

MINUTES

**Quincy Retirement Board
Quincy Retirement Board - Monthly Meeting
Thursday, May 18, 2023, 9:00 am - 12:00 pm
1305 Hancock St., Old City Hall Lower Level**

I. Call to Order

Chairperson O'Connor called the meeting to order 9:39 A.M.

II. Approval of Minutes from April 20, 2023

The Board reviewed the minutes from the April 20th meeting.

On a motion by Mr. McFarland and seconded by Mr. Fitzpatrick, the Board approved the minutes from April 20, 2023.

YES: 5 NO: 0

III. Approval of Executive Session Minutes from April 20, 2023

The Board reviewed the Executive Session minutes from April 20, 2023.

On a motion by Mr. McFarland and seconded by Mr. Arienti, the Board approved the minutes from April 20, 2023.

YES: 5 NO: 0

IV. Approval of Minutes from May 5, 2023

The Board reviewed the minutes from May 5, 2023.

On a motion by Mr. McFarland and seconded by Mr. Fitzpatrick, the Board tabled the minutes.

YES: 5 NO: 0

V. Approval of Superannuation Retirements

Kevin P Bythrow	Fire	July 21, 2023
Carol Chiu	QPS	June 30, 2023
Laurel Blanchard	QPS	June 2, 2023
Paul Keenan	QPD	June 22, 2023
Marie Therrien	QPS	June 30, 2023
Richard McCusker	QPD	July 31, 2023

The Board reviewed the applications for superannuation retirements.

On a motion by Mr. Fitzpatrick and seconded by Mr. Brown, the Board approved the applications for superannuation retirements.

YES: 5 NO: 0

VI. Approval of New Members

Ann Mulvey	QPS	No	1	\$35,537.
Timothy Donovan	CLERK	No	1	\$104,891.
Russell Sharp	QHA	No	1	\$61,042.
Elena Tobin	QPS	No	1	\$16,320.
Michelle Newbert	QPS	No	1	\$25,800.
Amanda Isbell	LIBRARY	No	1	\$57,985.
Michelle T-Monteiro	QPS	No	1	\$15,798.
Asta Sheriff	QPS	No	1	\$16,131.
Decian Callahan	DPW	No	1	\$50,373.
Nicholas Moosick	DPW	No	1	\$45,306.

The Board reviewed the new members.

On a motion by Mr. Brown and seconded by Mr. McFarland, the Board approved the minutes from January 20, 2022.

YES: 5 NO: 0

VII. Approval of Calculation

Joseph G Finn	4/12/2023	\$7,128.00
Kevin M Murphy	7/29/2022	\$73,786.80
(Retro-Recalc)		
James Spadorcia	1/7/2022	\$51,138.24
Kevin G Tobin	3/23/2023	\$135,504.72
Tatiana Iordanova	3/30/2023	\$9,702.36
(Retro-Recalc)		
Rita Ranalli	4/24/2023	\$26,684.64
Jean MacLennan-Cook	4/28/2023	\$27,878.64
Marcia Schlager	4/28/2023	\$8,401.08
Joseph Duca	1/31/2023	\$65,065.32
(Retro-Recalc)		
Lorene Connolly	1/20/2023	\$35,233.44
(Retro-Recalc)		
Michael Flynn	12/30/2022	\$87,648.12
(Retro-Recalc)		

The Board reviewed the calculations.

On a motion by Mr. McFarland and seconded by Mr. Arienti, the Board approved the calculations.

YES: 5 NO: 0

VIII. Request for Creditable Service

Paula Schifone	3 years 3 months	\$5,505.83
Barbara Conso	3 months	\$1,071.97
Mitchell McGowan	2 years 6 months	\$7,953.61 (update)
Laura Kubit	2 months	\$3,473.61

The Board reviewed the requests for creditable service.

On a motion by Mr. Fitzpatrick and seconded by Mr. Brown, the Board approved the requests for creditable service.

YES: 5 NO: 0

IX. Executive Session Pursuant to M.G.L. c. 30A s.21 (a)(1) Executive Session pursuant to MGL 21 (a)(3)

J. Silcox
Henwood

On a motion by Mr. Fitzpatrick and seconded by Mr. Brown, the Board voted to enter into Executive Session to discuss medical records.

YES: 5 NO: 0

X. Return to Regular Session

On a motion by Mr. Fitzpatrick and seconded by Mr. Brown, the Board voted to return to regular session.

YES: 5 NO: 0

XI. Police Vacation Buyback

The Board

On a motion by Mr. Fitzpatrick and seconded by Mr. Arienti, the Board voted to table this issue until the June meeting.

YES: 5 NO: 0

XII. Meketa Update

Private Equity RFP
Market Update

Frank Benham from Meketa joined the meeting. Greg Price and Scott Maynard joined the meeting via phone at 10:57 A.M. The City of Quincy Retirement System currently has a 10% target allocation to private equity. As of March 31, 2023, the Retirement System had roughly 16% of total assets invested in private equity. To maintain the

target asset allocation, based on updated data and projections, the 2023 pacing study calls for the Retirement System to commit \$12 million to private equity partnerships this year. Meketa Investment Group issued an RFP for private equity managers on February 27, 2023, with responses due on March 24, 2023. Meketa Investment Group received responses from 34 managers marketing 37 total funds.

Kohlberg & Company pursues a thesis-driven approach to investing, with a comprehensive approach to value-creation, and provides investors access to a portfolio of control investments, diversified by industry. This manager consistently has the ability to be strong with an impressive team. Charlesbank Capital Partners will look to execute their second Technologies Opportunities Fund which will focus on making control-oriented equity investments in lower middle-market technology companies. The team has generated a 73% net IRR and 2.1x net MOIC in their first Technologies Opportunities Fund. FS Equity Partners IX will continue the Firm's consistent and longstanding focus on investing in middle-market companies across the consumer and distribution sectors.

NexPhase Capital employs a growth-oriented buyout strategy within the lower middle market, with a go-forward strategy since fund IV focused on "core strategy" investments across consumer, healthcare, and software. These core investments have generated strong returns historically. Since inception, they have not lost capital. Baleon Capital is a recently launched private equity platform that expects to execute investments within the healthcare and tech-enabled business services sectors. The Firm employs a team of six professionals led by Founding Member Jon Kaiden.

Mesirow Private Equity is an established private equity fund-of-funds manager with a favorable direct co-investment track record, resulting from a refocused strategy.

Meketa suggests three commitments.

Frank Benham spoke about the markets and portfolio.

Loomis lagged its benchmark in March, returning 0.4% vs the benchmark of 1.1%. Underperformance was driven primarily by security selection. Since inception, Loomis has returned 4.4%, trailing the benchmark, which has returned 5.0% over that period. IFM outperformed its benchmark by 1.3% in March, posting a return of 2.0% vs the benchmark's 0.7%. Brown beat its benchmark by 0.2% in March, posting a return of -7.0% vs. the benchmark's -7.2%. As of March 31, 2023, the portfolio was valued at \$810 million.

On a motion by Mr. McFarland and seconded by Mr. Arienti, the Board voted to invite Kohlberg, Mesirow, Baleon, LLR, and Charlesbank to present at the June meeting.
YES: 5 NO: 0

XIII. Non-Core Real Estate RFP

AEW
Terracap
Torchlight
Stockbridge

To maintain a 10% target to real estate, the Retirement System should make annual commitments to a diversified non-core real estate fund. Meketa recommends the Retirement Association commit \$7 million to \$10 million in 2023 to non-core real estate managers. To help execute this strategy, Meketa issued an RFP for non-core real estate managers with responses due back on March 24, 2023. After reviewing all of the respondents, the Board voted to interview four finalists for evaluation in today's meeting: AEW Partners Real Estate Fund X, Stockbridge Value Fund V, Torchlight Debt Fund VIII, and TerraCap Partners Fund VI.

Cormac Doddy and Liz Kirley joined the meeting from Stockbridge at 11:15 A.M. Stockbridge was founded in 2009 and is headquartered in San Francisco. Stockbridge operates two main lines of business, the Stockbridge Platforms Business and the Core and Value Advisors business. Stockbridge manages approximately \$15.7 billion in real estate AUM across its core fund, logistics fund, and value add fund series. Value Fund V seeks to acquire a diversified portfolio of distressed real estate assets, with a goal of generating gross equity returns of 12% to 15% and a net return of 10% to 13%. The strategy is two-pronged, focused on thematic trends and market dislocation. Thematic investments will be an extension of the prior fund's strategy to pursue opportunities in logistics, older vintage multifamily and defensive retail. Market dislocation investments will focus on distressed multifamily development, repurposing of existing retail, novice industrial operator opportunities, and "new" office stabilization. Fund V will target high growth markets and strategic emerging markets throughout the US. The Fund will invest in industrial, multifamily, retail, select office and rescue capital opportunities. Fund V is expected to make 25 to 35 investments with an average equity investment between \$10 million and \$50 million. Mr. Doddy and Ms. Kirley left the meeting at 11:35 A.M.

Emily Margolis and Tony Crooks joined the meeting from AEW at 11:40 A.M. Founded in 1981, AEW is a wholly owned subsidiary of Natixis Investment Managers, a global asset management firm. AEW operates autonomously from its parent company with respect to day-to-day business and investment management and is Natixis's only real estate investment affiliate. AEW focuses exclusively on real estate investment strategies and has an open-end core fund, an open-end US value-add fund, an Asian value-add fund series, a US opportunistic fund series (fund under consideration), a senior housing strategy, an affordable housing strategy, a REIT strategy, as well as a number of separate accounts and co-investments. Fund X will pursue an opportunistic strategy comparable with predecessor funds, adapting as economies, property markets and capital markets transition through cycles. The Fund will focus on four key themes: disruption, capital market dislocations, migration, and demographics. Value will be created through repositioning, refinancing, development, redevelopment, market recovery, and emerging locations. AEW will invest in markets with concentrations in sectors with favorable growth prospects. AEW does not select target markets or

submarkets, and instead evaluates their pipeline for opportunities that provide the highest return for the lowest risk. AEW's integrated research team plays an integral role in making these evaluations. The Fund will target a net IRR of 15%, with leverage below 67%. Fund X is expected to make approximately 40 to 50 investments with an average equity investment size between \$25 million and \$40 million. Ms. Margolis and Mr. Crooks left the meeting at 11:55 A.M.

Joe Connolly and Steve Hagenbuckle joined the meeting from Terracap at 11:56 A.M. TerraCap was founded in 2008 and is a privately, minority-owned business. W. Stephen Hagenbuckle owns the majority of the firm, with the remainder owned by Robert Gray. TerraCap has approximately \$2.5 billion of assets under management and over 70 years of combined experience among its principals. The Firm was founded to take advantage of distressed real estate markets in Florida. Over time, TerraCap has evolved to focus more broadly across the South Atlantic, West Central South, and West Mountain regions of the United States. Fund VI will pursue a value-add real estate strategy targeting multifamily, industrial, and flex properties in the South Atlantic, West Central South, and West Mountain regions of the US. TerraCap will avoid large gateway markets such as New York, Los Angeles, San Francisco, Seattle, Miami and Chicago. Fund VI will focus on investing in remaining vacancy in well-built and well-located properties, where TerraCap can position for lease-up. TerraCap will also target undercapitalized owners, tenant in common dysfunctional ownership, and inheritance properties. Thematic factors will be considered such as business formation, employment and population growth, corporate relocations, GDP growth and market migration. The fund expects to make 25 to 30 investments, with average investment size ranging from \$20 million to \$40 million of equity and \$30 million to \$120 million total capitalization. The fund will target a net IRR of 14% and utilize leverage between 65% and 70%. Mr. Connolly and Mr. Hagenbuckle left the meeting at 12:30 P.M.

Mary Smendzuik, Mark Young, and Heidi Kaufman joined the meeting from Torchlight at 12:32 P.M. Torchlight Investors was founded in 1995 by Daniel Heflin as a joint venture with Jones Lang Wootton Realty Advisors. In 1998, Torchlight registered as an investment adviser with the Securities and Exchange Commission ("SEC"). In 2002, ING Group acquired a passive minority interest in the firm, which was renamed ING Clarion Capital, LLC. In several transactions starting in 2010, Daniel Heflin used personal funds to repurchase the interests of ING Group, as well as the passive interests held by former affiliates of ING and Torchlight. The firm is entirely owned by senior officers of Torchlight (except for 0.4% held by a former colleague), with the majority held by founder Daniel Heflin. Fund VIII pursues investments across a broad spectrum of debt and other interests relating to commercial real estate, including, but not limited to senior mortgages, mezzanine loans, CMBS, preferred equity and equity positions. The mandate of the Debt Fund series affords Torchlight the flexibility needed to pursue various strategies as different parts of the real estate capital stack become more attractive at different times in their respective cycles. As such, Torchlight can avoid product types it believes are overvalued and focus on products where Torchlight perceives attractive risk-adjusted opportunity. The fund is targeting 75 to 125 investments. Investments typically ranging in size from \$25 million to \$50 million. Fund VIII will target transitional properties in primary or secondary markets requiring stabilization, including restructuring, redevelopment, releasing or repositioning. Fund VIII will target a net IRR of 10% to 12% and will limit leverage to 40%. Ms. Smendzuik, Mr. Young, and Ms. Kaufman left the meeting at 12:52 P.M.

On a motion made by Mr. Arienti, seconded by Mr. McFarland, the Board voted to award \$4 million each to AEW, Stockbridge, and Terracap.
YES: 5 NO: 0

XIV. Annual Statement

The Board reviewed the Annual Statement.

On a motion by Mr. Fitzpatrick and seconded by Mr. Brown, the Board approved the Annual Statement.
YES: 5 NO: 0

XV. Board Meeting Dates 2023

The Board set the below dates for upcoming Board meetings.

July 20, 2023	9 A.M.
August 17, 2023	9 A.M.
September 21, 2023	9 A.M.
October 26, 2023	9 A.M.
November 16, 2023	9 A.M.
December 21, 2023	9 A.M.

The June 2023 meeting will be moved to 9 A.M.

XVI. Approval of Cash Books

The Board reviewed the cash books. Mr. Fitzpatrick stated that the cash book should be more recently updated due to the fraud environment and recent history. He acknowledges there are restrictions due to manager statements but would like to know where other Boards are with their cash books. Ms. Gaughan will reach out to other Board and PERAC to develop a better cash books submission process.

On a motion by Mr. Brown and seconded by Mr. McFarland, the Board approved the cash books.
YES: 5 NO: 0

XVII. Approval of Warrants

Warrant 2023-18
Warrant 2023-17
Warrant 2023-16

Breakdown by Account

Mgmt Fees	\$58,685.92
Legal Fees	\$1,066.00
Admin Expense	\$920.93
3(8)(c)	\$119,899.94
Trans to Other Sys	\$1,233.19

The Board reviewed the warrants.

On a motion by Mr. Fitzpatrick and seconded by Mr. Arienti, the Board approved the warrants.

YES: 5 NO: 0

XVIII. Public Posting of Information

Chairperson O'Connor requested Ms. Gaughan reach out to Attorney Sacco regarding the posting of Meketa materials in a public forum.

XIX. MACRS

Chairperson O'Connor stated that any Board members can attend, as well as any staff members.

XX. Adjourn

Chairperson O'Connor adjourned the meeting at 1:27 P.M.

Ernest H. Bell
Paul Brown
Michael E. McDaniel
Susan O'Connor