The Board of Trustees met at 9:00 a.m. on December 11, 2014, at the Maine Public Employees Retirement System, 96 Sewall Street, Augusta, Maine. Ben Viola, Vice Chair and Chair Pro Tempore, presided. Other Trustees present were Shirrin Blaisdell, Neria Douglass, Dick Metivier, Brian Noyes, Ken Williams, and Catherine Sullivan. Joining the Trustees were John Milazzo, General Counsel and Chief Deputy Executive Director; Chris Mann, Assistant Attorney General and Board Counsel; Terry Hayes, Incoming State Treasurer and Trustee. The Board was also joined for select portions of the meeting by Andrew Sawyer, Chief Investment Officer; Jim Bennett, Deputy 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 November 13, 2014, Regular Meeting;
2. Adoption of Hearing Officer’s Final Report in Maria C. Amero appeal;
3. Adoption of Hearing Officer’s Final Report in David Labreck appeal and;
4. Adoption of Hearing Officer’s Final Report in Laura Marston appeal.
5. Recommended Dismissal of the following appeals:

   A. Josephine Hunt and;
   B. Brian Webb.

Action, Shirrin Blaisdell made the motion, seconded by Dick Metivier, to approve the Consent Calendar as amended. Voted unanimously by seven Trustees.

ANNOUNCEMENTS

Ben Viola introduced and welcomed Treasurer-elect, Terry Hayes, incoming State Treasurer. She will begin serving as Trustee ex officio in January. On behalf of Peter Leslie and all the Trustees, Ben thanked Treasurer Neria Douglass for her dedicated service on the Board. Ben also thanked Sandy Matheson and the members of the senior management team for their generosity in putting together the holiday gift bags for each of the Trustees.
INVESTMENTS

Monthly Performance – November 2014

Andrew Sawyer, Jim Bennett and John Meier from Strategic Investment Solutions discussed the monthly performance of the fund for November 2014.

Investment Consultant Review

Andrew Sawyer reported on the progress of the investment consultant review process and reviewed draft wording specifying desired qualifications and duties of the consultant. He also noted that the investment team might require the use of specialist consultants in areas such as risk management. The Board discussed the role of consultants in general. They supported the use of specialty consultants on an as-needed basis, and affirmed their need to have an expert general consultant ultimately responsible to the Board. Andrew will incorporate the discussion into the creation of a Request for Information document and bring the matter back to the Board in January.

Defined Contribution Plans Cash Investment Option

Andrew Sawyer discussed the work of the Defined Contribution Plans Oversight Council. He shared that the Council is reviewing the MaineSTART current cash option and expects to bring a recommendation forward to the Board for action early next year.

Environmental, Social and Governance Task Force Update

Andrew Sawyer and Jim Bennett reported that the ESG (Environmental, Social & Governance) task force is finalizing its work on an ESG policy for the Board’s consideration. The group has held four meetings and received input from various stakeholders on multiple occasions. A number of the task force members have substantial experience with ESG issues which has greatly benefited the development of the proposed policy.

INVESTMENTS – PRIVATE MARKETS

Jim Bennett provided an update on the fund’s Private Markets activity for November. Andrew Sawyer and Mark Johnson from Cliffwater discussed the situation of HIG Bayside Loan Opportunity Fund for which the Board had
approved a commitment in August. The System will most likely not be participating in that fund.

Jim invited Trustees to meet with managers of three funds under consideration in January in the Portland office. Jim discussed the fund’s Co-Investment program and informed Trustees that the Investment Team would be requesting an expansion of the program at the next Board meeting.

Andrew informed the Trustees that the Investment Team would be organizing an educational Energy Markets Workshop in January to provide Trustees and the Investment Team with updates on the current situation in the energy markets, including climate-related considerations. In the next few days, Trustees would be polled via email for available dates, and a date fixed for the workshop.

IFM Investors Global Infrastructure Fund

Andrew Sawyer noted the Investment Team’s recommendation regarding IFM Investors Global Infrastructure Fund, and noted that Cliffwater concurred with the recommendation.

KKR Special Situations Fund II

Andrew Sawyer noted the Investment Team’s recommendation regarding KKR Special Situations Fund II, and noted that Cliffwater concurred with the recommendation.

Westbrook Real Estate Fund X

Andrew Sawyer noted the Investment Team’s recommendation regarding Westbrook Real Estate Fund X, and noted that Cliffwater concurred with the recommendation.

EXECUTIVE SESSION

> **Action.** Dick Metivier made the motion, seconded by Catherine Sullivan, to enter into executive session pursuant to 1 M.R.S. § 405(6)(A). Voted unanimously by seven Trustees.

The Board moved back into open session.

IFM Investors Global Infrastructure Fund

> **Action.** Neria Douglass made the motion, seconded by Brian Noyes, that MainePERS make a commitment of up to $75 million to IFM Global
Infrastructure (US), 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 complete the transaction. Voted unanimously by seven Trustees.

**KKR Special Situations Fund II**

- **Action.** Dick Metivier made the motion, seconded by Catherine Sullivan, that MainePERS make a commitment of up to $60 million to KKR Special Situations (Domestic) Fund II 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 complete the transaction. Voted unanimously by seven Trustees.

**Westbrook Real Estate Fund X**

- **Action.** Neria Douglass made the motion, seconded by Ken Williams, that MainePERS make a commitment of up to $50 million in Westbrook Real Estate Fund X, 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 complete the transaction. Voted unanimously by seven Trustees.

**ADMINISTRATION REPORT**

**Operating Report**

John Milazzo reviewed the Operating Report. Brian Noyes asked if all the updates to the MainePERS building were complete. John discussed the status of current and anticipated maintenance projects, including the fact that the System had retained the services of an architect to assist with developing plans for maintenance of the outside of the building.

**System Legislation**

John Milazzo provided an overview of some of the provisions of a System bill that will be submitted this legislative session. In addition to "clean up" provisions, the bill will include language to clarify the System's role in membership eligibility matters.
Disability Task Force Update

John Milazzo discussed that the Task Force had received two proposals and that the Task Force had made a unanimous selection of the vendor that had submitted the winning proposal and will now move to the next step in the process.

PLD Rate Setting

The PLD Advisory Committee has met twice in the last month. The members are recommending that the Board adopt a 9% aggregate employer rate effective July 1, 2015 and a 7.125% discount rate effective as of July 1, 2014.

➤ Action. Catherine Sullivan made the motion, seconded by Dick Metivier that the Board adopt a 9% aggregate employer rate effective July 1, 2015 and a 7.125% discount rate effective as of July 1, 2014. Voted unanimously by seven Trustees.

APPEAL - CINDY WHITE

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 representative Stephen O’Donnell, Esq. and the System’s Representative Quinn Collins, Esq. made presentations before the Board.

➤ Action. Dick Metivier made the motion, seconded by Ken Williams to accept the final report of the Hearing Officer. Voted unanimously by seven Trustees.

LITIGATION SUMMARY

Chris Mann reviewed the Litigation Summary.

EXECUTIVE SESSION

➤ Action. Ken Williams made the motion, seconded by Catherine Sullivan, to enter into executive session pursuant to 1 M.R.S. § 405(6)(A). Voted unanimously by seven Trustees.

The Board moved back into open session.

➤ Action. Shirrin Blaisdell made the motion, seconded by Catherine Sullivan, to accept the Executive Director’s five year contract and to authorize Peter Leslie
to execute the contract on behalf of the Board. Voted unanimously by seven Trustees.

The meeting adjourned approximately 1:40 p.m.

1-8-15
Date Approved by the Board

Sandy Mathéson, Executive Director

1-8-15
Date Signed