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, Sharon Wickens, Mat Ciechon, John Baron, and John Clayton

MECRS Staff: Melanie Murray, Kimberly Barrett, and Karianne MacIntosh

Absent: Mayor Jay Ruais

Excused: Peter Capano

In Attendance: Attorney John Rich - McLane Middleton
Sebastian Grzejka - NEPC

Approval of the Minutes of the Previous Board Meeting:

Due to the lack of quorum from the September non-public session, it was suggested that approval of the non-public minutes be deferred and that only the public minutes be considered.

Chairman Molan entertained a motion to approve the minutes of the public session of the September 8, 2026 Board meeting.

Trustee Clayton moved to approve the public minutes of September 8, 2026, seconded by Trustee Baron 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 Ciechon moved to approve the immediate meeting agenda, seconded by Trustee Clayton and approved by all those Trustees present.

Chairman's Comments:

Chairman Molan asked the Board to consider moving the November Board of Trustees meeting to Thursday, November 12, 2026 due to a scheduling conflict. All Trustees present agreed to the date change.

Report of the Executive Director:

Ms. Murray reported that the elevator repairs were completed within two weeks and that the elevator is now fully operational. She also reported that the toilets were out of service for half a day last week but have since been restored to service.

Ms. Murray reported that MECRS staff attended the annual employee appreciation barbecue held at McIntyre on September 16th. She noted that the weather was fantastic and that staff connected with more than 98 employees, answering questions, providing information, and meeting City employees face-to-face. She added that several employees have registered on the MECRS website since the event.

Ms. Murray informed the Trustees she will be attending the City's upcoming Retirement Seminars on October 20 and 21. The City plans to hold four sessions covering Police, Fire, City Hall, and the Health Department. She will present at all sessions except the Fire session, which will be attended primarily by firefighters, who are not participants in the System.

Ms. Murray reported on the upcoming Annual Trustee Election for the Employee Representative seat, currently held by Trustee Ciechon. The filing period begins on the fourth Monday in October and will run from October 26 through October 30. Interested candidates must file a "Declaration of Candidacy" form with the City Clerk during that period. The election will be held on December 10. Ms. Murray also reminded the Board that the term of the Aldermanic appointee, currently held by Chairman Molan, expires on January 1, 2027.

Trustee Ciechon informed the Board he will not seek re-election, having recently accepted a promotion to a supervisory position that will end his union membership. He stated that he has informed the union president and has encouraged her to identify a suitable candidate, noting the importance of having a union representative on the Board. The Board congratulated Trustee Ciechon on his promotion.

Ms. Murray reported that work is underway on the draft 2027 budget. She noted that a meeting of the Administrative and Accounting Committee should be held in November to allow the Board to vote on the final budget at its December meeting. Ms. Murray also reported that a draft privacy policy, developed in consultation with Counsel, is ready for the Committee's review. It was suggested that the Committee meet immediately following the November Board meeting.

Ms. Murray reported that the 2025 Annual Comprehensive Financial Report (ACFR) was finalized and distributed on September 17. She noted that all trustees, members, and retirees should have received a copy, with additional printed copies available in the office and electronically on the website.

Ms. Murray presented a list of inventory items recommended for disposal as surplus. One computer and an uninterruptible power supply (UPS) battery backup in the file room failed and had to be replaced. The remaining two computers listed were being replaced as a proactive measure. Board approval is required for the removal and disposal of these surplus items.

Chairman Molan entertained a motion to receive and place on file the 2025 Annual Comprehensive Financial Report.

Trustee Clayton moved to receive and place on file the final 2025 ACFR, seconded by Trustee Ciechon and approved by all those Trustees present.

Chairman Molan entertained a motion for the removal and disposal of the surplus items.

Trustee Clayton moved to approve the removal and disposal of the surplus items, seconded by Trustee Baron and approved by all those Trustees present.

Report of Monthly Cash Balance:

Ms. Murray reported that the cash balance as of August 31 was approximately $10.8 million. Following several distributions and capital calls, the balance at the end of September was approximately $10.5 million. She also noted that approximately $1 million in capital calls had been made so far in October and that the cash balance remained healthy.

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

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

Ms. Murray suggested that the Administrative and Accounting Committee schedule a meeting to review the draft 2027 budget and privacy policy. She noted she will check with Committee Chairman Capano on his availability. The Committee members agreed to meet on Thursday, November 12, 2026, immediately following the Board meeting.

Previous Business:

The decision on the application for work-related disability retirement was deferred due to lack of quorum for the matter.

Attorney Rich discussed the possible need to expedite the matter due to timing considerations. It was noted that, if a decision was approved at the current meeting, the applicant would have until November 30 to file an appeal, with a hearing potentially taking place 14 days thereafter. To avoid further delays and potential quorum concerns, it was suggested that a special meeting be

scheduled once Trustee Capano is available. Ms. Murray noted that Trustee Capano indicated he would be available as early as next week, and that she would reach out to him. The Trustees present indicated their availability to meet the following week.

Consent Agenda:

Chairman Molan entertained a motion to accept the consent agenda items.

Trustee Wickens moved to approve the consent agenda, seconded by Trustee Clayton and approved by all those Trustees present.

Presentation to the Board:

Mr. Grzejka of NEPC, the Board's investment consultant, presented the investment performance report for the period ended August 31, reporting that the portfolio value was approaching $400 million, with year-to-date returns exceeding 8%. He noted that the majority of investment managers had delivered strong results.

He discussed the underperformance of Aristotle and Loomis Global, explaining that both managers had been affected by market conditions favoring a small number of large companies. He recommended inviting both managers to provide updates on their performance, investment strategies, and outlook. He also noted that the Investment Committee should consider reviewing the portfolio's large-cap equity allocation and level of active management exposure in the coming year.

Regarding fixed income, Mr. Grzejka explained that rising interest rates had negatively affected bond performance due to the inverse relationship between interest rates and bond prices. He noted that Arena, the short-duration high-yield manager, had performed in line with expectations and provided additional yield. He also stated that current cash yields of approximately 4% or higher supported maintaining a modest cash overweight.

Mr. Grzejka reported that real estate, real assets, and private market investments were generally progressing as expected. He explained that negative performance in certain investments, including Arbor Lane, reflected the early stages of investment activity and associated fees, commonly referred to as the J-curve effect. He also noted that valuation adjustments to the remaining small positions in older investments, such as Lexington, could affect short-term performance. Additionally, commitments to HarbourVest (Dover Street XII) and Gridiron remain in progress and will be reflected in future reports once completed.

Mr. Grzejka reported that September was a negative month for the markets, with the S&P 500 declining approximately 0.3%, small-cap equities declining approximately 5%, and international

equities and fixed income declining approximately 2% to 3%. He noted that October performance had subsequently rebounded, with the S&P 500 increasing more than 2% month-to-date and positive performance across most asset classes.

In discussing the market outlook, Mr. Grzejka noted that uncertainty surrounding interest rates and future Federal Reserve decisions remained a key consideration. He explained that elevated borrowing costs could affect real estate and equity valuations and suggested that bonds could present more attractive opportunities relative to equities given current yields. He stated that the Investment Committee would revisit long-term asset allocation and investment strategy in the coming year.

Trustee Ciechon asked about the impact of the investment returns on retiree pensions. Ms. Murray explained that the annual valuation includes a 1% COLA assumption, but that stronger investment returns may allow for additional benefit adjustments. She noted that the recognized rate of return would need to exceed the target of 8% for that to be considered and that the matter is generally reviewed in the spring after the valuation result are received

With no further questions for Mr. Grzejka, Chairman Molan thanked him for his presentation.

The Investment Committee agreed to convene on October 28, 2026 at 9:00 a.m. The Committee will meet in person, with Loomis Global Growth and Aristotle appearing by Zoom.

Motion to Adjourn:

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

Trustee Ciechon moved to adjourn the meeting at 8:57 a.m., seconded by Trustee Baron and approved by all those Trustees present.

Respectfully Submitted,

Melanie Murray
Executive Director