

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
May 12, 2022

MainePERS
Augusta and Remote
9:00 a.m.

The Board of Trustees met at MainePERS, 139 Capitol Street, Augusta, ME 04332 at 9:00 a.m. on May 12, 2022. Brian Noyes, Chair, presided. Other Trustees participating were Dick Metivier, Vice Chair; Henry Beck, State Treasurer; John Beliveau; Shirrin Blaisdell; Mark Brunton; John Kimball; Gregory Olson, Deputy State Treasurer; and Ken Williams. Joining the Trustees were Dr. Rebecca M. Wyke, Chief Executive Officer; Monica Gorman, Secretary to the Board of Trustees; and Betsy Stivers, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by James Bennett, Chief Investment Officer; Zackery McGuire, Deputy Chief Investment Officer; Brian McDonnell and Stuart Cameron, Cambridge Associates; Tom Lynch and George Bumeder, Cliffwater; Ed Schwartz, ORG; Rebecca Grant, Director of Administration; Jim Dusch, Director of Member Services; Sherry Vandrell, Director of Finance; and Kathy Morin, Director of Actuarial and Legislative Affairs.

Brian Noyes called the meeting to order at 9:00 a.m. Dick Metivier, Vice Chair participated through video remote access pursuant to P.L. 2021, Ch. 290, having been excused from in-person attendance by the Board Chair due to illness. All other 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 April 14, 2022
- Dismissal, Diana Flaherty Appeal
- Dismissal, Jeffrey Leclerc Appeal

The Trustees discussed the amount of detail in the draft minutes. John Kimball expressed concern that the minutes did not include the substance of the comments made by Susan Hawes during the rulemaking hearing. Dr. Wyke noted that Ms. Hawes' written comments were in the rulemaking record on file.

- Action. Ken Williams made the motion, seconded by Shirrin Blaisdell, to approve the Consent Calendar. Voted in the affirmative by seven Trustees (Beliveau, Blaisdell, Brunton, Metivier, Noyes, Olson, and Williams) and in the negative by one Trustee (Kimball).

CEO REPORT

Dr. Rebecca Wyke introduced Domna Giatas as the new Director of Communications for MainePERS. She shared that four proposals were received from consultants to assist in development of our approach to implementing the divestment legislation. She updated the Board on staff participation in crafting our mission and vision statements and organizational values. She reported that functional unit work plans aligned with the Board's Goals and

Objectives are being developed and will be used to construct the strategic plan. Dr. Wyke continued that stakeholder input will be sought, and the Board will have its first review at the July meeting and the second review and anticipated approval at the August meeting. She stated the FY23 budget focuses on the Board's Goals and Objectives with the greatest attention on supports for member and employer services to ensure a more responsive experience for the members and employers we serve.

PRIVATE MARKET ACTIONS

Bain Capital Venture Fund 2022

- **Action.** Mark Brunton made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to \$25 million to Bain Capital Venture Fund 2022, 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, Olson, and Williams).

Bain Capital Venture Coinvestment Fund IV

- **Action.** Shirrin Blaisdell made the motion, seconded by Mark Brunton, that MainePERS make a commitment of up to \$15 million to Bain Capital Venture Coinvestment Fund IV, 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, Olson and Williams).

Comvest Credit Partners VI

- **Action.** Ken Williams made the motion, seconded by John Beliveau, that MainePERS make a commitment of up to \$125 million to Comvest Credit Partners VI, 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, Olson, and Williams).

Stonelake Opportunity Partners VII

- **Action.** Dick Metivier made the motion, seconded by John Beliveau, that MainePERS make a commitment of up to \$40 million to Stonelake Opportunity Partners VII, 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, Olson, and Williams).

INVESTMENT POLICY UPDATE

Jim Bennett and the Trustees discussed the suggested modifications to Appendix 1 of the Investment Policy Statement. The recommendations are a reduction from 15.0% to 12.5% in Private Equity; an increase from 7.5% to 10.0% in Alternative Credit; a reduction from

7.5% to 5.0% in Traditional Credit; and an increase from 7.5% to 10.0% in US Government Securities.

- **Action.** Mark Brunton made the motion, seconded by Shirrin Blaisdell, that the Board adopt amended Board Policy 2.1. Voted in the affirmative by seven Trustees (Beliveau, Blaisdell, Brunton, Metivier, Noyes, Olson, and Williams) and in the negative by one Trustee (Kimball).

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of April 30th, the MainePERS fund had a preliminary market value of \$18.6 billion, the preliminary fund return for the month was -2.7%, and the preliminary fiscal year-to-date and calendar year-to-date returns were 4.8% and -2.6%, respectively. Jim reminded Trustees that these returns are calculated by the System's custodian based on private market values reported with a one quarter lag. Jim discussed how this lagged reporting can impact reported returns and informed Trustees that the fiscal year-to-date return on an unlagged basis was around 1%.

Investment Quarterly Review

Stuart Cameron and Brian McDonnell reviewed the summary portfolio for the first quarter. Stuart and Tom Lynch of Cliffwater discussed and answered questions from the Trustees.

Risk Diversifiers Quarterly Review

Stuart Cameron provided the Trustees with the risk diversifiers first quarter report. Stuart answered questions from the Trustees on the report.

PRIVATE MARKETS REVIEW

Private Markets Activity

Jim Bennett shared that the next manager meeting is scheduled for Tuesday, May 24, 2022, with presentations by Thoma Bravo at 9:00 a.m.; Brookfield Infrastructure at 10:00 a.m.; and, Pathlight Capital at 11:15 a.m.

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

Cliffwater Quarterly Review

George Bumeder and Tom Lynch presented the private assets portfolio as of December 31, 2021. George reviewed the private equity, infrastructure, natural resources, and alternative credit portfolios with the Trustees. George and Tom answered questions from the Trustees.

Real Estate Quarterly Review

Ed Schwartz provided the Trustees with an overview of the real estate portfolio as of December 31, 2021.

FINANCE AND AUDIT COMMITTEE

Report from the Committee

Shirrin Blaisdell, Chair of the Finance and Audit Committee, shared with the Trustees they had met that morning and discussed the FY23 budgets presented to the Committee and are recommending approval by the Trustees. Dr. Rebecca Wyke and Sherry Vandrell reviewed the Administrative and Investment Expenses Budgets with the Trustees. There was an increase of 3.7% in the Administrative Operations Expenses Budget and an increase of 7.8% in the Investment Operations Expenses Budget. Dr. Wyke and Sherry responded to questions from the Trustees regarding both budgets.

- **Action.** Dick Metivier made the motion, seconded by Shirrin Blaisdell, that the Board approve the FY23 Recommended Operating Budget in the amount of \$17,755,530 and the recommended Investment Operations Budget in the amount of \$6,371,987. Voted unanimously by eight Trustees (Beck, Beliveau, Blaisdell, Brunton, Metivier, Kimball, Noyes, and Williams).

Internal Auditing Services

Sherry Vandrell stated the internal audit services contracting is complete and two firms were chosen, Wipfli, LLP and Clifton, Larson, Anderson (CLA). Sherry introduced Sarah Lutzke and Chris Curran of Wipfli to the Trustees. Sarah and Chris shared a presentation on their approach for providing internal audit services. Sarah and Chris answered questions from the Trustees.

ADMINISTRATION REPORT

Operations Report

Jim Dusch shared strategic planning work continues, and he is looking forward to the new Chief Services Officer, Chip Gavin, beginning work later this month.

Rebecca Grant stated recruiting continues, and the new Director of Information Technology is on board.

RULEMAKING

Kathy Morin provided the Trustees with the recommendations for repealing Rule Chapter 202 and the adoption of Rule Chapter 512. Kathy answered questions from the Trustees.

- **Action.** Motion by Ken Williams, seconded by Mark Brunton, that the Board repeal Rule Chapter 202 and adopt the Basis Statement for repeal. Voted in the affirmative by seven Trustees (Beck, Beliveau, Blaisdell, Brunton, Metivier, Noyes, and Williams) and in the negative by one (Kimball).
- **Action.** Motion by Dick Metivier, seconded by Shirrin Blaisdell, that the Board adopt Rule 512 and its Basis Statement. Voted in the affirmative by seven Trustees (Beck,

Beliveau, Blaisdell, Brunton, Metivier, Noyes, and Williams) with one abstention (Kimball).

Kathy shared a proposed change to Rulemaking Chapter 803, which governs the consolidated plan for the PLD's. The change would incorporate an additional 1% COLA for this year. We will notice the rulemaking change for a public hearing in June and bring it to you for your consideration in July.

LEGISLATIVE UPDATE

Kathy Morin stated the Legislature has adjourned and updated the Trustees on the status of legislative bills. None of the special plan bills received funding. The remote meetings bill was enacted and will become effective 90 days after the close of the session. Next steps will be updating law books, policies and procedures, informational booklets, and the website.

LITIGATION UPDATE

Betsy Stivers stated the appeal period for the Hawaii action has passed without an appeal being filed, so the matter is now closed. Betsy shared the personnel matter has proceeded into the discovery phase. She stated that she will be responding to a second Freedom of Access (FOA) matter filed by Ms. Hawes regarding document requests and attendance at meetings.

Brian Noyes shared that he, Dick Metivier, and Dr. Wyke had a call with Amy McDuffee requesting to work with her again on Board governance. Dr. Wyke stated Amy will provide the Trustees with a self-assessment survey in August and will share the outcome of that survey in September.


ADJOURNMENT

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

The meeting adjourned at approximately 12:10 p.m.

6/9/2022

Date Approved by the Board



Dr. Rebecca M. Wyke, Chief Executive Officer

6.9.22

Date Signed