

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

April 17, 2024

Boston Retirement Board

Civic Pavilion Room, Boston City Hall Plaza

Boston, MA 02201

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

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

ALSO IN ATTENDANCE: Michael Manning, Kiley Murphy, Raj Palekar of NEPC; Connie Thibaut, Tom Cosnell, Sandra Segal, Janey Frank, Marilyn Marioa, John Devlin and Grace Barr of Boston Teachers Union (RTC); Kevin McAdams, Chris Hentemann of 400 Capital Management; Michael Segarinni, Thomas Jorgensen of Orchard Global; and Jeb Banks, Sean Greene of Siguler Guff.

Administrative Session Convene

The Board voted unanimously via roll call (5-0) to enter into Administrative Session at approximately 9:06 a.m.

Roll Call Vote: Member O'Reilly: Aye; Member Jackson: Aye; Member Finn: 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 March 20, 2024 meeting as presented.

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

Motion accepted (5-0)

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

COLA/COLA base scheduling

Mr. Smyth informed the Board that late last night the Actuary sent a cost memo that the Board gets every spring. Mr. Smyth has provided it to the Board in the Board packet. The Board and staff discussed scheduling for public comments and vote.

Motion made, and seconded, to ***change*** the June 2024 Board meeting from June 19, 2024, to June 18, 2024.

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

Motion accepted (5-0)

PERAC Memos

Mr. Smyth informed the Board that there are two PERAC memos in the Board packet for review (PERAC Memo 10-2024 re Tobacco Company List and PERAC Memo 11-2024 re Mandatory Retirement Board Member Training). He asked the Board to please keep up their training and update PROSPER should a Board member attend a training that credits are assigned.

Waiver request – John Tevnan (Police Department)

Mr. Smyth informed the Board that there was a Needham waiver request for member John Tevnan. Mr. Tevnan started his career in the early 1980's. Had a break in service, he took a refund back and returned to service at the wrong rate. He did get the waiver letter in 2012 but there is no indication that he asked for a waiver back then. He would like to submit the waiver at this time. The Board discussed the waiver and the timeline in which the member requested the waiver.

Motion made, and seconded, to ***deny*** the waiver request of John Tevnan in the amount of \$37,088.99, because the request was not made in a timely manner.

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

Motion accepted (5-0)

Documents Presented: 1. Notice to Commonwealth A&F re COLA and COLA base - 04.16.2024. 2. Notice to City Clerk re COLA and attachments - 04.16.2024. 3. Notice to City Clerk re COLA base and attachments - 04.16.2024. 4. Email to City Clerk re filing notice of COLA and COLA base - 04.16.2024. 5. Post-Retirement Earnings Limits for Massachusetts Public Employees. 6. PERAC Memo 10-2024 re Tobacco Company List. 7. PERAC Memo 11-2024 re Mandatory Retirement Board Member Training. 8. John Tevnan waiver request - 04.17.2024.

9. PERAC Approved Supplementary Regulation re Annual Unused Vacation Leave Buyback - received 02.29.2024.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Private Debt Search

Mr. Manning stated that the private debt search was issued in February on behalf of the System. The annual pacing plan calls for ~\$60 million in private debt commitments in 2024, with the ability to commit more at the Board's discretion. This search focused on direct lending and credit opportunities strategies. There were 80 responses to the search, varying by sub-strategy, fund size, geographic exposure, and sector focus. At today's meeting, we will review the respondent list and determine next steps in the search process.

Ms. Murphy went over the Private Debt search. The Private Debt search was issued in February and focused on direct lending and credit opportunities strategies. The search received 80 responses across the two categories. NEPC recommends committing an additional ~\$60 million to the System's Private Debt program in 2024. This will be split between multiple managers in Credit Opportunities or Direct Lending. There is flexibility to commit more, at the Board's discretion.

Ms. Murphy introduced Raj Palekar who will go into more detail on the managers respondents that will present today. 400 Capital Management, Orchard Global and Siguler Guff.

Mr. Palekar informed the Board That they have three managers with six strategies will present. Each will have similar return expectations. But are unique in their own way in terms of what they are targeting in the credit universe. All these managers have very experienced teams with strong investment platforms. We also have the discount fees dynamic.

400 Capital Management has a strategy that focuses on the structured credit universe and specialty lending. In NEPC opinion they have the widest mandate of the managers that will be presented today.

Orchard Global focuses on red cap opportunities set. They focus on the corporate loan side.

Siguler Guff's strategy focuses on lower, middle market lending. On the corporate side, they have a strong Private Equity business. Where they can source

some of these sponsors backed companies. This is another option that are different from the rest.

400 Capital Management

Mr. McAdams opened by introducing himself and Chris Hentemann. He stated that The BRS have been great partners and thank you to NEPC for their hard work. He then introduced Mr. Hentemann for the rest of presentation. Mr. Hentemann went over the 400 Capital ABTF I and II Strategy.

ABTF deploys a committed capital, solutions-based approach to bridge regulatory and risk-based capital requirements, secular trends in asset financing markets and liquidity for dislocated or distress-driven market opportunities. The strategy primarily targets asset-backed opportunities across residential real estate, commercial. real estate, specialty finance and structured credit in the U.S. and Europe. Target net returns of 12-15+% (no fund-level leverage).

Opportunity: Regulatory capital pressure on the US and European banking systems is set to increase on the back of recent bank failures driving increased demand for risk transfer and regulatory capital solutions. Contracting credit conditions producing an expanding opportunity for non-bank lending solutions across a wide range of asset classes with attractive risk return profiles. Market volatility and deteriorating credit performance is setting the stage for secondary market opportunities for distressed and dislocated loans and securities.

Edge: Value-oriented investment philosophy focused on producing superior risk-adjusted returns. Integrated investment team with deep asset class expertise that understands the interplay between private and public markets. Flexible mandate allows management to rotate capital toward highest conviction themes and best ideas throughout a shifting market landscape.

Orchard Global

Mr. Segarinni opened by introducing the firm. Orchard Global Asset Management ("Orchard Global") is an alternative asset manager providing transformational financing solutions to banks, asset managers, and other borrowers seeking capital solutions to complex problems. We offer solutions through regulatory capital, opportunistic lending, CLOs, and public credit trading. Mr. Jorgensen went on to explain the investment opportunities with Orchard Global.

Orchard Global believes there is a significant opportunity in the bank regulatory capital space, which is executable over the next 18 months. Through a

confluence of factors including: continued implementation of Basel guidelines, US money-center banks re-entry into the market, regulator concerns over consumer and real estate credit deterioration and fallout from recent bank failures, we believe there will be a large opportunity to invest at attractive risk/returns levels compared to historical opportunities.

Experienced Investor: Orchard Global through its funds has invested in 77 regulatory capital transactions referencing US\$161 portfolio notional and over US\$7.0bn funded. EganTree Opportunities Fund III ("ET III") is our third dedicated regulatory capital investment fund and our fifth fund that has this area as significant investment focus.

Experienced Team: Orchard Global's senior leadership team is represented across all three continents where we operate. We believe our deep knowledge of the markets, financial systems, and regulatory environments around the world allows us to capture value for our partners and investors.

Siguler Guff

Mr. Banks opened by giving a brief history of the firm. Siglur Guff has a 29-year history of providing diverse investment strategies. Approximately \$16 billion in assets under management. Its Global footprint headquartered in New York with offices worldwide, with over 125 employees including over 50 investment professionals. The firm is a leading investor in US Small Business; one of the "Engines of the U.S. Economy." Mr. Greene continued by stating that Sigular Guff is a Leading Investor in U.S. Small Business. Its Small Buyout Opportunities in US Small Business. Established Institutional Investor Small Business Credit Platform: (SBCOF). The firm is Equity focused, Launched 2005, a leading LP in small buyout funds (100+ GPs), Active equity co-investor directly into the companies. Over \$7.0B of committed capital.

Small Business Credit Platform: (SBCOF)

The firm is Credit focused, Launched 2015 it's a direct investment only. Mezzanine, first lien loans with small equity co-investments, over \$760M invested in 60+ transactions and currently raising and investing out of Fund III.

Investment Opportunity: Small Business Credit Opportunities Funds ("SBCOF") Platform Overview. Launched in 2015. Investing out of SBCOF III. Sigular Guff focuses on underserved small business market: less competitive, better returns. Siguler Guff's buyout fund relationships give them sourcing and information advantages. Proven formula to mitigate risk: Time-tested, resilient

companies, conservative credit structures. Quality equity partner in each deal and consistent execution and demonstrated track record.

Key Metrics: Invested to Date \$761M; companies; 63, Avg Company Age; 39 years, Avg Loan Pricing; 13%, Avg. Total Leverage; 3.6x, Avg. Loan to Value; 52%, Annual Return Gross; 15.9% IRR and Annual Return Net of 12.1% IRR.

NEPC staff, BRS staff and the Board discussed the strength of the firms, differences in firms, fees, strategies and its relationship with 400 Capital Management.

Motion made, and seconded, to hire Siguler Guff's Small Business Credit Opportunity Fund III for \$30 Million for Private Debt space.

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

Motion accepted (5-0)

March 2024 Flash Report

Mr. Manning reported that the plan was up +2.0%. during the month of March 2024. The YTD performance is up +1.9 % and +10.2% in the one-year period.

Work Plan-2024

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

	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
TOTAL PLAN										
Asset Allocation										
Performance			Q1			Q2			Q3	
Education / Review										
TRADITIONAL										
Search / Presentations						Issue Int'l Small Cap Search	Search Review	Analysis/ Presentations		
HEDGE FUNDS										
Program Planning										
Search / Presentations								Issue Search	Search Review	
PRIVATE MARKETS										
Program Planning										
Search / Presentations	Review Respondents	Finals Presentations		Issue PE Search	Review Respondents	Finals Presentations				
Performance			Q4			Q1			Q2	
REAL ESTATE										
Program Planning										
Search / Presentations		Review Respondents	Finals Presentations							
Performance			Q4			Q1			Q2	

Documents Presented: 1. NEPC March 2024 Meeting Materials. 2. 400 Capital Management presentation. 3. Orchard Global Presentation. 4. Siguler Guff Presentation.

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

March 2024 Financial Snapshot

Ms. McCarthy reported the March 2024 pension payroll as follows: Contributory payroll: \$62,610,789; Contributory Payees: 15,778; Non-contributory payroll: \$311,505; Total Non-contributory payees: 38; Regular Retirees: 52; Survivor/Beneficiary Retirees: 2; Disability Retirees: 6; Option C/Disb Surv: 3 Members Refunds: 74 for \$1,727,945 ; Members Transfers: 54 for \$2,549,437; Option B Refunds: 4 for \$1,859; and, Operational Warrants: \$513,838.

Ms. McCarthy informed the Board that in their Board package is the regular activity for the month of March. Journal entries, reconciliations, bank statements and cash flows. Ms. McCarthy noted that there was nothing really different or unusual.

PERAC Annual Report

Ms. McCarthy stated that the Annual PERAC statement for 2023 has been completed and is ready to be submitted to PERAC.

Motion made, and seconded, to accept the 2023 Boston Retirement System's annual Statement to PERAC as presented.

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

Motion accepted (5-0)

Documents Presented: 1. March 2024 Financial Snapshot. 2. 2023 Boston Ret System Annual Statement. 3. BRS Supplemental Schedules 2023. 4. 02.24 Direct Deposit. 5. 02.24 MMDT Reconciliation. 6. 02.24 MMDT. 7. 02.24 Operating Reconciliation. 8. 02.24 Operating. 9. 02.24 Retirement Payments. 10. 02.24_Adjusting Entries_ Journal Entry_(preliminary). 11. 02.24_Adjusting Entries Account ID_(preliminary). 12. 02.24_Adjusting Entries_Summary__(preliminary). 13. 02.24_Cash Disbursements by Account ID_(preliminary). 14. 02.24_Cash Disbursements by Journal Entry_(preliminary). 15. 02.24_Cash Disbursements by Summary_(preliminary). 16. 2.24_Cash Receipts by Account ID_(preliminary). 17. 02.24_Cash Receipts by Journal Entry_(preliminary). 18. 02.24_Cash Receipts by Summary_(preliminary). 19. BRS Cash Projections 2024_Feb. Actuals.

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

March 2024 payroll update

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

63	Potential Cases
53	Superannuation Cases
47	Total superannuation on payroll
3	Pre-Retirement death
6	Accidental disabilities
62	Cases made it to payroll

Ms. Weir wanted to inform the Board that that there is a lot going on operationally at the system. Staff is working on the vacation buybacks recalculations, 1000 and refund checks for the personal buyback, the CBA's are being recalculated , and there is a backlog on transfers. She has no update on the construction project. It's on schedule to go out to bid in June 2024.

Legal Issues: Natacha Thomas, General Counsel

Ms. Thomas stated there were no issues to discuss for legal issues to discuss in administrative session.


Adjourn from Administrative Session

The Board voted unanimously to adjourn from Administrative Session at approximately 11:00 a.m.

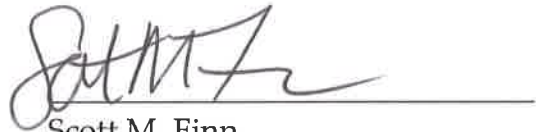
Roll Call Vote: Member O'Reilly: Aye; Member Jackson: Aye; Member Joyce: Aye; Member McLaughlin: Aye; and Chairman Greene: Aye.

Motion accepted (5-0)

Respectfully submitted,
BOSTON RETIREMENT BOARD



Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Scott M. Finn
Ex Officio Member



Karen T. Cross
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member