



MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Board of Trustees

Public Meeting Packet

February 8, 2024

**MainePERS Board of Trustees
February 8, 2024
139 Capitol Street, Augusta**

AGENDA

9:00 a.m. ¹		CALL TO ORDER		Brian Noyes
9:00 – 9:05 a.m.	1.	<u>CONSIDERATION OF CONSENT CALENDAR</u> <ul style="list-style-type: none">Minutes of January 11, 2023	ACTION	Brian Noyes
9:05 – 9:15 a.m.	2.	<u>PRIVATE MARKETS ACTION</u> <ul style="list-style-type: none">Executive Session pursuant to 1 M.R.S. §405(6)(F); 5 M.R.S. §17057(4) <p><i>Board moves out of executive session.</i></p> Blue Owl III (Owl Rock III)	ACTION	Brian Noyes James Bennett
9:15 – 9:25 a.m.	3.	<u>CONTINUATION VEHICLES</u>		James Bennett
9:25 – 9:30 a.m.	4.	<u>CUSTODIAN REVIEW</u>		James Bennett
9:30 – 9:35 a.m.	5.	<u>PROXY VOTING</u>		James Bennett
9:35 – 9:55 a.m.	6.	<u>INVESTMENT REVIEW</u> <ul style="list-style-type: none">Investment Monthly ReviewQuarterly Rebalancing ReportRHIT/GLI/OPEB Quarterly ReviewInvestment Quarterly Review		James Bennett Stuart Cameron, Cambridge Assocs.
9:55 – 10:40 a.m.	7.	<u>PRIVATE MARKETS REVIEW</u> <ul style="list-style-type: none">Private Markets ActivityAlbourne Quarterly ReviewCliffwater Quarterly Review		James Bennett James Ackor William Greenwood, Jennifer Yeung, Albourne; Tom Lynch, George Bumeder, Cliffwater
10:40 – 10:55 a.m.		<u>BREAK</u>		
10:55 – 11:10 a.m.	8.	<u>RISK DIVERSIFIERS QUARTERLY REVIEW</u>		Stuart Cameron, Cambridge Assocs.

¹ All times are estimated based upon the anticipated length of each presentation, hearing, discussion, and action. The presiding officer may take agenda items out of order for more efficient or effective conduct of the meeting.

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|-------------------------|-----|--|---|
| 11:10 – 11:20 a.m. | 9. | <u>FINANCE AND AUDIT COMMITTEE UPDATE</u> | Shirrin Blaisdell |
| 11:20 – 11:30 a.m. | 10. | <u>LEGISLATIVE UPDATE</u> | Kathy Morin |
| 11:30 – 11:40 a.m. | 11. | <u>MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT</u> | Chip Gavin
Sherry Vandrell
Lynn Clark |
| 11:40 – 11:45 a.m. | 12. | <u>LITIGATION UPDATE</u> | Betsy Stivers |
| 11:45 a.m. – 12:00 p.m. | 13. | <u>CEO REPORT</u> | Dr. Rebecca M. Wyke |
| 12:00 p.m. | | <u>ADJOURNMENT</u> | Brian Noyes |
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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
January 11, 2024

MainePERS
Augusta
9:00 a.m.

The Board of Trustees met at MainePERS, 139 Capitol Street, Augusta, ME 04330 at 9:00 a.m. on January 11, 2023. Dick Metivier, Vice Chair, presided. Other Trustees participating were: Greg Olson, Deputy State Treasurer; John Beliveau; Shirrin Blaisdell; John Kimball; and Ken Williams. Joining the Trustees were Dr. Rebecca Wyke, Chief Executive Officer; Michael Colleran, Chief Operating Officer and General Counsel; James Bennett, Chief Investment Officer; Sherry Vandrell, Chief Financial Officer; 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 Mitchell Pierter, Senior Analyst, Investments; Brian McDonnell, Cambridge Associates; Tom Lynch and George Bumeder, Cliffwater; and William Greenwood and, Jennifer Yeung, Albourne.

Dick Metivier called the meeting to order at 9:00 a.m. Greg Olson, John Kimball, and Ken Williams participated through video remote access pursuant to 1 M.R.S. § 403-B, having been excused from in-person attendance. All other Trustees were physically present.

CONSIDERATION OF THE CONSENT CALENDAR

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

- Minutes of December 14, 2023
- Decision, A.L. Appeal

- Action. Shirrin Blaisdell made the motion, seconded by John Beliveau, to approve the Consent Calendar. Unanimously voted by six Trustees (Blaisdell, Beliveau, Kimball, Metivier, Olson, and Williams).

PRIVATE MARKET REVIEW

Private Market Activity

Mitch Pierter reviewed the table of private market funds and co-investments that had closed during the past 12 months. Mitch stated there are no manager meetings for January.

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of December 31, 2023 the MainePERS fund had a preliminary market value of \$19.1 billion, the preliminary return for the month was 1.4%, and the preliminary calendar year-to-date return was 7.6%.

SEMI-ANNUAL PROXY VOTING REVIEW

Jim Bennett provided the proxy voting report to the Board of Trustees for the first half of fiscal year 2024. Jim answered questions from the Trustees.

CAPITAL MARKET EXPECTATIONS AND ASSET ALLOCATION

As directed by Board Policy 2.1, Jim Bennett and Brian McDonnell reviewed long-term capital market assumptions and the System's strategic asset allocation with the Trustees. Brian answered questions from the Trustees.

CONTINUATION VEHICLES

George Bumeder made a presentation on the use of continuation vehicles by private market general partners and the key issues associated with these investments. George, Jim Bennett, and William Greenwood answered Trustee questions.

RHIPEB/GLI/OPEB FUNDS

Asset Allocation Update

Jim Bennett shared the Investment Team has begun the process of rebalancing assets toward the updated policy allocation targets. He stated the Team continues work to open additional accounts required to enable rebalancing to policy weights. Jim answered questions from the Trustees about this process.

Account Authorizations

- **Action.** John Beliveau made the motion, seconded by Shirrin Blaisdell, that the Chief Executive Officer, Chief Investment Officer, and Chief Operating Officer and General Counsel are authorized signatories with respect to accounts at Blackrock Institutional Trust Company, N.A. for the Retiree Health Insurance Post-Employment Benefits Investment Trust Fund, Group Life Insurance, and the MainePERS Other Post-Employment Benefits Trust. Unanimously voted by six Trustees (Blaisdell, Beliveau, Kimball, Metivier, Olson, and Williams).

CEO REPORT

Dr. Rebecca Wyke reported that over 5,000 active and retired members have accessed their online member portal accounts since October 2, 2023. She stated the phased rollout will be complete by the end of January and beginning in February the link to the portal will be on the homepage of the MainePERS website.

Legislative Process

Kathy Morin provided a presentation of the legislative process with the focus on fiscal impact statements. Kathy reviewed the steps taken after legislation is proposed. The topics she covered were governance, roles, and costs of legislation. Kathy answered questions from the Trustees.

Investment Team Activities

Mitchell Pierter, Senior Analyst, Investments, shared an outline of the duties he performs within the Investment Team.

RULEMAKING

Amendment to Rule Chapter 803 – PLD Consolidated Retirement Plan

Michael Colleran reviewed the recommendation for amendments to Rule Chapter 803 (a one-time, non-cumulative cost-of-living payment in the amount of 0.5% for PLD Consolidated Plan retirees and removal of special plan 4N as an option effective February 1, 2024).

- **Action.** Shirrin Blaisdell made the motion, seconded by Ken Williams, that the Board adopt amended Rule Chapter 803 and its Basis Statement. Unanimously voted by six Trustees (Beliveau, Blaisdell, Kimball, Metivier, Olson, and Williams).

LEGISLATIVE UPDATE

Kathy Morin shared that the Legislature has convened and bills are being printed. She reviewed bills that have been carried over and reports that have been or will be submitted by MainePERS to the Legislature.

MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT

Chip Gavin shared the special one-time COLA for PLD Consolidated Plan retirees will be included with the February payroll.

Chip stated that the Member Portal continues to grow and all invitations for portal participation will have been sent by the end of January. He shared that staff are engaging callers to navigate and register to use the portal.

Chip reviewed progress with the Pension Administration System Project.

Sherry Vandrell reported that 97% of employers submitted payrolls on time. She stated one of the large employers that had fallen behind in reporting has issued one delinquent report and a second file is being reviewed prior to filing. There were no new or completed employer audits in the month of December. Sherry shared the internal audit review of facilities management and controls is wrapping-up.

Michael Colleran introduced Lynn Clark, Director of Human Resources and Administration, to the Trustees. The Trustees congratulated Lynn and wished her well in her new position.

Michael shared the Document Center had updated contact information for more than 15,000 members and retirees since the start of the member portal mailings. He stated retention and turnover rates in 2023 improved significantly.

LITIGATION UPDATE

Betsy Stivers shared there is no pending litigation. Betsy stated she will be filing, by the end of this month, an action to recover overpayments to an individual who had passed away but continued to receive benefits for 16 months.

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS
FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER
SUBJECT: CONTINUATION VEHICLES
DATE: JANUARY 31, 2024

At last month's meeting, Trustees received a presentation on continuation vehicles, also known as continuation funds. The use of these specialized funds has become more common over the past several years, and this use is expected to continue. While MainePERS has not invested in any of these funds to date, the Investment Team and the System's investment consultants believe that attractive opportunities to do so may arise in the future. At this month's meeting, we will review continuation vehicles, and present a draft framework for potential participation in these investments. Last month's presentation follows this memo, for your reference.

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](#)

CONTINUATION VEHICLES OVERVIEW

As discussed last month, a continuation vehicle is a fund raised by a General Partner (GP) and involves the transfer of one or more portfolio companies from an existing fund into the new continuation fund. These funds typically involve a portfolio company with meaningful growth potential and need for significant additional capital, held in a fund that is in the later stages of its life and lacking capacity to deploy additional capital into the investment. Existing investors typically have the option to either take liquidity or roll part or all of their investment into the continuation fund. Participating in the continuation fund commonly requires an additional capital commitment over and above the rollover amount, to fund expected growth.

As shown on page 6 of last month's presentation, continuation vehicles feature both risks and potential benefits. Risks include the potential for incorrect pricing as well as adverse selection regarding the assets involved in the fund. Potential benefits include the opportunity to remain

invested in an attractive asset with a known GP, potentially attractive fees, and the opportunity for immediate investment of capital.

MAINEPERS AND CONTINUATION VEHICLES

MainePERS has had a number of opportunities over the past few years to participate in continuation vehicles, as funds in which we are investors use these vehicles to exit positions. As noted above, MainePERS has not pursued any of these opportunities to date, for two main reasons. First, these opportunities have typically arisen in the Private Equity and Infrastructure asset classes, where the System is at or above its target allocation for the asset class. Second, the abbreviated fundraising periods used for continuation funds would make it difficult to receive Trustee approval for these investments following the usual process.

As mentioned above, the Investment Team and consultants believe that attractive opportunities to participate in continuation vehicles may arise in the future. Subject to discussion at this meeting, I plan to recommend at the March Trustee meeting that Trustees authorize the Investment Team to invest in continuation vehicles, subject to the guidelines below. These guidelines are modeled on the co-investment authority provided beginning in 2013.

Asset Classes	Continuation fund investments may be made in each of the private market asset classes.
Discretion	The Investment Team has discretion to commit to continuation funds, in conjunction with asset class consultant.
Signatories	The Chief Executive Officer, Chief Investment Officer, and General Counsel are authorized as signatories to execute documents in connection with continuation fund investments.
Continuation Fund	The continuation fund is being formed to own and operate the assets being acquired from the selling fund. Additional investments made by the fund will be related to the growth of these assets, and the fund is not expected to make new standalone investments. MainePERS is an existing LP in the selling fund.
GP	At time of CV formation, MainePERS expects to continue relationship with GP in this strategy.
Size	Authorization to roll over up to 100% of holding, and to commit additional capital to CV, up to a maximum total investment of \$25m.
Reporting	To be reported to Trustees at monthly meeting as soon as practicable.

Introduction to Continuation Vehicles

January 11, 2024



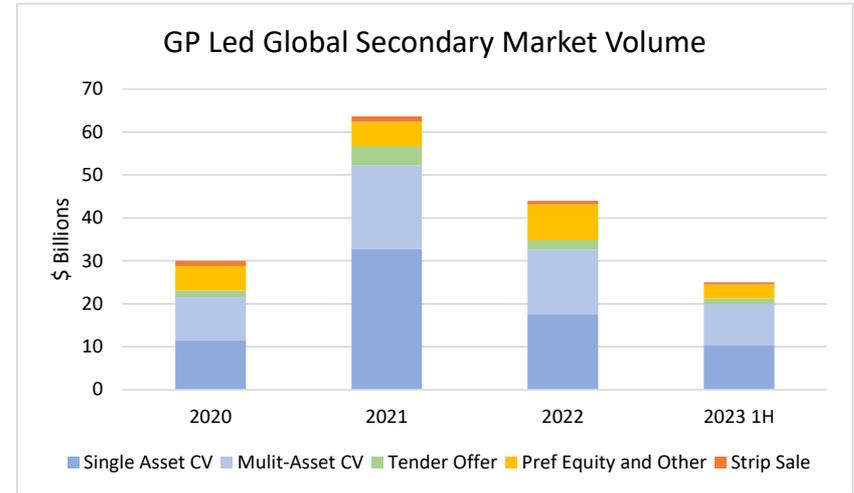
What are continuation vehicles?

- A vehicle (or fund) where a general partner transfers one or more portfolio companies such that they can continue to be managed by the same general partner outside of the fund that originated the investment
- Most common in private equity, but can be associated with any closed end, limited life fund

What are they used for? Why move assets into a new fund?

1. Allow continued management of an asset past the end of a fund's life
 - A fund may have one (or a few) assets left in the later years of its life, and the general partner believes there is still significant upside in these assets
 - Allows some investors to stay in the investment, while others can take liquidity and the fund can be wound down
2. Provide for additional capital for certain assets – a 'resetting' of capital committed that is available for this asset
 - There may be ample merger opportunities available for the portfolio company, and the current fund cannot supply that capital because
 - Investment period is over
 - Adding more capital would create too much concentration
 - A continuation vehicle can allow for more capital to be provided to these investments
3. Provide a partial realization and a reset of incentives to portfolio company management teams

A Material Part of the Secondary Market



Approximately 85% of GP led secondary volume consists of continuation vehicles (single asset or multi-asset)

-
- A general partner identifies a situation where they perceive a need for a continuation fund
 - May be a situation where a sale process is attempted, and no compelling offer is found
 - The general partner solicits offers from secondary private asset funds to ‘anchor’ the continuation vehicle. Often a broker is engaged to run this process
 - The winning bidder typically must show some flexibility in how much capital they can deploy to this continuation vehicle
 - Other secondary firms may join as part of a syndicate
 - Once the investor group (and price) is set, the general partner offers the current fund limited partners the opportunity to:
 - Take cash proceeds from their share of the investment that is sold to the continuation vehicle
 - Stay in the investment and become an investor in the continuation fund; or
 - Some combination of both
 - The general partner then manages that vehicle as a separate fund

One sees a variety of terms for continuation vehicles, some of which are dependent upon the use case for the vehicle

- Fees are lower than for a typical fund - some structures provide for no incremental fees for existing limited partners
- Participating investors usually need to make an additional capital commitment
- Current limited partners may have an ‘all or nothing’ choice regarding participating or may be able to roll half of their investment (or even choose some percentage)
- Current limited partners may be able to make an additional investment beyond their current net asset value (in addition to future capital commitment)
- In most cases, the general partners is reinvesting some or all of the incentive fee that would be realized upon the sale of the asset into the continuation vehicle

Risks

- Incorrect pricing

Mitigants:

- Best practices would be for the general partner to run a true sale process to try and sell the portfolio company to get a market-driven price
- A third-party fairness opinion is an alternative way to validate price, and LP or LP advisory committee approval is almost always required
- Adverse selection on assets – there may be a reason why those assets need more capital or haven't been sold

Mitigant:

- Significant new third-party capital is nearly always needed to launch a CV

Opportunities

- Ability to remain invested with assets that a GP knows well (and to select opportunities where the GP is reinvesting as well through rolling incentive fees)
- Lower fees
- Better control over pacing – most of the capital is typically put to work right away

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MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS
FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER
SUBJECT: **SYSTEM CUSTODIAN REVIEW**
DATE: JANUARY 31, 2024

Board Policy 2.1 requires the Investment Team to evaluate the performance and contract terms of the System's custodian at least every five years, and to make a recommendation to the Board as to whether or not a search process for a new provider should be initiated. The Investment Team completed the last such review in 2017.

The Investment Team began the process of evaluating our custodian in late 2023, and expects to complete this process in time to make a recommendation to Trustees at the March meeting.

POLICY REFERENCE

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

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

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS
FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER
SUBJECT: PROXY VOTING UPDATE
DATE: JANUARY 31, 2024

At the January Board meeting, the Investment Team reviewed the System's approach to proxy voting and its voting record for the first half of fiscal year 2024. Board Policy 2.7 (Engagement) specifies that the System will vote its proxies in the best interests of its members as pension beneficiaries. The Policy directs the Investment Team to develop and maintain proxy voting guidelines, and to engage a proxy agent, currently Glass Lewis, for the purpose of voting its proxies.

A report critical of the System's approach to proxy voting was released on January 23, and Trustees were forwarded a link to the report. This report was the final version of a draft report that we informed Trustees about in November. At this meeting I will briefly review our proxy voting approach and welcome any discussion on these practices.

POLICY REFERENCE

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

[Board Policy 2.7 – Engagement](#)

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

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

PROXY VOTING AT MAINEPERS

Public company annual meetings typically feature a number of ballot items for shareholder consideration, such as Board of Director nominations, ratification of the company's auditor, and various proposals put forward by shareholders. Board Policy 2.7 (Engagement) states that MainePERS will vote its proxies in the best interests of its members as pension beneficiaries, which generally means encouraging good corporate stewardship and maintaining an appropriate balance of long and short-term goals.

As discussed last month, Glass Lewis has updated its Policy Guidelines in advance of the 2024 proxy season. The Investment Team has reviewed these guidelines and believes that the firm's approach to evaluating proxy matters remains consistent with the System's proxy voting principles. Glass Lewis' focus on the oversight of material environmental, social, and governance risks at the board level is longstanding. This includes the evaluation of climate-related issues, where Glass Lewis looks for clear and comprehensive disclosure regarding climate risks, including how companies mitigate and oversee these risks. For the 2023 proxy season, Glass Lewis began to recommend voting against management proposals in cases where companies do not have sufficiently comprehensive disclosures on climate risks and/or insufficient board-level oversight of climate-related issues, for emissions-intensive companies. This practice is being expanded in 2024 to encompass a broader range of companies in industries where such emissions-related risks are deemed financially material.

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS
FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER
SUBJECT: MONTHLY INVESTMENT REVIEW
DATE: JANUARY 31, 2024

Following this memo is the Monthly Investment Review for January, the Quarterly Rebalancing Report, the RHIT/GLI/OPEB Quarterly Review, and Cambridge Associates' Quarterly Investment Review.

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 \$19.1 billion.
- Monthly return of 0.0%.
- Calendar year-to-date return of 0.0%.
- Fiscal year-to-date return of 3.4%.



MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Investment Review

February 8, 2024

Investment Policy Objective

Investment Objective

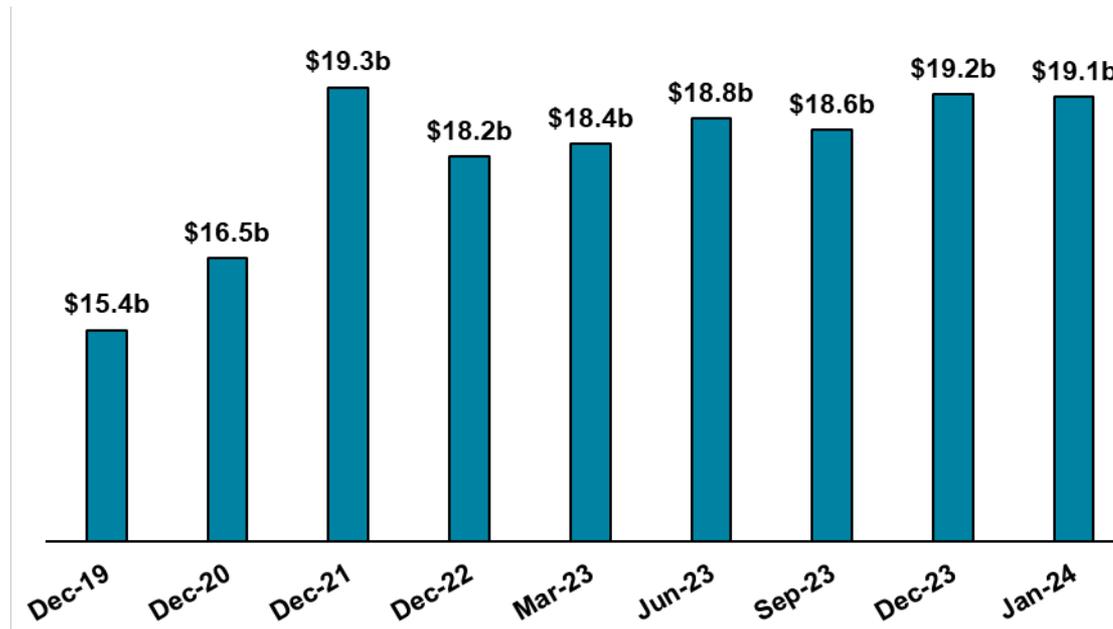
MainePERS' investment objectives balance the System's twin goals of generating investment returns (to ensure growth of the trust funds) and minimizing investment risks (loss of capital and cash flow shortfalls).

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.

January 2024 Performance (Preliminary)

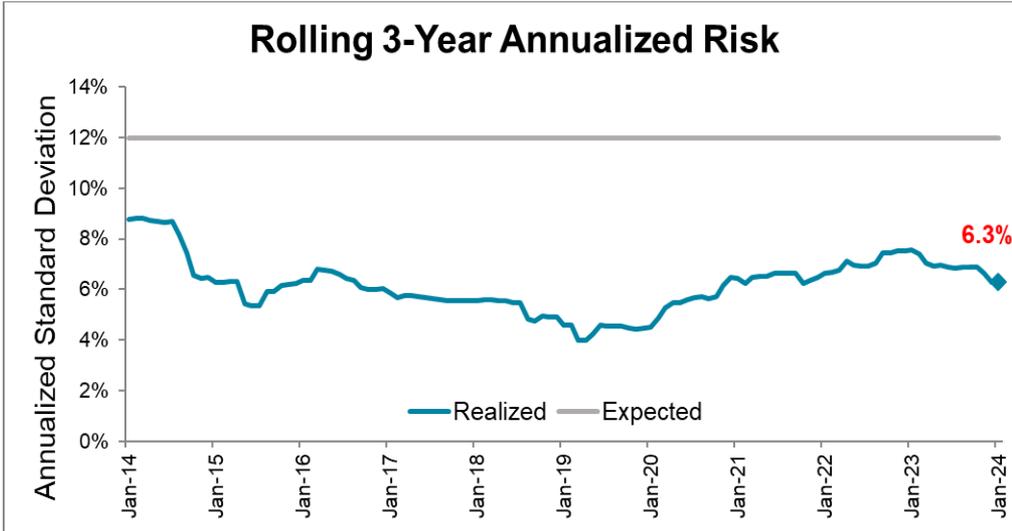
The **preliminary** fund value at the end of January is \$19.1 billion.



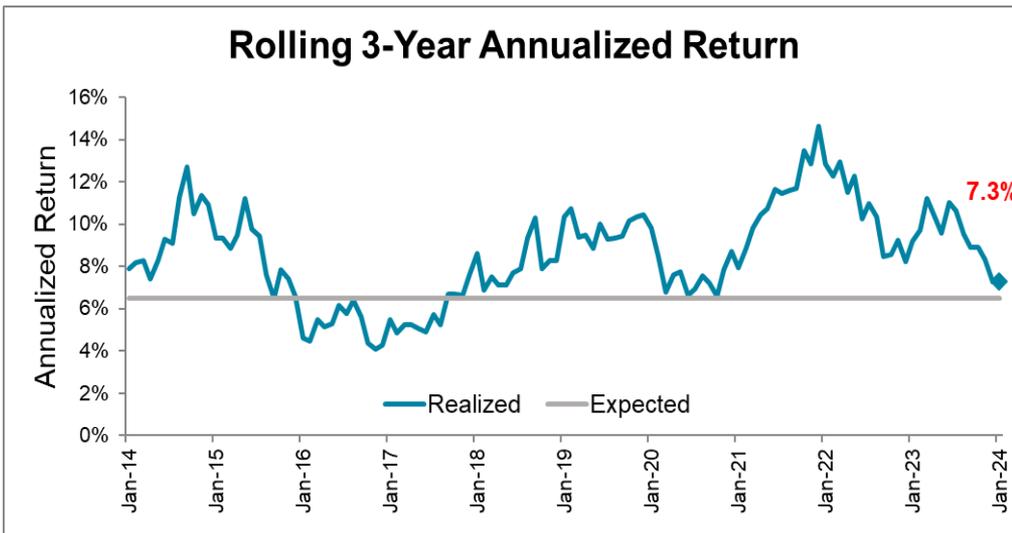
Fund and Benchmark Returns

	Jan-24	CYTD 2024	FYTD 2024
Total Fund	0.0%	0.0%	3.4%
Russell 3000	1.1%	1.1%	9.6%
MSCI ACWI ex-USA	-1.0%	-1.0%	4.6%
Bloomberg US Aggregate	-0.3%	-0.3%	3.1%

Investment Objective Measurement: Risk and Return



Despite heightened volatility in 2022, observed risk at the Fund level remains below targeted risk on a rolling 3-year annualized basis.



On a rolling 3-year annualized basis, investment returns have exceeded expected values and the System's discount rate.

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.

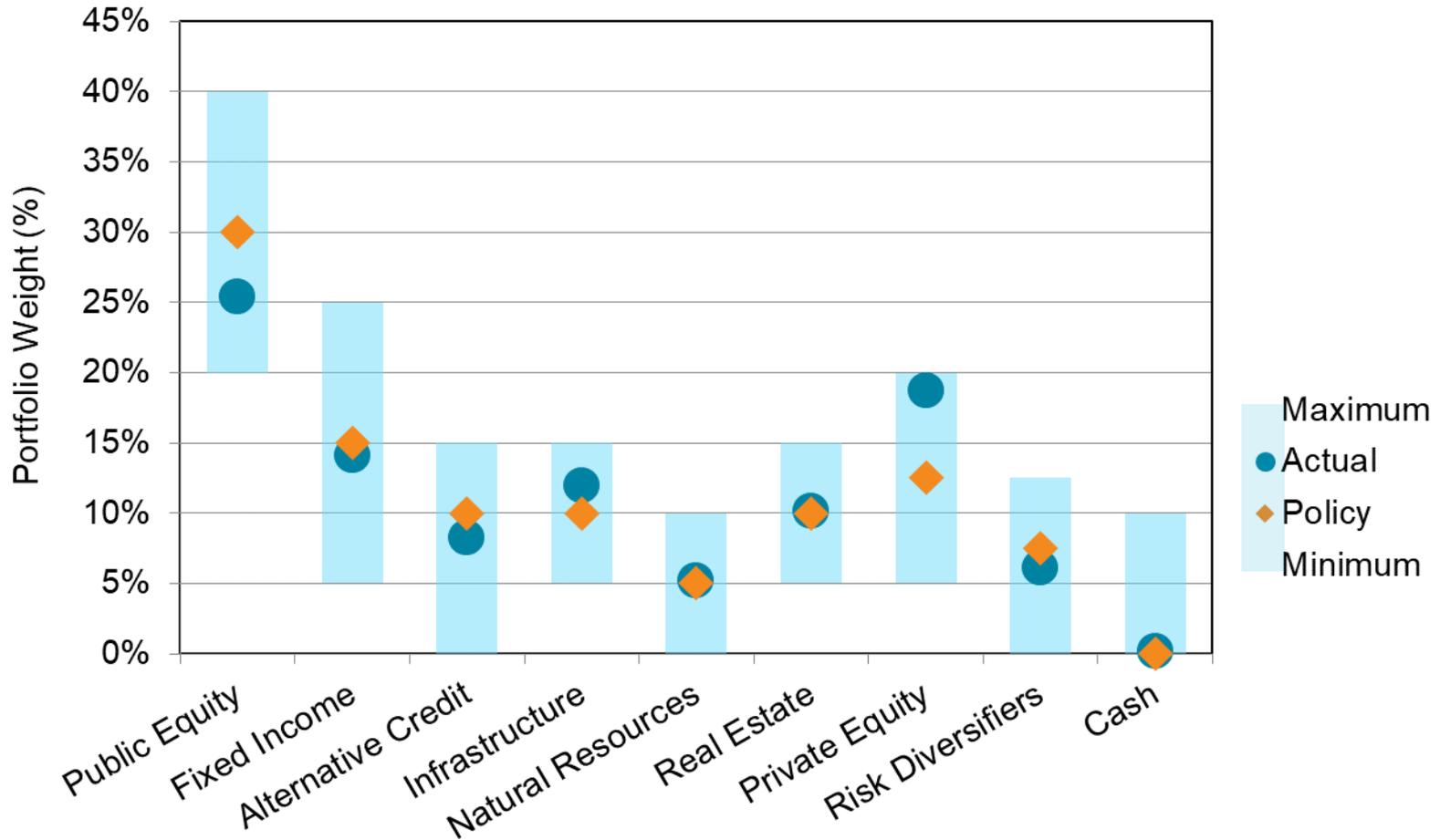
January 2024 Asset Allocation (Preliminary)

Assets (Millions)	Value	% of Fund	Policy %
MainePERS Portfolio	\$ 19,135	100.0%	100.0%
Domestic Equity	\$ 3,065	16.0%	18.8%
International Equity	\$ 1,794	9.4%	11.2%
Fixed Income	\$ 2,697	14.1%	15.0%
Alternative Credit	\$ 1,572	8.2%	10.0%
Infrastructure	\$ 2,296	12.0%	10.0%
Natural Resources	\$ 989	5.2%	5.0%
Private Equity	\$ 3,580	18.7%	12.5%
Real Estate	\$ 1,945	10.2%	10.0%
Risk Diversifiers	\$ 1,166	6.1%	7.5%
Cash	\$ 29	0.2%	0.0%

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

Private equity remains overweight at ~19% of Fund value, and private markets assets in aggregate comprise 54.3% of the overall portfolio, above the 47.5% policy weight.

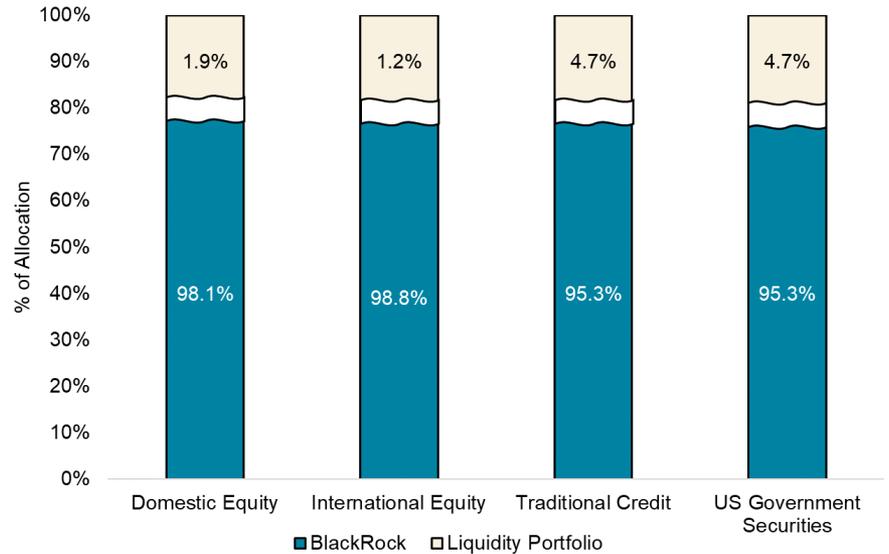
January 2024 Asset Allocation (Preliminary)



Public Securities: Liquidity Portfolio

At the end of January, 1.1% of Fund assets were invested via ETFs and futures contracts in an account managed by Parametric Associates.

The Liquidity Portfolio accounts for 2.7% of MainePERS' total exposure to public securities.



MainePERS Liquidity Portfolio	Market Value (Millions)	Exposure Type
Parametric Domestic Equity	\$57.5	Futures
Parametric International Equity	\$22.0	Futures
Parametric Traditional Credit	\$40.8	ETFs
Parametric US Government Securities	\$85.5	Futures
Total Liquidity Portfolio	\$205.8	

Derivatives and Leverage

MainePERS has **exposure 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: January 2024

Description	FYTD 24	FY 23	FY 22	FY 21	FY 20
Investment Mgmt. Fees	\$79,540,593	\$133,285,971	\$130,884,088	\$120,429,567	\$122,567,451
Securities Lending Fees ¹	713,361	1,303,543	1,744,317	1,653,172	2,239,396
Consulting Fees	708,750	1,193,543	1,120,000	1,120,000	1,120,000
Broker Commissions ²	40,268	136,039	77,558	52,364	37,461
Placement Agent Fees	0	0	0	0	0
Total	\$81,002,972	\$135,919,096	\$133,825,963	\$123,255,103	\$125,964,308
Percentage of Fund ³	0.73%	0.72%	0.73%	0.68%	0.86%

1. Securities Lending Fees are through 12/31/2023
2. Actual paid commissions reported by JP Morgan
3. For FY24: Total fees projected for the full fiscal year (\$138,862,238) divided by current Fund value.
For prior FY: Total fees divided by FYE Fund value.

Securities Lending: December 2023

	Average Lendable Assets	Average Assets On Loan	Total Sec Lending Revenue	Revenue Split	MainePERS Net Income	MainePERS Net Income, FYTD
BlackRock						
Fixed Income	\$1,992,635,273	\$1,371,753,605	\$192,495	60%/40%	\$115,497	\$746,609
Total Equity	\$1,608,367,627	\$157,658,216	\$77,578	60%/40%	\$51,571	\$369,049
Total Blackrock	\$3,601,002,900	\$1,529,411,821	\$270,073		\$167,068	\$1,115,658
JP Morgan						
Domestic Equities	\$2,816,754,644	\$127,454,329	\$29,654	85%/15%	\$25,210	\$176,080
Total JP Morgan	\$2,816,754,644	\$127,454,329	\$29,654		\$25,210	\$176,080
Total	\$6,417,757,544	\$1,656,866,150	\$299,727		\$192,278	\$1,291,738
Total Annualized Securities Lending Income, FY 2024:				\$2,583,475 (0.01%, or 1.4 bps)		
Total Actual Securities Lending Income, FY 2023:				\$2,557,153 (0.01%, or 1.4 bps)		

Liquidity Schedule: January 2024

Term	Market Value	Percent of Portfolio
Liquid ¹	\$7,586m	39.6%
Semi-Liquid ²	\$2,429m	12.7%
Illiquid ³	\$9,120m	47.7%
Total	\$19,135m	100.0%

<u>Sources and Uses of Liquidity</u>		
	Last 12 Months Actual	Next 12 Months Projection
Private Markets Activity		
Capital Contributions	-\$1,086m	-\$770m
Distributions	\$1,230m	\$1,840m
Net Private Markets Activity	\$145m	\$1,070m
Benefit Payments	-\$445m	-\$460m
Net Cash Flows	-\$300m	\$610m

¹Liquid assets includes public equities and public fixed income

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

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

MainePERS Alternative Investments Summary

<i>as of 01/31/2024</i>	# of Funds	# of GP Relationships
Alternative Credit	25	13
Infrastructure	35	11
Natural Resources	16	10
Private Equity	126	34
Real Estate	34	18
Risk Diversifiers	11	10
Total*	247	87

*GP Total may not add due to overlapping relationships

Currently, MainePERS is invested in 247 funds,
and has 87 distinct manager relationships.

MainePERS Alternative Investments Summary

<i>(in \$millions)</i> as of 01/31/2024	Current Market Value			Unfunded Commitment	
	Dollars	% of Fund	Policy %*	Dollars	% of Fund
Alternative Credit	\$ 1,572	8.2%	10.0%	\$ 703	3.7%
Infrastructure	\$ 2,296	12.0%	10.0%	\$ 516	2.7%
Natural Resources	\$ 989	5.2%	5.0%	\$ 218	1.1%
Private Equity	\$ 3,580	18.7%	12.5%	\$ 1,120	5.9%
Real Estate	\$ 1,945	10.2%	10.0%	\$ 369	1.9%
Risk Diversifiers	\$ 1,166	6.1%	7.5%	\$ 105	0.5%
Total Alternatives	\$ 11,548	60.4%	55.0%	\$ 3,032	15.8%

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

*Investment Policy weights approved by the Board of Trustees effective May 2022

Note: Market values shown above are preliminary estimates. Private market asset values are based on 9/30/2023 values, adjusted for subsequent cash flows.

<i>(in \$millions)</i> as of 01/31/2024	Private Market Commitments by Vintage Year				3-Year
	2021	2022	2023	2024	Average ¹
Alternative Credit	\$ 410	\$ 550	\$ 80	\$ 100	\$ 347
Infrastructure	\$ 180	\$ 200	\$ 50	\$ -	\$ 143
Natural Resources	\$ -	\$ 30	\$ 40	\$ -	\$ 23
Private Equity	\$ 438	\$ 218	\$ 71	\$ 124	\$ 242
Real Estate	\$ 285	\$ 180	\$ 50	\$ -	\$ 172
Total Commitments	\$ 1,313	\$ 1,178	\$ 291	\$ 224	\$ 927

¹13-Year Average: 2021-2023

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS
FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER
SUBJECT: QUARTERLY REBALANCING ACTIVITY REPORT
DATE: JANUARY 30, 2024

This memo summarizes rebalancing activity undertaken through the fourth quarter of calendar year 2023.

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](#)

PUBLIC MARKETS REBALANCING

Rebalancing activity within the public markets portfolio during calendar year 2023 is shown below.

Month	Asset Class				Note
	Public Equity	Traditional Credit	US Gov. Nominal	US Gov. TIPS	
January	-	-	\$75 million	-\$75 million	Rebalance
February	-\$200 million	-	\$50 million	-	Raise Cash & Rebalance
March	-\$120 million	-\$55 million	-	-\$25 million	Raising Cash
April	-\$190 million	-	-	-	Raising Cash
May	-	-	-	-	No Activity
June	-\$135 million	-	-	-\$60 million	Raising Cash
July	-	-	-	-	No Activity
August	-	-	-	-	No Activity
September	-	-	-	-	No Activity
October	-\$75 Million	\$30 million	\$45 million	-	Rebalance
November	-	-	-	-	No Activity
December	-\$175 Million	-	\$150 million	\$25 million	Rebalance
Net Activity	-\$895 million	-\$25 million	\$320 million	-\$135 million	

RISK DIVERSIFIERS REBALANCING

At the July 14, 2022 Board meeting, the Trustees authorized the Investment Team to rebalance across existing managers and strategies within the System's Risk Diversifiers portfolio, consistent with the goal of maintaining diversification within the allocation. The summary below details investment activity and rebalancing actions within the Risk Diversifiers portfolio during 2023.

First Quarter 2023

1. ***HBK*** - Additional investment of \$25 million in March. The original investment recommendation of up to \$100 million was approved at the February 2021 Board meeting.

Second Quarter 2023

1. ***Redwood Master Fund*** - New investment of \$100 million in May. Investment recommendation was approved at the May 2023 Board meeting.

Third Quarter 2023

1. ***Fort Global Contrarian Fund*** - Full redemption of \$76.2 million in September, as approved at the September 2023 Board meeting.

Fourth Quarter 2023

1. No Risk Diversifier rebalancing activity.



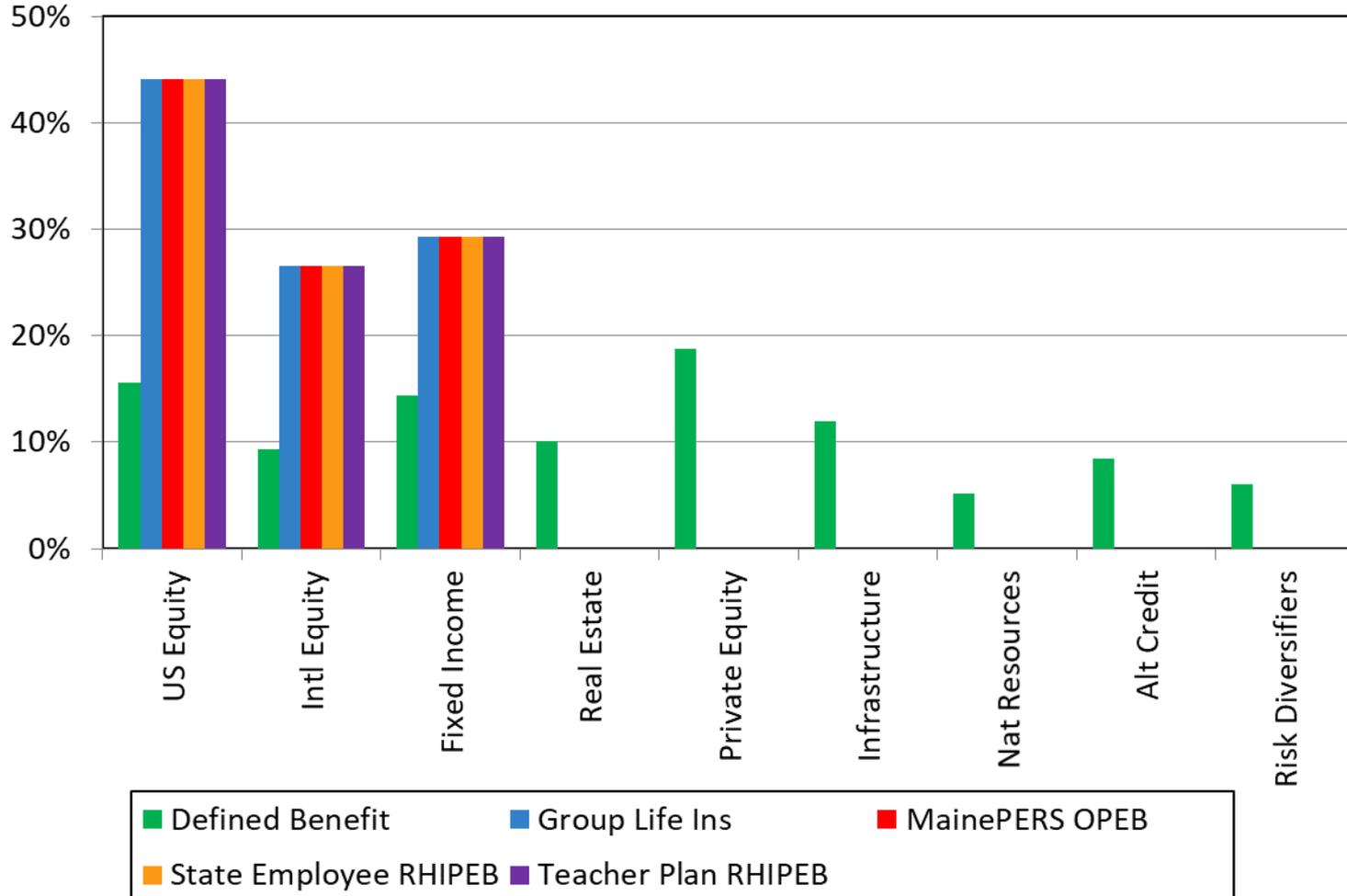
MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

**RHIT/GLI/OPEB Quarterly
Comprehensive Report
February 8, 2024**

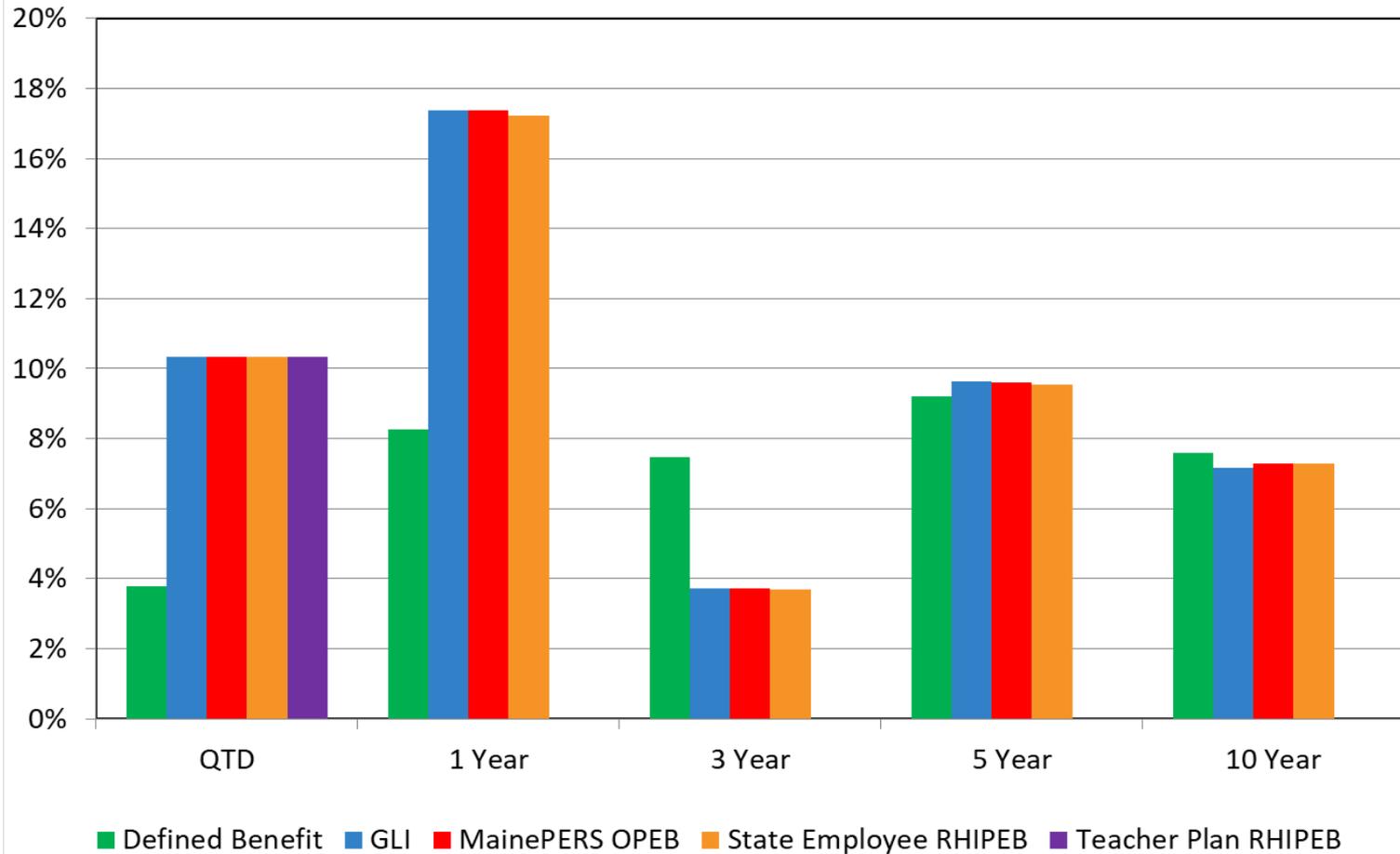
Investment Returns for all Funds at 12/31/2023

Fund	Market Value (millions)	Current Quarter	1 Year	3 Year	5 Year	10 Year
Defined Benefit	\$19,172.7	3.8%	8.2%	7.5%	9.2%	7.6%
Benchmark		4.5%	12.8%	7.1%	9.5%	7.2%
Group Life Insurance	\$188.4	10.3%	17.4%	3.7%	9.6%	7.2%
Benchmark		10.4%	17.6%	3.8%	9.3%	7.1%
MainePERS OPEB	\$17.4	10.3%	17.4%	3.7%	9.6%	7.3%
Benchmark		10.4%	17.6%	3.8%	9.3%	7.1%
State Employee RHIPEB	\$460.6	10.3%	17.2%	3.7%	9.5%	7.3%
Benchmark		10.4%	17.6%	3.8%	9.3%	7.1%
Teacher Plan RHIPEB	\$107.5	10.3%				
Benchmark		10.4%				

Asset Allocation for All Funds at 12/31/2023



Performance for All Funds at 12/31/2023

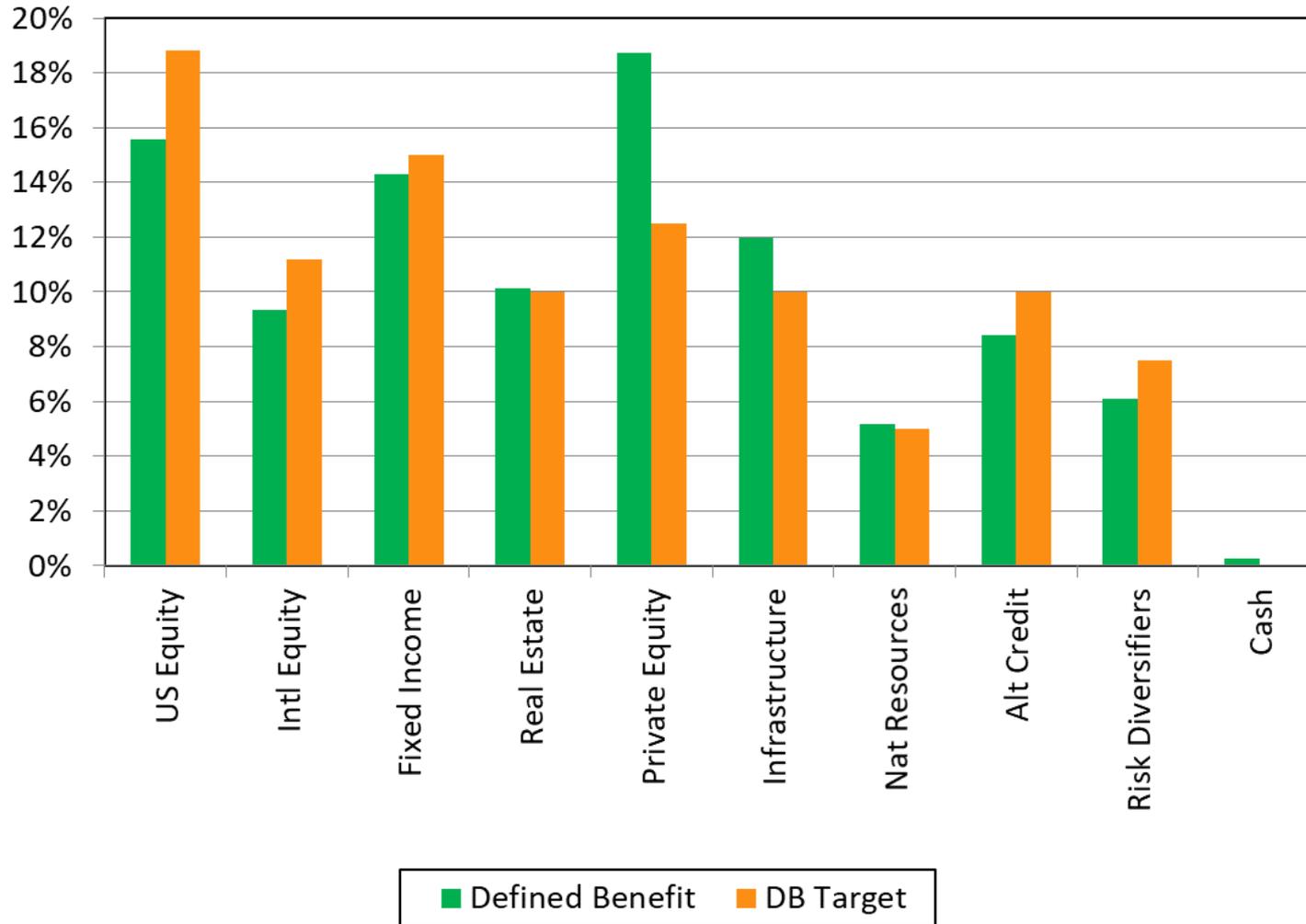




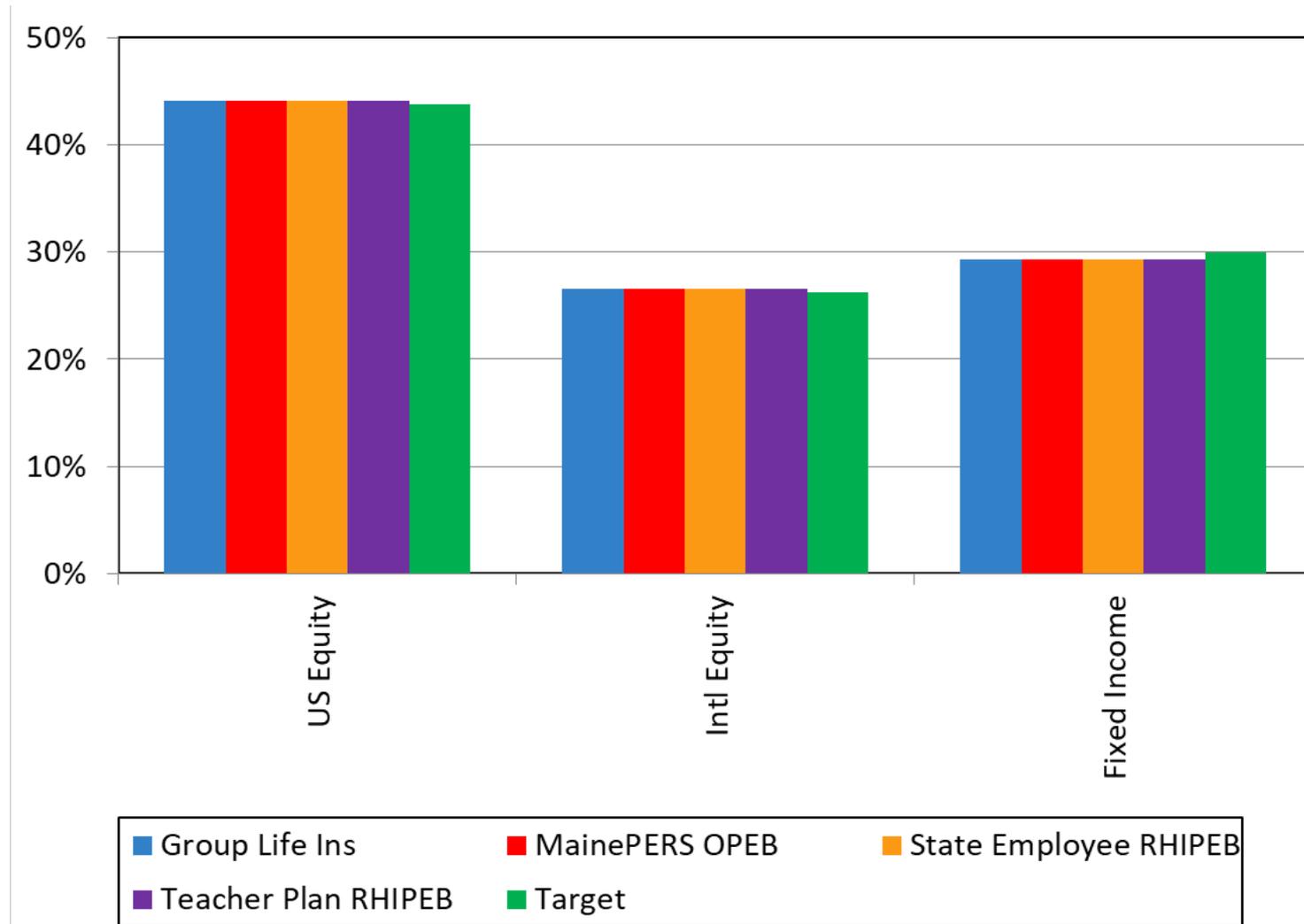
MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Appendix

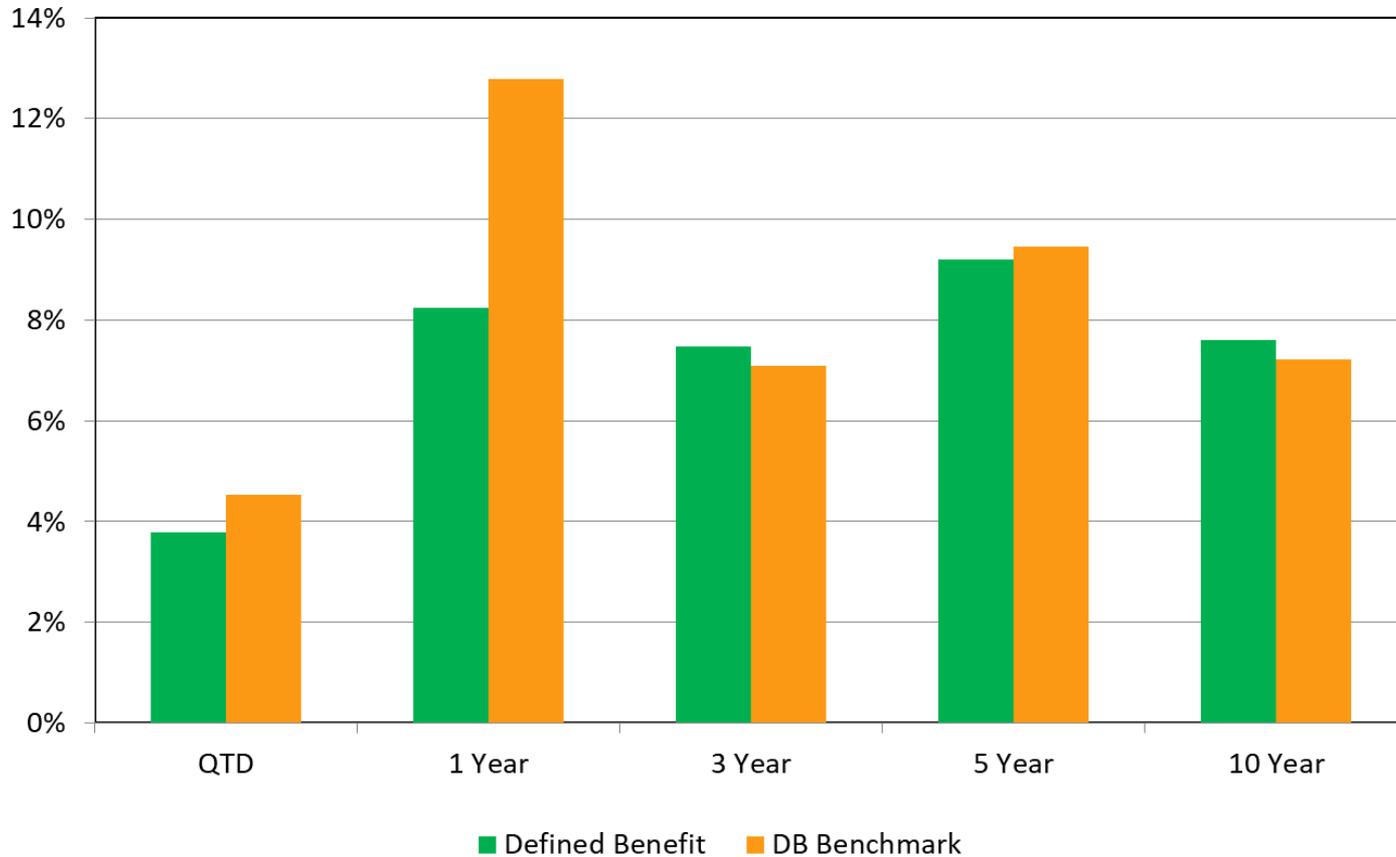
Asset Allocation for Defined Benefit at 12/31/2023



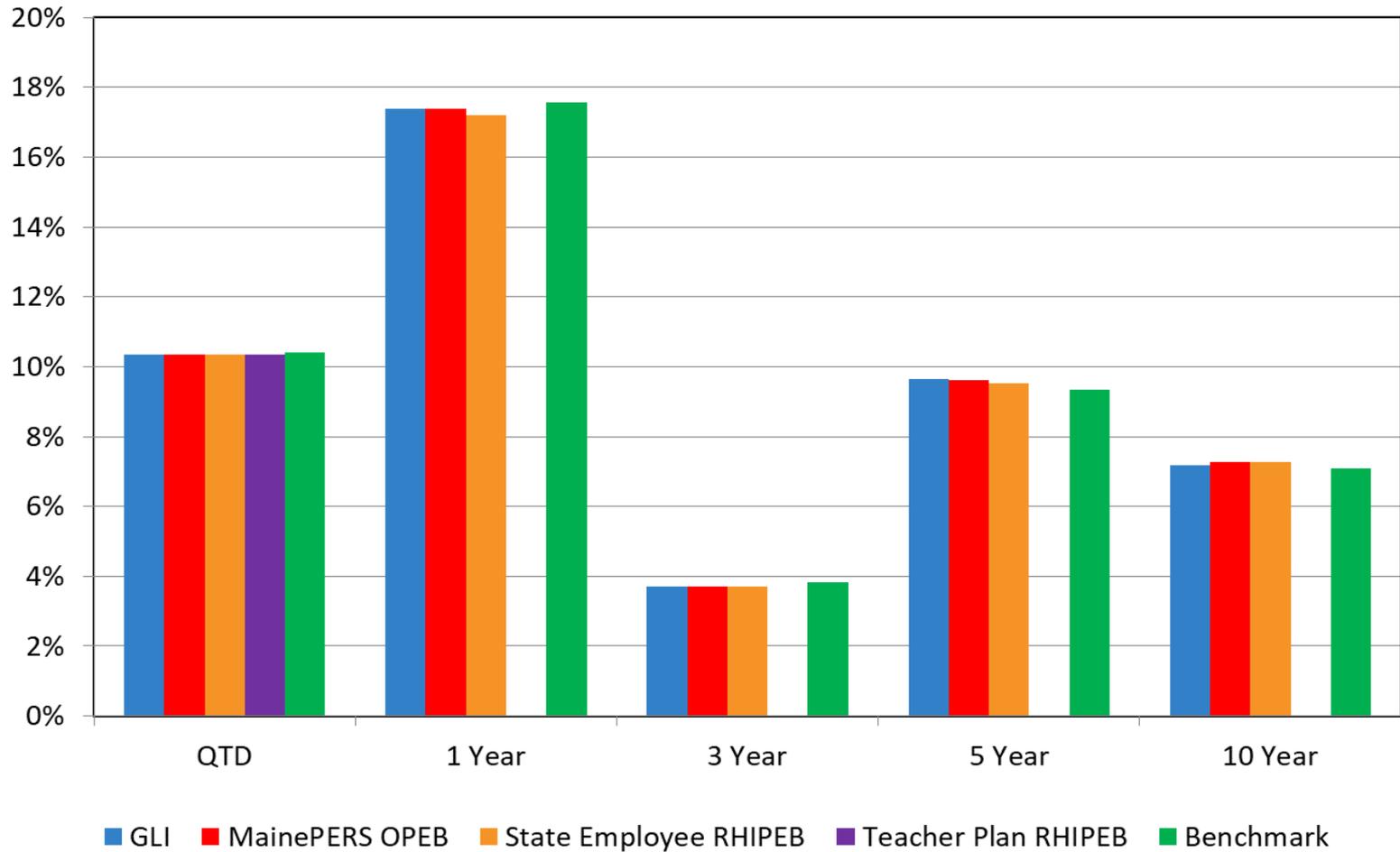
Asset Allocation for RHIPED, GLI, and OPEB at 12/31/2023



Performance for Defined Benefit at 12/31/2023



Performance for RHIPEB, GLI, and OPEB at 12/31/2023



MAINEPERS

FOURTH QUARTER PERFORMANCE REVIEW



CAMBRIDGE FIFTY
ASSOCIATES YEARS

FEBRUARY 2024

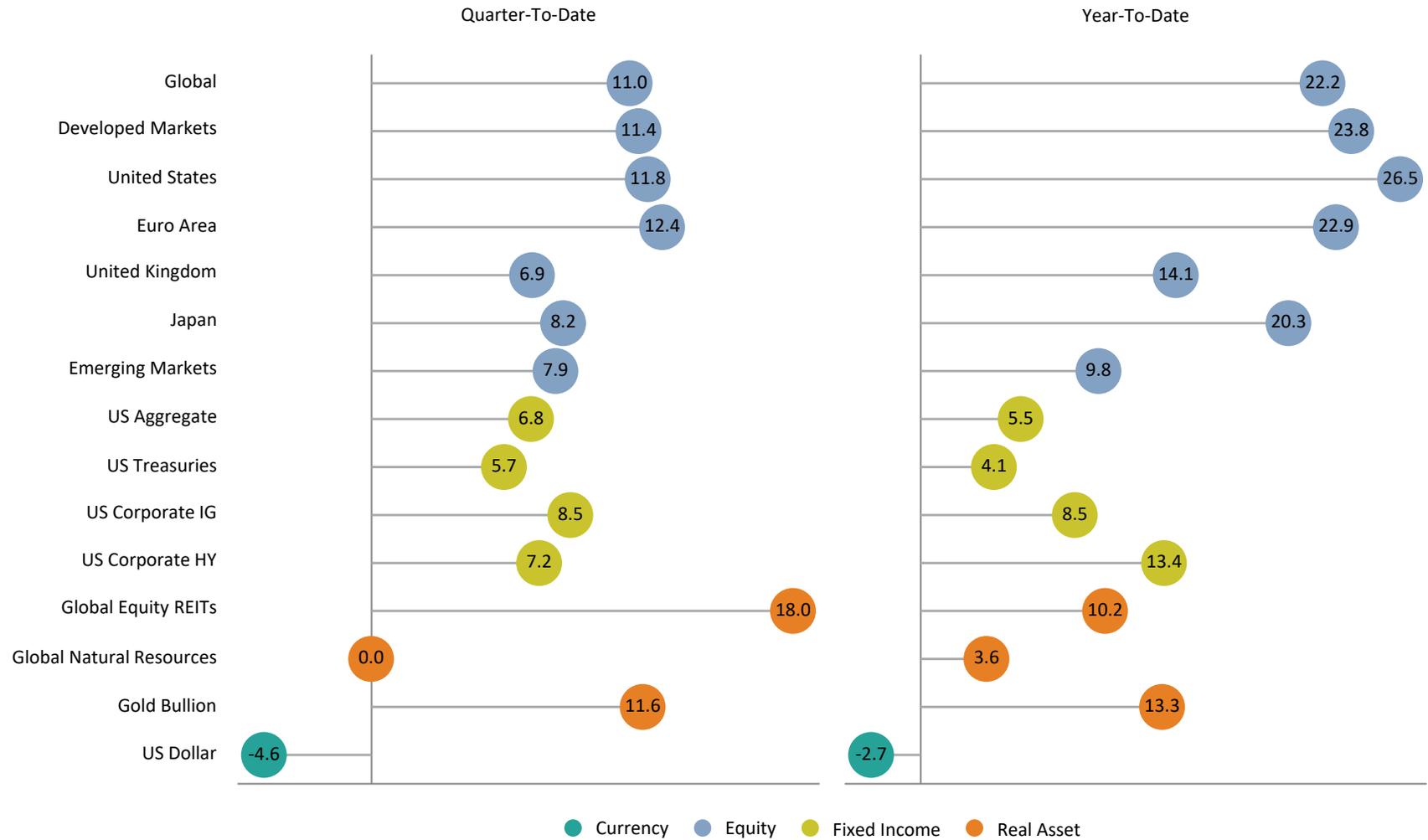
MARKET UPDATE



CAMBRIDGE FIFTY
ASSOCIATES YEARS

Risk assets and core fixed income had an exceptionally strong end to 2023

GLOBAL ASSET CLASS PERFORMANCE As of December 31, 2023 • US Dollar • Percent (%)

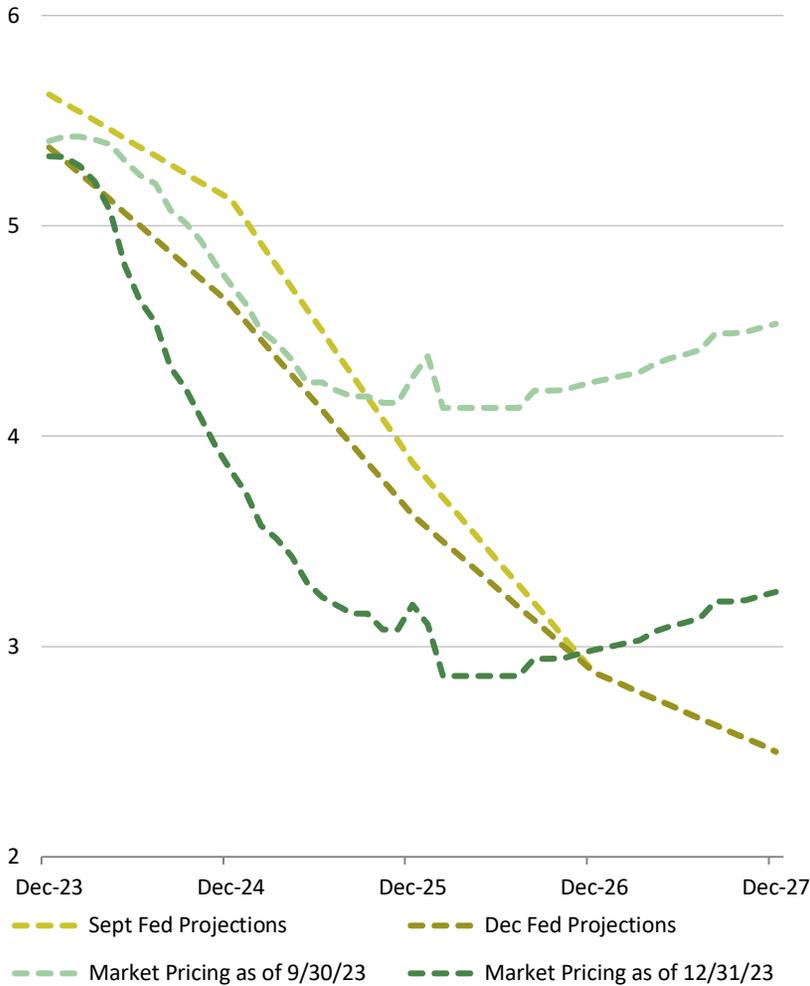


Sources: Bloomberg Index Services Limited., ICE Benchmark Administration Ltd., MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties. Notes: All data are in US dollar terms. The equity data are total returns net of dividend taxes of MSCI indexes. The fixed income data are total returns of Bloomberg indexes. The MSCI Global Equity REIT Index, the MSCI ACWI Commodity Producers Index, and front-month gold contracts as traded on the New York Mercantile Exchange are used to calculate real asset performances. The US Dollar Index (DXY) is used to calculate US Dollar performance. MMHC

Fed expects to pivot in 2024 as inflation falls

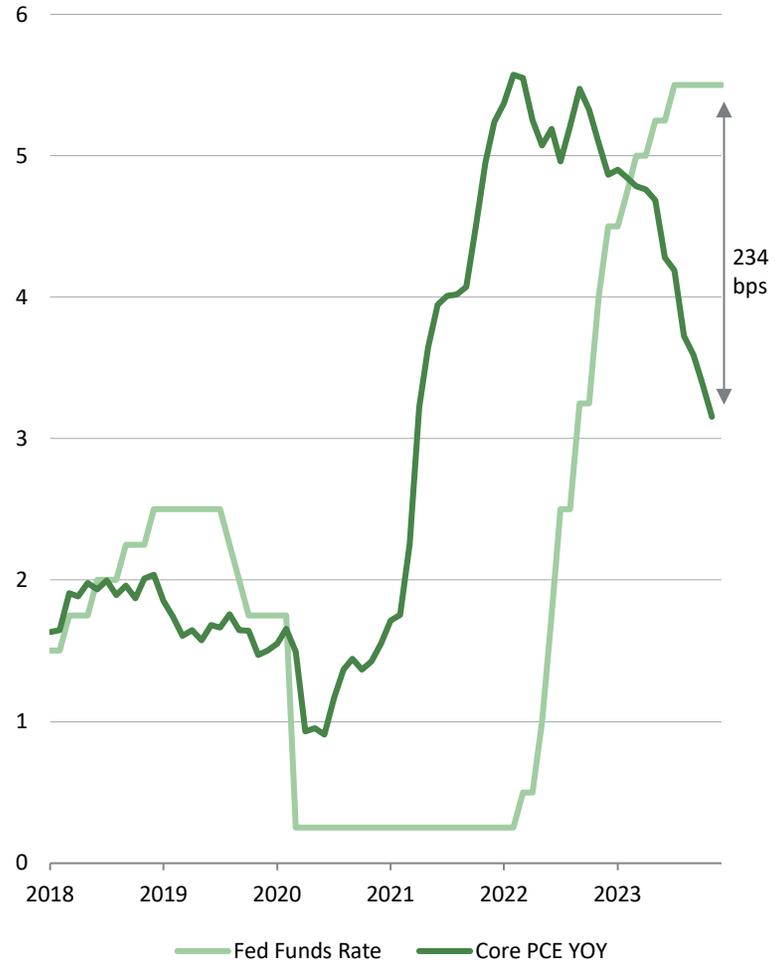
FED RATE HIKE EXPECTATIONS VS THE MARKET

As of December 31, 2023 • Percent (%)



FED FUNDS TARGET RATE AND CORE PCE

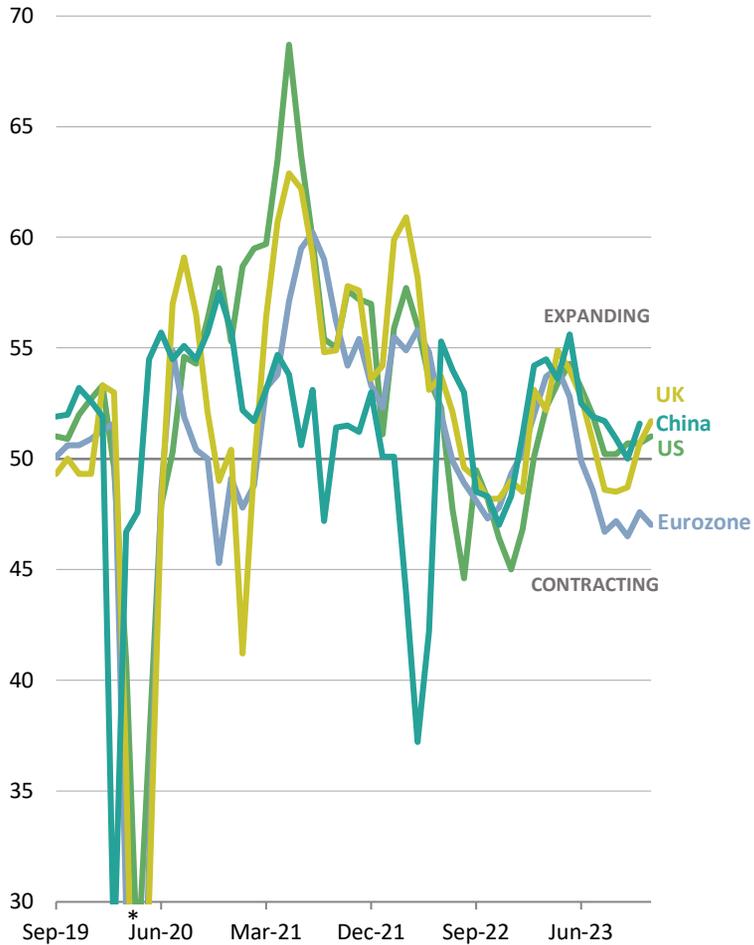
January 31, 2018 – December 31, 2023 • Percent (%)



Consensus expects modest growth in 2024 following upside surprise in 2023

COMPOSITE PMIs

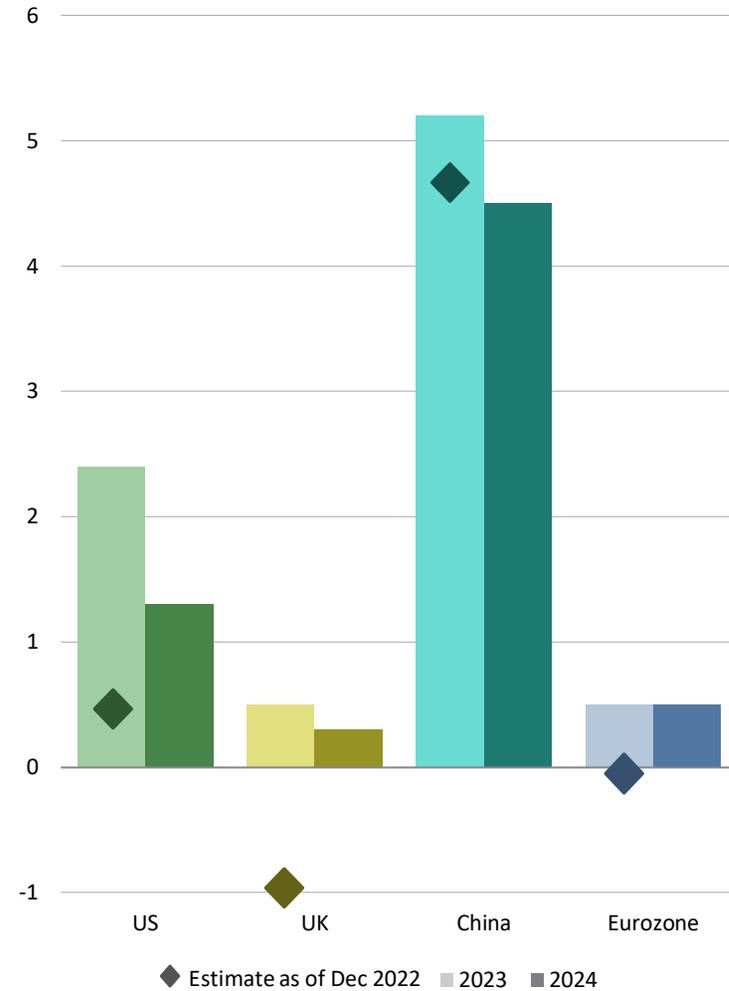
September 30, 2019 – December 31, 2023



* Chart is capped for scaling purposes.

GDP GROWTH ESTIMATES BY REGION

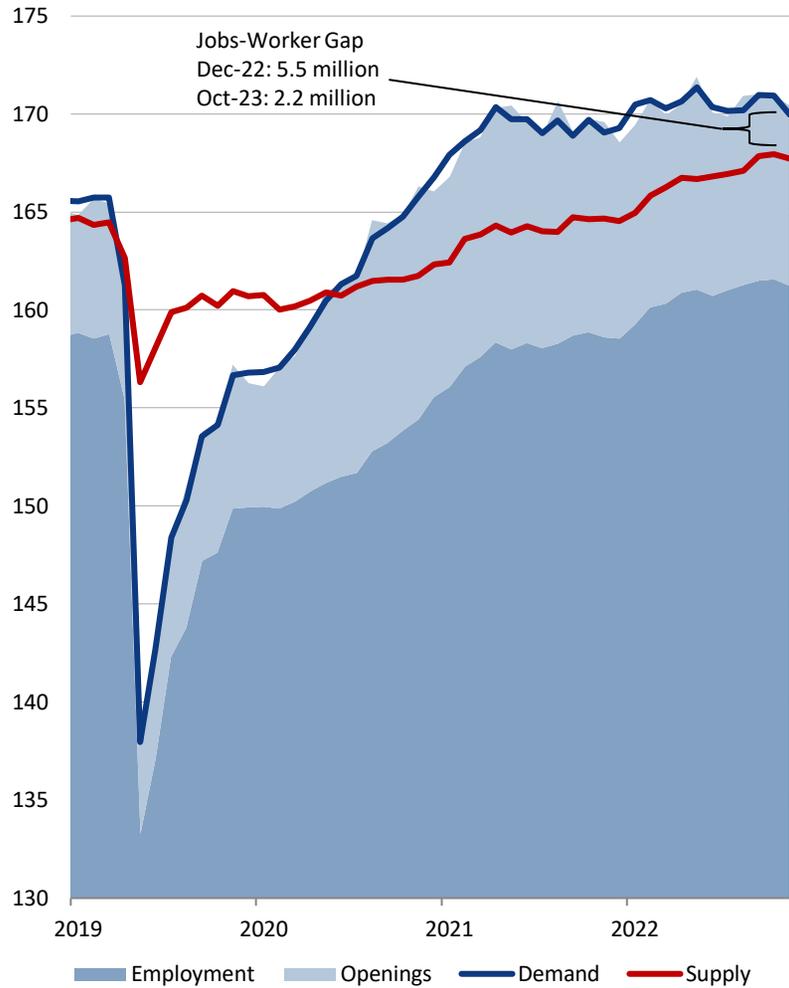
As of December 31, 2023 • Percent (%)



Resilient US labor market supports the “soft-landing” narrative

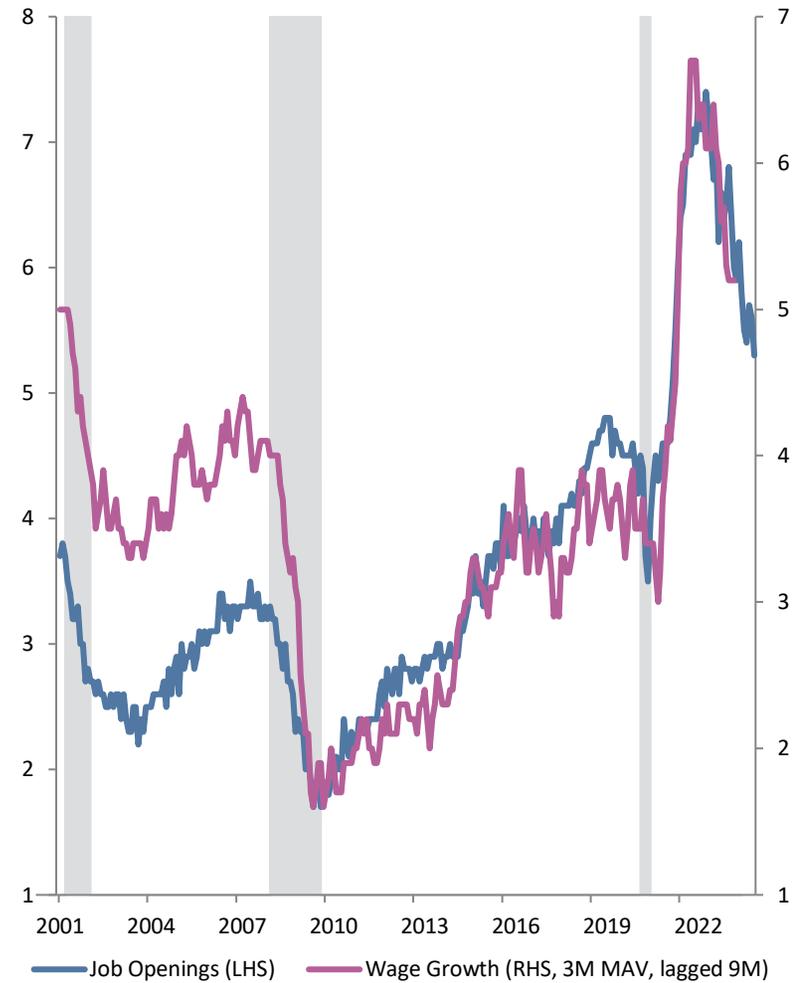
US LABOR DEMAND AND SUPPLY

December 31, 2019 – October 31, 2023 • Millions



US NON-FARM JOB OPENINGS AND WAGE GROWTH RATES

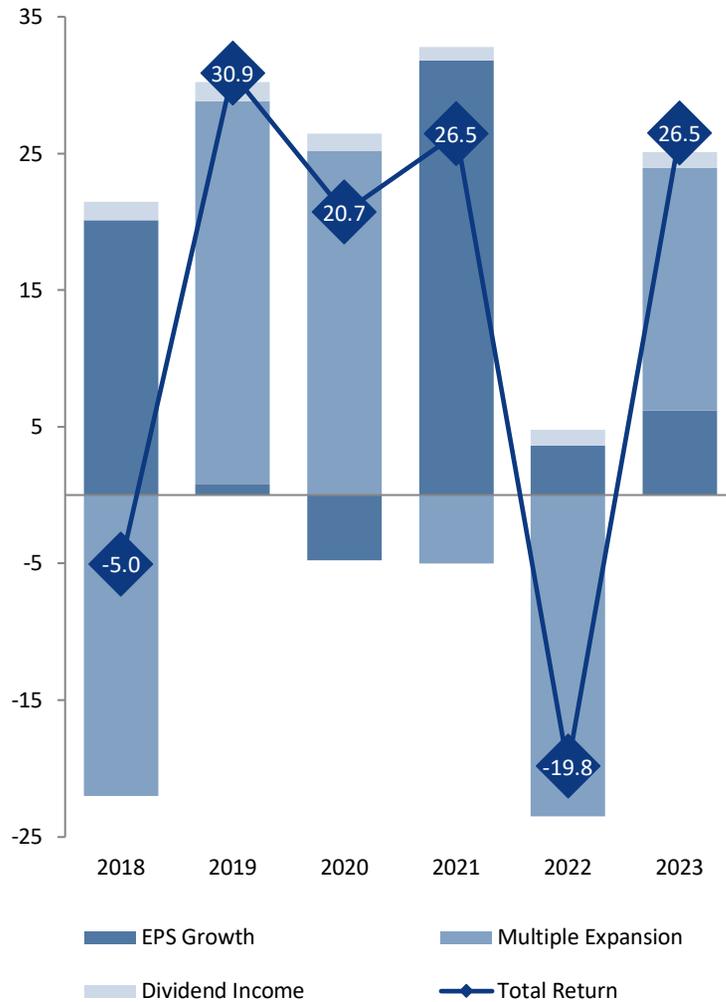
January 31, 2000 – November 30, 2023 • Percent (%)



Multiple expansion & the “Mag 7” delivered outsized gains for US equity indexes in 2023

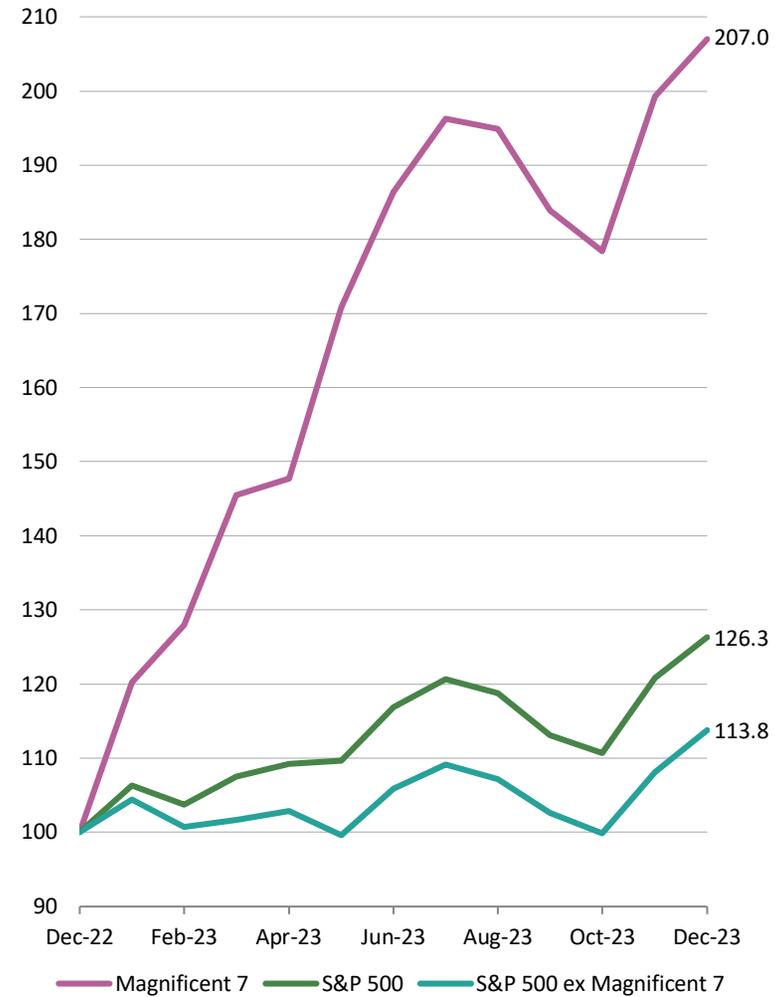
MSCI US EQUITY TOTAL RETURNS BY SOURCE OVER TIME

2018–23 • Percent (%) • Local Currency



CUMULATIVE WEALTH OF SELECT INDEXES

December 31, 2022 – December 31, 2023 • Percent (%)

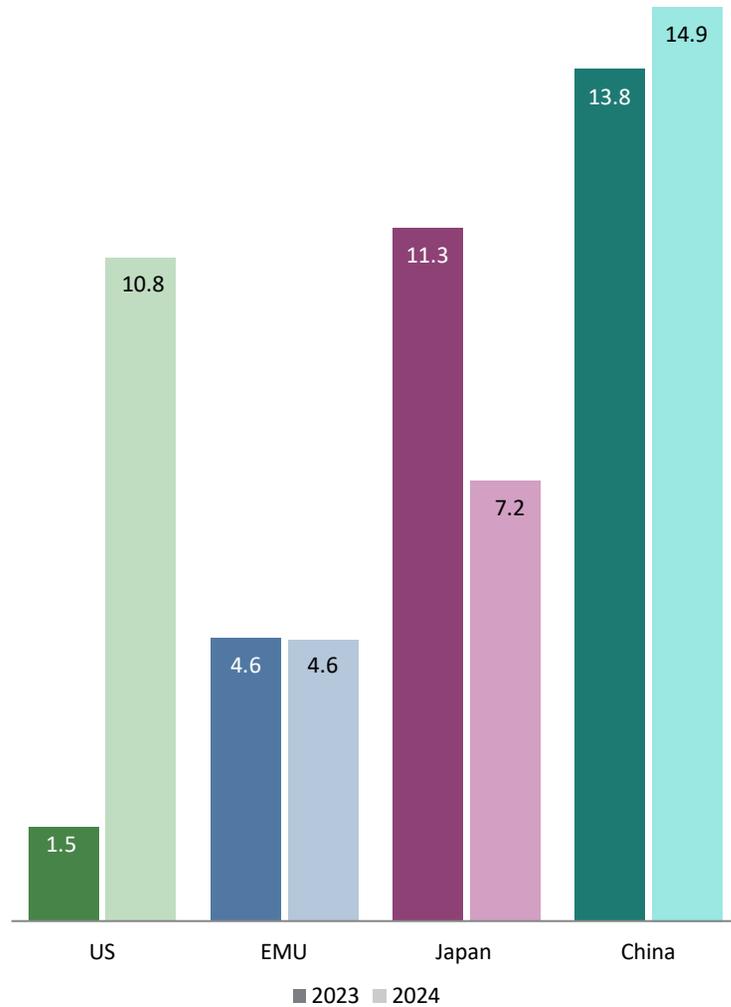


Sources: Bloomberg L.P., FactSet Research Systems, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties. Notes: EPS growth is based on the percent change in aggregate 12-month forward earnings. Multiple expansion is based on the percent change in 12-month forward price-earnings ratio. Dividend income is the compound difference between the 12-month total return and the 12-month price return. All three components of return geometrically compound to total return. Total return data are net of dividend taxes. MSCI US next-year EPS growth estimates reflect the following year's EPS growth estimate as of December 31 for the respective year. MMHC

2024 earnings bar is high, at least in some markets

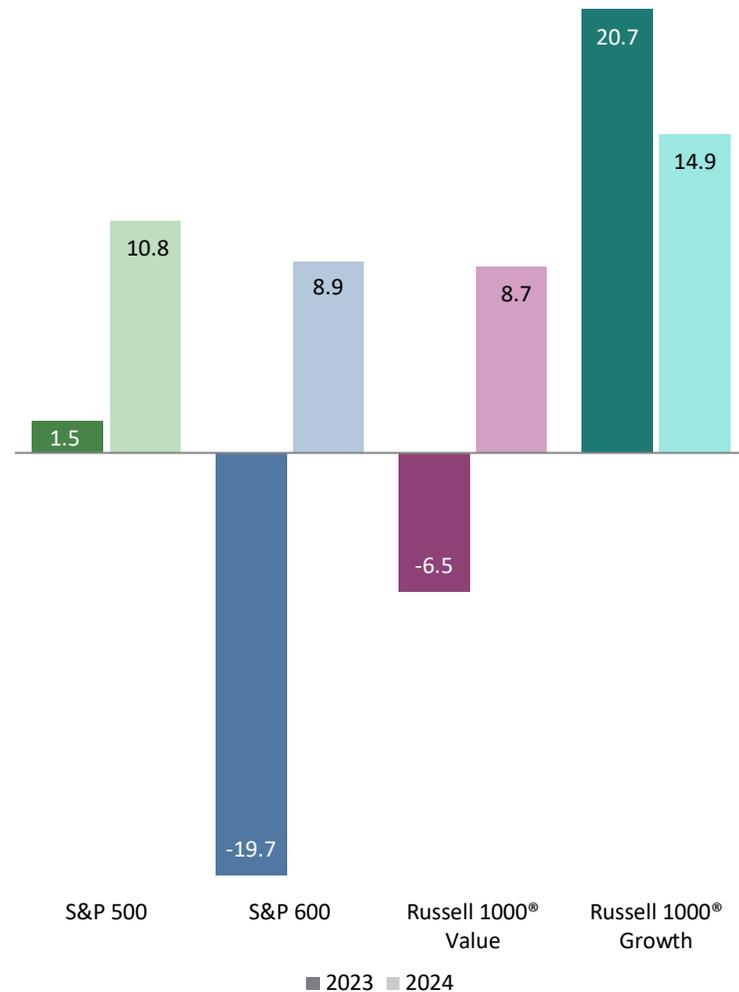
FY EPS GROWTH ESTIMATES BY REGION

As of December 31, 2023 • Percent (%)



FY EPS GROWTH ESTIMATES BY INDEX

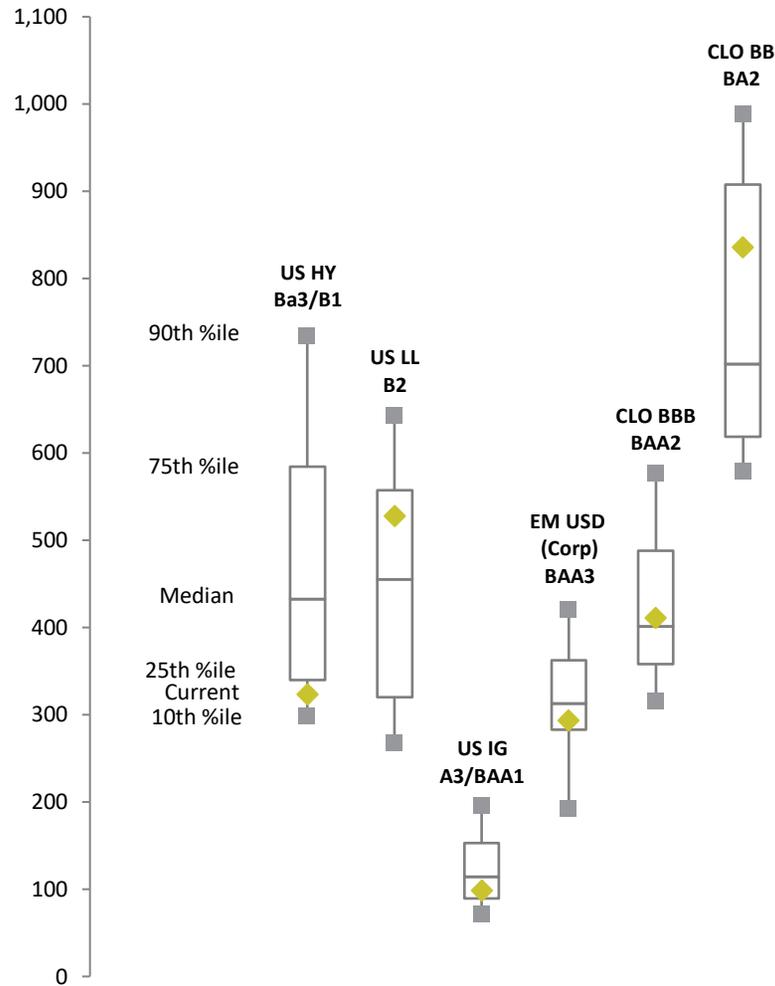
As of December 31, 2023 • Percent (%)



Credit spreads look expensive in some markets, but yields look more attractive

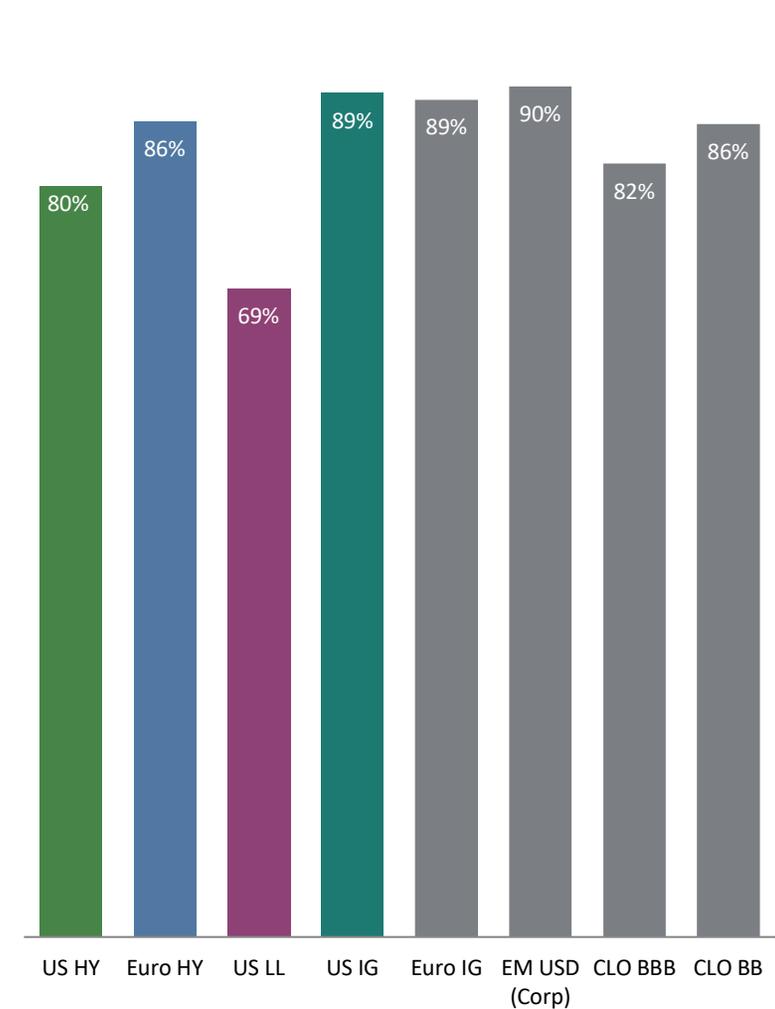
CURRENT CREDIT SPREADS

As of December 31, 2023 • Basis Points (bps)



CURRENT YIELDS PERCENTILE RANK

As of December 31, 2023 • Percentile (%)



Sources: Bloomberg Index Services Limited, Credit Suisse, and J.P. Morgan Securities.

Notes: Asset classes represented by: Bloomberg US Corporate High Yield Index (US HY), Bloomberg Pan-European High Yield Index (Euro HY), Credit Suisse Leveraged Loan Index (US LL), Bloomberg US Corporate Investment Grade Index (US IG), Bloomberg Pan-European Aggregate Corporate Index (Euro IG), J.P. Morgan CEMBI Diversified Index (EM USD [Corp]), J.P. Morgan CLOIE BBB Index (CLO BBB), and J.P. Morgan CLOIE BB Index (CLO BB). Observation periods begin: January 31, 1994 for US HY; August 31, 2000 for Euro HY & Euro IG; January 31, 1992 for US LL; June 30, 1989 for US IG; December 31, 2001 for EM USD (Corp); and December 31, 2011 for CLO BBB and CLO BB.

MMHC

PERFORMANCE REVIEW



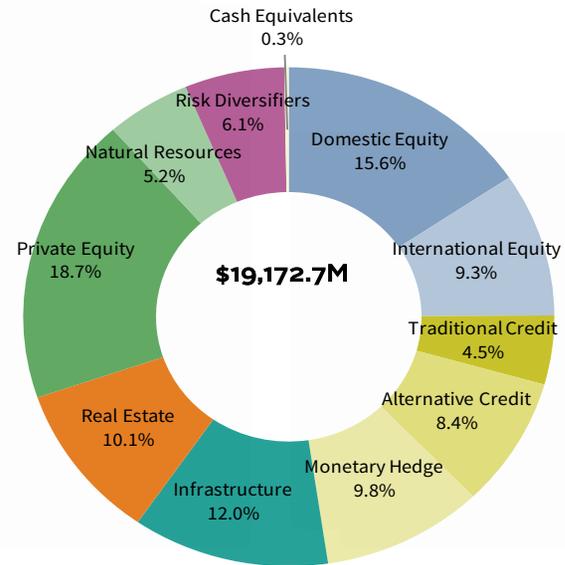
CAMBRIDGE FIFTY
ASSOCIATES YEARS

MainePERS Allocation Snapshot

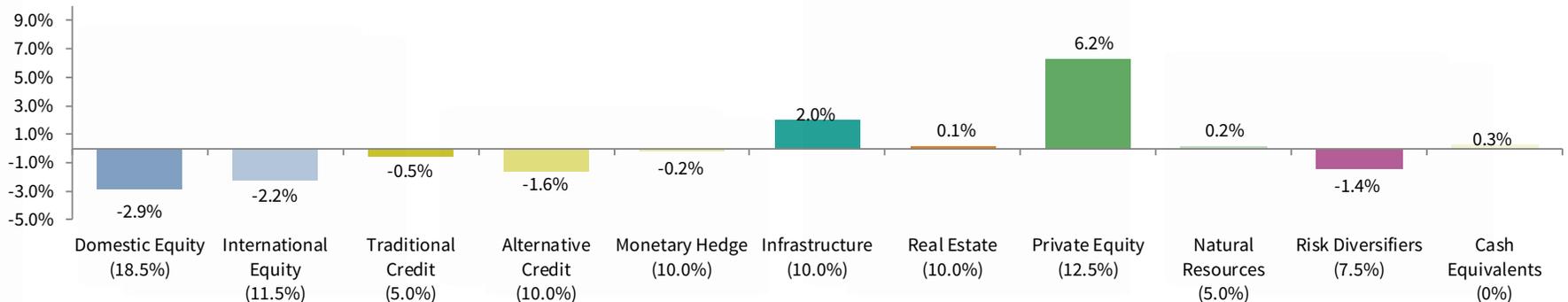
As of December 31st, 2023

Asset Allocation (\$ Millions)

Asset Class	\$(M)	%
Domestic Equity	2,986.8	15.6%
International Equity	1,789.6	9.3%
Traditional Credit	856.6	4.5%
Alternative Credit	1,610.9	8.4%
Monetary Hedge	1,887.9	9.8%
Infrastructure	2,299.6	12.0%
Real Estate	1,943.8	10.1%
Private Equity	3,590.7	18.7%
Natural Resources	988.7	5.2%
Risk Diversifiers	1,165.9	6.1%
Cash Equivalents	52.1	0.3%
Total	\$19,172.7	100.0%



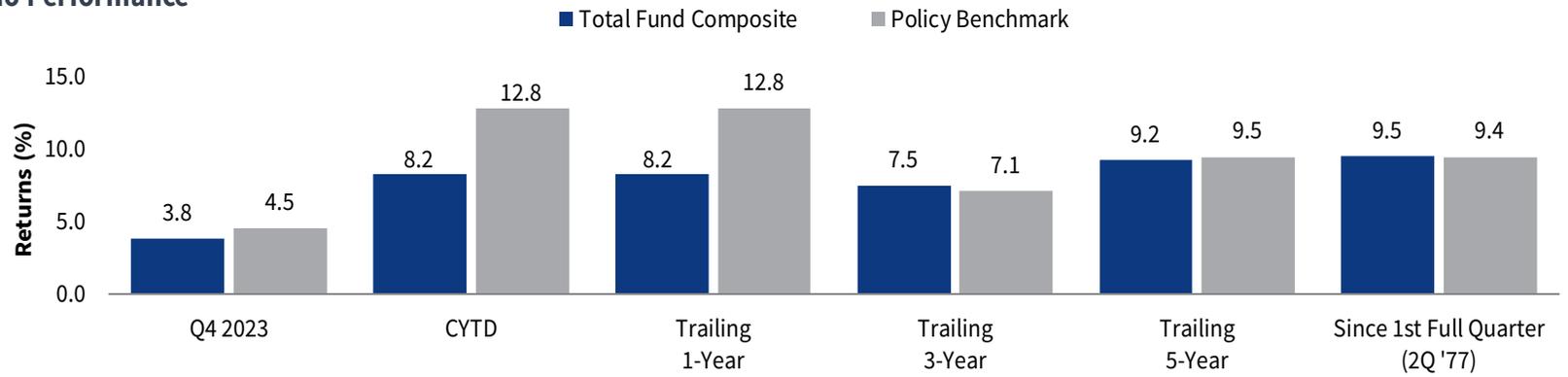
Relative Weights vs. Policy Targets



MainePERS Performance Summary

As of December 31st, 2023

Total Portfolio Performance



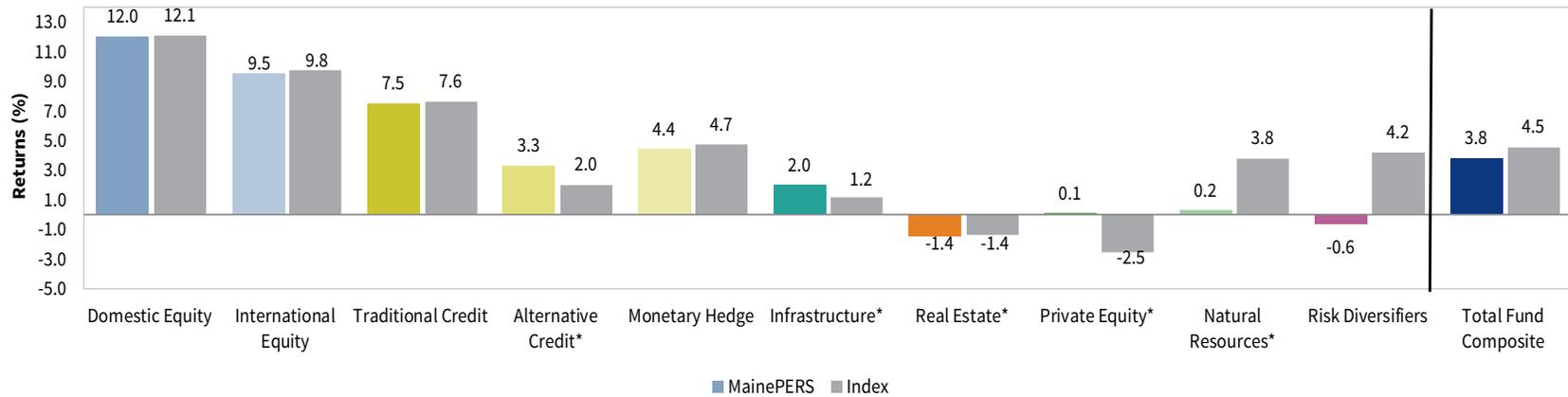
	Q4 2023	CYTD	Trailing 1-Year	Trailing 3-Year	Trailing 5-Year	Since 1st Full Quarter (2Q '77)
Total Fund Composite	3.8	8.2	8.2	7.5	9.2	9.5
Policy Benchmark	4.5	12.8	12.8	7.1	9.5	9.4
<i>Value Added</i>	<i>(0.7)</i>	<i>(4.5)</i>	<i>(4.5)</i>	<i>0.4</i>	<i>(0.2)</i>	<i>0.0</i>

MainePERS Asset Class Performance

As of December 31st, 2023

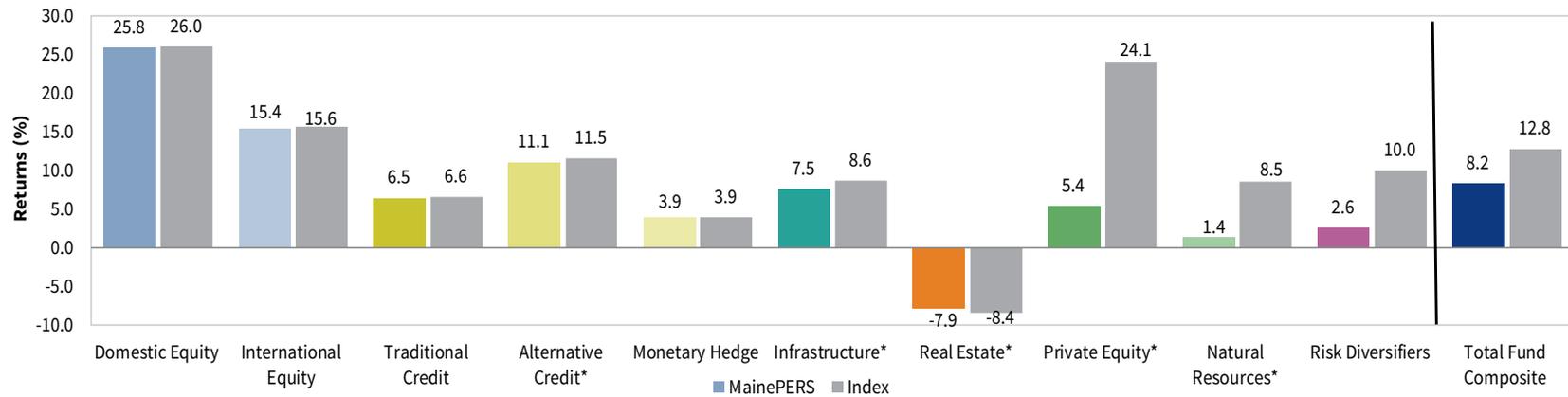
Quarter-to-Date

October 1st, 2023 - December 31st, 2023



Calendar Year-to-Date

January 1, 2023 - December 31st, 2023



Notes: Asset class benchmarks (from left to right): Index returns for Infrastructure, Real Estate, and Natural Resources are reported on a quarterly basis. Returns reported by J.P. Morgan, except for Infrastructure and Real Estate indices, which are reported by Cambridge Associates on a quarter lag. Returns for CA Real Estate and Infrastructure indices are preliminary, and subject to adjustment. Performance for Risk Diversifiers is preliminary.

*Performance is reported on a quarter lag, as September 30, 2023.

Asset Class Benchmarks and Target Weights

As of December 31st, 2023

Asset Class	Benchmark	Long-Term Target
	Russell 3000 ¹	18.5%
	MSCI ACWI ex US ²	11.5%
Public Equity	Total Public Equity	30.0%
Private Equity	Russell 3000 + 3% per annum (1 qtr lag)	12.5%
Risk Diversifiers	0.3 Beta MSCI ACWI ³	7.5%
Real Estate	NCREIF Property (1 qtr lag)	10.0%
Infrastructure	Cambridge Associates Infrastructure Median (1 qtr lag)	10.0%
Natural Resources	Cambridge Associates Natural Resources Median (1 qtr lag)	5.0%
Traditional Credit	Barclays US Agg ex Treasury	5.0%
Alternative Credit	50% BAML US HY II + 50% S&P/LSTA US Leveraged Loan Index (1 qtr lag) ⁴	10.0%
US Govt Treasuries	Custom Fixed Income ⁵	10.0%

1. Russell 3000 weight is based upon the MSCI ACWI weighting for US

2. MSCI ACWI ex US weight is based upon the MSCI ACWI weighting for International

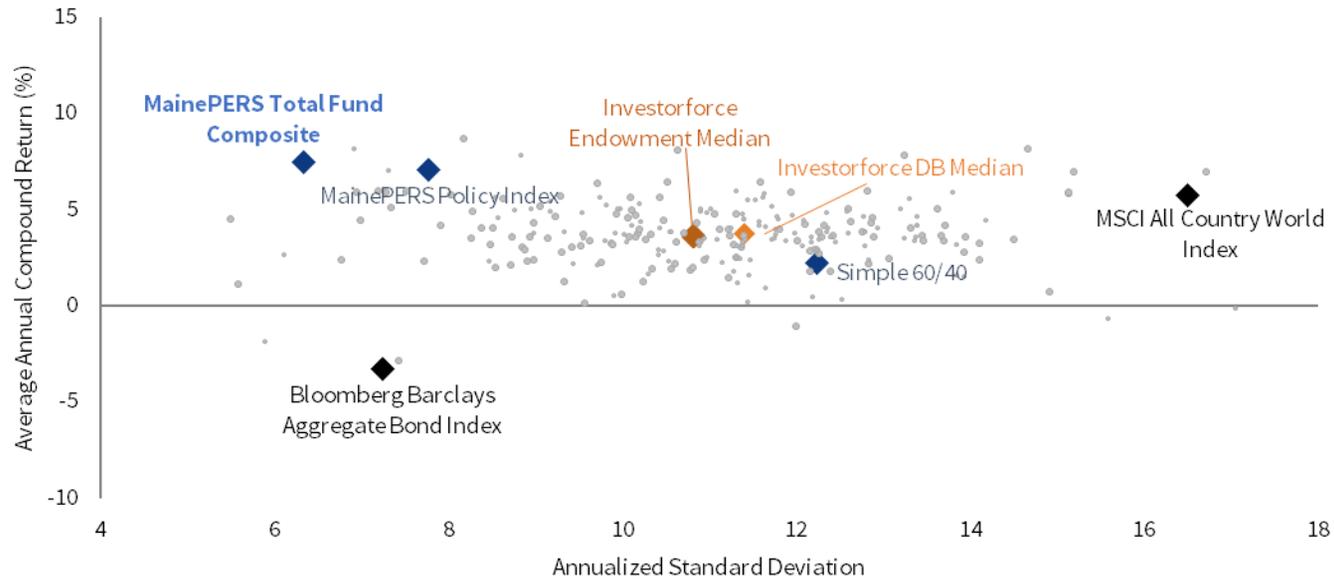
3. 91-day T-bill + 0.3(MSCI ACWI Return – 91-day T-bill)

4. 50% Bank of America US High Yield II + 50% S&P/Loan Syndications & Trading Association US Leveraged Loan Index

5. 50% 0-5 Year TIPS / 50% US TIPS Fund

MainePERS Risk/Return – 3 Years

As of December 31st, 2023



	Average Annual Compound Return	Annualized Standard Deviation	Sharpe Ratio ¹	Beta vs. MSCI ACWI
MainePERS - Total Fund Composite	7.5	6.3	0.8	0.32
MainePERS - Policy Index	7.1	7.8	0.6	0.41
Simple 60/40	2.2	12.2	0.0	0.73
Investorforce Public DB Plan Median	3.8	11.4	0.1	---
Investorforce Endowment Median	3.6	10.8	0.3	---
Indices				
MSCI All Country World Index (Net)	5.7	16.5	0.2	--
Bloomberg Barclays Aggregate Bond Index	-3.3	7.2	-0.8	0.33



Note: Calculations are based on monthly data, net of fees.

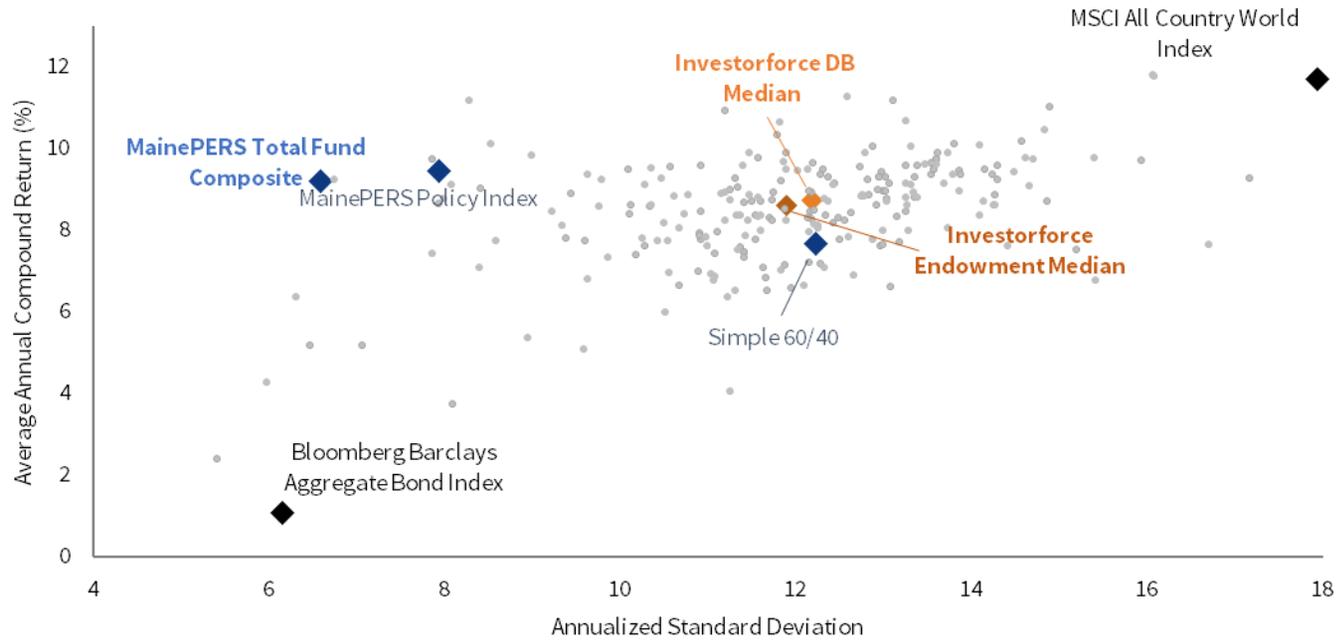
¹The Sharpe Ratio represents the excess return generated for each unit of risk. To calculate this number, subtract the average T-Bill return (risk-free return) from the manager's average return, then divide by the manager's standard deviation. The Investor Force data uses the median return and standard deviations are based on monthly data, net of fees.

² Simple 60/40 is 60% MSCI ACWI and 40% BBG Aggregate US Bond Index.

³ Net Investor Force Median data reflects median of 3-year returns and the standard deviations as reported by institutions with over \$100m in assets to Investor Force.

MainePERS Risk/Return – 5 Years

As of December 31st, 2023



	Average Annual Compound Return	Annualized Standard Deviation	Sharpe Ratio ¹	Beta vs. MSCI ACWI
MainePERS - Total Fund Composite	9.2	6.6	1.1	0.31
MainePERS - Policy Index	9.5	7.9	1.0	0.36
Simple 60/40	7.7	12.2	0.5	0.67
Investorforce Public DB Plan Median	8.7	12.2	0.6	---
Investorforce Endowment Median	8.6	11.9	0.7	---
Indices				
MSCI All Country World Index (Net)	11.7	17.9	0.5	--
Bloomberg Barclays Aggregate Bond Index	1.1	6.2	-0.1	0.18

Note: Calculations are based on monthly data, net of fees.

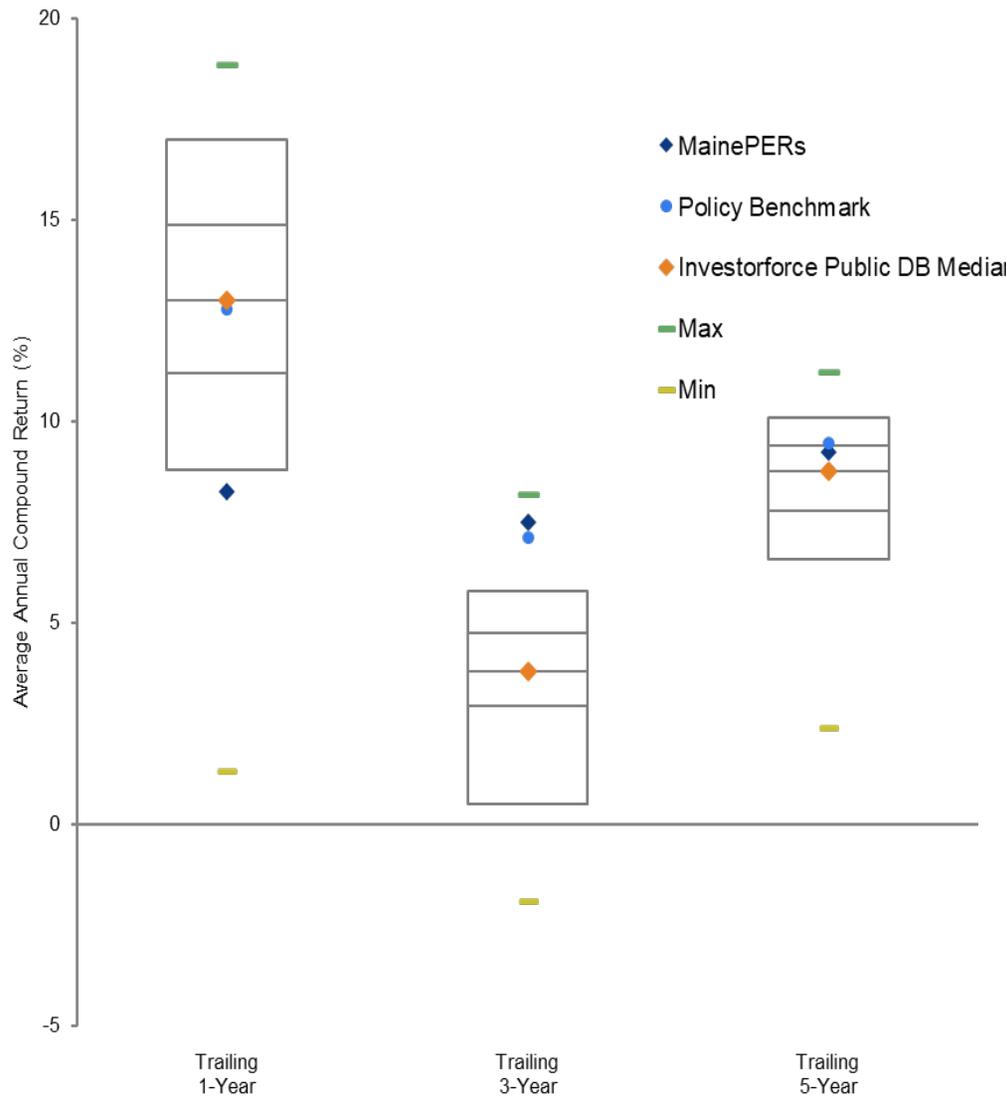
¹The Sharpe Ratio represents the excess return generated for each unit of risk. To calculate this number, subtract the average T-Bill return (risk-free return) from the manager's average return, then divide by the manager's standard deviation. The Investor Force data uses the median return and standard deviations are based on monthly data, net of fees.

² Simple 60/40 is 60% MSCI ACWI and 40% BBG Aggregate US Bond Index.

³ Net Investor Force Median data reflects median of 5-year returns and the standard deviations as reported by institutions with over \$100m in assets to Investor Force.

MainePERS vs. Defined Benefit Peers

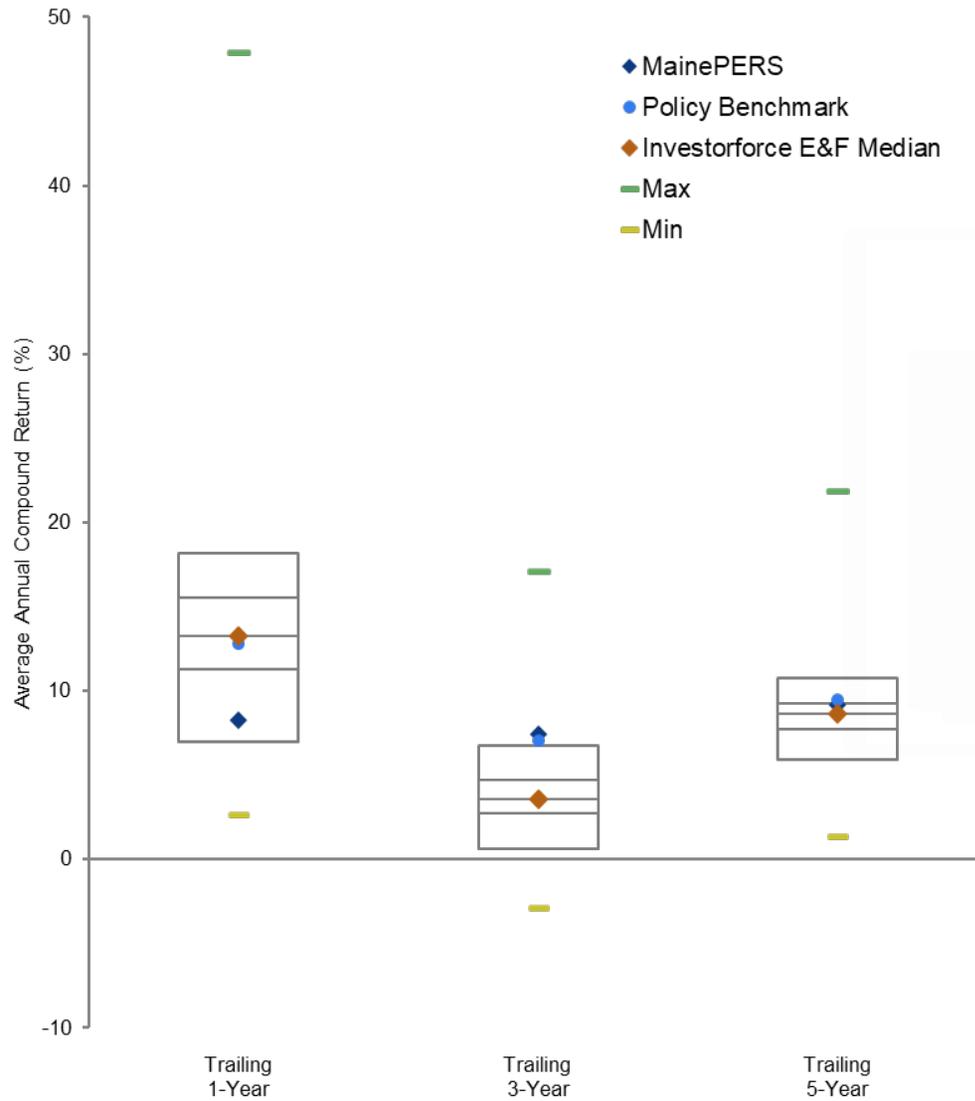
As of December 31st, 2023



	One Year	Three Year	Five Year
MainePERS	8.2	7.5	9.2
Policy Benchmark	12.8	7.1	9.5
Max	18.8	8.2	11.2
5th Percentile	17.0	5.8	10.1
25th Percentile	14.9	4.7	9.4
Investorforce Public DB Median	13.0	3.8	8.7
75th Percentile	11.2	2.9	7.8
95th Percentile	8.8	0.5	6.6
Min	1.3	-1.9	2.4
Sample Size			
<i>n</i>	123	121	119

MainePERS vs. E&F Peers

As of December 31st, 2023



	One Year	Three Year	Five Year
MainePERS	8.2	7.5	9.2
Policy Benchmark	12.8	7.1	9.5
Max	47.8	17.0	21.8
5th Percentile	18.2	6.7	10.8
25th Percentile	15.5	4.7	9.2
Investorforce E&F Median	13.3	3.6	8.6
75th Percentile	11.3	2.7	7.8
95th Percentile	6.9	0.6	5.9
Min	2.6	-2.9	1.4
Sample Size <i>n</i>	149	147	135



Source: InvestorForce – All Endowments and Foundations Q4 2023
 Note: Net InvestorForce median data reflects medians of 1-, 3-, and 5-year returns as reported by plans with AUM exceeding \$100 million.



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MAINEPERS

BOARD OF TRUSTEES LEGISLATIVE MEMORANDUM

TO: BOARD MEMBERS
FROM: KATHY MORIN, DIRECTOR, ACTUARIAL AND LEGISLATIVE AFFAIRS
SUBJECT: LEGISLATIVE UPDATE
DATE: JANUARY 31, 2024

The Second Regular Session of the 131st Legislature convened on January 3, 2024. Statutory adjournment for this session is April 17, 2024. 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 will be considered in the Second Regular Session.

Updates from prior reports are shown italicized and underlined.

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](#)

BILLS ENACTED INTO LAW IN FIRST SPECIAL SESSION WITH FUTURE EFFECTIVE DATES:

CHAPTER 412 (L.D. 258) – STATE BUDGET

Part III of Chapter 412 moves certain employees in the Department of Public Safety, Computer Crime Laboratory or computer crimes unit from the 1998 Special Plan to the 25 year, regardless of age, special plan effective August 1, 2024. The budget included an appropriation of approximately \$1.8 million to pay for the increased liabilities associated with this plan change. The State will also pay the increased normal cost rate associated with the new plan for the impacted employees.

CHAPTER 436 (L.D. 483) – RETROACTIVE SPECIAL PLAN COVERAGE

This law provides retroactive special plan coverage for certain employees of the Department of Corrections. This law is effective July 1, 2024. The bill included an appropriation of approximately \$170 thousand to pay for the increased liabilities associated with this plan change.

BILLS CARRIED OVER – LABOR AND HOUSING COMMITTEE**L.D. 550 – CORRECTIONAL OFFICER BENEFITS**

This concept draft proposes to increase benefits for correctional officers, including changing the special plan by which they are covered. A public hearing was held on May 9, 2023 before the Criminal Justice and Public Safety Committee. The bill was subsequently referred to the Labor and Housing Committee. A work session was held on January 25, 2024, at which the Committee voted unanimously ought not to pass.

L.D. 926 – MAINEPERS REPRESENTATION

The stated intent of this concept draft is to improve MainePERS representation. A public hearing has not yet been held on this bill. It is our understanding that this bill will be withdrawn by the sponsor.

L.D. 1152 – LONG-TERM DISABILITY INSURANCE

This bill requires the Board to offer long-term disability insurance coverage to participating employers and requires employers to pay the full cost of that coverage. This bill is the version of the proposed legislation included in the November 2022 Long-Term Disability Insurance Implementation Plan that was favored by the labor members of the stakeholder group. A public hearing was held on April 4, 2023, and a work session was held on May 16, 2023. A work session was held on January 25, 2024, at which the Committee voted majority ought to pass. The System is working to obtain updated costs for this new program.

L.D. 1424 – DEPARTMENT OF CORRECTIONS SPECIAL PLAN

This bill changes the plan by which certain Department of Corrections employees are covered from the 1998 Special Plan to the 25 year, regardless of age special plan. A public hearing was held on April 19, 2023, and a work session was held on May 17, 2023. The cost of this plan change is estimated to be approximately \$10.8 million in increased liabilities, which would have to be funded when the change is enacted, and an increase in normal costs, since the normal cost of the new plan is higher than the current plan by which these employees are covered.

A work session was held on January 30, 2024, at which the Committee voted unanimously ought to pass as amended. The amendment will make technical changes to the wording of the bill and also add the fiscal note.

BILLS CARRIED OVER – SPECIAL APPROPRIATIONS TABLE

L.D. 70 – COLA BASE

This bill, as amended, would change the COLA Base, which is the level of benefit that is subject to a cost-of-living adjustment (COLA), to \$40,000. This applies to retirees from the State-sponsored plans. The cost of this plan change is estimated to be approximately \$745 million in increased liabilities, which would have to be funded when the change is enacted, and an increase in normal costs of approximately \$8.8 million annually.

L.D. 185 – TEACHER EARLY RETIREMENT

This bill would change the early retirement reduction that applies to teachers with at least thirty-five years of service credit. The amended bill reduces the early retirement reduction from the current reduction of 6% per year to 5% per year versus the 2% originally proposed in the bill. The cost of this plan change is estimated to be approximately \$12.3 million in increased liabilities, which would have to be funded when the change is enacted, and an increase in normal costs of approximately \$227 thousand annually.

L.D. 426 – MILITARY SERVICE PURCHASE

This bill expands the periods of military service that eligible members may purchase at a subsidized rate. The bill was amended to add a requirement that the System report back on the experience under the new law. The cost of this plan change is estimated to be approximately \$2.6 million in increased liabilities, which would have to be funded when the change is enacted.

L.D. 610 – EXPAND 1998 SPECIAL PLAN – MEDICAL EXAMINER EMPLOYEES

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. The bill was amended to change the effective date of special plan coverage to October 1, 2023. The cost of this plan change is estimated to be approximately \$347 thousand in increased liabilities, which would have to be funded when the change is enacted, and an increase in normal costs, since the special plan normal cost rate is higher than the regular plan rate.

L.D. 1096 – COLA CAP

This bill, as amended, would provide an additional 2% cumulative COLA effective September 2022. The cost of this plan change is estimated to be approximately \$182 million in increased liabilities, which would have to be funded when the change is enacted, and a future increase in normal costs, which would be determined as part of future ratemaking.

L.D. 1760 – EXPAND 1998 SPECIAL PLAN – CRISIS WORKERS

This bill would allow certain employees in the Department of Health and Human Services who are currently included in the regular plan to be covered instead by the 1998 Special Plan. The bill was amended to remove a member election that is not permissible under federal law. The cost of this plan change is estimated to be approximately \$1.6 million in increased liabilities, which would have to be funded when the change is enacted, and an increase in normal costs, since the special plan normal cost rate is higher than the regular plan rate.

L.D. 1761 – EXPAND 1998 SPECIAL PLAN – MENTAL HEALTH WORKERS

This bill would allow certain employees in the Department of Health and Human Services who are currently included in the regular plan to be covered instead by the 1998 Special Plan. The bill was amended to remove a member election that is not permissible under federal law. The cost of this plan change is estimated to be approximately \$8.4 million in increased liabilities, which would have to be funded when the change is enacted, and an increase in normal costs, since the special plan normal cost rate is higher than the regular plan rate.

REPORTS

The following required reports were submitted to the Legislature:

WINDFALL ELIMINATION PROVISION/GOVERNMENT PENSION OFFSET

Resolve, chapter 23, enacted in the First Special Session of the 131st Legislature, directed the System to study and report on the creation and adoption of an interstate compact with other states affected by the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). A report of recommendations was due on December 6, 2023, and was submitted on November 21, 2023. A copy of the report was previously provided to the Board.

BOARD AND PLD ADVISORY COMMITTEE ACTIVITY

The System is required to report annually to the Secretary of State on activities of the Board of Trustees and the PLD Advisory Committee. These reports were submitted on December 20, 2023, and copies were previously provided to the Board.

ESG POLICY

The System is required to report information annually to the Legislature regarding its environmental, social and governance investment policy. This report must disclose commonly available environmental performance metrics on the environmental effects of the Board's investment. This report was filed on December 19, 2023, and a copy was previously provided to the Board.

DIVESTMENT

The System is required to report information to the Legislature regarding the progress of divestment from fossil fuels and the implementation of the divestment law enacted in 2021 (PL c. 231). This report must be submitted annually by January 1, 2023, 2024 and 2025. The report was submitted on December 19, 2023, and a copy was previously provided to the Board.

PROCUREMENT

The System is required to report information annually to the Legislature regarding procurement, contributions, and changes to certain policies and procedures. This report is due annually by February 1. *This report was submitted on January 25, 2024 and a copy is included with this memo.*

The following reports will be prepared for the Legislature during the upcoming weeks:

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 is due by February 15, 2024, and a copy of the report will be provided to the Board once it is issued.

ANNUAL REPORT TO THE LEGISLATURE

The System is required to submit an annual report to the Legislature, including specific information set out in statute. This report is due by March 1, 2024, and a copy of the report will be provided once it is issued.

OTHER REQUESTED UPDATES

The Labor and Housing Committee requested that the System provide the following information in spring 2024:

- “Update on the member portal, as well as information on future plans by MainePERS to continue phasing in the member portal and the ability of members to access that data going forward.”
- “Update on how these rules (Chapter 506: Eligibility for Disability Retirement Benefits) are being implemented, including any feedback that MainePERS has received from members on the rules.”

These updates are being prepared and copies will be provided to the Board once completed.

January 25, 2024

Honorable Troy D. Jackson
President of the Senate
3 State House Station
Augusta, Maine 04333

Honorable Rachel Talbot Ross
Speaker of the House
2 State House Station
Augusta, Maine 04333

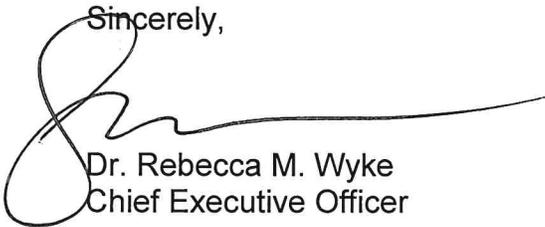
Dear President Jackson and Speaker Talbot Ross:

Pursuant to 5 M.R.S.A., Section 12023, please consider this the letter of transmittal for the required report from the Maine Public Employees Retirement System due by February 1, 2024.

Please contact me if you have any questions or need additional information.

Thank you.

Sincerely,



Dr. Rebecca M. Wyke
Chief Executive Officer

Enclosure

**Report of MainePERS Pursuant to 5 M.R.S. § 12023
for the period from July 1, 2022 to June 30, 2023**

A. Procurements

The Maine Public Employees Retirement System (“MainePERS”) made the following procurements in excess of \$10,000 during the period from July 1, 2022 to June 30, 2023 under a waiver from MainePERS’ competitive procurement policy or under a contract that predated the policy:

<u>Vendor</u>	<u>Total Paid</u>	<u>Type</u>	<u>Category</u>
1. Morgan, Lewis & Bockius, LLP	\$ 466,397	Investment Counsel	Pre-Existing
2. Cheiron, Inc.	\$ 405,233	Actuary	Pre-Existing
3. Chapman & Cutler, LLP	\$ 336,376	Investment Counsel	Pre-Existing
4. Tyler Technologies, Inc.	\$ 132,895	IT Security	Pre-Existing
5. Iron Mountain	\$ 50,473	IT Data Back-Up	Pre-Existing
6. Ice Miller LLP	\$ 28,344	Pension Counsel	Pre-Existing
7. The Hartford	\$ 1,430,540	Group Life Insurance	Waiver
8. Vitech Systems Group, Inc.	\$ 985,214	IT - Services	Waiver
9. Mythics, Inc.	\$ 164,023	IT - Software	Waiver
10. Dell Marketing LP	\$ 92,630	IT - Computers	Waiver
11. Korn Ferry Hay Group, Inc.	\$ 87,748	HR Services	Waiver
12. LogMeIn Communications, Inc.	\$ 62,195	IT - Services	Waiver
13. ADP, Inc.	\$ 39,646	HR & Payroll	Waiver
14. Absolute Capture, LLC	\$ 36,377	IT - Services	Waiver
15. Consolidated Communications, Inc.	\$ 26,308	IT - Services	Waiver
16. DrummondWoodsum	\$ 22,787	HR Consulting	Waiver
17. Adobe Systems, Inc.	\$ 19,746	IT - Software	Waiver
18. Oracle America, Inc.	\$ 13,739	IT - Software	Waiver
19. Northwind Ventures, Inc.	\$ 12,521	IT - Services	Waiver
20. Zoho Corporation	\$ 12,291	IT - Software	Waiver
21. Bernstein Shur	\$ 11,412	Labor Counsel	Waiver

B. Contributions

MainePERS made no contributions during the period from July 1, 2022 to June 30, 2023.

C. Changes to Policies or Procedures

MainePERS has adopted policies and procedures in compliance with 5 M.R.S. § 12022. During the period covered by this report, MainePERS amended its travel policy expense reimbursement provisions and updated a position title. A copy of the policy as amended is attached. There were no other substantive changes during the period to the policies or procedures required by 5 M.R.S. § 12022 or to the procedures used by the MainePERS Board of Trustees to monitor compliance.

Maine Public Employees Retirement System



Dr. Rebecca M. Wyke
Chief Executive Officer
Dated: January 25, 2024

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

System Policy

3.2 - Travel

Summary of Policy

The Maine Public Employees Retirement System (System) shall ensure fiscal and budgetary responsibility through compliance for authorization, travel, reporting and reimbursement of travel and related expenses incurred for the purpose of conducting System business.

Statutory/Legal/Board Policy Provisions

5 M.R.S. §17103

3 M.R.S. §951 *et seq.*

3 M.R.S. §991 *et seq.*

5 M.R.S. §12021 *et seq.*

Definitions

Gift - any gratuity, discount, entertainment, hospitality, loan, forgiven debt, or other tangible or intangible item having monetary value greater than \$35. A gift includes, but is not limited to 1) cash 2) food and beverages and 3) honoraria and travel expenses for engagements for the purpose of influence. A "gift" does not include food or beverages provided in connection with a business meeting, educational seminar, conference or convention.

Travel Procedures

All travel shall be conducted for official System business by System employees for which travel is part of their work, for meetings related to official System business, or for education deemed necessary to maintain required skills or knowledge.

Pre-Travel Authorization

Travel may be authorized when it is consistent with the mission of MainePERS and sufficient budget exists to cover the anticipated costs. Generally, staff travel for the purpose of conducting System business must be scheduled and approved in advance by the employee's supervisor using the Federal Travel Regulations Lodging and Per Diem schedule as applied in this policy:

- In-state travel requiring overnight accommodations must be pre-approved in writing;
- Out of state travel must be pre-approved by the Chief Executive Officer or designee and the employee's supervisor in writing;
- Lodging that will exceed the GSA published rates at <http://www.gsa.gov/portal/content/110007> must be approved in advance of the travel and may be approved up to 250% of the published rates under the following circumstances:
 - No rooms maintaining traveler safety are available within reasonable travel distance using safe travel services to the location where System business is being conducted;

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

- Lodging has been procured at a prearranged place such as a hotel where the meeting or conference is being held and convenient and safe alternative lodging is not available;
- Other reasons approved in advance by the Chief Executive Officer or designee.
- Request for reimbursement for actual meal expenses must be made in advance of the travel if the specific circumstances of the travel will require meal costs in excess of the per diem. Circumstances justifying this request would be unusual and not anticipated.

Travel Expenses

System business shall be incurred using the Federal Travel Regulations "lodging plus per diem" method contained in 41 Code of Federal Regulations (CFR), Chapters 300 through 304.

Allowable Transportation Expenses

Transportation expenses, including fares, rental fees and mileage reimbursement for use of a personal vehicle are allowed. The method of transportation used must be that method that is most advantageous to the System, taking into account travel time and time lost from work, actual cost of transportation, safety of the traveler, and any other relevant factors.

Employees will be reimbursed for economy class air travel expenses, including any expenses required to obtain an assigned seat or check a bag. Reimbursement for business class expenses will be considered on a case-by-case basis for international travel, and requires pre-approval by the CEO.

When arranging for transportation, authorized travelers should consider the usually traveled route for the trip. Travel outside of the usually traveled route must be pre-approved and must be for the benefit of the System. Additional costs incurred as a result of traveling outside of the usually traveled route without specific approval are the responsibility of the traveler.

When a traveler is pre-approved to use their personal vehicle, mileage will be reimbursed at the optional standard mileage reimbursement rates then in effect used by the Internal Revenue Service to calculate the deductible costs of operating a motor vehicle for business purposes for the shortest route between destinations determined by an Internet map service. (Google Maps, MapQuest, etc.)

Receipts for transportation expenses are required.

Local Transportation Expenses

Local transportation costs (cab fare, bus fare, subway, etc.) are allowable provided the transportation is between the traveler's place of lodging and the airport or other common carrier and between the traveler's place of lodging and places of business on an official trip. Local transportation costs may also be allowable for the purpose of obtaining meals while travelling on official business, provided there are no places to obtain meals at the place of business or approved place of lodging.

Rental cars may be used if there is no available local transportation, traveler safety is a concern, or the cost of the rental car and related expenses such as parking are less than

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

safe available local transportation. When using a rental car, travelers are encouraged to purchase the collision damage waiver coverage and supplemental liability coverage offered by the rental agency to cover damage to the rental vehicle as well as other vehicles or property in the event of an accident. Additional incidental and reimbursable travel costs may include tolls, tips, or parking fees associated with the particular mode of travel. Travelers must provide receipts when available to substantiate these costs.

Receipts for local transportation expenses are required unless they are unavailable for incidental travel expenses, generally not exceeding \$50.

Allowable Lodging Expenses

Generally, lodging must be in conventional lodging facilities, including hotels, motels, etc. Lodging for domestic travel will be reimbursed at the single occupancy rate up to the allowable GSA rate published at www.gsa.gov/perdiem or successor site, or up to 250% of the published rates if approved in advance of the travel under specific circumstances listed under *Pre-Travel Authorization*. If the city or the county in which the city is located are not listed, then a standard rate of \$98 per night applies.

Domestic lodging taxes and other lodging charges are not included in the GSA travel per diem rate. Lodging taxes and other lodging charges paid by the traveler are reimbursable as a miscellaneous travel expense limited to the taxes on reimbursable lodging costs and do not affect whether or not the lodging costs meet the GSA published rates.

Lodging for foreign travel will be reimbursed at the single occupancy rate up to the allowable State Department rate published at http://aoprals.state.gov/web920/per_diem.asp or successor site. Lodging taxes *have not* been removed from the established foreign per diem rates. Other lodging charges paid by the traveler are reimbursable as a miscellaneous travel expense and do not affect whether or not the lodging costs meet the GSA published rates.

Receipts for lodging are required and must be itemized to include dates of stay, room rates and taxes, and any other lodging charges (telephone, internet connectivity, meals, etc.).

Meals and Incidental Expenses (M & IE)

Travelers traveling away from home when an overnight stay is required will receive a standard meal allowance for Meals and Incidental Expenses. This allowance will be reimbursed using the Government Services Administration per diem rate for meal and incidental expenses for the city or locality of the traveler's destination listed in Attachment 1, or at www.gsa.gov/mie or successor site. If the city, or the county in which the city is located, are not listed, then a standard rate of \$59 per day for meals and incidental expenses applies.

In limited circumstances, if a traveler is traveling away from home for more than twelve hours, and no overnight stay is required, the System may provide a standard meal allowance for the day, with the amount to be determined based on the time the official travel begins and ends. In these circumstances, the amount of the allowance will be determined using the same time travel bands as used for the first and last day of travel (see attachment

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

1). In these circumstances, the System will reimburse the allowance and add the amount of that allowance to the traveler's form W-2 as wages, in keeping with IRS regulations.

With the exception of meals provided by a common carrier (airline, rail service, etc.) or complimentary meals provided by a hotel or other lodging establishment (continental breakfasts, etc.), the M & IE allowance will be reduced for meals provided at the destination. For example, if attending a conference at which meals are provided as part of the program at no cost to the traveler, the traveler cannot also request a meal allowance for that meal. The cost of meals for guests is not reimbursable.

The M&IE rate includes taxes and tips in the rate. Incidental expenses include items such as fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses and others on ships.

Receipts for meal expenses are not required unless *Pre-Travel Authorization* for reimbursement using actual expenses has been obtained. Approval may be made after the travel if receipts are available and the circumstances are approved by the Chief Executive Officer or designee. Circumstances justifying this request would be unusual and not anticipated. The traveler will be expected to pay the difference between the *Pre-Travel Authorization* and expenses incurred if circumstances do not justify the expense.

Miscellaneous Expenses

Other expenses incurred while traveling on official System business may be reimbursed provided the expenses are reasonable and necessary for conducting the System's business while away. Examples of other expenses include use of phones, faxes, or internet access.

Claims for reimbursement of Miscellaneous Expenses must be substantiated by providing a receipt itemizing the expense.

Unallowable Expenses

The following types of travel-related expenses are specifically not allowable.

- Alcoholic beverage expenses.
- Personal expenses, including personal entertainment expenses such as movie rental charges, or other expenses considered non-essential to official System business.

Gifts and Travel Subsidies

Acceptance of gifts while traveling is strongly discouraged. Acceptance of gifts in excess of \$35 is not allowed. Gifts in excess of \$35 must be provided to the System for distribution to charity or other appropriate parties. In the context of traveling, gifts might include marketing materials provided by vendors such as mugs with logos, or welcome bags at conferences containing samples of locally themed items.

Meals, lodging and entertainment provided by vendors are allowed if reimbursed by the System. The cost of these items must comply with the limitations in this policy.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Travel subsidies must be evaluated prior to the travel authorization. Travelers are required to disclose all travel subsidies prior to obtaining *Pre-travel Authorization*. Travel subsidies include lodging rates subsidized by vendors to enable MainePERS compliance with GSA rates or free or reduced cost meals. Use of subsidized lodging or meals to specifically influence MainePERS procurement decisions is prohibited. Use of subsidized lodging or meals as part of a general industry conference is generally discouraged and unallowable except when approved in the *Pre-Travel Authorization*. Travel expense reimbursement related to staff participation on investment fund advisory boards (or similar) is not considered a gift in cases where reimbursement is a fund expense paid by investors, rather than fund managers.

Combining Personal Travel with Business Travel

When vacation is combined with a business trip, the travel may be reimbursed as business travel only when it is clearly established that the business travel is the primary purpose and the vacation incidental.

When personal time extends the traveler's stay at the business location either prior to or after the business activity, the entire transportation cost may be reimbursed. If any other destination, other than normal connecting points, is included on the ticket that is not related to the business activity, the amount reimbursed will be the fare directly related to the point(s) of business based on the fare class used. The traveler must obtain a quote at the time the ticket is purchased showing what that rate would be and submit this with the expense report.

Car rental expenses must be pro-rated based on the number of days dedicated to business use. Lodging will be reimbursed for those nights where the business activity and travel considerations justify overnight stay. An itemized receipt from the lodging facility showing the dates of occupancy must be submitted with the expense report.

Miscellaneous expenses including parking fees must be reduced for personal day expenses. Ground transportation expenses for personal days including taxis, subways and busses are not reimbursable. When the personal portion of the trip is either at the beginning or the end of a combined trip, a traveler is considered to be traveling for business on both the day of departure and the last day of travel and allowable expenses incurred on those days are reimbursable.

No M & IE allowances are permitted for any day an employee is completely in personal time status.

Local Travel

Travelers may be reimbursed for local travel at the optional standard mileage reimbursement rates then in effect used by the Internal Revenue Service to calculate the deductible costs of operating a motor vehicle for business purposes for System business when traveling to destinations other than their permanent work assignment. It is not the intent of the System to reimburse for what would otherwise be commuting expenses. For travelers who are travelling between their home and a temporary work site, reimbursement will be for the lesser of the miles between their home and the temporary work site or between their permanent work site and the temporary work site. Miles travelled between a permanent work site and a temporary work site is always reimbursable.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Example #1 - A traveler lives in Winthrop and his permanent work site is in Augusta, 12 miles away. He is asked to work in Portland for a day, which is 63 miles from his home in Winthrop and 56 miles from his permanent work site in Augusta. If he travels from home to Portland and back, he should request reimbursement for the lesser of the two distances, or 56 miles each way.

Example #2 – The same traveler in example #1 above reports to his permanent work site in Augusta for the morning. At noon, he leaves for Portland for the afternoon, which is 56 miles from his permanent work site. He then returns home from Portland. The traveler in this case is entitled to no reimbursement for his commute to Augusta in the morning. He is entitled to reimbursement of the 56 miles driven between Augusta and Portland as this travel is between a permanent work site and a temporary work site. He is also entitled to reimbursement for 56 miles for the return trip, which is the lesser of the miles between home and Portland (63 miles) and between Portland and Augusta (56 miles).

Example #3 – A traveler lives in Biddeford and his permanent work site is in Augusta, 73 miles away. He reports to his permanent work site in Augusta in the morning. At noon he leaves for Portland for the afternoon, which is 56 miles from his permanent work site. He then returns home from Portland, a trip of 18 miles. The traveler in this case is entitled to no reimbursement for his commute to Augusta in the morning. He is entitled to reimbursement for the 56 miles between Augusta and Portland and for 18 miles for the return trip, which is the lesser of the miles between home and Portland (18 miles) and between Portland and Augusta (56 miles).

Travelers will not receive a standard meal allowance for local travel unless an overnight stay is required for business reasons. In the event of overnight stay, travelers will receive a standard meal allowance to be reimbursed using the Government Services Administration per diem rate for meal and incidental expenses for the city or locality of the traveler's destination listed in Attachment 1, or at www.gsa.gov/mie or successor site.

Telecommuting

Staff who are authorized or assigned to work remotely will be assigned a permanent work site which is not their home based on their position. In the event that staff who are working remotely are required to report to their permanent work site for in person meetings, equipment service, or any other reason, travel to that permanent work site will be considered commuting and will not be reimbursed under this policy.

Reimbursement

A traveler is required to submit an expense report upon completion of travel in accordance with procedures established and administered by the Accounting & Finance Department. Requests for reimbursement should be made within 60 days of completing the travel and incurring the expenses. Requests for reimbursement made beyond 60 days must be accompanied by a written explanation as to why the request was delayed. The explanation must be signed by both the traveler and the traveler's supervisor.

In the event that a traveler received an advance, the traveler must substantiate expenses by submitting an expense report upon completion of the travel and return any excess funds.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Excess funds not returned within 120 days of the completion of the travel will be considered income and reported to the IRS as appropriate.

Approval

All System travel shall be approved by an individual having sufficient knowledge of relevant law and statutes, MainePERS rules, policies and procedures (including the Code of Ethics) and the Federal Travel Regulations. The individual authorizing the reimbursement of travel-related expenses is responsible for assuring, or designating a responsible party for assuring, that the costs have been evaluated and

- The travel has been completed;
- The completed travel has been properly documented in accordance with procedures established by this policy;
- The expenses have been incurred.

Reimbursement

The Accounting and Finance Department shall reimburse properly incurred and approved travel expenses, ensuring that the Travel Authorization and Travel Expense Report are consistent.

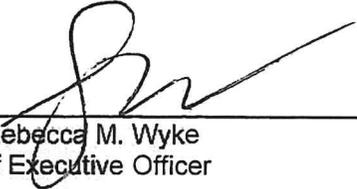
Board of Trustees

The System shall provide the Finance and Audit Committee of the Board with an annual budget that includes a specific category for travel and related expenses. The System shall also provide the Finance and Audit Committee of the Board with a semi-annual and annual report listing the actual travel and costs that have been incurred within that budget. The Finance and Audit Committee of the Board shall provide the Board of Trustees with the budget including travel and related expenses and the two travel reports.

Ownership

This System Policy is owned by the Chief Financial Officer.

Adopted February 1, 2013; Approved as amended January 11, 2017; January 17, 2018; October 17, 2018; November 13, 2019; May 19, 2020; May 23, 2022; April 24, 2023



Dr. Rebecca M. Wyke
Chief Executive Officer

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Attachment 1 - Meals and Incidental Expenses (M&IE) Breakdown

www.gsa.gov/mie

The following table is provided for employees who need to deduct provided meals from their daily meals and incidental expense (M&IE) allowance. The table lists the six M&IE tiers in the lower 48 continental United States (currently ranging from \$59 to \$79). Find the amount corresponding to the allowable M&IE rate on the first line of the table (M&IE Total) and then look below for each specific meal deduction amount.

The table also lists the portion of the M&IE rate that is provided for incidental expenses (currently \$5 for all tiers), as well as the amount employees receive for the first and last calendar day or travel. The first and last calendar day of travel is calculated based on the time of day the travel begins (first day) or ends (last day) based on the table which follows.

M&IE Total	\$59	\$64	\$69	\$74	\$79	
Continental Breakfast / Breakfast	\$13	\$14	\$16	\$17	\$18	
Lunch	\$15	\$16	\$17	\$18	\$20	
Dinner	\$26	\$29	\$31	\$34	\$36	
Incidental Expenses (I/E)	\$5	\$5	\$5	\$5	\$5	

First Day	Travel Begins	Breakfast	Lunch	Dinner	I/E
	Before 7:00 am	Yes	Yes	Yes	Yes
	After 7:00 am but before noon	No	Yes	Yes	Yes
	After noon but before 5:00 pm	No	No	Yes	Yes
Last Day	Travel Ends	Breakfast	Lunch	Dinner	I/E
	Before Noon	Yes	No	No	Yes
	After noon but before 5:00 pm	Yes	Yes	No	Yes
	After 5 pm	Yes	Yes	Yes	Yes

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: MICHAEL J. COLLERAN, CHIEF OPERATING OFFICER & GENERAL COUNSEL
CHIP GAVIN, CHIEF SERVICES OFFICER
SHERRY VANDRELL, CHIEF FINANCIAL OFFICER

SUBJECT: MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT

DATE: JANUARY 31, 2024

Content in the following paragraphs was selected to provide noteworthy information regarding the System's member services, finance, and operations.

POLICY REFERENCE

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

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

MEMBER SERVICES

1. MEMBER PORTAL: The Member Portal is now public and it has continued to grow. More than 9,000 portal accounts were registered by January 31, 2024, an approximately 70% increase from the prior month. On January 30, the Portal for the first time was publicly published to the <www.maineopers.org> web site and made discoverable via commonly-used internet search engines. Additional promotional and member awareness activities also are occurring. The portal is part of Goal IV, Strategic Objectives (E) and (B) and other related components of the Strategic Plan.



2. **COLA:** A special one-time COLA for eligible PLD members is on track to be implemented with the February 2024 monthly benefit payment. The rulemaking was finalized by the Maine Secretary of State’s office on January 22, 2024, following approval by Trustees. The COLA information is posted to the MainePERS web site and will be communicated to affected PLD retirees via mailed notices and emails prior to the February payroll. The COLA information also will be posted to the new MainePERS Member Portal.

3. **MEMBER EDUCATION UPDATE:** A new education session for PLD special plan members is scheduled to launch in March 2024. This webinar adds to the growing roster of member education opportunities available to individuals ranging from those who are new to MainePERS to those who are getting ready to retire. Meeting the unique needs of special plan members is the latest addition and will be offered approximately once per quarter. Member feedback is solicited after each session. Registration is available 24x7 online and the first several participants already have registered.

DAY	DATE	TIME	SUBJECT	STATUS	REGISTER
Wednesday	1/10/2024	Noon	INTRO TO PLD PLAN	ONLINE	REGISTER
Tuesday	2/27/2024	Noon	READY TO RETIRE	ONLINE	REGISTER
Thursday	3/21/2024	Noon	SPECIAL PLAN SESSION	ONLINE	REGISTER
Thursday	4/25/2024	1:00 pm	INTRO TO PLD PLAN	ONLINE	REGISTER
Tuesday	5/21/2024	1:00 pm	READY TO RETIRE	ONLINE	REGISTER
Wednesday	6/5/2024	1:00 pm	SPECIAL PLAN SESSION	ONLINE	REGISTER

4. **PENSION ADMINISTRATION SYSTEM (PAS) PROJECT:** Linea, the 3rd party advisor to MainePERS on this project, reports the overall PAS project status is green, indicating overall stability and progress toward completion. MainePERS agrees. Three of the four major monitoring areas are now coded green, an increase in green ratings since the last Trustee meeting. The PAS project supports Goals III and IV and other elements of the Strategic Plan. Since the last Trustee meeting, no risks monitored by Linea have worsened in their severity ratings. Below is an excerpt of Linea’s most recent bi-weekly status report:

Overall		Scope	
Schedule		Resources	
Project Lead	Denise Myers	Project Sponsor	CEO Rebecca Wyke
Project Start	July 17, 2023	Project End	Aug 20, 2024
Reporting Period	Jan 8, 2024 to Jan 22, 2024	Reporting Date	Jan 22, 2024

Audience	Chip Gavin, Michael Colleran, Joy Childs, Valerie Scott, Lauren Fowler, Domna Giatas, Timothy Poulin, Sherry Vandrell	Next Meeting Date	Jan 24, 2024
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FINANCE

1. EMPLOYER REPORTING. Employers submitted defined benefit payrolls on time at a 97% rate in January. This compares to a rate of 90% for the same period last year. The number of accounts now fully reconciled through November data is now 500, or 76%. Progress continues but at a much slower pace as staff work on more challenging accounts.

We continue to monitor and assist several employers with their payroll reporting obligations. Progress continued this month with one large employer who had stopped reporting this summer due to changes in personnel and payroll software updates. The employer continues to engage with our training specialist weekly and reporting is now current through November. December reports that were due in January are being reconciled now ahead of submitting them and we expect the employer will be timely with January reports due in February.

BerryDunn is now actively engaged with the school district employer that we've been regularly reporting on. The engagement consists of reviewing and reconciling payroll data for the last three quarters of 2023 to ensure that all MainePERS member details and contributions are accounted for. The employer successfully launched a new payroll application beginning in January and is working to retrieve the data required to submit a clean payroll report for the month of January by February 15th. Once this has occurred and the work with BerryDunn wraps up, we will begin the process of reviewing payroll details submitted prior to 2023 to determine what additional work is needed.

2. EMPLOYER AUDITING. Three audits were opened during the month of January and all are still currently in process. The percentage of resolved findings to date remains at 95%
3. ACCOUNTING AND FINANCE. CliftonLarsonAllen completed the review of facilities management and controls work in January and a draft report is currently being reviewed by management. The report on the cash receipts and controls work will be presented to members of the Finance and Audit Committee in February. The next reviews will cover the areas of processing member estimates and statements of account. This work has been assigned to CliftonLarsonAllen and is expected to begin in February.

OPERATIONS

1. INFORMATION TECHNOLOGY: IT staff continue to be heavily involved in the PAS replacement project. The Data Cleansing Project Team has started making steady progress in identifying and focusing on data points. Planning for the next supplemental COLA is underway. As well as additional updates to V3 to enhance compliance and efficiency, and regular security and network operations functions. A business unit diverse group has been assembled to create the MainePERS Data Cleansing project Team. This team has created a data inventory tracking tool, impact and priority system.

2. ADMINISTRATION: Continue to establish the teams with the addition of the HR Generalist and reviewing the structure of the Document Center.
3. FACILITIES: A new 10-year lease for Portland office effective 1/1/2024. We continue work with an engineering firm developing an RFP for a generator for our Augusta facility; written approval was obtained from the property owner.
4. DOCUMENT CENTER: The member information update project is considered finished. MM0002 forms continue to come in but at a rate that is manageable within the normal workday. The team processed over 17,500 forms during the project.
5. HUMAN RESOURCES: We had three new employees start in January, with one of those being the new HR Generalist. There were two separations in January. We are recruiting for three openings.

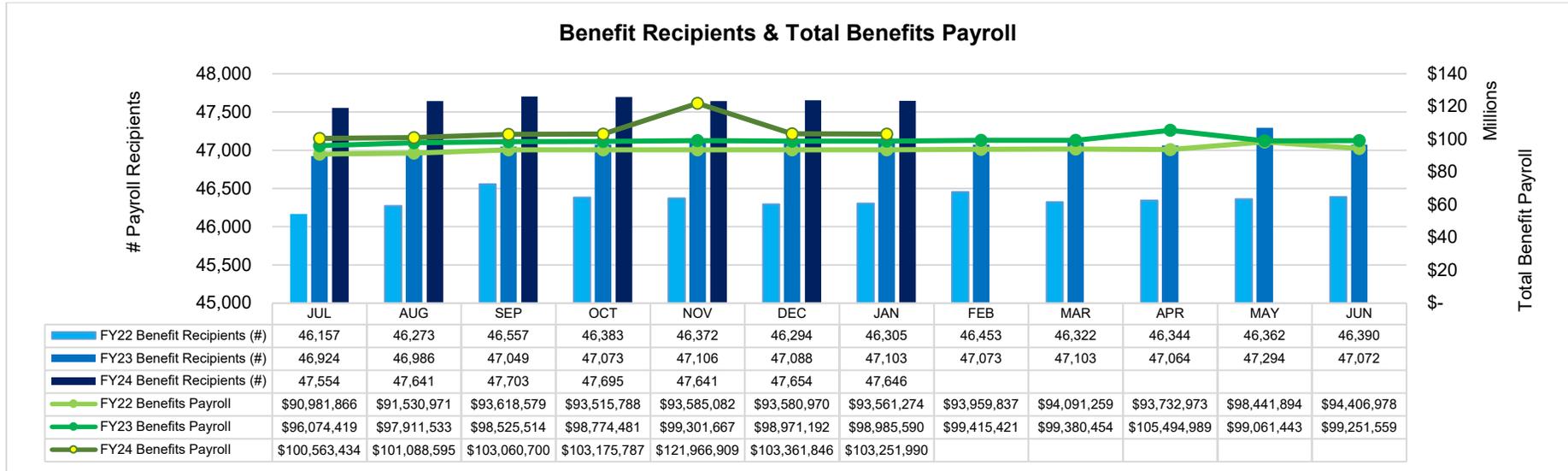
RECOMMENDATION

No Board action is recommended at this time.

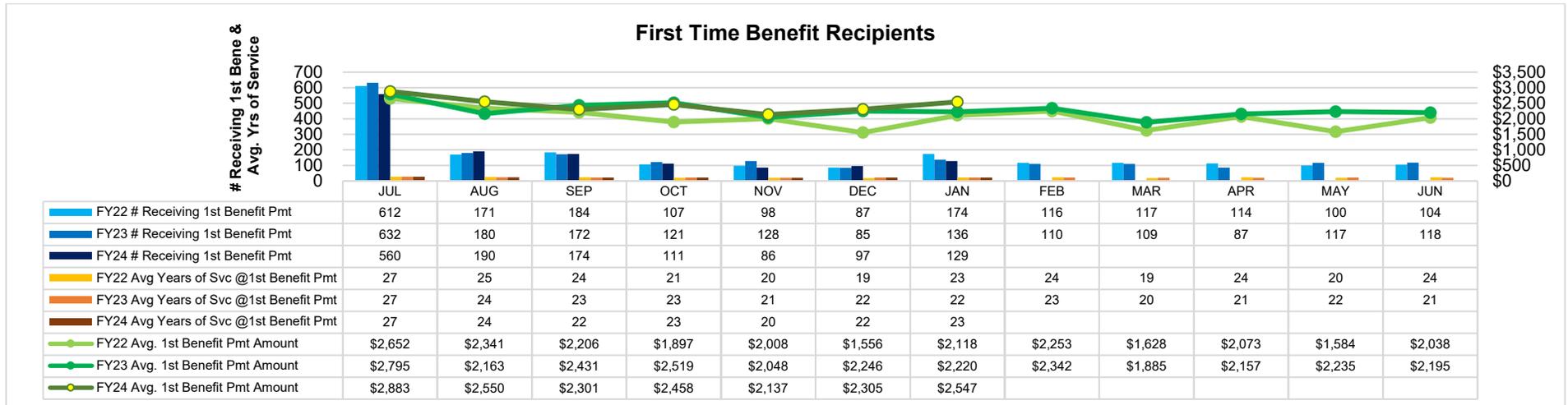
JANUARY 2024 BOARD OF TRUSTEES OPERATIONS – MEMBER SERVICES SUPPLEMENTAL NUMBERS

RETIREMENT SERVICES

BENEFITS PAYROLL: Regular monthly pension benefit payments were made to 47,646 recipients in January, totaling \$103,251,990. Note: Special payments paid outside of the regular payroll run are not reflected in the “Benefits Payroll” total.

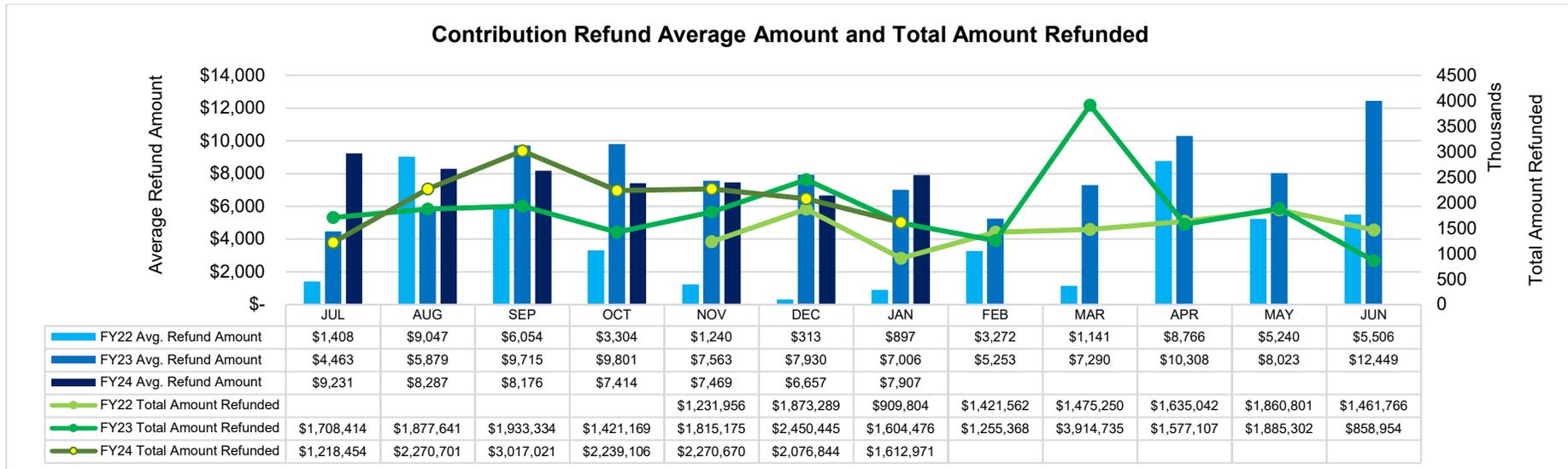
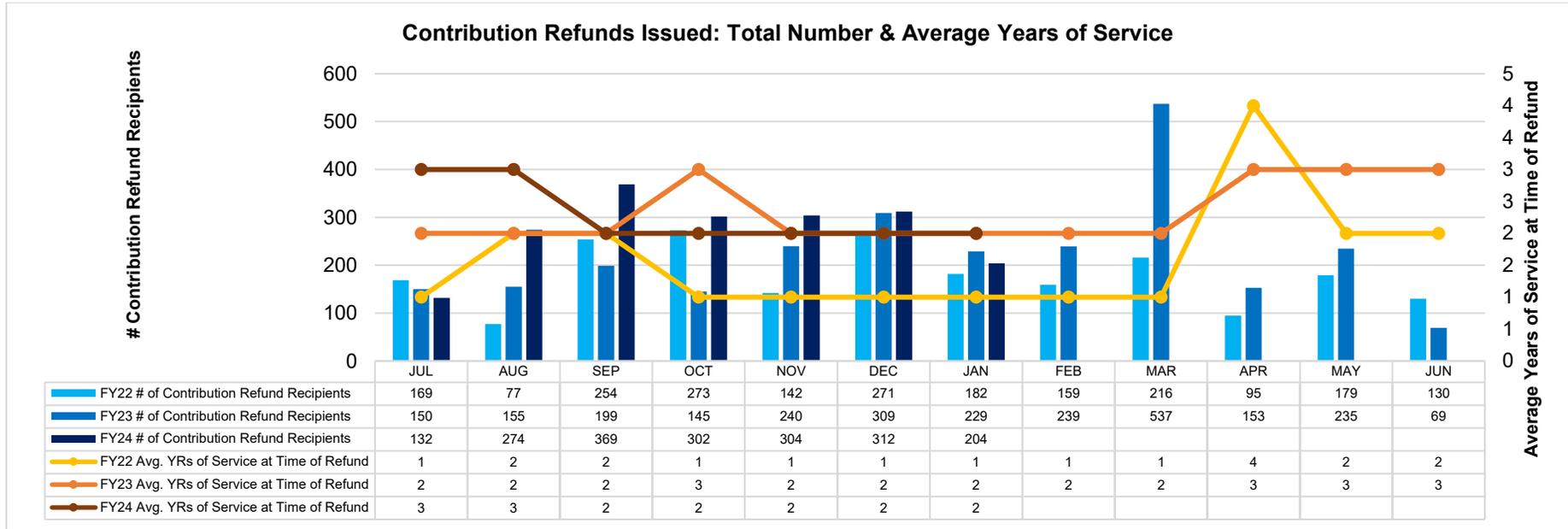


FIRST TIME BENEFIT RECIPIENTS: One hundred twenty-nine (129) individuals received their first benefit payment in January. The average benefit amount was \$2,547. First time recipients averaged twenty-three (23) years of service. The count of new recipients, payment amount, and service are comparable to data seen during the same month in recent prior years.



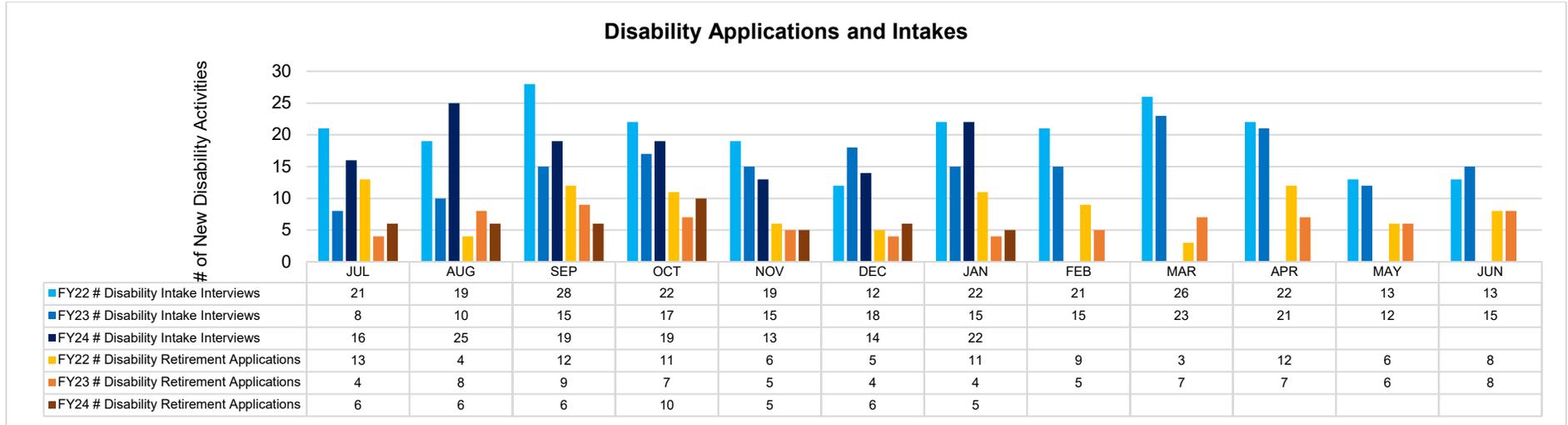
RETIREMENT SERVICES: continued

CONTRIBUTION REFUNDS: Two hundred four (204) former members received a refund of their contributions in January. The average refund was \$7,907 as the result of an average two (2) years of service. The aggregate amount refunded was \$1,612,971.



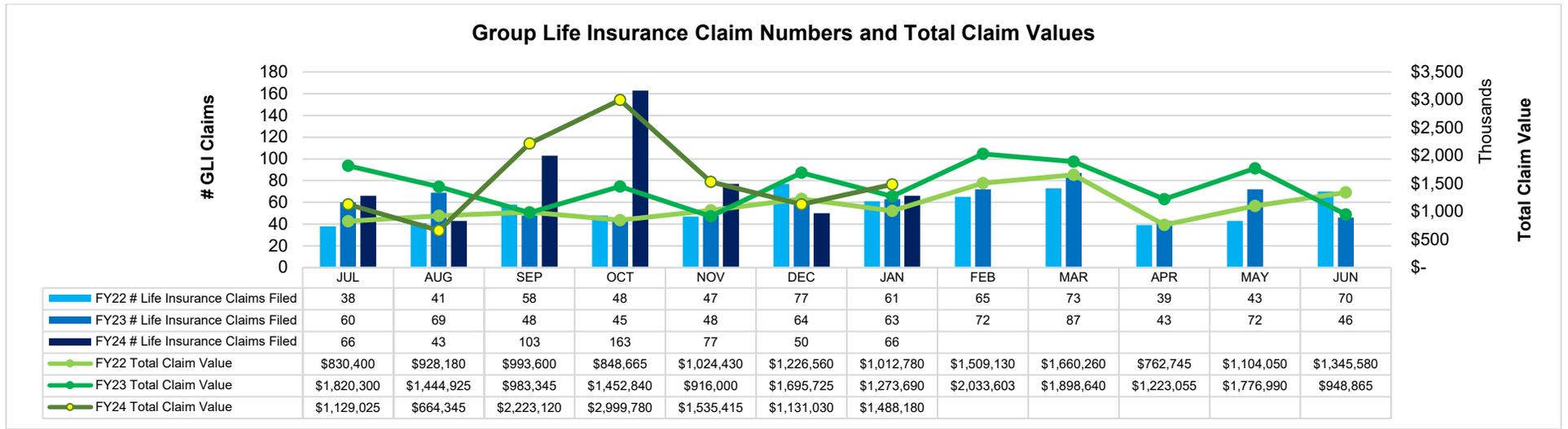
DISABILITY SERVICES

Twenty-two (22) intake interviews were completed in January with varying levels of detail and duration. Intakes included seven (7) State members, eight (8) Teacher members, seven (7) PLD members and zero (0) other. Five (5) new disability retirement applications were received in January.



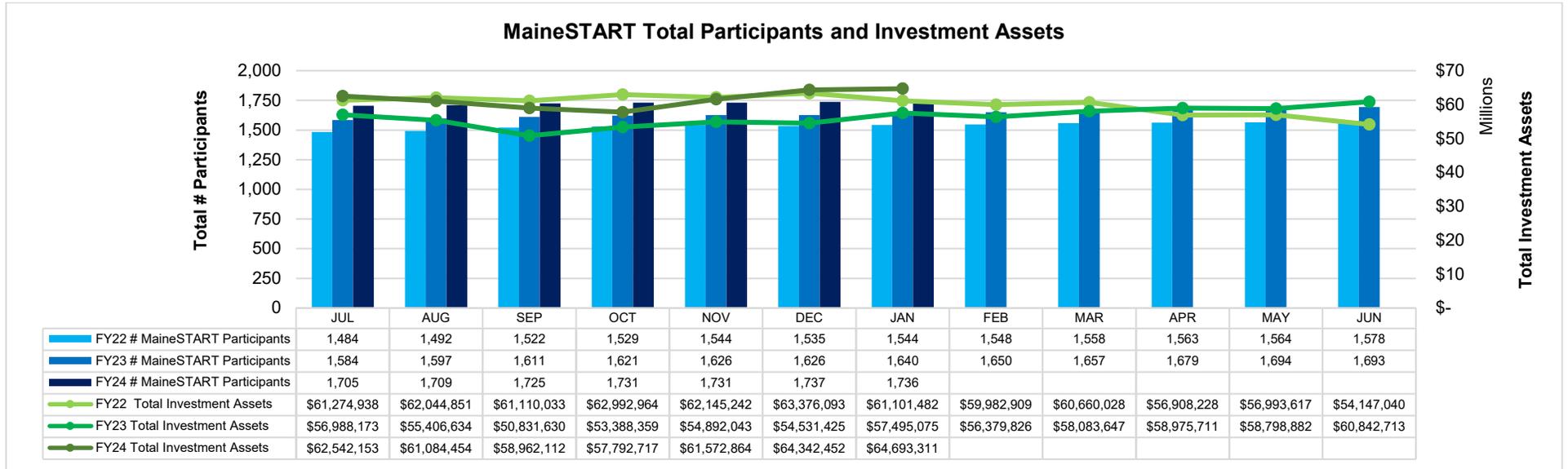
SURVIVOR SERVICES

Sixty-six (66) life insurance claims were sent to our carrier (The Hartford) in January with a total value of \$1,488,180 in payments due to beneficiaries. Of the claims, fifty-eight (58) were retirees claims, eight (8) were active members claims and none were an active dependent claim.



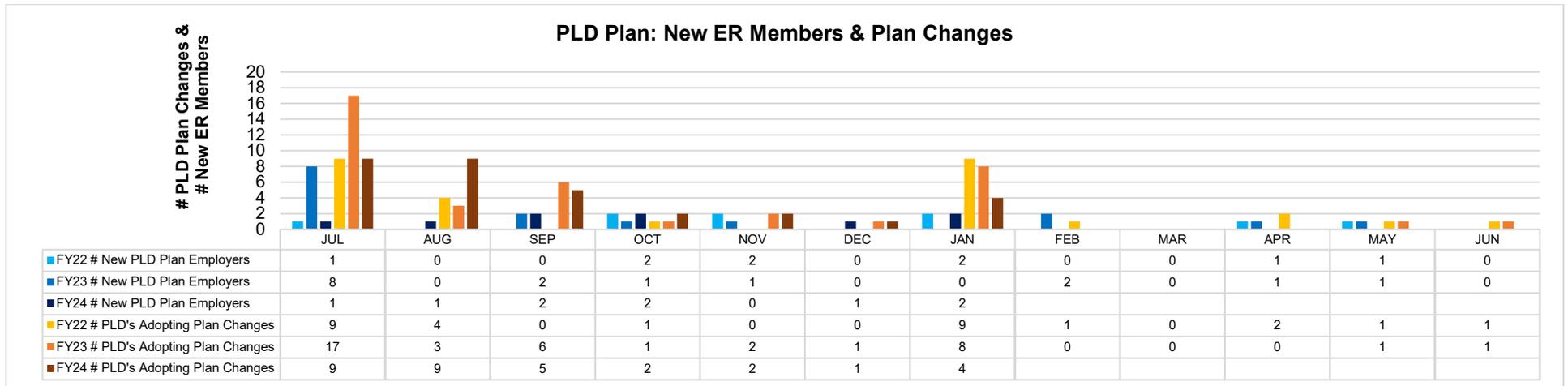
DEFINED CONTRIBUTION PLAN SERVICES

MaineSTART had one thousand seven hundred thirty-six (1,736) participants at the end of January with \$64,693,311 of investment assets in the program.



PLD PLAN ADMINISTRATION

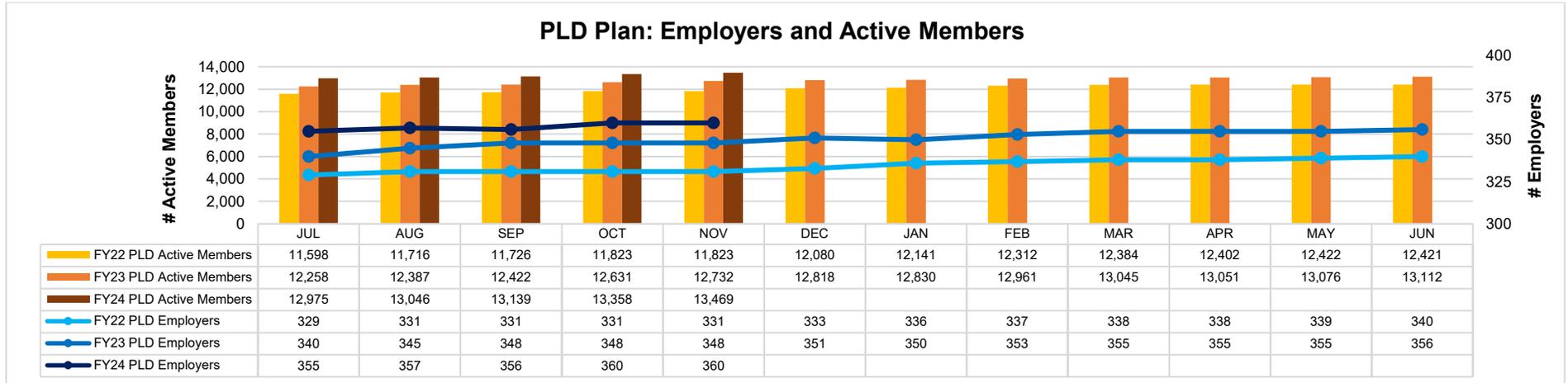
Two (2) new employers joined the PLD Retirement Program effective January 1, 2024. There was four (4) employer plan changes effective January 1, 2024. *Note: This metric reflects PLD employer changes (joining, returning, adopting plan changes) in the month of their implementation. This format is consistent with MainePERS activity reporting to our actuary.*



PLD PLAN ADMINISTRATION – Continued

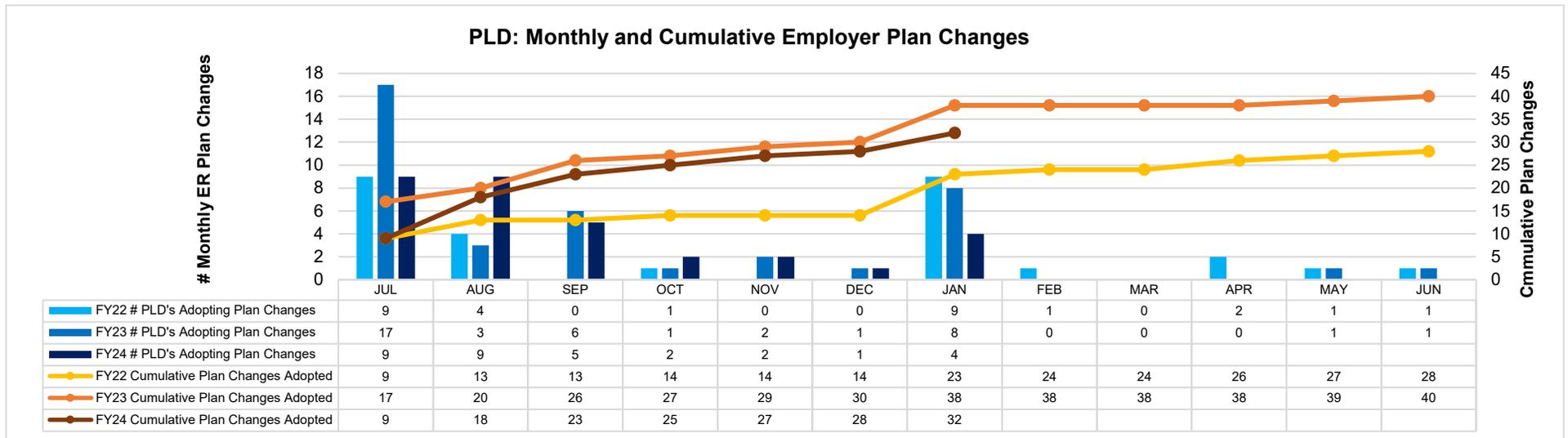
PLD Plan - Cumulative Employer and Member Numbers

PLD employers remain unchanged at 360 through November; PLD Employee numbers increased 0.8% (111 employees) month-over-month. This metrics will be reported quarterly; the next update will be included in the March 2024 report.



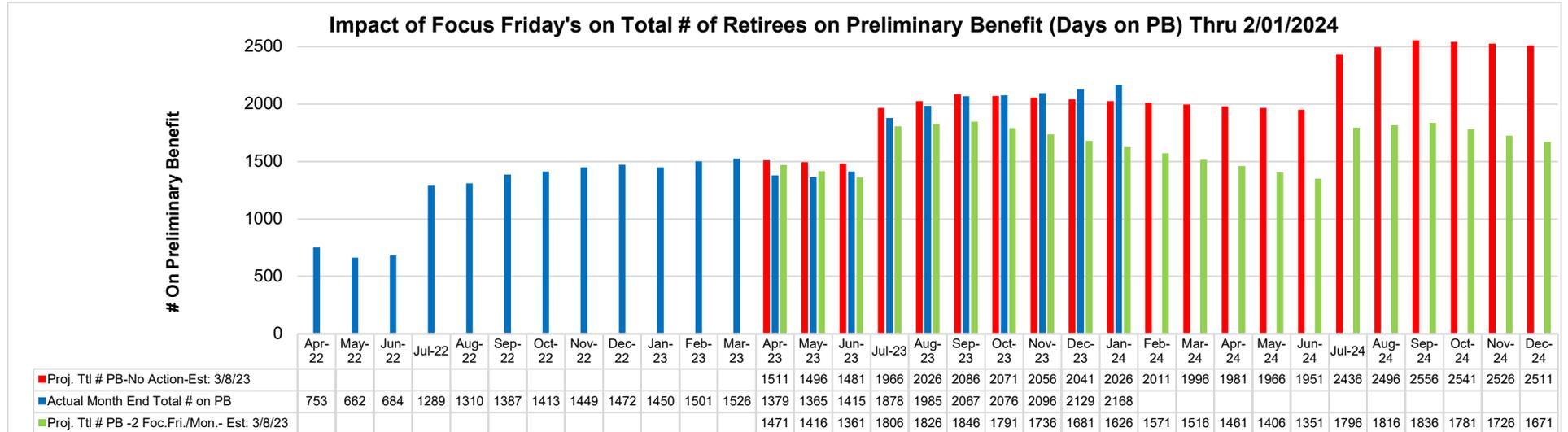
PLD PLAN - MONTHLY AND CUMULATIVE EMPLOYER PLAN CHANGES

Two (2) new employers joined the PLD Retirement Program effective January 1, 2024. There was four (4) employer plan changes effective January 1, 2024, bringing total plan change this FY to 32. *Note: This metric reflects PLD employer changes (joining, returning, adopting plan changes) in the month of their implementation. This format is consistent with MainePERS activity reporting to our actuary.*

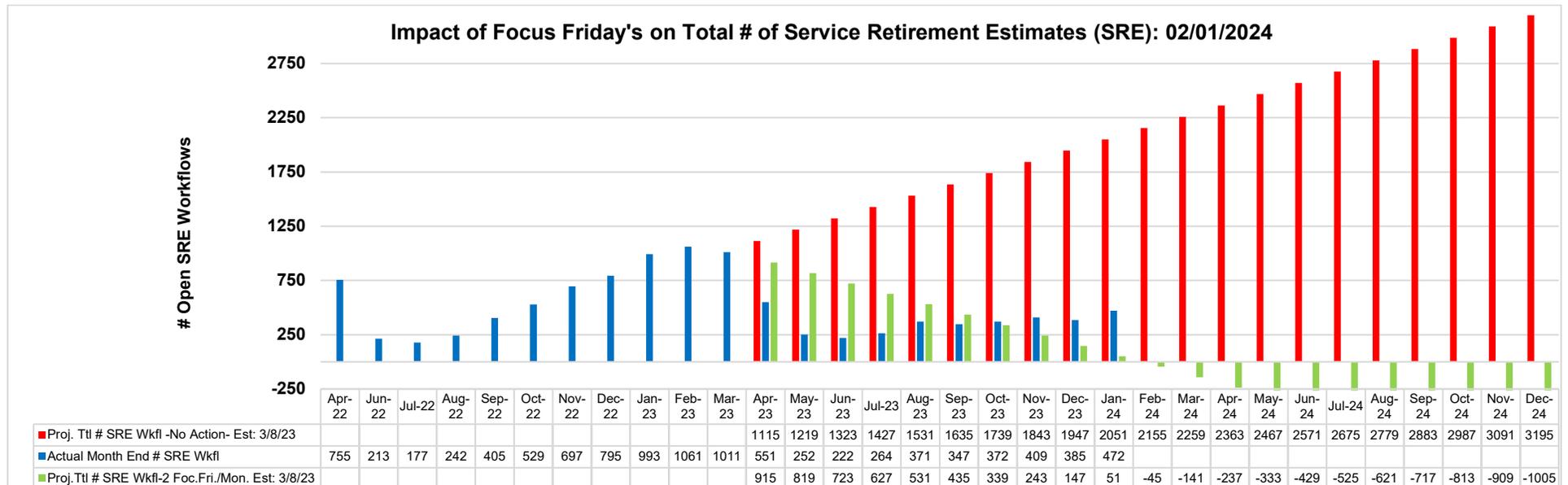


FOCUS FRIDAY IMPACT ON BACKLOG REDUCTION

PRELIMINARY TO FINAL BENEFIT (PB TO FINAL) BACKLOG THROUGH FEBRUARY 1, 2024: The backlog projections and reporting below are based on a data point that counts days since an initial Preliminary Benefit disbursement date (Days on PB) occurred.



SERVICE RETIREMENT ESTIMATE BACKLOG THROUGH FEBRUARY 1, 2024: The backlog projections and reporting below are based on data that count the total number of open Service Retirement Estimate workflows.



MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS
FROM: DR. REBECCA M. WYKE, CEO
SUBJECT: CEO REPORT
DATE: JANUARY 31, 2024

PLD Special Plan Educational Session

Goal IV of the Strategic Plan, Cultivation of a Member-centric Organization includes an objective to develop a comprehensive member education, communications, and service model that supports planning for retirement security. Over the past couple of years we have introduced an annual member account statement, benefit estimator, quick tip videos for members preparing for retirement, a member portal, and three new introductory seminars for state, teacher and participating local district (PLD) plan members. Our newest effort is a PLD special plan educational seminar. These special plans are typically limited to police, fire, corrections, and EMS personnel, but members in these plans may also be covered by a regular plan. Topics covered include becoming eligible under the special plan, how your retirement benefit is calculated, and other common retirement questions posed by members in a special plan.

Welcome to our New Trustees

MainePERS extends a warm welcome to our newest members of the Board of Trustees, Nathan Burnett and Kirk Duplessis.

Nathan Burnett

Nathan was elected by the delegates at the Maine Education Association Representative Assembly on May 20, 2023. Nathan is a math and computer science teacher and department chair at Sacopee Valley High School in Hiram and will fill the seat on the Board being vacated by Ken Williams. Nathan has been a regular attendee at the Board meetings since his election and is well prepared to step into his role as a Trustee.

Kirk Duplessis

Kirk was appointed by the Maine Service Employees Association Board of Directors on January 19, 2024. Kirk is a business data analytics specialist for the Maine Department of Health and Human Services and will fill the seat on the Board being vacated by Mark Brunton. Kirk completed his first Board orientation session last week.

Thank you to our Departing Trustees

MainePERS extends its sincere gratitude to our departing members of the Board of Trustees, Ken Williams and Mark Brunton.

Ken Williams

Ken Williams was elected in 2005 by the delegates at the Maine Education Association Representative Assembly. Ken is a life-long educator and has taught in the Damariscotta area for nearly 39 years. Ken has faithfully served in his role as Trustee for more than eighteen years and is known for his good humor, distinctive attire, and love of teaching. We wish him all the best as he refocuses his efforts on the classroom and look forward to assisting him in his transition to retirement upon achieving the record as the longest-serving teacher for the Central Lincoln County Schools.

Mark Brunton

Mark Brunton was elected in 2019 by the Maine State Employees Association (MSEA) Local 1989 of the Service Employees International Union (SEIU). Mark is a licensed social worker employed as a Resource Coordinator for the Department of Health and Human Services, Office of Aging and Disabilities. Mark has served in his role as Trustee for nearly five years and is known for his kind demeanor and passion for serving our members. We wish him well in his new role as the President of MSEA SEIU Local 1989.