

MAINE STATE LEGISLATURE

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January 23, 2023

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

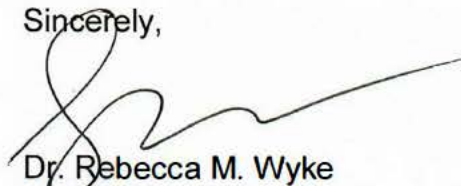
Dear President Jackson and Speaker Talbot Ross:

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, 2023.

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, 2021 to June 30, 2022**

A. Procurements

The Maine Public Employees Retirement System ("MainePERS") made the following procurements in excess of \$10,000 during the period from July 1, 2021 to June 30, 2022 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.	\$ 593,788	Actuary	Pre-Existing
2. Chapman & Cutler, LLP	\$ 387,241	Investment Counsel	Pre-Existing
3. Morgan, Lewis & Bockius, LLP	\$ 355,613	Investment Counsel	Pre-Existing
4. Tyler Technologies, Inc.	\$ 141,575	IT Security	Pre-Existing
5. Iron Mountain	\$ 40,479	IT Data Back-Up	Pre-Existing
6. Ice Miller LLP	\$ 33,328	Pension Counsel	Pre-Existing
7. The Hartford	\$ 1,153,348	Group Life Insurance	Waiver
8. Vitech Systems Group, Inc.	\$ 971,445	IT - Services	Waiver
9. Mythics, Inc.	\$ 157,716	IT - Software	Waiver
10. Korn Ferry Hay Group, Inc.	\$ 92,162	HR Services	Waiver
11. LogMeIn Communications, Inc.	\$ 56,369	IT - Services	Waiver
12. Absolute Capture, LLC	\$ 49,057	IT - Services	Waiver
13. Oracle America, Inc.	\$ 38,297	IT - Software	Waiver
14. Consolidated Communications, Inc.	\$ 25,898	IT - Services	Waiver
15. Dell Marketing LP	\$ 25,552	IT - Computers	Waiver
16. Bernstein Shur	\$ 21,866	Labor Counsel	Waiver
17. ADP, Inc.	\$ 18,512	Payroll Processing	Waiver
18. Adobe Systems, Inc.	\$ 18,199	IT - Software	Waiver
19. Northwind Ventures, Inc.	\$ 13,995	IT - Services	Waiver
20. Shield T3, LLC	\$ 12,635	Covid Testing	Waiver
21. ZOHO Corporation	\$ 12,291	IT - Software	Waiver
22. Peak Knowledge	\$ 10,328	IT - Services	Waiver

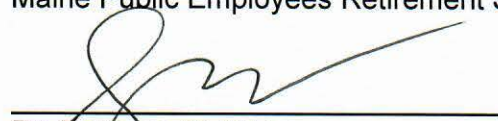
B. Contributions

MainePERS made no contributions during the period from July 1, 2021 to June 30, 2022.

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 procurement and travel policies to update position titles and to revise a reimbursement rate and an approval threshold amount. 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


 Dr. Rebecca M. Wyke
 Chief Executive Officer
 Dated: January 30, 2023

System Policy

3.1 – Procurement

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.

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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 \$50,000, the approving authority is the Chief Executive Officer.

Ownership

This System Policy is owned by the Chief Operating Officer.

Adopted May 19, 2014; Amended and Restated July 20, 2020; Amended August 3, 2021.


Sandra J. Matheson
Chief Executive Officer

Administrative Governance

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;

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- 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.

When traveling by air, employees will be reimbursed for coach class accommodations unless granted a pre-approved exception for business-class for health reasons or lack of seating availability. A physician’s note must be provided if using business class for health reasons. A traveler may upgrade to business-class or first-class at his or her personal expense.

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.

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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 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 \$96 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

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using the same time travel bands as used for the first and last day of travel (see attachment 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 Executive Director 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.

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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*.

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.

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

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

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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.

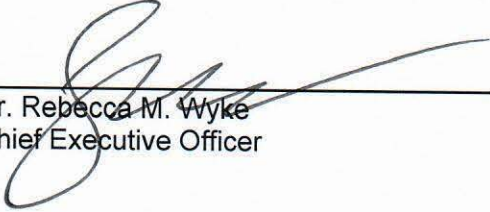
Board of Trustees

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 Administrative Policy is owned by the Director of Finance.

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



Dr. Rebecca M. Wyke
Chief Executive Officer

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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