

June 10, 2025  
Minutes #631

**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: Richard Molan, Richard Bunker, Peter Capano, and Mathew Ciechon. Michael Carpenter arrived at 8:34 a.m.

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

**Absent:** Sharon Wickens and Mayor Jay Ruais

**Also in Attendance:** John Rich, Jr. – MECRS Legal Counsel and Sebastian Grzejka – NEPC

**Linked Remotely:** Jonovan Sackey – NEPC

**Approval of the Minutes of the Previous Board Meeting:**

Chairman Molan entertained a motion to approve the previous board meeting minutes of May 13, 2025.

Trustee Bunker moved to approve the minutes of May 13, 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 Capano moved to approve the immediate meeting agenda, seconded by Trustee Bunker, and passed by all those trustees present.

**Report of the Executive Director:**

**Benefit Fairs:** Ms. Murray reported on the conclusion of the City's three benefit fairs for its employees. Of the three sessions, she stated, the session at the Health Department drew the most people to the MECRS table. She was pleased to report that she spoke with over 60 employees during that session and another 60 employees over the two others at the Department of Public Works.

**Public Funds Summit:** Ms. Murray then reminded the Trustees that she forwarded the link for the information on the annual Public Funds Summit scheduled in Rhode Island, July 21-23, 2025. She stated that if any board members are interested in attending, to please let her know.

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Experience Study: Moving on, Ms. Murray stated that the 2024 Annual Valuation has been completed by the actuary Gabriel, Roeder, Smith & Co. and that they have commenced work on the board approved Experience Study. She informed the Trustees that GRS expects to have the Experience Study completed in time for presentation at the November board meeting.

HealthTrust: In closing her report, Ms. Murray referred to Senate Bill 297 regarding pooled risk management programs. She reported that there was an amendment made in the House, which would enable non-assessable policies, which was one of the concerns raised by the System's current health care provider, HealthTrust. She explained that, if the Bill were to pass with this amended language, HealthTrust would continue to offer coverage. However, she stated that she continues to explore the option of accessing health coverage through the City's health plan.

### **Report of the Monthly Cash Balance:**

Ms. Murray reported that the month of May began with a healthy balance of just under \$8.8 million. She identified a number of distributions, one of which was the final piece from the April rebalancing, the redemption from City of London, as well as a few capital calls during the month. She reported that the month ended with a still healthy cash balance of just under \$9.8 million.

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

### **Consent Agenda:**

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

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

### **New Business:**

Request for approval of disposition of assets – Ms. Murray referred to the short list of items included in the Board's agenda packets and the justification for disposing of each item. Per the MECRS Asset Policy, she explained the Board must approve the disposition of assets, which are no longer of practical value to the System.

Trustee Carpenter moved to approve the disposal of assets as listed by Ms. Murray, seconded by Trustee Ciechon, and passed by all those trustees present.

Draft Update – Investment Objective & Guidelines – Referring to the updated DRAFT in the Trustees' packets, Ms. Murray stated that the changes have been made for the Board approved updates to the asset allocation as well as updates to the appendix reflecting updated Manager

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activity. She then explained that there were a few other language updates and changes recommended by the System's investment consultant, NEPC, which warranted Board review and approval.

Chairman Molan asked the Board if they had a chance to review the draft and if there were any questions or concerns.

Trustee Capano referred to the comment on page 7 of the Guidelines, regarding investments in publicly traded Real Estate. He asked Ms. Murray to elaborate on the comment which states, "We may want to remove this from the policy, as this was previously added for a specific manager allocation. Today the majority of this exposure would be covered by other guidelines already in place."

Ms. Murray responded that the specific guideline in question is no longer necessary. And Mr. Grzejka further explained that the particular guideline was added some time ago to the policy, when there was a strategy focused on multi assets/real assets. Any investments made today and going forward are now covered within the rest of the policy.

There being no other questions or concerns within the draft, Chairman Molan entertained a motion to approve the draft Investment Objectives & Guidelines.

Trustee Bunker moved to accept the draft Investment Objectives & Guidelines, seconded by Trustee Carpenter, and passed unanimously by all those trustees present.

**Informational Items:**

NEPC – Monthly Performance Report Ending April 30, 2025- Chairman Molan invited Mr. Sebastian Grzejka from NEPC to begin his presentation. Mr. Grzejka referred to his handout and first provided an Executive Summary of performance through April 2025.

Directing the trustees to page 4 of the handout, Mr. Grzejka stated that the year-to-date was slightly positive for April. The interesting thing, Mr. Grzejka stated, is last month there was concern about the tariff announcements. However, if we look at the month of May, from a benchmarking perspective, the S&P which was down seven basis points in April and was up 6.3% in May. In addition, small cap was up 5.3% in May as well, and non-US Equities and emerging markets were up 4.6%. He was pleased to report, all have rebounded very significantly, with very strong gains, within the MECRS portfolio.

No action is needed at this time, Mr. Grzejka stated. In the future however, there may be some opportunities for rebalancing and NEPC will continue to monitor if adjustments are needed.

Moving on, Mr. Grzejka addressed the Private Market Pacing Plan. Each year at this time NEPC provides a review of MECRS private markets allocations to determine the commitment budget

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for the upcoming year. He then explained the commitments and allocation projections chart on page 10, noting that those projections are modeled out over time in order to maintain targets.

Based on the model presented today, Mr. Grzejka stated that NEPC is recommending that MECRS consider a commitment of up to \$12 million for 2025. NEPC sees compelling opportunities on the private credit side. The recommendation, is to interview up to 4 managers, all of which are included in the handout, as well as examples of how each manager approaches credit in an effort to capitalize on what is happening in the market today. Mr. Grzejka continued to review current market conditions.

Mr. Grzejka then listed the recommended four managers for the Board's consideration as Foxpath, Arbour Lane, Pathlight, and the Willow Tree Evergreen Fund. He provided a brief overview of each fund strategy, their commitment, as well as their track record.

Attorney Rich asked Mr. Grzejka if the private credit recommendation is targeted specifically to the MECRS portfolio to which Mr. Grzejka elaborated on it being broader based.

Attorney Rich then questioned the references to the last two managers having Evergreen references. Mr. Grzejka explained that these funds allowed for capability of opting to sunset after 3 years or stay in the fund for the duration.

Trustee Capano asked about the Waterfall provision mentioned in the manager profiles. Mr. Grzejka explained how the performance fees were calculated once a predetermined return was achieved by investors. He then summarized that these investments were likened to the recent investment in Heitman, which included an income component as well as an appreciation as the investments mature.

Turning the Trustees' attention to pages 21 and 22, Mr. Grzejka explained the Return Summary and Analysis by Fund and their Investment Rate of Return, taking a look at the managers and how they performed over time, he stated. The Public Market Equivalent (PME) concept comes into play with a mature portfolio. The since inception IRR should outpace a public market strategy, essentially a premium for illiquidity.

After brief discussion of the different investment strategies, Chairman Molan suggested that the Investment Committee meet to discuss NEPC's recommendation. He thanked Mr. Grzejka for his presentation. Ms. Murray requested that the committee members check their calendars, after which the Investment Committee members agreed to a meeting on July 15, 2025, at 9:00 a.m. to review and consider NEPC's recommendation to commit \$12 million to private debt funds further.

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**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 9:13 a.m., seconded by Trustee Carpenter, and passed by all those Trustees present.

Respectfully Submitted,

Melanie Murray  
Executive Director