

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

June 18, 2024

Boston Retirement Board
Room 115, Boston City Hall
Boston, Massachusetts 02201

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

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

ALSO IN ATTENDANCE: Michael Sullivan, Matt Ritter, Matt Treveloni, Kiley Murphy of NEPC; Denise Berckley, Sandra Baley Feyal, Mary Anne Urbrau, James Phiy, Connie Thibaut, Charles Johnson, Johnny McInnis, Janey Frank, Tom Gosnel, Boston Teachers Union/Retired Teacher's Union; Bruce Broioman of Councilor Worrell's Office; Ellie Perez of Councilor Coletta's Office; Kori Tyler, Beatrix Knight of Councilor Mejia's Office; Jessie Pervis of Council President Louijeune's Office; Michael Dwyer, William Oates, IT Consultants.

Administrative Session Convene

The Board voted 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 May 15, 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)

Documents Presented: 1. Administrative Session Minutes of 05.15.2024.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Real Estate Search

Mr. Sullivan started by stating that the real estate search was issued in February and focused on opportunistic and value-add strategies. The search received 62 responses in total, varying by sub-strategy, fund size, geographic exposure, and sector focus. This year's recommended commitment amount for the System's real estate program is \$75 million. The Board will review the list of respondents and discussed next steps for the search.

Mr. Treveloni continued by stated that the 2024 real estate search was issued in February, and focused on opportunistic and value-add strategies. The search received 62 responses in total. NEPC recommends committing \$75 million to the System's real estate program in 2024. This amount is based on the annual pacing plan, and the System's 10% target to real estate. The respondent list is included on the subsequent pages, categorized by strategy type. Information on the System's current real estate program is included. in the appendix.

NEPC have focused on managers that responded that are more prudent on how to structure deals, meaning that is something that they looked at even when the markets were Choppy. They like managers that have been driven by high leverage.

On the Opportunistic side, a group like Ares was discussed. These are managers we think have done a pretty good job in structuring deals and not taking on too much leverage in their portfolio.

Mr. Ritter added that on the Value-Add side, a group like LaSalle, whose performance in really strong markets has not been as good as because of too much leverage. There are other strategies were better at mitigating risks. Elm Tree, is a triple net lease strategy. It was noted that there are some managers that the System has had a long-term relationship. Mr. Sullivan stated that this search covers this year and next year. These funds are not expected to close until next year 2025.

The Board, NEPC staff and BRS staff discussed the strategies recommended by NEPC and the respondent managers and their strategies and success of managers currently providing services to the BRS.

The Board decided have TerraCap, Mesirov and Galvanize Climate Solutions to come in and present their strategies to the Board in July, 2024 Board meeting.

June 2024 Flash Report

Mr. Sullivan reported that the plan was up +2.2% through the month of June, 2024; +11.9% one year; and, +3.7% year to date.

Work Plan-2024

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

	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
TOTAL PLAN							
Asset Allocation							
Performance			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	Presentations
PRIVATE MARKETS							
Program Planning							
Search / Presentations		Direct Lending Search Review	Finals Presentations	Issue PE Search	Review PE Respondents	Finals Presentations	
Performance			Q1			Q2	
REAL ESTATE							
Program Planning							
Search / Presentations	Search Review	Finals Presentations					
Performance			Q1			Q2	

Documents Presented: 1. NEPC June 2024 Meeting Materials.

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

Cyber Security

Mr. Dwyer and Mr. Oates opened by stating that We believe the Board is aware of a BRS application submitted on March 8, 2024 for a \$67,500 grant to support cybersecurity professional services. We applied through the Municipal Local Cybersecurity Grant Program managed by the Massachusetts Office of Grants & Research (OGR). They believe we made a compelling application but want to be positioned for whether we get the grant or not. We worry that since

grant monies can be used to move to a ".gov" domain, set up multi-factor authentication or for cyber awareness training, there may be very needy competing applicants.

Unfortunately, the date of May 31 mentioned in the application materials for review and notification by OGR have come and gone with no statement on when to expect notice. Given that BRS Board meetings are only monthly, we want to use this opportunity to prep the Board about considering self-funding the work and also about some preparatory effort that we might undertake in either scenario. For example, we could start developing an RFP for the anticipated professional services. For additional background, the summary below is from the grant Application as are the milestone and cost information attached as an Excel Spreadsheet.

The System is looking for services to 1) review and update their written incident response plan and 2) develop and implement two Homeland Security Exercise and Evaluation Program (HSEEP) compliant tabletop exercises. The tabletop exercises (TTX) are intended to test the incident response plans and other policies while allowing participants to practice decision-making, communication under pressure, and collaborative problem-solving. Exercise One would be focused on a cyber incident that tests BRS senior management and key staff responses to an organization specific cybersecurity incident. Exercise two, which will be held later, would be broader in scope and will include detection, response, and communications activity with a number of impacted partners and stakeholders.

The Board instructed Mr. Dwyer and Mr. Oates to look into self-funding the work and also about some preparatory effort that we might undertake in either scenario. In the hope of issuing an RFP for these services.

Vitech

Mr. Smyth informed the Board that there has been an increasing disappointment with Vitech V10 product and its deficiencies. There have been some wholesale changes within the organization that has adversely impacted the BRS. To the extent that there are some key people assigned to the BRS that are being replaced. It's almost to the breaking point. For instance, we have asked for quotes and they have been non-responsive. Mr. Smyth anticipates that, probably within months, BRS staff come to management and ask to RFP the pension software contract.

The Board discussed the issues with staff and consultants on incidents and a possible solution to the issues. The Board directed Mr. Smyth to look into breach letters and further steps that can be taken to develop a pension software strategy. Also, to reach out to Ice Miller to review the contract for any legal action that can be taken by the BRS.

3% COLA

Chairman Green informed that those who are present in support of the COLA 3% increase, that the vote will be brief. Last month we discussed that there are two aspects of the COLA Base and the 3% COLA increase. The COLA base is to be discussed at a later date when we have all the information we need.

Motion made, and seconded, to grant a three percent (3%) cost of living allowance of fiscal year 2025.

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

Motion accepted (5-0)

Mr. Smyth wanted to inform the Board and those in attendance that Counselor Flynn sent in a letter of support for the 3% COLA increase that is in the Boards package.

Mr. Greene stated that the vote today was for the 3% increase the COLA base will be taken up as soon as possible. There will be a public notice going out well before the meeting.

Documents Presented: 1. Correspondence from City of Boston Office of Finance in support of 3 per cent COLA. 2. Notice to City Clerk re COLA and attachments - 04.16.2024. 3. PERAC Memo 14-2024 re tobacco company list. 4. Notice from PERAC re cybersecurity breach in Town of Arlington.

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

June 2024 Financial Snapshot

Ms. McCarthy reported the June 2024 pension payroll as follows: Contributory payroll: \$64,017,716; Contributory Payees: 15,727; Non-contributory payroll: \$334,552; Total Non-contributory payees: 37; Regular Retirees: 15; Survivor/Beneficiary Retirees: 2; Disability Retirees: 8; Option C/Disb Surv 6 Members Refunds: 81 for \$1,518,521; Members Transfers: 152 for \$6,807,579; Option B Refunds: 4 for \$ 165,124; and, Operational Warrants: \$2,666,710.

Ms. McCarthy wanted to point out to the Board the increase of transfers is due to member services and quality assurance's effort to clean up back log. Ms. McCarthy informed the Board that the Systems financial information for the month is in their Board package. She stated that there was nothing unusual for to report regarding the financials.

Medical Indemnification Payments

Ms. McCarthy stated that the finance staff took over the medical indemnification process on 04/01/2024. To date, they have processed over 1,700 invoices. Of those, over 1,400 of those bills had service dates prior to 04/01/2024, that were backlogged that hadn't been processed for whatever reason. As of Friday, of last week, there were no files pending with the law department. At this point, Ms. McCarthy considers the System to be up to date.

Ms. McCarthy estimated the System gets about 160 medical bills per month. This is usually handled by one position but because of the backlog, we are processing when not conducting our regular duties. In April 2024, the System paid 502 bills, in May 2024 the System paid over 900 bills and so far in June 2024, we have paid 215 bills.

Ms. McCarthy was asked by the Board if there was a long-term plan for this issue. Ms. McCarthy stated that they got a quote from Sergeant to do this function externally. However, she believes the System can still do the job in-house and that she is working with HR to develop a more precise job description to be posted.

Documents Presented: 1. Commonwealth Appropriation for FY25- issued by PERAC 05.10.2024. 2. Financial Snapshot for May 2024. 3. BRS Cash Projections 2024_April (2). 4. 04.2024 MMDT Reconciliation. 5. 04.2024_Cash Receipts_Summary. 6. 4 04.2024_Cash Disbursements Summary. 7. 04.2024_Adjusting Entries Summary. 8. MMDT 04.2024. 9. GL_04.2024. 10. Warrants_04.2024. 11. TB_04.24. 12. Operating 04.2024. 13. Retirement Payments 04.2024. 14. Direct Deposit 04.2024. 15. BRS Cash Projections 2024_April (1).

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

June 2024 payroll update

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

40	Total possible
31	Superannuation's (Section 5) cases

- 28 Total superannuation on payroll
- 11 Disabilities on payroll
- 5 Cases missed the May payroll

Ms. Weir wanted to inform the Board that staff is still working on the transfer backlog. They are also working on the CBA's and the vacation buyback calculations.

Legal Issues: Natacha Thomas, General Counsel

Ms. Thomas stated there were no legal issues to discuss.

Adjourn from Administrative Session

The Board voted unanimously to adjourn from Administrative Session and enter into Executive Session at approximately 10:47 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