

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
August 12, 2021

MainePERS
Augusta, Maine
9:00 a.m.

The Board of Trustees held a meeting at 139 Capitol Street, Augusta, ME 04330 at 9:00 a.m. on August 12, 2021. Brian Noyes, Chair, presided. Other Trustees participating were Dick Metivier, Vice-Chair; Henry Beck, State Treasurer; Shirrin Blaisdell; and John Kimball. Joining the Trustees were Sandy Matheson, Chief Executive Officer; Michael Colleran, Chief Deputy Executive Director and General Counsel; Monica Gorman, Secretary to the Board of Trustees; and Betsy Stivers, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by James Bennett, Chief Investment Officer; Brian McDonnell and Stuart Cameron, Cambridge Associates; Tom Lynch and George Bumeder, Cliffwater; Ed Schwartz, ORG; Gene Kalwarski, Cheiron; Rebecca Grant, Deputy Executive Director; Jim Dusch, Deputy Executive Director; Sherry Vandrell, Director of Finance; and Kathy Morin, Manager, Actuarial and Legislative Affairs.

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

CONSIDERATION OF THE CONSENT CALENDAR

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

- Minutes of July 8, 2021; and
 - Dismissal, Sharon Sproul Appeal
- Action. Dick Metivier made the motion, seconded by Mark Brunton, to approve the Consent Calendar. Voted unanimously by six Trustees (Beck, Blaisdell, Brunton, Kimball, Metivier, and Noyes).

Brian shared this was Sandy Matheson's last Board meeting. On behalf of the Board, Brian expressed his gratitude and thanked Sandy for her contributions, expertise and overall great job she has done over the past 12 years. Sandy stated she was appreciative of everything the Board has accomplished and will miss everyone.

COST OF LIVING ADJUSTMENT

Sandy Matheson shared the CPI-U as of June 30, 2021 was 5.4%. The COLA for the State-sponsored plans is capped at 3% of the first \$22,947.11 of benefits. The increase for the PLD Consolidated Plan is capped at 2.5% of the total benefit. The COLA for withdrawn PLD's is capped at 4% of the total benefit. Because the State-sponsored plans did not receive the full COLA, MainePERS will submit the additional cost to fund the full COLA to the Governor and Legislature as required by law.

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, that the Board adopt cost of living adjustments of 3.0% for the State-sponsored plans, 2.5% for the PLD Consolidated Plan, and 4% for withdrawn PLDs, effective September 2021, and that the System provide the Governor and Legislature with the information required when the full COLA is not paid because of the caps. Voted unanimously by six Trustees (Beck, Blaisdell, Brunton, Kimball, Noyes, and Metivier).

2021 Actuarial Assumptions

Gene Kalwarski shared with the Board a recap of the July meeting presentation. Gene stated the Board discussed lowering the discount rate, resetting the asset smoothing, and establishing a contribution stabilization mechanism for the State and Teacher programs. Gene reviewed these topics and made recommendations, and he and Sandy Matheson answered questions from the Trustees.

- Action. John Kimball made the motion, seconded by Mark Brunton that the Board adopt the actuary's recommendation of lowering the discount rate to 6.5%, further evaluating a policy for a stabilization mechanism, and continuing with 3-year smoothing. Voted unanimously by six Trustees (Beck, Blaisdell, Brunton, Kimball, Noyes, and Metivier).

PRIVATE MARKET ACTIONS

Riverside Micro-Cap VI

- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell, that MainePERS make a commitment of up to \$45 million to Riverside Micro-Cap Fund VI, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this commitment. Voted unanimously by six Trustees (Beck, Blaisdell, Brunton, Kimball, Metivier, and Noyes).

Hines U.S. Property Partners

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to \$200 million to Hines U.S. Property Partners, subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this commitment. Voted unanimously by six Trustees (Beck, Blaisdell, Brunton, Kimball, Metivier, and Noyes).

LIQUIDITY PORTFOLIO

Liquidity Management Review

Jim Bennett made a presentation to the Trustees on the liquidity portfolio structure. Jim also recommended the engagement of Parametric Associates to manage the portfolio. Jim answered questions from the Board.

- **Action.** Dick Metivier made the motion, seconded by Mark Brunton, that MainePERS engage in Parametric Associates to manage the System's "liquidity portfolio", subject to final due diligence, legal review and negotiations, and authorize the Executive Director, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this engagement. Voted unanimously by six Trustees (Beck, Blaisdell, Brunton, Kimball, Metivier, and Noyes).

Sandy Matheson updated the Board on outside communications that she has received over the past few weeks. She shared the communications related to divesting from fossil fuels.

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of July 31st the MainePERS fund had a preliminary value of \$18.2 billion, the preliminary fund return for the month was 0.23%, the fiscal year-to-date return was 0.23%, and the preliminary calendar year to date return was 11.25%.

Investment Quarterly Review

Brian McDonnell and Stuart Cameron reviewed the quarterly report ending June 30, 2021 with the Trustees. Brian and Stuart answered various questions from the Trustees.

Risk Diversifier Quarterly Report

Stuart Cameron reviewed the risk diversifier quarterly report ending June 30, 2021 with the Trustees. Stuart answered questions from the Trustees.

Brian Noyes left the meeting at 11:30 a.m. Vice Chair Dick Metivier presided.

PRIVATE MARKETS REVIEW

Private Markets Activity

Jim Bennett reviewed the table of private markets funds that had closed during the past 12 months. Jim shared that the next manager meeting is scheduled for Tuesday, August 24, 2021, with presentations by Summit Partners at 9:30 a.m., and DeerPath Capital at 10:45 a.m. He also shared that the Investment Team continues due diligence for possible investments in Angelo Gordon Direct Lending Fund IV Annex and General Catalyst Group XI.

Real Estate Quarterly Report

Ed Schwartz provided a summary of the Real Estate Portfolio as of March 31, 2021. Ed answered questions from the Trustees.

Cliffwater Quarterly Report

Tom Lynch and George Bumedder presented Cliffwater's Quarterly Report as of March 31, 2021. Tom and George answered questions from the Trustees.

ADMINISTRATION REPORT

Operations Report

Jim Dusch reviewed the monthly benefits payroll for the month. Jim also shared PLD changes continue to come in on a regular basis.

Sherry Vandrell stated that 98% of payrolls were received for July and the employer reporting assistance program had completed two reviews for the month.

Rebecca Grant shared that there are a number of IT projects being worked on. Rebecca reviewed with the Trustees the Air Gap Technology System and how it operates.

Sandy Matheson shared employees began their in-office work schedules which are Monday, Tuesday, Wednesday or Wednesday, Thursday, Friday.

CEO Transition

Sandy Matheson stated she has had several orientation meetings with new CEO Becky Wyke and senior staff over the last few weeks. Sandy shared she will be helping through the end of the year with the new pension plan.

Dick Metivier thanked Sandy for creating a smooth transition for the new CEO.

- **Action.** Motion by Henry Beck, seconded by Shirrin Blaisdell, that the Board sets the Chief Executive Officer's annual salary, effective August 30, 2021, at \$280,000, plus deferred compensation of \$15,000 per year for 2021 and 2022, and a \$50,000 retention bonus after completing three years of service; authorized an amendment to the Supplemental Retirement Plan for Eligible Employees of MainePERS to include the Chief Executive Officer's deferred compensation; and authorizes the Chief Operations Officer and General Counsel to sign any documents related to effecting this action. Voted unanimously by five Trustees (Beck, Blaisdell, Brunton, Kimball, and Metivier).

LEGISLATIVE AND RULEMAKING UPDATE

Kathy Morin shared this will be the final legislative update for the Trustees this session. Kathy stated the Program Evaluation Report is due to the Legislature by November 1st at which time will be provided to the Trustees.

BOARD POLICY REVIEW

Policy 1.10 – Board Meetings

Mike Colleran shared that in accordance with a new statute regarding remote participation in public meetings, an amendment to Board Policy 1.10 is being proposed. The amended policy was noticed with no written comments received.

- Action. Mark Brunton made the motion, seconded by John Kimball, that the Board approve amended Board Policy 1.10. Unanimously voted by five Trustees (Beck, Blaisdell, Brunton, Kimball and Metivier).

MAINSTART

Amended 457 Plan Document and 403(b) Plan Document

Mike Colleran reviewed with the Trustees recommended amendments to the 457 and 403(b) plan documents in regards to changes in federal law and making Roth contributions.

- Action. Motion by Henry Beck, seconded by Mark Brunton, that the Board adopt the amended MaineSTART 457 plan documents and authorize the Chief Executive Officer and the Chief Operations Officer and General Counsel to sign any documents related to effecting this action.

And that the Board authorize amendments to the MaineSTART 403(b) plan documents to permit Roth contributions and reflect changes in federal law and authorize the Chief Operations Officer and General Counsel to sign any documents related to effecting this action. Unanimously voted by five Trustees (Beck, Blaisdell, Brunton, Kimball and Metivier).

LITIGATION UPDATE

Betsy Stivers shared she is waiting for oral argument to be set on the 80C Appeal in the Hawes case. She also reported that the motion to dismiss has been filed on the Hawaii foreclosure case and is waiting for a response.

- Action. Motion by Mark Brunton, seconded by Shirrin Blaisdell, to enter into executive session pursuant to 1 M.R.S. §405(6)(E) to consult with Board Counsel concerning pending litigation. Voted unanimously by five Trustees (Beck, Blaisdell, Brunton, Kimball and Metivier).

Board moves out of executive session.

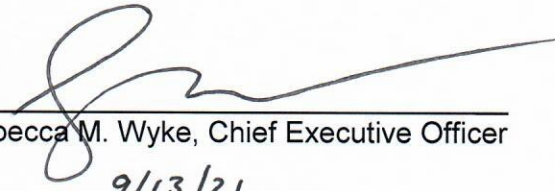
ADJOURNMENT

- Action. Motion by Henry Beck, seconded by Mark Brunton, to adjourn the meeting of the Board of Trustees. Unanimously voted by five Trustees (Beck, Blaisdell, Brunton, Kimball, and Metivier).

The meeting adjourned at approximately 12:30 p.m.

9/9/2021

Date Approved by the Board



Dr. Rebecca M. Wyke, Chief Executive Officer

9/13/21

Date Signed