

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

May 15, 2024

Boston Retirement Board
Civic Pavilion Room, Boston City Hall
Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Karen T. Cross, Elected Member; Scott Finn, *Ex Officio* Member; Thomas V.J. Jackson, Fifth Member.

STAFF IN ATTENDANCE: Timothy J. Smyth, Executive Officer; Lauren Santillana, Member Service Manager; John F. Kelly, Investment Analyst; Natacha Thomas, General Counsel; Ellen M. McCarthy, Comptroller; Gregory Molina, Board Secretary

ALSO IN ATTENDANCE: Michael Manning, of NEPC; Linda McNamee, Elisa Cadilla, Janey Frank, Marylyn Marion, Tom Gosnel, James Phiy, Joan Didlin, Ruthann Kennedy, of BTU/RTC; Andrew Luongo, of Segal.

EXCUSED ABSENCE: Christine M. Weir, Deputy Executive Director.

Administrative Session Convene

The Board voted unanimously via roll call (5-0) to enter into Administrative Session at approximately 9:02 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 April 17, 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 Investment Issues: John Kelly, Investment Analyst

Q1 2024 Performance Summary

Mr. Manning stated that NEPC will review the first quarter 2024 investment performance, which provides a high-level review of the program's performance through 3/31/2024. He started with the quarterly report through March, a quick update of April, to set up the stage for the rest of the year with the workplan.

The asset allocation of the Boston Retirement fund versus other public defined benefit pension plans. A few things jump out.

First is that the System's Equity is roughly in line with other Systems. So, lower in US Equity but higher in non-US and higher in Emerging Markets. In a market where US equity is going to win, the BRS is going to lag a little bit because of the more diversified portfolio.

Fixed income, the system is in the middle allocation. Very consistent to where others are. Again, more diversified because the system has some high yield, emerging market debt in the portfolio. Finally, the system is about 25% of the overall portfolio. This is going to come into play when you look at the overall performance over time.

He outlined two charts. One is a seven-year chart, the other a 10-year chart. What the seven-year chart shows is that there are 200 public retirement funds. The systems return is close to the medium at seven-point three percent (7.3%) over the seven years. But the standard deviation or the volatility for the system is lower.

April 2024 Flash Report

Mr. Manning reported that the plan was up +3.5% during the last quarter through the month of April, 2024 and +11.4% in the one-year period. The three performance was up +4.5%.

Work Plan-2024

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

2024 Search Planning

	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 May 2024 Meeting Materials.

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

April Financial Snapshot

Ms. McCarthy reported the April 2024 pension payroll as follows: Contributory payroll: \$63,003,987; Contributory Payees: 15,756 ; Non-contributory payroll: \$794,611; Total Non-contributory payees: 37; Regular Retirees: 37; Survivor/Beneficiary Retirees: 2; Disability Retirees: 8; Option C/Disb Surv 7 Members Refunds: 988 for \$1,690,648; Members Transfers: 117 for \$4,784,625; Option B Refunds: 4 for \$ 247,325; and, Operational Warrants: \$681,454.

Ms. McCarthy informed the Board that they will find a large number of transfers due to member services staff working on back log. She expects to continue to see a large number due to processing by member services. She also informed the Board that that in their Board package, they will find all the systems financials. Summaries, bank statements, reconciliations for the Board review. Nothing unusual. The annual audit is underway, staff is working with Ernest &

Young and the systems actuary Segal to meet our deadlines. We will have Gagsby present in July.

Ms. McCarthy informed the Board that her staff have been working on indemnifications since the beginning of April 2024. Staff is trying to catch up. The System had approximately 1300 bills in backlog. They have gotten 500 paid so far. They have the other portion in the system They have a small amount in the law department. She has two team members working on completing by the end of May.

Once they are done, the System will meet with Sergeant to take over this roll. They will negotiate and draft a contract that makes sense.

Documents Presented: 1. April 2024 Financial Snapshot, 2. 03.24 Direct Deposit, 3. 03.24 MMDT Reconciliation, 4. 03.24 MMDT, 5. 03.24 Operating Reconciliation, 6. 03.24 Operating, 7. 03.24 Retirement Payments, 8. 03.24 TB, 9. 03.24 Warrants, 10. 03.24 Adjusting Entries Summary, 11. 03.24 Cash Disbursements Summary, 12. 03.24 Cash Receipts Summary.

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

April 2024 payroll update

Ms. Santillana provided an update on the payroll numbers for the month of April 2024:

40	Total possible
2	Pre-retirement Death
30	Superannuation's (Section 5) cases
21	Total superannuation on payroll
8	Disabilities on payroll
2	Cases missed the May payroll
8	Carry over cases that were resolved
12	Still have issues

Ms. Santillana wanted to inform the Board that staff is still very busy with projects such as vacation buybacks, Personal leave buyback refunds for active has been completed and checks went out. Recalculation's of CBA and working on back log of Transfers. As for vacation buybacks, staff will look into those when

they conduct their CBA research. Currently Fire and BPPA, which are one of the biggest tasks. They will be done when the CBA's are done. Pre-retired that are not CBA eligible will be a separate project in its own.

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

Administrative Update

- *June 2024 MACRS travel approval*

Mr. Smyth informed the Board that under his agenda there is the topic of June 2024 MACRS travel. This is somewhat related to the following PERAC memos. There are new travel regulations. The Board has to approve by the actual travel expenses. I would like to ask the Board to approve this upcoming travel request of June 1st through the 4th of select staff and Board members by a vote.

Motion made, and seconded, to ***approve*** traveling request of Board members and staff per the direction of Mr. Smyth to attend and reimburse the June 2024 MACRS trustee conference.

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 stated that in the following memos you'll see that PERAC recommends an he feels it's a good endeavor to review the Systems travel regulations. The last time the System updated their travel regulations was approximately 20 years ago. The reimbursable meal per day is \$75. Mr. Smyth asked the Board if this should be increased to reflect the current cost as opposed to 20 years ago.

Ms. Thomas and Mr. Smyth will meet to review the regulations and make sure we comply with the new PERAC regulations and come up with a reasonable figure.

- PERAC Pension News No. 065.
- PERAC Memo 12-2024 re PERAC Regulations.
- PERAC Memo 13-2024 re PERAC Regulations.
- COLA/COLA base public comment.

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 9:24 a.m.

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

Motion accepted (5-0)

Administrative Session Convene

The Board voted unanimously via roll call (5-0) to enter Executive Session at approximately 10:08 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)

- **COLA and COLA Base**

The Board was informed by Mr. Luongo that as requested, he will present to the Board Boston Retirement System on cost of Increasing the COLA Base Effective July 1; 2024 with expanded Schedules.

Mr. Smyth read into the record a letter submitted by Ashley Groffenberger, Chief Financial Officer & Collector-Treasurer; City of Boston

Mr. Smyth informed the Board that a vote must be held next month on the approval of the COLA increase.

Chairman Greene concurred. Mr. Greene stated that the City has requested the Board to not take action on the COLA increase vote until the annual 2024 actuary evaluation from Segal can be completed.

We will vote on the COLA increase next month. It's the time of year that this has to happen. The COLA Base can be discussed at a later date.

The Board and Segal staff discussed timeline of evaluation and draft results.

Motion made, and seconded, to ***table*** the COLA Base discussion until the City administration give their input on the 2024 actuary evaluation from Segal can be completed.

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

Motion accepted (5-0)

There will be a notice sent out to all parties involved including members.
Ms. Asked if there will be more public comments before the vote is taken.

Mr. Greene answered in the affirmative.

Adjourn from Administrative Session

The Board voted unanimously to adjourn from Administrative Session at approximately 10:15 a.m.

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

Motion accepted (5-0)

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