

Minutes of the Board of Trustees' Meeting -1-

Call to Order: Chairman Molan called the meeting to order at 8:37 a.m.

Present: Trustees: Richard Molan, John Baron, John Clayton and Peter Capano
MECRS Staff: Melanie Murray, Kimberly Barrett and Karianne MacIntosh

In Attendance: Attorney John Rich from McLane Middleton

Excused: Trustees Sharon Wickens and Mat Ciechon

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 14, 2026.

Trustee Baron moved to approve the minutes of April 14, 2026, seconded by Trustee Clayton, and approved 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 Baron and approved by all those Trustees present.

Report of the Executive Director:

Ms. Murray reported that as of May 5, all transactions identified in the rebalancing effort approved by the Board at the April meeting have been completed. Certain liquidations required advance notice and therefore settled in May prior to reinvestment as directed.

Ms. Murray provided an update on the NEPC conference she just attended at the Seaport in Boston. The conference included presentations on NEPC's advisory process, due diligence efforts, and client support services, as well as networking opportunities with peers from other

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pension plans. She noted that the conference provided a valuable opportunity to connect with additional NEPC staff members beyond the Board's regular contacts. She encourages others to attend future conferences.

Trustee Capano inquired how large NEPC is and how many individuals are employed by the firm as well as how long MECRS has held an account relationship with them.

Ms. Murray responded that NEPC, originally known as New England Pension Consultants, has grown significantly from its regional origins and now operates with offices around the country. She noted that the firm was celebrating their 40 years in service and has held the MECRS relationship for nearly 20 years.

NEPC was described as one of the country's leading investment consulting firms, with a broad institutional client base. The firm was noted to have a substantial number of employees, including a significant research function and a large internal advisory team.

Ms. Murray noted that attendance at the conference was reported to be the highest to date. Senior leadership attended and participated in sessions. Staff in attendance in general had long tenure, including the MECRS consultants with over 20 years of service. Overall, the tone of the conference and interactions amongst staff was professional and collegial, with positive engagement among leadership and attendees.

Chairman Molan suggested that at a future meeting that Sebastian Grzejka, NEPC consultant, should provide the Board, particularly newer Trustees, with a profile of NEPC.

Moving on, as an update to the building matters, Ms. Murray reported that as of April 28, the elevator was repaired. The air conditioner has also been reportedly repaired, and the lobby directory has been updated and modernized to improve accessibility to the office.

Ms. Murray provided an update on the City's benefits fairs held last week. She explained that three sessions were held, including two at the DPW on May 5, which Executive Assistant Kimberly Barrett also attended, and one at the Health Department on May 7. Over 100 employees were greeted during the sessions. It was noted that these events provided an opportunity to increase member familiarity and engagement with MECRS.

Lastly, Ms. Murray informed the Board that the sign-up button for the newsletter has been added to the MECRS website and became operational last week. Initial technical issues were addressed, and several members have already signed up. Future newsletter content is expected to be infrequent, but it was noted that there has been significant interest in this type of communication.

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Report of Monthly Cash Balance:

Ms. Murray reported that the cash balance started the month of April with just over \$9.2 million. As part of the rebalance activity during the month, the reported ending April balance decreased to approximately \$7.5 million. This reduction reflects timing of the transactions rather than an actual decline in assets during April. Specifically, \$2 million was redeemed from Fidelity International and \$4 million was allocated to Fidelity TIPS. The remaining transactions did not settle until May. Once the unsettled trades cleared, the portfolio returned to approximately \$9 million level, consistent with the beginning-of-month position, indicating overall stability in the available cash.

Chairman Molan entertained a motion to accept the Cash Balance Report.

Trustee Baron moved to accept the Cash Balance Report, seconded by Trustee Capano, and approved by all those Trustees present.

Report of the Investment Committee:

Executive Director Murray presented the report of the Investment Committee meeting held on May 4, 2026, in the absence of the Committee Chair Ciechon.

The Investment Committee met as scheduled on Monday, May 4, 2026 at 9:00 a.m. to hear presentations regarding the potential allocation to real estate. The Committee received presentations from four real estate managers during non-public session and discussed the differing strategies of each investment. The Committee then returned to public session.

Following discussion, Trustee Clayton made a motion that the Committee recommend that the Board commit \$5 million to CrossHarbor Institutional Partners Fund XI and \$5 million to TA Realty Value Add Fund XIV, each subject to satisfactory review by counsel. The motion was seconded by Trustee Molan, and all present were in favor.

In addition, the Committee reviewed the investment objectives and guidelines and approved updates, primarily to benchmarks and performance objectives. Trustee Molan made a motion to recommend that the Board adopt the updated policy as discussed. Ms. Murray concluded her report by noting that the motion was seconded by Trustee Clayton, and all present were in favor.

Trustee Clayton made a motion that the board approve the \$5 million to CrossHarbor Institutional Partners Fund XI and \$5 million to TA Realty Value Add Fund XIV, each subject to satisfactory review by counsel, seconded by Trustee Capano, and all present were in favor.

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Trustee Baron made a motion to approve the updated Investment Objectives and Guidelines, seconded by Trustee Clayton, and all present were in favor.

Consent Agenda:

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

Trustee Clayton moved to approve the Consent Agenda, seconded by Trustee Baron and approved by all those Trustees present.

Request for Motion:

Ms. Murray reported that the System has received formal notice from State Street Bank indicating the implementation of minimum annual revenue threshold of \$100,000 to maintain the custodial services relationship. Ms. Murray explained that the custodial fees are based on services provided for cash custody and related reporting and reconciliation functions, while investment managers separately hold and manage the System's remaining assets.

She reported that it would be an increase of about \$13,000 over the \$87,000 the System paid in 2025. She noted that the System is projected to pay over \$89,000 in the current year assuming no change in assets under management. Accordingly, the change to meet the minimum threshold would represent an estimated increase of approximately \$11,000 this year.

Ms. Murray noted that NEPC is conducting an analysis of institutions capable of providing similar custodial services. Due to timing of the notice, the full analysis has not yet been received.

She further stated that, at the NEPC conference, she spoke with a member of their research panel who indicated that the \$100,000 minimum threshold is "not out of the norm." She further noted that other large custodial providers have the same or larger minimums.

Based upon Ms. Murray's review, there has not been a significant increase in the account aside from one 5% increase over the past 14 years, and therefore the change is not unreasonable in the broader market context.

Additionally, Ms. Murray noted concerns regarding the System's partnership with the custodian for retiree payroll services, stating that the custodian also provides those services and that transitioning custodial providers could have implications for retiree payroll continuity and potentially impact associated fees.

The last formal review of this arrangement occurred in 2012, at which time the Board decided to continue its relationship with the custodian. Finally, Ms. Murray reminded the Board that the current agreement includes a 90-day cancellation provision on either side, and emphasized that

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this would create challenges in identifying, onboarding, and transitioning to a new custodian within that timeframe. She stated that additional information is also being gathered from peer retirement systems regarding their custodial arrangements and fees, in addition to the analysis being prepared by NEPC.

Trustee Baron asked if there were penalties or consequences if the System does not meet the \$100,000 threshold required by State Street. Ms. Murray explained that State Street has established a minimum annual revenue threshold of \$100,000 to maintain the client custodial relationship. If the System does not agree to meet this threshold, it would effectively result in termination of services.

She added that this represents a change from current payment levels and has not yet been fully discussed beyond the notice provided in the letter attached to the meeting materials. She stated she is seeking the Board's input before responding or agreeing to the \$100,000 minimum requirement.

Trustee Capano asked for clarification on the proposed minimum revenue threshold of \$100,000. He asked whether the percentage-based fee would be applied to actual assets until reaching the \$100,000 minimum, or whether it would be applied directly to the \$100,000 threshold and increase beyond the amount.

Ms. Murray clarified that her understanding is that the fee structure would be applied against the \$100,000 minimum. She also noted, as System assets grow, the fees would eventually exceed the minimum threshold; however, the timeline for reaching that level is uncertain and dependent on the performance of plan assets. It was further noted that in the event of a downturn, assets could decrease, but the \$100,000 minimum would remain in place.

Discussion followed regarding the nature of potential disruptions, particularly in relation to retiree payroll services, with acknowledgment that such disruptions could be significant.

Chairman Molan entertained a motion to table the matter until the next meeting, when further analysis could be presented.

Trustee Baron made the motion to table the matter, seconded by Trustee Clayton, and passed by all those Trustees present.

Non-Public Session:

At 8:57 a.m., Trustee Capano made a motion to enter into a non-public session, pursuant to RSA 91-A:3,II(d) (consideration of the acquisition of property where public discussion would likely

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benefit a party whose interests are adverse to the general community), seconded by Trustee Baron. Executive Director Murray conducted a roll call vote, and the motion passed unanimously.

The Board resumed public session at 9:16 a.m.

Trustee Capano made a motion to seal the non-public minutes, seconded by Trustee Baron. Executive Director Murray conducted a roll call vote, and the motion passed unanimously.

Trustee Capano moved to elect a redemption of the System's interest in HarbourVest Fund V such amount to be a minimum of 50%, the final amount and election option to be determined based on recommendation from NEPC. The motion was seconded by Trustee Baron and passed by all those Trustees present.

Informational Items:

In the absence of Mr. Sebastian Grzejka from NEPC, Ms. Murray conveyed that Mr. Grzejka reported that the April performance is expected to have reversed all, if not more, of the losses reflected in the March 31, 2026 report.

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 9:19 a.m., seconded by Trustee Baron and approved by all those Trustees present.

Respectfully submitted,

Melanie Murray
Executive Director