

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY RETIREMENT FUND
MINUTES OF REGULAR MEETING
April 21, 2023

Pursuant to notice by the Interim-Executive Director, the Regular Meeting of the Retirement Board of the Massachusetts Bay Transportation Authority Retirement Fund was held on Friday, April 21, 2023, at 9:30 AM, at One Washington Mall, 4th Floor, Boston, MA 02108.

The Members present in – person or by video conference were James Evers, James Bradley, Craig Hughes, Betsy Taylor, Mary Ann O’Hara and Paul Todisco; Alternate Members were, Jose Cruz, Gerald Kelley, Patrick Landers, Timothy Long, and John Mersereau.

Also present were John P. Barry, Interim-Executive Director, Jacquelyn Carey, Acting Recording Secretary, and staff. Julian Regan and Pamela Dubuc of Segal Marco Advisors were also present.

Interim-Chairperson James Evers presided.

Chairperson Evers begins the meeting by thanking Betsy Taylor for her service to the MBTA Retirement Fund Board, noting that she will be greatly missed. For clarity, Trustee Taylor adds that she will be submitting her resignation from the MBTA Board of Directors and the Mass DOT Board following this meeting. These resignations will require her to resign from the MBTA Retirement Fund Board as her seat is an elected member from the MBTA Board of Directors.

Trustee Taylor adds that she is proud of what has been accomplished at the MBTA Retirement Fund Board. John Barry and his staff the transformation regarding the production of the annual ACFR has been quite something. When she joined the Board the negative cash flow was over \$100 million and now it is closer to

\$60M and on target to be reduced further. She hopes that the revised Pension Agreement will help not only retain and hire employees and should also help bolster the long-term financial future of this Fund. She is confident that Tom Glynn will continue to keep the emphasis on safety and reliability as paramount objectives at the MBTA Board. She is very confident that this Board has a very solid administrative quorum and is in good hands with existing management Trustees. She hopes that the Board continues their focus on preparing educational matters and she hopes that the Board does everything that they can to roll them out. Providing choices for a member's pension is only as good if there is education in place to assist them in making the appropriate choice for their future. She wishes all the Trustees well.

The Board acknowledges Trustee Taylor with a round of applause. Chairperson Evers reiterated his thanks to Trustee Taylor. Trustee O'Hara adds that she has found Trustee Taylor to be a mentor, she is trailblazer from a financial perspective and as a good person at the MBTA. She graduated from Stanford University and has had a very long successful career. She thanks Trustee Taylor and adds that the Fund is continuing to head in a good direction and that has to do with her leadership. She thanks Trustee Taylor and concludes that personally that "It is nice to look up and see someone she can emulate."

Interim- Executive Director Barry thanked Trustee Taylor for her dedication to the MBTA Retirement Fund Board. When she began her tenure at the Fund, she did not know what his staff was capable of and she helped make the office better. She encouraged the Fund to obtain the GFOA Certificate of Achievement, which has been awarded for the past 7 years. This is just one example of how well this office operates. This effort was spearheaded under Trustee Taylor's leadership. Mr. Barry

thanked her for putting her trust in him to run the Fund in its 75th year and wished her the best in her future endeavors.

Julian Regan of Segal Marco Consulting thanked Trustee Taylor and stated that it has been an honor to serve the Board under her leadership. Added that she has kept everyone engaged for the benefit of the membership and the beneficiaries.

Chairperson Evers thanks everyone for their comments.

SECTION II – REGULAR SESSION

a. Minutes

Chairperson Evers stated that the next item on the Agenda was the Consideration of Minutes of Prior Meeting of the Board, March 17, 2023. He inquired if there were any questions. None were asked.

On motion, duly made and seconded, it was unanimously

VOTED:- TO approve the Minutes of the Regular Meeting of March 17, 2023.

b. Approvals

Chairperson Evers stated that the second item on the Agenda was Approvals. Chairperson Evers asked the Board to review the items listed for approval on pages 4-9 of the meeting packet. Mr. Barry recognized the death of former MBTA Retirement Fund Trustee, Brian Cummins. He always had the members in his heart, and he worked very hard for them.

On motion, duly made and seconded, it was unanimously

VOTED:- TO approve Item b. as indicated on Pages 4 through 9 of the meeting packet.

c. Informational Items

Chairperson Evers stated that Section II covering Items c. as indicated on Pages 10 through 17 of the meeting packet are INFORMATIONAL ITEMS to be reviewed at the Board's leisure.

d. Report of Executive Director

Chairperson Evers stated that the next item on the Agenda was a report from the Executive Director.

i. General Financial Reports

Mr. Barry directed the Board's attention to the Financial and Flash reports and gave an account of the Fund's financial activities for the month of March 2023. He reported that for the month of March, the Fund had a total of \$20,121,708 in deposits and \$19,785,643 in withdrawals for a net-inflow of \$336,065. He noted that there were three payrolls in March, resulting in the net positive cash flow. He added that the market value at the end of March 2023 was \$1,669,846,267. Mr. Barry reviewed the overall performance of each of the Fund's asset classes in comparison to their respective benchmark. Opportunistic, private equity, private credit and real estate have a one quarter lag and are now reporting 4th quarter 2022 valuations. The total fund is outperforming both the policy mix and the allocation mix for the year.

On motion, duly made and seconded, it was unanimously

VOTED:- TO approve the General Financial Report of the Executive Director for the Month of March 2023.

On motion, duly made and seconded, it was unanimously

VOTED:- THAT the Retirement Board of the MBTA Retirement Fund move into Closed Session.

The meeting went into Closed Session at 9:47 AM.

The regular meeting reconvened at 11:47 AM.

SECTION IV – REGULAR SESSION

a. Votes Taken.

On motion, duly made and seconded, it was unanimously

VOTED:- TO approve, per Buck’s recommendation, the 2023 Experience Study dated April 21, 2023, including all assumption recommendations within including the recommendation to keep the assumed rate of return at 7.25%.

There being no further business to come before the Board,

On motion, duly made and seconded, it was unanimously

VOTED:- TO adjourn.

Adjourned accordingly at 11:48 AM.

A true record.

ATTEST:

Notary Public

Returns - Net of Fees

	<u>MONTH TO DATE</u>	<u>YTD</u>	<u>ROLLING 1 YEAR</u>	<u>ROLLING 3 YEARS</u>	<u>ROLLING 5 YEARS</u>	<u>ROLLING 10 YEARS</u>	<u>MKT VALUE</u>	<u>ALLOCATION</u>
<u>EQUITY-USD</u>								
TOTAL LARGE CAP EQUITY	0.75	6.02	1.08	14.64	10.28	10.85	285,535,752	17.1
S&P 500	1.56	9.17	2.66	14.52	11.45	12.20		
TOTAL SMALL CAP EQUITY	-1.67	2.56	-3.37	13.46	6.78	9.52	115,392,808	6.9
RUSSELL 2000 GROWTH	-1.16	4.84	0.72	7.82	4.00	8.44		
RUSSELL 2000 VALUE	-2.49	-3.13	-7.99	15.44	3.66	6.96		
GLOBAL EQUITY AND EMERGING MARKETS	-0.89	11.46	-5.17	4.41	6.42	9.92	108,924,526	6.5
MSCI ALL COUNTRY WORLD INDEX (NET)	1.44	8.85	2.06	12.04	7.03	7.91		
<u>TOTAL INTERNATIONAL EQUITY</u>								
MSCI EAFE	2.82	11.53	8.42	11.68	3.63	4.76	194,484,452	11.6
<u>FIXED INCOME</u>								
TOTAL DOMESTIC FIXED INCOME	0.37	3.65	-0.34	-0.26	1.49	1.81	385,715,362	23.1
BC AGGREGATE	0.61	3.59	-0.43	-3.15	1.18	1.32		
<u>SHORT TERM INVESTMENTS</u>								
91 DAY T-BILL	0.31	1.39	2.81	0.99	1.44	0.90		
MASTER ACCOUNT	0.40	1.55	3.18	1.07	1.42	0.90	31,997,028	1.9
CASH EQUITIZATION CUSTOM INDEX	1.24	8.07	2.81	13.64	8.21	9.58		
91 DAY T-BILL	0.31	1.39	2.81	0.99	1.44	0.90		
SSGM CASH EQUITIZATION	1.10	7.51	9.61	13.46	7.64	8.82	8,102,073	0.5



Returns - Net of Fees

	<u>MONTH TO</u> <u>DATE</u>	<u>YTD</u>	<u>ROLLING</u> <u>1 YEAR</u>	<u>ROLLING</u> <u>3 YEARS</u>	<u>ROLLING</u> <u>5 YEARS</u>	<u>ROLLING</u> <u>10 YEARS</u>	<u>MKT VALUE</u>	<u>ALLOCATION</u>
TOTAL HEDGE FUND*	-0.76	1.67	-1.17	7.39	2.45	2.56	67,357,531	4.0
91 T - BILL ONE MONTH LAG PLUS 300BP	0.68	2.44	5.57	3.91	4.45	3.89		
DIVERSIFIED BETA	0.17	3.98	-9.76	3.53	2.69	-	94,226,540	5.6
91 DAY T BILL PLUS 300 BPS	0.56	2.39	5.89	4.02	4.48	3.93		
60% MSCI WORLD EQUITY/40% BC AGG BOND	1.29	7.19	1.99	6.58	5.65	-		
BBG BARCLAYS U.S. TSY BELLWETHERS 3M PR	0.34	1.46	2.94	1.03	1.47	-		
OPPORTUNISTIC**	0.91	-1.54	-1.54	6.38	8.37	-	26,273,433	1.6
BANK OF AMERICA/MERRILL LYNCH HIGH YIELD QT	-0.75	-11.22	-11.22	-0.23	2.12	-		
PRIVATE CREDIT**								
STATE STREET PE CREDIT BENCHMARK	0.68	3.00	3.00	-	-	-		
TOTAL PRIVATE CREDIT	-0.14	-6.56	-6.56	17.14	-	-	25,284,587	1.5
PRIVATE EQUITY **								
STATE STREET PE BENCHMARK	-1.36	-1.25	-1.25	18.79	15.80	13.82		
TOTAL PRIVATE EQUITY^^	-0.71	-0.23	-0.23	18.96	15.16	10.00	153,582,600	9.2
REAL ESTATE **								
NCREIF PROPERTY INDEX QTR LAG	-3.50	5.53	5.53	8.06	7.46	8.82		
NCREIF ODCE	-4.96	7.47	7.47	9.93	8.68	10.10		
TOTAL REAL ESTATE	-4.68	3.83	3.83	7.21	7.30	9.99	172,628,344	10.3
TOTAL FUND								
MBTA ALLOCATION MIX	0.56	3.73	0.69	8.26	6.49	6.40		
MBTA POLICY MIX	0.66	4.12	2.01	8.16	6.32	6.77		
TOTAL FUND	0.37	3.83	0.33	9.42	6.72	7.03	1,669,505,036	100.0
PREVIOUS MKT VALUE							1,669,846,267	
MONTHLY CHANGE IN MARKET VALUE							-341,231	
12/31/2022 MKT VALUE							1,626,972,186	
YTD CHANGE IN MARKET VALUE							42,532,850	

* YTD Returns lags by one month. Actual returns through March 31, 2023

** YTD Return for PE, RE, Opportunistic HF lags by one quarter. YTD return is through 12/31/2022 adjusted for cash flows.

^ 36% Buyout, 9% Venture, 37% Debt and 18% Fund of Funds

^^ Active portfolio - post 2005

Returns - Gross of Fees

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S&P 500	1.56	9.17	2.66	14.52	11.45	12.20		
TOTAL SMALL CAP EQUITY	-1.64	2.76	-2.92	13.89	7.27	10.13	115,392,808	6.9
RUSSELL 2000 GROWTH	-1.16	4.84	0.72	7.82	4.00	8.44		
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