Maine Retirement Savings Board
Date: November 16, 2022
Cross State Office Building
111 Sewall Street, Augusta, ME 04333

Minutes (Adopted 12/22/2022)

Chair Beck called the meeting to order at 1:01 PM. This meeting was conducted both in-person at the Cross State Office Building, 111 Sewall Street, August, Maine and virtually through Teams.

Welcome and Introductions
Treasurer Beck opened the meeting, introduced himself and other board members and recognized others in the meeting, both remotely and in person.

Board Members present:

- Treasurer Henry Beck, Esq. of Biddeford
- Gigi Guyton-Thompson of Peaks Island (remote due to located on an island)
- Jessica D. Linzer of Cape Elizabeth
- Deborah Adams Neuman of Hampden (remote due to hour + travel)
- Daniel Piltch of Freeport (remote due to an unexpected commitment)
- Tina Wilcoxson of Cumberland Center (remote for health reasons)
- Kevin Carley of Portland
- Rebecca M. Wyke of Augusta

Board Members absent: None

A quorum was present.

Staff present:

- Elizabeth Bordowitz, Executive Director
- Laura Hudson, Treasurer's Office
- Gregory Olson, Treasurer's Office
- Owen Mahan, Treasurer's legal extern

Others Present:

- Ryan Bean, Mendall Financial Group (in person)
- Andrew Blevins, Pew Charitable Trusts
- Angela Antonelli, Georgetown University Center for Retirement Initiatives
- Derek DeLorenzo, AKF Consulting
- Ellen Breslow, AKF Consulting
- Dan Demeritt
- Paulina Diaz, Massena Consulting
- Kristina Yurko
- Grace Sullivan
- Kim Olson, Pew Charitable Trusts
- Victoria Phelps, BlackRock
- Courtney Eccles, Vestwell

- John Scott, Pew Charitable Trusts

Approval of Minutes of October 19, 2022 Board Meeting

Ms. Guyton- Thompson moved approval of the minutes as written, seconded by Ms. Linzer. Approved unanimously.

Approval of Minutes of October 28, 2022 Special Board Meeting

Ms. Linzer moved approval of the minutes as written, seconded by Ms. Guyton- Thompson.

Approved unanimously.

Executive Director Welcome and Report – Elizabeth Bordowitz

Beth gave an update on progress in getting the organization officially stood up. General administrative setup is going well. She noted that agenda items were added to authorize approval of set up 457b and 401(a) plans.

In the next month Beth will be setting up the accounting system and preparing the 2023 budget. She is considering options for hiring someone will help with the accounting and internal controls.

Regarding program implementation, Beth noted that the Board has not yet focused on its missions and goals, which will be important so that she is sure that she is moving in the desired direction.

She has had discussions with other states. Several are interested in partnerships with us. She has discussed obtaining the necessary data with DOL. The data is necessary for the program to identify employers who qualify and exempt those out that already have plans.

Beth spoke with Senator Vitelli. We will work together to create necessary amendments to ensure that the program launches in an effective way. Senator Vitelli understands that the statutory timeline is aggressive and will help us to address that concern.

There is a lot of buzz around the state about this organization. We will need to identify for employers that the statutory April 1 registration deadline for employers with 25+ employees to register will be changed. We cannot have a program running for their participation by that date. Beth will work with Senator Vitelli on making an announcement. Beth hopes that an announcement can be made before end of year. That is also an opportunity to introduce Beth as Executive Director.

Ms. Wyke expressed concern with any negative publicity on not having information available timely.

Beth stated that she believes that it will be possible to catch up the timing of the full rollout of the program by having fewer “waves” of employer registration.

Ms. LInzer noted that employers are getting anxious and the status of the Program needs to be clear.

Beth added that the statute provides for enforcement against noncompliant employers if not exempted, so we need to let them know what the plan is.

Ms. Guyton-Thompson expressed concern about the lack of communication about potentially changing the required registration dates. Beth hopes an announcement can be made by the end of the year.

Ms. Linzer noted that until the Legislature acts and the amendment is adopted, we can't say that the program doesn't start in April 2023.

Treasurer Beck suggested that the Board can adopt a resolution to waive the fees for noncompliance for a period of time, which is allowed by the legislation.

Ms. Wyke suggested that we get the message out through the organizations that are letting employers know that this program is coming. We need to make sure that there is messaging in addition to the press release.

Board member list: Beth noted that she has provided a list of the Board members, which includes the member's term and which constituency they represent on the Board. She requested that Board members who have suggestions for the open seat for someone with experience with program implementation to let her know. Beth will reach out to the Governor's Office about Jessica Linzer's reappointment.

Governance policies:

Treasurer Beck reviewed the policies proposed for adoption. There was discussion about the highlighted language regarding speaking engagements. It was determined that if a Board member receives a press call or an opportunity for a speaking engagement, they should direct it to the Board Chair or to the Executive Director, who speaks for the board.

Ms. Neuman requested that the language around Board conference attendance be clarified so that it is limited to attending a conference with the purpose of discussing the program.

There was discussion about the procurement policy. The Board asked Beth to assure that it is consistent with statutory requirements.

There was discussion about the Conflict of Interest Disclosure Form. Beth will prepare a form for Board members to complete.

It was determined that the policies could be adopted except for the procurement section.

Ms. Wyke made a motion to adopt the Governance policies as presented with the amended wording in conference attendance and excluding the procurement policy. The motion was seconded by Ms. Linzer and unanimously approved.

Employee Handbook:

Ms. Linzer asked whether we anticipate hiring additional employees. The number of employees may depend on how the Board implements the Program. Beth noted that most programs find that they need a person to focus on outreach ahead of the Program launch.

Ms. Wyke noted that the formatting in the table of contents needs to be fixed.

Treasurer Beck stated that in the meetings he has attended on Auto-IRA programs, it has been discussed that the advertising and marketing is not focused on the employees. The program needs to reach the employers who are required to participate. He added that the program is not meant to compete with other plans, but to encourage retirement savings one way or the other.

Mr. Piltch noted that page 8 should include computers.

Ms. Wyke moved the approval of the Employee Handbook with the language about computers modified. The motion was seconded by Ms. Neuman and approved unanimously.

R**FP for legal counsel:**

Ms. Wyke questioned whether the Board is represented by the Office of Attorney General and whether it can retain outside legal counsel. Beth noted that the enabling statute specifically authorizes retaining outside counsel. In her experience the AG's office would have the opportunity to review the hiring of counsel. The RFP would cover counsel for the program in the areas where specific expertise is necessary such as securities and investments law.

Ms. Wyke moved to authorize issuance of a RFP for legal counsel: The motion was seconded by Treasurer Beck and approved unanimously.

Addition to agenda:

Resolutions of board to allow the implementation of a 401(a) and 457b retirement plan with Nationwide Retirement Solutions:

Ms. Wyke moved adoption of the Motions for implementation of a 457b plan and a 401(a) plan as proposed. The motion was seconded by Treasurer Beck and approved unanimously.

There was discussion about Board employees' participation in the MainePers retirement plan.

Presentation by Andrew Blevins of the Pew Charitable Trusts: Mr. Blevins provided preliminary projections of when a Maine Retirement Savings Plan may become self-sustaining. Mr. Blevins reviewed the model's assumptions and responded to questions from the Board about the assumptions used in the model, noting that the preliminary findings and results of a model are only as good as assumptions behind it.

There was discussion about when the Program would become cash flow positive based on the projections. The preliminary projections show that with a fall 2023 start the program could be cash flow positive in 8 years.

There was discussion about whether joining a partnership would accelerate when the Program becomes cash flow positive. That is dependent on the terms of the partnership.

Ms. Wyke questioned how the program continues to operate in the years when the startup funds have been used and the Program has not reached cash flow positive, projected to be years 5 thru 8.

The flat fee used in the projection is approximately a median of the flat fee charged by other states.

Ms. Wyke questioned how the fees align with other types of defined contribution plans by employers using private sector plans. Mr. Blevins stated that the fees are not out of line with the fees that a small employer would pay in the private sector. The employees are paying the fees.

A robust conversation about fees ensued.

Treasurer Beck questioned how we plan to utilize the model going forward. Beth replied that refining the model is an iterative process. She will continue working with Mr. Blevins to get the model closer to what's really going to happen as decisions are made.

Program implementation: Beth outlined three possible routes for program implementation. She is seeking direction from the Board as to what route to take.

Standalone program: Requires program development. The Board will need to issue RFPs for administrative services and investment management. The earliest implementation would be early 2024 and that would require a highly efficient process that starts immediately.

Create new partnership program: Working with one or more states in a situation similar to ours with enacted legislation, but no program in place. This would have a longer time horizon, as we would need to first work out the program parameters with the partners, then undertake the required RFPs to start the program. This would enable some cost sharing.

Join a partnership in established program: This is the quickest time horizon. If all is done very efficiently it is possible that a pilot could be up and running pilot by next fall. Other states are interested in setting up partnerships. The downside is that the Board would have to adopt the investment options of the partner program and the program would need to be as close as possible to the partner program. There can be some limited modifications. Ms. Wyke questioned whether there is a state that could work for us? Beth responded that there are. She noted that as of now there are only two program administrators in this space.

Mr. Carley asked about the current providers, Vestwell and Asensus. He suggested that we pursue a partnership.

Treasurer Beck asked if two Board members would serve on a working group with Beth. Ms. Wyke and Ms. Linzer volunteered.

Mr. Carley moved that the Executive Director move forward in seeking potential partnerships with the assistance of the working group of Ms. Linzer and Ms. Wyke. The motion was seconded by Treasurer Beck and approved unanimously.

Beth stated for appropriate internal controls for accounting it would be beneficial to have a Board Treasurer. She asked that members consider taking on this role.

Beth sought feedback on the method of distribution of Board materials.

She said that she would share a paper authored by the Georgetown Center for Retirement Initiatives on partnerships in state Auto IRA programs.

The meeting adjourned at 3:16 on a motion by Ms. Wyke, seconded by Ms. Linzer and unanimously approved.