The Board of Trustees met at 9:00 a.m. on June 11, 2015, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Peter Leslie, Chair presided. Other Trustees present were Shirrin Blaisdell, Terry Hayes, Dick Metivier, Brian Noyes, Ben Viola, Vice Chair, and Ken Williams. Joining the Trustees were Sandy Matheson, Executive Director; John Milazzo, General Counsel and Chief Deputy Executive Director; Naomi Poland, Secretary to the Board of Trustees; 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; Jim Bennett, Deputy Chief Investment Officer; Mark Johnson, Cliffwater; and Brian McDonnell, Cambridge Associates.

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 May 14, 2015;
2. Adoption of Hearing Officer’s Recommended Final Decision in Joanne Bradbury appeal;
3. Adoption of Hearing Officer’s Recommended Final Decision in Five Town C.S.D and M.S.A.D 28 appeal;
4. Adoption of Hearing Officer’s Recommended Final Decision in Marietta Cole appeal;
5. Recommended Dismissal of Erin Carrigan appeal; and
6. Recommended Dismissal of Leslie Harris appeal.

▸ Action. Ben Viola made the motion, seconded by Dick Metivier, that the Consent Calendar be approved as amended. Voted unanimously by seven Trustees.

INVESTMENTS - PRIVATE MARKETS

Andrew Sawyer and Jim Bennett were joined by Mark Johnson, Cliffwater, and Brian McDonnell, Cambridge Associates, for the Private Market review. Mark and Brian
discussed fees, carried interest and preferred returns relative to private equity investments.

_Brian Noyes left the meeting at approximately 9:30 a.m._

**EXECUTIVE SESSION**

- **Action.** Ben Viola made the motion, seconded by Dick Metivier, to enter into Executive Session pursuant to 1 M.R.S. §405(6)(C) and (F); 5 M.R.S. §17057(4). Voted unanimously by six Trustees.

_The Board moved back into open session._

**PRIVATE MARKET ACTION**

**H.I.G. Brazil & Latin America Partners**

- **Action.** Shirrin Blaisdell made the motion, seconded by Ben Viola, that MainePERS make a commitment of up to $60 million to H.I.G. Brazil & Latin America Partners subject to final due diligence, legal review and negotiations, and to authorize the Executive Director, General Counsel and Chief Deputy Executive Director, and Chief Investment Officer as signatories to execute the documents necessary to complete the transaction. Voted unanimously by six Trustees.

**Summit Partners Venture Capital Fund IV, L.P.**

- **Action.** Ben Viola made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to $20 million to Summit Partners Venture Capital Fund IV, L.P., subject to final due diligence, legal review and negotiations, and to authorize the Executive Director, General Counsel and Chief Deputy Executive Director, and Chief Investment Officer as signatories to execute the documents necessary to complete the transaction. Voted unanimously by six Trustees.

**Summit Partners Growth Equity Fund IX, L.P.**

- **Action.** Dick Metivier made the motion, seconded by Ben Viola, that MainePERS make a commitment of up to $60 million to Summit Partners Growth Equity Fund IX, L.P., subject to final due diligence, legal review and negotiations, and to authorize the Executive Director, General Counsel and Chief Deputy Executive Director, and Chief Investment Officer as signatories to execute the documents necessary to complete the transaction. Voted unanimously by six Trustees.
Private Market Activity

Andrew Sawyer and Jim Bennett reviewed with the Board the ongoing due diligence regarding AMERRA, Walton Street Real Estate, and a U.S. managed timber fund. A due diligence meeting is expected to be scheduled with the Trustees in July to review the timber fund with a formal investment recommendation expected in August. Jim Bennett noted that the Investment Team has no scheduled due diligence meetings for June.

Investment Review

Andrew Sawyer presented the monthly investment report. Andrew reported that the MainePERS fund was currently valued at $12.8 billion and reported a preliminary FYTD return of 2.84%.

Consultant Status Update

Andrew Sawyer indicated that the Investment Team will review MainePERS' consultant relationships (Cambridge Associates was hired in May 2015) as well as the overall structure of MainePERS alternatives consulting services this summer and may bring recommendations based on that review to the Board later in the year.

Secondary Portfolio Contract Extension

Andrew Sawyer reported on the secondary investment process noting that the Investment Team believes the secondary approach is effective for the System and they would like the ability to continue pursuing secondaries as appropriate. In September 2009, the Board made a commitment of $100 million to secondaries. The Board had previously extended Cliffwater's term through December 31, 2014, at the same time as Cliffwater's mandate was expanded to include infrastructure funds.

➢ Action. Ken Williams made the motion, seconded by Shirrin Blaisdell, that MainePERS extend the existing appointment of Cliffwater, LLC, as discretionary manager of MainePERS' secondary portfolio through December 31, 2015 and authorize the Executive Director, General Counsel and Chief Deputy Executive Director, and Chief Investment Officer as signatories to execute the documents necessary to complete the transaction. Voted unanimously by six Trustees.
ASSET ALLOCATION DISCUSSION

Andrew Sawyer discussed the Investment Team’s plan to develop a framework, in consultation with Cambridge Associates, for asset reporting and risk management, and to present the framework to the Board. Brian McDonnell gave a presentation of asset allocation in the portfolio.

*Brian Noyes rejoined the meeting at approximately 11:00 a.m.*

LEGISLATIVE REVIEW

John Milazzo presented the legislative update and provided information on the status of bills the System is tracking. John reported that L.D. 1390 (Capitol Planning) was awaiting the Governor’s signature and advised the Trustees that L.D. 1021 (reversing the Law Court’s decision in Kennebec County) was expected to be tabled.

APPEAL – SHANE HEATH

Chris Mann, Board Counsel, presented an overview of the statutory framework relating to the appeal before the Board and the decision by the Hearing Officer. Paul Aranson, Esq., the Appellant’s representative, and N. Quinn Collins, Esq., the System’s representative, made presentations before the Board. The Appellant was not present.

➢ *Action.* Ken Williams made the motion, seconded by Dick Metivier, to adopt the recommended final decision of the Hearing Officer. Voted unanimously by seven Trustees.

ADMINISTRATION

Operating Report

John Milazzo reviewed the Operating Report noting:

- The quarterly summary of disbursements and contributions will be provided to the Trustees in August;

- Retirement Services is currently processing approximately 400 teacher retirement applications for July with 150 currently under further review; and

- Resumes are being reviewed for the Deputy Executive Director position. Sandy Matheson explained to the Trustees the vision of the position and how it will work within the System.
Strategic Planning

Sandy Matheson updated the Trustees on leadership’s latest strategic planning efforts. Sandy noted that the group will be reassessing all that MainePERS does to carry out its mission, what activities can be eliminated, and what new activities should be added.

Disability Task Force

Sandy Matheson updated the Board on the continuing work of the Disability Task Force. The group has developed a survey for employers that will provide a better view of how much employers currently offering MainePERS disability actually understand about these benefits. Sandy noted that a representative from the Virginia Retirement System’s Disability Program is being scheduled to meet with the Task Force at a future date. The Virginia System has recently revamped their disability program.

Lean Update

Sandy Matheson updated the Trustees on the recent staff meetings during which the Lean method was presented by its consultant Orion. Sandy informed the Trustees that the project was progressing very well and that there was positive feedback from the meetings.

Communications Consultant

Sandy Matheson updated the Trustees on the progress of hiring a Communications Consultant.

LITIGATION SUMMARY

Chris Mann reviewed the litigation summary.

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

7-9-15

Date Approved by the Board

Sandra J. Matheson, Executive Director

7-9-15

Date Signed