

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.

F&A COMMITTEE

John Hailer, Committee Member

- Roll Call of Committee Members
- Approval of Meeting Minutes from September 20, 2022
- Review of Contracts

**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

APPROVAL OF CONTRACTS

ELLEN DONAGHEY, CHIEF FINANCIAL OFFICER

A. Vote to Approve Communications Consultant

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston vote to approve up to but not exceed, Twenty Thousand Dollars and Zero Cents (\$20,000) for Natasha Fee, 77 Danforth Street, #7, Portland, ME 04101 for communications assistance.”

B. Vote to Approve Contract with Digital Commonwealth for Educational Fellowship Program

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston approve a contract not to exceed Ninety Thousand Dollars and Zero Cents(\$90,000) with Digital Commonwealth to create an Educational Fellowship Program to conduct a range of activities to increase educational engagement with Digital Collections, pending approval of a grant from the Massachusetts Board of Library Commissioners.”

C. Vote to Approve Employee Contract Extension with Kurt Mansperger

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston approve an employee agreement extension with Kurt Mansperger of 86 Lake Attitash Road, Amesbury, MA 01913 not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000) to cover technical responsibilities for the Web Services Manager and other projects as needed.”

DELEGATION OF APPROVAL

A. Newspaper Image Processing Project

Ellen Donaghey, Chief Financial Officer and Eben English, Manager of Digital Services

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston recommend that the Board of Trustees delegate the award of contract for the Newspaper Image Processing project not to exceed Two Hundred Thousand Dollars and Zero Cents (\$200,000) to the Finance and Audit Committee. This contract is to provide public access and long-term preservation of digitized newspapers and will be funded with Library for the Commonwealth Funding.”

B. Discussion of Research Collection RFP

Ellen Donaghey, Chief Financial Officer and Beth Prindle, Head of Special Collections



**BOSTON
PUBLIC
LIBRARY**

MARKET AND PORTFOLIO UPDATE

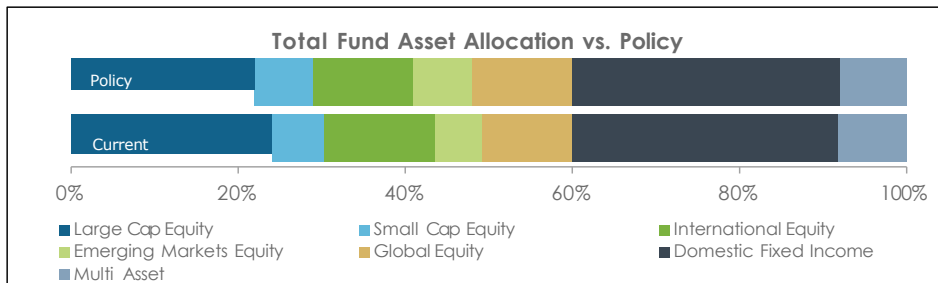
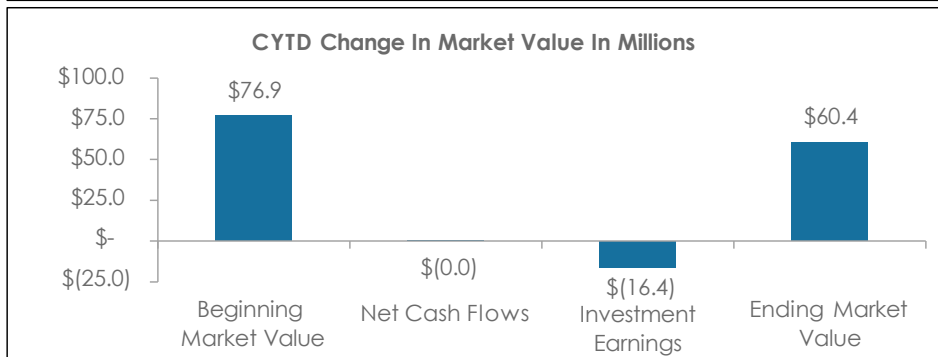
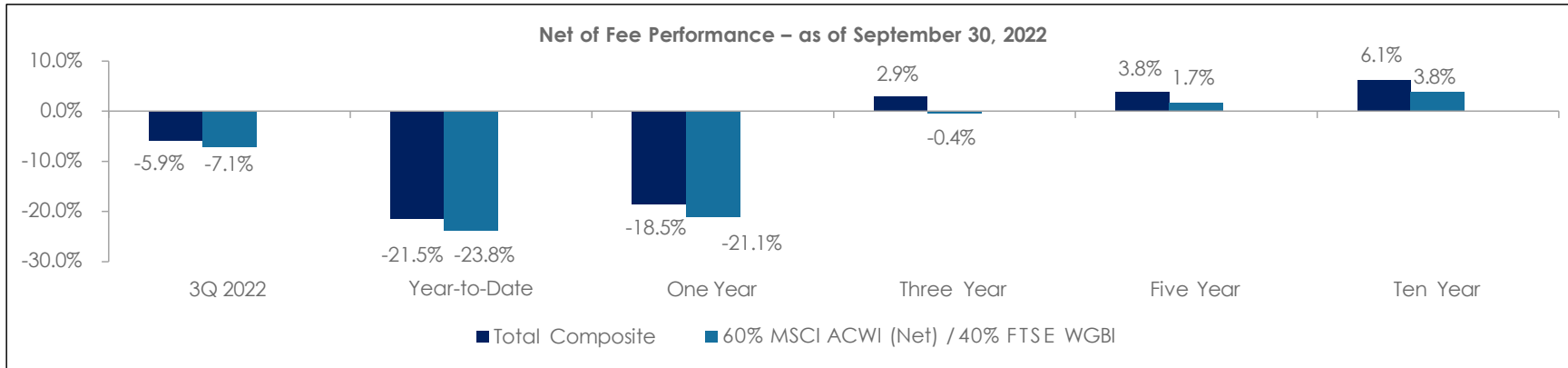
BOSTON PUBLIC LIBRARY ENDING SEPTEMBER 30,
2022

Sebastian Grzejka, CAIA, Principal
Alexandra Sollers, CFA, Sr. Consulting Specialist



TOTAL FUND EXECUTIVE SUMMARY

Boston Public Library



Overview of Portfolio and Considerations

- Asset Allocation**
 - The Fund is generally in line with long term targets, and we do not recommend changes currently
 - NEPC will provide an update asset allocation review in early 2023
- Performance**
 - Long term performance is strong on both an absolute and relative basis
 - Third quarter performance has been impacted by recent market volatility, however, active management was generally additive on a relative basis
- Portfolio Updates**
 - NEPC will discuss potential investment opportunities in value and credit at a future meeting





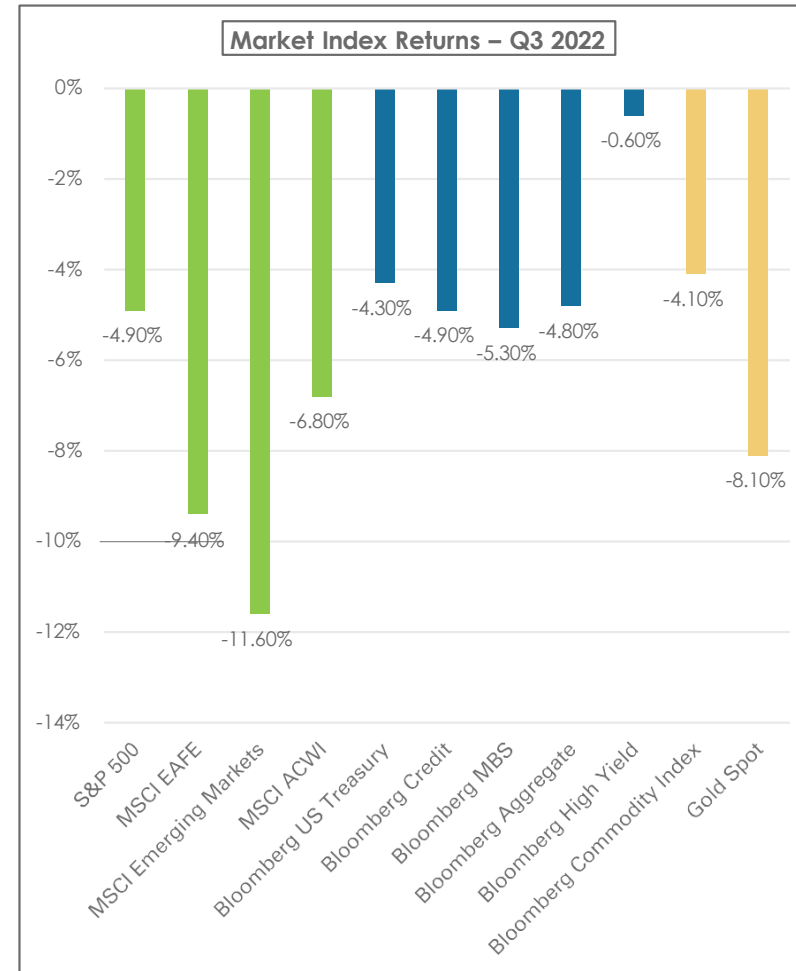
MARKET UPDATE



PROPRIETARY & CONFIDENTIAL

QUARTER IN REVIEW – Q3 2022

- **Capital markets ended the third quarter negative, as a result of continued geopolitical havoc, high inflation and further rate hikes**
 - Fixed income markets experienced negative returns following the increase in interest rates
 - The Federal Reserve raised the Fed Funds rate by 75 basis points in September
- **Global equity markets, as measured by the MSCI ACWI, returned -6.8% for the quarter**
 - International developed and emerging market equities underperformed U.S. stocks
- **Bond markets generally declined, driven by persistent inflation and tighter monetary policy**
 - Bloomberg Aggregate Index returned -4.8%
- **Commodities fell during the quarter as markets struggled with supply chain disruptions and higher inflation**



TRAILING ANNUAL INDEX PERFORMANCE

Equity							
	Sep-22	Q3	YTD	1 YR	3 YR	5 YR	10 YR
MSCI ACWI	-9.6%	-6.8%	-25.6%	-20.7%	3.7%	4.4%	7.3%
S&P 500	-9.2%	-4.9%	-23.9%	-15.5%	8.2%	9.2%	11.7%
Russell 1000	-9.3%	-4.6%	-24.6%	-17.2%	7.9%	9.0%	11.6%
Russell 2000	-9.6%	-2.2%	-25.1%	-23.5%	4.3%	3.6%	8.6%
Russell 2500	-9.5%	-2.8%	-24.0%	-21.1%	5.4%	5.5%	9.6%
MSCI EAFE	-9.4%	-9.4%	-27.1%	-25.1%	-1.8%	-0.8%	3.7%
MSCI EM	-11.7%	-11.6%	-27.2%	-28.1%	-2.1%	-1.8%	1.0%

Credit							
	Sep-22	Q3	YTD	1 YR	3 YR	5 YR	10 YR
BBG Global Agg	-5.1%	-6.9%	-19.9%	-20.4%	-5.7%	-2.3%	-0.9%
BBG US Agg	-4.3%	-4.8%	-14.6%	-14.6%	-3.3%	-0.3%	0.9%
BBG Credit	-5.1%	-4.9%	-18.1%	-17.9%	-3.6%	0.0%	1.6%
BBG US HY	-4.0%	-0.6%	-14.7%	-14.1%	-0.5%	1.6%	3.9%
BBG Muni	-3.8%	-3.5%	-12.1%	-11.5%	-1.9%	0.6%	1.8%
BBG Muni HY	-6.2%	-4.8%	-16.0%	-15.1%	-1.4%	2.3%	3.5%
BBG TIPS	-6.6%	-5.1%	-13.6%	-11.6%	0.8%	2.0%	1.0%
BBG 20+ STRIPS	-10.6%	-13.1%	-38.1%	-34.8%	-11.9%	-2.5%	0.6%
BBG Long Treasuries	-7.9%	-9.6%	-28.8%	-26.6%	-8.5%	-1.6%	0.6%
BBG Long Credit	-8.6%	-8.6%	-29.1%	-28.0%	-7.0%	-1.2%	1.7%
BBG Govt/Credit 1-3 Yr	-1.2%	-1.5%	-4.5%	-5.1%	-0.4%	0.7%	0.8%
JPM EMBI Glob Div	-6.4%	-4.6%	-23.9%	-24.3%	-7.2%	-2.6%	1.1%
JPM GBI-EM Glob Div	-4.9%	-4.7%	-18.6%	-20.6%	-7.1%	-3.9%	-2.4%

Real Assets							
	Sep-22	Q3	YTD	1 YR	3 YR	5 YR	10 YR
BBG Commodity	-8.1%	-4.1%	13.6%	11.8%	13.5%	7.0%	-2.1%
Alerian Midstream Index	-9.9%	-1.0%	12.1%	11.7%	6.7%	5.0%	-
NAREIT Composite Index	-13.2%	-11.2%	-28.2%	-17.2%	-1.7%	3.5%	6.5%

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



KEY THEMES FOR INVESTORS

Stagflation dynamics pose a challenge to portfolio diversification and represent a headwind for equity valuations and profit margins

The path of U.S. corporate earnings do not reflect material weakness for 2023 despite the tightening monetary policy environment

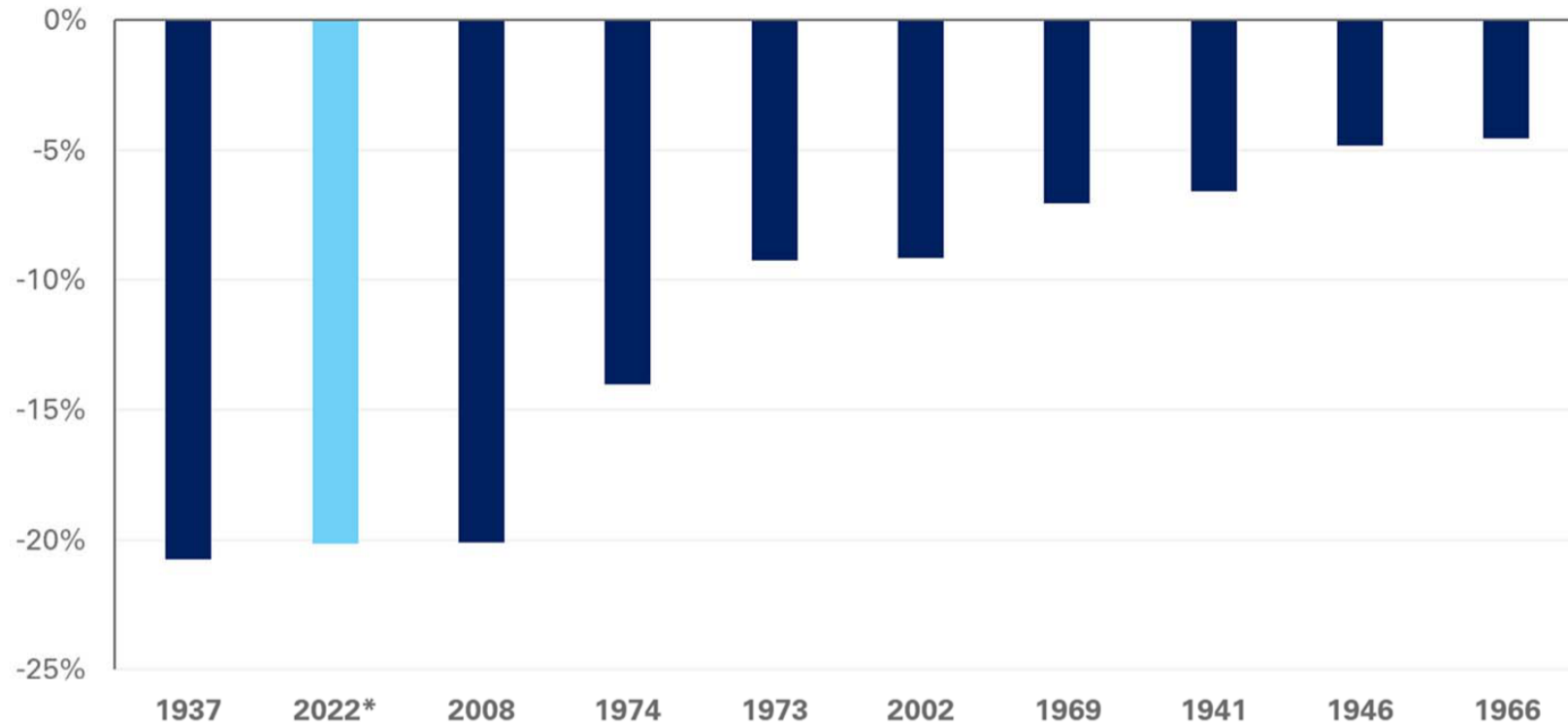
Europe's economy is exposed to an energy shock as its infrastructure undergoes an emergency transplant to pivot from Russian energy

China's zero-COVID policy has global supply chain implications and continues to dampen consumer spending and industrial activity

U.S. Dollar strength reveals risks in the global financial system and will continue to pressure weaker markets, companies and nations

60/40 PORTFOLIO ON TRACK FOR WORST YEAR

WORST ANNUAL RETURNS: 60/40 PORTFOLIO

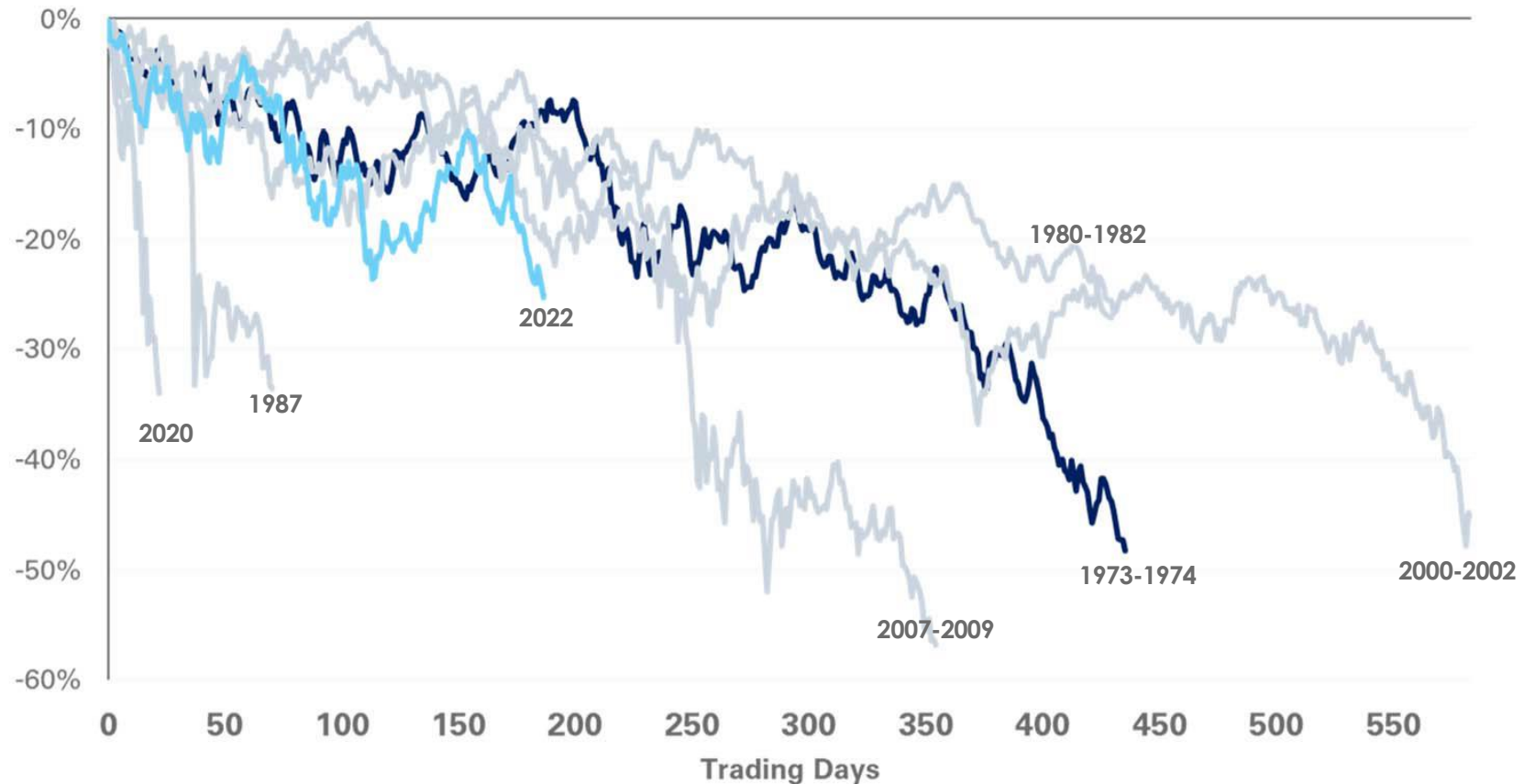


60/40 Portfolio represents 60% S&P 500 and 40% U.S. Aggregate Bonds (post 1975) and 40% Treasury (prior to 1974)
Data calculated from 12/31/1936; 2022 represents returns through the first nine months of the year
Source: S&P, Bloomberg, FactSet



THE BEAR MARKET IS TRENDING WITH THE PAST

HISTORICAL S&P 500 BEAR MARKET PATHS RELATIVE TO TODAY

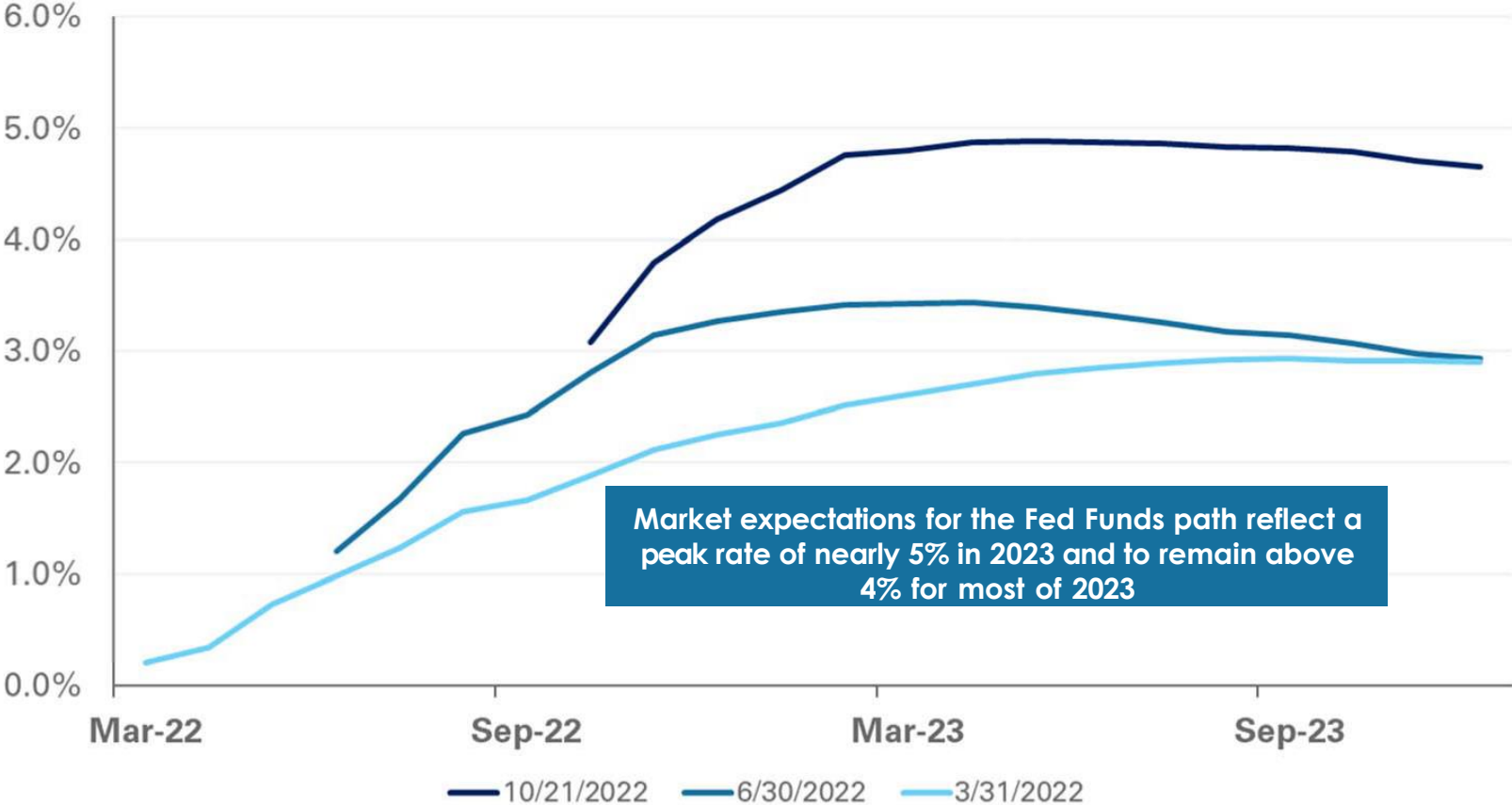


Sources: S&P, FactSet, NEPC



FED FUNDS EXPECTATIONS CONTINUE TO RISE

FEDERAL FUNDS FUTURES

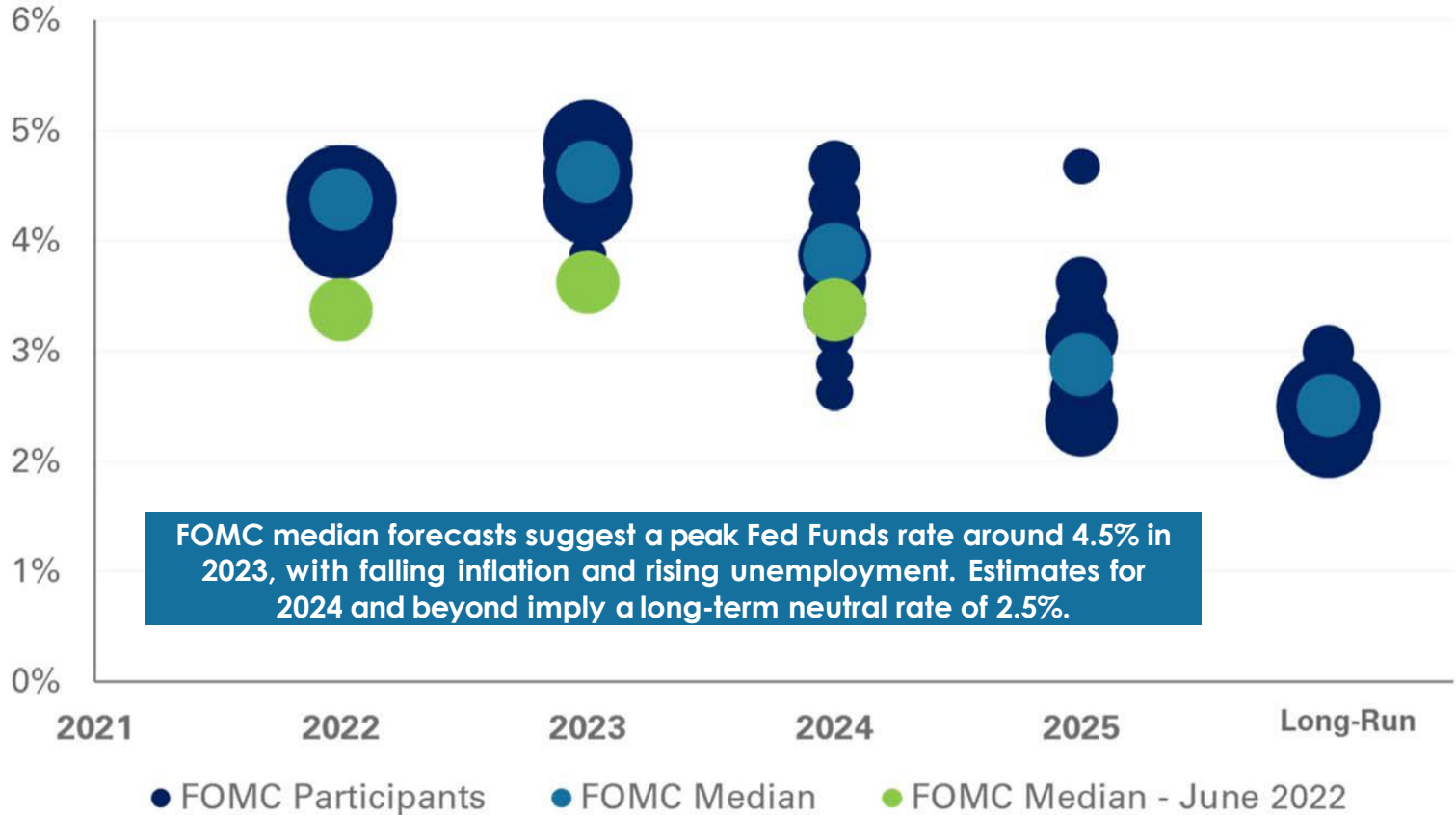


Source: FactSet



FOMC PROJECTS LOWER RATES IN 2024

FOMC DOT PLOT PROJECTIONS



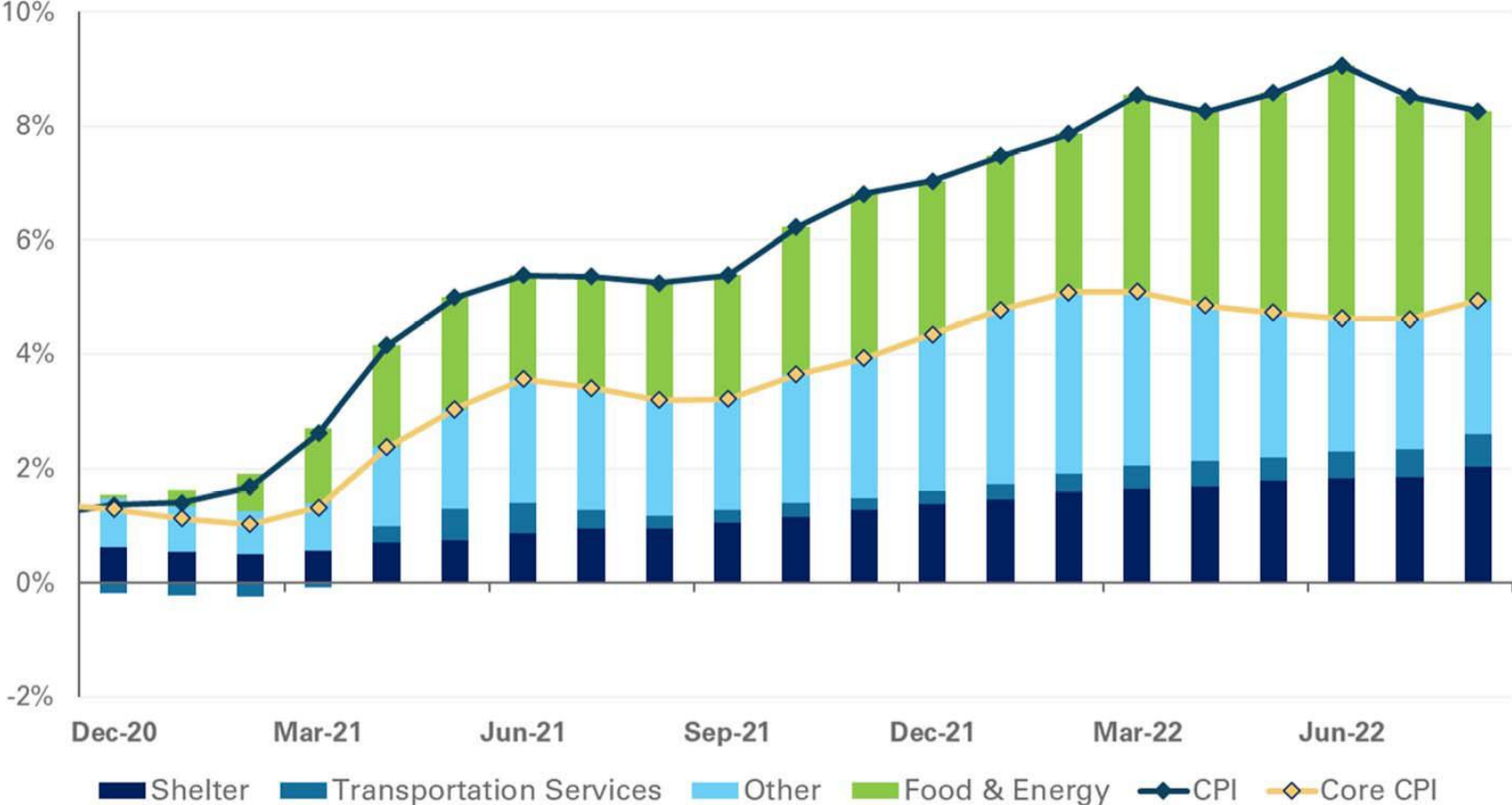
FOMC median forecasts suggest a peak Fed Funds rate around 4.5% in 2023, with falling inflation and rising unemployment. Estimates for 2024 and beyond imply a long-term neutral rate of 2.5%.



Source: Federal Reserve

CORE INFLATION INCREASED DURING THE QUARTER

ANNUAL U.S. CPI-U CHANGES



Source: Department of Labor, FactSet



INFLATION AND FED FUNDS NEED TO CONVERGE

HISTORICAL RELATIONSHIP BETWEEN FED FUNDS AND INFLATION



Sources: U.S. Department of Labor, Federal Reserve, FactSet



DOLLAR STRENGTH IS NEAR 20 YEAR HIGH

THE U.S. DOLLAR INDEX



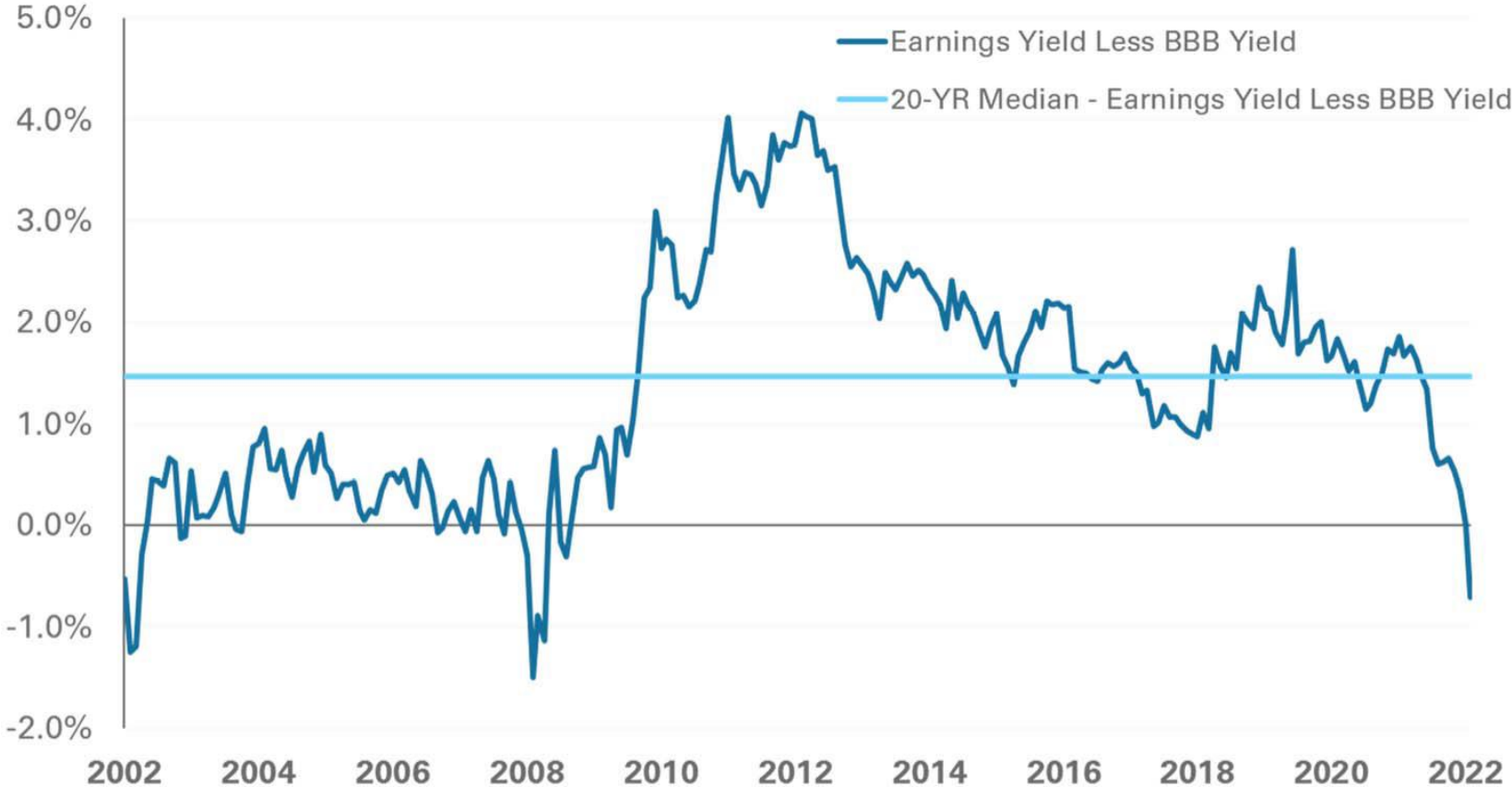
U.S. Dollar Index represents the value of the U.S. Dollar relative to the currencies of major trade partners. The Euro, Japanese Yen, Pound Sterling, and Canadian Dollar represent the largest weights within the Index.

Source: FactSet



EQUITY LOOKS LESS ATTRACTIVE VS CREDIT

S&P 500 EARNINGS YIELD LESS BBB BOND YIELD



Sources: S&P, FactSet, NEPC



SHORT-TERM BOND YIELDS ARE COMPELLING



Sources: Bloomberg, FactSet



PORTFOLIO POSITIONING VIEWS

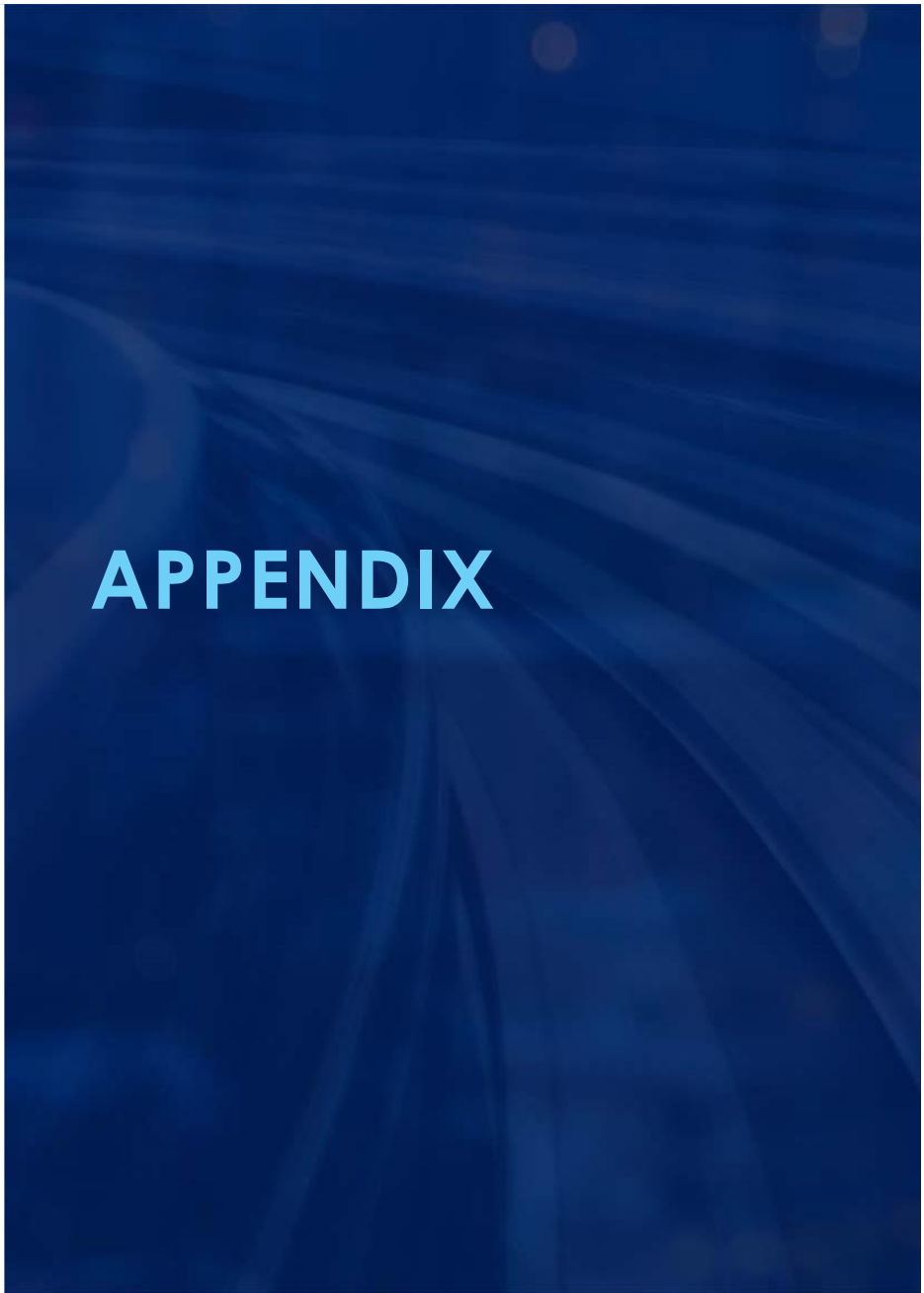
Maintain an **underweight equity posture** due to concerns related to the path of corporate earnings and stagflation growth dynamics

Our **conviction remains high** regarding the addition of value exposure to U.S. large-cap equity and the use of active global equity strategies

Despite the challenging environment, **we encourage maintaining adequate portfolio duration** with safe-haven fixed income exposure

Look to **build exposure to short-term investment grade credit** as higher yields boost our outlook relative to risk assets



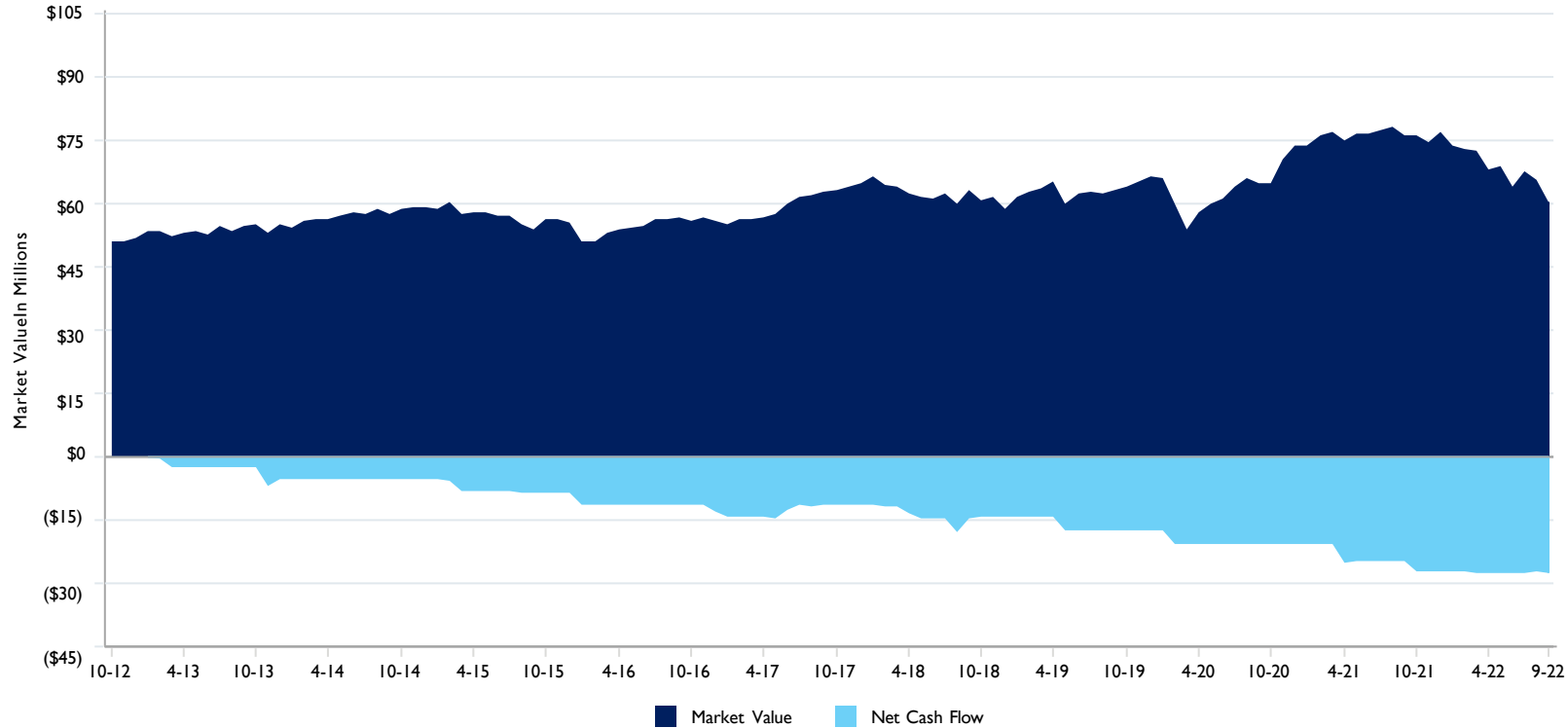


APPENDIX



TOTAL FUND ASSET GROWTH SUMMARY

10 Years Ending September 30, 2022

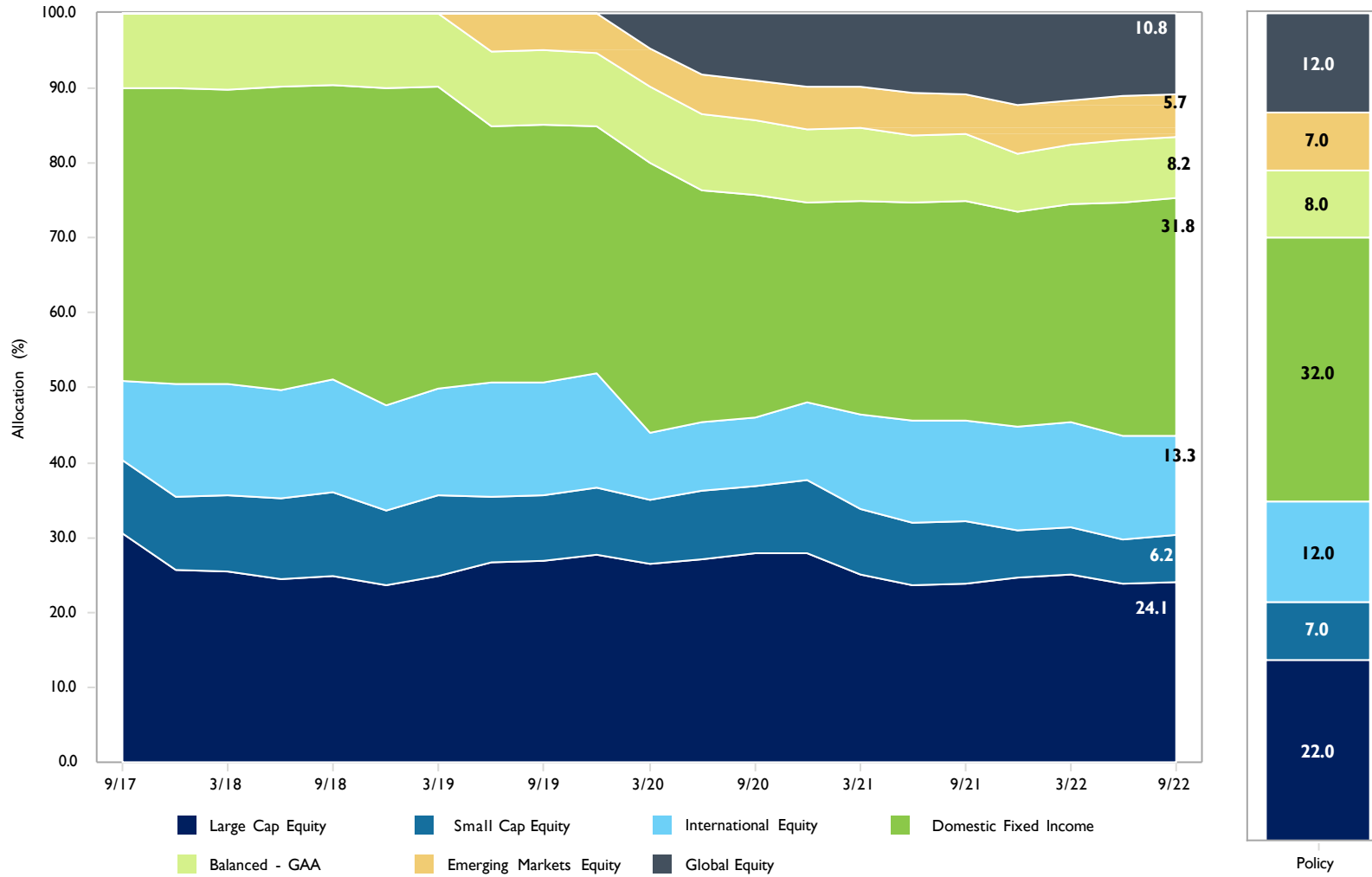


	Last Three Months	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Beginning Market Value	64,166,103	76,862,501	76,252,895	63,113,231	62,670,741	54,038,299	51,020,362
Net Cash Flow	4,311	-40,261	-2,447,080	-9,846,041	-15,875,367	-19,051,643	-27,376,070
Net Investment Change	-3,784,819	-16,436,646	-13,420,220	7,118,405	13,590,221	25,398,938	36,741,303
Ending Market Value	60,385,595	60,385,595	60,385,595	60,385,595	60,385,595	60,385,595	60,385,595
Net Change	-3,780,509	-16,476,906	-15,867,300	-2,727,636	-2,285,146	6,347,296	9,365,233



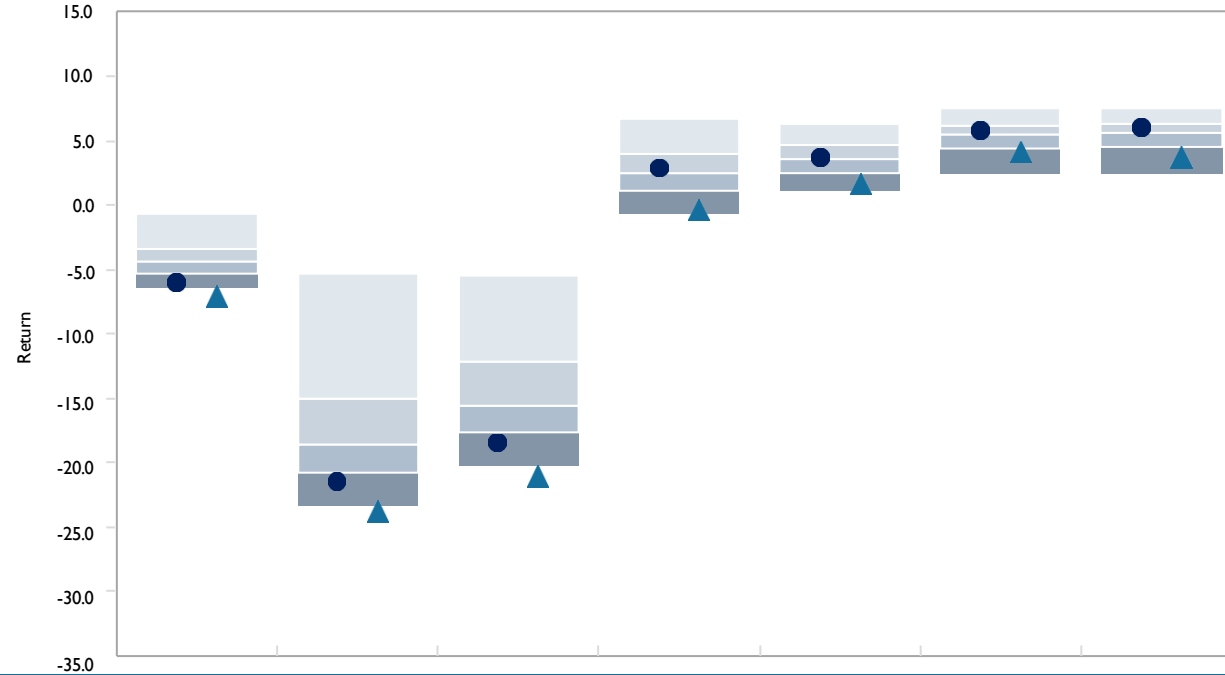
TOTAL FUND ASSET ALLOCATION HISTORY

5 Years Asset Allocation History



TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

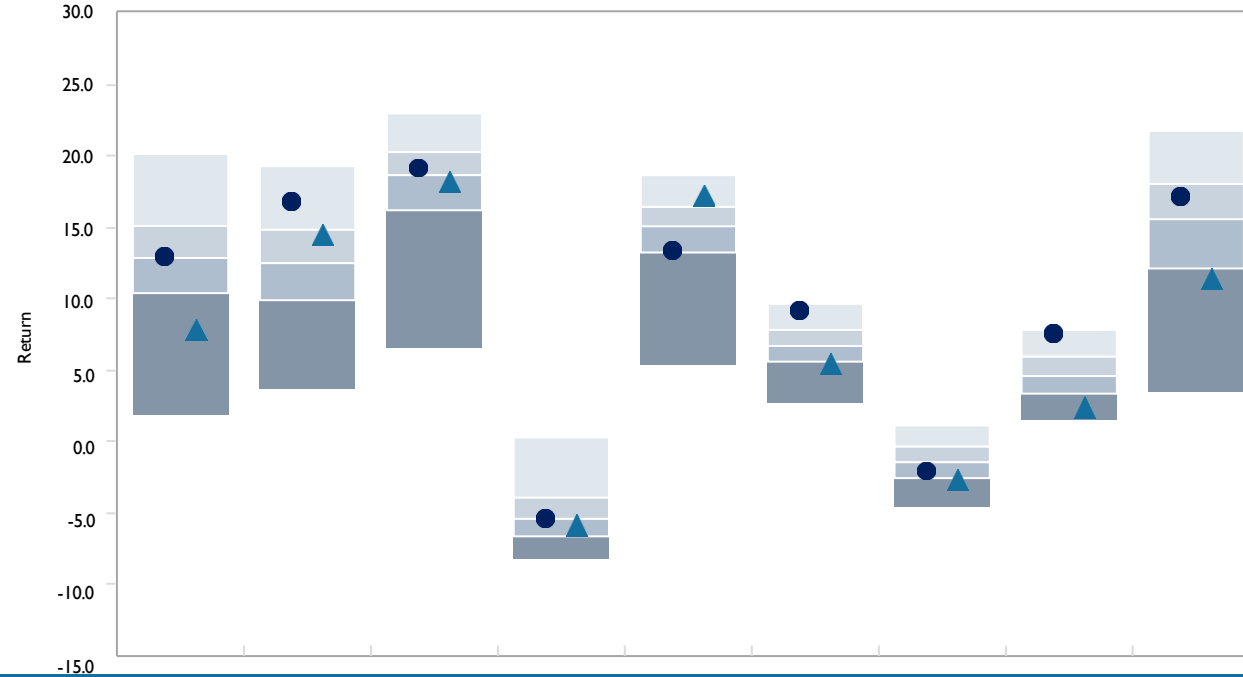
Composite vs. All Endowment&Foundation-Total Fund



	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Years
● Composite	-5.9 (89)	-21.5 (84)	-18.5 (86)	2.9 (43)	3.8 (44)	5.8 (41)	6.1 (33)
▲ 60% MSCI ACWI (Net) / 40% FTSE WGBI	-7.1 (100)	-23.8 (97)	-21.1 (98)	-0.4 (95)	1.7 (90)	4.1 (83)	3.8 (85)
5th Percentile	-0.6	-5.3	-5.4	6.7	6.4	7.5	7.6
1st Quartile	-3.3	-15.1	-12.1	4.0	4.7	6.3	6.4
Median	-4.4	-18.6	-15.5	2.5	3.6	5.5	5.6
3rd Quartile	-5.3	-20.8	-17.6	1.1	2.5	4.5	4.7
95th Percentile	-6.4	-23.4	-20.3	-0.6	1.1	2.5	2.5
Population	526	515	504	473	446	401	326

TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

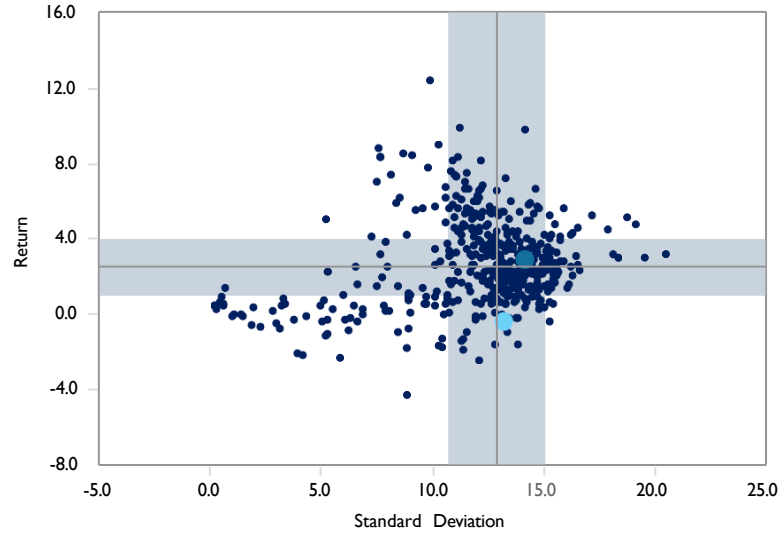
Composite vs. All Endowment&Foundation-Total Fund



	2021	2020	2019	2018	2017	2016	2015	2014	2013
● Composite	13.0 (50)	16.8 (13)	19.1 (44)	-5.4 (50)	13.3 (75)	9.1 (8)	-2.1 (66)	7.6 (7)	17.2 (32)
p 60% MSCI ACWI (Net) / 40% FTSE WGBI	7.8 (87)	14.5 (28)	18.2 (56)	-5.8 (59)	17.1 (16)	5.5 (77)	-2.6 (76)	2.3 (90)	11.4 (79)
5th Percentile	20.1	19.3	23.0	0.2	18.6	9.6	1.2	7.9	21.7
1st Quartile	15.1	14.8	20.3	-3.9	16.4	7.8	-0.3	5.9	18.0
Median	12.9	12.5	18.6	-5.4	15.1	6.7	-1.5	4.6	15.6
3rd Quartile	10.4	9.9	16.1	-6.6	13.2	5.6	-2.6	3.4	12.1
95th Percentile	1.9	3.7	6.6	-8.2	5.4	2.8	-4.5	1.5	3.5
Population	1,067	1,283	1,280	1,065	1,017	976	905	865	779

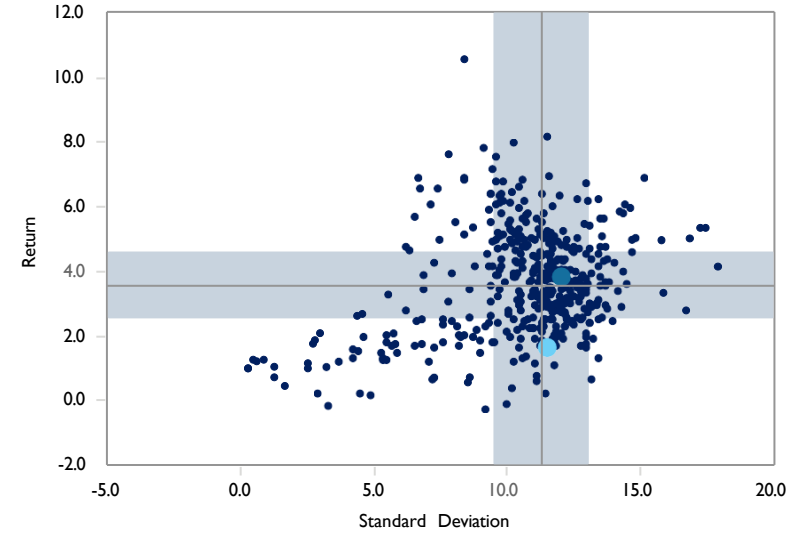
TOTAL FUND RISK/RETURN - 3 AND 5 YEARS

3 Years Ending September 30, 2022



- All Endowment&Foundation-Total Fund
- Composite
- 60% MSCI ACWI (Net) / 40% FTSE WGBI

5 Years Ending September 30, 2022



- All Endowment&Foundation-Total Fund
- Composite
- 60% MSCI ACWI (Net) / 40% FTSE WGBI

3 Years Ending September 30, 2022

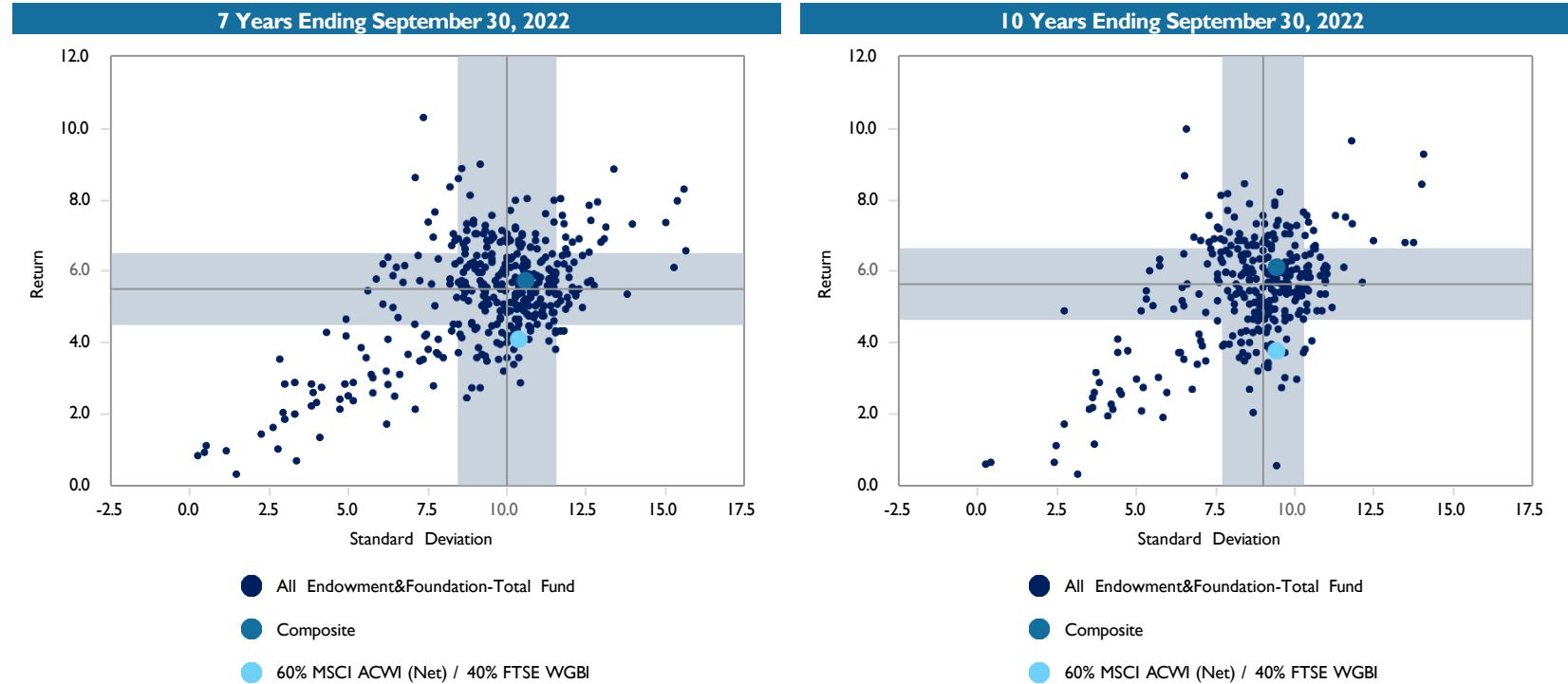
	Return	Standard	
	Deviation	Sharpe	Ratio
Composite	2.9 (43)	14.1 (76)	0.2 (43)
60% MSCI ACWI (Net) / 40% FTSE WGBI	-0.4 (95)	13.2 (58)	0.0 (90)
Allocation Index	1.6 (69)	13.0 (53)	0.1 (70)
Population	473	473	473

5 Years Ending September 30, 2022

	Return	Standard	
	Deviation	Sharpe	Ratio
Composite	3.8 (44)	12.0 (68)	0.3 (47)
60% MSCI ACWI (Net) / 40% FTSE WGBI	1.7 (90)	11.5 (55)	0.1 (92)
Allocation Index	2.8 (68)	11.1 (45)	0.2 (69)
Population	446	446	446



TOTAL FUND RISK/RETURN - 7 AND 10 YEARS



	7 Years Ending September 30, 2022			10 Years Ending September 30, 2022		
	Return	Standard Deviation	Sharpe Ratio	Return	Standard Deviation	Sharpe Ratio
Composite	5.8 (41)	10.6 (65)	0.5 (46)	6.1 (33)	9.4 (65)	0.6 (39)
60% MSCI ACWI (Net) / 40% FTSE WGBI	4.1 (83)	10.4 (60)	0.3 (90)	3.8 (85)	9.4 (65)	0.4 (92)
Allocation Index	4.8 (70)	9.8 (43)	0.4 (66)	5.3 (61)	8.7 (42)	0.6 (53)
Population	401	401	401	326	326	326



INFORMATION DISCLAIMER

Past performance is no guarantee of future results.

The goal of this report is to provide a basis for monitoring financial markets. 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.

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New Business

**BOSTON
PUBLIC
LIBRARY**



John Hailer, Committee Member

Public Comment

**BOSTON
PUBLIC
LIBRARY**



- If follow up is required, please send your contact email or phone number to the Clerk of the Board at pcarver@bpl.org
- 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.

**BOSTON
PUBLIC
LIBRARY**



Adjournment

**2022-2023 Committee Meeting Schedule*

- January 10, 2023, at 8:30 a.m. via Zoom*
- March 14, 2023, at 8:30 a.m. via Zoom*
- May 16, 2023, at 8:30 a.m. via Zoom*

(All dates, times, are subject to change- will be posted to the BPL website/Trustees page)