The Board of Trustees met at 9:30 a.m. on March 10, 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; Brian Noyes; and Ken Williams. Joining the Trustees were Michael Ccolleran, General Counsel; Monica Gorman, 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; Jim Dusch, Deputy Executive Director; Kathy Morin, Manager, Actuarial and Legislative Affairs; Brian McDonnell, Cambridge Associates; and Tom Lynch, Clifftwater.

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 February 12, 2016;
2. Decision – Gary Alfiero;
3. Decision – Richard Boscherini;
4. Decision – Danville Chadbourne;
5. Decision – Joanne McCann;
6. Recommended Dismissal of Jacqueline M. Delallo appeal;
7. Recommended Dismissal of Mary E. LeClair appeal;
8. Recommended Dismissal of Jessica Mihalik appeal.

Action. Brian Noyes made the motion, seconded by Shirrin Blaisdell, that the Consent Calendar be approved. Voted unanimously by six Trustees.

INVESTMENT STRATEGY DISCUSSION

Brian McDonnell of Cambridge Associates and Andrew Sawyer continued the discussion of the System’s strategic asset allocation. Andrew and Brian stated that the areas of the discussion would include an implementation plan for new asset class allocations and ranges and changes to benchmarks. Andrew shared that the discussion of proposed changes to the Board’s Investment Policy would likely continue for another few meetings. Brian presented policy ranges for the portfolio and noted that the ranges were designed to strike a balance between
trading costs and maintaining policy exposures. Brian also discussed with the Board the properties of a desirable asset class benchmark. Several trustees asked questions about the width of the ranges and whether the ranges might be used for tactical trading or active management of the asset classes. Andrew explained that at a subsequent board meeting he intended to present risk management and rebalancing policies. He went on to say that the rebalancing policy would describe the latitude, if any, the Investment Team would have to trade within the specified ranges.

PRIVATE MARKET ACTIONS

Jim Bennett gave an overview of the three investments being considered for action by the Board, Meridiam Infrastructure Europe III, KKR Real Estate Partners Americas II, and Thoma Bravo Fund XII.

EXECUTIVE SESSION

➢ Action. Brian Noyes made the motion, seconded by Ken Williams, to enter into Executive Session pursuant to 1 M.R.S. § 405(6) (F); 5 M.R.S. § 17057(4). Voted unanimously by six Trustees.

The Board moved back into open session.

Meridiam Infrastructure Europe III

➢ Action. Terry Hayes made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to $110 million to Meridiam Infrastructure Europe III, 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. Voted unanimously by six Trustees.

KKR Real Estate Partners Americas II

➢ Action. Ken Williams made the motion, seconded by Ben Viola, that MainePERS make a commitment of up to $50 million to KKR Real Estate Partners Americas 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 the documents necessary to complete the transaction. Voted unanimously by six Trustees.
Thoma Bravo Fund XII

➤ **Action.** Brian Noyes made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to $60 million to Thoma Bravo Fund XII, 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. Voted unanimously by six Trustees.

PRIVATE MARKETS REVIEW

**Private Markets Activity**

Jim Bennett passed along to the Board that the Investment Team is continuously working on a number of potential investments. At this point there are none ready for consideration, so there will not be an investment manager meeting this month.

INVESTMENT REVIEW

**Investment Review**

Andrew Sawyer presented the monthly investment report. Andrew reported that as of December 31, the MainePERS fund was valued at $11.7 billion and reported a preliminary fiscal YTD return of -5.1%.

LEGISLATIVE SUMMARY

Kathy Morin provided the legislative update to the Board. She shared that the Appropriations and Financial Affairs Committee would be sending a letter to the PLD Advisory Committee requesting their review of the consolidated plan’s military service credit provisions for adequacy.

Sandy Matheson discussed the Social Security Windfall Elimination Provision and the options for changes to that provision that are under consideration in various parts of the federal government.

RULEMAKING

Michael Colleran provided the Board with an update on the status of proposed Rule 204, which addresses the criteria for waiving payment obligations. The staff hopes to come back to the Board next month with a recommendation based on
comments received from the public on the proposed rule. If the proposal changes significantly in response to the comments, it would need to be noticed for another public hearing.

The staff would like to amend the PLD Consolidated Plan rule, Rule 803, to incorporate a change in the law, and to repeal two rules that interpret a disability law that has been repealed. Because these changes are technical in nature, Michael proposed that we receive public comment in writing rather than at a public hearing. The comments would be presented to the Board, along with staff recommendations, and the Board would make the final decision.

The Board members expressed that they did not object to the proposed process for these rules.

**ADMINISTRATION**

**Disability Retirement Task Force**

Sandy Matheson reminded trustees that the two items the Task Force is following are increased access to long-term disability insurance for members and a MainePERS review of the disability retirement application process.

Jim Dusch presented the preliminary results from the Kaizen event used to review the disability retirement application process. The Kaizen team is working on follow-up projects. The goal is to implement a revised process that from beginning to end accommodates and serves our members effectively and efficiently.

**Operations Report**

Jim Dusch and Rebecca Grant provided a summary of operations.

**EXECUTIVE SESSION**

- **Action.** Shirrin Blaisdell made the motion, seconded by Brian Noyes, to enter into Executive Session pursuant to 1 M.R.S. §§ 402(3) (M), 405(6) (A) and (F), to discuss a personnel issue and security of information technology systems. Voted unanimously by six Trustees.

_The Board moved back into open session._
Sandy Matheson informed the Board that they would have a copy of the budget at the meeting next month.  

*Terry Hayes left the meeting at approximately 2:15 p.m.*

**LITIGATION SUMMARY**

Chris Mann provided a summary of current litigation.

*The meeting adjourned at approximately 2:30 p.m.*

\[4-14-16\]

Date Approved by the Board

\[\text{Sandy Matheson, Executive Director}\]

\[4-14-16\]

Date Signed