

May 14, 2024
Minutes #618

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Molan called the meeting to order at 8:32 a.m.

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

MECRS Staff: Melanie Murray, Kimberly Barrett and Suzanne Wilson

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

Excused: Donald Pinar

Absent: Mayor Jay Ruais

Approval of the Minutes of the Previous Board Meeting:

Chairman Molan entertained a motion to approve the previous board meeting minutes of April 9, 2024.

Trustee Bunker moved to approve the minutes of April 9, 2024, seconded by Trustee Ciechon 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 Wickens moved to approve the immediate meeting agenda, seconded by Trustee Ciechon and passed by all the trustees present.

Report of the Executive Director:

Pension Overpayment Recovery: Ms. Murray first recapped that at the end of 2023 the semi-annual verification of retirees identified a retiree who had passed. The System was not notified, and four months of pension deposits continued after the member's passing. Ms. Murray was pleased to report that after numerous communications by staff, reaching out to the beneficiary and following up with the bank that received the deposits, the overpayment has been recovered in full.

Benefit Fairs: Ms. Murray informed that Board that the City is holding a series of 4 benefit fairs this month, and that she will be manning a table for MECRS. She mentioned that the fair was well received last year, and that she was able to connect with many participants, answer one on one questions, and noted that she is looking forward to participating once again.

Minutes of the Board of Trustees' Meeting -2-

Plan Changes: Ms. Murray referred to the Board's vote to proceed with proposed legislation to make plan changes and she updated the trustees on the process moving forward. She stated that she had and made a list of affected sections of Chapter 218. She then updated the proposed legislative language to effect those changes, using the previous iteration as a starting point as discussed. In some instances, she explained, she was able to simply update or tweak the language from the previous time, however the terms were not identical for this version, so different wording was required.

Ms. Murray then stated that she reached out to the System's Actuary, updating them on the Board's vote to proceed. She stated that the 5.5% employee contribution rate for all active employees was not one of the scenarios requested, so she asked if it could be estimated. They suggested that the combined impact to the employer rate of 2.03% they had calculated based on the 6% contribution rate for new hires, might be reduced to about 1.60% if all employees were increased to 5.5%. She stated that if actual numbers are needed for the legislation, the Actuary could update the study, based on the 2022 data previously used, or the study could be updated with more current data from the 2023 valuation.

Additionally, she informed the board that she reached out to the City Clerk, informing them that we would be working on the proposed plan changes and would be seeking to have it be a referendum item. She noted that she was advised that it would have to be on the November ballot. She advised that would not give sufficient time to update the software for a January 1, 2026 effective date.

2023 Year-end/Annual Report: Moving on, Ms. Murray reported that she received the GASB reports from the actuary and was able to finish the remaining schedules for the Annual Report to be sent and updated with recommended edits from the Auditors. The updates have been made and the report has been forwarded to the Auditors for their review.

State Street Bank: In closing her report Ms. Murray referred to the new process of having the Administrative Expenses go through the State Street Bank portal, last month. It seemed to be going well for other tasks, but despite all of their assurances, State Street Bank mailed all the checks out directly to vendors rather than to the office. She stated that about half of the vendors received and posted the payments, but that she had to request they stop payment and reissue the remaining payments.

Referring to Ms. Murray's earlier report on the proposed plan changes and after brief discussion on the timeline and the effective date, Chairman Molan entertained a motion to change the effective date of the changes.

Trustee Bunker moved to change the effective date of the plan changes to July 1, 2026, seconded by Trustee Wickens and passed by all those trustees present.

May 14, 2024
Minutes #618

Minutes of the Board of Trustees' Meeting -3-

Report of the Monthly Cash Balance:

Ms. Murray reported a healthy cash balance at the end of March 2024, of just under \$8 million and the balance for the end of April, just under \$7 million. Subsequently, she stated there have been some significant capital calls as well as some distributions, adding the net effect is that currently the System still maintains a healthy cash balance.

Report of the Investment Committee:

Committee Chairman Bunker reported that the Investment Committee met as scheduled on Monday, May 6, 2024 at 9:00 a.m. to discuss High Yield manager candidates, as recommended by the System's consultant at NEPC.

Chairman Bunker stated that NEPC reviewed five managers, explaining the differences in approach, and the merits of each. After some discussion, Trustee Pinard made a motion to invite Arena, Artisan, and Polen to present to the Committee. The motion was seconded by Trustee Ciechon, and all present were in favor.

Committee Chairman Bunker noted that the next meeting of the Investment Committee is scheduled for June 3rd at 9 a.m. to hear presentations from the selected managers.

Consent Agenda:

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

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

Informational Item:

Referring to the Monthly Performance Report ending March 2024, Chairman Molan asked Investment Committee Chairman Bunker if he had any concerns.

Committee Chairman Bunker noted a positive return by Kayne Anderson Energy Fund.

Chairman Molan then entertained a motion to receive and place on file the Monthly Performance Report.

Trustee Wickens move to receive and file the NEPC Monthly Performance Report ending March 2024, seconded by Trustee Ciechon and passed by all those trustees present.

May 14, 2024
Minutes #618

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 Wickens moved to adjourn the meeting at 8:46 a.m., seconded by Trustee Ciechon and passed by all the trustees present.

Respectfully Submitted,

Melanie Murray
Executive Director