



# MainePERS Board of Trustees



## Monthly Meeting Packet

March 10, 2022

**MainePERS Board of Trustees  
March 10, 2022  
Videoconference**

**AGENDA**

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9:00 a.m.		CALL TO ORDER		Brian Noyes
9:00 – 9:05 a.m.	1.	<u>CONSIDERATION OF CONSENT CALENDAR</u> <ul style="list-style-type: none"> <li>• Minutes of February 10, 2022</li> <li>• Decision, C.G. Appeal</li> <li>• Decision, P.C. Appeal</li> <li>• Consideration of Items Removed</li> </ul>	ACTION	Brian Noyes
9:05 – 9:20 a.m.	2.	<u>CEO REPORT</u> <ul style="list-style-type: none"> <li>• Mission, Vision, and Values</li> </ul>		Dr. Rebecca M. Wyke
9:20 – 9:30 a.m.	3.	<u>PRIVATE MARKETS ACTION</u> <ul style="list-style-type: none"> <li>• Executive Session pursuant to 1 M.R.S. §405(6)(F); 5 M.R.S. §17057(4)</li> </ul> <p style="margin-left: 20px;"><i>Board moves out of executive session.</i></p> <ul style="list-style-type: none"> <li>• Angelo Gordon Realty XI</li> <li>• Potential Secondary Market Opportunity</li> </ul>	ACTION  ACTION	Brian Noyes  James Bennett Zackery McGuire
9:30 – 9:50 a.m.	4.	<u>PRIVATE MARKETS REVIEW</u> <ul style="list-style-type: none"> <li>• Private Markets Activity</li> <li>• Private Market Performance Measures</li> <li>• Alternative Asset Consultant Review</li> </ul>		James Bennett Zackery McGuire
9:50 – 10:00 a.m.	5.	<u>INVESTMENT REVIEW</u> <ul style="list-style-type: none"> <li>• Investment Monthly Review</li> </ul>		James Bennett Zackery McGuire Brian McDonnell, Stuart Cameron, Cambridge Assocs.
10:00 – 10:40 a.m.	6.	<u>ASSET ALLOCATION</u>		Dr. Rebecca M. Wyke James Bennett Brian McDonnell, Cambridge Assocs. Gene Kalwarski, Cheiron
10:40 -10:55 a.m.		<u>BREAK</u>		
10:55 – 11:05 a.m.	7.	MAINESTART <ul style="list-style-type: none"> <li>• Quarterly Review</li> </ul>		Michael Colleran
11:05 – 11:15 a.m.	8.	<u>ADMINISTRATION REPORT</u> <ul style="list-style-type: none"> <li>• Operations Report</li> </ul>		Jim Dusch Sherry Vandrell Rebecca Grant

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|--------------------|-----|---------------------------|---------------------------------|
| 11:15 – 11:30 a.m. | 9.  | <u>LEGISLATIVE UPDATE</u> | Kathy Morin<br>Michael Colleran |
| 11:30 – 11:35 a.m. | 10. | <u>LITIGATION SUMMARY</u> | Betsy Stivers                   |
| 11:35 a.m.         |     | <u>ADJOURNMENT</u>        | Brian Noyes                     |
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# MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Minutes

Board of Trustees  
Board Meeting  
February 10, 2022

MainePERS  
Remote  
9:00 a.m.

*The Board of Trustees held a meeting through video remote access pursuant to P.L. 2021, Ch. 290 at 9:00 a.m. on February 10, 2022. Brian Noyes, Chair, presided. Other Trustees participating were Dick Metivier, Vice Chair; John Beliveau; Shirrin Blaisdell; Mark Brunton; John Kimball; Greg Olsen, Deputy State Treasurer; and Ken Williams. Joining the Trustees were Dr. Rebecca M. Wyke, Chief Executive Officer; Michael Colleran, Chief Operating Officer and General Counsel; 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; Brian McDonnell and Stuart Cameron, Cambridge Associates; Tom Lynch and George Bumededer, Cliffwater; Ed Schwartz, Thorsen Eriksen and Steven Stuckwisch, ORG; Rebecca Grant, Director of Administration; Jim Dusch, Director of Member Services; Sherry Vandrell, Director of Finance; and Anedra Gregori, Associate General Counsel.*

Brian Noyes called the meeting to order at 9:00 a.m. All Trustees were 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 January 13, 2022
- Action. Dick Metivier made the motion, seconded by Ken Williams, to approve the Consent Calendar. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olsen, and Williams).

### **CEO REPORT**

Dr. Rebecca Wyke summarized for Trustees the justification for continuing to meet remotely. She congratulated John Beliveau and Shirrin Blaisdell on their reappointment to the Board of Trustees. She reported on concerns presented to the Labor and Housing Committee by a stakeholder during the Committee's review of our Government Evaluation Act report. Susan Hawes outlined her concerns relating to the handling of her husband's disability retirement in 2018 and the disability program in general. Dr. Wyke noted that Ms. Hawes previously brought these concerns to our attention, and we have briefed the Board on them. She further noted that Public Law 2021, c. 277, amended the laws relating to disability retirement, and those changes have been substantially implemented. Dr. Wyke shared that work with the Divestment Advisory Panel continues, and the working group studying a new State/Teacher pension plan design as required by Resolves, c. 66 and 72 has completed its work. She shared that as part of the strategic planning process, staff has been asked to provide feedback on the draft mission and vision statements, as well as helping to develop a set of organizational values in support of the mission and vision. This process is expected

to conclude by July 1st of this year and is intended to drive cultural change within MainePERS enabling best in class services and performance.

## **PRIVATE MARKET ACTIONS**

- **Action.** Ken Williams made the motion, seconded by John Beliveau, to enter into Executive Session pursuant to 1 M.R.S. §405(6)(F); 5 M.R.S. §17057(4) to discuss private market investment information contained in non-public documents. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olsen, and Williams).

*Board moved out of executive session.*

### **Smart Markets Fund**

- **Action.** John Beliveau made the motion, seconded by Shirrin Blaisdell, that MainePERS make an additional commitment of up to \$45 million to Smart Markets Fund, 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 commitment. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olsen, and Williams).

### **Invesco U.S. Income Fund**

- **Action.** Dick Metivier made the motion, seconded by Mark Brunton, that MainePERS make an additional commitment of up to \$45 million to Invesco U.S. Income Fund, 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 commitment. Voted unanimously by eight Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, Olsen, and Williams).

## **PRIVATE MARKETS REVIEW**

### **Private Markets Activity**

Zack McGuire reviewed the table of private markets funds that have closed during the past 12 months. Zack stated there is a new co-investments section which will be included in the memo going forward. Zack shared that the next manager meeting is scheduled for Tuesday, February 22, 2022, with presentations by Angelo Gordon at 9:00 a.m. and Silvercreek Capital Management at 10:00 a.m.

### **Real Estate Quarterly Review**

Ed Schwartz, Thor Eriksen and Steve Stuckwisch from ORG provided the Trustees with a presentation on the real estate portfolio for the period ending September 30, 2021. The presentation provided an overview of the impact of inflation on the portfolio. Ed, Thor, and Steve answered questions from the Trustees.

### **Cliffwater Quarterly Review**

Tom Lynch and George Bumeder provided an overview of the private market portfolios as of September 30, 2021. Tom and George answered questions from the Trustees regarding the various portfolios.

## **INVESTMENT REVIEW**

### **Public Securities Liquidity Portfolio**

Jim Bennett reviewed the public securities liquidity portfolio, which was approved by the Trustees in 2021 and is now active. A report on the public securities liquidity portfolio will be included in the investment monthly review each month.

### **Investment Monthly Review**

Jim Bennett reported that as of January 31st the MainePERS fund had a preliminary market value of \$18.9 billion, the preliminary fund return for the month was -1.6%, the preliminary fiscal year-to-date return was 5.9%, and the preliminary calendar year-to-date return was -1.6%.

### **Investment Quarterly Review**

Brian McDonnell and Stuart Cameron provided an overview of the portfolio dashboard as of December 31, 2021 and presented the 4<sup>th</sup> quarter 2021 performance review to the Trustees. Brian and Stuart answered questions from the Trustees.

### **Risk Diversifier Quarterly Report**

Stuart Cameron shared the Risk Diversifiers quarterly report as of December 31, 2021. The Trustees discussed and asked questions about the report.

## **ASSET ALLOCATION**

Jim Bennett, Zack McGuire, Brian McDonnell, and Stuart Cameron continued the strategic asset allocation process discussion from last month. The group presented a review of the process, goals and objectives, and the changes that resulted from the 2013 asset allocation study. The next steps for the Investment Team, Cambridge Associates, and Cheiron will be to model the Fund's post-2028 position for portfolios at various risk levels. This will be presented at the next Board meeting. Jim, Zack, Brian, and Stuart answered questions from the Trustees.

## **ADMINISTRATION REPORT**

### **Operations Report**

Jim Dusch shared there were eleven PLD plan changes for the month of January, and two new PLDs joined. Jim stated RMD distributions are on target for processing, and work continues to look for those who may be lost. Jim shared new hires have given positive

feedback on the training program and reference materials provided in the onboarding process.

Sherry Vandrell reported that 92% of payrolls were received on time in January.

Rebecca Grant shared that Human Resources is very busy with recruitments in process for 12 positions. Rebecca stated IT printed and sealed over 130,000 tax and payroll forms in January.

### **LEGISLATIVE UPDATE**

Kathy Morin provided an update on the status of legislative bills. She reviewed the various PLD special plan bills and answered questions from the Trustees. Kathy shared the reports that had been submitted to the Legislature and those reports that are due in the upcoming weeks.

### **LITIGATION UPDATE**

Betsy Stivers stated no final judgment has been issued in the Hawaii matter. Betsy stated there is no update in the Susan Hawes Freedom of Access matter. Betsy shared that the federal court has not yet scheduled an argument on our motion to dismiss in the personnel matter.

### **ADJOURNMENT**

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

The meeting adjourned at approximately 11:20 a.m.

3/10/2022

\_\_\_\_\_  
Date Approved by the Board

\_\_\_\_\_  
Dr. Rebecca M. Wyke, Chief Executive Officer

\_\_\_\_\_  
Date Signed

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**MAINEPERS**

**BOARD OF TRUSTEES INVESTMENTS MEMORANDUM**

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**TO:** BOARD MEMBERS  
**FROM:** JAMES BENNETT, CHIEF INVESTMENT OFFICER  
**SUBJECT:** ALTERNATIVES CONSULTANT REVIEW  
**DATE:** MARCH 3, 2022

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Board Policies 2.1 and 4.4 require the Investment Team to evaluate the performance and contract terms of the System's investment consultants at least every five years, and to make a recommendation to the Board as to whether or not a search process for new providers be initiated.

The Investment Team has begun a review of the System's alternative asset class consultant relationships as well as the overall structure of our alternatives consulting services. We expect this review to include one or more Request for Information (RFI), and expect to present any resultant recommendations to the Board this spring.

**POLICY REFERENCE**

[Board Policy 2.1 – Investment Policy Statement](#)

[Board Policy 4.4 – Board / Consultants / Staff Relations](#)

**RECOMMENDATION**

*No Board action is recommended at this time.*



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**MAINEPERS**

**BOARD OF TRUSTEES INVESTMENTS MEMORANDUM**

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**TO:** BOARD MEMBERS  
**FROM:** JAMES BENNETT, CHIEF INVESTMENT OFFICER  
**SUBJECT:** INVESTMENT REVIEW  
**DATE:** MARCH 3, 2022

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Following this memo is the Monthly Investment Review for February.

**POLICY REFERENCE**

[Board Policy 2.1 – Investment Policy Statement](#)

[Board Policy 4.5 – Board/Staff Relations](#)

[Board Policy 4.6 – Communication and Support to the Board](#)

**MONTHLY INVESTMENT REVIEW: HIGHLIGHTS AND OBSERVATIONS**

Preliminary Fund results for the month include:

- Month-end fund value of \$18.7 billion, down from last month's fund value of \$18.9 billion.
- Monthly return of -0.8%.
- Fiscal and calendar year-to-date returns of 4.8% and -2.7%, respectively.



# Investment Review

## March 10, 2022



**MainePERS**  
PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Investment Objective

MainePERS' investment objectives balance the System's twin goals of generating investment returns (to ensure growth of the trust funds) and minimizing investment risks (loss of capital and cash flow shortfalls).

The Board recognizes and accepts that these goals are in opposition, and that a trade-off exists between expected risk and return. The Board balances these goals by seeking to optimize portfolio returns consistent with an established targeted portfolio risk level.

Additionally, by optimizing investment returns on trust assets, rather than attempting to maximize them, the Board seeks to maintain contribution rate and funding level volatility at acceptable levels that have been determined from time to time during strategic asset allocation planning and asset/liability reviews.

# February 2022 Performance (Preliminary)

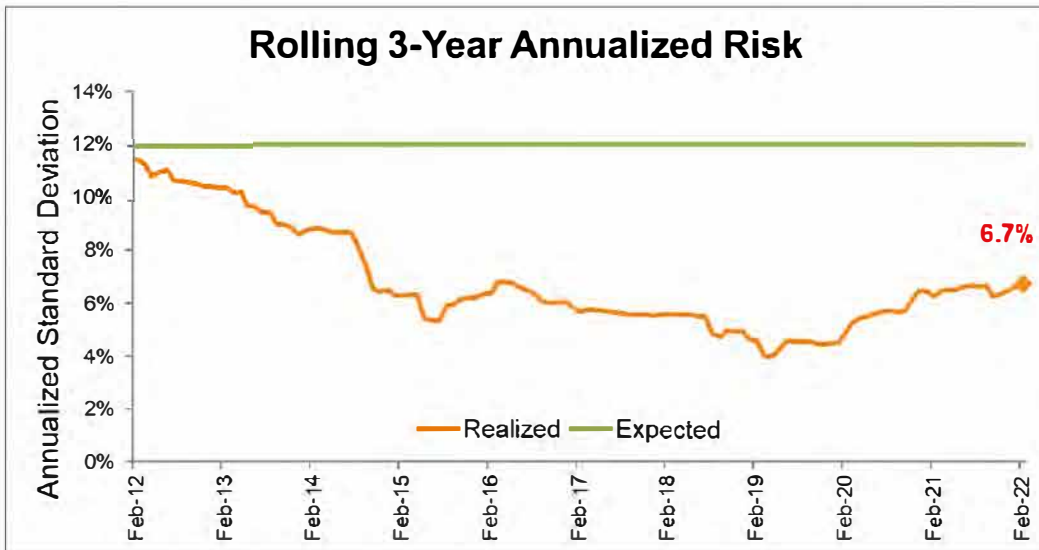
The **preliminary** fund value at the end of February is \$18.7 billion.



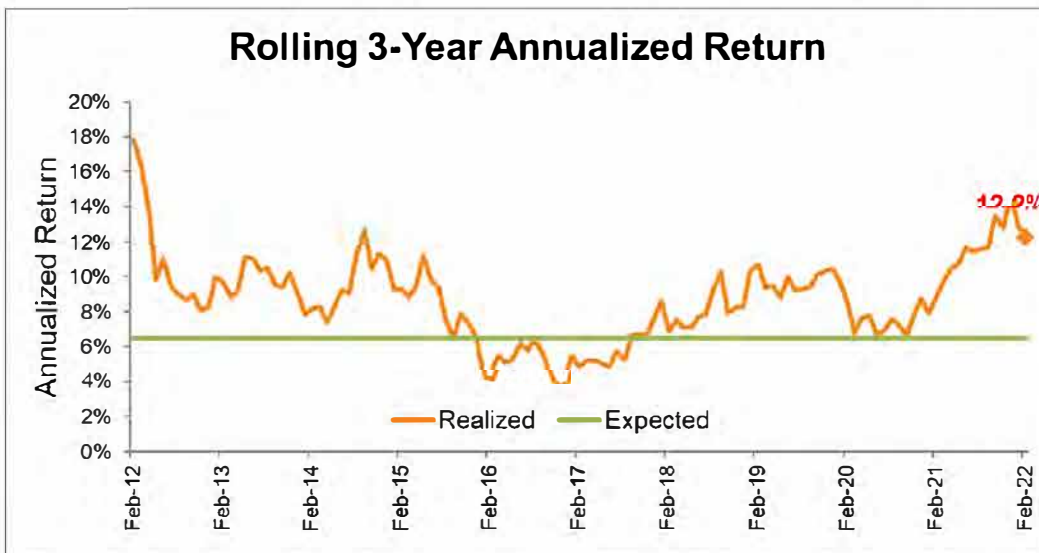
## Fund and Benchmark Returns

	Feb-22	CYTD 2022	FYTD 2022
Total Fund	-0.8%	-2.7%	4.8%
Russell 3000	-2.5%	-8.3%	0.2%
MSCI ACWI ex-USA	-2.0%	-5.6%	-6.7%
Barclays Agg. Bond Index	-1.1%	-3.2%	-3.2%

# Investment Objective Measurement: Risk and Return



Recent fund risk remains well below targeted risk level.



Investment returns continue to exceed expected values.

Note: Rolling 3-year return and standard deviation are calculated at each point in time based on returns over prior 36 months. All figures are annualized.

# February 2022 Asset Allocation (Preliminary)

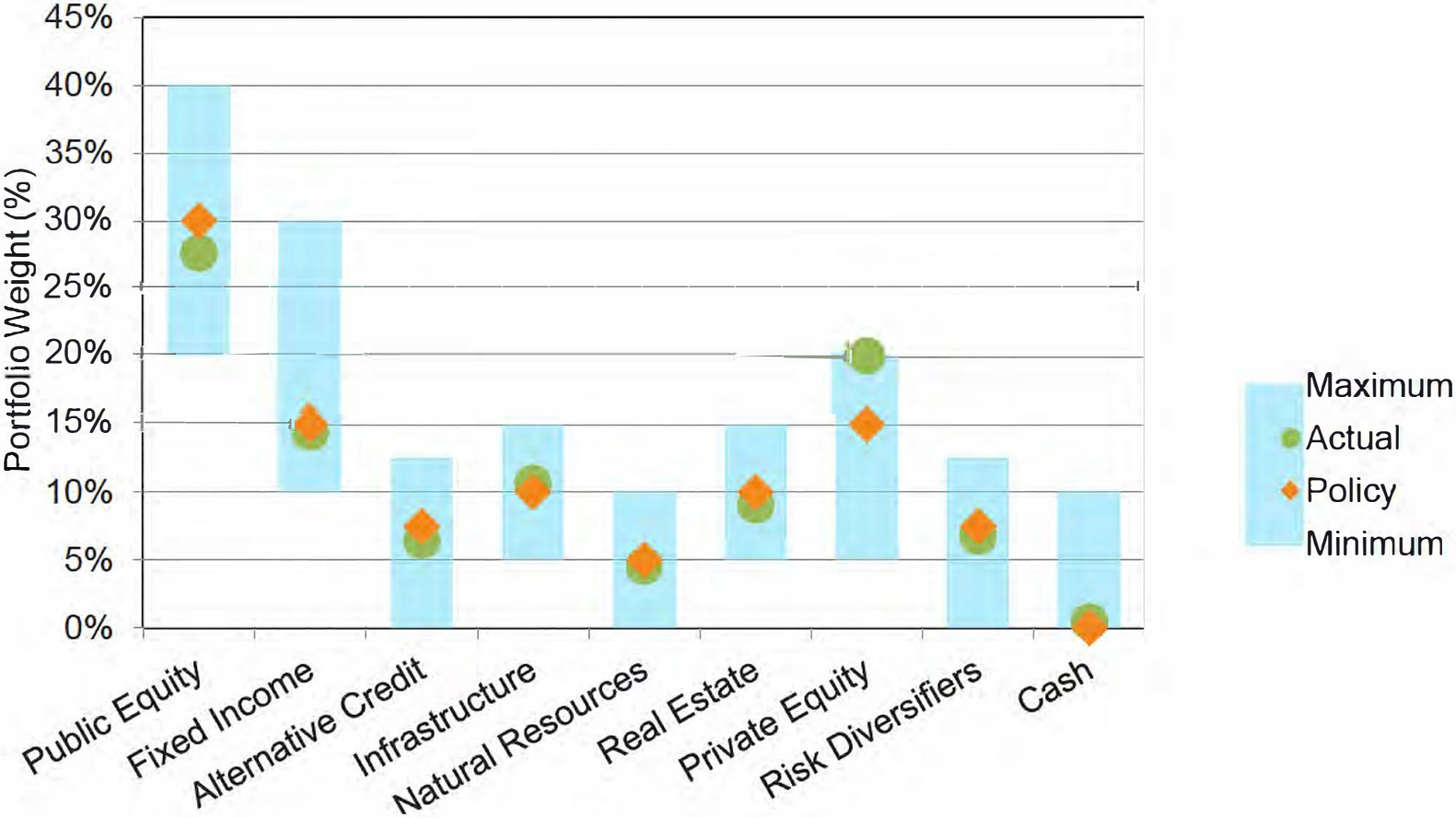
Assets (Millions)	Value	% of Fund	Policy %
<b>MainePERS Portfolio</b>	<b>\$ 18,694</b>	<b>100.0%</b>	<b>100.0%</b>
Domestic Equity	\$ 3,149	16.8%	18.3%
International Equity	\$ 2,016	10.8%	11.7%
Fixed Income	\$ 2,691	14.4%	15.0%
Alternative Credit	\$ 1,208	6.5%	7.5%
Infrastructure	\$ 1,991	10.6%	10.0%
Natural Resources	\$ 852	4.6%	5.0%
Private Equity	\$ 3,747	20.0%	15.0%
Real Estate	\$ 1,695	9.1%	10.0%
Risk Diversifiers	\$ 1,262	6.7%	7.5%
Cash	\$ 83	0.4%	0.0%

Portfolio weights for most asset classes remain near MainePERS Investment Policy asset allocation weights.

Private equity increased to 20% of the Fund, as the Fund value has fallen.

Private Markets assets in aggregate comprise 50.8% of the overall portfolio, above the 47.5% policy weight.

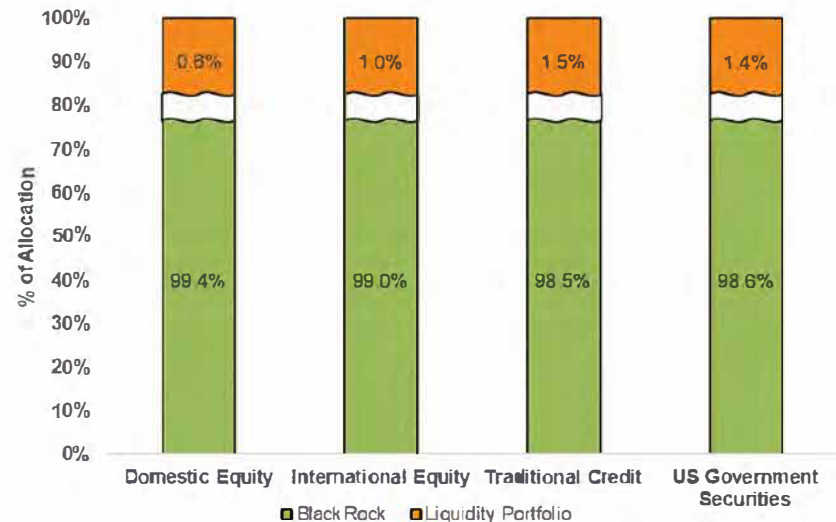
# February 2022 Asset Allocation (Preliminary)



# Public Securities: Liquidity Portfolio

At the end of February, the Fund had a 0.4% of assets invested via ETFs and futures contracts in an account managed by Parametric Associates.

The Liquidity Portfolio accounts for 1.0% of MainePERS' total exposure to public securities.



MainePERS Liquidity Portfolio	Market Value (Millions)	Exposure Type
Parametric Domestic Equity	\$19.3	Futures
Parametric International Equity	\$19.2	Futures
Parametric Traditional Credit	\$19.7	ETFs
Parametric US Government Securities	\$20.0	Futures
<b>Total Liquidity Portfolio</b>	<b>\$78.2</b>	



MainePERS has **exposures to derivatives** in the following areas:

- Public Equities, Public Fixed Income, and Risk Diversifiers

MainePERS has **financial leverage** (borrowing and investing) in the following areas:

- BlackRock – Financial leverage in securities lending
- JP Morgan – Financial leverage in securities lending
- Alternative Credit
- Infrastructure
- Natural Resources
- Private Equity
- Real Estate

# Investment Related Fees: February 2022

Description	FYTD 22	FY 21	FY 20	FY 19	FY 18
Investment Mgmt. Fees	\$79,887,711	\$118,561,261	\$124,480,394	\$106,398,871	\$92,410,866
Securities Lending Fees <sup>1</sup>	1,038,626	1,653,172	2,239,396	2,226,826	3,714,108
Consulting Fees	746,667	1,120,000	1,120,000	1,120,000	1,120,000
Broker Commissions <sup>2</sup>	15,724	52,364	37,461	28,970	38,168
Placement Agent Fees	0	0	0	0	0
<b>Total</b>	<b>\$81,688,728</b>	<b>\$121,386,797</b>	<b>\$127,877,251</b>	<b>\$109,774,667</b>	<b>\$97,283,142</b>
<b>Percentage of Fund <sup>3</sup></b>	<b>0.75%</b>	<b>0.67%</b>	<b>0.87%</b>	<b>0.74%</b>	<b>0.68%</b>

1. Securities Lending Fees are through 1/31/2022
2. Actual paid commissions reported by JP Morgan
3. Annualized estimated total fees divided by the current fund value for FYTD 22. The prior years' calculations are actual fees divided by the June 30 market value.

# Securities Lending: January 2022

	Average Lendable Assets	Average Assets On Loan	Total Sec Lending Revenue	Revenue Split	MainePERS Net Income	MainePERS Net Income, FYTD
<b>BlackRock</b>						
Fixed Income	\$2,031,472,304	\$1,375,342,549	\$212,296	60%/40%	\$127,378	\$814,663
Total Equity	\$2,064,668,605	\$217,996,239	\$133,458	60%/40%	\$88,314	\$893,173
<b>Total Blackrock</b>	<b>\$4,096,140,909</b>	<b>\$1,593,338,788</b>	<b>\$345,754</b>		<b>\$215,692</b>	<b>\$1,707,836</b>
<b>JP Morgan</b>						
Domestic Equities	\$3,248,809,235	\$152,496,119	\$21,066	85%/15%	\$17,911	\$151,012
<b>Total</b>	<b>\$7,344,950,144</b>	<b>\$1,745,834,907</b>	<b>\$366,820</b>		<b>\$233,603</b>	<b>\$1,858,848</b>
Total Annualized Securities Lending Income, FY 2022:				\$3,186,596 (0.02%, or 1.7 bps)		
Total Actual Securities Lending Income, FY 2021:				\$3,053,425 (0.02%, or 2.0 bps)		

# Liquidity Schedule: February 2022

Term	Market Value	Percent of Portfolio
Liquid <sup>1</sup>	\$7,940m	42.5%
Semi-Liquid <sup>2</sup>	\$2,469m	13.2%
Illiquid <sup>3</sup>	\$8,286m	44.3%
<b>Total</b>	<b>\$18,694m</b>	<b>100.0%</b>

## Sources and Uses of Liquidity

	Last 12 Months Actual	Next 12 Months Projection
<b>Private Markets Activity</b>		
Capital Contributions	-\$1,610m	-\$830m
Distributions	\$1,755m	\$1,690m
<b>Net Private Markets Activity</b>	<b>\$145m</b>	<b>\$860m</b>
<b>Benefit Payments</b>	<b>-\$425m</b>	<b>-\$420m</b>
<b>Net Cash Flows</b>	<b>-\$280m</b>	<b>\$440m</b>

<sup>1</sup>Liquid assets includes public equities and public fixed income

<sup>2</sup>Semi-liquid assets includes risk diversifiers, open-end real estate investments, and listed alternative credit funds

<sup>3</sup>Illiquid assets includes closed-end alternative credit, infrastructure, natural resources, private equity, and real estate funds

# MainePERS Alternative Investments Summary

<i>as of 02/28/2022</i>	<b># of Funds</b>	<b># of GP Relationships</b>
Alternative Credit	18	11
Infrastructure	32	11
Natural Resources	14	9
Private Equity	115	33
Real Estate	32	18
Risk Diversifiers	8	6
<b>Total*</b>	<b>219</b>	<b>81</b>

\*GP Total may not add due to overlapping relationships

Currently, MainePERS is invested in 219 funds,  
and has 81 distinct manager relationships.

# MainePERS Alternative Investments Summary

<i>(in \$millions)</i> as of 02/28/2022	<u>Current Market Value</u>			<u>Unfunded Commitment</u>	
	Dollars	% of Fund	Target	Dollars	% of Fund
Alternative Credit	\$ 1,208	6.5%	7.5%	\$ 410	2.2%
Infrastructure	\$ 1,991	10.7%	10.0%	\$ 773	4.1%
Natural Resources	\$ 852	4.6%	5.0%	\$ 214	1.1%
Private Equity	\$ 3,747	20.0%	15.0%	\$ 1,318	7.1%
Real Estate	\$ 1,695	9.1%	10.0%	\$ 541	2.9%
Risk Diversifiers	\$ 1,262	6.8%	7.5%	\$ -	0.0%
<b>Total Alternatives</b>	<b>\$ 10,755</b>	<b>57.5%</b>	<b>55.0%</b>	<b>\$ 3,257</b>	<b>17.4%</b>

For more details please see Private Markets Investment Summary at <http://www.mainebers.org/Investments/>

Note: Market values shown above are preliminary estimates. Private market asset values are based on 9/30/21 values, adjusted for subsequent cash flows.

<i>(in \$millions)</i> as of 02/28/2022	<u>Private Market Commitments by Vintage Year</u>				<u>3-Year</u>
	2019	2020	2021	2022	Average <sup>1</sup>
Alternative Credit	\$ 200	\$ 275	\$ 410	\$ -	\$ 295
Infrastructure	\$ 350	\$ 235	\$ 180	\$ -	\$ 255
Natural Resources	\$ 175	\$ -	\$ -	\$ -	\$ 58
Private Equity	\$ 240	\$ 276	\$ 438	\$ 45	\$ 318
Real Estate	\$ 230	\$ 80	\$ 285	\$ 90	\$ 198
<b>Total Commitments</b>	<b>\$ 1,195</b>	<b>\$ 866</b>	<b>\$ 1,313</b>	<b>\$ 135</b>	<b>\$ 1,125</b>

<sup>1</sup>3-Year Average: 2019-2021

## MainePERS Private Market Investments Summary: 09/30/2021

Asset Class Summary	Commitment (A)	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alternative Credit	\$ 1,459,000	\$ 984,341	\$ 217,752	\$ 956,433	\$ 1,174,185	7.4%
Infrastructure	\$ 3,152,675	\$ 2,734,201	\$ 1,854,011	\$ 2,053,281	\$ 3,907,292	11.4%
Natural Resources	\$ 990,500	\$ 980,066	\$ 368,742	\$ 837,890	\$ 1,206,632	6.3%
Private Equity	\$ 4,361,435	\$ 3,825,800	\$ 2,696,644	\$ 4,015,278	\$ 6,711,922	19.5%
Real Estate	\$ 2,564,791	\$ 2,228,435	\$ 1,549,142	\$ 1,671,611	\$ 3,220,753	7.2%
<b>Total</b>	<b>\$ 12,528,401</b>	<b>\$ 10,752,843</b>	<b>\$ 6,686,291</b>	<b>\$ 9,534,493</b>	<b>\$ 16,220,784</b>	<b>11.7%</b>

Note: This Asset Class Summary table includes all private market investments: both fund investments and co-investments.

Co-Investment Summary	Commitment (A)	# of Co- Investments	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alternative Credit Co-Investments	\$ 116,185	21	\$ 112,977	\$ 36,217	\$ 95,181	\$ 131,398	7.9%
Infrastructure Co-Investments	\$ 220,000	10	\$ 203,397	\$ 100,540	\$ 214,218	\$ 314,758	13.3%
Natural Resources Co-Investments	\$ 32,500	2	\$ 27,238	\$ -	\$ 45,268	\$ 45,268	22.0%
Private Equity Co-Investments	\$ 340,134	29	\$ 333,843	\$ 253,655	\$ 326,408	\$ 580,063	19.5%
Real Estate Co-Investments	\$ 66,000	5	\$ 40,015	\$ 4,160	\$ 39,016	\$ 43,176	5.3%
<b>Total</b>	<b>\$ 774,819</b>	<b>67</b>	<b>\$ 717,471</b>	<b>\$ 394,572</b>	<b>\$ 720,091</b>	<b>\$ 1,114,663</b>	<b>16.7%</b>

Note: This table contains values for the co-investment portion of the private market portfolio.

# MainePERS Private Market Investments Summary: 09/30/2021

## Alternative Credit

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Angelo Gordon Direct Lending Fund II	\$ 25,000	3/31/2020	\$ 23,749	\$ 12,118	\$ 18,061	\$ 30,179	21.3%
Angelo Gordon Direct Lending Fund III	\$ 100,000	7/20/2018	\$ 100,000	\$ 22,388	\$ 100,814	\$ 123,202	10.7%
Participation Agreement #1	\$ 5,000	12/6/2019	\$ 5,000	\$ 1,247	\$ 4,491	\$ 5,738	NM
Participation Agreement #2	\$ 5,000	10/11/2019	\$ 7,475	\$ 874	\$ 7,304	\$ 8,178	NM
Participation Agreement #3	\$ 5,000	8/13/2020	\$ 4,919	\$ 315	\$ 4,928	\$ 5,243	NM
Participation Agreement #4	\$ 5,000	4/9/2021	\$ 4,925	\$ 179	\$ 4,953	\$ 5,132	NM
Participation Agreement #5	\$ 5,000	12/11/2019	\$ 5,000	\$ 823	\$ 4,699	\$ 5,522	NM
Participation Agreement #6	\$ 5,000	12/6/2019	\$ 5,000	\$ 784	\$ 4,757	\$ 5,541	NM
Participation Agreement #7	\$ 5,000	5/5/2021	\$ 5,000	\$ 216	\$ 4,914	\$ 5,130	NM
Participation Agreement #8	\$ 5,000	10/18/2019	\$ 7,488	\$ 947	\$ 7,279	\$ 8,226	NM
Participation Agreement #9	\$ 5,000	4/20/2021	\$ 5,007	\$ 219	\$ 4,936	\$ 5,155	NM
Participation Agreement #10	\$ 5,000	10/11/2019	\$ 4,994	\$ 5,422	\$ -	\$ 5,422	7.0%
Participation Agreement #11	\$ 5,000	10/11/2019	\$ 5,000	\$ 758	\$ 4,795	\$ 5,553	6.8%
Angelo Gordon Direct Lending Fund IV	\$ 100,000	1/24/2020	\$ 42,500	\$ 1,514	\$ 45,772	\$ 47,286	NM
Participation Agreement #1	\$ 5,000	10/23/2020	\$ 4,913	\$ 743	\$ 4,429	\$ 5,172	NM
Participation Agreement #2	\$ 7,500	8/17/2021	\$ 7,406	\$ -	\$ 7,373	\$ 7,373	NM
Participation Agreement #3	\$ 7,500	9/29/2021	\$ -	\$ -	\$ 7,388	\$ 7,388	NM
Ares Capital Europe IV	\$ 122,000	4/30/2018	\$ 97,180	\$ 8,875	\$ 102,529	\$ 111,405	7.8%
Ares Capital Europe V	\$ 122,000	9/4/2020	\$ 24,299	\$ -	\$ 24,927	\$ 24,927	NM
Audax Senior Debt (MP), LLC	\$ 100,000	6/30/2017	\$ 96,000	\$ -	\$ 116,364	\$ 116,364	5.0%
Deerpath Capital VI	\$ 75,000	9/30/2021	\$ -	\$ -	\$ -	\$ -	NM
Global Infrastructure Partners Spectrum	\$ 100,000	2/20/2019	\$ 28,784	\$ 15,907	\$ 14,694	\$ 30,601	6.5%
Mesa West Core Lending Fund	\$ 100,000	6/18/2013	\$ 114,251	\$ 48,694	\$ 115,175	\$ 163,868	6.6%
Owl Rock Capital Corporation	\$ 100,000	3/10/2017	\$ 100,000	\$ 15,475	\$ 108,744	\$ 124,219	7.3%
Participation Agreement #1	\$ 5,000	12/21/2018	\$ 4,828	\$ 1,132	\$ 4,546	\$ 5,678	6.8%
Participation Agreement #2	\$ 5,000	8/20/2018	\$ 4,567	\$ 1,307	\$ 4,343	\$ 5,650	8.1%
Participation Agreement #3	\$ 7,500	8/7/2020	\$ 8,905	\$ 2,264	\$ 7,429	\$ 9,693	NM
Participation Agreement #4	\$ 7,500	7/26/2021	\$ 6,567	\$ 109	\$ 6,617	\$ 6,726	NM
Participation Agreement #5	\$ 6,185	7/31/2018	\$ 6,196	\$ 7,745	\$ -	\$ 7,745	9.9%
Participation Agreement #6	\$ 5,000	8/7/2018	\$ 4,938	\$ 5,634	\$ -	\$ 5,634	7.9%
Participation Agreement #7	\$ 5,000	5/7/2018	\$ 4,851	\$ 5,499	\$ -	\$ 5,499	12.7%
Owl Rock Capital Corporation III	\$ 100,000	6/19/2020	\$ 74,365	\$ 1,676	\$ 75,584	\$ 77,260	NM

(all dollar amounts in thousands)



## MainePERS Private Market Investments Summary: 09/30/2021

### Alternative Credit

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Pathlight Capital Fund II	\$ 75,000	4/22/2021	\$ 25,972	\$ 7,100	\$ 19,933	\$ 27,034	NM
Solar Capital Private Corporate Lending Fund	\$ 50,000	6/26/2019	\$ 23,189	\$ 968	\$ 25,419	\$ 26,387	NM
Solar Capital Debt Fund	\$ 50,000	6/26/2019	\$ 4,902	\$ 119	\$ 5,592	\$ 5,710	NM
Silver Point Specialty Credit II	\$ 50,000	1/31/2020	\$ 41,268	\$ 18,266	\$ 26,043	\$ 44,309	NM
Tennenbaum Direct Lending VIII	\$ 100,000	11/30/2017	\$ 100,883	\$ 53,492	\$ 66,396	\$ 119,887	6.9%

# MainePERS Private Market Investments Summary: 09/30/2021

## Infrastructure

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alinda Infrastructure Fund II	\$ 50,000	9/17/2009	\$ 67,889	\$ 64,449	\$ 10,611	\$ 75,060	2.3%
ArcLight Energy V	\$ 75,000	10/28/2011	\$ 76,031	\$ 84,518	\$ 18,002	\$ 102,520	8.0%
Shore Co-Investment Holdings II	\$ 20,000	1/30/2014	\$ 17,709	\$ 19,737	\$ -	\$ 19,737	8.4%
ArcLight Energy VI	\$ 150,000	11/25/2014	\$ 159,687	\$ 67,278	\$ 98,091	\$ 165,369	1.1%
Great River Hydro Partners	\$ 12,000	6/17/2017	\$ 10,630	\$ 8,639	\$ 17,278	\$ 25,917	32.9%
Brookfield Infrastructure Fund II	\$ 100,000	6/28/2013	\$ 114,639	\$ 81,342	\$ 93,565	\$ 174,907	9.3%
Brookfield Infrastructure Fund III	\$ 100,000	4/15/2016	\$ 92,528	\$ 37,552	\$ 86,482	\$ 124,034	11.3%
Co-Investment #1	\$ 20,000	3/31/2017	\$ 15,944	\$ 16,640	\$ 11,825	\$ 28,465	24.8%
Carlyle Global Infrastructure Opportunity Fund	\$ 100,000	5/1/2019	\$ 44,188	\$ 4,185	\$ 32,312	\$ 36,497	NM
Carlyle Infrastructure Partners	\$ 50,000	11/2/2007	\$ 57,366	\$ 64,289	\$ 217	\$ 64,506	2.4%
Carlyle Power Partners II	\$ 50,000	11/19/2015	\$ 61,456	\$ 16,479	\$ 57,341	\$ 73,819	7.9%
Cube Infrastructure II	\$ 90,000	9/11/2018	\$ 70,200	\$ 2,319	\$ 74,324	\$ 76,643	4.9%
Cube Infrastructure III	\$ 90,000	8/16/2021	\$ -	\$ -	\$ -	\$ -	NM
Cube Infrastructure	\$ 45,000	4/16/2010	\$ 60,063	\$ 94,272	\$ 2,916	\$ 97,187	8.0%
EQT Infrastructure III	\$ 68,000	12/3/2016	\$ 82,383	\$ 12,547	\$ 120,470	\$ 133,017	19.2%
EQT Infrastructure IV	\$ 100,000	12/17/2018	\$ 65,345	\$ 6,799	\$ 73,133	\$ 79,932	13.7%
EQT Infrastructure V	\$ 75,000	12/8/2020	\$ 14,750	\$ -	\$ 13,297	\$ 13,297	NM
First Reserve Energy Infrastructure Fund	\$ 50,000	6/30/2010	\$ 59,593	\$ 48,603	\$ 8,961	\$ 57,564	-1.0%
First Reserve Energy Infrastructure Fund II	\$ 100,000	10/21/2013	\$ 122,291	\$ 103,749	\$ 54,686	\$ 158,434	17.8%
Global Infrastructure Partners Sonic	\$ 30,000	7/31/2020	\$ 30,788	\$ -	\$ 25,455	\$ 25,455	NM
Global Infrastructure Partners	\$ 75,000	3/31/2008	\$ 101,173	\$ 205,062	\$ 748	\$ 205,810	17.3%
Global Infrastructure Partners II	\$ 75,000	12/3/2011	\$ 98,808	\$ 101,364	\$ 65,660	\$ 167,023	15.9%
Global Infrastructure Partners III	\$ 150,000	4/15/2016	\$ 156,003	\$ 53,670	\$ 137,508	\$ 191,177	7.6%
Co-Investment #1	\$ 29,000	2/28/2017	\$ 27,154	\$ 13,939	\$ 27,022	\$ 40,961	12.1%
Co-Investment #2	\$ 25,000	8/16/2018	\$ 25,885	\$ 1,985	\$ 7,611	\$ 9,595	-30.5%
Global Infrastructure Partners IV	\$ 150,000	12/21/2018	\$ 32,712	\$ 0	\$ 25,979	\$ 25,979	NM
IFM Global Infrastructure (US), L.P.	\$ 100,000	12/20/2012	\$ 144,550	\$ 208,040	\$ -	\$ 208,040	9.8%
KKR Global Infrastructure Investors	\$ 75,000	9/29/2010	\$ 87,917	\$ 154,068	\$ 19	\$ 154,086	13.1%

(all dollar amounts in thousands)

# MainePERS Private Market Investments Summary: 09/30/2021

## Infrastructure

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
KKR Global Infrastructure Investors II	\$ 150,000	10/24/2014	\$ 180,180	\$ 177,117	\$ 124,235	\$ 301,352	18.0%
KKR Byzantium Infrastructure Aggregator	\$ 15,000	10/17/2017	\$ 15,000	\$ 7,013	\$ 10,700	\$ 17,713	5.7%
KKR Taurus Co-Invest II	\$ 25,000	8/15/2017	\$ 25,000	\$ 3,111	\$ 57,240	\$ 60,352	26.5%
KKR Atlanta Co-Invest	\$ 24,000	9/26/2014	\$ 21,428	\$ 28,551	\$ -	\$ 28,551	5.7%
KKR Global Infrastructure Investors III	\$ 100,000	3/29/2018	\$ 59,893	\$ 4,974	\$ 59,935	\$ 64,909	5.7%
Meridiam Infrastructure (SCA)	\$ 11,000	9/23/2015	\$ 22,243	\$ 8,625	\$ 54,810	\$ 63,436	10.5%
Meridiam Infrastructure Europe II (SCA)	\$ 22,500	9/23/2015	\$ 27,558	\$ 12,965	\$ 43,053	\$ 56,018	12.4%
Meridiam Infrastructure Europe III SLP	\$ 95,000	4/27/2016	\$ 59,809	\$ 11,254	\$ 43,716	\$ 54,971	-4.8%
Meridiam Sustainable Infrastructure Europe IV	\$ 90,000	4/16/2021	\$ 1,015	\$ -	\$ 327	\$ 327	NM
Meridiam Infrastructure N.A. II	\$ 75,000	9/28/2012	\$ 70,901	\$ 26,466	\$ 138,228	\$ 164,694	18.6%
MINA II CIP	\$ 175	6/30/2015	\$ 129	\$ 21	\$ 15,300	\$ 15,321	155.3%
Meridiam Infrastructure N.A. II	\$ 20,000	6/30/2015	\$ 14,248	\$ 3,111	\$ 35,321	\$ 38,432	28.1%
Meridiam Infrastructure N.A. III	\$ 50,000	7/12/2017	\$ 7,458	\$ 1	\$ 11,086	\$ 11,087	NM
Stonepeak Infrastructure Partners II	\$ 140,000	11/12/2015	\$ 179,363	\$ 125,992	\$ 126,051	\$ 252,043	13.9%
Stonepeak Claremont Co-Invest	\$ 25,000	5/30/2017	\$ 25,000	\$ 925	\$ 50,123	\$ 51,048	19.8%
Stonepeak Spear (Co-Invest) Holdings	\$ 25,000	1/8/2018	\$ 19,648	\$ -	\$ 32,419	\$ 32,419	15.2%
Stonepeak Infrastructure Partners III	\$ 150,000	10/13/2017	\$ 136,712	\$ 20,649	\$ 176,640	\$ 197,289	23.6%
Stonepeak Infrastructure Partners IV	\$ 125,000	5/8/2020	\$ 10,071	\$ 1	\$ 10,585	\$ 10,585	NM

# MainePERS Private Market Investments Summary: 09/30/2021

## Natural Resources

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
ACM Permanent Crops	\$ 35,000	10/24/2014	\$ 38,985	\$ 9,147	\$ 48,176	\$ 57,322	7.8%
ACM Permanent Crops II	\$ 35,000	5/12/2016	\$ 39,642	\$ 8,885	\$ 23,694	\$ 32,579	-8.1%
AMERRA Agri Fund III	\$ 50,000	2/11/2016	\$ 94,856	\$ 58,676	\$ 39,434	\$ 98,110	1.6%
Denham Mining Fund	\$ 35,000	6/29/2018	\$ 23,288	-	\$ 32,232	\$ 32,232	18.7%
Homestead Capital Farmland II	\$ 50,000	8/8/2016	\$ 52,356	\$ 7,762	\$ 47,076	\$ 54,838	1.9%
Homestead Capital Farmland III	\$ 30,000	10/26/2018	\$ 11,455	\$ 1,757	\$ 9,525	\$ 11,282	NM
Orion Mine Finance Fund II	\$ 50,000	5/25/2016	\$ 99,849	\$ 65,280	\$ 55,305	\$ 120,585	11.2%
Orion Mine Finance Co-Fund II	\$ 20,000	8/13/2018	\$ 20,085	-	\$ 38,896	\$ 38,896	25.2%
Silver Creek Aggregate Reserves Fund	\$ 100,000	11/6/2018	\$ 12,843	\$ 1,262	\$ 13,688	\$ 14,950	NM
Taurus Mining Fund	\$ 50,000	3/27/2015	\$ 41,459	\$ 36,780	\$ 10,929	\$ 47,709	6.1%
Taurus Mining Fund Annex	\$ 23,000	12/1/2016	\$ 17,302	\$ 18,054	\$ 4,717	\$ 22,771	17.6%
Taurus Mining Fund No. 2	\$ 75,000	4/18/2019	\$ 45,827	\$ 40,862	\$ 12,458	\$ 53,320	21.9%
Teays River Integrated Agriculture	\$ 200,000	7/1/2015	\$ 199,005	\$ 28,770	\$ 328,134	\$ 356,904	10.4%
Twin Creeks Timber	\$ 125,000	1/7/2016	\$ 168,011	\$ 80,450	\$ 86,987	\$ 167,438	-0.1%
U.S. Farming Realty Trust III	\$ 100,000	7/7/2015	\$ 107,949	\$ 11,057	\$ 80,266	\$ 91,323	-4.8%
Canally Coinvest Holdings	\$ 12,500	12/9/2019	\$ 7,153	-	\$ 6,372	\$ 6,372	NM

# MainePERS Private Market Investments Summary: 09/30/2021

## Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
ABRY Advanced Securities Fund II	\$ 20,000	5/4/2011	\$ 20,517	\$ 29,476	\$ 800	\$ 30,276	13.3%
ABRY Advanced Securities Fund III	\$ 30,000	4/30/2014	\$ 42,955	\$ 12,955	\$ 29,904	\$ 42,859	-0.1%
ABRY Heritage Partners	\$ 10,000	5/31/2016	\$ 9,144	\$ 7,399	\$ 6,343	\$ 13,742	23.9%
ABRY Partners VII	\$ 10,000	4/29/2011	\$ 12,891	\$ 16,845	\$ 3,606	\$ 20,451	13.5%
ABRY Partners VIII	\$ 20,000	8/8/2014	\$ 23,520	\$ 27,397	\$ 5,885	\$ 33,282	10.7%
ABRY Senior Equity IV	\$ 10,000	12/7/2012	\$ 10,805	\$ 15,679	\$ 2,430	\$ 18,110	15.2%
ABRY Senior Equity V	\$ 12,050	1/19/2017	\$ 11,773	\$ 2,893	\$ 12,587	\$ 15,480	18.2%
Advent International GPE VII	\$ 30,000	6/29/2012	\$ 33,036	\$ 43,560	\$ 16,692	\$ 60,252	15.2%
Advent International GPE VIII	\$ 50,000	2/5/2016	\$ 52,290	\$ 38,625	\$ 73,114	\$ 111,739	26.9%
Advent International GPE IX	\$ 50,000	5/9/2019	\$ 24,630	\$ 3,998	\$ 70,147	\$ 74,145	NM
GPE IX TKE Co-Investment	\$ 24,000	3/30/2020	\$ 21,243	\$ -	\$ 27,633	\$ 27,633	NM
Advent Latin America PE Fund VI	\$ 20,000	10/17/2014	\$ 18,750	\$ 8,350	\$ 22,521	\$ 30,871	19.0%
Affinity Asia Pacific Fund IV	\$ 60,000	2/28/2013	\$ 64,060	\$ 62,177	\$ 34,560	\$ 96,737	14.9%
Affinity Asia Pacific Fund V	\$ 40,000	12/11/2017	\$ 10,856	\$ 1,884	\$ 12,060	\$ 13,943	NM
Bain Capital Venture Coinvestment Fund III	\$ 15,000	4/1/2021	\$ 4,200	\$ -	\$ 4,159	\$ 4,159	NM
Bain Capital Ventures 2021	\$ 25,000	10/28/2020	\$ 6,500	\$ -	\$ 7,135	\$ 7,135	NM
Berkshire Fund VIII	\$ 15,000	7/20/2011	\$ 16,706	\$ 18,605	\$ 16,470	\$ 35,075	17.5%
Berkshire Fund IX	\$ 50,000	3/18/2016	\$ 48,327	\$ 10,413	\$ 60,610	\$ 71,023	18.1%
Blackstone Capital Partners VI	\$ 30,000	6/30/2010	\$ 36,787	\$ 43,639	\$ 16,664	\$ 60,302	13%
Blackstone Capital Partners VII	\$ 54,000	3/27/2015	\$ 58,110	\$ 22,869	\$ 69,679	\$ 92,548	21.1%
Carlyle Asia Partners III	\$ 15,000	12/31/2009	\$ 19,799	\$ 26,953	\$ 3,285	\$ 30,238	12.6%
Carlyle Asia Partners IV	\$ 60,000	6/3/2014	\$ 75,997	\$ 72,905	\$ 45,513	\$ 118,418	13.3%
Carlyle Asia Partners V	\$ 45,000	10/30/2017	\$ 19,492	\$ 6,368	\$ 19,314	\$ 25,683	NM
Centerbridge Capital Partners III	\$ 30,000	10/24/2014	\$ 42,714	\$ 31,909	\$ 32,063	\$ 63,971	19.7%
CB Blizzard Co-Invest	\$ 10,000	9/11/2019	\$ 15,012	\$ 10,015	\$ 11,645	\$ 21,660	38.3%
Charterhouse Capital Partners VIII	\$ 13,500	1/6/2011	\$ 11,188	\$ 14,160	\$ -	\$ 14,160	7.9%
Charterhouse Capital Partners IX	\$ 4,500	1/6/2011	\$ 5,203	\$ 6,051	\$ 1,096	\$ 7,148	12.3%
Charterhouse Capital Partners X	\$ 67,000	5/13/2015	\$ 46,700	\$ 14,634	\$ 65,593	\$ 80,227	21.8%

(all dollar amounts in thousands)

# MainePERS Private Market Investments Summary: 09/30/2021

## Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Charterhouse Acrostone	\$ 12,000	8/24/2018	\$ 13,254	\$ -	\$ 21,897	\$ 21,897	19.3%
Charterhouse Capital Partners XI	\$ 45,000	4/23/2021	\$ -	\$ -	\$ -	\$ -	NM
CVC Capital Partners VI	\$ 67,000	7/12/2013	\$ 83,334	\$ 65,178	\$ 83,273	\$ 148,451	18.2%
CVC Capital Partners VII	\$ 48,000	5/9/2017	\$ 49,339	\$ 21,627	\$ 46,765	\$ 68,392	29.0%
CVC Capital Partners VIII	\$ 44,000	6/11/2020	\$ 62	\$ 62	\$ -	\$ 62	NM
EnCap Energy Capital VIII	\$ 30,000	1/31/2011	\$ 34,181	\$ 20,148	\$ 9,592	\$ 29,740	-3.7%
EnCap Energy Capital Fund VIII Co-Investors, L.P.	\$ 16,238	12/8/2011	\$ 16,492	\$ 4,256	\$ 5,618	\$ 9,875	-8.7%
EnCap Energy Capital Fund IX	\$ 30,000	12/19/2012	\$ 34,413	\$ 28,914	\$ 14,649	\$ 43,563	8.0%
EnCap Energy Capital Fund X	\$ 40,000	3/5/2015	\$ 40,300	\$ 15,138	\$ 37,751	\$ 52,889	8.6%
EnCap Energy Capital Fund XI	\$ 40,000	5/31/2017	\$ 19,491	\$ 923	\$ 18,012	\$ 18,935	NM
EnCap Flatrock Midstream Fund III	\$ 20,000	4/9/2014	\$ 24,871	\$ 12,087	\$ 17,602	\$ 29,689	8.0%
EnCap Flatrock Midstream Fund IV	\$ 22,000	11/17/2017	\$ 11,008	\$ 2,411	\$ 10,294	\$ 12,705	7.0%
General Catalyst - Early Venture	\$ 19,565	3/26/2020	\$ 16,337	\$ -	\$ 35,522	\$ 35,522	NM
General Catalyst - Endurance	\$ 22,826	3/26/2020	\$ 22,859	\$ -	\$ 32,382	\$ 32,382	NM
General Catalyst - Growth Venture	\$ 32,609	3/26/2020	\$ 30,163	\$ -	\$ 61,137	\$ 61,137	NM
GTCR Fund X	\$ 30,000	1/28/2011	\$ 31,500	\$ 60,806	\$ 3,175	\$ 63,980	21.3%
GTCR Fund XI	\$ 35,000	11/15/2013	\$ 34,036	\$ 66,248	\$ 82,745	\$ 148,993	44.2%
GTCR Fund XII	\$ 50,000	9/29/2017	\$ 42,104	\$ 10,763	\$ 62,603	\$ 73,366	40.5%
Co-Investment #1	\$ 5,238	4/26/2019	\$ 4,556	\$ -	\$ 7,954	\$ 7,954	26.2%
Co-Investment #2	\$ 5,997	11/1/2019	\$ 5,806	\$ -	\$ 12,763	\$ 12,763	NM
GTCR XIII	\$ 50,000	10/27/2020	\$ 3,530	\$ -	\$ 5,317	\$ 5,317	NM
H.I.G. Bayside Loan Fund II	\$ 25,000	5/28/2010	\$ 24,192	\$ 29,196	\$ 2,262	\$ 31,458	6.5%
H.I.G. Bayside Loan Ops Fund III (Europe)	\$ 30,000	7/27/2012	\$ 26,310	\$ 29,995	\$ 5,104	\$ 35,099	8.2%
H.I.G. Brazil & Latin America Partners	\$ 60,000	7/1/2015	\$ 48,534	\$ 9,202	\$ 87,412	\$ 96,614	29.9%
H.I.G. Capital Partners V	\$ 15,000	2/28/2013	\$ 16,719	\$ 12,196	\$ 20,718	\$ 32,914	24.8%
H.I.G. Europe Capital Partners II	\$ 22,500	7/1/2013	\$ 23,186	\$ 11,218	\$ 22,716	\$ 33,934	15.2%
H.I.G. Growth Buyouts & Equity Fund II	\$ 17,500	6/30/2011	\$ 19,855	\$ 12,986	\$ 29,257	\$ 42,243	19.3%
H.I.G. Growth Buyouts & Equity Fund III	\$ 35,000	9/13/2018	\$ 5,852	\$ -	\$ 7,187	\$ 7,187	NM

(all dollar amounts in thousands)

# MainePERS Private Market Investments Summary: 09/30/2021

## Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
H.I.G. Middle Market LBO Fund II	\$ 40,000	2/7/2014	\$ 41,076	\$ 35,300	\$ 40,285	\$ 75,585	28.5%
Co-Investment #1	\$ 1,000	6/1/2021	\$ 1,079	\$ -	\$ 1,139	\$ 1,139	NM
Co-Investment #2	\$ 9,000	10/12/2017	\$ 9,000	\$ -	\$ 3,422	\$ 3,422	-21.6%
Co-Investment #3	\$ 686	6/19/2020	\$ 686	\$ -	\$ 796	\$ 796	NM
H.I.G. Middle Market LBO Fund III	\$ 40,000	7/23/2019	\$ 5,440	\$ -	\$ 5,053	\$ 5,053	NM
Hellman & Friedman Capital Partners VII	\$ 30,000	6/19/2009	\$ 41,858	\$ 93,025	\$ 16,156	\$ 109,181	25.0%
Hellman & Friedman Capital Partners VIII	\$ 45,000	9/24/2014	\$ 46,870	\$ 14,806	\$ 84,786	\$ 99,592	27.0%
Hellman & Friedman Capital Partners IX	\$ 45,000	9/28/2018	\$ 38,262	\$ 93	\$ 49,962	\$ 50,056	34.4%
Hellman & Friedman Capital Partners X	\$ 45,000	5/10/2021	\$ -	\$ -	\$ -	\$ -	NM
Inflexion Buyout Fund IV	\$ 27,000	9/30/2014	\$ 33,433	\$ 22,549	\$ 33,304	\$ 55,853	16.9%
Inflexion Partnership Capital Fund I	\$ 17,000	9/30/2014	\$ 21,182	\$ 20,937	\$ 16,307	\$ 37,244	21.7%
Inflexion Supplemental Fund IV	\$ 10,000	5/31/2016	\$ 13,091	\$ 9,435	\$ 16,658	\$ 26,093	27.5%
Kelso Investment Associates VIII	\$ 3,000	1/6/2011	\$ 3,022	\$ 3,937	\$ 389	\$ 4,326	7.9%
Kelso Investment Associates IX	\$ 60,000	11/5/2014	\$ 69,489	\$ 75,148	\$ 36,591	\$ 111,739	20.6%
KIA IX (Hammer) Investor	\$ 25,000	8/12/2016	\$ 25,426	\$ 69,298	\$ 150	\$ 69,448	21.4%
Kelso Investment Associates X	\$ 45,000	3/16/2018	\$ 32,953	\$ 2,411	\$ 47,565	\$ 49,976	45.8%
KKR North American Fund XI	\$ 60,000	2/7/2012	\$ 90,292	\$ 116,264	\$ 51,173	\$ 167,437	19.3%
KKR Element Co-Invest	\$ 10,000	8/29/2016	\$ 10,050	\$ 24,030	\$ 1	\$ 24,030	23.5%
KKR North America Fund XI (Platinum)	\$ 8,003	2/26/2016	\$ 8,040	\$ 2,313	\$ 6,573	\$ 8,886	2.6%
KKR Americas XII	\$ 60,000	3/3/2016	\$ 48,601	\$ 15,826	\$ 85,050	\$ 100,876	38.9%
KKR Enterprise Co-Invest AIV A	\$ 8,936	11/8/2019	\$ 8,936	\$ 7,243	\$ 6,432	\$ 13,675	NM
KKR Enterprise Co-Invest	\$ 16,721	10/11/2018	\$ 15,000	\$ -	\$ 1,672	\$ 1,672	-52.0%
KKR Sigma Aggregator	\$ 15,000	6/22/2018	\$ 15,000	\$ -	\$ 25,955	\$ 25,955	18.3%
KKR North America XIII	\$ 40,000	6/25/2021	\$ -	\$ -	\$ -	\$ -	NM
KKR Special Situations Fund	\$ 60,000	12/19/2012	\$ 118,946	\$ 94,345	\$ 18,256	\$ 112,602	-2.1%
KKR Special Situations Fund II	\$ 60,000	12/19/2014	\$ 97,473	\$ 60,376	\$ 48,266	\$ 108,642	5.3%
Oaktree Opportunities VIII	\$ 30,000	12/9/2009	\$ 30,000	\$ 43,800	\$ 319	\$ 44,119	9.1%
ONCAP IV	\$ 15,000	11/8/2016	\$ 11,555	\$ 2,725	\$ 11,068	\$ 13,793	7.8%

(all dollar amounts in thousands)

# MainePERS Private Market Investments Summary: 09/30/2021

## Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Onex Partners III	\$ 10,000	1/6/2011	\$ 11,177	\$ 16,779	\$ 1,719	\$ 18,498	13.2%
Onex Partners IV	\$ 60,000	11/22/2013	\$ 62,871	\$ 43,444	\$ 46,945	\$ 90,389	9.8%
Co-Investment #1	\$ 10,000	2/27/2017	\$ 10,471	\$ 1,181	\$ 16,637	\$ 17,818	13.6%
Onex Partners V	\$ 45,000	7/11/2017	\$ 21,704	\$ 1,881	\$ 24,601	\$ 26,483	NM
Paine & Partners Capital Fund IV	\$ 60,000	12/18/2014	\$ 52,618	\$ 29,070	\$ 44,321	\$ 73,392	9.7%
Lyons Magnus Co-Investment Fund I	\$ 15,000	11/8/2017	\$ 15,000	\$ -	\$ 36,827	\$ 36,827	25.9%
Wawona Co-Investment Fund I	\$ 15,000	3/31/2017	\$ 15,000	\$ -	\$ 10,365	\$ 10,365	-7.9%
PSP AH&N Co-Investment Fund	\$ 16,678	11/27/2019	\$ 16,537	\$ -	\$ 28,013	\$ 28,013	NM
PSP Maverick Co-Invest	\$ 7,238	9/12/2019	\$ 7,238	\$ -	\$ 10,901	\$ 10,901	22.1%
Paine Schwartz Food Chain Fund V	\$ 45,000	8/3/2018	\$ 31,177	\$ 8,595	\$ 24,998	\$ 33,593	16.9%
SNFL Co-Investment Fund	\$ 10,000	10/11/2019	\$ 5,018	\$ -	\$ 7,109	\$ 7,109	NM
Rhone Partners V	\$ 56,000	3/12/2015	\$ 66,456	\$ 28,635	\$ 81,471	\$ 110,107	22.2%
Riverside Capital Appreciation Fund VI	\$ 60,000	7/3/2013	\$ 60,175	\$ 68,448	\$ 22,411	\$ 90,858	11.7%
RCAF VI CIV XXXII	\$ 12,399	10/21/2015	\$ 12,687	\$ 34,905	\$ -	\$ 34,905	19.0%
Riverside Micro-Cap Fund III	\$ 35,000	6/30/2014	\$ 49,448	\$ 123,214	\$ 114,017	\$ 237,231	38.8%
Riverside Micro-Cap Fund IV	\$ 60,000	10/23/2015	\$ 55,659	\$ -	\$ 106,908	\$ 106,908	18.6%
Riverside Micro-Cap Fund IV-B	\$ 20,000	8/9/2019	\$ 24,292	\$ 5,583	\$ 28,694	\$ 34,278	37.9%
Riverside Micro-Cap Fund V	\$ 20,000	8/21/2018	\$ 19,777	\$ -	\$ 28,460	\$ 28,460	27.8%
Riverside Micro-Cap Fund VI	\$ 45,000	8/26/2021	\$ -	\$ -	\$ -	\$ -	NM
Shoreview Capital Partners III	\$ 24,000	7/24/2013	\$ 25,079	\$ 13,309	\$ 30,560	\$ 43,870	17.0%
Shoreview Capital Partners IV	\$ 30,000	6/3/2019	\$ 5,309	\$ 71	\$ 8,566	\$ 8,637	NM
Sovereign Capital IV	\$ 46,500	7/7/2014	\$ 40,344	\$ 20,746	\$ 39,968	\$ 60,714	14.4%
Summit Partners Credit II	\$ 60,000	10/25/2013	\$ 89,682	\$ 73,256	\$ 31,161	\$ 104,417	6.5%
Summit Europe Growth Equity III	\$ 22,000	3/18/2020	\$ 4,505	\$ -	\$ 4,242	\$ 4,242	NM
Summit Growth Equity VIII	\$ 25,000	5/27/2011	\$ 33,302	\$ 61,481	\$ 17,386	\$ 78,867	28.2%
Co-Investment #1	\$ 16,000	6/3/2015	\$ 16,000	\$ 34,179	\$ 16,654	\$ 50,833	32.1%
Summit Growth Equity IX	\$ 60,000	8/26/2015	\$ 79,029	\$ 57,402	\$ 122,463	\$ 179,864	45.3%
Co-Investment #1	\$ 15,000	11/29/2016	\$ 14,895	\$ 41,104	\$ -	\$ 41,104	160%



# MainePERS Private Market Investments Summary: 09/30/2021

## Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Summit Partners Co-Invest (Giants-B)	\$ 15,000	10/22/2019	\$ 15,000	\$ 35,146	\$ 12,410	\$ 47,556	NM
Summit Partners Co-Invest (Ironman)	\$ 15,000	4/20/2018	\$ 14,998	\$ -	\$ 17,901	\$ 17,901	5.6%
Summit Growth Equity X	\$ 60,000	2/26/2019	\$ 39,999	\$ 12,699	\$ 40,046	\$ 52,745	54.5%
Summit Partners Co-Invest (Indigo)	\$ 10,000	12/11/2020	\$ 11,430	\$ -	\$ 11,423	\$ 11,423	NM
Summit Partners Co-Invest (Lions)	\$ 7,000	10/14/2020	\$ 7,000	\$ -	\$ 7,031	\$ 7,031	NM
Summit Venture Capital III	\$ 13,150	5/27/2011	\$ 17,894	\$ 32,379	\$ 2,534	\$ 34,913	17.6%
Summit Venture Capital IV	\$ 40,000	8/26/2015	\$ 44,659	\$ 45,082	\$ 49,633	\$ 94,715	47.4%
Summit Venture Capital V	\$ 45,000	6/16/2020	\$ 8,975	\$ -	\$ 8,884	\$ 8,884	NM
Technology Crossover Ventures VIII	\$ 60,000	5/8/2013	\$ 52,305	\$ 7,849	\$ 141,075	\$ 148,925	20.1%
Technology Crossover Ventures IX	\$ 60,000	2/19/2016	\$ 48,427	\$ 23,105	\$ 104,377	\$ 127,481	37.3%
TCV Sports	\$ 8,000	9/25/2018	\$ 8,000	\$ -	\$ 17,486	\$ 17,486	29.8%
Technology Crossover Ventures X	\$ 45,000	8/31/2018	\$ 31,718	\$ -	\$ 85,633	\$ 85,633	80.8%
Technology Crossover Ventures XI	\$ 45,000	10/2/2020	\$ 13,572	\$ -	\$ 13,010	\$ 13,010	NM
Technology Impact Fund	\$ 40,000	12/18/2017	\$ 29,415	\$ 10,887	\$ 79,335	\$ 90,222	75.4%
Technology Impact Fund II	\$ 40,000	4/13/2021	\$ 3,252	\$ -	\$ 2,953	\$ 2,953	NM
Technology Impact Growth Fund	\$ 40,000	11/26/2018	\$ 45,093	\$ 18,113	\$ 48,087	\$ 66,200	29.4%
Technology Impact Growth Fund II	\$ 40,000	8/6/2021	\$ -	\$ -	\$ -	\$ -	NM
Thoma Bravo Fund XI	\$ 50,000	5/1/2014	\$ 69,098	\$ 118,090	\$ 98,628	\$ 216,718	31.8%
Thoma Bravo Fund XII	\$ 60,000	4/27/2016	\$ 68,543	\$ 21,478	\$ 102,423	\$ 123,901	18.6%
Thoma Bravo Fund XIII	\$ 45,000	12/7/2018	\$ 50,019	\$ 23,903	\$ 64,656	\$ 88,559	53.6%
Thoma Bravo Special Opportunities Fund II	\$ 15,000	3/27/2015	\$ 17,527	\$ 17,624	\$ 19,872	\$ 37,495	19.6%
Tillridge Global Agribusiness Partners II	\$ 50,000	10/21/2016	\$ 20,687	\$ 125	\$ 17,478	\$ 17,603	NM
Water Street Healthcare Partners III	\$ 25,000	7/25/2012	\$ 28,289	\$ 42,009	\$ 38,668	\$ 80,677	35.8%
Water Street Healthcare Partners IV	\$ 33,000	9/15/2017	\$ 21,772	\$ -	\$ 27,385	\$ 27,385	12.0%
Wayzata Opportunities Fund III	\$ 30,000	9/11/2012	\$ 14,718	\$ 8,849	\$ 4,754	\$ 13,603	-2.1%
Wynnchurch Capital Partners IV	\$ 40,000	10/23/2014	\$ 35,173	\$ 15,057	\$ 61,538	\$ 76,595	28.3%
Wynnchurch Capital Partners V	\$ 40,000	1/15/2020	\$ 8,117	\$ -	\$ 10,117	\$ 10,117	NM

# MainePERS Private Market Investments Summary: 09/30/2021

## Real Estate

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Angelo Gordon Net Lease IV	\$ 50,000	2/17/2020	\$ 23,808	\$ 128	\$ 25,193	\$ 25,320	NM
Bain Capital Real Estate II	\$ 50,000	3/5/2021	\$ 5,000	\$ -	\$ 4,483	\$ 4,483	NM
Blackrock Granite Property Fund	\$ 63,791	9/30/2006	\$ 68,771	\$ 53,312	\$ -	\$ 53,312	-4.9%
Blackstone Property Partners	\$ 350,000	6/29/2017	\$ 350,000	\$ 23,510	\$ 404,548	\$ 428,058	7.1%
Blackstone Real Estate Partners VII	\$ 75,000	2/26/2012	\$ 99,574	\$ 126,224	\$ 38,030	\$ 164,254	15.5%
Blackstone Real Estate Partners VIII	\$ 50,000	3/27/2015	\$ 59,134	\$ 45,795	\$ 45,364	\$ 91,159	16.5%
Blackstone Real Estate Partners IX	\$ 40,000	12/21/2018	\$ 24,758	\$ 3,138	\$ 30,316	\$ 33,454	35.4%
Barings Asia Real Estate II	\$ 50,000	7/31/2018	\$ 10,860	\$ -	\$ 10,085	\$ 10,085	NM
EQT Real Estate II	\$ 55,000	4/26/2019	\$ 15,318	\$ 4,956	\$ 12,327	\$ 17,283	NM
EQT Real Estate Rock Co-Investment	\$ 11,000	8/10/2020	\$ 6,452	\$ -	\$ 8,151	\$ 8,151	NM
H/2 Credit Partners, L.P.	\$ 75,000	6/21/2011	\$ 75,000	\$ 112,177	\$ -	\$ 112,177	5.9%
Harrison Street Core Property Fund, L.P.	\$ 75,000	4/30/2012	\$ 94,031	\$ 44,352	\$ 123,326	\$ 167,678	8.7%
HSRE-Coyote Maine PERS Core Co-Investment	\$ 20,000	12/4/2020	\$ 14,000	\$ -	\$ 15,075	\$ 15,075	NM
High Street Real Estate Fund IV, L.P.	\$ 25,000	8/23/2013	\$ 24,717	\$ 34,157	\$ -	\$ 34,157	14.7%
High Street Real Estate Fund V	\$ 25,000	7/24/2015	\$ 24,925	\$ 36,022	\$ 21	\$ 36,042	13.2%
High Street Real Estate Fund VI	\$ 25,000	3/22/2019	\$ 25,000	\$ 406	\$ 27,064	\$ 27,470	10.8%
HSREF VI Elgin Co-Invest	\$ 10,000	4/9/2021	\$ 10,000	\$ -	\$ 10,168	\$ 10,168	NM
High Street Real Estate Fund VII	\$ 35,000	8/16/2021	\$ -	\$ -	\$ -	\$ -	NM
Hines US Property Partners	\$ 200,000	9/9/2021	\$ -	\$ -	\$ -	\$ -	NM
Invesco Real Estate Asia IV	\$ 30,000	3/25/2020	\$ 3,290	\$ 1,793	\$ 872	\$ 2,665	NM
Invesco US Income Fund	\$ 150,000	7/17/2014	\$ 164,001	\$ 50,278	\$ 240,789	\$ 291,067	11.6%
IPI Data Center Partners I	\$ 30,000	12/15/2017	\$ 29,383	\$ 13,841	\$ 39,554	\$ 53,394	30.4%
IPI Data Center Partners II	\$ 25,000	12/20/2019	\$ 5,367	\$ 1,619	\$ 3,294	\$ 4,913	NM
JPMCB Strategic Property Fund	\$ 130,000	11/15/2005	\$ 186,941	\$ 297,519	\$ -	\$ 297,519	5.8%
KKR Real Estate Partners Europe I	\$ 50,000	12/2/2015	\$ 48,926	\$ 37,118	\$ 26,420	\$ 63,538	11.1%
KKR Real Estate Partners Europe II	\$ 25,000	12/23/2019	\$ 7,320	\$ -	\$ 8,318	\$ 8,318	NM
KKR Real Estate Partners Americas I	\$ 50,000	12/20/2013	\$ 49,543	\$ 58,928	\$ 3,121	\$ 62,050	11.6%
KKR Real Estate Partners Americas II	\$ 50,000	6/2/2016	\$ 54,026	\$ 23,895	\$ 50,082	\$ 73,976	23.1%

(all dollar amounts in thousands)

# MainePERS Private Market Investments Summary: 09/30/2021

## Real Estate

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Northbridge-Strategic Fund II	\$ 30,000	2/8/2019	\$ 30,000	\$ 506	\$ 33,374	\$ 33,880	4.9%
Prima Mortgage Investment Trust, LLC	\$ 75,000	7/29/2011	\$ 97,288	\$ 45,135	\$ 89,119	\$ 134,255	4.3%
Principal Life Insurance Company U.S. Property Separat	\$ 60,000	5/20/2005	\$ 60,000	\$ 125,410	\$ -	\$ 125,410	6.2%
PRISA	\$ 90,000	6/30/2005	\$ 139,622	\$ 222,450	\$ -	\$ 222,450	5.6%
Rubenstein Properties Fund III	\$ 30,000	10/23/2015	\$ 30,606	\$ 627	\$ 29,042	\$ 29,669	-1.1%
LCC Co-Investor B	\$ 15,000	10/18/2019	\$ 13,565	\$ -	\$ 14,300	\$ 14,300	NM
Rubenstein Properties Fund IV	\$ 25,000	4/16/2019	\$ 3,125	\$ -	\$ 2,423	\$ 2,423	NM
Prudential Senior Housing Fund V	\$ 50,000	3/17/2015	\$ 41,333	\$ 3,783	\$ 51,599	\$ 55,382	7.7%
Smart Markets Fund, L.P.	\$ 150,000	6/17/2013	\$ 162,199	\$ 54,340	\$ 237,307	\$ 291,647	9.9%
Walton Street Real Estate Fund VII	\$ 50,000	5/9/2012	\$ 43,990	\$ 49,099	\$ 12,253	\$ 61,353	10.0%
Walton Street Real Estate Fund VIII	\$ 50,000	10/23/2015	\$ 42,686	\$ 21,728	\$ 33,864	\$ 55,593	11.1%
Co-Investment #1	\$ 10,000	9/27/2017	\$ 9,563	\$ 4,160	\$ 5,622	\$ 9,782	0.8%
Westbrook Real Estate Fund IX	\$ 15,000	6/30/2014	\$ 17,353	\$ 16,613	\$ 3,840	\$ 20,454	6.4%
Westbrook Real Estate Fund X	\$ 50,000	1/15/2015	\$ 48,261	\$ 36,123	\$ 23,084	\$ 59,207	11.1%
Westbrook Real Estate Fund XI	\$ 40,000	1/31/2019	\$ 8,700	\$ -	\$ 9,184	\$ 9,184	NM

## **MainePERS Private Market Investments Summary: 09/30/2021**

**Notes:** NM = Not Meaningful. MainePERS only reports IRRs for funds with more than 24 months of history and for which Amount Contributed is greater than 50% of Commitments. "Date of Commitment" is not the date of first capital draw. The "IRR" presented uses interim estimates and may not be indicative of ultimate performance of partnership investments due to a number of factors including lags in valuation, maturity of fund, and differences in investment pace and strategy of various funds. Performance figures should not be used to compare returns among multiple funds or different limited partners. Private market investments are long-term investments which are expected to generate returns over the course of their entire life cycle of 10 or more years. Common industry practice dictates that any performance analysis on these funds while they are still in the early years of their investment cycle would not generate meaningful results. The Interim Net IRR figures presented in this table are based on cash flow information provided by the general partner. The above information was not prepared, reviewed, or approved by any of the partnerships, general partners, or their affiliates and may differ from those generated by the general partner or other limited partners due to differences in timing of investments, disposal of in-kind distributions, and accounting and valuation policies.

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**MAINEPERS**

**BOARD OF TRUSTEES INVESTMENTS MEMORANDUM**

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**TO:** BOARD MEMBERS

**FROM:** DR. REBECCA WYKE, CHIEF EXECUTIVE OFFICER  
JAMES BENNETT, CHIEF INVESTMENT OFFICER

**SUBJECT: ASSET ALLOCATION REVIEW**

**DATE:** MARCH 3, 2022

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Over the last several months MainePERS has worked with Cambridge Associates and Cheiron to review the System's strategic asset allocation. The following presentation includes a recommendation that the System modestly reduce the risk of its investment portfolio, on a gradual basis leading up to 2028. At this meeting we will review the process and reasoning leading to this recommendation.

**POLICY REFERENCE**

[Board Policy 2.1 – Investment Policy Statement](#)

[Board Policy 4.5 – Board/Staff Relations](#)

[Board Policy 4.6 – Communication and Support to the Board](#)



# Asset Allocation

## March 10, 2022



**MainePERS**  
PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Investment Team, Cambridge Associates, and Cheiron recommend that the System begin to reduce portfolio risk as part of planning for the post-2028 payoff of the 1996 UAL.

This presentation reviews the process and reasoning leading to this recommendation.

Key points are:

- As the plan matures, ongoing demographic and funding level trends will cause contribution rate volatility to rise. Reducing portfolio risk will somewhat offset this.
- The recommended reduction in risk will be modest and gradual, leading up to 2028, and will involve both allocation changes and within-allocation shifts.
- The lower risk level remains consistent with earning returns that should allow the Fund to exceed full funding by 2028, with some scope for continued reductions in the discount rate toward 6%.

At subsequent meetings, the Investment Team and Cambridge Associates will recommend specific allocation changes to implement this gradual risk reduction.

# Starting Point: System Goals & Objectives

Key investment goals & objectives are:

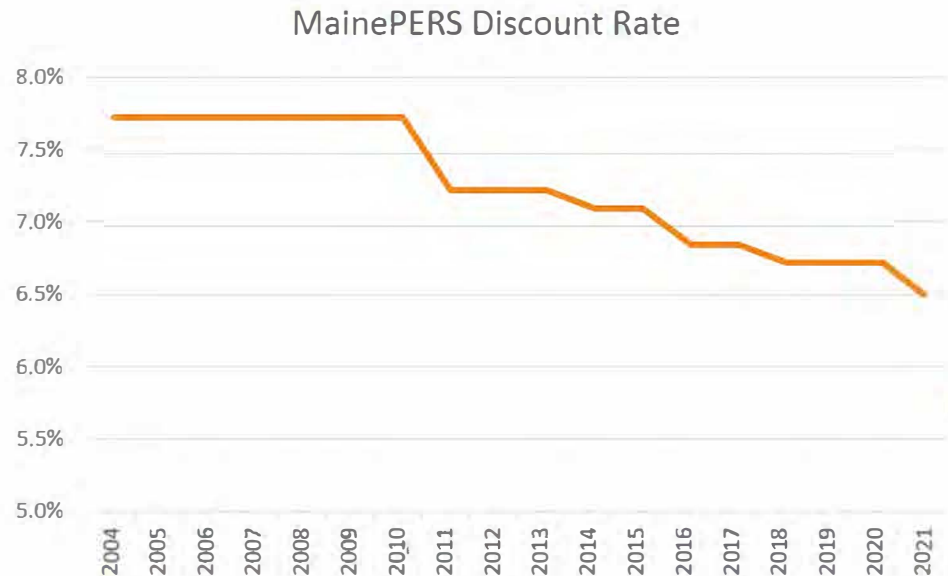
- Acceptable level of contribution rate and funding level volatility
- Target funded status of at least 100%

While portfolio volatility is a key driver of contribution and funding level volatility, other factors matter as well.

## Other Considerations

### Discount Rate Reductions

- Discount rate has been reduced 125 bps since 2010
- Continued reductions in discount rate are anticipated, should opportunities arise

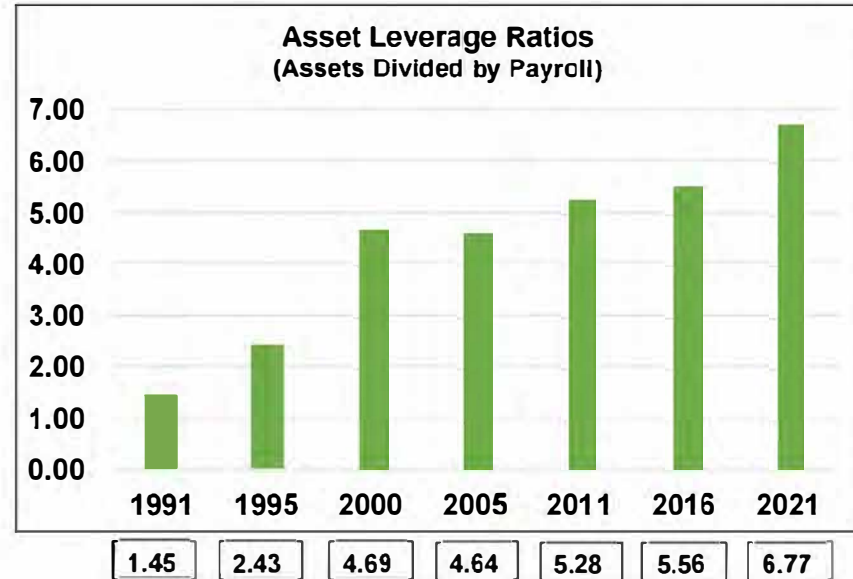




# Other Considerations: Plan Maturation

## Plan Maturation

- Increasing ratio of Fund Size / Payroll means that market downturns have larger impact on contribution rates
- Increasing ratio for Retirees / Actives means negative cash flows are expected to increase



A 10% asset loss in 1991 would represent 14.5% of payroll, but a 10% loss in 2021 would represent 67.7% of payroll.

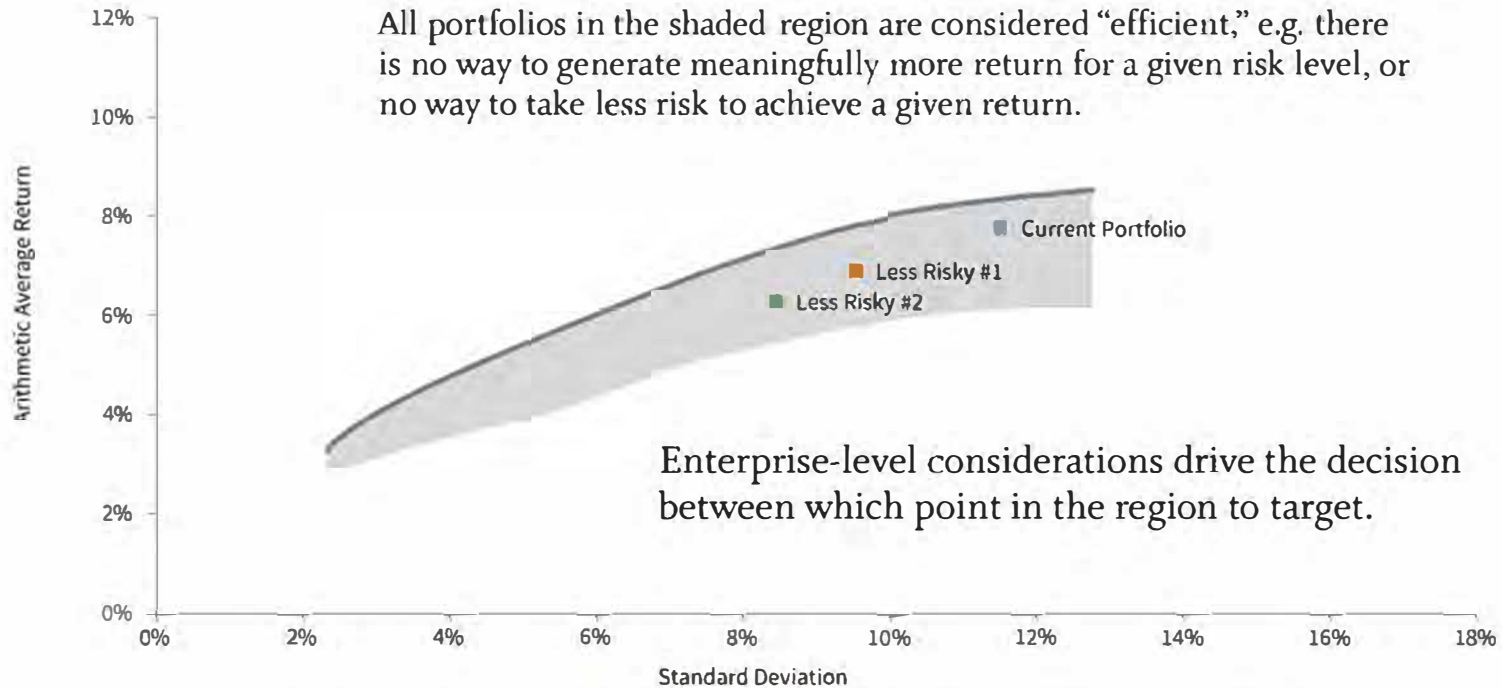
## Net Cash Flow

- As 1996 UAL is paid off, cash needs will rise by  $\approx 2\%$  from current level of 2.25%.

# Review Process: Step I – Potential Portfolios

## Asset Allocation Efficient Region Analysis

As of December 31, 2021  
Blended 25-Year Assumptions

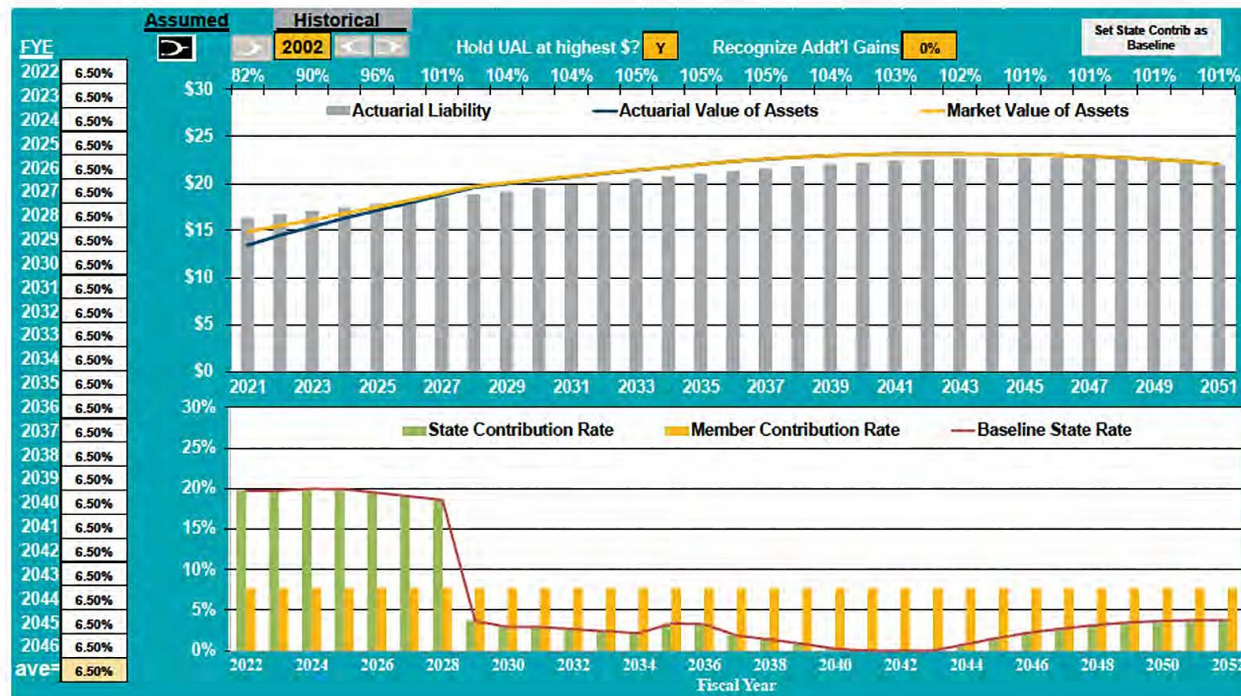


RISK AND RETURN	Current Portfolio	Less Risky #1	Less Risky #2
Nominal Compound Return	7.2	6.5	6.0
Standard Deviation (%)	11.6	9.6	8.5

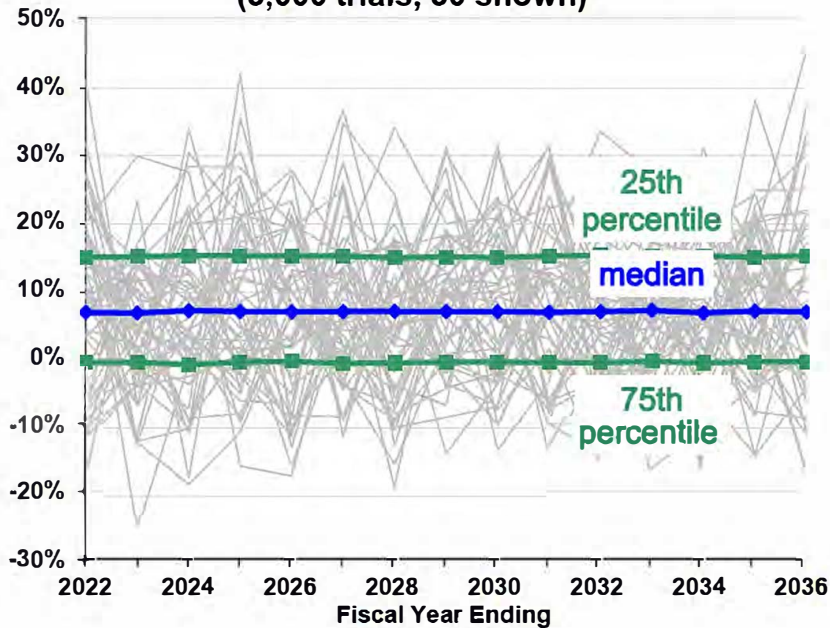
Note(s): All returns projections shown above are nominal. The efficient region should be considered illustrative and not necessarily reflective of a specific set of circumstances or constraints.

# Review Process: Step II - Simulations

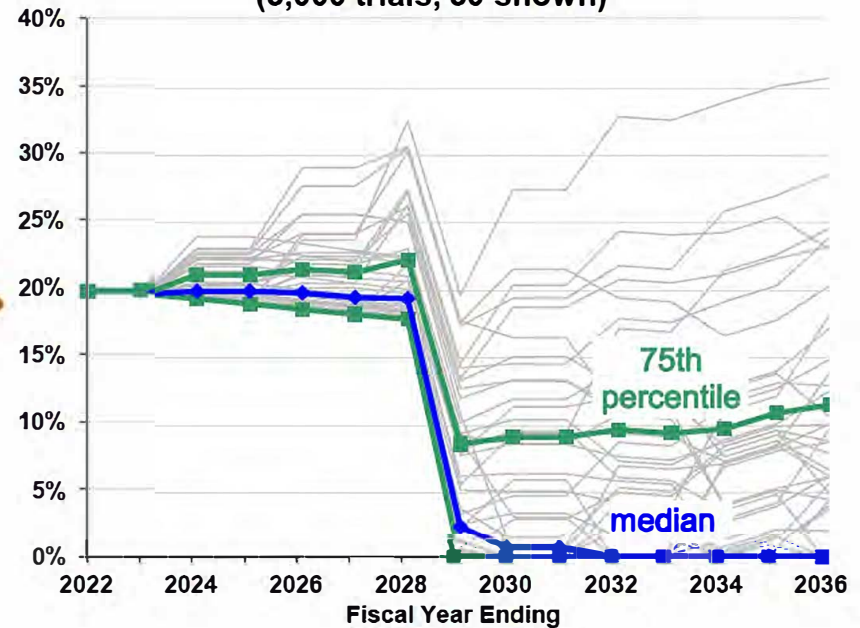
- Typical actuarial projections focus on a single set of investment return assumptions, for example earning 6.50% each and every year.
- However, investment returns are often the most volatile portion of a pension system. It can be difficult to understand how that volatility impacts the system just by examining individual scenarios.
- When considering investment volatility, Cheiron uses stochastic analysis. This involves simulating 5,000 random investment return paths based on the capital market assumptions and the portfolio under consideration. An individual path doesn't provide much information but the aggregate results provides insight.



### Nominal Investment Return (5,000 trials, 50 shown)



### Employer Contribution Rate (5,000 trials, 50 shown)



For each investment path, Cheiron calculates important values like funded ratio, contribution rate and net cash flow. This analysis can show median results along with the range of possible outcomes. The graphs above show the current portfolio.

This process is repeated for other portfolios under consideration. The next slides show the results.

# Base-Case 2028 Outcomes Summary

<b>Current Allocation</b>	<b>Base-Case Outcome</b>
MVA Funded Ratio	110%
Contribution Rate	1.0%
Cash Outflow	4.0%
<b>Less Risky #1</b>	
MVA Funded Ratio	105%
Contribution Rate	3.0%
Cash Outflow	4.2%
<b>Less Risky #2</b>	
MVA Funded Ratio	101%
Contribution Rate	4.5%
Cash Outflow	4.3%

All three allocations have expected Funded Ratios greater than 100% and Contribution Rates between 1-5%.

Keep in mind that these are *expected* outcomes.

Actual outcomes will depend on market performance, and any portfolio adjustments and plan changes (e.g., discount rate changes) made between now and 2028.

The next slides contain details of the simulated results for Funded Status, Contribution Rates, and Liquidity.

# How to Read the Results

1. Modeling topic: Funded Ratio / Contribution Rates / Net Cash Flows

2. Each column contains results for a different portfolio

3. Portfolio characteristics

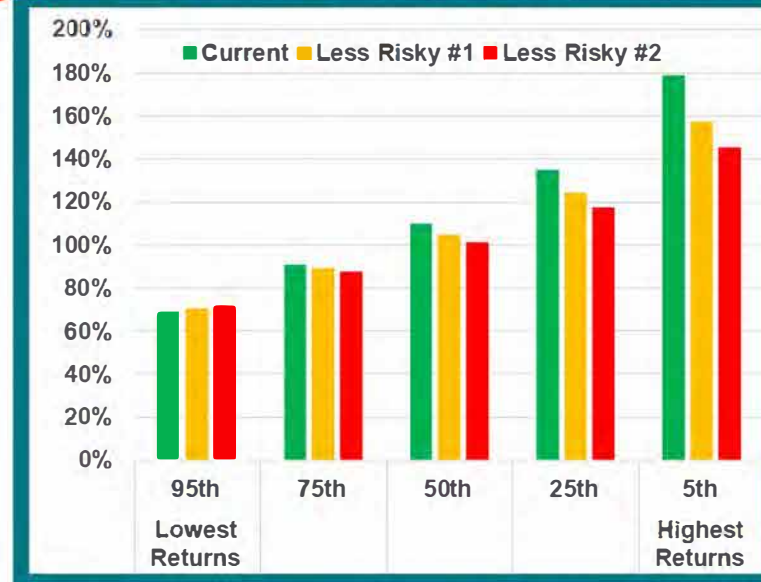
**MVA Funded Ratio at July 1, 2028**

	Current	Less Risky #1	Less Risky #2
Exp Return	7.2%	6.5%	6.0%
Stan Dev	11.6%	9.6%	8.5%
<b>Percentile</b>			
95th	68.4%	70.5%	71.2%
75th	90.6%	89.1%	87.5%
50th	109.9%	104.7%	101.1%
25th	134.9%	124.2%	117.6%
5th	178.7%	157.1%	145.2%

4. Table with model outcomes.

5. The 50<sup>th</sup> percentile is viewed as the base-case.

6. Other percentiles correspond to weaker or stronger investment outcomes.



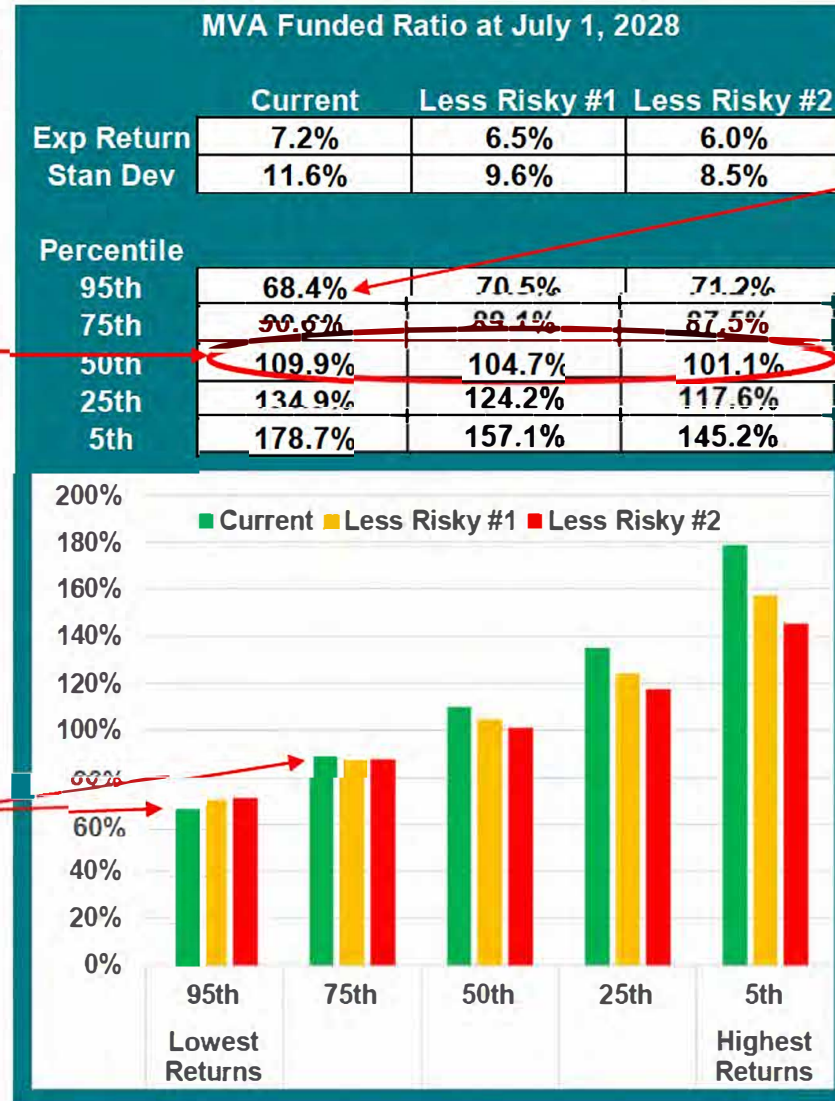
7. The same model outcomes, in column form.

# Results: Funded Status

FY21 MVA Funded Ratio is 90%.

For the current asset allocation, the expected outcome is a 110% Funded Ratio in 2028, and all three allocations have expected ratios exceeding 100%.

Key takeaway: Funding level risk is similar for each allocation – the funded level drops to similar points in cases of adverse outcomes.



The 95<sup>th</sup> percentile value of 68% means there is a 5% chance that the Funded Ratio will be 68% or less, for the current allocation.

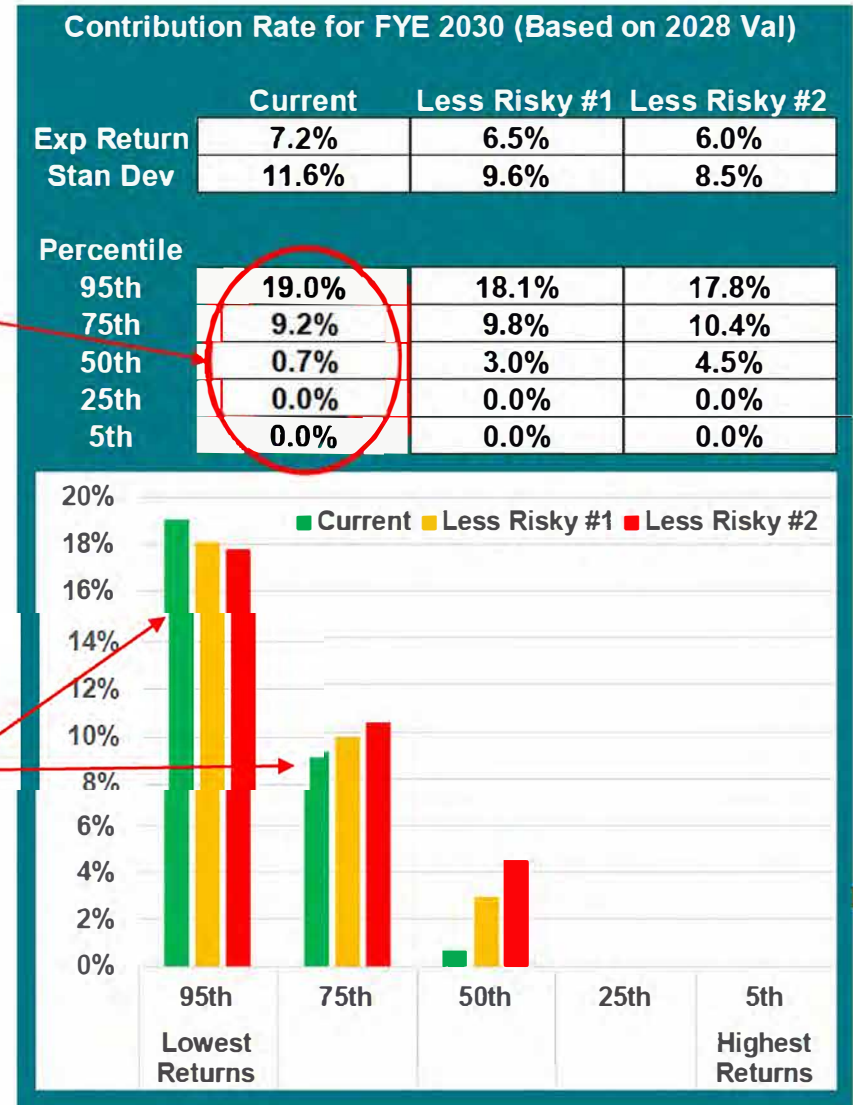
# Results: Contribution Rates

FY21 Normal Cost is 4.6%

For the current asset allocation, the expected outcome is a 0.7% Contribution Rate. Worse-than-expected outcomes will lead to higher contribution rates, while stronger outcomes lead to negligible rates.

All three allocations lead to base-case Contribution Rates below 5%.

Key takeaway: Contribution rate risk is similar for each allocation – adverse outcomes lead to similar contribution rates.





# Results: Net Cash Flow

## Net Cash Flow Ratio for FYE 2029

	Current	Less Risky #1	Less Risky #2
Exp Return	7.2%	6.5%	6.0%
Stan Dev	11.6%	9.6%	8.5%

### Percentile

95th	-5.5%	-5.4%	-5.4%
75th	-4.6%	-4.7%	-4.7%
50th	-4.0%	-4.2%	-4.3%
25th	-3.5%	-3.8%	-3.9%
5th	-2.8%	-3.2%	-3.4%



As of 2021, the portfolio had a net cash outflow of around 2.25%. This will increase to around 4% due to the UAL payoff in 2028.

Future cash needs are very similar for different allocations.

Key takeaway: need for higher liquidity can be taken as a given, and does not depend on allocation choice.

# Recommendation: Moderate Risk Reduction

Recommend reducing risk TOWARD the Less Risky #1 portfolio level

- Portfolio has base-case 105% funded ratio with 3% contribution rate and 4% net cash outflows
- Portfolio's expected return (6.5%) is consistent with current discount rate

## Rationale

- Risk reduction addresses plan maturation – reducing portfolio risk is directionally consistent with these issues
- Base-case outcomes provide scope to reduce discount rate
- If market outcomes are poor, lower risk profile should provide some benefits to portfolio and System.

It is expected that risk reduction would be accomplished via combination of allocation changes and within-allocation tilts toward less risky strategies.

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# MAINEPERS

## BOARD OF TRUSTEES MEMORANDUM

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**TO:** BOARD MEMBERS

**FROM:** MICHAEL COLLERAN, CHIEF DEPUTY EXECUTIVE DIRECTOR AND  
GENERAL COUNSEL  
JAMES BENNETT, CHIEF INVESTMENT OFFICER

**SUBJECT:** MAINSTART QUARTERLY REVIEW

**DATE:** MARCH 2, 2022

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Following this memo is the MaineSTART Quarterly Review for the quarter ending 12/31/2021.

### **POLICY REFERENCE**

[Board Policy 2.1-C – DC Plans Investment Policy Statement](#)

[Board Policy 4.5 – Board/Staff Relations](#)

[Board Policy 4.6 – Communication and Support to the Board](#)

### **RECOMMENDATION**

*No Board action is required.*



MAINE  
START



# MaineSTART Quarterly Review

For the Quarter Ending 12/31/2021



**MainePERS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Overview of MaineSTART

- ▶ **401(a) Defined Contribution Plan**
  - ▶ Qualified Plan
  - ▶ Higher Contribution Limits
  - ▶ Inflexible
  
- ▶ **403(b) Tax-Sheltered Annuity Plan**
  - ▶ Only for Educational and Certain Non-Profit Organizations
  - ▶ Flexible
  
- ▶ **457(b) Deferred Compensation Plan**
  - ▶ Flexible

## Participation and Value as of 12/31/2021

	401(a)	403(b)	457(b)	Total	Change from 12/31/2020
Participating Employers	7	1	71	79*	5
Participating Employees	85	568	881	1,534	100
Total Market Value	\$7,219,529	\$18,341,770	\$37,814,794	\$63,376,093	\$8,823,580

\*25% of PLDs

## MaineSTART Investment Options

Fund
<b>Target Retirement</b>
Vanguard Target Retirement 2015
Vanguard Target Retirement 2025
Vanguard Target Retirement 2035
Vanguard Target Retirement 2045
Vanguard Target Retirement 2055
Vanguard Target Retirement 2065
Vanguard Target Retirement Income
<b>US Equity</b>
Vanguard Total Stock Market Index
Vanguard FTSE Social Index
<b>Non-US Equity</b>
Vanguard Total International Stock Index
<b>Balanced</b>
Vanguard STAR
<b>Fixed Income</b>
Vanguard Total Bond Market Index
<b>Cash</b>
Vanguard Cash Reserves Federal Money Market

## MaineSTART Default Investment Alternative

### **Board Responsibilities – Investment Policy for DC Plans**

#### **2.1-C – DC Plans Investment Policy Statement**

Date Adopted: January 9, 2020

Date Amended: December 9, 2021

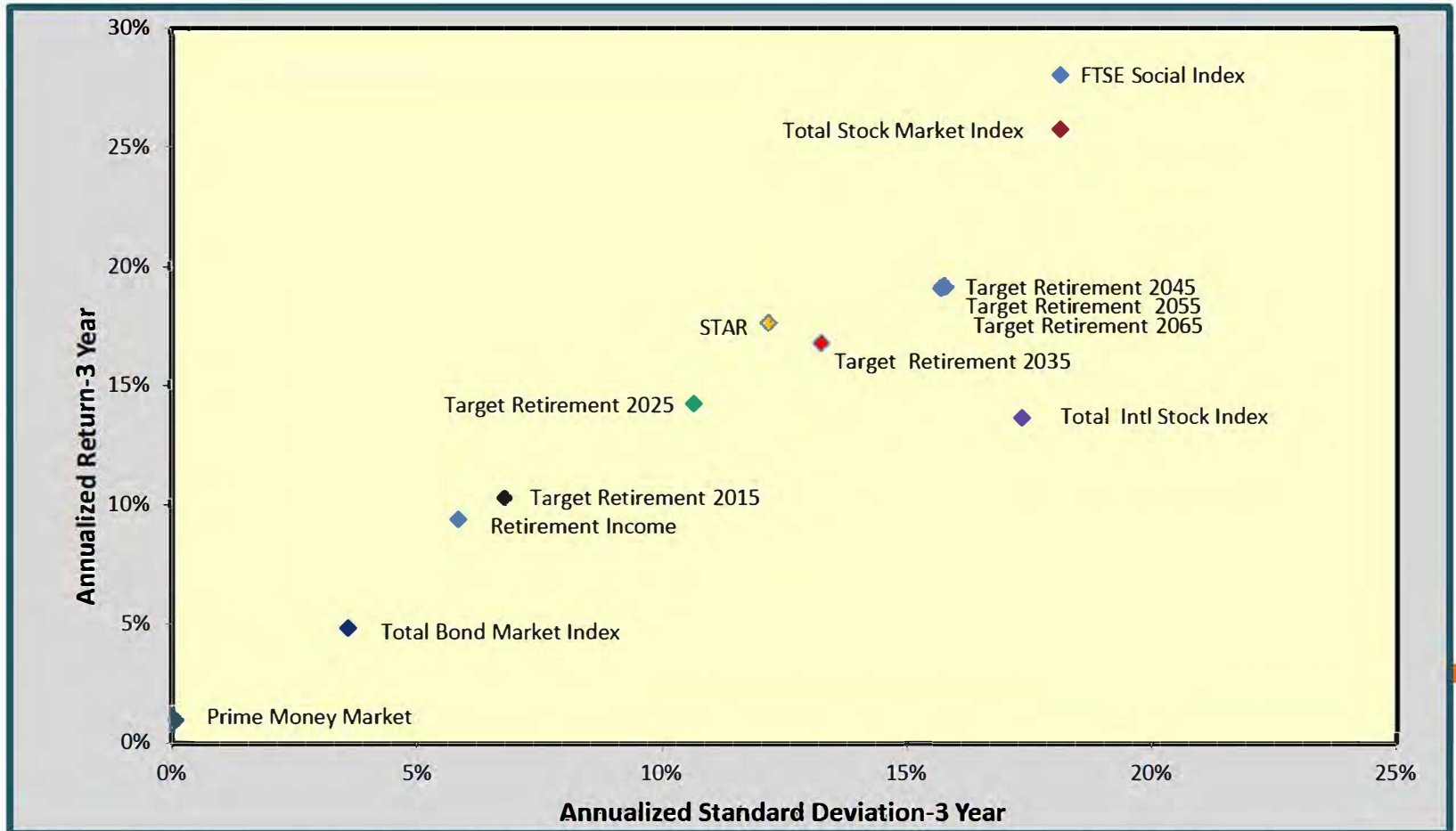
#### **Default Investment Alternative**

The Board establishes a default investment alternative for situations where a participant fails to select an option. Although the DC plans are not subject to ERISA, the ERISA Qualified Default Investment Alternative criteria are used as guidance in selecting a default investment alternative.

The current default investment alternative for each participant is the target retirement fund with a target year closest to the participant's 65th birthday.



## Risk Profiles – 3 Years Ending 12/31/2021



# MaineSTART Review 4Q 2021

## Performance as of 12/31/2021 (Target Date Funds)

Total Fund	\$ 63,380,062	% Total	Quarter	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>Target Retirement Funds</b>							
Target Retirement 2015	\$ 4,776,227	7.5%	2.1%	5.8%	10.3%	7.8%	7.5%
Retirement 2015 Benchmark			2.2%	6.0%	10.6%	8.0%	7.7%
Target Retirement 2025	\$ 15,918,312	25.1%	3.6%	10.0%	14.3%	10.4%	9.6%
Target Retirement 2025 Benchmark			3.6%	10.1%	14.7%	10.7%	9.9%
Target Retirement 2035	\$ 9,907,646	15.6%	4.6%	13.1%	16.8%	12.1%	11.1%
Target Retirement 2035 Benchmark			4.5%	13.2%	17.2%	12.4%	11.4%
Target Retirement 2045	\$ 5,450,199	8.6%	5.5%	16.2%	19.1%	13.6%	12.0%
Target Retirement 2045 Benchmark			5.5%	16.5%	19.6%	13.9%	12.4%
Target Retirement 2055	\$ 1,073,326	1.7%	5.7%	16.4%	19.2%	13.6%	12.1%
Target Retirement 2055 Benchmark			5.6%	16.8%	19.7%	14.0%	12.4%
Target Retirement 2065	\$ 70,452	0.1%	5.7%	16.5%	19.1%		
Target Retirement 2065 Benchmark			5.6%	16.8%	19.7%		
Target Retirement Income	\$ 475,985	0.8%	2.0%	5.3%	9.4%	6.9%	5.9%
Target Retirement Income Benchmark			2.1%	5.4%	9.8%	7.1%	6.1%

All Target Date Funds are performing as expected with acceptable levels of tracking error.

# MaineSTART Review 4Q 2021

## Performance as of 12/31/2021 (Index and Balanced Funds)

Total Fund	\$ 63,380,062	% of Total	Quarter	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>US Equity</b>							
Total Stock Market Index	\$ 13,725,308	21.7%	9.2%	25.7%	25.8%	18.0%	16.3%
Dow Jones Total Stock Market Index			9.2%	25.7%	25.8%	18.0%	16.3%
FTSE Social Index	\$ 770,806	1.2%	10.9%	27.8%	28.1%	20.3%	18.1%
FTSE4Good US Select Index			10.9%	27.9%	28.2%	20.4%	18.2%
<b>Non-US Equity</b>							
Total International Stock Index	\$ 2,571,581	4.1%	2.1%	8.6%	13.7%	9.9%	7.7%
Total International Stock Index			1.8%	8.8%	13.8%	9.9%	7.7%
<b>Balanced</b>							
STAR	\$ 3,544,180	5.6%	2.6%	9.7%	17.6%	12.8%	10.8%
STAR Composite Index			4.3%	12.1%	15.9%	11.3%	9.9%
<b>Fixed Income</b>							
Total Bond Market Index	\$ 2,389,427	3.8%	-0.1%	-1.7%	4.8%	3.6%	2.9%
Barclays Capital Aggregate Bond Index			0.1%	-1.6%	4.9%	3.6%	2.9%
<b>Total Cash</b>							
Cash Reserves Federal Money Market	\$ 2,706,614	4.3%	0.0%	0.0%	1.0%	1.2%	0.7%
Citigroup 90 Day T-Bill Index			0.0%	0.0%	0.7%	0.9%	0.5%

All index funds are tracking benchmarks with reasonable levels of tracking error.  
The actively-managed STAR fund continues to outperform its benchmark.

# MaineSTART Review 4Q 2021

## Investment Option Fees

Fund Name	Ticker	Market Value	MaineSTART
			Expense Ratio
Vanguard Total Stock Market Index	VITSX	\$13,725,308	0.03%
Vanguard Total International Stock Index	VTIAX	\$2,571,581	0.11%
Vanguard STAR	VGSTX	\$3,544,180	0.31%
Vanguard FTSE Social Index	VFTAX	\$770,806	0.14%
Vanguard Target Retirement 2015	VTXVX	\$4,776,227	0.09%
Vanguard Target Retirement 2025	VTTVX	\$15,918,312	0.09%
Vanguard Target Retirement 2035	VTHX	\$9,907,646	0.09%
Vanguard Target Retirement 2045	VTIVX	\$5,450,199	0.09%
Vanguard Target Retirement 2055	VFFVX	\$1,073,326	0.09%
Vanguard Target Retirement 2065	VLXVX	\$70,452	0.09%
Vanguard Retirement Income	VTINX	\$475,985	0.09%
Vanguard Total Bond Market Index	VBTLX	\$2,389,427	0.05%
Vanguard Cash Reserves Federal MM	VMRXX	\$2,706,614	0.10%
Newport Group charges \$50 annually and 3 bps on assets.		\$63,380,062	

## Record-Keeper and Administrative Fees

- ▶ **Newport Annual Fees: \$50 per participant and 3 basis points on assets paid by participants**
- ▶ **Newport Distribution Fees: \$75 paid by the participant for a non-periodic distribution; no fee for periodic distributions**
- ▶ **MainePERS Administrative Fees: \$222,200 annually charged to PLDs (equates to .03563% of total PLD payroll)**

## Compliance and Operations

- ▶ **We continue to work with employers to correct non-compliance with participation agreements identified by the Employer Reporting Assistance unit**
- ▶ **We have implemented the change in the Default Investment Alternative approved by the Board in December**

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# MAINEPERS

## BOARD OF TRUSTEES ADMINISTRATION MEMORANDUM

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**TO:** BOARD MEMBERS

**FROM:** JIM DUSCH, DIRECTOR OF MEMBER SERVICES  
REBECCA GRANT, DIRECTOR OF ADMINISTRATION  
SHERRY VANDRELL, DIRECTOR OF FINANCE

**SUBJECT:** OPERATIONS REPORT

**DATE:** MARCH 3, 2022

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Content in the following paragraphs was selected to provide noteworthy information regarding recent operations at the System.

### POLICY REFERENCE

[Board Policy 4.5 – Board/Staff Relations](#)

[Board Policy 4.6 – Communications and Support to the Board](#)

### SERVICE PROGRAMS

1. BENEFITS PAYROLL. In February, 46,453 benefit recipients were paid a total of \$93,959,837.24.
2. RETIREMENT SERVICES. One hundred sixteen individuals received their first benefit payment in February, with the typical benefit amount being \$2,253 after 24 years of service. The count of new recipients and payment amount were in line with what has been seen in recent Februarys.  
  
One hundred fifty-nine former members received a refund of their contributions in February, typically amounting to \$3,272 as the result of less than one-year of service. The aggregate amount refunded was \$1,421,562. This is a higher count and lower typical amount than have been experienced in recent Februarys. The primary reason for this change is a heightened focus on refunding low-balance accounts that have been inactive for greater than three-years.
3. DISABILITY SERVICES. Nine new disability retirement applications were received in February, and 21 intakes with varying levels of detail and duration were conducted.
4. SURVIVOR SERVICES. Sixty-five life insurance claims were sent to The Hartford in February, with a total value of \$1,509,130 in payments due to beneficiaries.
5. DEFINED CONTRIBUTION PLAN SERVICES. MaineSTART had 1,548 participants at the end of February, with \$59,982,909 of investment assets.

## FINANCIAL PROGRAMS

1. EMPLOYER REPORTING. Ninety percent of the defined benefit payrolls expected to be received in February were uploaded on time, as compared to ninety-two percent in January.
2. EMPLOYER REPORTING ASSISTANCE PROGRAM. One review was completed during the month of January, resulting in eight findings. All eight findings have been resolved as of the date of this memo. Five new reviews were initiated during the same period. Eighty-three percent of all findings to date have been resolved satisfactorily.

## ADMINISTRATION

1. SPECIAL PROJECTS. All of MainePERS Business Continuity Departmental Plans have been updated and adopted. The BCP-Steering Committee has also adopted a staggered renewal cycle for the plans moving forward. An inventory of staff roles per plan has been completed, and staff training will follow over the next two months. Subsequent to that we will conduct desktop exercises to test and strengthen the departmental plans and overall readiness.
2. ADMINISTRATIVE ACTIONS. MainePERS has engaged the University of Southern Maine Professional Development Programs to deliver two series: "Diversity, Equity, and Inclusion for Workplace Leadership" and "Diversity, Equity, and Inclusion in the Workplace." Idella Glenn, Ph.D., Associate Vice President for Equity, Inclusion, and Community Impact, will deliver the remote series beginning in May and running through June.
3. FACILITIES. The Facilities Manager is in the midst of conducting an evaluation of existing equipment and furnishings in Portland to ensure functionality and durability of items.
4. COMMUNICATIONS. MainePERS launched the use of the DocuSign digital signature platform in June 2021. Over 20 forms are now available for use with DocuSign. MainePERS has received positive feedback from members who have used the digital forms.
5. HUMAN RESOURCES. Recruitment and transitions are the focus of the HR Department. There are eight open positions with three new employees starting in March. Recruitment continues to replace the departing HR Manager. We are in discussions with the retired HR Manager for a brief return to the workforce until a permanent replacement is hired.
6. INFORMATION TECHNOLOGY. Testing has been underway with vendor partner Tyler Cybersecurity. One test report contained recommendations for improved security controls, which are currently being implemented. A customized phishing test from Tyler had excellent results with a very high percentage of staff identifying and reporting emails to IT as suspicious.

MainePERS has begun a project to deploy additional secure remote access Cisco Meraki devices to staff members. Staff are transitioning from Citrix and RSA credentials to the Meraki platform. The devices allow for better security management, IT support and improved user experience. The project is expected to be completed over the next few months.



**Maine Public Employees Retirement System**  
**Contributions and Disbursements - Defined Benefit Plans**  
**For the Seven Months Ended January 31, 2022 and January 31, 2021**

	<u>Current</u>	<u>Year to Date</u>	<u>Prior Year to Date</u>
<b>Contributions</b>			
Employer Contributions <sup>(1)</sup>	\$ 43,199,632	\$ 303,967,669	\$ 291,461,945
Member Contributions	17,182,015	117,269,444	113,602,024
Member Repurchases	835,272	6,782,373	1,586,939
<b>Total Contributions</b>	<b><u>\$ 61,216,919</u></b>	<b><u>\$ 428,019,486</u></b>	<b><u>\$ 406,650,908</u></b>
<b>Member Disbursements</b>			
Benefits Payroll	\$ 93,661,557	\$ 650,164,739	\$ 623,401,596
Member Refunds	1,219,282	12,536,192	10,944,244
<b>Total Member Disbursements</b>	<b><u>\$ 94,880,839</u></b>	<b><u>\$ 662,700,931</u></b>	<b><u>\$ 634,345,840</u></b>
<b>Net</b>	<b><u>\$ (33,663,920)</u></b>	<b><u>\$ (234,681,445)</u></b>	<b><u>\$ (227,694,932)</u></b>

<sup>(1)</sup>Employer Contributions include both normal cost and UAL contributions

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# MAINEPERS

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## BOARD OF TRUSTEES LEGISLATIVE MEMORANDUM

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**TO:** BOARD MEMBERS

**FROM:** MICHAEL J. COLLERAN, CHIEF OPERATING OFFICER AND GENERAL COUNSEL  
KATHY MORIN, MANAGER, ACTUARIAL AND LEGISLATIVE AFFAIRS

**SUBJECT: LEGISLATIVE UPDATE**

**DATE:** MARCH 2, 2022

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The Second Regular Session of the 130<sup>th</sup> Legislature convened on January 5, 2022. Statutory adjournment for this session is April 20, 2022. We will review proposed bills as they are printed and will bring bills to you that either could directly affect the System or are otherwise of interest. We are also including in this update the relevant bills that were carried over from the First Special Session that are being considered in the Second Regular Session.

### **POLICY REFERENCE**

[Board Policy 3.1 – Reporting](#)

[Board Policy 3.2 – Legislation](#)

[Board Policy 4.5 – Board/Staff Relations](#)

[Board Policy 4.6 – Communications and Support to the Board](#)

The following bills are currently being considered. The current status of each bill is provided, with updates from last month italicized.

### **CARRIED OVER BILLS**

The following bills were carried over from the First Special Session:

#### **L.D. 111 – EARLY RETIREMENT FOR TEACHERS**

This bill would allow teachers with at least 35 years of service credit to retire at any age without an early retirement reduction. It would also require a retired teacher who returns to work

to make member contributions at the same rate as other teacher members. This bill was carried over on the Special Appropriations Table.

#### **L.D. 548 – EARLY RETIREMENT REDUCTIONS**

This bill requires a recalculation of retirement benefits based on a decreased early retirement reduction for certain state employee and teacher retirees. This bill was carried over by the Labor and Housing Committee. *A work session was held on February 9, at which the Committee voted the bill with a majority ought to pass as amended. The amendment updates the effective date and adds the fiscal note. The bill will now be considered by the full Legislature.*

#### **L.D. 703 – COST-OF-LIVING ADJUSTMENTS**

This bill would provide for a cost-of-living adjustment on the entire benefit for retired state employees and teachers. This bill was carried over on the Special Appropriations Table.

#### **L.D. 907 – PENSION FUNDS AND CLIMATE CHANGE**

This concept draft bill would change laws concerning state pension funds and climate change. This bill was carried over by the Labor and Housing Committee. A public hearing has not yet been scheduled.

#### **L.D. 956 – MILITARY SERVICE PURCHASES**

This bill expands the periods of military service that eligible members may purchase at a subsidized rate. This bill was carried over on the Special Appropriations Table.

#### **L.D. 1041 – MENTAL HEALTH WORKER SPECIAL PLAN**

This bill would allow certain mental health workers who are currently included in the regular plan to be covered instead by the 1998 Special Plan. This bill was carried over on the Special Appropriations Table.

#### **PRINTED BILLS**

The following bills have been printed:

#### **L.D. 1746 – CHIEF MEDICAL EXAMINER EMPLOYEE SPECIAL PLAN**

This bill would allow certain employees in the Office of the Chief Medical Examiner who are currently included in the regular plan to be covered instead by the 1998 Special Plan. A public hearing was held on January 19, and a work session was held on January 31, at which the

Committee voted the bill with a majority ought to pass as amended. The amendment removes the individual plan election as recommended by MainePERS, makes the special plan coverage retroactive for the employees covered by this bill, and adds the fiscal note. *The bill will now be considered by the full Legislature.*

#### **L.D. 1753 – PLD SPECIAL PLANS**

This bill changes the special plans available to some PLD employees. *A work session was held on February 7, at which the bill was unanimously voted ought not to pass at the request of the sponsor, who stated that the bill was not needed given the plan options already available to PLD employers.*

#### **L.D. 1772 – REMOTE MEETINGS**

This bill amends requirements for holding public meetings remotely. *A public hearing was held on February 1, and a work session is scheduled for March 2.*

#### **L.D. 1808 – CRIME LAB/COMPUTER CRIMES UNIT RETROACTIVE SPECIAL PLAN**

This bill provides retroactive special plan coverage for certain employees of the Maine State Police Crime Laboratory and computer crimes unit. A public hearing was held on January 19, and a work session was held on January 31, at which the bill was tabled. An additional work session was held on February 2, at which the Committee voted the bill unanimously ought to pass as amended. The amendment makes the plan change language consistent with other similar laws, removes individual plan elections that are no longer relevant, and adds the fiscal note. *The bill has not yet been reported out of Committee, and an additional request has been made for costs to provide benefits to this group under a more favorable special plan.*

#### **L.D. 1840 – CORRECTIONS SUPERVISORS RETROACTIVE SPECIAL PLAN**

This bill provides retroactive special plan coverage for certain employees of the Department of Corrections. A public hearing was held on January 19, and a work session was held on January 31, at which the Committee voted the bill with a majority ought to pass as amended. The amendment adds the fiscal note. *The System continues to work with stakeholders to determine the specific employees impacted by this proposed change.*

#### **L.D. 1901 – RETIRED TEACHER HEALTH INSURANCE INVESTMENT TRUST FUND**

This bill establishes a retired teacher health insurance investment trust fund. As with the trust fund for retired state employees, the MainePERS Board of Trustees are the trustees of this

investment trust fund. A public hearing was held on February 2, and a work session has not yet been scheduled.

#### **L.D. 1922 – MAINEPERS SYSTEM BILL**

We submitted this bill to make changes to several parts of our statute, as detailed in last month's memo. *A public hearing on this bill was held on February 2, and a work session was held on February 9, at which the Committee voted the bill with a majority ought to pass as amended. The amendment adds the Maine Association of Retirees to the groups that can put forth a nominee for the trustee seat held by a retired state or PLD employee, expands the information reported by the System to the Legislature in its annual administrative report, and clarifies the treatment of certain members for whom special plan coverage is changed. The bill will now be considered by the full Legislature.*

#### **L.D. 1995 – SUPPLEMENTAL BUDGET**

*This bill is the Governor's proposed supplemental budget. It includes one MainePERS-related initiative. Specifically, Part NN of the proposed budget would provide a one-time cost-of-living adjustment (COLA) payment to eligible retirees from the State-sponsored plans, based on the difference between the actual CPI-U at June 30, 2021 of 5.4% and the COLA cap of 3.0%. As proposed, this would be a non-cumulative payment, meaning that it would not be added to the "base benefit" subject to future adjustments. The public hearing on this initiative is scheduled for March 3.*

*A copy of the relevant part of the budget is included with this memo.*

#### **REPORTS**

The following reports have been submitted to the Legislature:

##### **PROGRAM EVALUATION REPORT**

The State Government Evaluation Act requires the System to submit a program evaluation report to the Legislature every eight years. We submitted our latest report on November 1, 2021, and provided a copy to the Board. *On February 9, the Labor and Housing Committee issued a report of its findings and recommendations resulting from their review.*

*A copy of the Committee's report is included with this memo.*

### ESG POLICY/DIVESTMENT

The divestment laws enacted in the First Special Session of the 130<sup>th</sup> Legislature, chapters 231 and 234, required the Board to review its ESG policy, make any changes necessary to comply with the laws, and submit a report on the review to the Labor and Housing Committee. We filed the report on December 14, and a copy was provided to Board members at that time.

### WINDFALL ELIMINATION PROVISION/GOVERNMENT PENSION OFFSET

Resolve, chapter 84, enacted in the First Special Session of the 130<sup>th</sup> Legislature, requires a study of existing and potential cooperation of state retirement systems affected by the social security offsets. A report of recommendations was due on January 1, 2022, and was submitted on December 29, 2021, and a copy of the report was previously provided to Board members.

### PROCUREMENT

The System is required to report information annually to the Legislature regarding procurement, contributions, and changes to certain policies and procedures. This report was due by February 1 and was submitted on January 24. *On February 28, the Labor and Housing Committee reviewed this report and posed no questions to MainePERS. The Committee's next step is to report the results of its review to the Government Oversight Committee. A copy of that report will be provided to Board members once it is received.*

### NEW PENSION PLAN DESIGN

Resolve, chapter 66, enacted in the First Special Session of the 130<sup>th</sup> Legislature, requires the convening of a working group to develop new plan designs. The System requested an extension of the December 1, 2021 deadline for filing the working group report to February 15, 2022. *The final report was submitted on February 10.*

Resolve 72, also enacted in the First Special Session of the 130<sup>th</sup> Legislature, requires the System to report on options for teachers to participate in Social Security. The System requested an extension of the December 1, 2021 deadline for filing the report to February 15, 2022. *This report was included in the Resolve, chapter 66 report referenced above.*

*A copy of the report was previously provided to Board members.*

### MILITARY SUBSIDY REPORT

The System is required to report information annually to the Legislature regarding military service credit purchase requests received from certain categories of members. *This report was due by February 15, 2022 and was submitted on February 9.*

*A copy of the report is included with this memo.*

### ANNUAL REPORT TO THE LEGISLATURE

The System is required to submit an annual report to the Legislature containing specific information set out in statute. *This report was due by March 1, 2022 and was submitted on February 28.*

*A copy of the report is included with this memo.*

**Extract from LD 1995 – FY 2022-2023 Supplemental Budget – February 2022**

PART NN

Sec. NN-1. Transfer from General Fund unappropriated surplus; Reserve for retirement benefits. Notwithstanding any provision of law to the contrary, on or before June 30, 2022, the State Controller shall transfer up to \$14,700,000 an amount certified by the Executive Director of the Maine Public Employees Retirement System from the unappropriated surplus of the General Fund to a retirement benefits reserve account established within the General Fund for the purpose of providing the resources to fund a one-time retirement payment for retired state employees and teachers.

PART NN SUMMARY

This Part authorizes the State Controller to transfer up to \$14,700,000 from the unappropriated surplus of the General Fund to a reserve for retirement benefits established within the General Fund in 5 MRSA §1552. The purpose of the transfer is to fund a one-time retirement payment for retired state employees and teachers.



**SENATE**

**MATTHEA DAUGHTRY**, DISTRICT 24, CHAIR  
**CRAIG V. HICKMAN**, DISTRICT 14  
**STACEY K. GUERIN**, DISTRICT 10

**STEVE LANGLIN**, LEGISLATIVE ANALYST  
**JUSTIN PURVIS**, COMMITTEE CLERK



**HOUSE**

**MICHAEL A. SYLVESTER**, PORTLAND, CHAIR  
**SCOTT W. CUDDY**, WINTERPORT  
**SARAH PEBWORTH**, BLUE HILL  
**TRACI GERE**, KENNEBUNKPORT  
**AMY L. ROEDER**, BANGOR  
**RICHARD T. BRADSTREET**, VASSALBORO  
**JOSHUA MORRIS**, TURNER  
**DWAYNE W. PRESCOTT**, WATERBORO  
**GARY A. DRINKWATER**, MILFORD  
**SOPHIE B. WARREN**, SCARBOROUGH

**STATE OF MAINE**  
**ONE HUNDRED AND THIRTIETH LEGISLATURE**  
**COMMITTEE ON LABOR AND HOUSING**

February 9, 2022

The Honorable Troy D. Jackson  
President of the Senate

The Honorable Ryan M. Fecteau  
Speaker of the House

130th Legislature  
State House  
Augusta, ME 04333

Dear President Jackson and Speaker Fecteau:

Please accept this letter as the report from the Joint Standing Committee on Labor and Housing regarding its review and evaluation of the Maine Public Employees Retirement System under the State Government Evaluation Act, Title 3, Maine Revised Statutes, chapter 35.

The Committee wrote to MainePERS on June 30, 2021 to notify MainePERS of the Committee's intent to review the agency as part of the Government Evaluation Act. In a subsequent letter on September 29, 2021, the Committee wrote to request more information related to the MainePERS disability program, specifically MainePERS' disability team's policies and procedures.

The Committee received the report from MainePERS on November 1, 2021, as required by statute. MainePERS presented the report to the Committee on January 12, 2022. At this presentation, as well as through a variety of testimony presented to the Committee on bills effecting MainePERS' disability law, the Committee heard concerns about the manner in which MainePERS' disability division operates and processes claims.

The Committee was pleased to hear from the newly hired Chief Executive Officer Dr. Rebecca M. Wyke that one of her priorities is spearheading and implementing a culture change within MainePERS, including in its disability division, and that Dr. Wyke intends to incorporate this in a strategic planning process.

The Committee requests that MainePERS documents the changes made within MainePERS and actions taken to effectuate this culture change. The Committee requests updates on the progress made toward this goal at the Committee's biennial agency orientation and as further requested by

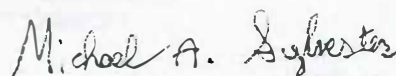
the Committee. Specifically, the Committee is interested in employee feedback on culture change initiatives and the systems and processes in place to measure real experiences of MainePERS' members.

At this time, the Committee finds that MainePERS is operating within its statutory authority.

Sincerely,

 (SL)

Sen. Matthea Daughtry  
Senate Chair

 (SL)

Rep. Michael A. Sylvester  
House Chair

Cc: Dr. Rebecca M. Wyke, Chief Executive Officer, MainePERS  
Michael Colleran, Chief Operating Officer/General Counsel, MainePERS  
Kathy Morin, Manager of Actuarial and Legislative Affairs, MainePERS  
Danielle D. Fox, Director, Office of Policy and Legal Analysis  
John Melendez-Barden, Director, Law and Legislative Reference Library

February 9, 2022

Senator Matthea Daughtry, Senate Chair  
Representative Mike Sylvester, House Chair  
Members, Joint Standing Committee on Labor and Housing  
100 State House Station  
Augusta, ME 04333-0100

Senator Cathy Breen, Senate Chair  
Representative Teresa Pierce, House Chair  
Members, Joint Standing Committee on Appropriations and Financial Affairs  
5 State House Station  
Augusta, ME 04333-0005

Dear Senator Daughtry, Representative Sylvester, and Members of the Committee on Labor and Housing; Senator Breen, Representative Pierce, and Members of the Committee on Appropriations and Financial Affairs:

Please accept the Maine Public Employees Retirement System's (MainePERS) report prepared in response to 5 M.R.S. § 17760(6), which requires MainePERS to submit information annually to the Legislature regarding military service credit purchase requests received from certain categories of members.

Under Maine law, eligible members may purchase military service credit toward increasing their total service credit and thus increasing their overall retirement benefit. There are two methods by which the cost to purchase military service credit is calculated. Under one method, the member is required to pay only the member contributions related to the time being purchased. The remainder of the cost, that is, the difference between the cost the member must pay and the full actuarial cost of the additional service credit, is added to the liabilities of the plan. This is commonly referred to as paying a "subsidized rate." Under the second method, the member pays the full actuarial cost associated with the additional service credit. The purchase of military service credit by a member under this alternative results in no costs to the plan.

In accordance with 5 M.R.S. § 17760(3)(A)(3), recipients of specific military awards and medals may purchase military service credit to be used toward a retirement benefit at a subsidized cost only if MainePERS has received an appropriation in the amount of the difference between the actuarial cost of that member's military service credit and the subsidized amount that would be paid by the member under 5 M.R.S. § 17713(2).

Title 5 M.R.S. § 17760(6)(A) requires MainePERS to report the following information annually to the Legislature:

- (1) The amount, if any, in the account maintained for the purposes of this subsection;
- (2) The cost to subsidize the purchase of service credit under this subsection for members who applied and were determined eligible in the calendar year immediately preceding the report; and
- (3) The cost to subsidize the purchase of service credit under this subsection for members who applied and were determined eligible in each of the calendar years before the immediately preceding calendar year for which full appropriations were not made.

The following chart provides information regarding requests and associated costs for members who have been found eligible to purchase military service credit, contingent upon the required appropriation, who have *not yet* made the purchase.

Calendar Year	Number of Requests	Subsidy Cost
2016	1	\$ 84,166.88
2018	3	\$ 119,399.07
2020	2	\$ 136,007.45
<b>Total</b>	6	\$ 339,573.40

<b>Total Subsidy Cost</b>	\$ 339,573.40
<b>Beginning Account Balance</b>	(\$ 30,541.30)
<b>Remaining Subsidy Cost</b>	\$ 309,032.10

The beginning account balance stated above includes funds appropriated in the FYs 2016-2017 biennial budget for members determined to be eligible for this subsidy. (P.L. 2015, c. 267, Pt. A, §A-63.) Some of those members subsequently declined to purchase their military service credit or were found eligible to complete the purchase without the subsidy, and the funds have remained in the account.

The following chart provides information regarding the history of the funding of subsidized military service purchases under 5 M.R.S. § 17760(6).

Date	Amount Appropriated	Covered Members
FY 2009-10	\$ 55,600	2*
FY 2011-12	\$ 116,617	1
FY 2013-14	\$ 282,404	3
FY 2015-16	\$ 98,983	2*
FY 2016-17	\$ 262,893	3*
<b>Total</b>	<b>\$ 816,497</b>	<b>11</b>

\*Some members for whom funds were appropriated did not complete the purchase or were found eligible to complete the purchase without the subsidy.

Please let us know if you have any questions about this report.

Sincerely,



Kathy J. Morin  
Manager, Actuarial and Legislative Affairs

cc: Dr. Rebecca M. Wyke, Chief Executive Officer  
Michael J. Colleran, Chief Operating Officer and General Counsel  
Rachel Tremblay, Office of Fiscal and Program Review  
Maureen Dawson, Office of Fiscal and Program Review  
Steven Langlin, Office of Policy and Legal Analysis

March 1, 2022

Senator Matthea Daughtry, Senate Chair  
Representative Mike Sylvester, House Chair  
Members, Joint Standing Committee on Labor and Housing  
100 State House Station  
Augusta, ME 04333-0100

Dear Senator Daughtry, Representative Sylvester and Members of the Joint Standing Committee on Labor and Housing:

Please accept the Maine Public Employees Retirement System's ("MainePERS" or "System") annual report to the Joint Standing Committee on Labor and Housing. This report is prepared in response to 5 M.R.S. § 17103, sub-§11 requiring the MainePERS Board of Trustees to submit a written report about the Maine Public Employees Retirement System to the appropriate legislative committee each year by March 1. The System's Annual Comprehensive Financial Report (ACFR), copies of which have been provided to the Committee and which is available at [www.mainebers.org](http://www.mainebers.org), provides detailed information that supplements this report.

We are pleased to provide this information. Except where indicated, this report is based on operations through June 30, 2021.

## INVESTMENTS

The market value of the System's defined benefit plans trust fund at June 30, 2021 was \$18.1 billion. The net position of the trust fund increased as net investment earnings and contributions for the fiscal year exceeded payments to retirees. The market value investment return for calendar year 2021 was 19.5%. The fund return through the first seven months of FY 2022 ending January 31<sup>st</sup> was 5.7%.

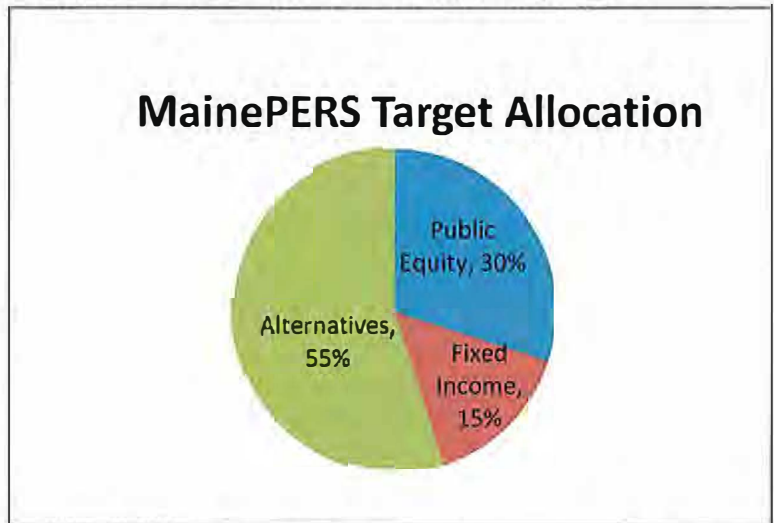
The System's investment strategy remained consistent throughout FY 2021. This resulted in a historically high return to the fund driven by strong returns on both public equities and alternative asset classes.

Fiscal Year Ending	Fund Value	Investment Return*
June 30, 2019	\$14.9B	7.3%
June 30, 2020	\$14.7B	1.8%
June 30, 2021	\$18.1B	26.5%

\*Refers to performance of the investments, not the change in Fund Value

Annualized market value returns, net of management fees, for the 3-year, 5-year, 10-year, and 30-year periods ending on June 30, 2021 were 11.4%, 11.4%, 8.7%, and 8.4%, respectively. The 30-year return includes the 2000-2002 and 2008-2009 market downturns.

In 2017, the System changed its target asset allocation to 30% publicly traded stocks, 15% fixed income investments, and 55% alternative investments. This change was forward looking and designed to balance risk and returns in current and near-term future markets. The alternative investments allocation includes 10% in infrastructure, 15% in private equity, 10% in real estate, 7.5% in alternative credit, and 5% in natural resources. In addition, the Board of Trustees has approved a 7.5% allocation to risk diversifiers that seek sound investment strategies that do not fall into one of the other asset categories. The current allocation to alternatives is approximately 53.6% of the System's portfolio at June 30, 2021.



MainePERS maintains a substantial portion of the fund in return-seeking assets such as publicly traded equities and private equity. This is because most of the System's benefit payments are not due for several decades into the future and current fund liquidity is strong enough to withstand a full-range of market scenario testing. For the past ten years, the System has invested between 60% and 70% of its assets in equities and similar return-seeking investments. Over sufficiently long periods, equities have been shown to outperform bonds. The System expects this relationship to hold in the future.

All of the assets of the System's retirement plans and other funds are in portfolios managed by professional investment management firms. These managers act as fiduciaries and invest the assets assigned to them in accordance with the System's investment policies and the individual agreements between MainePERS and the investment managers.

The 123<sup>rd</sup> Legislature created an Investment Trust in FY 2008 with a \$100 million initial contribution for the purpose of investing funds set aside by the State of Maine to cover Other Post-Employment Benefits (OPEB) liabilities for State retiree health insurance benefits. MainePERS Trustees were named Trustees for this Investment Trust and have the responsibility for investing these funds. As of June 30, 2021, the market value for the OPEB assets was \$380.9 million, an increase of \$89.3 million over the prior year end.<sup>1</sup>

<sup>1</sup> A copy of this report will be sent to the State and the trustees of the Irrevocable Trust Fund for Other Post-employment Benefits in accordance with 5 M.R.S. § 17435(7).

## PROGRAM FUNDING

### ***Funding Status of the State Employee and Teacher Retirement Program***

The actuarial funded status of the State Employee and Teacher Retirement Program, or the ratio of plan assets to plan liabilities, decreased in FY 2021 from 82.4% to 82.1%, primarily due to a reduction in the discount rate from 6.75% to 6.5%, and the reflection of actuarial assumption changes resulting from a recently completed experience study. A lower discount rate will typically reduce overall contribution rate volatility. The funding ratio ten years ago, by comparison, was 77.4%. Please see the MainePERS Annual Comprehensive Financial Report for an understanding of the difference between market and actuarial values.

The unfunded actuarial liability (UAL) of the State Employee and Teacher Retirement Program increased in FY 2021 from \$2.615 billion at June 30, 2020 to \$2.931 billion at June 30, 2021.

Investment returns on an actuarial value of asset basis were 26.76% for FY 2021. This is significantly higher than the actuarial investment return assumption of 6.75%, resulting in an actuarial gain to the plan. These unusually favorable returns partially offset a reduction in the discount rate, as discussed above. (See the Investments section for market returns.)

### ***Funding Status of the Legislative Retirement Program***

The Legislative Retirement Program was funded at 140.9% as of June 30, 2021, primarily because few legislators qualify for a retirement benefit under the terms of the program. No employer contribution is currently required because of the overfunded status of the program.

### ***Funding Status of the Judicial Retirement Program***

The actuarial funded ratio of the Judicial Retirement Program has in recent years remained close to 100%. As of June 30, 2021, the actuarial funded ratio was 107.2%.

### ***Funding Status of the Participating Local District Consolidated Retirement Plan***

The Participating Local District Consolidated Retirement Plan (PLD Plan) consisted of 311 participating local districts at December 31, 2021. The actuarial funded ratio of the Plan increased from 89.9% at June 30, 2020 to 91.1% at June 30, 2021. The Participating Local District Advisory Committee continuously monitors the PLD Plan to ensure that it maintains a strong fiscal condition.



## OPERATIONS

### ***Strategic Planning***

In November 2021, the MainePERS Board of Trustees adopted the following set of Goals and Objectives to set the framework for a strategic planning process that is currently underway and expected to conclude by July 1, 2022.

#### **Goals**

- Preservation of the Trust Fund
- Stability of the contribution rates
- Security and integrity of our information systems
- Cultivation of a "member-centric" organization, and
- Development of stakeholder relations

#### **Objectives**

- Planning for the post-2028 full funding of the UAL, including potential public pension plan options that include social security
- Responding to the recent divestment legislation
- Expanding the availability of defined contribution plans to teachers, and
- Exploring mandatory long-term disability insurance coverage

MainePERS is working with staff to develop new mission and vision statements, as well as a set of organizational values, consistent with the Goals and Objectives. Additionally, the final strategic plan will include strategies for achieving the Goals and Objectives and a set of metrics to measure progress.

### ***Pandemic Operations***

MainePERS continues to operate in a modified pandemic mode. Most staff worked remotely during FY 2021. The use of remote technology allowed for sustaining business services while reducing risk to staff and the public.

Currently, less than 50% of the staff is onsite at any time. All staff undergo screening as needed and observe social distancing and masking protocols. Since November of 2021, unvaccinated personnel have been tested weekly whenever they are onsite.

### ***Qualified Plan Status***

In 2014, MainePERS received updated favorable "determination letters" from the Internal Revenue Service stating that all the plans administered by MainePERS continue to qualify for favorable tax treatment under the provisions of the Internal Revenue Code. The IRS subsequently eliminated the cyclical determination letter program and will now issue determination letters only for new or terminating plans and in certain other limited circumstances. MainePERS continues to closely monitor

tax law changes to ensure that the pension plans continue to comply with federal law and maintain their qualified status.

### ***Audit***

The independent audit of the MainePERS financial statements for the year ended June 30, 2021 resulted in an unmodified opinion. An unmodified opinion means that, in the opinion of the auditor, the financial statements present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2021, in conformity with generally accepted accounting principles.

### ***Awards and Certifications***

**Government Finance Officers Association Certification** - In 2021, the System submitted its FY 2020 Annual Comprehensive Financial Report (ACFR) to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program and was awarded the Certificate of Excellence for the seventeenth consecutive year. In order to be awarded this certificate, a governmental unit must publish an easily readable and efficiently organized ACFR, with contents that meet or exceed rigorous program standards and satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid only for one year, and the System's FY 2021 ACFR has been submitted to the GFOA.

**Public Pensions Standards Award** - In 2021, for the fourteenth consecutive year, the System was awarded the Public Pension Coordinating Council's Recognition Award for Funding. To receive this award, retirement programs must meet professional standards for plan funding as set forth in the Public Pension Standards. The regular flow of required contributions and the up-front funding of new liabilities were listed as factors contributing to the System's receipt of this award.

**ICGN Global Stewardship Disclosure Award** – MainePERS was one of two entities of its size to receive the ICGM Global Stewardship Disclosure Award for 2021. The awards are given by the investor-led International Corporate Governance Network to recognize excellence and innovation in investor stewardship and related public disclosures.

### ***Member and Retirement Services***

MainePERS was serving approximately 93,000 active members and retirees as of December 31, 2021. The System approved monthly pension benefits for 1,930 new retirees during CY 2021. This is generally consistent with the number who retired during CY 2020, with 43% of the CY 2021 retirees being teachers.

Required specific statistical information about members and retirees can be found in Attachment 1.

### ***Group Life Insurance***

At the end of CY 2021, approximately 52,000 state, teacher and participating local district employees and retirees had Group Life Insurance coverage under the program administered by MainePERS. Many employers pay premium costs to MainePERS in order to fund a "basic" level of coverage for their employees. Additional supplemental and dependent coverage is paid for by participants who elect to have that coverage. MainePERS approved 691 life insurance claims with a value of approximately \$14.1 million in CY 2021.

### ***Employer Services***

MainePERS relies on participating employers to electronically report earnings, contributions, and work history at least once a month in order to maintain the up-to-date information needed to determine a member's eligibility for retirement benefits and the amount the member will receive as monthly payments. For CY 2021, MainePERS received and processed a wide variety of employer-provided records regarding more than 58,000 public employees who work at one or more of the 600 employer locations served.

MainePERS works closely with employers to support accurate and timely reporting of employment information and contributions. System staff provides employers with training, consultation and written materials to assist in their reporting. Due to the pandemic, in person employer training was suspended in CY 2020. System staff work with employers over the phone and via video conference to provide support and training. A formal virtual training program was rolled out in CY 2021, and 26 virtual sessions were conducted during the year.

The System's website includes a section specifically for employers. The *Employer Update*, an electronic update focused on employer-specific matters, was published four times during CY 2021.

### ***Document Center***

The Document Center staff continues its support of a remote workforce with front-end scanning and workflow creation. In addition, MainePERS implemented the use of DocuSign, enabling members to complete and submit forms electronically with a secure digital signature. Completed digital forms are received by MainePERS electronically for processing without requiring the members to mail forms or come onsite to drop-off materials.

### ***Cost-of-Living Adjustment (COLA)***

The Board of Trustees is directed by statute to annually adjust the retirement benefits of its eligible retirees by a cost-of-living adjustment (COLA) equal to the

change in the Consumer Price Index for All Urban Consumers (CPI-U) over the 12 months preceding June 30 of each year, subject to certain limitations. The CPI-U at June 30, 2021 was 5.4%. Eligible retirees from the State Employee and Teacher, Legislative and Judicial retirement programs were granted a regular cost-of-living adjustment of 3.0% on the first \$22,947.11 of benefit. Eligible retirees from the Participating Local District Consolidated Retirement Program were granted a regular cost-of-living adjustment of 2.5% on their entire benefit.

When the CPI-U exceeds the statutory cap on COLAs, the Board of Trustees is required to submit a supplemental budget request to the Governor for funds to support the increase in the CPI-U over the cap for the State-sponsored plans. This request was sent to the Governor on August 20, 2021.

### ***Disability Services***

MainePERS staff continues to work with stakeholders on improving its service to those seeking disability retirement benefits and filing administrative appeals. This work includes:

- Long Term Disability Insurance (LTDI) – Pursuant to Public Law 2021, chapter 277, MainePERS is required to convene a stakeholder group on an implementation plan for providing mandatory LTDI to members through their employers and report to the Legislature no later than January 3, 2023.
- Medical Evaluations – MainePERS completed the transition to the University of Massachusetts' Disability Evaluation Service (DES) performing medical record evaluations on behalf of new applicants, retirees undergoing continuing eligibility reviews, and appellants. The breadth and depth of medical specialties available to MainePERS through DES is a significant enhancement to the Program.
- Independent Medical Evaluations (IME) - MainePERS has contracted with the vendor MMRO as our resource for IME examinations. Having an IME provider in place gives applicants, and retirees who are undergoing continuing eligibility reviews, the opportunity to supplement their medical records when eligibility criteria is not met on the basis of medical records.
- Healthcare Provider Assessment form - This optional form was developed to provide an applicant's healthcare provider the opportunity to offer opinions about an applicant's medical situation in their own words and supplements medical records received from providers.

Required specific statistical information about the disability program can be found in Attachment 2.

## ***Information Technology (IT)***

The MainePERS technology environment underwent upgrades to older infrastructure in 2021 and added some additional networking services. Activities in 2021 included the following:

### **Oracle Upgrade Project**

- The project involved the upgrade of the Oracle virtual environment (OVM) that supports the V3 line of business application. The current version of the OVM environment had reached the end of support life. The new environment has improved recovery and reporting capabilities.

### **Networking and Storage Upgrade – Brunswick DR Site**

- MainePERS completed an upgrade to the network and storage infrastructure in the Brunswick FirstLight datacenter facility that houses the disaster recovery equipment for MainePERS. The project included upgrades to storage, wiring, network switching, and routing gear, which resulted in improved communication and performance.

### **ISP Peering Project**

- MainePERS applied for and was awarded Internet Protocol (IP) addresses through the American Registry for Internet Numbers. Owning the IP addresses allows the creation of redundancy in internet connectivity between two different carriers. This work provides backup capability for inbound network access to the MainePERS environment and for internet facing resources. Internet Service Providers (ISP) services from FirstLight and Consolidated Communication are now peered to provide that redundancy.

### **IT Audit – CBIZ**

- MainePERS IT underwent a technology audit from CBIZ, Inc., a national professional services firm. Auditing services are split over a three-year cycle. This year, the audit reviewed documentation related to policies and practices and system security testing and network configurations. The audit firm issued a report of the findings that included recommendations for process improvements with a nod toward the comprehensive policy development MainePERS has undergone. MainePERS has addressed all findings.

### **Business Continuity Planning**

- MainePERS has an established Business Continuity Program (BCP), which establishes and maintains practices for property and data protection and plans for recovery in the event of a disaster. In 2021, MainePERS adopted four

practices defining the: 1) cycle and process for development and maintenance of plan documentation; 2) frequency of assessment for the off-site disaster recovery facility; 3) recovery plan testing approach and frequency; and 4) recovery staff readiness training. MainePERS renewed all of its departmental BCP recovery plans bringing them in line with current operations and staffing. MainePERS actively conducts proctored tests of its recovery plans and practices to assure readiness and make improvements where possible. In 2021, eleven (11) BCP related tests were conducted. All tests were successful and the recommended process improvement steps have all been implemented.

## DEFINED CONTRIBUTION PLANS

### ***MaineSTART***

The System continues to promote its pre-tax defined contribution/deferred compensation retirement plans established under sections 401(a), 403(b) and 457(b) of the Internal Revenue Code, collectively referred to as MaineSTART, to its participating local district employers. MaineSTART offers a group of Vanguard funds designed to be low cost and easy to understand. At the close of 2021, the total number of PLD employers that offer employees access to MaineSTART was 73 with a total of 1,534 participants having investments under management in the program. This represents approximately a 6% increase in employee participation over the count at the close of CY 2020.

A significant enhancement to the MaineSTART program that occurred during 2021 is our implementation of a Roth investment option for participants who want to invest after-tax earnings.

## PROPOSED LEGISLATION

MainePERS submitted a system bill for consideration during the 130<sup>th</sup> Legislature. L.D. 1922 would make changes, both technical and substantive, to various sections of retirement law. Several of the proposed changes are necessary in order to align state law with federal law, in order to maintain the plan's qualified plan status, as previously discussed in this report.

## BUDGET

The System's administrative costs and expenses are directly charged against the assets of the applicable program. The System's budgeted operating expenses are approved by the Board of Trustees prior to the start of each fiscal year.


The FY 2022 Board-approved administration budget is \$17,119,995. MainePERS continuously reviews costs to identify efficiency improvements.

Required specific information about the budget and administrative expenses can be found in Attachments 3 and 4. Required specific information about employee and employer contributions can be found in Attachment 5.

## CONCLUSION

Please accept this report on behalf of the Maine Public Employees Retirement System. We welcome questions and are happy to address them as the Committee requests and in the format desired.

Respectfully submitted,



Dr. Rebeca M. Wyke  
Chief Executive Officer

RMW/mg

## Attachments

cc: Members, Board of Trustees  
Suzanne Gresser, Executive Director, Legislative Council  
Rachel Tremblay, Office of Fiscal and Program Review  
Steven Langlin, Office of Policy and Legal Analysis

<b>NEW RETIREES</b> <b>Calendar Year 2021</b>  <b>5 M.R.S. § 17103(F)</b>	
Plan Status	Retired Members
State	602
Teacher	821
Legislative	18
Judicial	5
Participating Local District	484
<b>Total</b>	<b>1930</b>

<b>NEW ACTIVE MEMBERS</b> <b>Calendar Year 2021</b>  <b>5 M.R.S. § 17103(G)</b>	
Plan Status	New Active Members
State	1062
Teacher	2057
Legislative	0
Judicial	3
Participating Local District	1676
<b>Total</b>	<b>4798</b>



<b>DISABILITY RETIREMENT and APPEALS</b>		
<b>Calendar Year 2021</b>		
<b>5 M.R.S. § 17103(J)(1)-(4)</b>		
	Count	Percentage
<b>NEW APPLICATIONS</b>		
Disability applications processed and acted upon in 2021 <sup>1</sup>	110	
Applicants awarded disability retirement at the applications stage	88	91%
Applications terminated due to death	1	
Applicants denied at the application stage <sup>2</sup>	9	9%
<b>DISABILITY APPEALS<sup>3</sup></b>		
Number of appeals pending 12/31/2020	17	
Number of appeals filed in 2021	5	
<b>Total appeals closed in 2021</b>	<b>14</b>	
Appeals Withdrawn or Abandoned	2	
Appeals Resolved on the Merits	12	
<i>Total resulting in denial of benefits</i>	6	
<i>Total resulting in the award of benefits<sup>4</sup></i>	6	50%
<b>Number of Appeals Pending 12/31/2021</b>	<b>8</b>	

<sup>1</sup> Ninety-eight new applications were received in calendar year 2021. Eleven applications were withdrawn by members prior to a decision being issued. One was administratively closed.

<sup>2</sup> 5 M.R.S. §17103 (11) (J) (2) and (3) require the System to report on processes that are no longer in effect. In lieu of the information originally required, an accounting of the disposition of cases in the application phase is provided.

<sup>3</sup> This section addresses appeals of application denials. Appeals may not be filed and often are not completed in the same calendar year as the application denial.

<sup>4</sup> This consists of: (a) five cases where the Executive Director granted benefits upon reconsideration after receiving additional information during the appeals process and (b) one case where the Executive Director granted benefits upon initial application on one condition but not on others, and the Board reversed the latter determination as to one condition on appeal based on a recommendation from an independent hearing officer. Fifty percent of cases resolved on the merits during an appeal resulted in the award of benefits. Of appeals closed in 2021, which includes withdrawn and abandoned appeals, 43% resulted in the award of benefits.

**BUDGET STATUS OF ADMINISTRATIVE OPERATIONS AND  
FUNCTIONS  
FY 2021-2022**

**5 M.R.S. § 17103(E)**

	FY 2022 Budget	07/01/2021- 12/31/2021 Actual	01/01/2022- 06/30/2022 Expected	Projected Surplus /(Deficit)
<b>Personal Services</b>	8,954,628	3,915,492	5,042,850	(3,714)
<b>Professional Services<sup>1</sup></b>	1,404,550	532,213	751,070	121,267
<b>Communications</b>	546,239	260,806	283,971	1,462
<b>Building Operations</b>	919,707	481,025	458,500	(19,818)
<b>Computer Maintenance and Supplies</b>	2,797,126	1,148,914	1,488,930	159,282
<b>Depreciation</b>	1,925,163	957,647	957,351	10,165
<b>Professional Development</b>	92,634	23,426	68,508	700
<b>Medical Consultation and Records</b>	127,150	46,530	190,250	(109,630)
<b>Miscellaneous Operating Expenses</b>	352,798	188,802	186,643	(22,647)
<b>Total Administrative Expenses</b>	<b>17,119,995</b>	<b>7,554,855</b>	<b>9,428,073</b>	<b>137,067</b>

<sup>1</sup>Professional Services include actuarial and legal service fees, as well as hearing officers' services related to appeals.

<b>SUMMARY OF ADMINISTRATIVE EXPENSES FY 2021</b>	
<b>5 M.R.S. § 17103(D)</b>	
<b>Personal Services</b>	7,997,237
<b>Professional Services</b>	2,036,082
<b>Communications</b>	412,148
<b>Office Rent and Building Operations</b>	384,648
<b>Computer Maintenance and Supplies</b>	1,591,632
<b>Depreciation</b>	1,957,181
<b>Professional Development</b>	54,040
<b>Medical Records and Exams</b>	27,055
<b>Miscellaneous Operating Expenses<sup>1</sup></b>	781,447
<b>Total Administrative Expenses</b>	<b>15,241,470</b>

<sup>1</sup> Total Administrative Expenses include all expenses of the System. Refer to the ACFR for a breakdown of administrative expenses across plans.

<b>CONTRIBUTIONS/PAYMENTS IN 2021</b>			
<b>5 M.R.S. § 17103(I)</b>			
<b>Plan Status</b>	<b>Employee Contributions</b>	<b>Employer Contributions</b>	<b>Total Payments to Retirees</b>
<b>State<sup>1</sup></b>	55,037,002	172,398,760	326,851,196
<b>Teacher</b>	104,473,001	246,375,527	576,264,713
<b>Judicial</b>	635,871	738,939	4,681,415
<b>Legislative</b>	214,905	-	549,461
<b>Participating Local Districts</b>	53,623,070	68,574,405	183,468,354
<b>Total</b>	<b>213,983,849</b>	<b>488,087,631</b>	<b>1,091,815,139</b>

<sup>1</sup>State Plan totals include Governors