

# MAINE STATE LEGISLATURE

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January 24, 2022

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

Honorable Ryan Fecteau  
Speaker of the House  
2 State House Station  
Augusta, Maine 04333

Dear President Jackson and Speaker Fecteau:

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, 2022.

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, 2020 to June 30, 2021**

**A. Procurements**

The Maine Public Employees Retirement System ("MainePERS") made the following procurements in excess of \$10,000 during the period from July 1, 2020 to June 30, 2021 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. Cheiron, Inc.	\$ 446,534	Actuary	Pre-Existing
2. Chapman & Cutler, LLP	\$ 326,478	Investment Counsel	Pre-Existing
3. Morgan, Lewis & Bockius, LLP	\$ 245,918	Investment Counsel	Pre-Existing
4. Aetna life Insurance Co.	\$ 169,364	Group Life Insurance	Pre-Existing
5. Tyler Technologies, Inc.	\$ 142,013	IT Security	Pre-Existing
6. Ice Miller LLP	\$ 76,992	Pension Counsel	Pre-Existing
7. Iron Mountain	\$ 36,224	IT Data Back-Up	Pre-Existing
8. Hartford Life & Accident Insurance Company	\$ 988,536	Group Life Insurance	Waiver
9. Vitech Systems Group, Inc.	\$ 445,578	IT - Services	Waiver
10. Mythics, Inc.	\$ 151,651	IT - Software	Waiver
11. Korn Ferry Hay Group, Inc.	\$ 72,127	HR Services	Waiver
12. LogMeIn Communications, Inc.	\$ 53,841	IT - Services	Waiver
13. Absolute Capture, LLC	\$ 36,782	IT - Services	Waiver
14. Oracle America, Inc.	\$ 27,595	IT - Software	Waiver
15. ADP, Inc.	\$ 16,234	Payroll Processing	Waiver
16. Adobe Systems, Inc.	\$ 14,297	IT - Software	Waiver
17. Upper Valley Consulting	\$ 12,960	IT - Services	Waiver
18. Peak Knowledge	\$ 10,328	IT - Services	Waiver

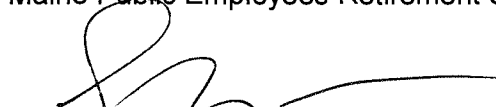
**B. Contributions**

MainePERS made no contributions during the period from July 1, 2020 to June 30, 2021.

**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, the MainePERS Board amended its policy on budgeting, spending, and reporting to conform language on budgeting for capital project costs to actual practice. MainePERS also amended and restated its procurement policy for clarity and to expand its scope. A copy of each 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

  
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 Dr. Rebecca M. Wyke  
 Chief Executive Officer  
 Dated: January 24, 2022

## **Governance Manual**

MainePERS Board of Trustees

### **Executive Director Responsibilities**

#### **5.4 – Budgeting, Spending, and Reporting**

Date Adopted: October 11, 2012

Date Amended: December 13, 2012, March 13, 2015; October 12, 2017; November 12, 2020

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#### **Policy**

The Board of Trustees shall safeguard System assets and maintain quality services by overseeing System budgeting, spending, and financial reporting in support of the System's mission.

#### **Statutory/Legal Provisions**

- [5 M.R.S. § 12021](#), *et seq.* (*L.D. 1843*-"An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability and the Government Oversight Committee Regarding Quasi-independent State Entities").
- [41 C.F.R. Chapters 300-304](#).
- [26 U.S.C. § 401\(a\)\(1\)](#) ["Exclusive benefit rule"].
- [5 M.R.S. §§ 17102, 17103, 17105](#).

#### **Budgeting**

The System's annual budget and interim budget modifications shall support the Board's mission and System goals.

Accordingly, the Executive Director shall develop financial planning/budgeting for Board approval which:

- Ensures Board compliance with its statutory and fiduciary duties;
- Limits costs to those reasonable and necessary for accomplishing the Board's mission and the System's outcomes;
- Complies with all Board policy and statutory requirements;
- Substantiates compliance with all Board, administrative and statutory requirements;
- Substantiates all costs by department and line item; and
- Includes capital project costs.

#### **Spending**

The Executive Director shall not cause or allow the material deviation of actual expenditures as established by the budget without prior notification to the Chair of the Finance and Audit Committee. The Executive Director shall manage spending by limiting costs to those reasonable and necessary for accomplishing the Board's mission and System goals.

Accordingly, the Executive Director shall manage spending to:

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- Implement Board adopted actuarial, investment, and interest assumptions;
- Accurately calculate and timely pay all benefits due members in accordance with law;
- Maintain internal equity between staff salaries at market level, not above or below;
- Accurately and timely collect receivables in accordance with administrative policy that allows for reasonable grace periods within regulatory and statutory rules;
- Keep stakeholders informed on matters of interest;
- Maintain transparent and open financial records except where prohibited or protected by statute or regulation;
- Settle payroll and debts in a timely manner;
- Accurately file and pay all tax or other government-authority ordered payments in a timely manner;
- Select, engage, and timely pay vendors in accordance with administrative policy that:
  - Establishes competitive procurement as the standard procurement method except where it creates unnecessary cost or might jeopardize compliance with fiduciary duties or is in conflict with other regulatory or statutory requirements;
  - Specifies conditions under which competitive procurement may be waived;
  - Maintain justification and documentation on all procurements in excess of \$10,000 that were not competitively procured for five years, including Board resolutions exempting certain types of procurement that might jeopardize compliance with the System's fiduciary duties;
- Plan, approve and conduct travel or sponsor business meals in accordance with administrative policy so that:
  - Travel expenses are pre-approved and in accordance with the standards in the Government Services Administration's (GSA) Federal Travel Regulations (FTR) (41 C.F.R. Chapters 300-304). Accordingly, travel shall be limited both in scope and in personnel to what is reasonable and necessary to further the Board's mission and the System's outcomes;
  - Travel expenses are pre-paid by the System wherever possible and incidental expenses are reimbursed based on expense reports;
  - Business meals are sponsored only when necessary for conducting Board or System business; and
- Prohibit expenses not related to the Board's mission and business, including contributions and lobbying;
  - The System may belong to and pay dues to professional organizations that primarily provide access to industry information and similar professionals in other states when there are no readily accessible or local peer groups. Incidental or informational lobbying conducted by a professional organization to which the System pays membership dues will not be considered to fall within the restriction contained in 5 M.R.S. § 12022(6).

## Reporting

The Executive Director shall cause regular financial reporting to be prepared for and reviewed by the Finance and Audit Committee whose policy determines content and reporting schedules to the Board.

Accordingly, the Executive Director shall develop a reporting system for the Board which:

- Presents quarterly financial reports to the Finance and Audit Committee. These reports shall include:

## **Governance Manual**

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- Actual financial performance against budget, with reasons for and substantiation of variations from budget;
- Any recommended budget adjustments to accommodate unanticipated requirements or unexpected changes in costs;
- Compliance with statutory requirements for which the Board is responsible, including;
  - Annual Report to the Legislature due February 1 each year documenting compliance with 5 M.R.S. § 12023
  - Annual Report to the Legislature due March 1 each year documenting annual operations in compliance with 5 M.R.S. § 17103(11)

# MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Administrative Governance

### 3.1 – Procurement

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#### Summary of Policy

The Maine Public Employees Retirement System (“System” or “MainePERS”) shall ensure that goods, services, materials, and property are procured prudently and in accordance with applicable laws and MainePERS Board of Trustees policies. Competitive procurement is established as the System’s standard procurement method. Documented waivers from this standard are permitted in certain circumstances. This Policy identifies those circumstances and outlines the procurement processes to be followed.

#### Statutory/Legal Provisions

- 5 M.R.S. §§12021, 12022, 12023
- 5 M.R.S. §17103(7)
- MainePERS Governance Manual, Board Policy 4.2, 5.3, 5.4

#### Departmental Responsibility

All procurement shall conform to the established budget, stated mission of pension administration, and applicable laws and regulations. The System shall make every reasonable effort to obtain all supplies, equipment and services at the lowest cost that meets required quality, including track record and industry knowledge where applicable, from the resources available at the time of procurement. Each department within the System shall exercise sound judgment and prudent business practices when procuring items, supplies, and services in accordance with the fiscal year’s budget. Responsibilities include participating in shared procurement with other departments for routine or recurring supplies and services whenever feasible and reviewing invoices to ensure cost control and alignment.

#### Competitive Procurement

Competitive procurement must be used to obtain goods, services, materials, or property unless an exception to this standard applies. Competitive procurement requires one of the following:

- A request for proposals (RFP) to be published on the MainePERS website and in the Kennebec Journal for at least three consecutive days ending at least 10 days before the bid deadline;
- An RFP to be sent to at least three qualified bidders a reasonable amount of time prior to the bid deadline; or
- Procurement under the same material terms obtained by the State of Maine from a vendor through a competitive process or by joining a multi-state contract.



## MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Cost is always one of the selection criteria in competitive procurement and is ordinarily assigned a weight of at least 25%.

### Exceptions to Competitive Procurement

Competitive procurement may be waived in the following situations:

- The total cost to MainePERS does not exceed \$10,000 in a fiscal year;
- Procurement is only available from one vendor;
- Procurement is available only on a single set of material terms regardless of the vendor because of reseller or similar restrictions;
- Using a different vendor from the vendor in a prior procurement would cause compatibility issues, significant delay, or unnecessary expense;
- There is insufficient time to perform competitive procurement of essential goods, services, materials, or property because of an emergency or other circumstances beyond the control of MainePERS;
- Competitive procurement would result in a violation of law or breach of fiduciary duty;
- The System is purchasing or leasing real property based on a market analysis including at least three available, suitable properties; or
- The System is hiring an investment manager after receiving approval of the Board of Trustees based on an investment staff recommendation that included an evaluation of the manager's performance and fees relative to peers.

Waivers to competitive procurement must be documented, including the justification for the waiver. This documentation must be maintained for at least five years after the waiver was granted. Procurement that does not exceed \$10,000 in a fiscal year is exempt from the documentation requirements.

### Procurement Approval

All RFPs, waivers to competitive procurement (except for investment managers approved by the Board of Trustees), and contracts must be reviewed by the General Counsel or Compliance Officer for compliance with legal and policy requirements and by the Director of Finance or Accounting Manager for budgetary compliance and approved in writing by a member of Senior Management. If the amount to be expended exceeds \$25,000, the approving authority is the Executive Director.

## MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### Ownership

This Administrative Policy is owned by the General Counsel.

Adopted May 19, 2014; Amended and Restated July 20, 2020.



Sandra J. Matheson  
Executive Director