

FREE-TO-ALL

BPL FINANCE AND AUDIT COMMITTEE

Evelyn Arana Ortiz, Committee Chair

11.12.24

Members of the Public may sign up for Public Comment via the CHAT by 9:00 a.m.
Comments left in the chat will not be acknowledged. written comments may be submitted to the Clerk of the Board, pcarver@bpl.org

BPL OPENING STATEMENT

The Trustees of The Boston Public Library reaffirm our commitment to racial equity and to principles of diversity equity and inclusion, more broadly.

The Library is formally committed to becoming an anti-racist organization in response to systemic racism, inequity, and injustice prevalent in our society.

We acknowledge also that the Boston Public Library's Central Library stands on land that was once a water-based ecosystem providing sustenance for the indigenous Massachusetts people *and is a place which has long served as a site of meeting and exchange among nations*. We are committed to land acknowledgements for all locations at which we operate.

We reaffirm this commitment to set the context for our planning, deliberations, and public engagement so that they take place from the spirit of welcome and respect, found in our motto 'free to all.'

Taken from the Institutional Statement Ratified by the Board of Trustees for the Boston Public Library on September 29, 2020.

COMMITTEE CHAIR'S REPORT

Evelyn Arana Ortiz, Committee Chair

- Welcome Remarks
- Roll Call of Committee Members
- Approval of the Meeting Minutes of 9.17.24



**BOSTON
PUBLIC
LIBRARY**

MARKET AND PORTFOLIO UPDATE

BOSTON PUBLIC LIBRARY

NOVEMBER 12, 2024

Sebastian Grzejka, CAIA, Partner



STRATEGIC PARTNERSHIP

BORN OUT OF OPPORTUNITY

Hightower Holdings will acquire a majority stake in NEPC, with NEPC maintaining autonomy and our partners having ownership in NEPC and Hightower



INVESTMENT STRENGTH

We will grow our already significant investment platform and capabilities, allowing us to attract and retain talent



CLIENT FOCUS

Clients will continue to receive the same high-quality advice and services from their trusted NEPC teams and support personnel



LEADERSHIP VISION

NEPC remains committed to innovation, growth, and sustainability, while maintaining our core values and commitment to excellence



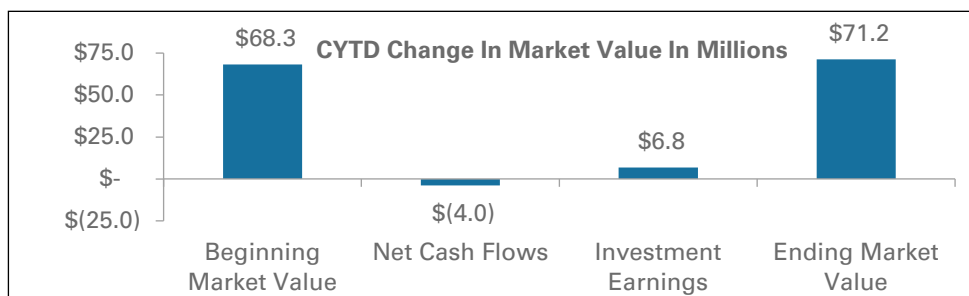
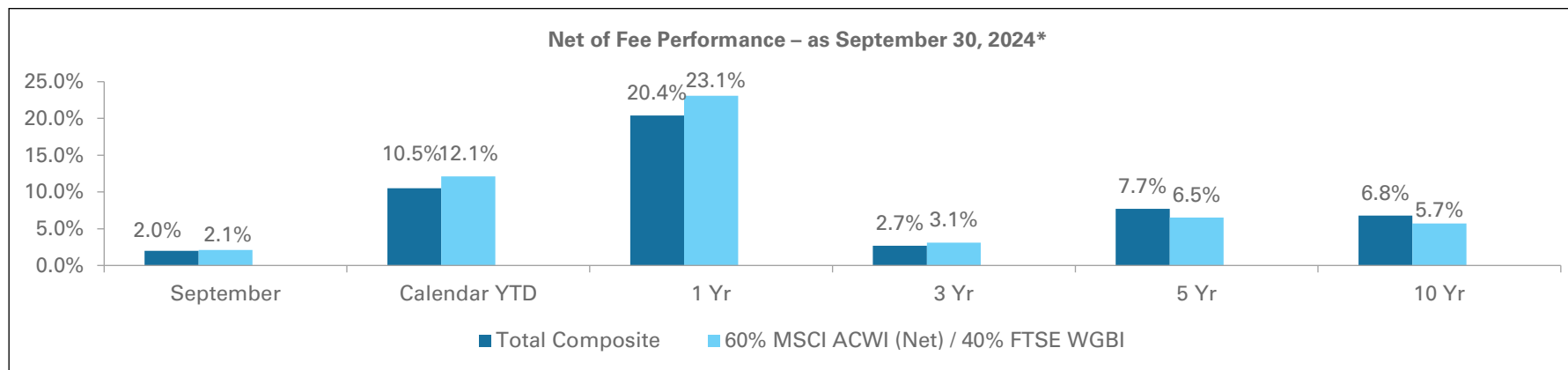
FUTURE GROWTH

The partnership is forecasted to grow NEPC, allowing us to continue strengthening our competitive position and provide enhanced services for our clients

EXECUTIVE SUMMARY

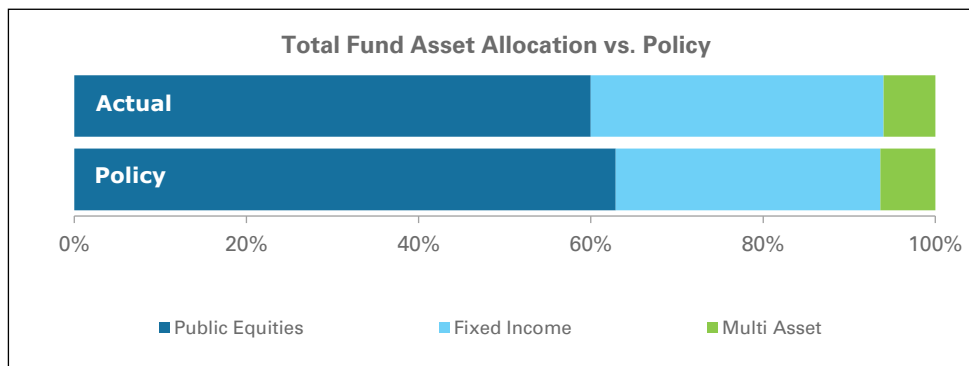


BOSTON PUBLIC LIBRARY EXECUTIVE SUMMARY



Overview of recent implementation decisions and priorities:

- **Recommendations**
 - None at this time
 - BPL recently rebalanced with the funding of Generation Global Equity



YTD Performance Update:

- **Contributors:**
 - Small cap exposure, lead by Segall Bryant and allocation to the S&P 500
 - Generation has outperformed its index by 300 bps since funding in July
 - Fixed income managers provided sound absolute returns and yield for the year
- **Detractors:**
 - Impax Global Equity struggled on a relative basis, trailing their benchmark by over 1000 bps



* Periods greater than one year are annualized

SEPTEMBER 30, 2024 PERFORMANCE REPORT

	Allocation			Performance (%)									
	Market Value (\$)	% of Portfolio	Policy (%)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date	
Composite	71,220,544	100.0	100.0	2.0	6.4	10.5	20.4	2.7	7.7	6.8	9.1	Jan-81	
<i>60% MSCI ACWI (Net) / 40% FTSE WGBI</i>				<i>2.1</i>	<i>6.8</i>	<i>12.1</i>	<i>23.1</i>	<i>3.1</i>	<i>6.5</i>	<i>5.7</i>	<i>-</i>		
Total Domestic Equity	22,084,974	31.0	29.0	0.8	6.8	17.1	30.8	8.8	13.3	11.8	13.0	Dec-10	
SSgA SRI S&P 500	9,259,272	13.0		2.4	6.2	22.0	36.3	11.2	15.4	13.3	14.7	Jan-09	
<i>S&P 500 Index</i>				<i>2.1</i>	<i>5.9</i>	<i>22.1</i>	<i>36.4</i>	<i>11.9</i>	<i>16.0</i>	<i>13.4</i>	<i>14.7</i>		
Diamond Hill Large Cap Class Y Shares	7,441,515	10.4		-0.3	7.9	14.8	28.0	7.4	10.9	-	10.4	May-17	
<i>Russell 1000 Value Index</i>				<i>1.4</i>	<i>9.4</i>	<i>16.7</i>	<i>27.8</i>	<i>9.0</i>	<i>10.7</i>	<i>-</i>	<i>9.7</i>		
Segall Bryant & Hamill Small Cap	5,384,187	7.6		-0.2	6.5	12.3	25.6	6.5	12.7	-	10.1	Jan-15	
<i>Russell 2000 Index</i>				<i>0.7</i>	<i>9.3</i>	<i>11.2</i>	<i>26.8</i>	<i>1.8</i>	<i>9.4</i>	<i>-</i>	<i>8.0</i>		
Total International Equity	7,868,130	11.0	10.0	2.8	6.8	11.2	22.1	4.9	10.1	6.8	6.5	May-14	
Earnest International Equity Investment Trust Fund	7,868,130	11.0		2.8	6.8	11.2	22.1	4.9	9.7	6.3	6.0	May-14	
<i>MSCI AC World ex USA (Net)</i>				<i>2.7</i>	<i>8.1</i>	<i>14.2</i>	<i>25.4</i>	<i>4.1</i>	<i>7.6</i>	<i>5.2</i>	<i>4.8</i>		
Total Emerging Markets Equity	3,989,066	5.6	6.0	6.7	4.3	10.8	20.5	-4.0	3.1	-	3.6	Jun-19	
UBS EME HALO	3,989,066	5.6		6.7	4.3	10.8	20.5	-4.2	3.1	-	3.6	Jun-19	
<i>MSCI Emerging Markets (Net)</i>				<i>6.7</i>	<i>8.7</i>	<i>16.9</i>	<i>26.1</i>	<i>0.4</i>	<i>5.7</i>	<i>-</i>	<i>5.7</i>		
Total Global Equity	10,732,362	15.1	15.0	3.7	10.2	8.1	21.2	-2.3	-	-	14.9	Apr-20	
Impax Global Resource Optimization Fund	7,437,075	10.4		4.2	10.4	8.1	21.2	-2.3	-	-	14.9	Apr-20	
<i>MSCI AC World Index (Net)</i>				<i>2.3</i>	<i>6.6</i>	<i>18.7</i>	<i>31.8</i>	<i>8.1</i>	<i>-</i>	<i>-</i>	<i>17.6</i>		
Generation IM Global Equity Fund	3,295,287	4.6		2.6	9.6	-	-	-	-	-	9.6	Jul-24	
<i>MSCI AC World Index (Net)</i>				<i>2.3</i>	<i>6.6</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>6.6</i>		
Total Domestic Fixed Income	21,968,803	30.8	34.0	1.3	4.6	4.6	10.6	-0.9	1.3	2.1	2.7	Dec-10	
IR&M Core Bond Fund II	5,964,676	8.4		1.4	5.0	4.6	11.5	-1.4	0.0	1.5	3.2	Mar-07	
<i>Blmbg. U.S. Aggregate Index</i>				<i>1.3</i>	<i>5.2</i>	<i>4.4</i>	<i>11.6</i>	<i>-1.4</i>	<i>0.3</i>	<i>1.8</i>	<i>3.1</i>		
SSgA Treasury Inflation Protected Securities	2,941,275	4.1		1.5	4.1	5.0	9.7	-0.6	2.6	-	2.8	Jan-18	
<i>Blmbg. U.S. TIPS</i>				<i>1.5</i>	<i>4.1</i>	<i>4.9</i>	<i>9.8</i>	<i>-0.6</i>	<i>2.6</i>	<i>-</i>	<i>2.9</i>		
Manulife Strategic Fixed Income	3,993,968	5.6		1.4	4.9	5.2	12.0	0.6	2.1	-	2.8	Jan-17	
<i>Blmbg. Global Aggregate</i>				<i>1.7</i>	<i>7.0</i>	<i>3.6</i>	<i>12.0</i>	<i>-3.1</i>	<i>-0.8</i>	<i>-</i>	<i>1.0</i>		
State Street U.S. Treasury Index Non-Lending Common Trust Fund	6,032,108	8.5		1.2	4.7	3.9	9.7	-1.8	-	-	-1.4	Jun-21	
<i>Blmbg. U.S. Treasury Index</i>				<i>1.2</i>	<i>4.7</i>	<i>3.8</i>	<i>9.7</i>	<i>-1.8</i>	<i>-</i>	<i>-</i>	<i>-1.4</i>		
Vanguard Short-Term Corp Bond	3,036,775	4.3		1.0	3.7	5.5	9.9	-	-	-	8.0	Jul-23	
<i>Blmbg. U.S. Corporate 1-5 Year Index</i>				<i>1.0</i>	<i>3.7</i>	<i>5.4</i>	<i>9.7</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.9</i>		
Total Balanced - GAA	4,577,208	6.4	6.0	1.9	5.6	8.1	15.3	2.4	6.2	4.7	4.9	Jul-12	
PIMCO All Asset	4,577,208	6.4		1.9	5.6	8.1	15.3	2.4	6.2	4.7	4.9	Jul-12	
<i>PIMCO All Asset Index</i>				<i>1.5</i>	<i>4.9</i>	<i>7.1</i>	<i>14.4</i>	<i>1.0</i>	<i>3.2</i>	<i>3.6</i>	<i>3.6</i>		



CAPITAL MARKETS OVERVIEW AND OUTLOOK



MARKET OUTLOOK



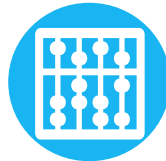
Interest rates have risen significantly since the Fed started their cutting cycle as economic growth shows no signs of slowing



Magnificent 7 equity valuations as well as credit spreads broadly remain priced-for-perfection



We continue to recommend investors hold a blend of S&P 500 and value exposure within U.S. large-cap stocks



We encourage neutral duration positioning relative to strategic targets given the current rate environment



We recommend investors strategically add U.S. TIPS exposure to capitalize on the attractive real rate environment

TRAILING ANNUAL INDEX PERFORMANCE

Equity						
	Oct-24	YTD	1 YR	3 YR	5 YR	10 YR
MSCI ACWI	-2.2%	16.0%	32.8%	5.5%	11.1%	9.1%
S&P 500	-0.9%	21.0%	38.0%	9.1%	15.3%	13.0%
Russell 1000	-0.7%	20.3%	38.1%	8.1%	15.0%	12.8%
Russell 2000	-1.4%	9.6%	34.1%	0.0%	8.5%	7.9%
Russell 2500	-0.9%	10.3%	33.1%	1.5%	9.8%	8.9%
MSCI EAFE	-5.4%	6.8%	23.0%	2.7%	6.2%	5.3%
MSCI EM	-4.4%	11.7%	25.3%	-1.4%	3.9%	3.4%

Credit						
	Oct-24	YTD	1 YR	3 YR	5 YR	10 YR
BBG Global Agg	-3.4%	0.1%	9.5%	-4.1%	-1.6%	0.2%
BBG US Agg	-2.5%	1.9%	10.5%	-2.2%	-0.2%	1.5%
BBG Credit	-2.4%	2.7%	13.1%	-2.0%	0.5%	2.4%
BBG US HY	-0.5%	7.4%	16.5%	3.0%	4.5%	4.9%
BBG Muni	-1.5%	0.8%	9.7%	-0.3%	1.1%	2.3%
BBG Muni HY	-1.5%	5.8%	17.5%	0.7%	2.7%	4.4%
BBG TIPS	-1.8%	3.0%	8.6%	-1.5%	2.2%	2.3%
BBG 20+ STRIPS	-7.1%	-7.5%	20.4%	-16.9%	-8.7%	-0.6%
BBG Long Treasuries	-5.2%	-2.9%	15.1%	-10.5%	-5.1%	0.3%
BBG Long Credit	-4.2%	0.2%	18.8%	-6.1%	-1.4%	2.5%
BBG Govt/Credit 1-3 Yr	-0.6%	3.8%	6.2%	1.4%	1.5%	1.6%
JPM EMBI Glob Div	-1.7%	6.8%	18.2%	-1.0%	0.5%	2.9%
JPM GBI-EM Glob Div	-4.6%	0.1%	8.8%	-0.5%	-0.9%	-0.1%

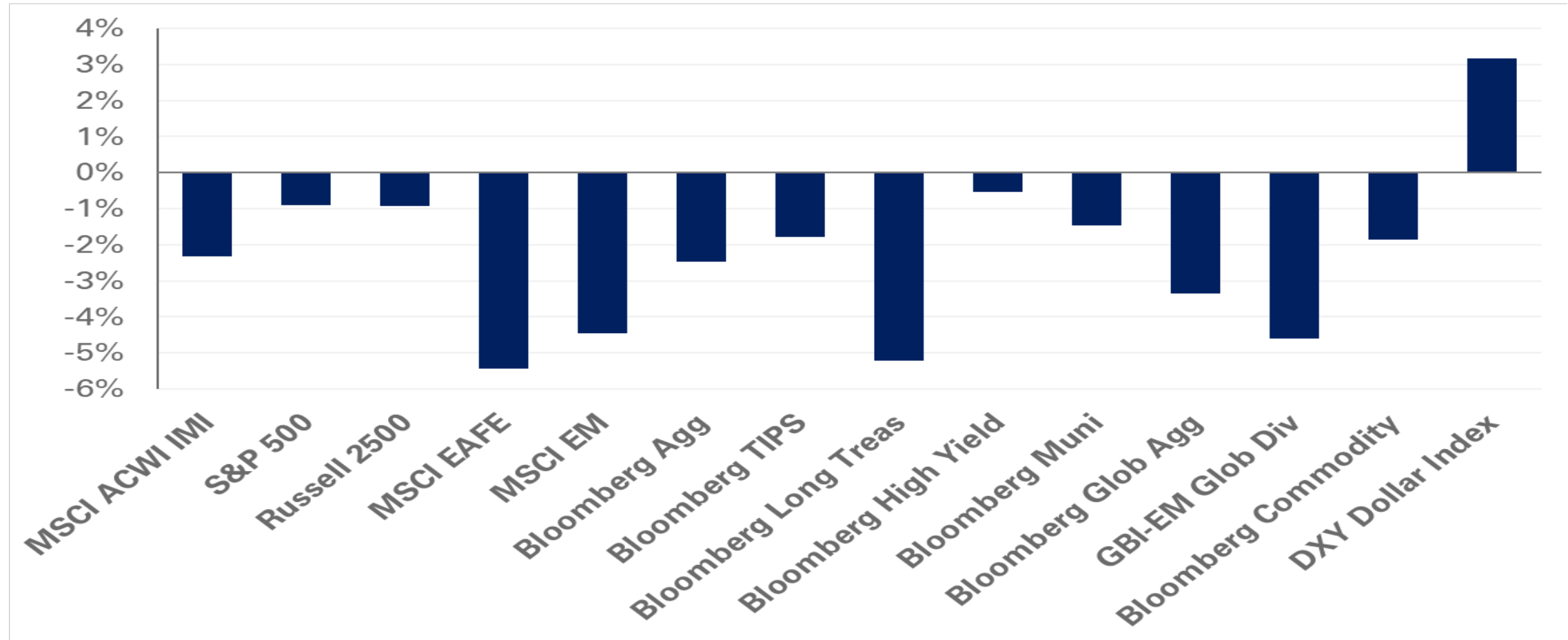
Real Assets						
	Oct-24	YTD	1 YR	3 YR	5 YR	10 YR
BBG Commodity	-1.9%	3.9%	-1.2%	2.1%	7.0%	-0.1%
Alerian Midstream Index	5.7%	34.6%	43.7%	20.5%	16.0%	5.3%
NAREIT Composite Index	-3.7%	9.8%	33.7%	-0.3%	3.7%	6.5%



Source: S&P, MSCI, Russell, Bloomberg, JPM, Alerian, FTSE, FactSet

MARKETS WERE SPOOKED IN OCTOBER

OCTOBER MONTHLY TOTAL RETURNS



Sources: MSCI, S&P, Russell, Bloomberg, JP Morgan, FactSet



STOCK-BOND CORRELATION STRIKES BACK

30-DAY ROLLING CORRELATION OF S&P 500 AND 10-YEAR YIELD



Sources: S&P, FactSet, NEPC



KEY POLICY NOTES UNDER A TRUMP PRESIDENCY



Trade Policy: Tariffs on U.S. imports likely to have a muted economic impact; restricting the flow of goods across borders poses risks for the global economy



Immigration Policy: Net international migration has powered the labor market in recent years and a more restrictive policy limiting labor supply brings longer-term inflationary effects



Regulatory Framework: Pairing back the regulatory burden for small businesses and the financial industry is broadly a net benefit to economic growth and capital markets activity



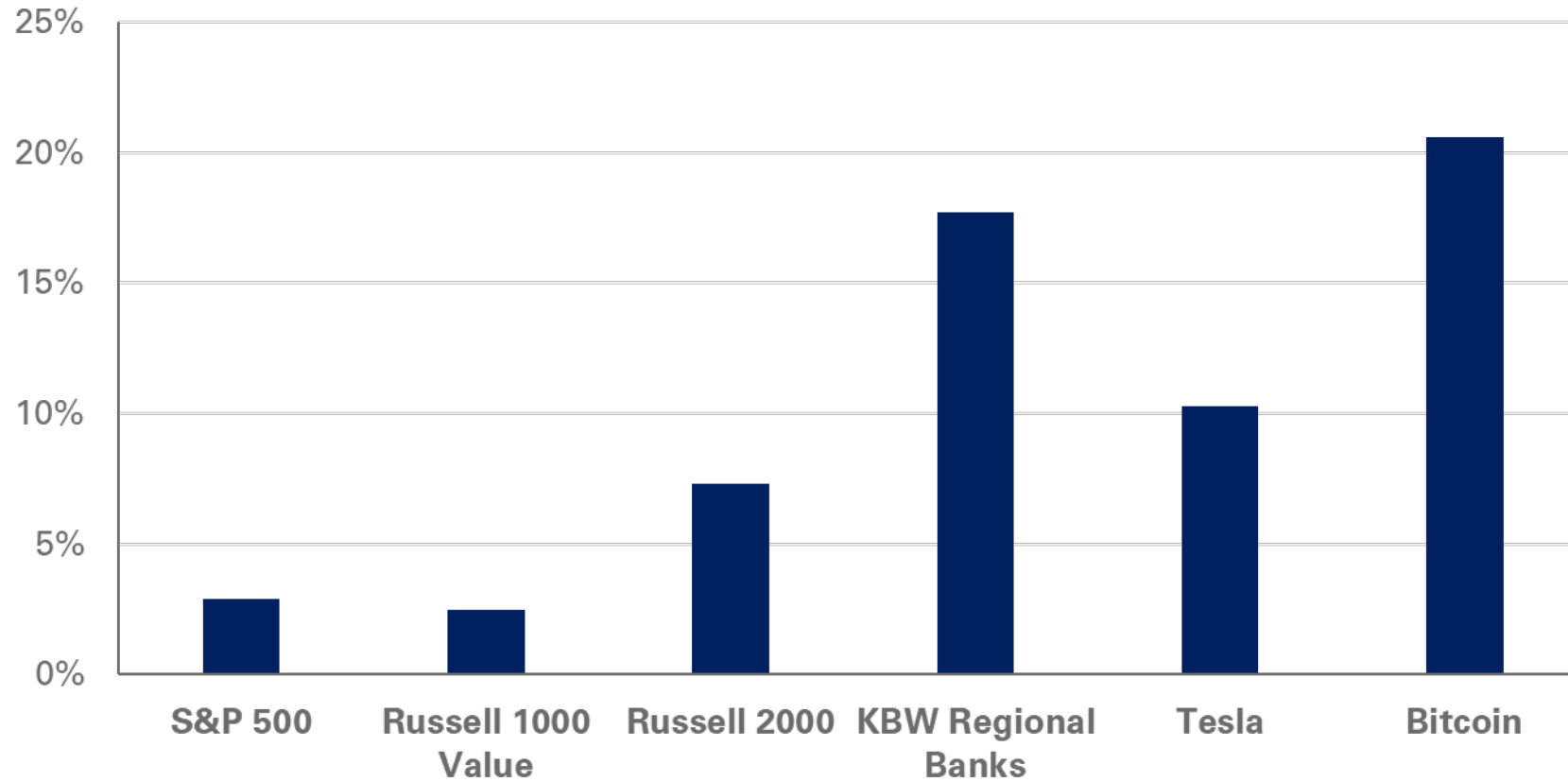
Tax and Fiscal Policy: Tax cuts are top priority for Congress with fiscal deficits likely to remain. Deficit spending does not pose an immediate risk for markets, but hard choices are needed over time



Federal Reserve Oversight: The Fed is likely to continue on a rate cutting path in 2025, but we may see more questions on policy independence and the role of the Fed chair

THE “TRUMP TRADE” FLOWED THROUGH MARKETS

PRICE RETURNS

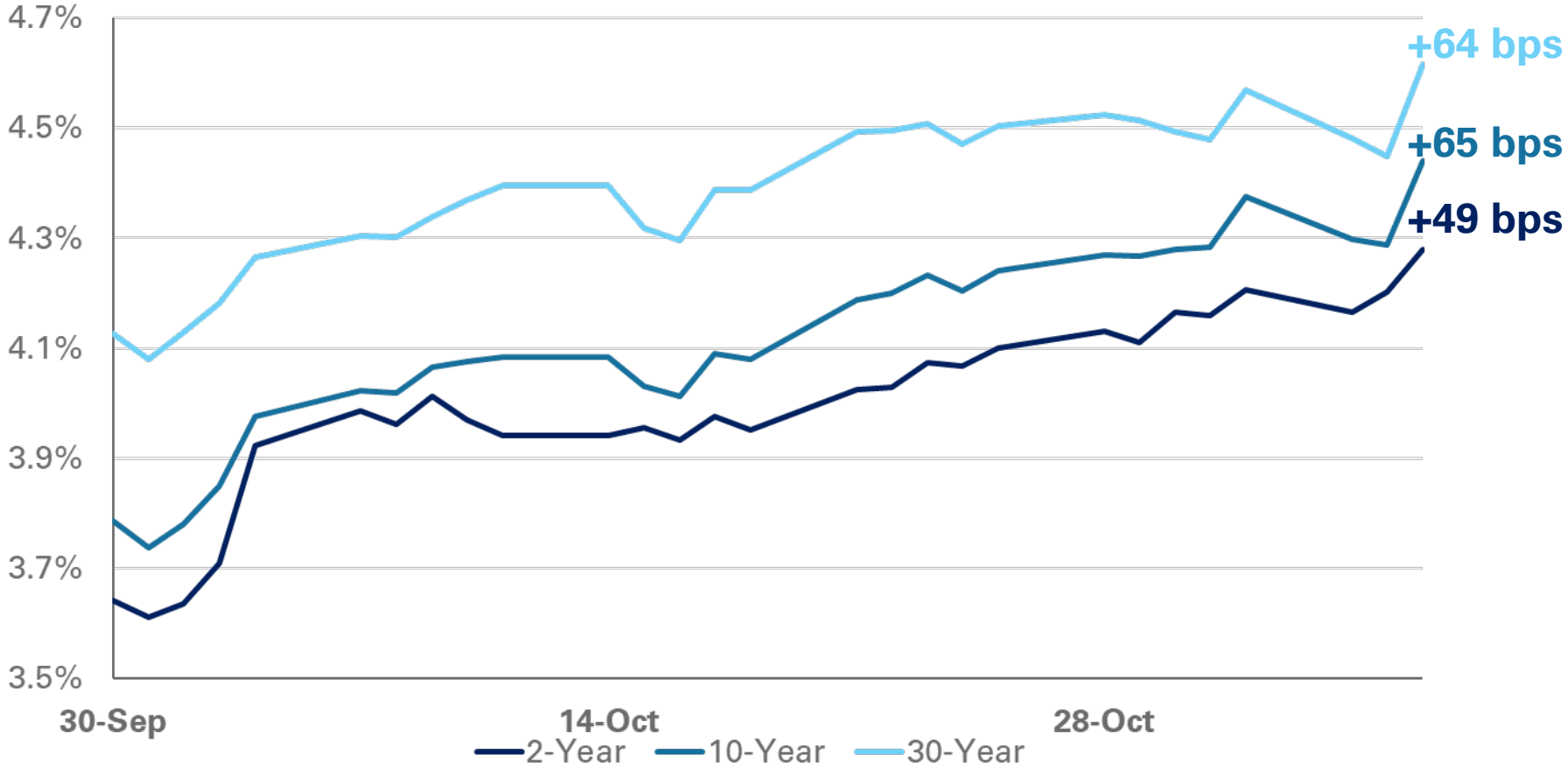


Notes: Returns September 30th, 2024 – November 6th, 2024
Sources: S&P, Russell, NASDAQ, Bloomberg, FactSet



RATES PRICED IN HIGHER GROWTH & INFLATION

CHANGE IN YIELDS SINCE OCTOBER

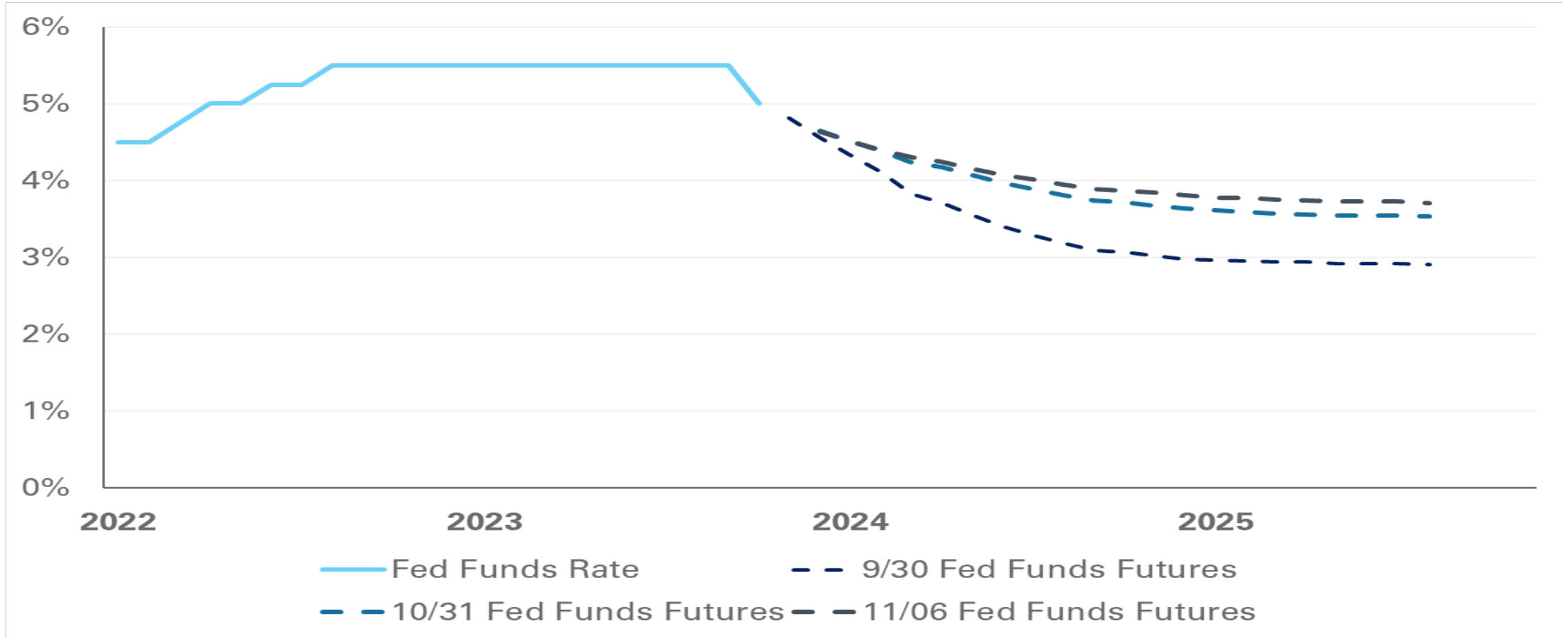


Note: Reflects change in yields September 30, 2024 to November 6, 2024
Source: FactSet



MARKETS HAVE REPRICED THE 2025 FED PATH

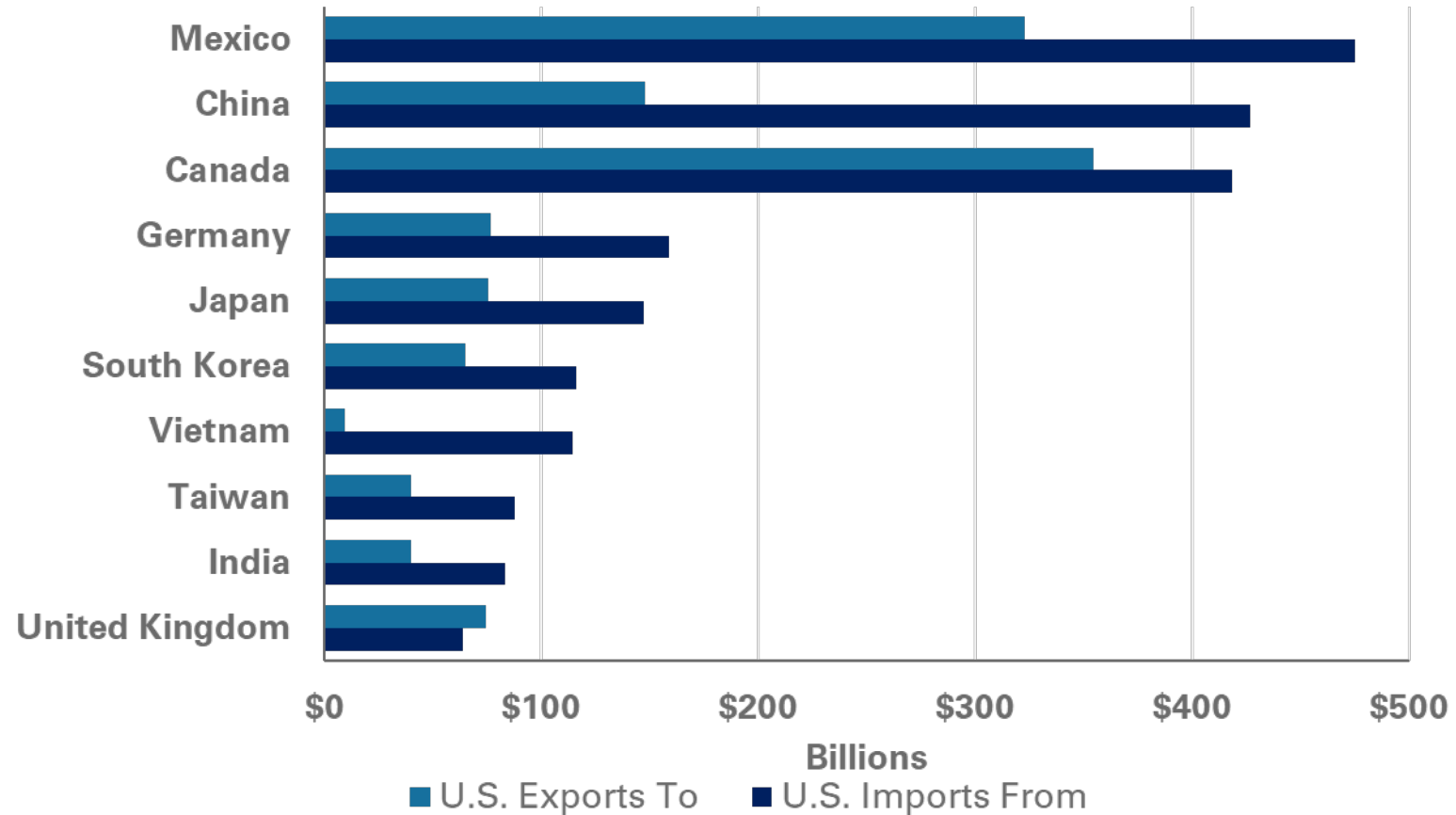
FED FUNDS FUTURES



Source: FactSet

TARIFFS LIKELY AN EARLY POLICY PRIORITY

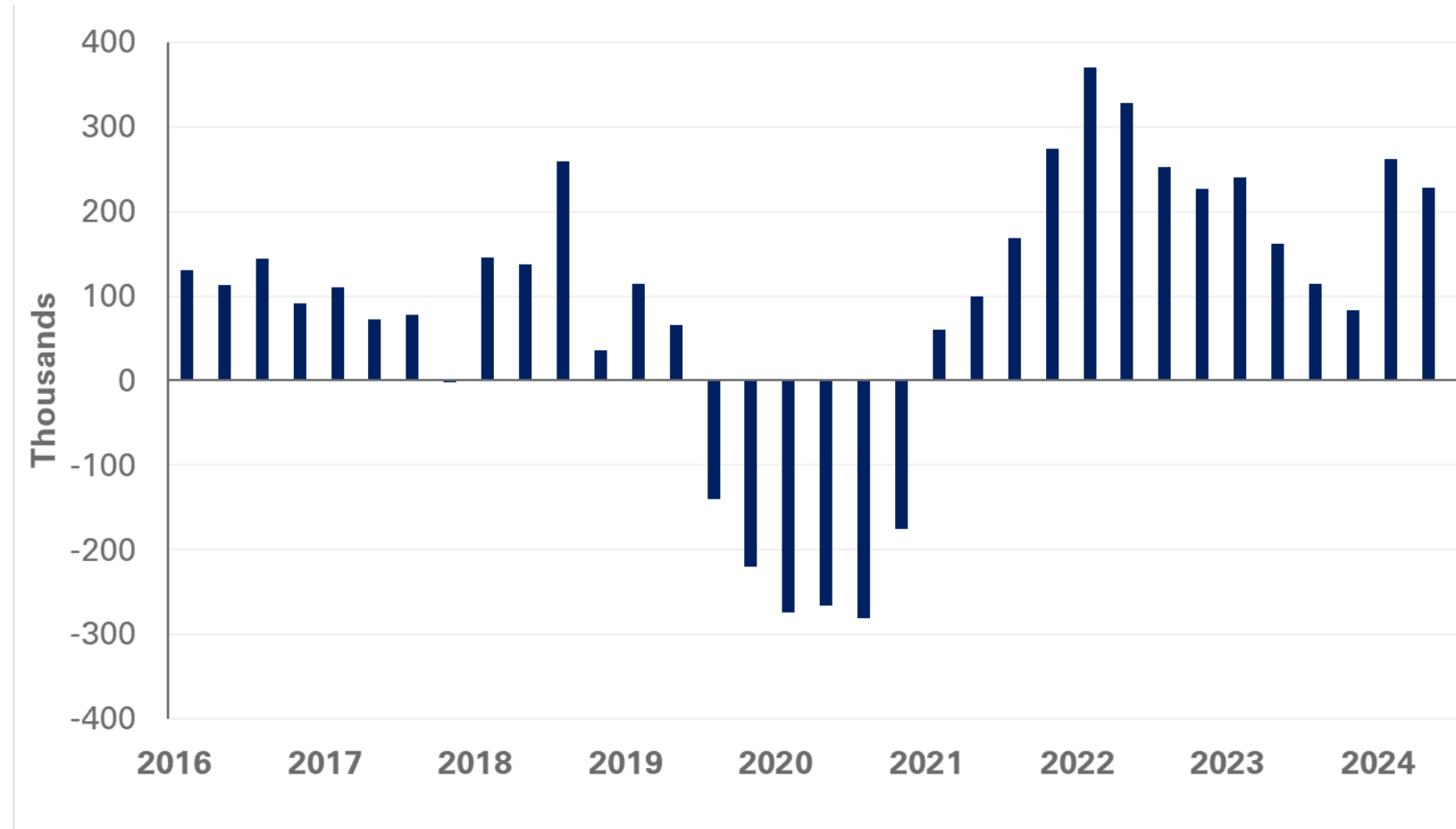
TOP 10 U.S. TRADE PARTNERS



Sources: U.S. Census Bureau, FactSet

LABOR SUPPLY SENSITIVE TO IMMIGRATION POLICY

FOREIGN-BORN WORKERS ADDED TO THE LABOR FORCE

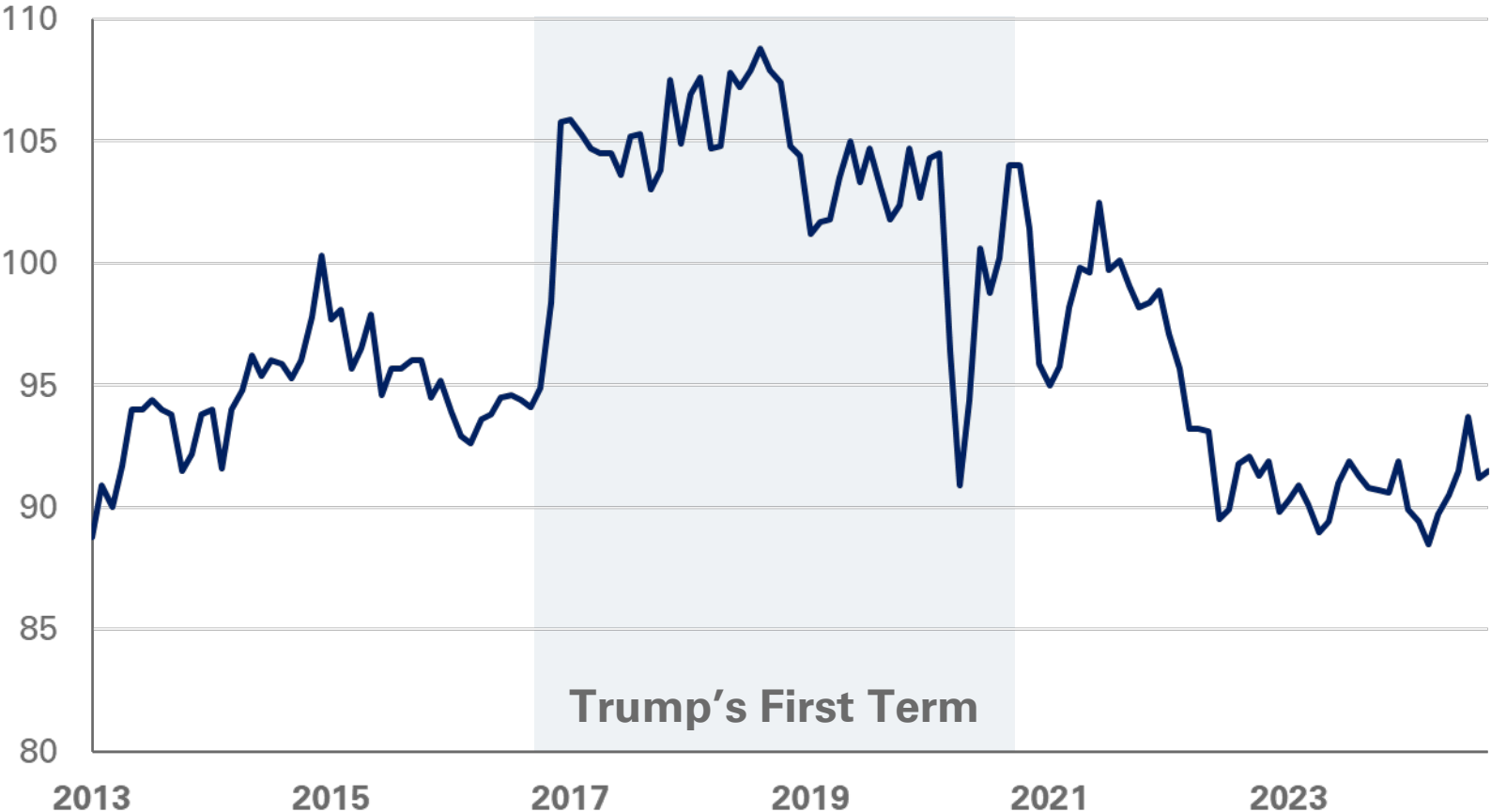


Note: Data reflects trailing three month moving average change in workers ages 25-54 using non-seasonally adjusted data. Foreign-born workers are those who reside in the U.S. but were not citizens at birth. They include legally-admitted and undocumented immigrants, refugees, and temporary residents.
Sources: U.S. Department of Labor, FactSet



SMALL BUSINESSES REACTIVE TO REGULATION

NFIB SMALL BUSINESS OPTIMISM INDEX



Note: Shaded area reflects Trump's first term
Sources: National Federation of Independent Businesses, FactSet



APPENDIX



INFORMATION DISCLAIMER

Past performance is no guarantee of future results.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

FY24 Gift Report

Primary Philanthropic Partner	3,223,125.98
The Fund for the Boston Public Library	3,223,125.98
Affiliates	1,125,472.71
The Associates of the Boston Public Library	1,115,222.71
CityWide Friends	10,250.00
Other	100,082.79
Boston Red Sox (game tickets)	73,450.00
Community Foundation of New Jersey	1,000.00
In honor of Constanze Kirmse	1,000.00
Estate-Miltiades Karamchedis	11,900.00
Ruth Perry	5,000.00
Donation Boxes	4,677.03
Miscellaneous	3,055.76

Branch Friend Groups	6,790.00
Friends of Brighton	225.00
Friends of Charlestown	250.00
Friends of Codman Square	670.00
Friends of Egleston	400.00
Friends of Honan-Allston	400.00
Friends of Lower Mills	400.00
Friends of North End	50.00
Friends of Parker Hill	2,800.00
Friends of Roslindale	625.00
Friends of South Boston	750.00
Friends of West End	220.00
TOTAL	4,455,471.48

APPROVAL OF VOTES

Emily Tokarczyk, Chief Financial Officer

A. Mattapan Façade Repair

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston approve the contract with Ace Restoration Company Inc. of 155 Mill Street, Natick, MA 01760 for the amount not to exceed Fifty-Three Thousand Three Hundred Eighty-Six Dollars and Zero Cents (\$53, 386.00) to repair the front façade of the Mattapan Branch Library.”

RECOMMENDATION VOTES

Emily Tokarczyk, Chief Financial Officer

A. Foreign ACH/Wire Transfers

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston recommend the Board of Trustees approve the use of foreign ACH/wire transfers to purchase select items that would be unobtainable through the use of standard payment methods. Foreign ACH or wire transfer option would include the following controls:

- * Only utilized when all standard methods have been exhausted*
- * Only utilized with vendors/auction houses deemed reputable*
- * Requires electronic approval by three senior managers (excluding requesting personnel)”*

RECOMMENDATION VOTES

Emily Tokarczyk, Chief Financial Officer

B. Fleet of BPL Vehicles

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston recommend the Board of Trustees approve the contract for the BPL fleet of vehicles as discussed and agreed upon.”

New Business

**BOSTON
PUBLIC
LIBRARY**



* *November Meeting time change*

Public Comment

**BOSTON
PUBLIC
LIBRARY**



- People will be chosen in the order they were received and allowed 2 minutes to speak.
- The Moderator will unmute your mic when you are called on.
- Comments made in chat during meeting will not be acknowledged.
- If follow up is required, please send your contact email or phone number to the Clerk of the Board at pcarver@bpl.org

Adjournment

**BOSTON
PUBLIC
LIBRARY**



- **Next Committee meeting is scheduled for 1.14.24
Please check the BPL website for details/changes*