

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
January 12, 2023

MainePERS
Augusta
9:00 a.m.

The Board of Trustees met at MainePERS, 139 Capitol Street, Augusta, ME 04332 at 9:00 a.m. on January 12, 2023. Brian Noyes, Chair, presided. Other Trustees participating were; Dick Metivier, Vice Chair; Greg Olson, Deputy State Treasurer; John Beliveau; Shirrin Blaisdell; Mark Brunton; John Kimball; and Ken Williams. Joining the Trustees were Dr. Rebecca Wyke, Chief Executive Officer; Michael Colleran, Chief Operating Officer and General Counsel; Chip Gavin, Chief Services Officer; Monica Gorman, Secretary to the Board of Trustees; and Betsy Stivers, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by James Bennett, Chief Investment Officer; Zackery McGuire, Deputy Chief Investment Officer; Mara McGowen, Supplemental Benefits Manager; Stephanie Whitney, Disability Retirement Business Leader; Stuart Cameron, Cambridge Associates; Tom Lynch and George Bumeder, Cliffwater; and Ed Schwartz, ORG.

Brian Noyes called the meeting to order at 9:00 a.m. Greg Olson, Dick Metivier, and Mark Brunton participated through video remote access pursuant to 1 M.R.S. § 403-B, having been excused from in-person attendance by the Board Chair due to illness. All other Trustees were physically present.

CONSIDERATION OF THE CONSENT CALENDAR

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

- Minutes of December 8, 2022
- Action. Ken Williams made the motion, seconded by Shirrin Blaisdell, to approve the Consent Calendar. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olson, and Williams).

Brian Noyes asked the guests to introduce themselves to the Trustees.

CEO REPORT

Dr. Rebecca Wyke shared with the Trustees that next month's meeting will include the new electronic version of the board book by Govenda.

She stated the Trustees have received updates and information regarding the divestment legislation. Today the Investment Team will be discussing current and ongoing exposure to fossil fuel investments and recommendations for amending Board Policy 2.1. We also will present the report on divestment that is due to the Legislature in January.

Dr. Wyke shared MainePERS staff will be providing a presentation to the Trustees outlining key provisions of the new disability law and an overview of the current process when

applying for disability. The report includes additional opportunities for program improvements that will be explored in the coming months. The report is due to the Legislature at the end of January.

Disability Retirement Program

Chip Gavin, Mara McGowen, and Stephanie Whitney did a presentation that provided an outline of key provisions of the new law, an overview of the current application process, and key points of interest. The Trustees asked and the group answered various questions regarding the program.

PRIVATE MARKETS ACTION

Blackstone Property Partners

- **Action:** John Beliveau made the motion, seconded by John Kimball, that MainePERS redeem up to \$150 million of its investments in Blackstone Property Partners, subject to final due diligence, legal review and negotiations; and authorize the Chief Executive Officer, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this action. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olson, and Williams).

PRIVATE MARKETS REVIEW

Private Markets Activity

Zack McGuire reviewed the table of private market funds and co-investments that had closed during the past 12 months. Zack shared the next manager meeting is scheduled for Tuesday, January 24, 2023, in Portland, with presentations by ISAM Systematic Management at 9:00 a.m.; Ares Capital Europe at 10:00 a.m.; and Summit Partners at 11:15 a.m. The Investment Team began its due diligence on a top-up fund of High Street Real Estate Fund VII and will bring a recommendation to the Trustees in February.

Brian Noyes asked Jim Bennett to share, at a future meeting, an analysis of the portfolio allocation within private equity. Jim agreed to put together information to present to the Trustees at a meeting in the future.

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of December 31st, the MainePERS fund had a preliminary market value of \$18.1 billion, the preliminary return for the month was -0.9%, and the preliminary calendar year-to-date return was -4.3%.

Jim stated that Albourne would begin serving as the System's consultant for Real Estate, Infrastructure, and Natural Resources the week of January 16th, and that ORG will stay on for a month in order to ensure a smooth transition.

PROXY VOTING

Zack McGuire provided an overview of Board Policy 2.7, which directs the Investment Team to develop and maintain proxy voting guidelines and to engage a proxy agent, Glass Lewis, for the purpose of voting its proxies. Zack shared that the Investment Team has reviewed the 2023 Policy Guidelines from Glass Lewis. Zack answered questions from the Trustees.

DIVESTMENT

Fossil Fuel Review

Jim Bennett shared a presentation with the Trustees that will be used as the basis for discussion of the System's current and ongoing exposure to fossil fuel investments. Jim and Stuart Cameron answered questions from the Trustees.

Legislative Report

Dr. Rebecca Wyke provided an overview of the Divestment Report that was prepared for the Legislature per PL 2021, c. 231.

Dr. Wyke thanked Jim Bennett, Zack McGuire, Michael Colleran, and AAG Betsy Stivers for all their hard work in putting this report together.

Investment Policy: Draft Changes

Also included in the divestment review was a copy of Board Policy 2.1 with proposed changes related to fossil fuel divestment. After discussion with the Trustees, any changes will be made and brought before the Trustees for consideration at the February meeting.

MAINESTART

Investment Option Change

Jim Bennett and Stuart Cameron discussed investment information regarding the STAR Fund in the MaineSTART program with the Trustees. They answered questions from the Trustees and recommended removal of the fund as an option for new participants.

- **Action.** Shirrin Blaisdell made the motion, seconded by Ken Williams, that MaineSTART remove the STAR fund from the fund lineup for new participants in the 401(a), 403(b), and 457(b) programs administered by MainePERS. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olson, and Williams).

LEGISLATIVE UPDATE

Kathy Morin shared that the Legislature has convened and bills are being printed. Kathy stated a legislative committee of jurisdiction has yet to be confirmed but it appears the Labor and Housing Committee will continue to be the committee to hear pension bills. She reported one bill relating to MainePERS has been printed, L.D. 70 – COLA base elimination. Kathy shared the reports that have been or will be prepared for presentation to the Legislature and provided to the Trustees.

RULEMAKING

Amendment to Rule Chapter 803

Michael Colleran reviewed the recommendation for amendment of Rule Chapter 803, which would provide an additional 1% cost of living adjustment for the current year as recommended by the PLD Advisory Committee.

- **Action:** Ken Williams made a motion, seconded by Dick Metivier, that the Board adopt amended Rule Chapter 803 and its Basis Statement. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olson, and Williams).

Brian Noyes reviewed the process for in-person and virtual attendees from the public to participate and comment during the public hearing on rulemaking.

Public Hearing on Proposed Rule Chapter 506

Michael Colleran summarized the proposed new Rule 506.

Sarah Walton, who spoke on behalf of Susan Hawes, provided oral comments on the proposed rule and shared that she will also provide her comments in writing.

Public Hearing on Proposed Repeal of Rule Chapter 507

Michael Colleran summarized the current rule, which is proposed to be repealed if Chapter 506 is adopted.

There were no oral comments given during the hearing.

Public Hearing on Proposed Repeal of Rule Chapter 509

Michael Colleran summarized the current rule, which is proposed to be repealed if Chapter 506 is adopted.

There were no oral comments given during the hearing.

Public Hearing on Proposed Amended Rule Chapter 510

Michael Colleran summarized the proposed amended rule.

There were no oral comments given during the hearing.

Public Hearing on Proposed Amended Rule Chapter 511

Michael Colleran summarized the proposed amended rule.

There were no oral comments given during the hearing.

Public Hearing on Proposed Amended Rule Chapter 702

Michael Colleran summarized the proposed amended rule.

Sarah Walton provided oral comments on the proposed amendments and that she will also provide her comments in writing.

Brian Noyes stated written comments from the public may be submitted until 4:00 p.m. on January 23, 2023.

OPERATIONS AND MEMBER SERVICES REPORT

Chip Gavin stated the routine member services data was included in the packet. Chip shared that preparations are ongoing to implement the 1% COLA for PLD participants with the February payroll. He provided the Trustees with an update on the member portal project.

Michael Colleran shared the Annual Comprehensive Financial Report has been completed. Michael thanked Sherry and her team for the timely completion of that report. He stated Employer Reporting staff are working with an employer to rectify reporting issues. He shared the Text-Em-All test for the Trustees will be done at the February meeting.

LITIGATION UPDATE

Betsy Stivers reported that the discovery deadline on the personnel matter is January 17th. After completion, the AAG handling the case will file a motion for summary judgment in an attempt to resolve issues without going to trial. In the Hawes FOA matter, a final judgement was received on the remaining count denying that last claim. Betsy shared the judge has responded to all counts, and it has been fully dismissed.

CHIEF EXECUTIVE OFFICER EVALUATION

- Action. Shirrin Blaisdell made the motion, seconded by John Beliveau, to enter into executive session pursuant to 1 M.R.S. §405(6)(A) to discuss evaluation of an employee. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olson, and Williams).

Board moved out of executive session.

CHIEF EXECUTIVE OFFICER COMPENSATION

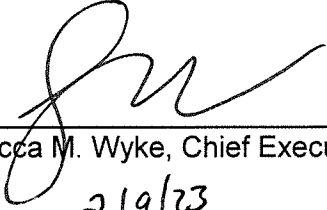
- Action. Shirrin Blaisdell made a motion, seconded by Ken Williams, that the Board approves a 5% cost of living adjustment to the Chief Executive Officer's salary effective January 1, 2023. Voted unanimously by eight Trustees (Beliveau, Blasidell, Brunton, Kimball, Metivier, Noyes, Olson, and Williams).

ADJOURNMENT

- Action. John Kimball made a motion, seconded by Ken Williams, to adjourn the January Board of Trustees meeting. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olson, and Williams).

The meeting adjourned at approximately 12:40 p.m.

2/9/23
Date Approved by the Board



Dr. Rebecca M. Wyke, Chief Executive Officer
2/9/23
Date Signed