The Board of Trustees met at 9:00 a.m. on May 8, 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, 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; Pete Keliuotis and John Nicolini, 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 April 10, 2014, Regular Meeting;
2. Adoption of Hearing Officer’s Final Report in Russell Ames appeal;
3. Adoption of Hearing Officer’s Final Report in Sandra Moreau appeal;
4. Adoption of Hearing Officer’s Final Report in Janet Gardner appeal;
5. Adoption of Hearing Officer’s Final Report in Lynette Dow appeal;
6. Recommended Dismissal of Shannon Austin appeal;
7. Recommended Dismissal of Monique Blais appeal;
8. Recommended Dismissal of Jay Cyr appeal;
9. Recommended Dismissal of Philip Hendricks appeal;
10. Recommended Dismissal of John Monroe appeal;
11. Recommended Dismissal of Frank Naiman appeal;
12. Recommended Dismissal of Karen Taylor appeal; and
13. Recommended Dismissal of Vicki Tower appeal;

Action. Ken Williams made the motion, seconded by Neria Douglass, to approve the Consent Calendar. Voted unanimously by eight Trustees.
INVESTMENTS – PRIVATE MARKETS

**Carlyle Asia Partners IV, L.P.**

Andrew Sawyer presented the Investment Team’s recommendation that MainePERS make a commitment of up to $60 million to Carlyle Asia Partners IV, L.P. Mark Johnson of Cliffwater joined in the discussion and recommendation.

➤ **Action.** Brian Noyes made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to $60 million to Carlyle Asia Partners IV, 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 eight Trustees.

**Invesco U.S. Income Fund, L.P.**

Andrew Sawyer presented the Investment Team’s recommendation that MainePERS make a commitment of up to $150 million to Invesco U.S. Income Fund, L.P. Mark Johnson of Cliffwater also joined the discussion and recommended the commitment.

➤ **Action.** Catherine Sullivan made the motion, seconded by Ben Viola, that MainePERS make a commitment of up to $150 million to the Invesco U.S. Income Fund, 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 eight Trustees.

**Private Markets Forward Calendar**

Andrew Sawyer reported that the Investment Team is conducting due diligence on Sovereign Capital IV Limited Partnership and Charlesbank Equity Fund VIII. Meetings with Sovereign Capital IV Limited Partnership and Charlesbank Equity Fund VIII are scheduled for Tuesday, May 27, 2014 in the Portland office.

Andrew also noted that a representative from Windham Capital will be in the Portland office on Tuesday, May 27 to discuss risk measures and risk-based investment strategies.
INVESTMENTS

**Quarterly Performance Report – First Quarter 2014**

Pete Keliuotis, CFA, Managing Director; and John Nicolini, both of SIS, provided the Trustees with the quarterly review of fund’s performance for the first quarter ending March 30, 2014. Pete reported that returns increased 1.7% for the first quarter and 11.6% for the fiscal year.

**BlackRock Presentation**

John Cooney, CFA, Relationship Manager; Chris Woida, CFA, Fixed Income Strategy; and Kristen Dickey, Equity Index Strategy, all from BlackRock attended the Board meeting and provided information to Trustees about the firm’s management of the System’s portfolio.

AUDIT COMMITTEE REPORT

Dick Metivier, Chair of the Board’s Audit Committee, presented the recommendation of the Audit Committee to approve MainePERS’ operating budget for FY 14-15, following a review in April and May 2014.

➢ **Action.** Peter Leslie, made the motion, seconded by Catherine Sullivan, to approve the MainePERS operating budget for FY 14-15 in the amount of $11,950,000 as recommended by the Audit Committee. Voted unanimously by eight Trustees.

*Catherine Sullivan left the meeting.*

ESG TASK FORCE

Sandy Matheson provided an update to the Board regarding the Environmental, Social and Governance (ESG) Task Force. Discussion followed about the Investment Team’s interest in exploring the renewable and alternative energy market while still keeping the fiduciary duties of the Board in focus.

APPEAL – MARJORY SWICK

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 Gerard Conley, Jr., Esq. and N. Quinn Collins, Esq. made presentations before the Board. Marjory Swick was also present.
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➢ Action. Ben Viola, made the motion, seconded by Shirrin Blaisell, to accept the final report of the Hearing Officer. Voted unanimously by seven Trustees.

APPEAL – PAUL DUBE

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 notified the Board Secretary that he would not be in attendance. N. Quinn Collins, Esq., MainePERS Representative was present.

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

Sandy Matheson indicated that the Appeals Working Group task force would continue to review the existing disability program while the new task force simultaneously looks at updating the disability program.

OPERATING REPORT

Sandy Matheson reviewed the Operations Report noting that

➢ The Internal Revenue Service recently issued favorable determination letters to MainePERS for the defined benefit plans and the Section 401(a) plan. The qualification letters are in effect for five years; and

➢ MainePERS has been recruiting for a few positions including Director of Operations Analysis and Internal Audit and two entry level positions in the Investments office.

Sandy advised the Trustees that Nancy Williams of AON Hewitt will conduct fiduciary training on June 11 in the Portland office located at One City Center.

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

The next meeting will be a regular Board meeting and is expected to be held June 12, 2014, at MainePERS office located at 96 Sewall Street, Augusta, Maine.

June 12, 2014
Date Approved by the Board
Sandra J. Matheson, Executive Director

6-12-14
Date Signed