

## MINUTES OF BOSTON RETIREMENT BOARD

### **Administrative Session**

March 15, 2023

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, Oliver Fahmi, Kiley Fischer, NEPC; Michael Dwyer, Consultant; Brian Norton, AFL-CIO Housing Investment Trust; Killian Dowd, Killion National Life Group, Gar Chung, Wong News; Bela Kirpalini, Mandate Wire.

**(All Attendees remotely present.)**

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### Administrative Session Convene

The Board voted unanimously via roll call (5-0) to enter into Administrative Session at approximately 10:07 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 December 21, 2022, January 20, 2023 and February 15, 2023 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***

Mrs. Weir introduced Mr. Dwyer for update.

Mr. Dwyer stated that there is good progress in the cyber world. Mr. Oates and Ms. McCarthy have been working on cyber insurance. The is in good shape. inventory on protected sensitive inventory. The group has learned about the two reoccurring incidents. One is, an impairment. Ransomware, malware impairment. The other kind could be a disclosure. The system needs to be prepared for both.

The group has been identifying where sensitive data is, inventory, contact lists, etc. Mr. Oates in in the process of finalizing some issue with DoIt. They are working with putting together all the pieces with BRS staff and all our partners. Next month Mr. Oates will give an update with the DoIt activities.

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

***NEPC***

***Investment Update***

***2023 Search Planning***

Mr. Manning stated that NEPC will review the manager searches planned for 2023, and the recommended order. The System has at least five searches to complete in 2023. Three of the searches have already been issued and are to be completed.

Mr. Fadley went on to present. He stated that NEPC has highlighted four managers in the search and updated the Board with their final closing dates.

Mr. Manning went on to state that the goal here for us is to identify two to three managers to bring in for the next meeting. We've got managers across the risk spectrum. Maranon and Kayne would be for example, on the more conservative side while a manager like Blue Torch would probably be looking at deals that are going to yield a little bit more because they've got more risk because they're more opportunistic in the way they approach direct lending. The question for the board is, how far along that spectrum would you want to consider?

The Board, BRS staff and NEPC discussed the merits, fees, strategies and performance of each of the recommended managers. The Board elected to have

Kayne Anderson, Maranon Capital and Blue Torch Capital come to the April Board meeting to present.

### ***Small Cap Equity Search***

The small cap equity search was issued in compliance with the seven-year search requirement, and included core, value, and growth strategies.

At the January meeting, we completed the value component of the search. Three value finalists presented and the Board selected Mesirow to replace Bernzott as the System's small cap value manager.

At today's meeting, we will review the core and growth candidates, alongside the respective incumbents, Aristotle and Westfield. NEPC has included an analysis for both core and growth in today's materials. The goal of today's discussion is to (1) reaffirm the Board's comfort and conviction in the current managers, or (2) select finalists to interview at an upcoming meeting.

We have three search components value, which we addressed at the last meeting where Mesirow was selected to replace Bernzott, core and growth. You'll see that the existing managers Aristotle and Westfield have performed really well. We went back to Aristotle a couple times and because of the overall relationship, they're willing to knock their management fee down by effectively 10 basis points or 15%.

The Board, BRS staff and NEPC discussed the merits, fees, strategies and performance of each of the responding and current BRS managers. After discussion, a motion was made.

*Motion made, and seconded, to retain Aristotle Capital Boston, LLC and Westfield Capital as a part of our small cap equity search 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)***

### ***February 2023 financial snapshot***

Mr. Manning went on to state that for the month of February the system was down -1.6%. The one-year performance was down -2.4% and the YTD is up +2.7% through February.

*Work Plan* Mr. Manning stated that NEPC has included an updated work plan with the meeting materials. As shown on the work plan.

	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
<b>TOTAL PLAN</b>										
Asset Allocation										
Performance			Q1			Q2			Q3	
Education/Review										
<b>TRADITIONAL</b>										
Search/ Presentations						Issue Custody Search	Review Respondents	Analysis/ Presentations		
<b>HEDGE FUNDS</b>										
Program Planning										
Search/ Presentations										
<b>PRIVATE MARKETS</b>										
Program Planning	Search Planning	Issue PE Sep. Account Search								Pacing Plan
Search/ Presentations	Private Debt Search Review	- PD Presentations - PE (Infra) Search Review	- PE (Infra) Presentations - Review PE SA Respondents	PE Separate Account Presentations						
Performance			Q4			Q1			Q2	
<b>REAL ESTATE</b>										
Program Planning										Pacing Plan
Search/ Presentations				Search Review (Opp & Debt)	Analysis/ Presentations	Analysis/ Presentations				
Performance			Q4			Q1			Q2	

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

***February 2023 Financial Snapshot***

Ms. McCarthy reported the February 2023 pension payroll as follows: Contributory payroll: \$ 59,939,464; Contributory Payees: 15,686; Non-contributory payroll: \$310,184; Total Non-contributory payees: 31; Regular Retirees: 25; Survivor/Beneficiary Retirees: 6 Disability Retirees: 3; Option C/Disb Surv; 6; Members Refunds: 69 for \$1,239,897; Members Transfers: 8 for \$752,730; Option B Refunds: 9 for \$261,516; and Operational Warrants: \$321,834.

Ms. McCarthy stated that her and her team are working on PERAC's annual statement that is due May 1st. They are close to wrapping it up. She expects to present the statement to the Board in the April Board meeting, so it can be filed on time. PERAC is trying to do away with paper transactions. This year the Board will be signing electronically through prosper.

She also stated that the system has completed its application for cyber security and it was sent back to the systems agent on February 2, 2023. Currently, the systems policy is about to expire April 22nd.

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

*February 2023 payroll update*

Mrs. Santillana provided an update on the payroll numbers for the month of February. 66 new retirees scheduled for the February payroll, 53 Superannuation and 10 Disability Cases and 3 pre-retirement death case. Out of the 66 cases, 54 new benefits were put on payroll from the February list plus an additional 3 that had missed prior payrolls for a total of 57 new retirees. 43 superannuation, 10 disability, 4 pre-retirement death) 12 missed the payroll, and 12, no final papers returned.

Outstanding/Ongoing Legal Issues: Natacha Thomas, General Council

*Legal update*

Board member Michael O'Reilly asked whether there were any changes to 91A Annual Compliance and if PERAC was doing anything different because he has received numerous calls from members.

Ms. Thomas stated that BRS fell behind because of the covid-19 pandemic. BRS does not oversee 91A, we follow what PERAC directs us to do. A lot of members did not comply with the 91A Annual Compliance so PERAC directed BRS to suspend them and conduct hearings prior to terminating benefits. It was difficult to conduct hearings during the pandemic.

- O'Keefe v. Boston Retirement Board, (Superior Court Dec. 04.24.2023)  
The court ruled in BRS' favor. The court opined that BRS did not act improperly. Ms. Thomas states that it is unclear whether Ms. O'Keefe is going to appeal.

- PERAC Memos offered for educational purposes only:
  - PERAC Memo #9/2023 re tobacco company list


Adjourn from Administrative Session

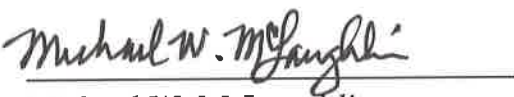
The Board voted unanimously to adjourn from Administrative Session at approximately 11:06 AM.


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

**Motion accepted (5-0)**

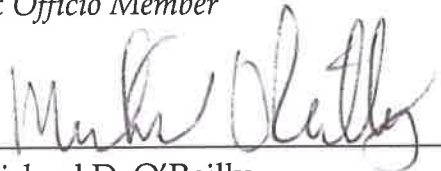
Respectfully submitted,  
BOSTON RETIREMENT BOARD

  
Daniel J. Greene, Esquire  
*Mayoral Appointed Member, Chairman*

  
Michael W. McLaughlin  
*Elected Member*

  
Thomas V.J. Jackson  
*Fifth Member*

  
Maureen A. Joyce  
*Ex Officio Member*

  
Michael D. O'Reilly  
*Elected Member*