

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

November 25, 2024

Boston Retirement Board

Auditing Conference Room M-4, 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; Emerson Pena, Assistant General Counsel; Ellen M. McCarthy, Comptroller; Gregory Molina, Board Secretary.

ALSO IN ATTENDANCE: Michael Manning, Alec Brickell, Kiley Murphy, Larisa Davey (via telephone) of NEPC; Owen Burns, Sean Barber of Hamilton Lane (Via phone); Bryant VanCronkhite, Ann Larson of Allspring; Robert Beauregard, Gary Simonette of Global Alpha; Clark Koertner, Scott Decatur of Segall Bryant & Hamill; Janey Frank and one other unknown retired teacher.

Administrative Session Convene

The Board voted unanimously via roll call (5-0) to enter into Administrative Session at approximately 9:10 a.m.

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

Motion accepted (5-0)

Chairman Greene introduced the new Assistant General Counsel, Emerson Pena, and welcomed him to the BRS.

Past Minutes

Motion made, and seconded, to accept the Administrative Session Minutes of the October 16, 2024 meeting as presented.

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

Motion accepted (5-0)

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

PERAC Memos, Reports and/or Forms for Board education:

- 2023 PERAC Annual Report
- PERAC Pension News 66
- PERAC Memo 27-2024 re Changes to Restoration to Service
- PERAC Memo 28-2024 re Violent Assault Disability
- PERAC Memo 29-2024 re FY26 Appropriation Questionnaire
- Standard Agenda & Meeting Dates for CY2025 – discussion only

Election of Chairman

Mr. O'Reilly opened by questioning the Chairman's term stating that he is not a board member and all of his votes should be reviewed. Discussion was had relative to term limitations for board members. Mr. Smyth indicated that he believed the Mayoral appointee had no three-year term as stated by Mr. O'Reilly. Chairman Greene excused himself from Board meeting at 10:03 a.m.

Mr. O'Reilly went on to express his desire to be Chairman of the Boston Retirement Board stating that Mr. Greene was unfit. The Board and staff continued to discuss membership votes, Board membership since 2014, fiduciary responsibility, member's and beneficiaries' interest, Chairman's qualifications, personnel matters, privacy rights, liabilities, open public session meeting, media, former employee retention agreement, legal research, Chairman's former resignation, speculation and clarification.

Motion made, and seconded, to appoint Member Finn as temporary Chairman of the Retirement System Board.

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

Motion failed (2-2)

Motion made, and seconded, to appoint Member O'Reilly as temporary Chairman of the Retirement System Board.

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

Motion failed (2-2)

The Board and staff discussed the continuance of the Board meeting with four members present and the mechanics of doing so without a chairman.

Documents Presented: 1. Administrative Session Minutes of 10.16.2024, 2. 2023 PERAC Annual Report, 3. PERAC Pension News 66, 4. PERAC Memo 27-2024 re Changes to Restoration to Service, 5. PERAC Memo 28-2024 re Violent Assault Disability, 6. PERAC Memo 29-2024 re FY26 Appropriation Questionnaire in PROSPER, 7. CY25 Meeting Dates and Standard Agenda for Boston Retirement Sys, 8. Search for Pension Software.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

International Small Cap Equity Search

Mr. Manning opened by stating that the international small cap equity search was issued in compliance with the seven-year search requirement. At the October meeting NEPC presented an analysis on a subset of the search respondents and the Board selected three managers to present today. Mr. Brickell gave a short summary of all the presenters and their funds.

Allspring

Ms. Larson opened by stating that the BRS is currently a client of Allspring, for Global Investments. They currently manage \$365 million of the Board in Core Fixed Income. The firm is located in Boston in the Seaport area with over 222 employees. Allspring provides a wide range of investment solutions to help their Global client base meet their investment objectives.

The firm used to be Well Fargo Asset Management, about three years ago they were divested out of Well Fargo. They have a sizable component which employee ownership and two Private Equity firms and a minority interest by their prior owner Wells Fargo.

The firm has over \$590 billion in assets under management, with 1,400 dedicated employees, 400+ investment professionals and 23 portfolio managers with average of 23 years of investment experience.

Ms. Larson continued by stating that they greatly appreciate the partnership with the BRS. They propose relationship pricing for this, it would be a comingle vehicle in our Collective Investment Trust (CIT). It's their G share class in that vehicle. It will 65 basis points total and of that there are six basis points that are pulled out of the performance. The plan would be invoiced for 59 points.

Global Alpha International Small Cap

Mr. Simonette opened by thanking the Board for the opportunity to present. The firm was founded in 2008. The firm is a Small cap specialist with assets under

management of over U.S. \$7 billion. Global Small Cap of U.S. \$2,611.3 million. International Small Cap US. \$4,504.5 million. They stand on client servicing and communication directly from the portfolio management team.

The Global team consists of five employees are partners of the firm. The average of 15+ years of Asset management and has no investment turnover since inception. The firm's strategy is quality growth, true small cap, high conviction, long term. With value added through security selection, mitigating style and currency and industry risk. Building a rigorous portfolio construction and risk management. Strong, consistent performance through various market cycles and periods of volatility. Environmental, social and Governance integrated into the investment process.

Mr. Beauregard introduced himself as a co-founder of the firm. He went on to state that their goal is to meet and exceed the Boards expectations. You're making the decision to invest in International Small Cap, our goal is to give you a true International Small Cap portfolio.

Segall Bryant & Hamill

Mr. Koertner opened by introducing himself and Mr. Decatur. He stated that he was happy to report that they have not only beat the benchmark, beat the majority of their peers, and have made the Board over \$30 million during the course of our relationship. This is a complicated world for investors today. We have politics, wars, interest rates. All occurring and dominating the airwaves. One of the things you'll hear today, are how they are strategically positioned to do well in the future. But this new environment that we're going through has led to an award-winning performance. They believe that the fact that they are doing well. Is due to great positioning which has allowed them to help the System achieve its goals.

Segall has an active niche investment strategy designed to deliver alpha in many of the most inefficient areas of the market. Consistent, autonomous team-oriented investment approach focused on high quality, proprietary research. A diverse equity offering spanning the globe and across market capitalizations within public and private markets. A full lineup of fixed income strategies and customized solutions. Signatory of UNPRI (United Nations' Principles for Responsible Investment) and wholly owned subsidiary of CI Financial Corp.

They count on a 105-person team with 45 investment professionals across all aspects of investment management. With over \$29 billion in AUM/AUA. 24 Years average experience for portfolio managers.

The Board, NEPC and staff discussed the strengths and weaknesses of the presenters and fees.

Motion made, and seconded, to retain Segall Bryant & Hamill in the small Cap Space.

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

Motion accepted (4-0)

Hamilton Lane

Mr. Burns stated that they are recommending an additional \$5 million commitment THL Equity Fund 10. That would bring the commitment to \$15 million. We got the Boards approval at last months meeting to make a \$10 million commitment to THL Equity Fund 10. One of the goals of the portfolio is to manage the overall managers relationships to avoid having too many. Taking this under consideration and deliberating with our portfolio construction team. They think it makes sense to increase the commitment to certain managers. They are seeking approval from the Board to make that commitment.

Motion made, and seconded, to increase funding commitment by \$5 million to THL Equity Fund 10 from \$10 million to \$15 million

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

Motion accepted (4-0)

The second recommendation was a \$10 million commitment to GTCR Strategic Growth Fund II LP. Boston has previously invested in both the Strategic Growth Fund and the GTCR flagship strategy. Which makes lager investments to larger companies. The Strategic Growth Fund which they are recommending today.

Motion made, and seconded, to allocate \$10 million to GTCR Strategic Growth Fund II as recommended.

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

Motion accepted (4-0)

Infrastructure (Private Equity) Search

Ms. Davey stated that NEPC issued an infrastructure search on behalf of the System to fulfill the annual commitment to private equity. The recommended commitment amount is \$30 million, this is in addition to the \$80 million allocation to Hamilton Lane, as outlined in the 2024 private equity pacing. At today's meeting we will review the list of respondents and determine the next steps in the search process. There were 49 respondents to the search. NEPC reviewed the top tier respondents and gave the Board their recommendations. The Board decided on presenters for the January 2024 Board meeting.

Motion made, and seconded, to invite Blackstone, Intermediate Capital Group and Macquarie to present on Infrastructure (Private Equity) strategy at the January 2024 Board meeting.

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

Motion accepted (4-0)

Work Plan – 2024

	NOVEMBER	DECEMBER	JANUARY	FEBRUARY
TOTAL PLAN				
Asset Allocation				Annual AA Review
Performance	Q3			Q4
Education / Review				
TRADITIONAL				
Search / Presentations	Presentations			
HEDGE FUNDS				
Program Planning				
Search / Presentations		Search Review	Search Review	Presentations
PRIVATE MARKETS				
Program Planning				
Search / Presentations	Infra Search Review	Infra Search Review	Presentations	
Performance	Q2			Q3
REAL ESTATE				
Program Planning				
Search / Presentations		Presentations		
Performance	Q2			Q3

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

Documents Presented:

1. NEPC November 2024 Meeting Materials, 2. Hamilton Lane recommendation re GTCR Strategic Growth Fund II, 3. Allspring Presentation, 4. Global Alpha International Presentation, 5. Segall Bryant Hamill Presentation.

Pension Software

Mr. Smyth consulted with PERAC regarding the mechanics of a search for pension software. PERAC has approved the system to conduct the search in the same manner we previously did in 2020, given that there are essentially two pension software companies in the State that know chapter 32 law.

Motion made, and seconded, to issue an RFP consistent with PERAC guidelines set forth in PERAC documentation in acquiring a pension software.

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

Motion accepted (4-0)

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

November 2024 Financial Snapshot

Ms. McCarthy reported the November 2024 pension payroll as follows: Contributory payroll: \$ 65,906,940; Contributory Payees: 15,852; Non-contributory payroll: \$380,453; Total Non-contributory payees: 37; Regular Retirees: 117; Survivor/Beneficiary Retirees: 4; Disability Retirees: 8; Option C/Disb Surv 8; Members Refunds: 81 for \$ 1,907,626; Members Transfers: 15 for \$621,303; Option B Refunds: 0 for \$ 0.00; and, Operational Warrants: \$476,817.

CY25 Operating Budget

Ms. McCarthy informed the Board that in their Board package is a proposed 2025 Retirement System budget. She went over some of the increased line items and future assumptions.

Motion made, and seconded, to approve the proposed Boston Retirement System 2025 operating budget as presented.

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

Motion accepted (4-0)

Documents Presented: 1. October 2024 Financial Snapshot. 2. 09.2024 MMDT Bank Statement 3. 08.24_Adjusting Entries_Summary (2). 4. 09.2024_Cash Disbursements Summary). 5. 09.2024_Cash Receipts Summary 6. 09.2024 MMDT Reconciliation 7. 09.24_Adjusting Entries Summary. 8. 09.2024 Direct Deposit Bank Statement 9. 09.2024 Operating Bank Statement 10. Warrants Paid_09.2024 11. Trial Balance_09.2024 12. 09.2024 Retirement Payments Bank Statement 13. General Ledger_09.2024 14. 09.2024 BRS Cash Projections 15. 09.2024 Operating Account Reconciliation 16. New Retirement Account Listing for November 2024.

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

October 2024 payroll update

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

129	Total possible retirements
119	Superannuation cases
2	Death of active cases
7	Disability cases
2	Pre-Retirement Deaths
118	Cases made it to payroll
11	Cases did not make it to payroll

Backlog Processes update

Ms. Weir informed the Board that that staff continues to work on back log on CBA's, vacation buyback calculations. Staff are making progress every month.

Renovation of Room 816 update

Ms. Weir informed the Board that property management has awarded the contract for the build out of Room 816. Northern Contracting corporation was awarded the contract and are looking to start the renovations in late December or early January 2025.

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 11:10 a.m.

Respectfully submitted,
BOSTON RETIREMENT BOARD


Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Karen T. Cross
Elected Member



Thomas V.J. Jackson
Fifth Member



Scott Finn
Ex Officio Member

Michael D. O'Reilly
Elected Member