IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Michael W. McLaughlin, Elected Member; Thomas V.J. Jackson, Board Member; Sally D. Glora, *Ex Officio* Member; Ellen McCarthy, Comptroller; John F. Kelly, Investment Analyst; Christine M. Weir, Operations Officer.

ALSO IN ATTENDANCE: Emme Handy, City of Boston, CFO; Sam Tyler, Boston Municipal Research Bureau; Pam Koeker, Boston Municipal Bureau; Kathy Riley, Segal; Mary Ann Urbano, BTU/RTC; James Philip, BTU/RTC; Janey Frank, BTU/RTC; Manila Flowers, BTU/RTC; Luella Wong; Will Forde, and Jake Mallinson, NEPC.

EXCUSABLE ABSENCE: Michael O’Reilly, Elected Member (Norfolk County Grand Jury obligation); Timothy J. Smyth, Executive Officer (medical).

**Convene**

Administrative session convened at 10:05 a.m. and introductions were made.

**Previous Minutes**

*Motion made, and seconded, to accept the Administrative Session Minutes of the April 25, 2018, meeting as presented.*

*Motion accepted (4-0) (Mr. O’Reilly was excusably absent due to Grand Jury obligation)*

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

*COLA / COLA base discussion*

Kathy Riley of Segal presented her April 20, 2018 memo, which illustrated costs to the System by increasing the current COLA base from $14,000 to either $15,000 or $16,000. The increase would be effective July 1, 2018 and first be reflected in fiscal 2020 appropriation, and 2025 and increases by 8.85% thereafter.
Emme Handy, CFO, City of Boston
Ms. Handy presented her May 15, 2018 memo, the City supports a 3% Cola increase. Does not support and increase of the Cola base to $15,000 from $14,000 as this level was increased from $13,000 to $14,000 as of July, 2017.

Sam Tyler, President, Boston Municipal Research Bureau
Comment on annual Cola and the increase in the Cola base. Our role is to look the entire City’s finances. He does support a 3% Cola increase does not support an increase from $14,000 base. Also noted, most states do not support a Cola increase unless their pension system is 80% fully funded. Boston’s pension system is 75% funded.

Janey Frank, BTU/RTC
Presented testimony on behalf of the retired teachers union as to why the base should be increased.

The Board will accept written comments from the BTU before the next board meeting. The Board will vote on both the Cola and the Cola base at the June meeting.

ABC Update; Luella Wong
45,695 accounts have been zeroed or expected to be zeroed, they have been checked. 15,460 those accounts are actively working on right now. 31,766 are actively working on. Some of those are active members so we don’t plan on working on. The ABC team does not have the expertise to clean the entire account. Member Service reps are cleaning the account when members come in. 2 new candidates have started and are working well.

Outstanding/Ongoing Investment Issues: John F. Kelly, Investment Analyst
NEPC Discussion Items; Jake Mallinson, Will Forde, NEPC
Performance is continuing to be really good 0.3% for a return for the quarter.
As to EnTrust Permal, NEPC research group has decided to down grade, EnTrust Permal Fixed Income Holdings from a 4 to a 3 rating, which is a neutral rating to a not recommended rating. However, they have outperformed since the system has had them. The System has a broad range of Hedge Funds so we don’t need to act quickly. The System has also interviewed other possible Hedge Fund Managers over the past few months. NEPC recommends monitoring them and John Kelly recommends observing them for a 3 months.
As to D.E. Shaw, complaint was made against a portfolio manager for harassment towards women. The portfolio manager was terminated. NEPC has created "unfavorable news committee" to monitor non-investment issues.

**Outstanding/Ongoing Financial Issues: Ellen McCarthy, Comptroller**

**Financial Snapshot**

Ms. McCarthy reviewed the April 2018 financial snapshot with the Board noting that the monthly payroll issued timely to 14,896 payees; in the amount of $50,254,401. The payroll of 63 non-contributing retirees totaled $336,837. There were 42 new superannuation retirees, 2 survivor beneficiaries and 2 new disability retirees. Ms. McCarthy noted that 68 members refunded for a total of $1,975,576, there were 18 transfers in the amount of $678,895 and there were 4 Option B refunds in the amount of $94,608. She stated that operations warrants for April 2018 were $639,308.

Ms. McCarthy noted the appropriation from PERAC came in for the teachers for FY2019 in the amount of $143,145,563.

Ms. McCarthy noted that the bi-annual affidavits were mailed out this week to 14,450 retirees.

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

**Operations Update**

Ms. Weir provided an update on the payroll number for the month of April 2018. There were 61 possible retirees, (49 superannuation, 8 disabilities, 4 DOA) of which, 46 were processed (42 superannuation, 2 DOA and 2 disabilities). The breakdown of the 15 unprocessed cases was as follows:

- 4 failed to return final papers timely;
- 1 looking for paternity test;
- 1 legal review;
- 1 revising DRO;
- 3 salary needed;
- process of calculating;
- 1 Overpayment;
- 1 workers comp/recoupment; and,
- 3 need additional documents.

**CBA Update**

Ms. Weir reported that the staff is keeping up with recalculating members retirements as payroll provides the information to the Board.
Outstanding/Ongoing Legal Issues: Padraic P. Lydon, General Counsel

PERAC Advisory Opinions

The following PERAC advisory opinions were provided for educational purposes:

- PERAC Advisory Opinion re §28K Union release and regular compensation
- PERAC Advisory Opinion re Group 3 proration

Needham Waiver Request

The following waiver request was presented for discussion and vote:

- Richard Guilford BPD $14,885.24

Motion made, and seconded, to accept the Needham Waiver request of Mr. Guilford in the amount of $14,885.24, because the request was made in timely manner.

Motion accepted (4-0) (Mr. O'Reilly was excusably absent)

Adjourn

The Board voted unanimously (4-0) to adjourn at approximately 11:28 a.m.

Respectfully submitted,

BOSTON RETIREMENT BOARD

Daniel J. Greene
Mayoral Appointed Member, Chairman

Sally D. Glora
Ex Officio Member

Michael W. McLaughlin
Elected Member

Excusably Absent

Michael D. O'Reilly
Elected Member

Thomas V.J. Jackson
Fifth Member