MINUTES OF BOSTON RETIREMENT BOARD Administrative Session February 25, 2016 Boston Retirement Board, Room 716 Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Michael W. McLaughlin, Elected Member; Michael D. O'Reilly, Elected Member; Thomas V.J. Jackson, Board Member (via conference call); Sally D. Glora, *Ex Officio* Member.

STAFF IN ATTENDANCE: Timothy J. Smyth, Executive Officer; Padraic P. Lydon, General Counsel; Jonathan D. Lucas, Director of Finance & Investments; John Kelly, Investment Analyst; Christine M. Weir, Operations Officer.

ALSO IN ATTENDANCE: Michael Manning, William Forde and Sean Rhumann of NEPC.

Convene

The meeting convened and entered Administrative Session at approximately 10:06 a.m. All in attendance were identified for the record and introductions were made.

Previous Minutes

Motion made, and seconded, to <u>accept</u> the Administrative Session Minutes of January 20, 2016 as presented.

Motion accepted (3-0)

Ms. Glora presented at 10:25 a.m.; Mr. McLaughlin presented at 10:29 a.m.

Outstanding/Ongoing Administrative Issues: Timothy J. Smyth, Executive Officer

PERAC Educational Report Q4 2015

Mr. Smyth asked the Board Members to review their respective portion of the abovementioned report for accuracy.

Sub-committee for RFP Search for Investment Consultant(s)

Mr. Smyth is looking for Board/Executive staff members to volunteer a substantial amount of time as part of a subcommittee in conjunction with the Board's investment consultant RFP.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

2016 Asset Allocation Update

At the January 2016 Board meeting, NEPC recommended that the Board consider eliminating its global bond target of 2% in lieu of other attractive opportunities. NEPC provided three potential asset allocation mixes for the Board's consideration. Each of the three mixes under consideration and being discussed are geared towards return-seeking assets.

It was noted that as the markets have fallen off in 2015, and again during the first seven weeks of 2016, some opportunities have been created, particularly in opportunistic credit and global asset allocation (GAA).

The Board agreed it would be helpful to hear from a couple of our current managers about the status of our current investments with them, and seek an insight into opportunities they are seeing out in the markets now. Mr. Kelly will follow up with NEPC to facilitate having a couple of the Board's current managers in at the March Board meeting.

Private Equity Search Respondents

NEPC provided a preliminary list of respondents to the System's Private Equity search. The scope of this search is to identify a buyout, growth and/or special situation fund(s) to deploy the System's \$60 million 2016 commitment amount. NEPC will provide a more detailed summary of the respondents at the March meeting and encouraged the Board to let NEPC know if there are respondents the Board is particularly interested in.

Updated December 2015 & January 2016 Flash Report

After receiving the 4th quarter RE and PE data the final 2015 return for the total Plan was a negative -0.5%. In January of 2016 the total Plan was down - 3.7%. Small Cap equities were hit the hardest in January down -9.0%.

Q3 Real Estate & Private Equity Reports

NEPC presented the Q3 Real Estate and Private Equity Reports. Real Estate and Private Equity were up 2.9% and 1.8% respectively for the quarter.

Outstanding/Ongoing Financial Issues: Jonathan D. Lucas, Director of Finance PERAC Audit Report 2011-2013

Motion made and seconded to <u>accept</u> the PERAC Audit Report for the years 2011-2013 as presented.

Motion accepted (4-0)

Financial Snapshot

Mr. Lucas reviewed the January 2016 financial snapshot with the Board, noting that the January payroll went out timely to over 14,658 retirees totaling over \$46 million. There were 121 refunds/transfers totaling under \$1 million. Operational warrants totaling \$560,000 were paid out as well.

Outstanding/Ongoing Operations Issues: Christine M. Weir, Operations Officer

Operations Update

There were 35 possible retirement applications in January, 2016; 23 regular retirees, 7 disabilities and 5 death of an active members. Of these, 23 were processed (superannuation, disabilities and death of active member) and 12 cases did not make the payroll. Of the 12 unprocessed cases, 5 did not return final papers; 2 are in the process of buyback/rollovers; 1 was missing salary (BPS); 1 was missing documentation; 1 sought legal advice as whether or not to file for an accidental disability allowance; 1 was not completed in time and 1 was waiting on a waiver request (denied at today's meeting).

CBA Project Update

Ms. Weir reported that the CBA project continues. We have approximately 160 cases to complete.

Buy Back Project Update

The buyback project continues to move forward. Ms. Weir reported that 436 outstanding buybacks are open from the backlog project, 193 cases were deemed incomplete and closed. 976 have been completed and 79 are ready in review. Ms. Weir reported 201 new buybacks were completed and 59 are waiting review. The staff is keeping up with all newly filed buyback applications.

Outstanding/Ongoing Legal Issues: Padraic P. Lydon, General Counsel

Waiver RequestSusan L. TrotzBPS\$3,673.19Motion made and seconded to deny this request for waiver of repayment.Motion accepted (4-0)

The following PERAC memos were offered for educational purposes only: PERAC Memo 6-2016 re Mandatory Ethics Training; PERAC Memo 7-2016 re 2016 Interest Rate set at 0.1 %; PERAC Memo 8-2016 re Actuarial Data; and, PERAC Memo 9-2016 re Buyback and Make-up Repayment Worksheets.

<u>Adjourn</u>

Board voted (3-0) to exit Executive Session and adjourn from Administrative Session at approximately 12:25 pm.

Respectfully submitted, BOSTON RETIREMENT BOARD

Daniel J. Greene, Esquire Mayoral Appointed Member, Chairman

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Michael W. McLaughlin Elected Member

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Thomas V.J. Jackson Fifth Member

Sally D. Glora Ex Officio Member

Michael D. O'Reilly Elected Member