frozen funds to the current fund lineup as follows:

<table>
<thead>
<tr>
<th>From:</th>
<th>To:</th>
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</thead>
<tbody>
<tr>
<td>TIAA CREF Lifecycle Target Date Series</td>
<td>Vanguard Target Retirement Series</td>
</tr>
<tr>
<td>TIAA CREF Large Cap Value fund</td>
<td>J Hancock Disciplined Value fund</td>
</tr>
<tr>
<td>TIAA CREF Mid Cap Value fund</td>
<td>Virtus Ceredex Mid Cap Value fund</td>
</tr>
<tr>
<td>TIAA CREF Mid Cap Growth fund</td>
<td>MFS Mid Cap Growth fund</td>
</tr>
<tr>
<td>TIAA CREF International Equities fund</td>
<td>American Funds Europacific Growth fund</td>
</tr>
<tr>
<td>TIAA CREF Quant Small Cap Equity fund</td>
<td>Carillon Eagle Small Cap Growth fund</td>
</tr>
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Pension Fund Global Equity Manager Search.
At its prior meeting, the Investment Committee approved a new dedicated allocation (30%) to global equities in the Pension Fund. During this meeting, Kelly Regan and Jay Roney of NEPC provided an overview of the subsequent search process. NEPC had reviewed a global equity search book with Chair Trustee Martin and Tracy Elliott, VP of Finance and Controller. It was determined that Fiera Capital Corporation (Fiera) or Walter Scott & Partners Limited (both actively managed strategies) could be a good fit for the allocation. State Street Global Advisors (SSgA) MSCI ACWI index was also selected as an option for the Investment Committee to consider if passive management of the allocation was the direction chosen. The search process focused on core global equity managers that included both growth and value as well as managers that had some exposure to emerging markets but at a limited allocation given the Fund has a dedicated emerging market equity manager, Mondrian.

The Investment Committee interviewed the two active Global Equity managers by polycom, and learned more about each firm, their investment process, philosophy, and performance. Walter Scott relayed that they are a stable firm under the ownership of BNY Mellon that has been in business since 1983 with a stable investment management team. The product philosophy and process lend to a portfolio that is benchmark agnostic, concentrated and focused on preserving capital with a downside capture ratio of 69%. Walter Scott focuses on fundamentals and finding the right companies for the long-term.

Fiera communicated that they are also a stable firm under the ownership of Fiera Capital Corporation and the strategy was incepted in 2009 with a stable investment management team. The product philosophy and process lend to a portfolio that is benchmark agnostic, concentrated and focused on preserving capital with a downside capture ratio of 83%. Fiera also focuses on fundamental bottom up stock picking.

SSgA did not present as the strategy is a passively managed strategy that is designed to track the MSCI ACWI index.

The Investment Committee discussed the three options and agreed that the allocation should be to an actively managed strategy. After further discussion, the Committee selected Walter Scott due to the longer track record (25 years) and higher downside protection potential compared to Fiera.

Action Taken:
On a motion by Trustee Gardner, which was seconded by Trustee Turner, the Investment Committee approved the following resolution:

The Board of Trustees, acting through the Investment Committee, approved the selection of Walter Scott & Partners Limited as investment manager for the following allocation:

- A 30% manager allocation in the Pension Fund with funds coming from Vanguard (S&P 500 index), SSgA (Russell 2000 index) and Morgan Stanley (International Equity Active) currently estimated at $8,000,000 in total.

Investment Policy Statement Updates.
NEPC and UMS staff reviewed and updated the Investment Policy Statements (IPS) for the Managed Investment Pool, Pension Fund and Operating Fund. Changes include updates to the asset allocation targets, ranges, asset classes and benchmarks to reflect the new asset allocation that was approved at the March Investment Committee meeting and to recognize the approved endowment distribution rate for FY2020. Additionally, Ms. Regan adjusted the draft IPS for the Pension benchmark global equity
allocation to change from the MSCI ACWI to the MSCI World as that is the primary benchmark for Walter Scott.

**Action Taken:**
On a motion by Trustee Turner, which was seconded by Trustee Timm, the Investment Committee approved the following resolution:

> The Board of Trustees, acting through the Investment Committee, approve the updated Investment Policy Statements for the Managed Investment Pool, Pension Fund and Operating Fund.

**NEPC Portfolio Performance Reviews.**
Kelly Regan and Jay Roney of NEPC provided a brief performance review for all three portfolios for the quarter ended March 31, 2019, with the following highlights:

**Managed Investment Pool (MIP):** The Managed Investment Pool (MIP) returned 7.6% during the quarter ending March 21, 2019. During that period, managers detracted 60 basis points of value. While the quarter saw a robust market, the MIP employs managers with a more conservative bias that will not keep up with benchmarks in a strong market environment. The managers that underperformed during the quarter were the same managers that provided sizable downside protection in the difficult market environment of the final quarter of calendar year 2018.

**Defined Benefit Pension Fund:** The Defined Benefit Pension Fund returned 5.5% during the quarter ending March 31, 2019. The Fund employs managers with a more conservative bias given that the Pension is in the payout stage. The Plan’s assets were $26.9 million as of March 31, 2019, with $1.4 million of investment gains and $1 million of net cash outflow for an overall net increase of $400 thousand to Plan assets for the quarter.

**Operating Fund:** The Operating Fund returned 2.6% during the quarter ending March 31, 2019. Managers detracted 20 basis points of value during this period. Most managers were ahead or in-line with their stated benchmarks and the main detractor was a select global asset allocation manager that performed well in the final quarter of calendar year 2018 which was a difficult market environment. This Fund should expect higher returns in the future as interest rates and bond yields have risen.

**MSCI Environmental, Social and Governance (ESG) Report Update.**
Kelly Regan and Jay Roney of NEPC presented an Environmental, Social and Governance (ESG) update. They reviewed the summary findings of the MSCI ESG annual report conducted on behalf of the MIP. Overall, the MIP’s ESG ratings have improved since the start of the analysis in 2017. The MIP’s overall ESG score is 5.62 which has improved since 2017 and is higher than a traditional broad-based market benchmark. The MIP’s overall ESG score is still below an ESG broad based benchmark since the MIP is not 100% ESG. Over time, as the MIP implements new asset classes and investment managers, improvement to the ESG profile of the portfolio is anticipated. When looking across the underlying ESG factors, the MIP has improved significantly over last year with 20 underlying factors outperforming the broad-based benchmark versus 11 in 2018.

**Vendor Fee Benchmark**
Michael Pratico and Barry Schmitt provided a comprehensive fee benchmarking of the UMS 403(b) and 457(b) plans, comparing the current administrative fee charged by TIAA to that of other similarly sized plans. This analysis compared assets, participant counts, and average participant balances across
the system. Based on this analysis, the current administrative fee of 6.5 basis points remains competitive in the marketplace.

**Defined Contribution Plans Review.**
Michael Pratico provided a quarterly update regarding the Defined Contribution Plan. The update included a brief re-cap of several topical items including vendors, like TIAA, looking for new sources of revenue through increased transaction fees, wellness tools (e.g., student loans, Health Savings Accounts, banking services), and/or project fees. CAPTRUST also provided a brief re-cap of financial market activity for calendar 2019 to date. Items discussed included tariffs, the federal government’s more accommodative stance, and the inverted yield curve.

The Committee and its advisor reviewed all funds consistent with the process outlined in the Investment Policy Statement. All funds are currently “in good standing” based on CAPTRUST’s scoring methodology. CAPTRUST emphasized on the following:

- **CREF Stock** – For participants looking for a largely actively managed Global Equity fund, CREF Stock continues to be an appropriate choice. The fund is well diversified across several asset classes and has expenses well below industry averages.

- **TIAA Real Estate** – Real Estate provides additional diversification for participants and the TIAA Real Estate fund offers a unique ability to invest directly in real estate as opposed to traditional REIT funds. TIAA Real Estate continues to be an appropriate option within a participant choice retirement plan.

Adjournment

Tracy Elliott for
Ellen N. Doughty, Clerk