

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

September 17, 2024

Boston Retirement Board

Room 115, Boston City Hall

Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Michael D. O'Reilly, Elected Member; Karen T. Cross, Elected Member; Scott Finn, Ex Officio Member; 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; Carlos Camacho, Accounting Representative; Flor Valencia, IT Manager.

ALSO IN ATTENDANCE: Michael Manning, Alec Brickell, Kiley Murphy of NEPC; Janey Frank, Thomas Gosnel, Joan Devlin, Christine Buttiglieri, Marylyn Flowers Marion, Maryanne Urban, Denise Berkley, John McInnis, Connie Thibault, Erik Beng, Sandra Segal, of Boston Teachers Union/Retired Teacher's Union; Ashley Groffenberger, City of Boston; Joseph Smith of USW/SENA 9158; Elissa Cadillic of AFSCME 1526; Grant Farrington, Rachel Grupp of BMRB; Brant Duncan of AFT MA; Edward Flynn, Brieajan, Sidney Scanlon of Counselor Flynn's Office; Ana Calderon of Counselor Santana's Office; Shyann Copalandes of Counselor Durkan's Office; Korrelyn Tyler of Counselor Mejia's Office; Anushrse Sahay of Counselor Worrell's Office; Jordan Frias of Counselor Weber's Office; Elizabeth Sanchez of Counselor Zapata's Office; Michael Canavan, Counsel President; Joseph Foley of Local-718; Jesse Purias, Counselor's Weber office; Jacob DeBlecourt of Clair Anderson; Andrew Galvin, Kevin O'Sullivan, Counselor's Murphy's Office; James Kenneally, BPD, Patrolman's Union; Rachel Running, Elise Cadilic, AFSME; Grant Farrington, BMRB; GBLC; Niki Griswold, Boston Globe; Jack Yessgan, BASAS; Owen Byrnes, Jayson Mayer, Hamilton Lane.

Administrative Session Convene

The Board voted unanimously via roll call (4-0) to enter into Administrative Session at approximately 9:16 a.m.

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

Motion accepted (4-0) (*Board Member Finn tardy*)

Past Minutes

Motion made, and seconded, to accept the Administrative Session Minutes of the August 21, 2024 meeting as presented.

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

Motion accepted (4-0) (*Board Member Finn tardy*)

Motion made and seconded to go out of order with today's meeting agenda items.

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

Motion accepted (4-0) (*Board Member Finn tardy*)

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

Veteran's buyback

Mr. Smyth stated that there is a PERAC memo in the board package regarding veteran's buybacks changes, which detail substantial changes in those buybacks. Historically, a member was given 180 days from date of notification to either pay the veteran's buyback or enter into an installment plan. For people that are currently members, they are giving them a second opportunity to file by the 11th anniversary or one year out, whichever is later.

The system has to send them notice to the active members of the system. Staff has already got in contact with Vitech. The deadline for notice to go out to the members is November 6, 2024. The notification is scheduled for October, 2024. The system is ahead of schedule. In addition to doing a first-class mail, we are attempting an email blast to the members. The system has gotten a cost estimate of approximately \$6 thousand dollars from Vitech to do the email blast. The more notice we get out the better.

Documents Presented: 1. Administrative Session Minutes of 8.21.2024, 2. 2nd FY25 COLA base Notice to City Council with preliminary actuarial valuation - efiled 07.25.2024, 3. Correspondence from BASAS in support of COLA base

increase - received 08.21.2024, 4. Correspondence from Boston Police Superior Officers Federation re in support of COLA base increase - received 08.19.2024. 5. Correspondence from Cheryl Delaney in support of increase of COLA base to \$18,000 - received 04.30.2024, 6. Correspondence from City CFO Ashley Groffenberger re COLA base and funding schedule - 08.19.2024, 7. Correspondence from City Councilor Edward Flynn in support of COLA base and 3% COLA - received 08.19.2024, 8. Correspondence from City Councilor Enrique Pepen in support of increasing COLA base to \$18,000, 9. Correspondence from City Councilor Gabriela Coletta in support of COLA base increase to \$18,000. Correspondence from City Councilor Henry Santana in support of COLA base increase, 10. Correspondence from City Councilor John Fitzgerald in support of COLA base increase, 11. Correspondence from City Councilor Julia Mejia in support of COLA base increase to minimum of \$18,000 - received 05.02.2024, 11. Correspondence from City Councilor Ruthzee Louijeune in support of increase to COLA base, 12. Correspondence from City Councilor Sharon Durkan in support of COLA base increase to \$18,000 - received 08.21.2024, 13. Correspondence from City Councilor Liz Braedon in support of increase to COLA base - received 08.21.2024, 14. Correspondence from City of Boston Office of Finance re request COLA base be tabled, 15. Correspondence from Claire OToole in support of increase of COLA base to \$18,000, 16. Correspondence from Constantia Thibaut in support of COLA base increase to \$18,000, 17. Correspondence from Elissa C Cadillic AFSCEME in support of COLA base increase to \$18,000, 18. Correspondence from Janey Frank in support of COLA and COLA base increase - received 04.23.2024, 19. Correspondence .from Jason Gagnon in support of COLA - received 04.30.2024, 20. Correspondence from Jessica Tang in support of COLA base increase to \$18,000 - 06.05.2024, 21. Correspondence from John Palladino in support of moving COLA base to \$18,000 - received 04.30.2024, 22. Correspondence from John Zuccaro in support of COLA base increase to \$18,000, 23. Correspondence from Kathleen Dunn in support of moving COLA base to \$18,000, 24. Correspondence from Marilyn F Marion of Mass. Alliance for Retired Americans in support of COLA base increase - received 08.08.2024, 24. Correspondence from Mary Ann Urban in support of COLA base increase – hand delivered 08.21.2024 email wrong, 25. Correspondence from Mass. AFL-CIO in favor of increasing COLA base to \$18,000 - 06.10.2024, 26. Correspondence from Maureen Gillan in support of increase of COLA base to \$18,000, 27. Correspondence from Richard Cesareo in support of moving COLA base to \$18,000, 28. Correspondence from State Rep. Rob Consalvo and Bill MacGregor in support of increase to COLA base, 29. Correspondence from Susan Gregorio in support of BRB Increase - received 04.30.2024, 30. Funding Schedule requested by City moving fully funded date to 06.30.2029, 31. PERAC Memo 23-2024 re

Veterans' Buyback Changes and attachment, 32. Hamilton Lane Approval Process Outline, 33. Summit Partners Growth Equity Fund XII - Boston Retirement Board Recommendation, 34. Cost Summary.

Outstanding/Ongoing Financial Issues: Carlos Camacho, Assistant Comptroller

August 2024 Financial Snapshot

Mr. Camacho reported the August 2024 pension payroll as follows: Contributory payroll: \$64,064,650; Contributory Payees: 15,746; Non-contributory payroll: \$356,233; Total Non-contributory payees: 37; Regular Retirees: 42; Survivor/Beneficiary Retirees: 4; Disability Retirees: 6; Option C/Disb Surv 8; Members Refunds: 76 for \$2,524,172; Members Transfers: 70 for \$3,356,260; Option B Refunds: 0 for \$0; and, Operational Warrants: \$569,868.

Documents Presented: 1. August snapshot for calendar year 2024, 2. BRS Cash Projections 2024_JULY (1), 3. 07.24_Cash Disbursements Summary (1), 4. 2024 MMDT Reconciliation (1), 5. 07.24_Adjusting Entries Summary (1), 6. 07.24_Cash Receipts Summary (1), 8. 07.2024 Operating Reconciliation, 9. 07.2024 MMDT 07.2024 Direct Deposit (3), 10. GL_07 (1), 11. 07.2024 Operating 11. 07.2024 Retirement Payments, 12. TB_07.2024, (2), 13. Warrants_07.2024 (1).

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

August 2024 payroll update

Ms. Weir provided an update on the payroll numbers for the month of August, 2024:

44	Total possible retirements
36	Superannuation cases
2	Death of active cases
6	Disability cases
28	Cases made it to payroll
16	Cases did not make it to payroll

Renovation Room 816

Ms. Weir stated that included in the board package is a build out estimate for the BRS remodel. We expect this to go out for bid shortly. Estimated time to completion is several months. Member O'Reilly stated that he would like the work done by union labor. Mr. Smyth and Ms. Weir stated they will look into the matter.

Motion made and seconded to hire union labor for build out Boston Retirement System new office space with the approval of Property Management.

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

Motion failed (3-2) (Member's O'Reilly and Cross, voted Aye.)

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

International Small Cap Equity Search

Mr. Manning opened with stating that the international small cap equity search was issued in compliance with the PERAC guidelines that require a review every seven years. The last search was issued in 2017 and the Board selected Segall Bryant & Hamill (SBH) for the mandate. In today's materials NEPC has included the list of respondents with ratings, and a review of the SBH strategy. Today's discussion will focus on outlining the next steps for the search process.

The search received responses from 23 managers. Each manager has been rated using the 1-4 scale. NEPC leveraged their internal performance analysis statistical software (PASS) and input from the research team to determine the ratings.

Segall Bryant & Hamill (SBH) is the existing international small cap manager for BRS. BRS has ~2.3% (\$160 million) allocated to international small cap as of 8/31/24. Today, we will review the current portfolio and the list of respondents to determine next steps for the search.

The Board and NEPC staff discussed the responders and the strength of their investment's strategy, track record and investment returns. The Board decided to have NEPC have Segall Bryant & Hamill, Fidelity and Allspring come in and present to the Board at the October, 2024 meeting.

Hedge Fund Search

NEPC would like to issue a hedge fund of funds search on behalf of the System, in compliance with the seven-year search requirement. The Board approved NEPC to issue Hedge Fund of funds search.

August 2024 Flash Report

Mr. Manning reported that the plan was up +1.4% through the month of August, 2024 and + 12.3% in the one-year period. The performance was up +7.6 YTD.

Work Plan-2024

Mr. Manning stated that NEPC has included an updated work plan with the meeting materials:

	SEPT	OCT	NOV	DEC	JAN
TOTAL PLAN					
Asset Allocation					
Performance			Q3		
Education / Review					
TRADITIONAL					
Search / Presentations	ISC Search Review	Analysis/ Presentations	Presentations		
HEDGE FUNDS					
Program Planning					
Search / Presentations	Issue Search		Search Review	Presentations	
PRIVATE MARKETS					
Program Planning					
Search / Presentations		Issue PE Search		Review Respondents	Analysis/ Presentations
Performance			Q2		
REAL ESTATE					
Program Planning					
Search / Presentations		Opportunistic Search Review	Presentations		
Performance			Q2		

Mr. Kelly introduced Owen Byrnes of Hamilton Lane to present over the telephone to the BRS. Mr. Byrnes opened by stating that Hamilton Lane will discuss Summit Partners Growth Equity Fund 12. This is an existing relationship for the Boston Private Equity portfolio. Boston invested in the prior two funds from Summit Partners, that’s fund 10 in 2019 and Fund 11 in 2021. Summit Partners is local to Boston with deep roots in the community since 1984. Summit Partners has additional offices in San Francisco and New York. They have long standing investors with investment expertise in technology, health care, life sciences and growth products and services.

Boston’s commitment to fund 10 has generated top cortile performance against peers to date. Fund 11, which was a 2020 – 2021 vintage quartile, remains

relatively early in its development. So, it's too early for tracking well. The fund is raising about \$9 billion dollars while planning on building a large diversified portfolio of 25 to 35 investments.

Documents Presented: 1. NEPC 2024 09 Meeting Materials. 2. Hamilton Lane Summit Partners Growth Equity Fund XII, L.P.

Motion made, and seconded, to approve Hamilton Lane to hire Summit Partner's Growth Equity Fund 12 for \$10 million dollars.

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

Motion accepted (5-0)

COLA base and funding schedule

Chairman Greene recapped where the System is on the COLA Base and funding schedule request from the City of Boston. Member O'Reilly argued in favor of increasing the COLA base to \$18,000 dollars and pushing out the funded reschedule to 2030. Member O'Reilly also advised those in attendance to seek legal counsel stating that the Board had not performed its fiduciary duty. Counselor Flynn Spoke on the record for his support of the COLA increase. Member Finn, Chairman Greene and Member Jackson enunciated their position on why they opposed the COLA base increase.

Member O'Reilly amended the motion, which was seconded, to vote to increase the COLA base to \$18,000 a year and extend funding schedule through 2030.

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

Motion failed (3-2) (Members O'Reilly and Cross voted Aye)

Motion made and seconded to vote to ***extend*** funding schedule to 2028, with no increase in COLA base.

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

Motion accepted (3-2) (Members O'Reilly and Cross voted Nay)

Member O'Reilly wanted to add an agenda item for October, 2024 Board meeting. Member O'Reilly stated that the Board has not had an election for the Board Chairman position since October, 2014. Therefore, he believes that the Board

is way overdue. Mr. Smyth stated that he will put the item as an agenda item for next month.

Legal Issues: Natacha Thomas, General Counsel

None.

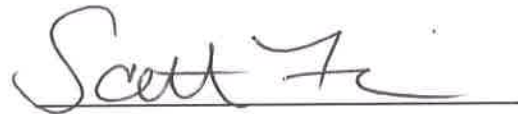
Adjourn from Administrative Session

The Board voted unanimously to adjourn from Administrative Session and enter into Executive Session at approximately 11:30 a.m.

Respectfully submitted,
BOSTON RETIREMENT BOARD



Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Scott Finn
Ex Officio Member



Karen T. Cross
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member