MINUTES

Quincy Retirement Board
Monthly Meeting
Thursday, April 18, 2024, 9:00 am - 12:00 pm
1305 Hancock St., Old City Hall - Lower level
Quincy, MA 02169

In attendance: Chairperson Susan O'Connor, Rick Fitzpatrick, Eric Mason, Paul Moody, Brigid Gaughan, Frank Benham

I. Call to Order

Chairperson O'Connor called the meeting to order at 9:05 A.M. Chairperson O'Connor welcomed new Board member Eric Mason.

Enrico Coscia from the City of Quincy Municipal Finance department was in attendance.

II. Approval of Meeting Minutes from March 21, 2024

The Board reviewed the minutes from March 21, 2024.

On a motion by Mr. Fitzpatrick and seconded by Mr. Mason, the Board voted to table the Meeting Minutes from March 21,2024.

Yes: 4 No: 0 Absent: 1

III. Approval of Executive Session Minutes from March 21, 2024

The Board reviewed the Executive Session minutes from March 21, 2024.

On a motion by Mr. Fitzpatrick and seconded by Mr. Mason, the Board voted to table the Meeting Minutes from March 21,2024.

Yes: 4 No: 0 Absent: 1

IV. Approval of Superannuation Retirements

Name	Dept.	Date	Option
Philip Prioli	CEM	4/30/2024	B
Michael B. Radigan	QFD	7/19/2024	B

The Board reviewed the applications for superannuation retirements.

On a motion by Mr. Mascon and seconded by Mr. Fitzpatrick, the Board voted to approve the applications for superannuation retirement.

Yes: 4 No: 0 Absent: 1

V. Request for Creditable Service

Mary Moore	3 months	$2,636.44
William Brennan	5 months	$5,353.04
Steven P. Baylis	5 years	

The Board reviewed the requests for creditable service.

On a motion by Mr. Mason and seconded by Mr. Fitzpatrick, the Board voted to approve the requests for creditable service.

Yes: 4 No: 0 Absent: 1

VI. New Members

Jenny Kuo	QPS	No	1	$26,122
Kathleen Sachetti	QPD	No	1	$62,663
Marc Turowski	QPD	rehire	1	$62,196
Conor Grehan	TPAL	No	1	$90,254
Pamela Irvin	QHA	No	1	$55,163
Allen Chen	QHA	No	2	$102,148
Chelsea Smith	QPS	No	1	$26,122
Caitlyn Ahrens	QPS	No	1	$19,475
Brenda Torres	SCCD	No	1	$57,300
Deanna Leung	SCCD	No	1	$58,399
Melissa Zeng	SCCD	No	1	$57,300
Marie Steward	QPS	No	1	$24,663
Christina Nilovic	QPS	No	1	$24,316

The Board reviewed the new members.

On a motion by Mr. Fitzpatrick and seconded by Mr. Mason, the Board voted to approve the new members.

Yes: 4 No: 0 Absent: 1

VII. Approval of Calculations

Name	Retirement Date	Yearly Allowance
Laura Kubit	3/27/2024	$25,400.52

Ronald Leaman	3/24/2024	$60,642.46
(Pop-up to Option A)		
Thao Ngo	2/16/2024	$43,352.64
Michael O'Shea	3/30/2024	$122,545.80
Declan Breslin	3/31/2024	$89,627.04

The Board reviewed the calculations.

On a motion by Mr. Mason and seconded by Mr. Fitzpatrick, the Board voted to approve the retirement calculations.

Yes: 4 No: 0 Absent: 1

VIII. Meketa Investment Update

Frank Benham from Meketa joined the meeting at 9:45A.M.

Markets were mixed in February. Resilient economic data drove global equities higher and pushed out the timing of expected first rate cut, weighing on bonds. Inflation pressures have eased in most countries, but some uncertainty remains and levels are still above central bank targets. US equity markets rose in 5.4% in February after a strong 2023. The technology and consumer discretionary sectors continue to perform well. April return have been down, and the portfolio is estimated up .01% through April. US equities rose further during February, fueled by continued optimism over artificial intelligence related stocks and strong economic data. The highest quintile price-to-earnings stocks outperformed all other groups and accounted for half of the return of the Russell 3000 index. Small cap stocks slightly outperformed mid cap and large cap stocks. For the month, the more policy sensitive two-year Treasury yield increased from 4.2% to 4.6% while 10-year Treasury yields rose from 3.9% to 4.3%.

The Board voted to add Mesirow to the portfolio for small cap and it was officially funded April 12th using 50% of Brown Advisory assets. The assets were transitioned in kind to keep transition costs down. Mesirow fees are 68 bps compared to the Brown Advisory fees of 1%.

Axiom outperformed its benchmark by 4.5% in the month of February, posting a return of 4.8% vs the benchmark's 0.3%. Since inception, Axiom has returned 7.9%, trailing the benchmark's return of 8.4%, net of fees, over that period. Loomis Sayles High Yield beat its benchmark by 0.5% in the month of February, posting a return of 0.8% vs the benchmark's 0.3% return. Outperformance was driven primarily by security selection throughout the month. High yield credit, equity, and emerging market credit sectors were the top contributors. Since inception, Loomis has returned 4.8%, trailing the benchmark's return of 5.4%, net of fees, over that period. Cedar Street trailed its benchmark by 0.8% in the month, posting a return of 1.3% vs the benchmark's 2.1% return. Since inception, Cedar Street has returned -1.8%, trailing the benchmark's return by 3.2%, net of fees, over that period. However, we note that there is a very small since inception period as the fund was hired in January 2024.

The Board typically reviews its asset allocation on an annual basis. Meketa focused on options that add an exposure to private credit. This stems from recent discussions with the Board on private credit. The first option is the simplest, in terms of change but adding just private debt (PD). It adds a target allocation to private credit of 3%, funding this allocation by taking 1% from high yield and bringing emerging market debt to 0%. The changes would result in the System having a slightly higher expected return than the current policy, with slightly more expected risk.
The second option would add PD with additional changes. This allocation would increase equities, private equity, long-term treasuries, and infrastructure. The third option would add PD with less risk. Equities decreased by 4%, as well as a decrease in non-US equities and emerging markets. The combination of lower equity exposure and higher bond exposure would reduce overall risk.

Mr. Fitzpatrick recommendation would be to add PD with less risk as this is now a time to be more conservative with investments. Mr. Mason respects the Board's decision and mentions that he believes this is a great time in the market for PD. Chairperson O'Connor and Mr. Moody also agree with the approach of adding PD with less risk.

Mr. Benham presented the respondents from the High-Yield RFP. Quincy currently invests directly in two high yield bond managers, Columbia and Loomis Sayles. Each firm manages approximately 1.5% of the overall Retirement System. In March, to remain compliant with PERAC's seven-year investment vendor regulation, Meketa Investment Group issued an RFP on behalf of the Retirement System to evaluate the high yield fixed income universe. Meketa Investment Group received 19 responses from the managers, with a total of 20 proposals as KKR proposed two different strategies. The portfolio currently holds Loomis and Columbia. Pinebridge is a more traditional strategy with a team that has been together for a long time. Meketa ranks them as highly advantageous and see them more aligned with Columbia. Loomis has struggled with risk management over the last two years as well as security selection. Chairperson O'Connor recommended bringing in the two current managers, as well as two or three additional new managers.

The May Board meeting with have the high-yield finalists as well as the respondents from the PE RFP.

Mr. Benham left the meeting at 10:43 A.M.

On a motion by Mr. Mason and seconded by Mr. Fitzpatrick, the Board voted to adopt the new asset allocation to invest 3% into private debt under the third option presented by Meketa (adding private credit with less risk).

Yes: 4 No: 0 Absent: 1

On a motion by Mr. Moody and seconded by Mr. Mason, the Board voted to issue and RFP for a private credit search.

Yes: 4 No: 0 Absent: 1

On a motion by Mr. Fitzpatrick and seconded by Mr. Mason, the Board voted to invite

Columbia, Loomis, Brigade Capital Manager, KKR, and Pinebridge to the next meeting to present.

Yes: 4 No: 0 Absent: 1

IX. PERAC Memo's

The Board reviewed the PERAC memos. Chairperson O'Connor requested Ms. Gaughan send out the fraud memo to the office staff.

X. Approval of Annual Statement

The Board reviewed the 2023 Annual Statement.

On a motion by Mr. Mason and seconded by Mr. Fitzpatrick, the Board voted to approve the 2023 Annual Statement.

Yes: 4 No: 0 Absent: 1

XI. Office Update

Chairperson O'Connor asked Director Croall to present the office salary information. Mr. Mason reviewed the proposed salaries with Director Croall and feels comfortable with voting in favor. Director Croall will send a letter to Human Resources. Mr. Fitzpatrick stated that he will follow up with the office staff at a future date.

Director Croall stated that he is waiting for a proposal from the landlord on additional space. The Board requested Director Croall invite Mr. Martin to the next meeting.

On a motion by Mr. Mason and seconded by Mr. Fitzpatrick, the Board voted to approve the salary increases for the office staff, effective April 22, 2024, as the only salary increase for the year.

Yes: 4 No: 0 Absent: 1

XII. Approval of Warrants

Warrant 2024-18
Warrant 2024-17
Warrant 2024-16
Warrant 2024-15
Warrant 2024-14
Warrant 2024-13

Breakdown by Account	
Mgmt. Fees	$16,241.00
Custodial Fees	$12,246.13

Investment Consult Fees	$15,166.67
Legal Expense	$1,242.50
Fiduciary Insurance	$33,439.77
Service Contract Fees	$234.02
Rent Expense	$5,224.13
Actuarial Services	$3,250.00
Admin Expenses	$10,762.80
3(8)(c)	$104,555.89
Transfers Out	$157,577.21
Refunds	$60,091.30

The Board reviewed the warrants.

On a motion by Mr. Moody and seconded by Mr. Mason, the Board voted to approve the salary increases for the office staff.

Yes: 4 No: 0 Absent: 1

XIII. Correspondence

The Board reviewed the letter from new Board member Mr. Mason.

XIV. Meeting Dates June - September 2024

Chairperson O'Connor requested this agenda item be placed on the May agenda as to include all Board members in the selection of meeting dates.

XV. Adjourn

Chairperson adjourned the meeting at 10:46.

Yes: 4 No: 0 Absent: 1

Respectfully Submitted,

Associate Executive Director

Approved