MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Regular Board Meeting
April 10, 2014

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

The Board of Trustees met at 9:00 a.m. on April 10, 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, Dick Metivier, Brian Noyes, 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; John Meier, Strategic Investment Solutions; and Mark Johnson, Cliffwater.

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

1. Minutes of the March 13, 2014, Regular Meeting;
2. Adoption of Hearing Officer’s Final Report in Pamela Bryant appeal;
3. Adoption of Hearing Officer’s Final Report in Beverly Carlisle appeal;
4. Recommended Dismissal of Pauline Allen appeal;
5. Recommended Dismissal of Catherine Darling appeal;
6. Recommended Dismissal of Dale Fiske appeal;
7. Recommended Dismissal of Timothy Getchell appeal;
8. Recommended Dismissal of Cynthia McNutt appeal;
9. Recommended Dismissal of Leslie Romanow appeal;
10. Recommended Dismissal of Rebecca Roy appeal;
11. Recommended Dismissal of Steven Sherrets appeal;
12. Recommended Dismissal of Michael Tardiff appeal; and
13. Recommended Dismissal of Jeffrey Turnbull appeal;

➢ Action. The seven Trustees in attendance voted unanimously that the Consent Calendar be approved as amended.
REQUEST FOR RECONSIDERATION DELIBERATIONS - RHONDA TOTMAN-BERUBE

Chris Mann, Board Counsel, presented a brief overview of the Appellant’s request for reconsideration. At its March 13, 2014 meeting, the Board heard oral argument by the parties.

➢ Action. Ben Viola made the motion, seconded by Ken Williams, that the Appellant’s Motion for Reconsideration be denied. Voted unanimously by seven Trustees.

EXECUTIVE SESSION

➢ Action. Shirrin Blaisdell, made the motion, seconded by Brian Noyes, to enter into executive session pursuant to Title 1 § 405(6)(E) for the purpose of discussing litigation matters. Voted unanimously by seven Trustees.

The Board moved back into regular session.

IPAD DEMONSTRATION

Michael Zellweger introduced and navigated the Trustees around the iPads being provided to the Trustees to replace the current paper packets of meeting materials. This paperless strategy is cost-effective, more environmentally-friendly and will also provide a faster and easier process to distribute materials to the Trustees. It will also afford the Trustees the ability to access archived materials. All Trustees executed an “iPad Acceptable Use Agreement” agreeing, among other things, to use the device solely for Board purposes.

ESG TASK FORCE

Sandy Matheson provided an update to the Board regarding the Environmental, Social and Governance (ESG) Task Force. Sandy indicated that CalSTRS (California State Teacher Retirement System) is among the leaders in this work for pension funds. She indicated she is in the process of identifying Task Force member candidates so that the work on a potential policy could be continued.
INVESTMENTS

Monthly Performance Report – March 2014

Andrew Sawyer indicated that as of March 31, 2014, the fund was valued at $12.3 billion. He indicated that the fund’s preliminary total return was up 11.5% fiscal year to date.

INVESTMENTS – PRIVATE MARKETS

KKR Global Infrastructure Fund II

Andrew Sawyer presented the Investment Team’s recommendation that MainePERS make a commitment of up to $200 million to KKR Global Infrastructure Fund II. Mark Johnson of Cliffwater joined in the discussion and recommendation.

➢ Action. Shirrin Blaisdell made the motion, seconded by Catherine Sullivan, that MainePERS make a commitment of up to $200 million to KKR Global Infrastructure Fund II 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 seven Trustees.

ABRY Advanced Securities Fund III

Andrew Sawyer presented the Investment Team’s recommendation that MainePERS make a commitment of up to $30 million to ABRY Advanced Securities Fund III, L.P. Mark Johnson of Cliffwater also joined the discussion and recommended the commitment.

➢ Action. Brian Noyes made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to $30 million to ABRY Advanced Securities 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 seven Trustees.
Thoma Bravo Fund XI, L.P.

Andrew Sawyer presented the Investment Team's recommendation that MainePERS make a commitment of up to $60 million to Thoma Bravo Fund XI, L.P. Mark Johnson of Cliffwater also joined the discussion and recommended the commitment.

- **Action.** Shirrin Blaisdell made the motion, seconded by Ben Viola, that MainePERS make a commitment of up to $60 million to Thoma Bravo Fund XI, 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 seven Trustees.

Private Markets Forward Calendar

Andrew Sawyer reported that the Investment Team is conducting due diligence on Carlyle Asia Partners IV (CAP IV), Sovereign Capital IV Limited Partnership, and Invesco U.S. Income Fund, L.P. A meeting with Carlyle Asia has been scheduled for April 22 in the Portland Office. Meetings with Sovereign Capital IV Limited Partnership and Invesco will be held on April 22 or May 27, 2014.

Black Rock Presentation

At the request of Dick Metivier, Andrew Sawyer noted that managers from BlackRock will attend a Board meeting in the next few months to provide information about how it manages the System's portfolio.

RECOGNITION OF SANDY MATHESON, MAINEPERS EXECUTIVE DIRECTOR

Peter Leslie, on behalf of all of the Trustees, presented to Sandy Matheson a plaque commemorating her five-year anniversary as Executive Director. Peter thanked Sandy for her efforts and outstanding accomplishments over the last five years.

APPEAL – TINA MANN

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's Counsel Gordon Gates, Esq. and Ann Brandt, Esq. made presentations before the Board. Tina Mann and Gary Mann were also present.
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➢ **Action.** Catherine Sullivan, made the motion, seconded by Ken Williams, to remand the appeal of Tina Mann to the Hearing Officer to act consistent with the Board’s Remand Order. Voted unanimously by seven Trustees.

**APPEAL – THEODORE HOCKING**

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to appeals before the Board and the decision by the Hearing Officer. Appellant’s counsel represented that he would not attend the meeting.

➢ **Action.** Ken Williams made the motion, seconded by Catherine Sullivan, to accept the final report of the Hearing Officer. Voted unanimously by seven Trustees.

**APPEAL – SHEILA RUHLAND**

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to appeals before the Board and the decision by the Hearing Officer. Appellant’s counsel represented that he would not attend the meeting.

➢ **Action.** Ben Viola made the motion, seconded by Brian Noyes, to accept the final report of the Hearing Officer. Voted unanimously by seven Trustees.

**APPEAL – ELIZABETH WALLACE**

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to appeals before the Board and the decision by the Hearing Officer. Appellant’s counsel represented that he would not attend the meeting.

➢ **Action.** Dick Metivier made the motion, seconded by Shirrin Blaisdell, to accept the final report of the Hearing Officer. Voted unanimously by seven Trustees.

**OPERATING REPORT**

John Milazzo reviewed his operating report noting:

- Due to the announcement of John Fleming’s retirement, the position of Director of Operations Analysis and Internal Audit is being posted;
- There is a need for an additional staff support person in the investments office; and
- An update on the MaineSTART program.
LEGISLATIVE UPDATE

John Milazzo discussed the legislative summary.

GASB

John Milazzo discussed with the Trustees the new GASB (Government Accounting Standards Board) reporting requirement that state and local governments must include pension liabilities on their balance sheets. John noted that System staff has been assisting local governments by providing an approximation of the amount of liabilities each participating employer can expect to place on their balance sheet for FY 2015. MainePERS staff is also introducing GASB 68 to boards and management at each employer and have created a website for employers with answers to commonly asked questions.

RECOGNITION OF JOHN FLEMING, MAINEPERS INTERNAL AUDITOR

Peter Leslie, on behalf of all of the Trustees, presented to John Fleming a plaque on the occasion of his retirement as Internal Auditor from MainePERS. Peter thanked John for all of his important work at MainePERS regarding the internal audit and the integrity with which he performed it.

The meeting adjourned at approximately 3:00 p.m.

The next meeting will be a regular Board meeting and is expected to be held May 8, 2014, at MainePERS office located at 96 Sewall Street, Augusta, Maine.

May 8, 2014
Date Approved by the Board

Sandra J. Matheson, Executive Director

May 8, 2014
Date Signed