

July 9, 2024
Minutes #620

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Molan called the meeting to order at 8:30 a.m.

Present: Trustees: Chairman Molan, Richard Bunker, Michael Carpenter, Donald Pinard, Sharon Wickens and Mathew Ciechon

MECRS Staff: Melanie Murray, Kimberly Barrett and Suzanne Wilson

In Attendance: Attorney John Rich from McLane Middleton, Professional Association

Absent: Mayor Jay Ruais

Linked Remotely: Mr. Sebastian Grzejka of NEPC

Approval of the Minutes of the Previous Board Meeting:

Chairman Molan entertained a motion to approve the previous board meeting minutes of June 11, 2024.

Trustee Bunker moved to approve the minutes of June 11, 2024, seconded by Trustee Wickens, and passed by all the trustees present.

Approval of the Immediate Meeting Agenda:

Chairman Molan entertained a motion to approve the immediate meeting agenda.

Trustee Pinard moved to approve the immediate meeting agenda, seconded by Trustee Wickens, and passed by all the trustees present.

Report of the Executive Director:

Audit Update: Ms. Murray began by informing the trustees that the audit firm, Berry Dunn is still wrapping up their audit work and doing final reviews. She stated that they had hoped to be finished for the July meeting, but now are planning to be present at the August meeting, due to scheduling conflicts.

Public Funds Summit 2024: Ms. Murray then stated that she is looking forward to attending the Public Funds Summit in Rhode Island in 2 weeks, along with the Board Chairman. Topics on the agenda, she noted, include selection and evaluation of investment managers, legal issues facing pension plans, and on-going education for fiduciaries.

July 9, 2024
Minutes #620

Minutes of the Board of Trustees' Meeting -2-

High Yield Manager/Rebalance: In closing her report, Ms. Murray referred to the motion made by the Board during last month's meeting, whereby the Board voted to select Arena Capital as the High Yield Manager, subject to satisfactory review by counsel. Through that review process, she reported, counsel discovered the investment is in the form of a limited partnership and some issues with confidentiality were identified, necessitating a side letter. She stated that counsel is working out the language and subsequent review of the subscription. She also informed the trustees that she is holding off on the rebalance effort until the agreement with Arena is secured.

Ms. Murray noted that the cash balance is currently at \$5.9 million target level, before taking \$1 million for the High Yield manager, and it is expected to be reduced further by the summer pension contribution deficits.

Ms. Murray then referred to NEPC's updated rebalance recommendation, included in the Board's agenda packet, which is slightly modified to put funds into cash.

Chairman Molan indicated that the Board will recess the meeting under New Business, to consult with counsel regarding the Arena Capital Agreement.

Report of the Monthly Cash Balance:

Ms. Murray reported that the cash balance at the beginning of June was just over \$6 million, and subsequently was \$5.9 million as of June 28, 2024. She explained that during the month the remaining amount from the PRISA redemption was received, but there was a sizable capital call of \$750,000, as well as the reduced employee contributions from the School Department, due to the summer recess.

Benefits Committee: Ms. Murray indicated that legal counsel has completed a review of the proposed legislation comments and concerns and that the Benefits Committee will need to schedule a committee meeting to discuss those changes and proceed forward.

Consent Agenda:

Chairman Molan entertained a motion to accept the Consent Agenda items.

Trustee Pinard moved to accept the Consent Agenda, seconded by Trustee Bunker, and passed by all the trustees present.

New Business:

Accept and place on file the Gainful Occupation report: Ms. Murray explained that the Gainful Occupation report consists of two sections, pensioners who are required to report and those who

July 9, 2024
Minutes #620

Minutes of the Board of Trustees' Meeting -3-

are not, as they have attained normal retirement age. Of those required to report, only three were gainfully employed and their income did not exceed the earning limitations imposed by regulation. As a result, she stated, there is no need to offset any pension payments.

Trustee Bunker moved to accept the Gainful Occupation Report for 2023, seconded by trustee Wickens, and passed unanimously by all those trustees present.

Informational Item:

NEPC May Performance Report: Chairman Molan turned the trustees' attention to Mr. Sebastian Grzejka of NEPC who delivered the Total Fund Performance Detail.

Mr. Grzejka was pleased to report good results from all of the managers through May and June. He explained that there was a pullback in the month of April with a bit of a rally in May resulting in a Plan return of 2.1% and year-to-date 12%.

From an active perspective, Mr. Grzejka reported that the value managers outperformed the growth managers, with Aristotle outperforming Sands Large Cap Growth in May, reversing in June. On the whole, Mr. Grzejka elaborated by noting that having more passive has been quite beneficial. The S&P 500 has been up 5% in May and up another 3.6% in June. Mr. Grzejka then added that Boston Trust SMID Cap has been quite strong since inception as well.

Moving on, Mr. Grzejka reported strong performance within the International Equity Composite as well as a similar story with the global equity composite, detailing positive results with those managers including Hardman. Also, he indicated that Fixed Income is flat year-to-date, but well ahead of the benchmark.

Referring to questions raised with the return for Newstone Capital Partners, Mr. Grzejka stated that Newstone is performing as expected on a quarterly basis, however since inception their IRR annualized is a 9% return.

There being no questions by the Board, Chairman Molan recessed the meeting at 8:45 a.m. for meeting with legal counsel.

Chairman Molan reconvened the meeting at 8:58 a.m.

Chairman Molan entertained a motion to accept NEPC's updated rebalancing recommendation.

Trustee Bunker moved to accept the NEPC's updated rebalancing recommendation, seconded by Trustee Pinard and passed by all those trustees present.

July 9, 2024
Minutes #620

Minutes of the Board of Trustees' Meeting -4-

Motion to Adjourn:

With no other business to come before the Board, Chairman Molan entertained a motion to adjourn the meeting.

Trustee Pinard moved to adjourn the meeting at 9:04 a.m., seconded by Trustee Wickens, and passed by all the trustees present.

Respectfully Submitted,

Melanie Murray
Executive Director