

## **Governance Manual**

MainePERS Board of Trustees

### **MainePERS Board of Trustees Charter**

Adopted: March 9, 2023

Amended: November 14, 2024; November 13, 2025

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Every Trustee is a fiduciary for the System's members and beneficiaries. As such, Trustees are expected to participate fully in all Board business and in their assigned roles on the Board. Trustees are expected to maintain current knowledge on issues facing the system. Trustees must be able to devote the time necessary to fulfill the commitments of good stewardship, fiduciary duty, and others delineated by Maine law. (*Board Policy 1.4*) Accordingly, the Board of Trustees has adopted this charter which sets out the Board's principles, duties, and oversight responsibilities for the governance of MainePERS and its programs.

### **Board Principles**

The Board will govern with an emphasis on outward and future vision, strategic leadership, encouraging diverse viewpoints and collective decision-making. The Board will maintain a clear distinction between Board and management roles.

In order to govern under these principles, the Board commits to:

- Promoting group responsibility while using the individual experience of members to enhance the proficiency of the Board as a body;
- Directing, controlling and inspiring the organization through broad written governance policies focused on long-term outcomes that reflect the Board's values and perspectives;
- Governing itself with excellence, allowing no individual Trustee to hinder or be an excuse for not making collective decisions or fulfilling its commitments;
- Continuing Board development including orientation of new Trustees in the Board's governance process and periodic Board discussion of governance improvements; and
- Monitoring and discussing the Board's process and performance through annual self- evaluations. (*Board Policy 1.1*)

### **Board Duties**

The Trustees of the System, both collectively as the Board and individually, have a fiduciary duty imposed by the Constitution of Maine, statutes, and common law. The members of the Board of Trustees are trustees of the funds of the System and have a fiduciary obligation to administer the System and the funds under the System's control solely in the best interests of the members as beneficiaries of pension and related benefits.

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It is the obligation of every Trustee to conduct themselves in a manner that promotes public confidence in the integrity, impartiality, professionalism and ethical behavior of the system in its relations with retirees, beneficiaries, members, employers, the public, staff and outside providers of goods and services.

Nothing shall excuse any Trustee from any other restrictions or requirements of State or federal law concerning conflicts of interest and fiduciary duties. (*Board Policies 1.2, 1.3*)

The duties of the Board include, but are not limited to:

1. Setting policy for the Chief Executive Officer (CEO) to implement;
2. Monitoring compliance with applicable law, regulations, rules and policies;
3. Adopting, monitoring and periodically updating a strategic plan and key performance and risk measures;
4. Considering recommendations from staff and Board consultants before making decisions;
5. Adopting an annual budget to support operations and monitoring expenses;
6. Adopting rules governing the administration of benefits;
7. Submitting reports and making recommendations to the Legislature regarding the plan's fiscal health and changes to the law; and
8. Reviewing and discussing major issues impacting MainePERS.

## Board Oversight Responsibilities

The Board's oversight responsibilities are outlined as follows:

1. Governance. The Board shall:
  - a. Elect Board officers annually (*Board Policy 1.5*)
  - b. Adopt a Board calendar and work plan annually
  - c. Review the strategic plan annually and update periodically
  - d. Monitor key performance and risk measures annually
  - e. Participate in a Board self-assessment annually (*Board Policy 1.7*)
  - f. Review the Board education plan annually (*Board Policy 1.8*)
  - g. Review Board policies on a three-year cycle and update as needed
  - h. Delegate responsibilities to the CEO, as appropriate (*Board Policy 4.1*)
2. Finance and Audit. The Board shall:
  - a. Approve the administration and investment operating budgets annually (*Board Policy 1.6*)
  - b. Adopt an internal audit plan and update periodically (*Board Policy 1.6*)
  - c. Accept the audited financial statements of the Plan annually (*Board Policy 1.6*)
  - d. Review the Board's independent financial auditor every five years and competitively bid as needed (*Board Policies 1.6, 4.4*)
  - e. Monitor the administration and investment operating budgets quarterly through the Finance and Audit Committee (*Board Policy 1.6*)

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- f. Monitor internal audit activity quarterly through the Finance and Audit Committee (*Board Policy 1.6*)
3. Investments. The Board shall:
  - a. Review investment performance monthly (*Board Policy 2.1*)
  - b. Participate in investment education quarterly (*Board Policy 1.8*)
  - c. Review rebalancing activity quarterly (*Board Policy 2.1*)
  - d. Review proxy voting reports annually (*Board Policy 2.7*)
  - e. Review capital market expectations and existing asset class allocations annually (*Board Policy 2.1*)
  - f. Review the investment policy statement annually
  - g. Review the ESG report and policy annually (*Board Policy 2.6; PL2021, c. 231*)
  - h. Conduct an asset/liability study at least every five years and adjust asset allocation as needed (*Board Policy 2.1*)
  - i. Review the Board's custodian, proxy advisor, and consultants every five years and competitively bid as needed (*Board Policies 2.1, 4.4*)
  - j. Consider recommendations of investment staff and consultants on investment manager selection and MaineSTART plan investment options (*Board Policies 2.1, 2.1-C*)
4. Funding and Actuarial. The Board shall:
  - a. Participate in actuarial practices education annually (*Board Policy 1.8*)
  - b. Review actuarial economic assumptions annually (*Board Policy 2.2*)
  - c. Conduct an actuarial valuation of each plan annually (*Board Policy 2.2*)
  - d. Set contribution rates for the state-sponsored plans biennially (*Board Policy 2.2*)
  - e. Conduct a Group Life Insurance Premium Study every four years and set premiums for all participant groups (*Board Policy 2.1-A*)
  - f. Conduct an actuarial experience study every five years (*Board Policy 2.2*)
  - g. Conduct an actuarial audit every five years (*Board Policy 2.2*)
  - h. Review the Board's actuary every five years and competitively bid as needed (*Board Policies 2.2, 4.4*)
5. Operations. The Board shall:
  - a. Participate in education about the System's lines of business (*Board Policy 1.8*)
  - b. Consider appeals of administrative determinations as needed (*Board Policy 2.4*)
  - c. Monitor member services data monthly
  - d. Review the enterprise-wide risk assessment annually
  - e. Approve cost-of-living-adjustments for retired members and beneficiaries annually (5 M.R.S. §§ 17806 & 18407)
  - f. Monitor cybersecurity and business continuity preparedness
6. Personnel. The Board shall:
  - a. Appoint the CEO
  - b. Review the performance and set the compensation of the CEO annually (*Board Policy 4.3*)

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- c. Ensure there is an appropriate succession plan for the CEO and other key positions
- d. Approve collective bargaining agreements

7. Legal Matters. The Board shall:

- a. Ensure compliance with applicable laws and regulations
- b. Adopt agency rules when required or otherwise appropriate (*Board Policy 2.3*)
- c. Review outstanding litigation monthly
- d. Comply with open meeting requirements (*Board Policies 1.10, 5.6*)