

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

January 17, 2024

Boston Retirement Board

Albert O'Neil Room, Boston City Hall

Boston, MA 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Michael D. O'Reilly; Elected Member; Karen T. Cross, Elected Member; Maureen A. Joyce, *Ex Officio* Member; and, Thomas V.J. Jackson, Fifth Member.

STAFF IN ATTENDANCE: Timothy J. Smyth, Executive Officer; Christine M. Weir, Deputy Executive Officer; John F. Kelly, Investment Analyst; Natacha Thomas, General Counsel; Ellen M. McCarthy, Comptroller; Gregory Molina, Board Secretary.

ALSO IN ATTENDANCE: Michael Manning and Kiley Murphy of NEPC.

Administrative Session Convene

The Board voted unanimously via roll call (5-0) to enter into Administrative Session at approximately 9:01 a.m.

Roll Call Vote: Member O'Reilly: Aye; Member Jackson: Aye; Member Joyce: Aye; Member Cross: Aye; and, Chairman Greene: Aye.

Motion accepted (5-0)

Past Minutes

Motion made, and seconded, to **accept** the Administrative Session Minutes of the December 20, 2023 meeting as presented.

Roll Call Vote: Member O'Reilly: Aye; Member Jackson: Aye; Member Joyce: Aye; Member Cross: Aye; and Chairman Greene: Aye.

Motion accepted (5-0)

Outstanding/Ongoing Administrative Issues: Timothy J. Smyth, Executive Officer

Mr. Smyth informed the Board that there were PERAC memos in the Board package provided for educational purposes only. He highlighted PERAC Memo #30 pertaining to Board training requirements, as well as PERAC Memo #3

regarding minimum distribution payments. In response to Memo #3, Mr. Smyth asked staff to run a query identifying the population of vested members who were over the minimum distribution age. That query identified 65 members. However, Mr. Smyth noted that in reviewing the files, the majority were deceased or refunded, and thus, not eligible for a benefit. The accounts are being cleaned to reflect their correct status.

Mr. Smyth brought to the Boards attention an OIG-Advisory memo regarding off boarding and banking controls.

Mr. Smyth noted that in February 2024, he and Attorney Thomas will attend the NAPPA conference in Washington, DC.

Documents Presented: 1. PERAC Memo 1-2024 re Annual Review of Medical Testing fee, 2. PERAC Memo 2-2024 re 2024 Interest Rate, 3. PERAC Memo 3-2024 re Required Minimum Distribution and attachment, 4. PERAC Memo 4-2024 re 2024 Limits Under Chapter 46 of the Acts of 2002, 5. PERAC Memo 5-2024 re 2024 Limits Under Section 23 of Chapter 131 of the Acts of 2010, 6. PERAC Memo 6-2024 re COLA Notice, 7. PERAC Pension News, 8. OIG-Advisory-Off-Boarding-and-Banking-Controls-Protect-PublicFunds-From-Fraud-1.2024. 9. Forms sent to PERAC for approval. 10. Cover letter and PERAC Retirement Board Change Form - 12.26.2023_Redacted, 11. Cover letter to PERAC re draft indemnification form - 12.26.2023, 12. Cover letter to PERAC re draft Notice of Injury Form - 12.26.2023.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Private Equity Separate Account Search

Mr. Manning stated that the plan finished 2023 strongly. NEPC is actively reviewing the System's asset allocation process and looking at the markets.

Private Market Pacing Plan

NEPC has included the updated private markets pacing plans in today's materials. The annual pacing plans are used to determine future commitment amounts for private equity, private debt and real estate. The plan accounts for factors such as existing commitments, anticipated cash flows, target allocations, and the forecasted net growth rate. The plans are based on the most recent valuations available, with the majority being as of September 30, 2023. The rise in the markets in 2023 has resulted in the System's total assets increasing, thus NEPC has broadly increased the recommended commitment amounts for future years.

Potential opportunities for this year's private markets searches: Private Equity -\$30million-TBD. Private Debt-\$60million, Credit Opportunities-Direct Lending and Real-estate-\$75million-Opportunistic (including secondaries strategies).

The goal of the pacing plan is to highlight areas of focus within the private markets program and determine the annual commitment amounts for the System. They consider existing manager commitments and anticipated calls/ distributions, adjustments to the target allocation and the forecasted net growth rate. NEPC recommends committing \$30 million to the private equity program for vintage year 2024. This is in addition to the Hamilton Lane allocation of \$80 million per year.

Private Debt Pacing Plan

Ms. Murphy continued by stating that the goal of the pacing plan is to highlight areas of focus within the private markets program and determine the annual commitment amounts for the System. They consider existing manager commitments and anticipated capital calls/distributions, adjustments to the target allocation and the forecasted net growth rate NEPC recommends committing \$60million to Private Debt for vintage year 2024. The System committed \$70 million to private debt strategies in 2023.

Real Estate Pacing Plan

The goal of the pacing plan is to high light areas of focus within the private markets program and determine the annual commitment amounts for the System. Once again, they consider existing manager commitments and anticipated calls/ distributions, adjustments to the target allocation and the forecasted net growth rate. NEPC recommends committing \$75million to Real Estate for vintage year 2024. The target commitment amount has increased \$5 million from last year's pacing plan. The System committed \$70 million to real estate strategies in 2023.

The Board, staff and NEPC discussed the presented pacing plans and its affect on the fund.

Motion made, and seconded, to rebalance \$60 million Equity to Fixed Income as presented.

Roll Call Vote: Member O'Reilly: Aye; Member Jackson: Aye; Member Joyce: Aye; Member Cross: Aye; and Chairman Greene: Aye

Motion accepted (5-0)

January 2024 Flash Report

Mr. Manning reported that the plan was up +3.7%. during the month of December. The YTD performance is up +11.1% and +8.% in the one-year period.

Work Plan-2024

Mr. Manning stated that NEPC has included an updated work plan with the including a proposed work plan for 2024:

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
TOTAL PLAN												
Asset Allocation		AA Review										
Performance		Q4			Q1			Q2			Q3	
Education / Review		NEPC Market Outlook										
TRADITIONAL												
Search / Presentations			Issue Int'l Small Cap Search		Search Review	Analysis/ Presentations						
HEDGE FUNDS												
Program Planning												
Search / Presentations												
PRIVATE MARKETS												
Program Planning	Pacing Plan											
Search / Presentations		Issue Debt Search	Search Review	Presentations								
Performance		Q3			Q4			Q1			Q2	
REAL ESTATE												
Program Planning	Pacing Plan											
Search / Presentations												
Performance		Q3			Q4			Q1			Q2	

Documents Presented: NEPC January 2024 Meeting Materials; NEPC Current Opportunities.

Outstanding/Ongoing Financial Issues: Ellen M. McCarthy, Comptroller

December Financial Snapshot

Ms. McCarthy reported the December 2023 pension payroll as follows: Contributory payroll: \$62,347,807; Contributory Payees: 15,799; Non-contributory payroll: \$357,948; Total Non-contributory payees: 42; Regular Retirees: 24; Survivor/Beneficiary Retirees: 4; Disability Retirees: 9; Option C/Disb Surv: 9; Members Refunds: 43 for \$691,424; Members Transfers: 10 for \$686,974; Option B Refunds: 3 for \$244,642; and, Operational Warrants: \$397,818.

Ms. McCarthy informed the Board that she tried to consolidate the documents in CSI that are presented to the Board for their review. In particular the summaries. This is a requirement from PERAC this should satisfy their requirements. One thing to mention on the cashflows is that in November the City contributed \$500,000 towards the appropriation. Sometimes some additional funds may be awarded to go to the unfunded liability. That's what they did in November. That is the only unusual item we have in cash coming in.

Ms. McCarthy's team just completed the reconciliation of the 2023 1099's. We expect to get over 17 thousand 1099's out to our members. They are ahead of schedule in performing this task. They also sent out the Group 4 letters that go to Police Officers for their insurance and taxes.

The Board and staff discussed preparing for the event of the fund being fully funded and potential strategies.

Documents Presented: December 2023 Financial Snapshot; BRS Cash Projections 2023_Nov.; Actuals, 11.23 MMDT Reconciliation; 11.23 Operating Reconciliation; November 2023 CD_CR_ADJ-Summary_ Warrants GL_TB; MMDT Nov 2023; State Boston Retirement Operating #827-8; State Boston Retirement Direct Deposit #180-9; State Boston Retirement Payments #565-3.

Outstanding/Ongoing Operations Issues: Christine M. Weir, Deputy Executive Director

December 2023 payroll update

Ms. Weir provided the following statistics from the December 2023 payroll:

- 35.....Potential retirements
- 22.....Superannuation Retirement cases
- 4.....Pre-retirement Death Retirement cases
- 9.....Disability cases Retirement
- 13.....Carried over from previous month
- 28.....Total cases processed to payroll in December 2023

Legal Issues: Natacha Thomas, General Counsel

Attorney Thomas had no legal update.

Adjourn from Administrative Session & Enter Executive Session

The Board voted unanimously to adjourn from Administrative Session at approximately 9:51 a.m. and enter into Executive session pursuant to purpose 1 (to discuss disability applications).

Roll Call Vote: Member O'Reilly: Aye; Member Jackson: Aye; Member Joyce: Aye; Member McLaughlin: Aye; and Chairman Greene: Aye.

Motion accepted (5-0)

Adjourn

The Board voted unanimously to adjourn from administration session at 10:11 a.m.


Roll Call Vote: Member O'Reilly: Aye; Member Jackson: Aye; Member Joyce: Aye; Member McLaughlin: Aye; and Chairman Greene: Aye.


Motion accepted (5-0)


Respectfully submitted,
BOSTON RETIREMENT BOARD


Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman


Maureen A. Joyce
Ex Officio Member


Karen T. Cross
Elected Member


Michael D. O'Reilly
Elected Member


Thomas V.J. Jackson
Fifth Member