

NATE SILVER, PALERMO, NO ON LD 1383

Maine's Constitution (Article IX, Section 18) establishes fiduciary duties to hold, invest, and disburse MainePERS' pension trust funds solely in the best financial interest of its members. This includes a duty of loyalty – to follow the exclusive benefit rule established in the Maine Constitution by acting solely in the interest of its members and not using the Board's position of trust to advance other causes.

To base investment decisions based on anything other than what is in the best financial interest of MainePERS' members is simply unconstitutional and would not only harm MainePERS members, but also open MainePERS' Board members to personal liability for breach of fiduciary duty.

Furthermore, in relation to a recent bill requiring divestiture from fossil fuel investments, MainePERS recently reported that securing customized strategies to avoid fossil fuel investments would result in a tripling of management fees, costing millions of dollars. It follows that the same would apply to the divestiture requirements currently under consideration.

Last year contributions to MainePERS fell short of payouts by nearly \$500 million dollars. Thus, in addition to constitutionally enshrined legal duties, MainePERS simply cannot afford to make investment decisions based on anything other than what is in the best financial interest of its members. This is particularly true where this bill calls for investment decisions to be based on criteria from third party, foreign organizations, many of which are hostile to the United States.

LD 1383 is unconstitutional, will harm Maine public employee retirees if enforced, and will do nothing but sow discord and draw negative attention to the State even if not enforced. Vote NO on LD 1383.