

April 8, 2025
Minutes #629

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Molan called the meeting to order at 8:34 a.m.

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

MECRS Staff: Melanie Murray, Kimberly Barrett, and Suzanne Wilson

In Attendance: Attorney John Rich from McLane Middleton and Retiree Harry Ntapalis

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 March 19, 2025.

Trustee Bunker moved to approve the minutes of March 19, 2025, seconded by Trustee Ciechon, and passed by all those 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 those trustees present

Citizens Comments:

Chairman Molan asked Retiree, Mr. Ntapalis if he had any comments.

Mr. Ntapalis thanked Chairman Molan for the opportunity and he stated, on behalf of all fellow retirees, he would like to thank the Board for considering the cost of living adjustment in 2025.

In addition, Executive Director Ms. Murray provided a list of retirees, all of whom wished to go on record, showing their appreciation to the Board in considering a 1% COLA. Gerard Fleury, Mike Broutzos, Hazel Gott, Mike Baer, Ron Johnson, Joanne Roy and Ruth Smith.

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Report of the Executive Director:

2024 Year End: Ms. Murray informed the Trustees that the Retirement System's auditor Berry Dunn, has scheduled their fieldwork to begin April 14th, and that she and the Executive Assistant Kim Barrett have already submitted all of the requested deliverables at this time in preparation.

HealthTrust: Next, Ms. Murray stated that HealthTrust is a risk pool in NH, where many municipalities and school districts obtain their insurance coverage. MECRS also utilizes HealthTrust as their health insurance provider for its 3 employees.

Ms. Murray updated the Board that in the 2025 legislative session that there is a bill under consideration, SB 297, which would enhance financial oversight and accountability for public risk pools such as HealthTrust by the Secretary of State's office. The bill passed through the Senate and was introduced in the House on March 27th and subsequently referred to Commerce and Consumer Affairs.

While this is not the forum to discuss the merits of the bill, Ms. Murray stated, she is bringing it to the Board's attention due to the impact it could have on MECRS.

She explained that the HealthTrust Board has announced that they will not continue to operate under the changes and voted to end their coverages, effective December 2025, should the bill pass in its current form. If that occurred, MECRS would have to obtain coverage elsewhere.

Ms. Murray then informed the Board that she attended an informational webinar on Thursday, April 3rd, for which she reported was mostly explaining the background as to why HealthTrust opposed the bill's provisions which included requiring participating municipalities and school districts to set up a reserve and be liable for claims, should claims exceed their insurance premiums.

In closing she just wanted to make the Board aware, that if this proceeds the way that the bill is currently written, MECRS would have to seek health insurance coverage elsewhere.

Trustee Wickens added that Ms. Murray had reached out to the City to explore the option for MECRS staff to join the City's health plan, and that she will explore that option further, should the need arise.

Report of the Monthly Cash Balance:

Ms. Murray reported that the month of March began with a healthy balance of just under \$9.8 million. She identified a number of distributions, and noted a sizable initial capital call to Heitman Real Estate. The month ended with a healthy balance of just over \$9 million.

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Trustee Capano moved to receive and place on file the Cash Balance Report, seconded by Trustee Ciechon, and passed by all those trustees present.

Report of the Administrative & Accounting Committee

Committee Chairman Ciechon reported that on April 1, 2025, the Administration & Accounting Committee met to review the annual COLA determination materials and to craft a recommendation for a COLA award in 2025.

He stated that the committee reviewed information from the US Labor Department which determines the Consumer Price Index, excerpts from the actuarial valuation, and investment return result for the period ending December 31, 2024.

After deliberating on the matter, he reported, the committee voted unanimously to recommend that the MECRS Board grant a COLA of 1% effective July of 2025, to all retirees who have been retired for at least one year.

In addition, he reported that the Committee discussed updating the Personnel Policy Equal Opportunity Employer Statement to be consistent with the State and Federal guidelines with another unanimous vote to recommend the changes.

Also, the Committee discussed having counsel recommend updates to the MECRS Bylaws for clarification regarding electronic distribution and notifications.

As Chairman of the Committee, Trustee Ciechon moved to approve the Administration & Accounting Committee recommendations as stated. The motion was seconded by Trustee Bunker and passed by all those trustees present.

Report of the Investment Committee

Committee Chairman Bunker reported that the Investment Committee met as scheduled on Wednesday, March 19, 2025 for a Portfolio Update and Asset Allocation Review with NEPC.

Chairman Bunker stated that after portfolio review and discussion, NEPC first suggested minor adjustments to the Asset Allocation, namely among the Equity categories, overall increasing the Total Equity Target by 2% and decreasing the Total Debt Target by 2%.

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He reported that a rebalancing proposal was also made, shifting to more passive exposures, most notably terminating the investment in Sands Capital, moving those proceeds to the S&P Index Fund.

After committee discussion Chairman Bunker reported, Trustee Carpenter made a motion to recommend that the Board accept the NEPC recommendation, including the Updated Asset Allocation Target and Rebalancing Allocation. The motion was seconded by Trustee Wickens and approved unanimously.

Committee Chairman Bunker then made a motion that the full MECRS Board approve the Asset Allocation Target and Rebalancing Recommendation as proposed by NEPC and accepted by the Investment Committee. Trustee Carpenter seconded the motion.,

Ms. Murray then referred to the handout added to the agenda packets at the beginning of the meeting. She highlighted that NEPC representative Sebastian Grzejka reiterated their recommendation to remain disciplined in sticking with strategic targets, further noting that the upcoming rebalance will help bring MECRS to target allocation and reaffirms redeploying the assets in a disciplined way. Lastly, Ms. Murray stated, if the Board approves a full liquidation of Sands, NEPC recommends redeploying in two tranches to mitigate market volatility.

Trustee Capano inquired as to the timing of NEPC's recommendation stating that it was not noted in the handout.

Ms. Murray responded that Mr. Grzejka had attended the recent Investment Committee meeting of March 19, 2025 where the recommendation was presented for the committee's approval.

Trustee Capano thanked Ms. Murray for clarification.

With no further questions or comments, the vote on the motion was taken, and all were in favor.

Consent Agenda:

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

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

Ms. Murray then referred to an additional handout, Final Valuation report, which she indicated did not change from the Preliminary Valuation Results received at the March Board meeting,

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aside from the addition of numerous background information and schedules. However, she did want draw attention to the Low Default Risk Obligation Measure, which is a guideline added last year that the actuary is now required to calculate and include in their report. She explained that the measure is essentially a comparison of the valuation of the accrued liability, based on the MECRS assumed rate of return of 6.75% to the valuation of the accrued liability calculated utilizing the Treasury Yield. This measure demonstrates the impact of different interest rates on the calculation of the liability.

Chairman Molan entertained a motion to accept the Final 2024 Actuarial Valuation Report.

Trustee Capano moved to accept the 2024 Actuarial Valuation Report, seconded by Trustee Wickens and passed unanimously by all those trustees present.

Before adjourning the meeting Chairman Molan referred to Section 7 of the Administrative Rules noting the Target Rate of Return of 8%. He suggested a review by the Administrative & Accounting Committee to re-visit the adopted rate within the COLA Guidelines.

Ms. Murray noted that she would explore the background of the measure for the next Administrative & Accounting Committee meeting.

Motion to Adjourn:

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

Trustee Capano moved to adjourn the meeting at 8:51a.m., seconded by Trustee Wickens, and passed by all those trustees present.

Respectfully Submitted,

Melanie Murray
Executive Director