

MINUTES

Quincy Retirement Board

Quincy Retirement Board

Monthly Meeting

Thursday, January 18, 2024, 8:30 am- 12:00 pm

1305 Hancock St., Lower-Level Old City Hall, Quincy, MA 02169

I. Call to Order

Chair O'Connor called the meeting to order at 8:30 a.m. In attendance was Member McFarland, Member Brown, Member Moody, Member Fitzpatrick.

II. Approval of Executive Session Meeting Minutes from 12.21.23

Motion to table the Executive Session Meeting minutes from 12/21.23 by Member McFarland second by Member Brown. All members voting in favor.

YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor

III. Approval of Meeting Minutes from 12.21.23

Motion to approve the meeting minutes from 12/21/23 by Member McFarland second by Member Moody. All members voted in favor.

YES-Brown YES-McFarland YES-Fitzpatrick YES-Moody YES- O'Connor

IV. Executive Session pursuant to MGL 21 (a)(3)

Motion to go into Executive Session by Member McFarland second by Member Fitzpatrick at 8:32 a.m.

YES-Fitzpatrick YES-Brown YES-Moody YES-McFarland YES-O'Connor

Motion to come out of Executive Session at 10:20 a.m. by Member McFarland second by Member Moody. All members voting in favor. YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor

V. Vacation Buyback

The Board welcomed Attorney Paul Hynes and Attorney Gerry McAuliffe from the patrol union as well as the superior officer's union. Attorney Sacco gave a recap of the vacation buyback item up until the point.

Attorney Sacco mentioned that the board was amenable to tabling the issue and allowing the Police Departments attorneys to come up with a letter that the Board could submit to PERAC on their behalf to further strengthen the case for vacation buyback.

Attorney Hynes mentioned that he believed the submission of a letter from the board on the Police Departments behalf would be better received. Attorney Hynes pointed out several technical items in the PERAC remand that there would be some glaring issues. Attorney Hynes provided some operational issues where vacation buyback was being taken from quite a few police officers that were impacted.

Attorney Hynes mentioned that there is a belief that there are additional officers that should be included. Director Croall said he would work with his team to prioritize doing the research and getting it over to Attorney Hynes.

Attorney Hynes said that he would send a draft letter to board counsel. The board said that would be acceptable. Mr. Bina a retired police officer asked that the draft letter from Attorney Hynes ultimately come back to the membership. Attorney Hynes said that it would probably make the most sense to have it come back to Attorney Hynes. The sequence is Attorney Hynes writes a letter, Attorney Sacco writes a cover letter & sends it off to PERAC. The final letter will come back to the board for recordkeeping purposes.

VI. Request for Creditable Service

Christine Bassett 1 year 5 months \$5,497.60

Michael Caporale 8 months \$4,470.39

Michael Caporale 2 years 7 months \$14,182.61

Michael Caporale 4 years 2 months \$16,297.63

Motion to approve creditable service creditable service by Member McFarland second by Member Brown. All members voted in favor.

YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor

VII. Approval of Calculations

Name Retirement Date Amount

Pushap R Kapoor 12/13/23 \$46,014.21

(Pop-up to Option A)

Jeffrey Vradenburg 11/20/23 \$20,308.68

Member McFarland asked if Mike Caporale was the same person making 3 different requests and Mrs.

Gaughan mentioned that it was all one guy..

YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor

VIII. New Members

Leslie McCulloch QPS No 1 \$30,141.

Scott Campbell Council No 1 \$29,699.

Richard Ash Council No 1 \$29,699.

Julia Hultin COL No 1 \$80,000.

Kelsey O'Brien QHA No 1 \$47,392.

Motion to approve Member McFarland second by Member Moody. All members voting in favor.

YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor

IX. Approval of Superannuation Applications

Name Dept Date

Katherine A Lynch QPS 1/12/2024

Motion to approve by Member McFarland second by Member Brown. All members voting in favor.

YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor

X. Meketa Investment Update

The board welcomed Frank Benham from Meketa Investments at 10:00 a.m. Frank went over the timing of the manager due diligence requirements for the board. He said more details to follow. Frank said that he would give a portfolio update and an education on private credit.

Frank went through the report on P.6 which outlined the performance of the portfolio. Frank went over the idea that inflation rates should be tapering. S&P over 4%, EM+, credit markets. Long term interest rates have rallied. The only thing that was negative or the year was commodities. Most of the gains was driven by the magnificent 7. Most of these stocks have been driven by the enthusiasm for AI.

Japan had a really good year. The portfolio is up 11% for the year. YTD US equities in the portfolio was up 16%. Frank mentioned that Arcadian crushed it's benchmark. Long term government bond rate changes have changed. The 10 year treasury ended the year at the same place that it started. Real estate has had a tough year. Frank asked if there was any questions. There were no questions from the Board.

The second part was the private credit presentation. P.2 of the presentation explained what credit was and how it works. Private credit (P.4) one entity directly lending money to another entity. Private credit is a privately negotiated contract. This could include mortgage debt, loans for hard assets, credit card, receivable, student loan receivable. Private credit typically has a higher interest rate than public. P.7

shows historical performance of private credit. Over the long term private credit is at a premium. Volatility of public credit looks like private credit. Private credit is not an asset class that will give you smooth sailing all the time. Member McFarland asked how popular this product is with pension plans.

Frank responded that it was becoming more popular. Public pension plans may set a 5% target on the IPS however it typically falls short. Frank mentioned that Lexington was doing this 10 years ago.

Member McFarland asked about what the default rates would be in the future and Frank said that it is increasingly concerning. These products don't have lot's of historical data. Frank said looking at high yield default rates can provide more of a historical perspective. The way portfolio construction works in private credit is the need to build a diversified portfolio. You do this by diversifying the vintage year.

Member McFarland asked if we did want to set up an allocation inside of an IPS to handle this asset allocation. Frank said about 5% (ish). Frank said that this conversation would take place at the time of asset allocation. The other reason to pursue private credit is to pursue excess return. The downside of this type of allocation is liquidity risk. The other challenge is that you don't actually know what is being invested in. The advantage is you're hoping for equity like returns with less volatility. Member Fitzpatrick stated that there is more interest in this asset allocation than the past. What is the opportunity to find a really good manager. Frank said that the product base in this category has grown due to inflows.

Member Fitzpatrick said that Blue Ocean listed that it shows \$17B. Rick mentioned that it wasn't in private credit but rather a hard asset.

Frank asked if the board wanted him to come to the next board meeting to show where this may fit.

Member Fitzpatrick asked what the fees are. Frank said 1-1.25% plus the 20% carry. Frank said in the meantime he would be working to deliver the asset allocation report to the Board in the next couple of meetings.

XI. Approval of Cash Books

Motion to approve by Member McFarland second by Member Brown. Mrs Gaughan asked about reporting on the annual statement to 9/30 for a reporting date. She explained that many of Tony Teberios' clients from People's use 9/30. The board said as long as PERAC is ok then the board is fine.

XII. PERAC Memo's

Motion to accept the PERAC memos by Member Moody second by Member Brown. All members voting in favor.

YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor

XIII. Approval of Warrants

Warrant 2024-01

Warrant 2023-52

Warrant 2023-51

Breakdown by Account

Mgmt. Fees \$58,866.00

Custodial Fees \$6,089.98

Investment Consult Fees \$15,166.67

Legal Fees \$6,254.00

Service Contract Fees \$48,445.00

Rent Expense \$5,244.13

Actuarial Services \$4,500.00

Admin Expenses \$789.97

Transfers Out \$47,754.62

Refunds \$78,890.45

Motion to approve warrants by Member Brown second by Member Fitzpatrick. All members voting in favor.

YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor

XIV. Office Update

Director Croall brought about the idea of PTG looking to re-negotiate a contract. He said that he could bring it in for February.

XV. Other Business

There was no other business on the agenda.

XVI. Adjourn.

Motion to adjourn at 11:45 a.m. by Member Fitzpatrick second by Member Brown. All members voting in

favor.

YES- Brown YES-Fitzpatrick YES-McFarland YES-Moody YES-O'Connor



Brad Croall, Executive Director



Susan O'Connor, Chair



Member Moody



Member Brown



Member Fitzpatrick



Member McFarland