The Board of Trustees met at 10:30 a.m. on March 13, 2014, at the Maine Public Employees Retirement System, Board Room, at 96 Sewall Street, Augusta, Maine. Peter Leslie, Chair presided. Other Trustees present were Shirrin Blaisdell, Neria Douglass, Catherine Sullivan, Ben Viola (Vice Chair), and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; Naomi Poland, Secretary to the Board of Trustees; John Milazzo, General Counsel and Chief Deputy Executive Director; and Chris Mann, Assistant Attorney General and Board Counsel. The Board was also joined for select portions of the meeting by Andrew Sawyer, Chief Investment Officer; Pete Keliotis, Strategic Investment Solutions; Tom Lynch, Cliffwater; Kathy Morin, Manager, Actuarial and Legislative Affairs.

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

1. Minutes of the February 19, 2014, Regular Meeting;
2. Recommended Dismissal of Deborah Maxfield appeal;
3. Recommended Dismissal of Matthew Mitchell appeal; and
4. Recommended Dismissal of Elizabeth Patchell appeal;

➤ Action. Shirrin Blaisdell made the motion, seconded by Ben Viola, that the Consent Calendar be approved as amended. Voted unanimously by six Trustees.

PENSION REPORTS

Sandy Matheson briefed the Board on a report issued recently by the Society of Actuaries Blue Ribbon Panel on Public Pensions that provided recommendations concerning risk measurement and disclosure practices, among others. Sandy indicated that MainePERS practices are consistent with nearly all of the recommended actuarial and governance practices in this and other recently released reports. She also indicated that Maine’s State/Teacher Plan is sometimes classified as a poor performer due to historical underfunding, and where that Plan is on the time spectrum to reach full funding.
INVESTMENTS

Quarterly Performance Report – Fourth Quarter 2013

Pete Keliuotis, CEO of Strategic Investment Solutions, reviewed an Executive Summary and Fourth Quarter Investment Report with the Trustees. The plan returned 4.9% in the fourth quarter of 2013. The one-year calendar year return as of December 31, 2013 was 15.0%. The ten-year return was 6.8%.

Monthly Performance Report – February 2014

Andrew Sawyer indicated that as of February 28, 2014, the fund was valued at $12.25 billion. He indicated that the fund’s preliminary total return was 11.3% fiscal year to date.

INVESTMENTS – PRIVATE MARKETS

Riverside Micro-Cap Fund III, L.P.

Andrew Sawyer presented the Investment Team’s recommendation that MainePERS make a commitment of up to $50 million to Riverside Micro-Cap Fund III, L.P. Tom Lynch of Cliffwater joined in the discussion and recommendation.

- Action. Neria Douglass made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to $50 million to Riverside Micro-Cap Fund III, L.P., subject to final due diligence, legal review and negotiations, and authorize the Executive Director, General Counsel and Chief Deputy Executive Director, and Chief Investment Officer as signatories to execute the documents necessary to effectuate the transaction. Voted unanimously by six Trustees.

Encap Flatrock Midstream Fund III, L.P.

Andrew Sawyer presented the Investment Team’s recommendation that MainePERS make a commitment of up to $30 million to Encap Flatrock Midstream Fund III, L.P. Tom Lynch of Cliffwater also joined the discussion and recommended the commitment.

- Action. Ben Viola made the motion, seconded by Peter Leslie, that MainePERS make a commitment of up to $30 million to Encap Flatrock Midstream Fund III, L.P., subject to final due diligence, legal review and
negotiations, and authorize the Executive Director, General Counsel and
Chief Deputy Executive Director, and Chief Investment Officer as
signatories to execute the documents necessary to effectuate the
transaction. Five votes in favor (Blaisdell-Leesie-Sullivan-Viola-Williams);
one vote opposed (Douglass). Motion carried.

**Private Markets Forward Calendar**

Andrew Sawyer reported that the Investment Team is conducting due diligence
on KKR Global Infrastructure Investors II, L.P., ABRY Advanced Securities Fund
Meetings with three of the funds (KKR, ABRY and Thoma Bravo) have been
scheduled for Tuesday, March 25, 2014 beginning at 10:00 a.m.

Sandy Matheson complimented Andrew Sawyer, Tom Lynch (Cliffwater), John
Milazzo and Mike Colleran on their success in building strong partnerships with
our private equity general partners. She indicated this is important because it
helps Maine develop and maintain relationships with higher performing funds.

**Natural Resources Education – Agriculture Capital Management**

Andrew Sawyer indicated the Investment Team’s enthusiasm to introduce the
Trustees to natural resources education and opportunities in the agricultural
investing, particularly involving Agriculture Capital Management.

**REQUEST FOR RECONSIDERATION – RHONDA TOTMAN-BERUBE**

Chris Mann, Board Counsel, presented an overview of the statutory framework relating
to appeals and requests for reconsideration before the Board as well as the decision by
the Hearing Officer. The Appellant and Michael Goldman, Esq., MainePERS
Representative made presentations before the Board. Following a lengthy discussion,
the Board determined that deliberations would be continued to the April 10, 2014 Board
meeting.

**APPEAL – LAWRENCE WOOTEN**

Chris Mann, Board Counsel, presented an overview of the statutory framework relating
to appeals before the Board and the decision by the Hearing Officer. The Appellant
(including Linda Wooten) and Ann Brandt, Esq. made presentations before the Board.

➤ **Action.** Ken Williams made the motion, seconded by Shirrin Blaisdell, to
accept the report of the Hearing Officer. Voted unanimously by six Trustees.
APPEAL - STEVEN KEATEN

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to appeals before the Board and the decision by the Hearing Officer. The Appellant and Ann Brandt, Esq. made presentations before the Board.

➤ Action. Nerio Douglass made the motion, seconded by Ken Williams, to accept the report of the Hearing Officer. Voted in favor by five Trustees. Ben Viola abstained.

OPERATING REPORT

John Milazzo reviewed his operating report noting:

- The transition of the investment office and the business continuity back-up site had been completed prior to the expiration of the MainePERS' lease at Four City Center on February 15, 2014.

DISABILITY STUDY GROUP

Sandy Matheson discussed the creation and formation of a Disability Study Group following concerns expressed by members of the Appeals Working Group in the fall of 2013. Sandy will act as the Disability Study Group's facilitator and the Group will be comprised of nine members, including:

- Three representatives from MainePERS;
- Three employee representatives
  - One from Maine Education Association
  - One from Maine State Employees Association
  - One to be determined who can speak for members who go through disability and appeals processes unrepresented
- Three employer representatives
  - One from Maine Municipal Association
  - One from Maine School Management Association
  - One from the State of Maine

Work will begin over the next several weeks.
LEGISLATIVE UPDATE

Kathy Morin provided Trustees with an update regarding the status of recent legislation of interest to the System, including L.D. 39, the retiree return to work bill and “classroom-based” employees.”

Sandy Matheson informed the Board of the Environmental, Social and Governance (ESG) Policy work. The Legislature did not pass the bill regarding the divestment of fossil fuels but instead introduce a bill requiring MainePERS to complete its ESG policy work with the assistance of a task force. The task force must include experts in various capacities from the higher education environment and investments environment who have no actual, perceived or potential conflicts of interest. The task force is also expected to solicit stakeholder comments so that individuals or groups that have thoughts about this policy can be heard. Sandy indicated that she and Andrew Sawyer were scheduled to meet with a group in Boston this month regarding this work.

EXECUTIVE SESSION

➤ Action. Ben Viola, made the motion, seconded by Ken Williams, to enter into executive session pursuant to Title 1 § 405(6)(E) for the purpose of discussing litigation matters. Voted unanimously by six Trustees.

The Board moved back into regular session.

Catherine Sullivan left the meeting.

Ben Viola left the meeting.

The meeting adjourned at approximately 3:44 p.m.

The next meeting will be a regular Board meeting and is expected to be held April 10, 2014, at MainePERS office located at 96 Sewall Street, Augusta, Maine.

April 10, 2014
Date Approved by the Board

Sandra J. Matheson, Executive Director

April 10, 2014
Date Signed