

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

October 18, 2023

Boston Retirement Board

Auditing Department Room M-4 Conference Room

Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Michael D. O'Reilly, Elected Member; Karen T. Cross, Elected Member; Maureen A. Joyce, *Ex Officio* Member; 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, of NEPC; John Maloof, Gail Suyemotto, Kevin Witherspoon, Sergeant Detective of BPD Detectives Union.

Administrative Session Convene

The Board voted unanimously via roll call to enter into Administrative Session at approximately 10:00 a.m.

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

Motion accepted (5-0)

Motion made, and seconded, to accept the Administrative Session Minutes of the September 20, 2023 meeting as presented.

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

Motion accepted (5-0)

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

Annual Unused Vacation Leave buybacks

Mr. Smyth opened by stating that the Boston Retirement System expanded its policy from at least five years credible service to include eight of the last ten years of eligible annual unused vacation leave buyback. The purpose of expanding eligibility was to capture those members that may have missed a year in their last decade of service, particularly during the COVID public health emergency. The only concern Mr. Smyth has with that provision is that if it was compliant with the tax law. As a result, staff reached out to tax counsel who confirmed that there was a path for members to repay the refund and be recalculated. Staff also reached out to the System's Actuary, Kathleen Riley, who opined that because the System has consistently taken contributions from members for annual unused vacation leave buybacks, that it would not have a material and adverse impact on the System's finances.

Mr. Smyth to meet with the impacted unions in the upcoming weeks. He is hoping that the language stays consistent. He will then bring it to the Board for approval and then to PERAC for ultimate approval. The only change that Mr. Smyth could make to the draft supplementary regulation, is to include types of repayment. So that it is documented, and everybody knows will reflect the Ice Miller opinion.

PERAC Memoranda for educational purposes only:

- PERAC Memo #20-2023 re Mandatory Retirement Board Member Training; and,
- PERAC Memo #21-2023 re Upcoming Public Hearings on PERAC Regulations with attachments.

Notice of Fifth Member Vacancy (2024-2027)

Mr. Smyth offered the Board a draft posting for the fifth board member seat, which is scheduled to be vacant in January 2024.

Motion made, and seconded, to send draft of Notice of fifth member vacancy posting before being sent to PERAC for approval as presented.

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

Motion accepted (5-0)

Certificate of Receipt of Open Meeting Law Materials

Mr. Smyth provided the annual certificate of receipt of open meeting law materials for the Board to review and execute. These will be filed with the City Clerk upon receipt.

Board Election Results

Mr. Smyth provided the Board with the official election results from Election America.

Motion made, and seconded, to certify the Board election results as presented.

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

Motion accepted (5-0)

Waiver Request

- Edward T. Gregory

Motion made, and seconded, to grant a Needham Waiver request of Edward T. Gregory.

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

Motion accepted (5-0)

Meeting Dates & Standard Agenda for CY24

Mr. Smyth offered Meeting Dates and Standard Agenda for calendar year 2024. Discussion was had about moving the start date of meetings to 9:00 a.m.

Motion made, and seconded, to accept the proposed Meeting Dates & Standard Agenda for CY24 as presented and a new meeting start time of 9:00 a.m.

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

Motion accepted (5-0)

Christine M. Weir compensation

Mr. Smyth recommended that the Board consider coupling Ms. Weir's compensation to MM2/Grade 15/Step 9. Mr. Greene stated that the Board's intent was to tie Ms. Weir's compensation to the appropriate grade so that she would enjoy contractual raises.

Motion made, and seconded, to couple Christine M. Weir's compensation to a MM2/Grade 15/Step 9 effective date of hire as Deputy Executive Officer.

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

Motion accepted (5-0)

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

IT Update

Ms. Weir gave an update to the Board on behalf of Mr. Oates relating to IT issues. She noted that Mr. Oates continued to work with our key partners, the City's Department of Innovation & Technology (DoIT) and Vitech.

Ms. Weir stated that Mr. Oates held his third quarterly BRS meeting with DoIT on 10/13/2023. Additional team members from DoIT were introduced. Reviewed several tech security issues, including a possible change in the City's Virtual Private Network (VPN) service in 2024, encryption capabilities related to PBI file uploads and BRS moving network file shares to Google.

The BRS/Vitech quarterly meeting was held on September 11. A positive security update was received from Robert Hopps, the Vitech CISO on systems and organization. Also reviewed Vitech contract clauses that impact security events and information disclosure. Vitech has also opened access to their "trust portal" to BRS. The trust Vitech site includes Vitech security documentation and key security documents, including self and 3rd party assessments. We will review and comment on the material.

Discussions continue with potential Incident Response (IR) "external team" candidates regarding outside counsel, digital forensics/tech support and PR/Crisis Communication services. We are asking these organizations to support our IR needs including 1) crisis prep planning and 2) providing timely services in the event of a cyber incident/breach.

After a slow start, activity in this space has accelerated with possible outside counsel and crisis communications partners. Several proposals have been received, but additional info is required to effectively review the cost and service options. We will do some additional outreach in this area for quality providers. BRS management will participate in calls with the "finalists", and we plan to have final recommendations completed by the end of the month. The Board and staff discussed staff cyber security training and cyber security attack insurance pricing.

September 2023 payroll update

Ms. Weir provided an update on the payroll numbers for the month of September 2023. Out of possible 34 new cases - 24 regular and 6 disability cases were put on plus 2 deaths and 9 regulars from prior payroll for a total of 41 new September retirees. New for Sep: 1 Death, 27 Regular and 6 Disability.

Ms. Weir reported that the Staff is working on the October payroll that tends to be the Systems biggest payroll.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Investment Update

Mr. Manning stated that NEPC has a very light agenda. Ms. Murphy will present the September flash report. They have adjusted the work plan for the first part of 2024. Mostly standard items. An International Small Cap search needs to be conducted at some point in 2024. This is due to PERAC regulations.

A Private Market search must also be conducted. The current Hamilton Lane contract ends this year. They would normally start the search now. But PERAC had some issues around the greater OCIO (Outsource Chief Investment Officer) topic. Some firms want to invest in a Plan's entire portfolio. In our case we have only had Hamilton Lane investing a portion of the Private Equity assets. This is still considered OCIO. They have some rules around that are highlighted in Yellow in the new document submitted to the Board for the Board package.

One is, you can only invest 10% of your assets with the selected OCIO. That's not a problem for the System. The second is, the fees must be a flat fee and not a percentage of assets. Third, the Board must be apprised of all manager selections that the OCIO intends to make prior to the hiring and thus has the ability to not make an investment. The Board and staff discussed Hamilton Lane, Private Market search, PERAC regulations, State Street and flat fees.

September 2023 Flash Report

Ms. Murphy stated that the month of September 2023 returns were -2.3%. However, the YTD performance was +4.1% through September 2023.

Work Plan

Mr. Manning stated that NEPC has included an updated work plan with the including a proposed work plan for 2023:

	OCT	NOV	DEC	JAN	FEB	MAR
TOTAL						
Asset Allocation					Asset Review	
Performance		Q			Q	
Education /					NEPC Market Outlook	
TRADITIONA						
Search / Presentations		Custody Review	Analysis Presentations			Issue Int'l Cap
HEDGE						
Program						
Search / Presentations						
PRIVATE						
Program				Pacing		
Search / Presentations						
Performance		Q			Q	
REAL						
Program				Pacing		
Search / Presentations						
Performance		Q			Q	

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

September 2023 Financial Snapshot

Ms. McCarthy reported the September 2023 pension payroll as follows: Contributory payroll: \$62,137,447; Contributory Payees: 15,734; Non-contributory payroll: \$354,488; Total Non-contributory payees: 41; Regular Retirees: 33; Survivor/Beneficiary Retirees: 5; Disability Retirees: 3; Option C/Disb Surv: 3; Members Refunds: 63 for \$1,749,415; Members Transfers: 12 for \$616,192 Option B Refunds: 2 for \$91,364; and Operational Warrants: \$343,412.

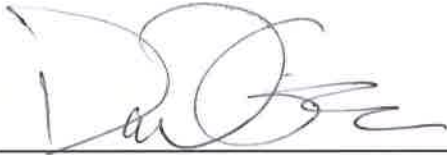
Ms. McCarthy informed the Board that she included 24 financial documents, including trial balances, warrants, statements, etc in the Board package for their review.

Adjourn from Administrative Session

The Board voted unanimously to adjourn Administrative Session at approximately 11:09 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



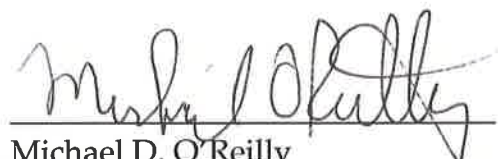
Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Maureen A. Joyce
Ex Officio Member



Karen T. Cross
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member