Minutes

The Board of Trustees met at 9:00 a.m. on January 14, 2016, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Peter Leslie, Chair, presided. Other Trustees present were Ben Viola, Vice Chair; Shirrin Blaisdell; Terry Hayes; Dick Metivier; Brian Noyes; and Ken Williams. Joining the Trustees were Michael Colleran, General Counsel; Naomi Martin, Executive Assistant; 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; Jim Bennett, Deputy Chief Investment Officer; Rebecca Grant, Deputy Executive Director; Kathy Morin, Manager of Actuarial and Legislative Affairs; Cara Majeski and Brian McDonnell, Cambridge Associates; and Mark Johnson, Cliffwater.

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 December 10, 2015;
2. Adoption of Hearing Officer’s Recommended Final Decision in Conrad Dugal appeal;
3. Adoption of Hearing Officer’s Recommended Final Decision in Matthew Hackett, Sr. appeal;
4. Adoption of Hearing Officer’s Recommended Final Decision in Shawn Langley appeal;
5. Adoption of Hearing Officer’s Recommended Final Decision in Wynona Whitman appeal;
6. Recommended Dismissal of Henrietta E. Beaufait, D.V.M. appeal;
7. Recommended Dismissal of Bobby Davis appeal;
8. Recommended Dismissal of Timothy Folsom appeal;
9. Recommended Dismissal of Kimberly J. Rutherford appeal;
10. Recommended Dismissal of Ellis Stewart, Jr. appeal; and,
11. Recommended Dismissal of Terri Williamson appeal.

Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell, that the Consent Calendar be approved. Approved unanimously by seven Trustees.
INVESTMENTS - STRATEGY DISCUSSION

Andrew Sawyer shared that Brian McDonnell has been promoted to Cambridge Associates’ Global Head of Pension Practice.

PRIVATE MARKET ACTIONS

Andrew Sawyer gave an overview of the two investments being considered for action by the Board, Technology Crossover Ventures Fund IX (TCV IX), and KKR North Americas Fund XII.

EXECUTIVE SESSION

➤ **Action.** Shirrin Blaisdell made the motion, seconded by Ben Viola, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(C) and (F); 5 M.R.S. § 17057(4). Approved unanimously by seven Trustees.

The Board moved back into open session.

Technology Crossover Ventures Fund IX

➤ **Action.** Shirrin Blaisdell made the motion, seconded by Ben Viola, that MainePERS make a commitment of up to $60 million to TCV IX, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute the documents necessary to complete the transaction. Approved unanimously by seven Trustees.

EXECUTIVE SESSION

➤ **Action.** Ben Viola made the motion, seconded by Brian Noyes, to enter into Executive Session pursuant to 1 M.R.S. § 405(6)(C) and (F); 5 M.R.S. § 17057(4). Approved unanimously by seven Trustees.

The Board moved back into open session.

KKR North Americas Fund XII

➤ **Action.** Dick Metivier made the motion, seconded by Brian Noyes, that MainePERS make a commitment of up to $60 million to KKR North Americas Fund XII, subject to final due diligence, legal review and negotiations, and
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authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute the documents necessary to complete the transaction. Approved unanimously by seven Trustees.

Dick Metivier asked that at some point the Board look at whether they should consider setting maximum investments with any particular general partner or other investment manager with whom MainePERS deals. The Board agreed that it would be a good discussion to have in the future.

INVESTMENTS

Strategic Asset Allocation and Proposed Asset Allocation

Brian McDonnell and Cara Majeski of Cambridge Associates and Andrew Sawyer continued the discussion of strategic asset allocation, which led into the proposed asset allocation recommendation.

Proposed Asset Allocation

- Action. Terry Hayes made the motion, seconded by Brian Noyes, that MainePERS adopt the recommended portfolio allocation specified on page 3 of the Cambridge Associates presentation (shown below), to become effective upon the adoption of a revised Investment Policy incorporating the proposed allocation and other revisions related to adoption of the allocation. Approved unanimously by seven Trustees.

<table>
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<tr>
<th>Asset Classes</th>
<th>Current Policy</th>
<th>Recommended Portfolio</th>
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<tbody>
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</tr>
<tr>
<td>Private Equity</td>
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<td>Diversifiers</td>
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<td>Natural Resources</td>
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<tr>
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</tr>
<tr>
<td>Alternative Credit</td>
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<tr>
<td>U.S. Government Securities</td>
<td>10.0%</td>
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</tr>
</tbody>
</table>
**Investment Review**

Andrew Sawyer presented the monthly investment report. Andrew reported that as of December 31, the MainePERS fund was valued at $12.1 billion and reported a preliminary fiscal YTD return of -2.3%.

**Private Markets Activity**

Jim Bennett reminded the Board that the next investment manager meeting will be held on Tuesday, January 26, 2016, with presentations by Global Infrastructure Partners III (GIP) at 9:00 a.m.; Brookfield Infrastructure Fund III (BIF III) at 10:45 a.m.; ending with Berkshire Fund IX at 12:30 p.m.

**Private Equity Budgeting and Pacing Discussion**

Mark Johnson from Cliffwater continued the discussion from last month on private equity capital budgeting and portfolio pacing. Sandy Matheson asked if Cliffwater would provide the Board with a snapshot of the upcoming years’ expected portfolio activity for review. Andrew Sawyer suggested they take time at the next Board meeting to discuss.

Sandy Matheson introduced Valerie Scott to the Trustees. Valerie is the new Associate Deputy Director for Special Projects. Valerie shared her previous work history and how she was looking forward to her new challenges here at MainePERS.

*Brian Noyes left the meeting at 11:40 a.m.*

**ADMINISTRATION**

**Operations Report**

Rebecca Grant gave an overview of the Operations Report that she and Jim Dusch will be providing each month to the Trustees.

**Retirement Services**

Following a brief discussion, Jim Dusch offered to provide the Board with the number of retirements processed for previous years.
Human Resources

Sandy Matheson updated the Board regarding the vacant internal auditor position.

Building Repairs

Sandy Matheson and Rebecca Grant informed the group that unanticipated but critical repairs on the front tower of the Augusta building had been completed.

Miscellaneous Item

Michael Colleran brought before the Board a resolution requested by Bangor Savings Bank removing John Milazzo as a signatory on MainePERS’ accounts.

➤ **Action.** Dick Metivier made the motion, seconded by Terry Hayes, to approve the following Resolution: Whereas, John C. Milazzo has retired as an employee of the Maine Public Employees Retirement System ("MainePERS"), the MainePERS Board of Trustees resolves that all authority previously granted to John C. Milazzo with respect to any and all accounts of MainePERS at Bangor Savings Bank is hereby revoked. The Board directs and authorizes the Executive Director, General Counsel, and Board Secretary to execute the documents necessary to implement this Resolution. Approved unanimously by six Trustees.

Collective Bargaining (Supervisory Services Bargaining Unit)

➤ **Action.** Shirrin Blaisdell made the motion, seconded by Dick Metivier, to enter into Executive Session (pursuant to 1 M.R.S. § 405(6)(D)). Approved unanimously by six Trustees.

*The Board moved back into open session.*

➤ **Action.** Terry Hayes made the motion, seconded by Ben Viola, to approve the Supervisory Collective Bargaining Agreement that has gone to the supervisors for a ratification vote. The term of the proposed agreement is two years. Unanimously approved by six Trustees.

Disability Task Force

Sandy Matheson discussed the disability review process audit conducted by Mercer and indicated that the audit showed that MainePERS’ process was
appropriate and consistent with outcomes they expected in comparison to industry best practice. Task Force members and Mercer agreed that exploring improvements to the front end of the application process as described in the Mercer report may improve the overall process and experience for members.

The Legislature held hearings on a bill earlier in the week that directs MainePERS to study how offering long-term disability to members may be accomplished and options for paying for that insurance.

Terry Hayes left the meeting at 12:40 p.m.

Rulemaking Hearing – New Rule Chapter 204

Michael Colleran introduced a proposed new Rule 204 to establish standards for granting payment obligation waivers to members or retirees where the payment obligation was due to an error or omission on the part of the employer. The meeting was then opened to the public for a public hearing on the proposed rule.

Attorney Donald Fontaine presented his comments to the Board and will provide them in writing by the comment deadline of January 29th.

There were no other members of the public wishing to speak and the Chair closed the Public Hearing.

LEGISLATIVE SUMMARY

Kathy Morin summarized the legislative update to the Board. The summary included those bills that were carried over from the previous session as well as those new to this session.

LITIGATION SUMMARY

It was decided to move the Litigation Summary to February’s Board meeting.

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, to enter into Executive Session (pursuant to 1 M.R.S. § 405(6)(D)). Approved unanimously by five Trustees.

The Board moved back into open session.
The meeting adjourned at approximately 2:00 p.m.

2-11-16
Date Approved by the Board

Sandy Matheson, Executive Director

2-11-16
Date Signed