

# MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Minutes

Board of Trustees  
Board Meeting  
August 11, 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 August 11, 2022. Brian Noyes, Chair, presided. Other Trustees participating were Dick Metivier, Vice Chair; Henry Beck, State Treasurer; Shirrin Blaisdell; John Beliveau, Mark Brunton, 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 Philip Mantis, 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; Brian McDonnell and Stuart Cameron, Cambridge Associates; Tom Lynch and George Bumeder, Cliffwater; and, Thor Eriksen and Stephen Stuckwisch, ORG.*

Brian Noyes called the meeting to order at 9:05 a.m. Henry Beck, participated through video remote access pursuant to 1 M.R.S. § 403-B, having been excused from in-person attendance by the Board Chair due to illness. All other Trustees were physically present.

### **CONSIDERATION OF THE CONSENT CALENDAR**

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

- Minutes of July 14, 2022
- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell, to approve the Consent Calendar. Voted in the affirmative by seven Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams) with one Trustee not voting (Beck).

### **CEO REPORT**

Dr. Rebecca Wyke provided an overview of the process used to develop the 5-year Strategic Plan, including the engagement of employees and the solicitation and receipt of comments from members, retirees, employees, employers, and stakeholders. She thanked the staff and particularly the group representatives for all their hard work on the organizational values. Dr. Wyke presented the Plan to the Board for approval.

- Action. Ken Williams made the motion, seconded by Shirrin Blaisdell, that the Board adopt the MainePERS 5-year Strategic Plan. Voted unanimously by eight Trustees (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

Brian Noyes thanked the staff and leadership for all their hard work on this project.

## **PRIVATE MARKETS ACTION**

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

*Board moved out of executive session.*

### **Sprott Private Resources Lending III**

- **Action.** Dick Metivier made the motion, seconded by John Beliveau, that MainePERS make a commitment of up to \$30 million to Sprott Private Resources Lending III, 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 (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

### **Hudson Bay Fund**

- **Action.** Mark Brunton made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to \$100 million to Hudson Bay 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 (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

## **INVESTMENT REVIEW**

### **Investment Monthly Review**

Jim Bennett reported that as of July 31st, the MainePERS fund had a preliminary market value of \$18.6 billion, the preliminary fund return for the month was 1.8%, and the preliminary calendar year-to-date return was -2.3%.

### **Quarterly Rebalancing Report**

Jim Bennett shared the quarterly rebalancing activity report with the Trustees. Jim stated this summary will be provided to the Trustees on a quarterly basis.

### **Investment Quarterly Review**

Stuart Cameron reviewed the quarterly report ending June 30, 2022 with the Trustees. Stuart answered various questions from the Trustees.

### **Risk Diversifiers Quarterly Review**

Stuart Cameron reviewed the risk diversifier quarterly report ending June 30, 2022 with the Trustees.

## **PRIVATE MARKETS REVIEW**

### **Private Markets Activity**

Zack McGuire reviewed the table of private markets funds and co-investments that had closed during the past 12 months. Zack shared there will not be an August Investment Meeting.

### **Co-Investment Additional Reporting**

Zack McGuire shared the co-investment reporting for the period ending June 30, 2022 and reviewed additional reporting. Zack answered questions from the Trustees regarding both.

### **Real Estate Quarterly Report**

Thor Eriksen and Stephen Stuckwisch provided a summary of the Real Estate Portfolio as of March 31, 2022. Thor and Stephen answered questions from the Trustees.

### **Cliffwater Quarterly Report**

Tom Lynch and George Bumeder presented Cliffwater's Quarterly Report as of March 31, 2022. Tom and George answered questions from the Trustees.

## **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 509**

Michael Colleran summarized the proposed amendments of Rule 509 (disability retirement applicants and the ability to perform duties of employment position).

Susan Hawes provided oral and written comments against the amendment to Rule 509. She commented that "essential duties" in the proposed rule should be replaced by "essential functions" to be consistent with the statutory language. Brian noted that written comments on the proposed amendments may be submitted by 4:00 p.m. on August 22, 2022.

### **Public Hearing on Proposed Amendment to Rule Chapter 702**

Michael Colleran summarized the proposed amendments of Rule 702 (process for appeals of decisions of the CEO).

Susan Hawes provided oral and written comments against the amendment to Rule 702. She commented that the rule lacks a mechanism to file a complaint about a hearing officer, the word "shall" should be changed to "must" in Section 14 of the rule, and that consensus based rulemaking should be used to address other policy changes. Brian noted that written

comments on the proposed amendments may be submitted by 4:00 p.m. on August 22, 2022.

#### **Amendment to Rule Chapter 414**

Michael Colleran provided the Trustees with recommendations for amendments to Rule Chapter 414 (Required Minimum Distributions), which would provide additional guidance on compliance with federal required minimum distribution requirements for defined benefit plans.

- **Action:** Motion made by Dick Metivier, seconded by Ken Williams, that the Board adopt amended Rule Chapter 414 and its Basis Statement. Voted unanimously by eight Trustees (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

#### **Public Hearing on Proposed Amendment to Remote Meeting Provisions of Board Policy 1.10**

Michael Colleran summarized the proposed amendment to Board Policy 1.10 (the remote meeting policy). Michael stated the statute regarding remote meetings was amended earlier this month. The recommended change to the policy removes the restriction that a board member will be permitted to attend remotely due to individual circumstances no more than two Board meetings in a calendar year and changes the title from Executive Director to Chief Executive Officer.

No members of the public commented on the proposed amended policy.

- **Action.** Motion by Dick Metivier, seconded by Mark Brunton, that the Board approve amended Board Policy 1.10. Voted unanimously by eight Trustees (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

### **COST OF LIVING ADJUSTMENT (COLA)**

#### **COLA Update**

Dr. Rebecca M. Wyke shared the CPI-U as of June 30, 2022 was 9.1%. The COLA for the State-sponsored plans is capped at 3% of the first \$24,186.25 of benefits. The increase for the PLD Consolidated Plan is capped at 2.5% of the total benefit. The COLA for withdrawn PLD's is capped at 4% of the total benefit. Because the State-sponsored plans did not receive the full COLA, MainePERS will submit the additional cost to fund the full COLA to the Governor and Legislature as required by law.

#### **Adoption of Annual COLA Rates**

- **Action.** Motion made by Ken Williams, seconded by Mark Brunton, that the Board adopt cost of living adjustments of 3% of the COLA base for the State-sponsored plans, 2.5% for the PLD Consolidated Plan, and 4% for withdrawn PLDs, effective September of 2022, and that the System provide the Governor with the information and supplemental budget request required when the full COLA is not paid for the State-

sponsored plans because of the cap. Voted unanimously by seven Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

## **FINANCE AND AUDIT COMMITTEE**

- **Action.** Motion made by Shirrin Blaisdell, seconded by Ken Williams, that the Board enter into executive session pursuant to 1 M.R.S. §405(6)(D) to discuss labor contracts and proposals between MainePERS and the Maine Service Employees Association. Voted unanimously by seven Trustees (Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

*Board moves out of executive session.*

*Brian Noyes left the meeting at 11:50 a.m. Dick Metivier presided over the remainder of the meeting.*

### **Internal Audit Update**

Shirrin Blaisdell stated the Finance and Audit Committee reviewed the Administrative and Investment financial statements for the end of the year. She shared the Committee was provided a presentation from the external auditors, BerryDunn, who reviewed their agenda for the audit. Sherry Vandrell shared that the Committee also met with Wipfli, LLC, internal auditor, who provided a presentation on the internal audit risk assessment and draft audit plan. Shirrin and Sherry answered questions from the Trustees.

## **OPERATIONS AND MEMBER SERVICES REPORT**

Chip Gavin stated great work across the agency by those who have worked on the PLD retroactive COLA. The group has prepared mailings, website postings, and information for incoming calls for those members with questions. Chip thanked the staff for all of their hard work during this process. Chip shared an electronic communication pilot project is underway. The goal is to provide newsletters, COLA information, and general solicitation of feedback from members and retirees via email. Chip stated an email communication was sent out to leaders of school systems informing them of the eligibility of teachers to join MaineSTART.

Michael Colleran reported that we filled eight positions in July, all of which were internal hires. We had three new employees start this week and expect two more to join later this month. Michael shared that the Employer Reporting unit had a busy month in July assisting 10 new or rejoining PLDs and 18 PLDs with new plans while ensuring employer reporting reflected the new contribution rates that went into effect July 1. Michael stated line of business and IT staff have been working to provide Cheiron with information in preparation for annual valuations. He also shared that the migration to Mimecast, the new email archiving system, is complete.

## **LITIGATION UPDATE**

Philip Mantis shared the personnel matter was still in discovery with no new information. Work continues on the email search which, is time consuming due to the number of email accounts and years that need to be searched. Philip stated a conference was held with the

Judge in regards to Ms. Hawes' FOA matters. The Judge reviewed each of the requests and allowed the parties to be heard and stated he would issue an order in the near future. As of this date, no order has been received.

**ADJOURNMENT**

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

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

9/8/22  
Date Approved by the Board

  
Dr. Rebecca M. Wyke, Chief Executive Officer  
9/8/22  
Date Signed