

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
December 8, 2022

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 December 8, 2022. Brian Noyes, Chair, presided. Other Trustees participating were; Dick Metivier, Vice Chair; Henry Beck, Treasurer; Greg Olson, Deputy State Treasurer; Shirrin Blaisdell; Mark Brunton; John Kimball; and Ken Williams. Joining the Trustees were 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; Bartley Parker, Managing Director, Alternative Investments; Andrew Black, Assistant Attorney General; Brian McDonnell, Cambridge Associates; Tom Lynch and George Bumeder, Cliffwater; and Ed Schwartz, ORG.

Brian Noyes called the meeting to order at 9:00 a.m. Henry Beck and Greg Olson 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, except John Beliveau, were physically present. Brian noted that Chief Executive Officer Rebecca Wyke is serving jury duty and is unable to attend the meeting.

Brian Noyes shared the Board had received a copy of the McKinsey article and on behalf of the Board wanted the MainePERS staff to know how much they appreciated all of their hard work and a job well done. He also stated he and Dick Metivier will be meeting with Gary Hudepohl to discuss the CEO's compensation for next year.

CONSIDERATION OF THE CONSENT CALENDAR

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

- Minutes of November 10, 2022
- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, to approve the Consent Calendar. Voted unanimously by seven Trustees (Blaisdell, Brunton, Kimball, Metivier, Noyes, Olson, and Williams).

CEO REPORT

Michael Colleran referred the Board to the written CEO report and highlighted that work is beginning on the replacement or upgrade of the line of business software. The goal is to be operational within the next five years.

2023 Board Calendar

Michael Colleran shared the 2023 Board calendar with the Trustees. Mike noted that the calendar is for planning purposes only. The Board meetings are noticed each month.

Disability Retirement Program Audit

Michael Colleran stated that CliffLarsonAllen LLP has completed the internal audit on the disability retirement program for implementation of PL 2021, Chapter 277 and benefit calculations. He explained the two observations made by the auditors and management's plans for addressing them.

Long-Term Disability Insurance Implementation Plan

Michael Colleran shared that the Disability Working Group has completed its work, including developing a legislatively required plan for providing mandatory long-term disability insurance coverage to retirement system members through their employers. The report we are required to file with the Legislature reflects the different views members of the group had on funding and mandates.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Report and Review of Board Policy 2.6 – ESG

Jim Bennett shared the 2022 ESG Report, which discusses the System's approach to ESG and highlights ESG-related aspects of various public and private investments. Jim stated the ESG report includes Board Policy 2.6, which the Investment Team has reviewed and recommends no changes.

GENERAL CONSULTANT REVIEW

Jim Bennett provided an overview of the general consultant review process to the Trustees. The Investment Team's recommendation is to not conduct a general consultant review process and continue with Cambridge Associates as the general consultant.

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 there will not be an Investment Manager Meeting in December.

Real Estate Quarterly Review

Ed Schwartz provided a summary of the Real Estate Portfolio as of June 30, 2022. Ed answered questions from the Trustees.

Private Markets Quarterly Review

Tom Lynch and George Bumeder presented Cliffwater's Quarterly Report as of June 30, 2022. Tom and George answered various questions from the Trustees.

RISK DIVERSIFIERS

Risk Diversifiers Quarterly Review

Brian McDonnell reviewed the risk diversifier quarterly report as of September 30, 2022 with the Trustees.

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of November 30th, the MainePERS fund had a preliminary market value of \$18.3 billion, the preliminary return for the month was 2.4%, and the preliminary calendar year-to-date was -3.3%.

Investment Quarterly Review

Brian McDonnell reviewed the quarterly report ending September 30, 2022 with the Trustees. Brian answered various questions from the Trustees.

QUARTERLY INVESTMENT EDUCATION

Long-Term Capital Markets Assumptions/Commitment Pacing

Jim Bennett and Brian McDonnell reviewed long-term capital markets assumptions, and Ed Schwartz, Tom Lynch, and George Bumeder reviewed private capital commitment pacing. The long-term capital markets assumptions presentation provided the framework used by Cambridge Associates for developing asset class return assumptions and the average annual compound return assumptions. The private capital commitment pacing presentation reviewed the methodology for developing pacing plans and capital budgeting and provided summaries of expected future pacing plans.

Greg Olson left and Henry Beck joined the meeting at 10:30.

RULEMAKING UPDATE

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 Amendment to Rule Chapter 803

Michael Colleran summarized the proposed amendments of Rule 803 (additional 1% cost of living adjustment for the current year for eligible PLD Consolidated Plan retirees).

There were no oral comments given during the hearing. Brian noted that written comments on the proposed amendments may be submitted by 4:00 p.m. on December 19, 2022.

DIVESTMENT

- **Action.** Mark Brunton made the motion, seconded by John Kimball, to enter into executive session pursuant to 1 M.R.S. §405(6)(E) to consult with legal counsel concerning the Board's legal rights and duties. Voted unanimously by seven Trustees (Beck, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

Board moved out of executive session.

Michael Colleran shared a report completed by NEPC, which analyzed of the impacts of divesting and changing our investment practices pursuant to recently-enacted legislation. The NEPC report will be part of the System's report that is due to the Legislature the first of January. The System will ask for a short extension in order to bring it to the Board for review at the January 12 meeting.

MAINESTART QUARTERLY REPORT

Michael Colleran presented the MaineSTART report for the quarter ending September 30, 2022. Michael shared that employee and employer participation continues to increase. Whether to continue to include the Vanguard STAR fund as an investment option is being reviewed by the Investment Team. They may bring a recommendation to the Board at the January meeting. Michael shared that the first non-PLD school unit has joined MaineSTART.

FINANCE AND AUDIT COMMITTEE APPOINTMENTS

- **Action.** Ken Williams made the motion, seconded by John Kimball, that Brian Noyes appoint, with the Board's concurrence, Shirrin Blaisdell as Chair and Dick Metivier as Co-Chair of the Finance and Audit Committee. Unanimously voted by seven Trustees (Beck, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

OPERATIONS AND MEMBER SERVICES REPORT

Chip Gavin reviewed the routine member services data that was provided in the old and new formats. Chip updated the Trustees on the member portal project that will provide members online access to their accounts. He also shared a team has been formed to review, potentially replace, or update the core pension software. Chip answered questions from the Trustees.

Michael Colleran shared the Annual Comprehensive Financial Report is nearing completion and should be available within a few weeks. Michael stated that a confidential employee annual performance evaluation system has been implemented. He shared that Govenda implementation is beginning, training will be offered to the Board in January, and the February Board packet will be provided to the Board using both the existing and new methods.

Michael Colleran stated a Text-Em-All list for the Board has been created to permit the System to communicate to the Board in an emergency. A test of will be done at the January Board meeting. He reminded the Board to complete and submit their annual conflict of interest statements.

LITIGATION UPDATE

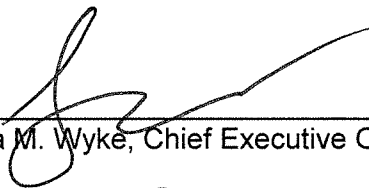
Betsy Stivers reported that the discovery deadline on the personnel matter has been moved from mid-December to mid-January in order to permit more depositions. In the Hawes FOA, matter an amended motion to amend was received. She will provide an update at the January meeting.

ADJOURNMENT

- Action. Dick Metivier made a motion, seconded by Mark Brunton, to adjourn the December Board of Trustees meeting. Voted unanimously by seven Trustees (Beck, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

The meeting adjourned at approximately 12:05 p.m.

1/12/23
Date Approved by the Board



Dr. Rebecca M. Wyke, Chief Executive Officer
1/12/23
Date Signed