

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
July 14, 2022

MainePERS
Augusta
9:00 a.m.

The Board of Trustees met at MainePERS, 139 Capitol Street, Augusta, ME 04332 at 9:00 a.m. on July 14, 2022. Brian Noyes, Chair, presided. Other Trustees participating were Dick Metivier, Vice Chair; Henry Beck, State Treasurer; Shirrin Blaisdell; John Kimball; and Ken Williams. Joining the Trustees were Dr. Rebecca M. Wyke, Chief Executive Officer; Michael Colleran, Chief Operating Officer and General Counsel; Chip Gavin, Chief Services Officer; Monica Gorman, Secretary to the Board of Trustees; and Betsy Stivers, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by James Bennett, Chief Investment Officer; Zackery McGuire, Deputy Chief Investment Officer; Kathy Morin, Director of Actuarial and Legislative Affairs; Stuart Cameron, Cambridge Associates; Tom Lynch and George Bumeder, Cliffwater; Thor Eriksen, ORG; Gene Kalwarski, Fiona Liston, and Ryan Benitez, Cheiron; and Brianna Castro, Gordon Seymour, Matt Seutfert, and Denise Mallett, Glass Lewis.

Brian Noyes called the meeting to order at 9:00 a.m. All Trustees were present except for John Beliveau and Mark Brunton.

CONSIDERATION OF THE CONSENT CALENDAR

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

- Minutes of June 9, 2022
- Decision, D.C. Appeal 2019-011

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, to approve the Consent Calendar. Voted in the affirmative by six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

CEO REPORT

Dr. Rebecca Wyke reported that Amy McDuffee of Mosaic Governance Advisors will be conducting a survey and facilitating a discussion to support the Board's self-evaluation process. Amy will compile the survey results and provide them to the Board at the September Board meeting. Dr. Wyke updated the Board on the strategic planning process, including the engagement of employees and the solicitation and receipt of comments from members, retirees, employees, employers, and stakeholders. She presented the draft 5-year Strategic Plan to the Board for review and feedback prior to requesting approval at the August Board meeting.

PRIVATE MARKETS ACTION

- Action. Ken Williams made the motion, seconded by Shirrin Blaisdell, 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 six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

Board moved out of executive session.

AG Direct Lending Fund V

- **Action.** Dick Metivier made the motion, seconded by Ken Williams, that MainePERS make a commitment of up to \$125 million to AG Direct Lending Fund V, 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 six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

Stonepeak Core Fund

- **Action.** Dick Metivier made the motion, seconded by Ken Williams, that MainePERS make a commitment of up to \$100 million to Stonepeak Core 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 six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

RISK DIVERSIFIERS ACTION

Risk Diversifiers Rebalancing

Jim Bennett reviewed and discussed with the Trustees the suggested change to Policy 2.1 Appendix 2 Rebalancing. Jim stated the Investment Team is recommending the policy be modified to allow rebalancing within the Risk Diversifier allocation.

- **Action.** Henry Beck made the motion, seconded by John Kimball, that the Board adopt amended Appendix 2 of Board Policy 2.1. Voted unanimously by six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

Risk Regime Investment Strategy

Jim Bennett made a recommendation to the Board to redeem the System's investment in Windham Capital's Risk Regime strategy and explained that this recommendation followed a review of the Risk Diversifier allocation conducted by the Investment Team and Cambridge Associates.

- **Action.** Henry Beck made the motion, seconded by Shirrin Blaisdell, that the Board authorize the Chief Executive Officer, Chief Investment Officer and General Counsel as signatories to execute the documents necessary to include full redemption (approximately \$175 million) of the System's investment in Windham Capital's Risk Regime strategy. Voted unanimously by six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of June 30th, the MainePERS fund had a preliminary market value of \$18.2 billion, the preliminary fund return for the month was -2.5%, and the preliminary calendar year-to-date return was -4.9%.

PRIVATE MARKETS REVIEW

Private Markets Activity

Zack McGuire reviewed the table of private market funds and co-investments that had closed during the past 12 months. Zack shared that the next manager meeting is scheduled for Tuesday, July 26, 2022, in Portland, with presentations by Sprott Private Resources Lending III at 10:00 a.m. and Hudson Bay Master Fund at 11:15 a.m. Zack shared there will not be an August Investment Meeting.

ACTUARIAL

Rate Setting for State-Funded Plans FY24-25

Dr. Rebecca M. Wyke, Gene Kalwarski, and Fiona Liston reviewed with the Trustees a presentation of the pension rates for FY24-25 for the State Employee and Teacher Retirement Program, Judicial Retirement Program, and Legislative Retirement Program. The group answered questions from the Trustees.

- Action. Motion by Shirrin Blaisdell, seconded by Henry Beck, that the Board approve the recommended rates for the State Employee and Teacher Retirement Program, Judicial Retirement Program and Legislative Retirement Program for fiscal years 2024 and 2025 based on Option 3 in Cheiron's presentation, notwithstanding Board Policy 2.2. Voted unanimously by six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

Brian Noyes thanked all of those involved in putting this information together.

GLI Study and Rates

Ryan Benitez reviewed group life insurance coverage and basic premiums for active employees and retirees. He also reported on retiree actuarially determined contributions.

1996 UAL

Gene Kalwarski discussed progress on paying off the 1996 unfunded actuarial liability.

OPERATIONS AND MEMBER SERVICES REPORT

Michael Colleran shared the Operations and Member Services Report will be provided by himself and Chip Gavin going forward. Chip reviewed the member services data and shared the PLD Advisory Committee will be discussing the retroactive FY22 COLA at their August meeting. Chip stated a MaineSTART outreach has begun for the possible

expansion to eligible teachers. Chip shared that PLD activity increased with 10 employers joining or rejoining and 18 communities updating their agreements to expand employee eligibility. Michael shared that the Accounting and Finance Department is busy closing out FY22 and beginning work on the annual audit with BerryDunn. He also stated we are working again with our security consultant on building security and an active shooter response plan. Human Resources continues to work on recruitment, while Maureen Burgess, HR Assistant, will be retiring at the end of this month after 31 years at MainePERS. Michael also reported on new information technology.

PROXY VOTING

Jim Bennett provided an overview Board Policy 2.7, which directs the Investment Team to develop and maintain proxy voting guidelines and to engage a proxy agent for the purpose of voting its proxies. Jim introduced Denise Mallet, Director of Business Development; Brianna Castro, Senior Director, US Research; Gordon Seymour, Special Counsel for Public Policy; and Matt Seufert, Head of US Client Services from Glass Lewis, our current proxy agent. Denise, Brianna, Gordon, and Matt reviewed with the Trustees the proxy voting summary report for FY22.

RULEMAKING

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

Public Hearing on Proposed Amendment to Rule Chapter 414

Michael Colleran summarized the proposed amendments of Rule 414 (Required Minimum Distributions), which would provide additional guidance on compliance with federal required minimum distribution requirements for defined benefit plans.

No members of the public commented. Brian noted that written comments on the proposed amendments may be submitted by 4:00 p.m. on July 25, 2022.

Amendment to Rule Chapter 803

Michael Colleran provided the Trustees with recommendations for amendments of Rule Chapter 803 (plan provisions for the PLD Consolidated Plan), which would provide an additional 1% cost of living adjustment for the current year, correct erroneous cross-references, and remove obsolete language.

- Action: Motion made by Dick Metivier, seconded by Henry Beck, that the Board adopt amended Rule 803 and its Basis Statement. Voted unanimously by six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

LITIGATION UPDATE

Betsy Stivers shared the Judge consolidated Ms. Hawes' FOA matters and he will have a conference of the parties to discuss any outstanding issues and whether a hearing is necessary. She stated she was given approval to file an amicus brief in the workers'

compensation matter, but the case was settled with no amicus brief necessary. Betsy shared the personnel matter is still in discovery.


ADJOURNMENT

- Action. Henry Beck made a motion, seconded by Shirrin Blaisdell, to adjourn the July Board of Trustees meeting. Voted unanimously by six Trustees (Beck, Blaisdell, Kimball, Metivier, Noyes, and Williams).

The meeting adjourned at approximately 12:15 p.m.

8/11/2022

Date Approved by the Board



Dr. Rebecca M. Wyke, Chief Executive Officer

8/11/22

Date Signed