

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

January 15, 2025

Boston Retirement Board
Boston City Hall, Room 801
Boston, MA 02201

TRUSTEES IN ATTENDANCE: Thomas V.J. Jackson, Chairman; Karen T. Cross, Elected Member; and, Scott Finn, *Ex Officio* Member.

STAFF IN ATTENDANCE: Timothy J. Smyth, Executive Officer; Christine M. Weir, Deputy Executive Officer; 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; Karl Kuchel, Corey Mayo, Anton Kobzev of Macquarie; Christopher Austin, Jérôme Sousselier of Intermediate Capital Group; Darius Sepassi, Ed Carroll of Blackstone; Owen Burns, Sean Barber of Hamilton Lane; Nancy Frank, Karen Daley, Denise Berckley, Marylyn Marion of BTU/RTC.

Administrative Session Convene

The Board voted unanimously via roll call (3-0) to enter into Administrative Session at approximately 9:02 a.m.

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; and, Chairman Jackson: Aye. Motion accepted (3-0).

Past Minutes

Motion made, and seconded, to accept the Administrative Session Minutes of the December 18, 2024 meeting as presented.

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; and, Chairman Jackson: Aye. Motion accepted (3-0).

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

2025 Special Board Election update

Mr. Smyth informed the Board that notices have gone out to the membership. The BRS also filed a posting with the Clerk's Office that has all the deadlines. The System conducted an email blast along with the mailing by January 10, 2025. Nomination papers are available.

IT update

Mr. Dwyer stated that as far as the Cyber Security Grant, the System has received signed contracts from OGR (Office of Grants and Research) on December 19, 2024, which in turn authorizes reimbursable effort as of that date. We had been underway prior to that, but can now expand efforts. Mr. Oates and Mr. Dwyer developed a Ch. 30B guided RFP (Request for Proposals), associated scoring rubric, and supporting materials. BRS management is currently reviewing and the goal is to publish the RFP in the next few business days.

There are two tracks to this grant.

1. The core grant of \$67,500, including updates to the current homegrown incident response plan (IRP), planning and conducting two tabletop exercise (TTX); this work is addressed in the RFP.

2. A State match of \$7,500 earmarked for staff and counterparty cybersecurity awareness that extends the DoIT phishing and other training to create awareness of recent Massachusetts incidents, the array of protected information held at BRS, and expectations for behavior.

On the State match work, at our quarterly DoIT meeting on January 8th, we achieved consensus that BRS (Bill Oates, Flor Valencia, and I) would develop the content but can rely on DoIT for guidance, review, and presence at one or more delivery sessions.

On the Pension Software side, there has been another salvo of unsolicited emails to boards originating with Bay State (hrMecca) identifying new legal problems for PTG followed by a reassuring response from PTG.

Meanwhile, we can continue to gather and develop design materials, having in hand or underway: A 90-topic grid ("Chapter 32 Plus") defining where BRS unique conditions or volume drive functionality needs beyond the typical Massachusetts board basics. Vitech inventories of pension software system related artifacts; this list needs a refresh on usage statistics and some other culling, but is still a key inventory for potential offerors. (see list below) The most relevant solution design documents. (specifications) They are using biweekly Vitech management meetings to address issues and to orchestrate BRS entry into a Client Partnership program which will provide training on the V3 data model. The next step is to provide notice to vendors which we expect to happen later in January.

NCPERS conference — Communications Summit (Jan. 26-27, 2025)

Mr. Smyth informed the Board that at least one Board member has expressed interest in attending the NCPERS conference in January. The conference agenda was provided to the Board.

Motion made, and seconded, to approve the travel costs for the Jan. 26-27, 2025, NCPERS conference as presented.

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; and, Chairman Jackson: Aye. **Motion accepted (3-0)**

MACRS Conferences

Mr. Smyth went on to state that, he would like to request a Board vote authorizing the Executive Officer to authorize staff to travel to the MACRS conference for the calendar year.

Motion made, and seconded, to approve the travel costs of staff to attend the MACRS conferences for the calendar year 2025 as authorized by the Executive Officer.

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; and Chairman Jackson: Aye. **Motion accepted (3-0).**

PERAC Memos, Reports and/or Forms for Board Education

Mr. Smyth informed the Board that there are five PERAC memorandae in the Board package. The pressing one for the membership is Memo 2-2025 regarding the repeal of the Social Security WEP and GPO. This has garnered a lot of attention from the membership. It's a great benefit for our members. Staff is fielding a high-volume calls and emails regarding this. Staff are referring members to the Social Security office. Mr. Smyth noted it is not a benefit that we administer, nor do we know when the Social Security Administration is going to make adjustments.

- PERAC Memos, Reports and/or Forms for Board education:
 - PERAC Memo 1-2025 re 2025 Interest Rate at 0.1%;
 - PERAC Memo 2-2025 re repeal of the Social Security WEP and GPO;
 - PERAC Memo 32-2024 re Tobacco Company List;
 - PERAC Memo 33-2024 re Mandatory Retirement Board Member Training; and
 - PERAC Memo 34-2024 re Annual Review of Medical Testing Fees.

Documents Presented: 1. Administrative Session Minutes of 12.18.2024 2. 2 - 2025 Notice of Special Board Election filed with City Clerk - 01.03.2025 3. NCPERS Pension Communications Summit Agenda 4. BRS Draft Cybersecurity RFP 2025_0110 5. PERAC Memo 30-2024 6. PERAC Memo 1-2025 7. PERAC Memo 2-2025 8. PERAC Memo 32-2024 9. PERAC Memo 33-2024 10. PERAC Memo 34-2024 (presented at meeting).

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Infrastructure Search

Mr. Manning stated that the infrastructure search was issued to fulfill the System's annual commitment to private equity for 2024. The recommended commitment amount is ~\$30 million, as outlined in the annual pacing plan. At the November meeting, NEPC provided a review of the respondents, and three candidates were chosen to present at today's meeting.

Macquarie VI

Mr. Mayo opened by introducing his colleagues. Mr. Kobzev went on to state that if they were to leave a takeaway with the Board is that, number one, we truly believe that our fund is a true diversifier of underweight energy. Number two, we investigate U.S. infrastructure both from a technological side like AI and also the product perspective and number three. Diversified U.S. funds, this is the longest running vintage of its kind, with a consistent track record and consistent strategy. The investors really know what to expect from its value. He then introduced Mr. Kuchel.

Mr. Kuchel went on to state that Macquarie Asset Management, (MAM) is a leading asset manager with over \$633B of assets under management (AUM) globally. Their Real Assets are \$216B, divided between Infrastructure with 180+ portfolio companies. Green Investments of over \$800M + Invested or arranged financing in MAM green energy assets. Agriculture with 4.6m hectares of farmland. With \$21B in Real Estate, consisting of Core / core 600+ properties. Opportunistic investments partnering with and investing in specialist operators.

In Credit they've invested \$228B. They have invested in Fixed Income with global, US and Australian fixed income, IG credit and ABS, emerging markets debt and insurance. In the Leveraged Credit space, MAM has investments in the High yield, bank loans, CLO debt and multi-asset credit. As for Private Credit, they are diverse in infrastructure, real estate, private placements, fund capital, and asset finance. He went on to state that Attractive risk-return profile and substantial depth of opportunities within the Americas, provides a compelling investment proposition. Why now? A robust transaction activity across key target sectors. Attractive private capital opportunities expected to continue. Increasing end-user data demand. Evolving energy landscape to support the energy transition. Ongoing capital requirements across key transportation sectors and limitations on traditional funding sources.

MIP VI's primary focus is to invest in North American infrastructure, with specific investment strategies across key target sectors. In Transportation, Digital Infrastructure, Waste Management, Utilities & Energy and other Infrastructure. Such as, hospitals and other health care assets or operating platforms. Education, public safety, and community assets in markets with favorable fundamentals.

MIP VI's Capital Raising campaign has a total closed capital commitment of ~\$6.3B from 82 limited partners. MIP VI has invested or committed to invest ~\$4.5B in eight portfolio companies to date. Mr. Mayo recapped and thanked the Board.

ICG Infrastructure II

Mr. Austin opened by stating that ICG has a 35-year track record of compelling, risk-adjusted returns across market cycles. Established in 1989, counting on \$106B AUM with 663 employees in 19 locations. They invest in a Global platform with local on-the-ground presence. A flexible capital provider of bespoke investment solutions. FTSE 100 listed with strong balance sheet to seize investment opportunities. Structured Capital and PE of \$44B, Private Debt of \$32B, \$12B in Real Assets, and a Credit portfolio of \$18B.

Mr. Sousselier continued and asked, why European Infrastructure? He stated that high growth in Energy Transition, Digitalization, and Mobility with a depth of mid-market opportunities enhanced by ICG flexible structured equity approach to generate optimized adjusted risk return. ESG framework under the Sustainable Finance Disclosure Regulation (SFDR).

ICG Infrastructure Track Record is second to none. Team has deployed over €4B in the last ten years. Fund I top decile performance: 17% net IRR, 57% DPI, and two exits in 2024 generated an aggregate 27% gross IRR and 2x gross MOIC.

ISG has a differentiated approach. With a Pan-European team of infrastructure professionals with industrial DNA and senior advisors with local sourcing with deal executives based in Paris, London, Frankfurt & Madrid. They leverage ICG's corporate network / relationships with founders assuring a strong alignment with ICG and investment team committing €150M alongside Fund II.

ICG depends on an Infrastructure Strategy, consisting of a Core + fund where ICG aims to generate superior risk-adjusted returns by providing flexible and structured capital for European infrastructure corporates and founders to enable growth. They count on Industrial DNA, a proven industrial background in

the targeted sectors with a Mid-Market focus. Structured by a deep deal-flow with less competition, lower valuations than in the large-cap segment. Corporates and founders looking for fresh capital to support growth ambitions by leveraging the ICG platform.

ICG Infrastructure Fund II, continues the investment philosophy. Scaling mid-market companies in Western Europe and generating superior risk-adjusted returns through structuring. As per performance, they expect a Net IRR of 14%. All investments are performing well, with LTM sales growth of 55%2. 1.2x Day 1 NAV uplift with €1.5B raised to date with a final close of June 2025.

Blackstone

Mr. Sepassi opened by introducing his colleague Mr. Carroll. Mr. Carroll went on to thank the Board for their current commitment. Mr. Carroll went on to give a short synopsis of the funds that the System is invested in and asked Mr. Sepassi to speak in regards to energy funds.

He stated that he has been in the Private Equity space for years and within Private Equity his focus has been on energy. Within the energy space, his focus has been powered utilities and renewables.

Blackstone is a large publicly traded asset manager with assets of over one trillion dollars. It counts on a strong long-term track record of 34% net IRR, an experienced team of energy transition investment professionals that leverage global presence and domain expertise of BX platform and a measurable, positive effect on CO2 emissions.

With the Blackstone Energy Transition Partners IV Fund, Blackstone is looking at companies with strong fundamentals and growth at attractive valuations in the clean power generation sector. Blackstone is targeting solar equipment providers with differentiated products with pricing power. Battery storage projects with power price upside and European and developing market greenfield renewables.

They will also focus on electric transmission. Development of transmission assets in high power price, load-constrained areas (e.g., NY and New England). Transmission value chain (e.g., equipment, services, software) that helps customers mitigate effects of commodity and labor inflation. The other focus would be in critical energy infrastructure such as, new efficient power generation

to offset higher cost, older generation. They will also repurpose existing conventional assets for lower to zero carbon use cases.

The other sectors Blackstone is investing in are in energy technology and services. Such as, data analytics and preventive maintenance to optimize aging assets and workforce. Continued digitization of labor-intensive utility and energy practices. In energy efficiency and resiliency, Blackstone counts on an inflationary energy price environment. Efficiency solutions are highly accretive for customers and the changing energy mix, rising need for compliance and reporting requirements drives demand for consulting and engineering services.

Blackstone investment objective. Provide attractive returns and a measurable, positive impact by investing in our energy transition and climate solutions themes. One-time election at the time of subscription to opt out of all critical energy infrastructure (i.e., the primary business of which is the transport and processing of natural gas and petroleum). Investment Period Term; Investment Period: 6 years from the Effective Date. Term: 11 years from the Effective Date. Management Fee, 1.50% per year on commitments during Investment Period. 1.35% per year if commitment is \geq \$125M. Equalization, approximately 6 months after the effective date with an investment period initiated on June 4, 2024 (the "Effective Date"). Final close expected shortly after year end 2024.

The Board and NEPC staff discussed the responders and the strength of their proposals, performance, and track record. Also discussed were the System's current relationship with current managers, fees, NEPC's ratings of managers, commitment amount, and Core markets.

Motion made, and seconded, to allocate \$20 million to Macquarie Fund VI and \$20 million to Blackstone's Energy Transition Partners IV Fund.

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; and Chairman Jackson: Aye. **Motion accepted (3-0).**

January 2025 Flash Report

Mr. Manning reported that the plan was -1.6% through the month of January 2025, but +7.5% in the one-year period. The performance was +7.4% YTD.

Work Plan-2024

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

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
TOTAL PLAN												
Asset Allocation		Annual Asset Allocation Review										
Performance		Q4			Q1			Q2			Q3	
Education / Review						Asset Liability Study						
TRADITIONAL												
Search / Presentations					Issue EMD Search	Review	Review	Presentations				
HEDGE FUNDS												
Program Planning												
Search / Presentations	Review	Presentations Blackstone, Evanston, Grosvenor, Magnitude										
PRIVATE MARKETS												
Program Planning		Pacing Plan										
Search / Presentations	Infra Finals Blackstone, ICG, Macquarie	Issue PD Search						Issue PE Search				
Performance		Q3			Q4			Q1			Q2	
REAL ESTATE												
Program Planning		Pacing Plan										
Search / Presentations					Issue Search							
Performance		Q3			Q4			Q1			Q2	

Integrum Capital Partners II LP (Hamilton Lane)

Mr. Burns opened by stating that today they are recommending a \$10 million commitment to Private Equity portfolio for Integrum Capital Partners II LP ("Fund"). Target size is \$1.75 billion and the Asset Class is Private Equity. The fund has a buyout strategy and a sub-strategy of mid buyouts. These buyouts will be in North America in the business services and financials industries.

Motion made, and seconded, to approve Hamilton Lanes recommendation an allocate \$ 10 million to Integrum Capital Partners II LP ("Fund") in The Private Equity space.

Roll Call Vote: Member Jackson: Aye; Member Cross: Aye; and Member Finn: Aye. **Motion accepted (3-0)**

Documents Presented: 1. NEPC 2025 1 Meeting Materials. 2. Macquarie VI - BRS 3. ICG Infrastructure II 4. Blackstone BETP IV 5. Integrum Capital Partners II LP.

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

December 2024 Financial Snapshot

Ms. McCarthy reported the December 2024 pension payroll as follows: Contributory payroll: \$64,804,859; Contributory Payees: 15,855; Non-contributory payroll: \$360,069; Total Non-contributory payees: 37; Regular Retirees: 29; Survivor/Beneficiary Retirees: 9; Disability Retirees: 5; Option C/Disb Surv 4;

Members Refunds: 68 for \$1,469,476; Members Transfers: 63 for \$2,783,220; Option B Refunds: 0 for \$0.00; and, Operational Warrants: \$407,533.

Ms. McCarthy informed the Board that the City of Boston has reimbursed the System for the Medicare refund that was paid out to the retirees. 1099's for 2024 have been reconciled and sent to printing and will be in the mail in two weeks. The System processed just over 18 thousand 1099's. A couple of thousand more than previous years and that's attributed to the amount of transfers processed.

Documents Presented: 1. December snapshot for calendar year 2024. 2. 11.24_Adjusting Entries Summary (2). 3. 11.24_Cash Disbursements Summary. 4. 11.24_Cash Receipts Summary. 5. 11.2024 MMDT Bank Account Reconciliation. 6. 11.2024 Direct Deposit Bank Statement. 7. 11.2024 Operating Bank Account Reconciliation. 8. 11.2024 MMDT Bank Statement. 9. 11.2024 Operating Bank Statement. 10. 11.2024 Retirement Payments Bank Statement. 11. General Ledger_Nov.2024. 12. Warrants_11.2024 13. Trial Balance_Nov.2024 14. 11.2024 BRS Cash Projections.

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

December 2024 payroll update

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

- 37 Total possible retirements;
- 30 Superannuation cases;
 - 1 Death of active cases;
 - 2 Disability cases;
 - 2 Pre-Retirement Deaths;
- 27 Cases made it to payroll;
- 27 Disability Superannuation cases; and
- 4 Cases did not make it to payroll.

Renovation of Room 816 update

The Retirement System will be closing this month and moving to the Kirstein Library. We are working with the City to get additional space to meet members. The construction is slated to be completed by the beginning of May 2025.

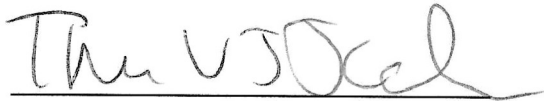
Legal Issues: Natacha Thomas, General Counsel

None.

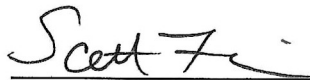
Adjourn from Administrative Session

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



Thomas V.J. Jackson
Chairman/Fifth Member



Scott Finn
Ex Officio Member



Karen T. Cross
Elected Member

Vacant

Vacant
Elected Member

Vacant

Vacant
Mayoral Appointee