

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Board Meeting
July 13, 2023

MainePERS
Augusta
9:00 a.m.

The Board of Trustees met at MainePERS, 139 Capitol Street, Augusta, ME 04332 at 9:00 a.m. on July 13, 2023. Brian Noyes, Chair, presided. Other Trustees participating were: Dick Metivier, Vice Chair; Henry Beck, State Treasurer; John Beliveau; Shirrin Blaisdell; Mark Brunton; 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 Jim Ackor, Managing Director, Investments; Kathy Morin, Director of Actuarial and Legislative Affairs; Brian McDonnell, Cambridge Associates; George Bumeder, Cliffwater; William Greenwood and Jennifer Yeung, Albourne; and John O'Shea, Olivia Schubert, and Michael Cembalest, JP Morgan Asset Management.

Brian Noyes called the meeting to order at 9:00 a.m. Brian introduced Nate Burnett to the Trustees. Nate will be replacing Ken Williams as a Board member early next year.

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 June 8, 2023
- Dismissal Order – Yanike-Hale Appeal

- Action. Henry Beck made the motion, seconded by Dick Metivier, to approve the Consent Calendar. Voted unanimously by eight Trustees (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

CEO REPORT

Dr. Rebecca Wyke shared that Linea Solutions, Inc. will be providing assistance in the development of an RFP for the procurement of a new pension administration system.

Dr. Wyke reported the Retiree Health Insurance Post-Employment Investment Trust received initial funding on June 30, 2023 for the plan established for retired teacher health benefits.

PRIVATE MARKET REVIEW

Private Markets Activity

Jim Bennett reviewed the table of private market funds and co-investments that had closed during the past 12 months. Jim shared there are no manager meetings scheduled for July.

INVESTMENT REVIEW

Management Fee Tracking Update

Jim Bennett reviewed a new Investments Departmental Policy on tracking investment management fees that was developed in consultation with the Chief Financial Officer. Jim answered questions from the Trustees.

Investment Monthly Review

Jim Bennett reported that as of June 30th, the MainePERS fund had a preliminary market value of \$18.6 billion, the preliminary return for the month was 1.5%, and the preliminary calendar year-to-date return was 3.9%.

QUARTERLY INVESTMENT EDUCATION

Energy & the Energy Transition

Michael Cembalest, Chairman of Market and Investment Strategy at JP Morgan Asset Management, shared a presentation and discussed with the Trustees energy markets and energy transition as it relates to investments. Michael and John O'Shea answered questions from the Trustees.

ACTUARIAL ASSUMPTIONS REVIEW

Gene Kalwarski and Bonnie Rightnour presented to the Trustees about the economic assumptions used in the valuation of the defined benefit plans, including the discount rate and inflation assumptions, and recommended maintaining the current assumptions. Gene and Bonnie answered questions from the Trustees.

- Action. Henry Beck made a motion, seconded by Dick Metivier, to accept the recommendation of the actuary to maintain the current economic assumptions. Voted unanimously by eight Trustees (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

PROXY VOTING REVIEW

Jim Bennett provided an overview of the FY23 Proxy Voting Summary Report, Board Policy 2.7, and Investments Practice 21.0. Jim shared that Glass Lewis continues to serve as proxy agent for the System. Jim answered questions from the Trustees.

PERSONNEL

Porting of Employee Service Credit

Michael Colleran reviewed historic practices on porting service credit from the State-Teacher Plan into the PLD Consolidated Plan for confidential employees and recommended continuing this practice subject to reasonable constraints to assist in recruiting. Michael answered questions from the Trustees.

- Action. Ken Williams made a motion, seconded by John Beliveau, that the Board confirm that it has delegated to the Chief Executive Officer the determination of compensation and benefits for confidential employees, including porting of credible service in a MainePERS-covered plan at a cost not to exceed \$75,000, subject to reasonable constraints to be determined by the Chief Executive Officer; and that the Board has retained authority and discretion to determine the Chief Executive Officer's compensation and benefits, including the porting of any creditable service in a MainePERS-covered plan. Voted unanimously by eight Trustees (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

Executive Session pursuant to 1 M.R.S. §405(6)(A) and (D)

- Action. Dick Metivier made a motion, seconded by Shirrin Blaisdell, that the Board enter into executive session pursuant to 1 M.R.S. §405(6)(A) to discuss compensation of an employee. Voted unanimously by eight Trustees (Beck, Beliveau, Blaisdell, Brunton, Kimball, Metivier, Noyes, and Williams).

The Board moved out of executive session.

Brian Noyes left the meeting at 12:00 p.m. Vice Chair Dick Metivier presided over the rest of the meeting.

ENTERPRISE RISK MANAGEMENT

Michael Colleran shared a presentation on the new Enterprise Risk Management Program and also introduced two proposed Board policy amendments related to the program, which is part of the strategic plan. The policy amendments will be considered for approval at a future meeting. The presentation and discussion included management's assessment of the top risks facing the organization. Michael answered questions from the Trustees.

LEGISLATIVE UPDATE

Kathy Morin updated the Trustees on the status of legislative bills. Kathy answered questions from the Trustees.

MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT

Chip Gavin shared the summer surge for retirements has begun. Approximately 500 retirees, mostly teacher plan members, are expected for the July payroll. Chip stated Phase 3 testing of the member portal is complete, and Phase 4 testing for non-MainePERS staff is to be completed later in July. Chip shared the group life insurance calculator has been updated so employers can more efficiently administer their payroll as well as assist staff in reconciliation efforts. He stated Focus Fridays continue to reduce backlogs of member requests.

Sherry Vandrell reported that 96.5% of employers submitted payrolls on time in June. Sherry shared three audits were opened in June and four completed.

Michael Colleran stated that the collective bargaining wage-reopener agreements have been ratified by MSEA. Michael shared turnover is down 30% from CY 2022 but remains high. He stated the wireless upgrades in Portland and Augusta are complete.

ADJOURNMENT

- Action. Shirrin Blaisdell made the motion, seconded by John Beliveau to adjourn the July meeting of the Board of Trustees. Unanimously voted by seven Trustees (Beck, Beliveau, Blaisdell, Brunton, Metivier, and Williams).

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

8/10/23
Date Approved by the Board



Dr. Rebecca M. Wyke, Chief Executive Officer

8/10/23

Date Signed