

## **MINUTES OF BOSTON RETIREMENT BOARD**

### **Administrative Session**

April 16, 2025

Boston Retirement Board

Auditing Conference Room, Boston City Hall

Boston, Massachusetts 02201

**TRUSTEES IN ATTENDANCE:** Thomas V.J. Jackson (Chairman); Karen T. Cross, Elected Member; Sally D. Glora, Mayoral Appointed Member; Scott M. Finn, *Ex Officio* Member; Sean F. Kelly, Elected 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; Owen Burns, Sean Barber of Hamilton Lane; Janey Frank, Maryann Urban, James Phillip, Denise Henderson of BTU/RTC; Elissa Cadillac of AFSCME.

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### **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 Cross: Aye; Member Finn: Aye; Member Kelly: Aye; Member Glora: Aye; and, Chairman Jackson: Aye.*

**Motion accepted (5-0)**

### **Past Minutes**

Motion made, and seconded, to **accept** the Administrative Session Minutes of the March 19, 2025 meeting with edits.

*Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Glora: Aye; and, Chairman Jackson: Aye.*

**Motion accepted (4-0)** (Member Kelly abstained as he was not present)

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

*2025 Special Board Election update*

Mr. Smyth informed the Board that the board election results were tabulated and Sean Kelly prevailed. The results were provided to the Board.

*Motion made, and seconded, to ratify election results as presented.*

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Glora: Aye; and, Chairman Jackson: Aye.

**Motion accepted (4-0)** (Member Kelly abstained)

*IT & Cybersecurity update*

Mr. Dwyer stated to the Board that everything that he's involved in got a late start, by half a year. So if you take that off the table it's all a bit of a scramble. The project is finally underway with DeepSeas having the first couple of meetings completed for improvements to the Incident Response Plan (IRP) and the first of two Tabletop Exercises (TTX) scheduled for May 14 at 9:00 am. The first TTX has a BRS-only scope; the second expands to include one or more partners such as DoIT or Vitech (or ideally, both) and is being targeted for mid-June.

The grant financials appear at left and 100% reimbursement appears likely; there is some risk that the state match portion will not be fully consumed by the June 30 deadline as we are on a tight timeline and the awareness portion involves DoIT and other agency participation.

The first quarterly report to the Office of Grants & Research (OGR) is due on April 15 and includes claims for reimbursement for consulting effort for Bill Oates and Mike Dwyer. As part of the April 15 reporting we will address two ancillary grant requirements.

1. Center for Internet Security Nationwide Cybersecurity Review (NCSR)
2. Cybersecurity Infrastructure Security Agency Cyber Hygiene Services

Member Finn stated that he would be interested in seeing the signed agreement. He thinks they have a little more time to pay bills than we are assuming.

Mr. Dwyer stated that it's a reimbursement model he and Mr. Oates have been paid and now are asking for reimbursement. He stated he would get that to Member Finn today.

Mr Smyth briefly outlined for Member Kelly the parameters of the cyber security grant that was granted to the System. Mr. Dwyer gave Member Kelly an overview of Mr. Oates credentials and his participation in the project.

Mr. Dwyer reported that the first, NCSR, was completed by the February 28 deadline through BRS and DoIT collaboration. The second, CISA Hygiene Services, is already being done by DoIT on a periodic basis. Because BRS exists wholly with the network addresses of COB, we are unsure whether a duplicative exercise by BRS is useful or even feasible. We posted a query to OGR on March 5 to see if this can be waived but have not heard back and will escalate the inquiry via the quarterly reporting.

Vendors have been contacting BRS Legal repeatedly with requests for scoring information, feedback, and even coaching. Further, the grant process puts the RFP under the umbrella of MGL Chapter 30B procurement law requiring a published audit trail of the process. We are in the process of moving the entirety of the Offeror proposals, scoring, and as concise a "READ ME" document as possible to explain the overall process and how we arrived at the three finalists a conversation started and materials of perspective vendors will be provided to them by end of April; worst case slightly into May. A critical element of the plan is to add contract staffing for a Program Management Office. BRS does not have existing staff with free time. While BRS can ably cover the Ch 32 functionality we see a need for project management, infrastructure support, and as development gets underway software testers.

Mr Smyth stated that they intend to get this done by year end.

Mr. Dwyer stated that the contract with the current vendor (Vitech) ends on June 30, 2027. Mr. Dwyer stated that they have had a downhill experience with the vendor.

#### *Pension Software*

It was reported that the search is underway. Mr Dwyer stated that there is going to be a need for an additional cost. The system needs a project manager, a tech lead and a couple of testers. If it is tried to be done with existing staff it will get underserved. The System will be paying for it down the road with incomplete work. You need a program management office (PMO)

Mr. Smyth was asked by the Board of his opinion.

Mr. Smyth stated that he thought it was overdue. He sees the news for a project manager seeing as current IT staff can not handle the additional workload.



Member Glora stated that she was concerned about the testing and staff participation and backfilling of those roles.

Board members, Mr. Dwyer and System staff discussed staffing, vendor participation in the structuring of PMO, preparation and timing.

*COLA & COLA base scheduling*

Mr. Smyth stated that he has a draft notice to go to the City Clerk in the member's packets. He went on to state that if the Board is satisfied with its content, he can send it today. Mr. Smyth, suggested that the Board do an open public comment session at the May 23, 2025 Board meeting with vote to be taken at the June 18, 2025 meeting. The Board agreed with those dates and had no conflict.

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

The following PERAC memos were provided for educational purposes.

- PERAC Memo 10-2025 re Tobacco Company List;
- PERAC Memo 11-2025 re updated Form SSA1945;
- PERAC Memo 12-2025 re Recent Investment Fraud Attempts; and,
- PERAC Memo 13-2025 re Extension of Open Meeting Law Waivers.

**Documents Presented:** 1. Administrative Session Agenda of 03.19.2025.pdf 2. 2 - Administrative Session Minutes of February 25, 2025. 3. Email from PERAC re Open Meeting Law waivers. 4. BRS Board of Trustees Cybersecurity and Pension Software Update for 2025\_0319. 5. PERAC move to Medford. 6. PERAC Memo 10-2025 re Tobacco Company List, 7. PERAC Memo 11-2025 re-updated Form SSA1945, 8. PERAC Memo 12-2025 re Recent Investment Fraud Attempts, 9. PERAC Memo 13-2025 re Extension of Open Meeting Law Waivers 10. FY26 COLA base notice to City Council. 11. FY26 COLA notice to City Council. 12. FY26 COLA & COLA base notice to Commonwealth A&F. (Presented at meeting).

**Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst**

*CY25 Search Plan*

Mr. Manning stated that at today's meeting we will review the search plan for 2025. There are four searches set for this calendar year: private debt, private equity, real estate, and emerging market debt.



Ms. Murphy went on to present stating that the first search that NEPC is planning on issuing is the Private Debt which will focus on Credit Opportunities, Niche Lending, and Direct Lending. With commitment amounts of \$100m (~\$35m each) to be conducted this month (April, 2025). Following that search we have the Real Estate strategy. This will focus on Debt, Opportunistic and Value-Add. The commitment amounts are \$90m (~\$30 each) to be conducted in May, 2025. The final search is in the Private Equity space. This search is focused on Secondaries with a commitment amount of \$35m. NEPC would like to commence in June, 2025.

*Motion made, and seconded, to implement the three searches as recommended by NEPC.*

Roll Call Vote: Member Kelly: Aye; Member Cross: Aye; Member Finn: Aye; Member Glora: Aye; and, Chairman Jackson: Aye.

**Motion accepted (5-0)**

#### *Investment Policy Statement*

Mr. Manning provided an updated investment Policy Statement for Board consideration. Chairman Jackson asked NEPC if in the near future he would set aside some time to go in depth into the Asset Allocation of the System. Mr. Manning agreed.

*Motion made, and seconded, to **adopt** the investment objectives and guidelines including the Investment Policy Statement and the Asset Allocations as presented.*

Roll Call Vote: Member Kelly: Aye; Member Cross: Aye; Member Finn: Aye; Member Glora: Aye; and, Chairman Jackson: Aye.

**Motion accepted (5-0)**

#### *March 2025 Flash Report*

Mr. Manning reported that the plan was down -1.4% in the month of March, 2025, but still +0.5% in a three-month period year to date. Finally, the plan was up + 4.4% in the one-year period.

#### *Work Plan*

Mr. Manning stated that NEPC has included an updated work plan.

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>TOTAL PLAN</b>									
Asset Allocation									
Performance		Q1			Q2			Q3	
Education / Review			Asset Liability Study						
<b>TRADITIONAL</b>									
Search / Presentations					Issue EMD Search	Review	Review	Presentations	
<b>HEDGE FUNDS</b>									
Program Planning									
Search / Presentations									
<b>PRIVATE MARKETS</b>									
Program Planning									
Search / Presentations	Issue PD Search			Issue PE Search					
Performance		Q4			Q1			Q2	
<b>REAL ESTATE</b>									
Program Planning									
Search / Presentations		Issue RE Debt Search							
Performance		Q4			Q1			Q2	

### *Hamilton Lane*

Mr. Burns opened and introduced Mr. Barber. Mr. Barber went on to state that he would like to start with the market segment and tariffs. You've all seen the real-time updates on what the White House is doing. It's an ever-evolving situation. There is little clarity as to what remains on the tariff list, what gets added to future tariffs list, does the pause lead to negotiations, do those negotiations happen broadly or are they country by country. More to come on that but our job is to understand potential ramifications and impact on our client's portfolio.

Specifically, on how it relates to private equity, there are three areas that we think tariffs may impact the Private Equity market. Fundraising being one of them. Fundraising dropped again in 2024, with numbers that are now on par with what the industry was raising in 2016. They expect fundraising to remain challenging until there is a rebound in exit activity. It should be noted that fundraising statistics are not capturing co-investments and evergreen investments, an increasing part of the fundraising landscape, although generally concentrated among the large.



On the distribution front, Mr. Barber went on to inform the Board that if you wind back to 2020-2021, anything that was on a general partner's shelf was flying off it. They couldn't keep businesses because they were selling them at record evaluations. Then interest rates rose in 2022. Managers halted their exit activity as market values compressed. They felt they didn't want to offload businesses in the wrong market.

For the System specifically, that's less of a concern given the age of your portfolio and the managers continue to make new investments. The System continues to have strong exit strategies coming out of your portfolio. That speaks to more exits happening overall if you're looking at the market broadly.

On the performance front, it's been a tough few years for Private Equity in relevant comparison to the Public markets. You look previously to April 2<sup>nd</sup> at any Public Equity stock market and everything has been tremendously up and to the right. A lot of that is driven by the performance of the magnificent seven and what that has meant to indexes like the MSCI, the S&P and the Russell 3000. They have pulled the rest of public markets along with them. But our data points to the history of Private Equity out performing in periods of volatility like we are seeing today. Specifically that is when Private Equity has generated the greatest spread of outperformance in that relative comparison.

Mr. Burns continued by stating that they have been working with the Retirement Board since the end of 2016 and since then we've made \$500m in new Private Equity commitments on the Boards behalf. In aggregate those investments have generated an IRR: 15.4% which is outperforming the bench mark. Last year Hamilton Lane launched its most recent tranche which is a five year \$400m tranche. The goal is to on average deploy roughly \$80M a year to new commitments.

Page 15 of your presentation has all the recent commitments. You have all heard of these via our monthly call and votes. We have been recommending these to you during the recent Board meetings so I am not going into significant details on these managers. These represent all the investments that we have made on the Boards behalf since they started their mandate last year. In total \$75m which puts us close to the \$80M a year target.

**Documents Presented:** 1. NEPC April 2025 Meeting Materials. 2. Hamilton Lane Materials.

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



### *Cyber Security Contract*

Ms. McCarthy stated that she will start with the Cyber Security contract for 2025 – 2026. We got quotes from the same vendor from last year, Cowbell. They offer the same pricing, \$3m in insurance. Just under \$132,500. Ms. McCarthy asked Mr. Oates to review the policy since he is the most qualified expert. They offered the System a \$3m - \$5m option Mr. Oates opined that he thought the \$3m option was the most beneficial. If that is not an issue with the Board, it seems to be the same coverage that we had last year. The System's first year going with Cyber insurance was 2021. The price was about \$60k. It increased to over \$200k, it then leveled off at around \$132k which it has been for the last few years. Ms. McCarthy agreed with Mr. Oates' recommendations. The policy would be for April 22, 2025 – April 22, 2026.

*Motion made, and seconded, to approve procuring cyber insurance from Cowbell through Placement Services in the amount \$132,457.68.*

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Kelly: Aye; Member Glora Aye; and, Chairman Jackson: Aye.

**Motion accepted (5-0)**

### *March 2025 Financial Snapshot*

Ms. McCarthy reported the March 2025 pension payroll as follows: Contributory payroll: \$65,179,281; Contributory Payees: 15,853; Non-contributory payroll: \$348,356; Total Non-contributory payees: 36; Regular Retirees: 51; Survivor/Beneficiary Retirees: 0; Disability Retirees: 6; Option C/Disb Surv 6; Members Refunds: 66 for \$ 1,008,961; Members Transfers: 20 for \$1,242,410; Option B Refunds: 10 for \$ 434,144; and, Operational Warrants: \$ 516,788.

### *2024 Annual Statement*

Ms. McCarthy informed the Board that the 2024 annual statement has been completed and needs the Boards voted approval.

*Motion made, and seconded, to accept the 2024 Boston Retirement System annual statement as presented.*

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Kelly: Aye; Member Glora Aye; and, Chairman Jackson: Aye.

**Motion accepted (5-0)**

**Documents Presented:** 1. April 2025 financial snapshot. 2. 003.2025 MMDT Bank Account Reconciliation. 3. 3.2025 Direct Deposit Bank Statement 4.03.2025 Operating Bank Account Statement. 5. 3.2025 Retirement Payments Bank

Statement. 6. 03.2025 MMDT Bank Account Statement. 7. 03.2025\_Adjusting Entries by Account ID. 8. 03.2025\_Cash Disbursements by Account ID. 9.03.2025\_Adjusting Entries by Journal Entry. 10. 03.2025\_Adjusting Entries\_Summary. 11. 03.2025\_Cash Disbursements\_Summary. 12. 03.2025\_Cash Receipts\_Summary. 13. 03.2025\_Cash Receipts by Account ID. 14. 03.2025\_Cash Receipts by Journal Entry 15. General Ledger\_03.2025. 16. Trial Balance\_03.2025. 17.Warrants Paid\_03.2025 (Presented at meeting)

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

*March 2025 payroll update*

Ms. Weir provided an update on the payroll numbers for the month of March 2025:

- 65 Total possible retirements
- 58 Superannuation retirees
- 7 Disabilities retirees
- 1 Death of an active member
- 53 Completed cases/to payroll
- 46 Superannuation cases

*Renovation of Room 816 update*

Ms. Weir stated that construction is on target. The floors will be going down this week. Project management has also selected a vendor for the office furniture. The target dates are mid to end-of-June for completion.

*Backlog Processes update*

Staff continues to work on the vacation buybacks, personal buybacks for active members have been completed and checks have gone out. It's a slow process, but we continue to get them done. CBA re-calculations are ongoing along with transfers.

**Legal Issues: Natacha Thomas, General Counsel**

Ms. Thomas stated that there were no legal issues to discuss in the administrative session.

**Adjourn from Administrative Session**

The Board voted unanimously via roll call (5-0) to adjourn from Administrative Session and enter into Executive Session at approximately 10:43 a.m.

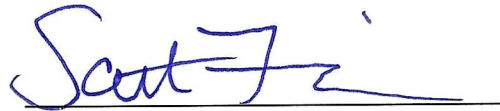
*Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Kelly: Aye; Member Glora Aye; and, Chairman Jackson: Aye.*

**Motion accepted (5-0)**


Respectfully submitted,  
BOSTON RETIREMENT BOARD



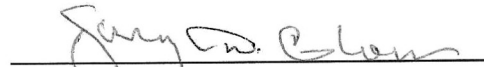
Thomas V.J. Jackson  
*Chairman*



Scott M. Finn  
*Ex Officio Member*



Karen T. Cross  
*Elected Member*



Sally D. Glora  
*Mayoral Appointed Member*



Sean F. Kelly  
*Elected Member*