

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

November 16, 2022

Boston Retirement Board, Room 716

Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Michael D. O'Reilly, Elected Member; Michael W. McLaughlin, Elected Member; Maureen A. Joyce, *Ex Officio* Member; Thomas V.J. Jackson, Fifth Member.

STAFF IN ATTENDANCE: Christine Weir, Interim Executive Director; John F. Kelly, Investment Analyst; Natacha Thomas, General Counsel; Ellen M. McCarthy, Comptroller; Lauren Santillana Interim, Operations Officer; Gregory Molina, Executive Assistant

ALSO IN ATTENDANCE: Mike Manning, Will Forde, Kiley Fischer, *NEPC*; Mina Pacheco Nazemi, Elizabeth Weindruch, Allen Ruiz, *Barings*; Derek Jones, Steve Cammock, Dianna Henrich, Ms. Arias Hatch, *Grosvenor*; Shanna O'Reilly, Jackson Cummings, Cara Hubbard, Kristina O'Gannon, *Wellington*; Chris Collins, Bela Kirpalani, Reporter, Mandate Wire; Michael Sacco, Esq. Edward McKenna, *Law firm of Burns & Farrey*; Patrick Egan, Esq. Alexis Corneille, Chris Supple, Christina Saler, Julie Reiser, Lesley Hawkins Robert Rothman (*Robbins*)

(All Attendees remotely present.)

Administrative Session Convene

The Board voted unanimously via roll call (5-0) to enter into Administrative Session at approximately 10:03 a.m.

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

Motion accepted (5-0)

Motion made, and seconded, to accept the Administrative Session Minutes of the October 26, 2022 meeting as presented.

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

Motion accepted (5-0)

Outstanding/Ongoing Administrative Issues: Christine Weir, Interim Executive Officer

IT Security Update – Grey Castle

Ms. Weir stated that Mr. Oates and Mr. Dwyer continue to move forward with it. They are working on getting a shared CISO. They are also working on prioritizing the risk findings. As well as building a cyber security governance library. Once these items are worked on they will present to the Board of their findings in the next couple of months.

PERAC clarification on RFP process

Ms. Weir stated that she sent the PERAC RFP process to the Board. Just to confirm, the Boston Retirement System (BRS) did get clarification from PERAC that the RFP process that was followed by the BRS are correct and that the BRS are following the correct guidelines.

Member McLaughlin asked if he received the score cards for the RFP.

Ms. Weir responded by stating that all the documents were set up in the CSI system for all Board members to review.

Draft for Board Meeting 2023

Ms. Weir submitted to the Board to review for conflicts a draft for 2023 Board meeting dates. These dates will be submitted to the Clerk's office sometime in December.

Member O'Reilly Asked if the Boston Public School (BPS) school vacations were taken into consideration.

Chairman Greene stated that he believes its just the standard third week of every month. He went on to state that the Board has the flexibility to move meeting dates around as needed.

Member McLaughlin stated that he reviewed the dates and February and March dates are fine. The only questionable date is the April date but that it could be pushed back a week from the 19th to the 26th.

Ms. Weir stated that she will update the date and send to the Board members.

Draft for Board Meeting Rescheduling

Ms. Weir stated that at the suggestion of Member McLaughlin she also submitted to the Board for some rules regarding rescheduling of Board meetings.

Member McLaughlin stated that he just wanted everyone to be on the same page when it came to this subject.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst *Investment Update*

Private Equity Search

Mr. Manning opened by stating that the targeted 2022-2023 commitment amount decreased from \$100m to \$80m based on NEPC's updated private equity pacing plan. The search focused on three sub-strategies: Diverse Fund of Funds, \$30-\$50m; Co-Investments, \$15-\$30m; Infrastructure/Energy, \$15-\$30m. The candidates will be evaluated by sub-strategy, with diverse fund of funds being first. We will review the co-investment and infrastructure respondents next.

Barings

Ms. Nazemi opened by sharing that the EmGen II portfolio will seek to include attractive investment opportunities within the Emerging Manager universe diversified by investment type, manager stage of development, strategy and geography. On a \$200m fund size they look for 20 – 25 total investments. The firm is focused on North America. EmGen I sponsors average 21 years of experience. 92% of funds in EmGen I hit their hard cap, including several that were oversubscribed. 100% of EmGen I sponsors had extensive prior work history together.

Ms. Weindruch then stated that as of June 30, 2022, EmGen I is yielding strong performance on both an IRR and MOIC basis. \$131m capital raised, \$113m / 86% is committed with 1.33X / 27.2% Net MOIC / IRR. They have 18 primary funds, 17 co-invest / sec., 60% women or diverse, 80% ESG or W/D Positive.

Member Jackson asked what the fee structure would look like.

Ms. Nazemi stated that 55bps rack rate with a 1-year fee holiday; lesser of NAV or invested capital post commitment period. Average fees based on committed capital. Avg (1-13) - 23 bps, Year 1 - 0 bps, Year 2 / 4 - 55 bps, Year 5/9 - 26 bps, Year 10/13 - 1 bps.

Grosvenor

Ms. Hatch opened that GCM Grosvenor is well positioned to continue to support Boston Retirement System's (BRS) diverse manager investing goals. In 2021 BRS expanded its partnership with Grosvenor from the \$100M invested in the GIPS HFOF, with a \$25M commitment to Advance Fund I. Now in 2022 BRS has the opportunity to re-up with a commitment to Advance Fund II with economic incentives for first closers.

Mr. Jones asked what are the key benefits of investing with GCM Grosvenor's diverse managers practice? Access to; A manager with a proven track record of investing with diverse managers. A turnkey solution for a single point of access to primary funds and co-investments. Resource-intensive sourcing, due diligence and monitoring. Their existing relationships with oversubscribed and hard-to-access diverse managers. A cost-effective approach through negotiation of preferred terms and co-investments and an Industry visibility to publicly demonstrate investors' commitment to diversity.

GCM defines Private Equity emerging managers and diverse managers as: Diverse managers are typically a subset of small & emerging managers. The firm ownership has to be at least 33% ownership of firm economics by: Women, African Americans, Hispanics, Asian Americans, Native Americans, U.S. military veterans, Disabled persons or LGBTQ+.

Mr. Jones concluded by sharing that the portfolio construction is 60% Primary Fund Investments and 40% Co-Investments. The Management Fee is based on Commitment Size: < \$50M, Primary Fund Investments: 0.50%, Co-investments: 1.00% and an estimated Average Annual Effective Fee: 0.42%. Commitment Size: ≥ \$50M; Primary Fund Investments: 0.45%. Co-investments: 1.00%. Estimated Average Annual Effective Fee: 0.40%.

Wellington

Ms. O'Reilly led the presentation by stating that she co-leads the firm's private investment business alongside her partner Michael Carmen. Wellington Access Ventures (WAV) Investments is targeting \$150m early-stage venture fund investing in the next generation of diverse leaders who have been historically excluded. (e.g., Black, Latinx1, and Women). The predominant focus will be on leaders from the Black Community.

Mr. Cummings stated that in 20% of the fund they are primarily targeting funds that are predominantly sub \$100m in size and on their first, second or third fund lifecycle. These still are emerging funds led by diverse and predominantly black teams. The remaining 80% of the fund will be invested directly into companies that are focused on three primary themes. But in terms of the businesses that we are investing in. They are looking at businesses with early product growth, traction and revenue.

The core themes that they will be investing are database software, including data infrastructures as well as security. The second is payment infrastructure, ecommerce, etc. The third is the cultural consumer to tie into the demographic shifts we talked about. We have a very exciting pipeline having met with over 125 diverse emerging capital fund managers in the venture capital space.

Member Jackson asked if there was any partner commitment to the fund.

Mr. Cummings answered by stating that to date \$48m of the \$150m.

Ms. O’Gannon stated that that was personal capital invested by the partners at the same terms of any limited partner. That’s how strongly the partners believe in the team, the product and the fund.

Member Jackson asked. Do the partners pay fees?

Ms. O’Gannon answered in the affirmative.

The BRS Board, BRS staff and NEPC consultants discussed the presentations, previous relationships, fees, firm’s investment strategies, first time funds, investment goals. They also discussed the potential of other firms presenting at the January Board meeting. It was agreed Muller & Munroe and Recast will present to the Board at the January 2023 Board meeting.

Private Equity Pacing Plan

Mr. Manning stated that NEPC has included the updated private equity pacing plan in today’s materials and will provide the private debt and real estate pacing at the December meeting. The pacing plan is based on the most recent valuations available, with the majority being as of June 30, 2022. The decline in the markets over recent months has caused the System’s total assets to decrease, thus NEPC has broadly decreased the recommended commitment amounts for 2023.

Q3 2022 Performance Summary

NEPC has provided the Q3 2022 Investment Performance Analysis (“IPA”) which provides a high-level review of the program’s performance along with a flash report through 9/30/2022. The System ranked in the 21st percentile of its peer universe in the third quarter, and the 26th percentile for the trailing one-year period.

October 2022 Flash Report

Mr. Manning went on to state that the month of October the system was down -2.8%. the three-month was down -4.4% and the YTD was down -12.3% through October.

Work Plan

Mr. Manning stated that NEPC has included an updated work plan with the meeting materials. As shown on the work plan, we will be reviewing the small cap equity search respondents at next month’s meeting.

	November	December	January	February
TOTAL PLAN				
Asset Allocation				Asset Allocation Review
Performance	Q3			
Education/Review				Market Outlook
TRADITIONAL				
Search/ Presentations		Review Small Cap Respondents	Analysis/ Presentations	
HEDGE FUNDS				
Program Planning				HF Search Discussion
Search/ Presentations				
PRIVATE MARKETS				
Program Planning	Private Equity Pacing Plan	Private Debt Pacing Plan		
Search/ Presentations	Diverse FoF Presentations	Hamilton Lane Update	Revisit PD Search (Direct Lending)	
Performance	Q2			
REAL ESTATE				
Program Planning		Pacing Plan		
Search/ Presentations				
Performance	Q2			

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

October 2022 Financial Snapshot

Ms. McCarthy reported the October 2022 pension payroll as follows: Contributory payroll: \$60,548,070; Contributory Payees: 15,703; Non-contributory payroll: \$266,872; Total Non-contributory payees: 30; Regular Retirees: 87; Survivor/Beneficiary Retirees: 1; Disability Retirees: 4; Option C/Disb Surv: 1; Members Refunds: 74 for \$ 1,103,878; Members Transfers: 4 for \$ 514,888 Option B Refunds: 3 for \$ 103,411; and Operational Warrants: \$ 303,749.

Actuarial RFP Documents

Ms. McCarthy inquired if the Board was going to vote on the actuarial RFP presented at last month's Board meeting.

Chairman Greene asked if there was any new information for consideration?

Ms. McCarthy answered no. Everything presented is in last months packet.

Motion made, and seconded, to retain Segal & company as The Boards actuary to produce valuations and reports. From 2023 to 2027 with a two-year renewable option. All in accordance with their RFP submission.

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

Motion accepted (5-0)

Outstanding/Ongoing Operations Issues: Lauren Santillana, Interim Operations Officer

October 2022 payroll update

Ms. Santillana provided an update on the payroll numbers for the month of October 2022. There were 101 new retirees scheduled for the September payroll, 96 Superannuation's, 4 Disability Cases and 1 survivor monthly. Out of the 101 cases, 84 cases were put on payroll from the October list plus an additional 7 that had missed prior payrolls for a total of 91 new retirees. (86 superannuation, 4 disability, 1 survivor monthly) 17 missed the payroll, 5 members did not return final papers. 3 system issues (2 of the 3 had issues with the annuity balance.

Vitech had to fix the accounts behind the scenes. 1 of the 3, our system was not calculating 5-year salary for post pension reform retiree. Vitech has figured out the issue and is working on correcting this so that it doesn't happen in the future.

3 missing salary, 2 missing substitute letters unable to calculate their service. 1 question on calculation was sent to PERAC for review before sending out final papers to the member. Waiting on PERAC opinion letter. 3 final papers were not sent out in time for member to make October payroll.

Outstanding/Ongoing Legal Issues: Natacha Thomas, General Council

Legal update

Ms. Thomas opened by stating that. What we have before the Board today are key legal services. We have a number of firms here for interviews. The first firm we have is Attorney Sacco.

RFP Legal Services

Attorney Michael Sacco presented the firms services and fees as outlined in the RFP proposal responses for legal services to be provided to the Boston Retirement system.

Member O'Reilly voiced his concerns regarding retaining the Law Office of Michael Sacco and its former track record.

Motion made, and seconded, to retain Law firm of Michael Sacco, Edward McKenna, Law firm Burns & Farrey with seven-year contracts in accordance with their response in Request for Proposals for legal services.

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

Motion accepted (3-2) Member O'Reilly, Member McLaughlin voted Nay.

RFP Securities Monitoring and Litigation

Berman Tabacco

Mr. Egan presented the firms services and fees as outlined in the RFP proposal responses for Securities Monitoring and Litigation services to be provided to the Boston Retirement System.

Cohen Milstein

Ms. Saler, Mr. Reiser and Mr. Hawkins presented the firms services and fees as outlined in the RFP proposal responses for Securities Monitoring and Litigation services to be provided to the Boston Retirement System.

Labaton Sucharow LLP

Mr. Canty and Mr. Keller presented the firms services and fees as outlined in the RFP proposal responses for Securities Monitoring and Litigation services to be provided to the Boston Retirement System.

Robbins Geller

Mr. Supple and Mr. Rothman presented the firms services and fees as outlined in the RFP proposal responses for Securities Monitoring and Litigation services to be provided to the Boston Retirement System.

Member McLaughlin asked for the opinion of Ms. Thomas as strong candidates

Ms. Thomas stated that she provided her recommendation on the CSI system. Her recommendations are that BRS continue to retain Wolf Haldenstein and Chimicles, Schwartz Kriner & Donaldson-Smith LLP, Labaton Sucharow, Robbins Geller Rudman & Dowd LLP, ("Robbins Geller") and Bernstein Litowitz Bereger & Grossman to provide Securities Monitoring and Litigation services to the Boston Retirement System.

Motion made, and seconded, to retain with seven-year contracts the law firms of Wolf Haldenstein, Chimicles, Schwartz Kriner & Donaldson-Smith LLP, Labaton Sucharow, Robbins Geller Rudman & Dowd LLP and Bernstein Litowitz Bereger & Grossman. All in accordance with their Securities and Litigation RFP responses for Securities monitoring.

Member O'Reilly wanted to offer an amendment to add to the original motion to retain Cohen & Milstein.

Chairman Greene and Member O'Reilly discussed the motion and Board voted on the motion.

Motion made and seconded to amend the motion to add the law firm of Cohen & Milstein to the previous motion that was made.

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

Motion denied (3-2) Member Jackson, Member Joyce, Chairman Greene voted Nay.

Original Motion made, and seconded, to retain with seven-year contracts the law firms of Wolf Haldenstein, Chimicles Schwartz Kriner & Donaldson-Smith LLP, Labaton Sucharow, Robbins Geller Rudman & Dowd LLP and Bernstein Litowitz Bereger & Grossman . All in accordance with their Securities and Litigation RFP responses for Securities monitoring.

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

Motion accepted (3-2) Member O'Reilly, Member McLaughlin voted Nay.

Adjourn from Administrative Session

The Board voted unanimously to adjourn from Administrative Session at approximately 1:30 PM.

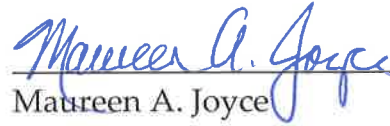
Roll Call Vote: Member O'Reilly: Aye; Member Jackson: Aye; Member Joyce: Aye; Member McLaughlin: Aye and Chairman Greene: Aye.

Motion accepted (5-0)

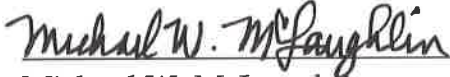
Respectfully submitted,
BOSTON RETIREMENT BOARD



Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Maireen A. Joyce
Ex Officio Member



Michael W. McLaughlin
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member