

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

September 19, 2018

Boston Retirement Board, Room 716

Boston, Massachusetts 02201

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

STAFF IN ATTENDANCE: Timothy J. Smyth, Executive Officer; Padraic P. Lydon, General Counsel; Ellen M. McCarthy, Comptroller; John F. Kelly, Investment Analyst; Christine M. Weir, Operations Officer; John Kelly, Investment Analyst; Tara Jeanetti, Board Secretary.

ALSO IN ATTENDANCE: Michael Manning, Jake Malinson & Kiley Fisher all of NEPC; Erin Curley, Simmons College; Luella Wong.

Convene

The meeting convened and entered Administrative Session at approximately 10:05 a.m. All in attendance were identified for the record and introductions were made.

Previous Administrative Session Minutes

Motion made, and seconded, to accept the Administrative Session Minutes of August 22, 2018, as presented.

Motion accepted (5-0).

Outstanding/Ongoing Administrative Issues: Padraic P. Lydon, General Counsel
ABC Project Update, Luella Wong

Corrections to date are \$376 million decreased and \$90 million increased for 52,256 Refunded, Retired, Deceased, Transferred and Never Deducted accounts. With the help of subject matter experts across the department, we applied a one-line correction to zero 12,692 accounts in September of which most were Refunded. An additional 2,716 accounts were flagged as exceptions and intentionally not zeroed. These remaining "zero balance expected" accounts collectively have a balance of \$9.4 million.

Analysis in progress across six segments including 1983 Balance Forward, Historic Refunds, and Missing Deductions. Eliza Williams and Rob Sweeney are leaving the team in September.

Outstanding/Ongoing Investment Issues: John F. Kelly, Investment Analyst
2018 Emerging Market Debt ("EMD") (Blended) Search Presentations

At the August 2018 meeting, the Board voted on five finalists to interview listed below:

Bob McManama, Business Development and Dave Rolley, Vice President & Portfolio Manager at Loomis Sayles presented their Emerging Market Debt Fund, which the Plan has been invested in since 2011. The August 2018 value of this investment was approximately \$165 million. Loomis employs a top down investment process that identifies the best sector and security specific opportunities.

Tina Vandersteel, Head of Emerging Debt and Jonathan Dow, Director of Business Development at GMO proposed a separately managed account that gives them the discretion to manage allocations among two underlying strategies, its U.S. dollar debt strategy and its local currency debt strategy.

Jim Valone, Partner & Portfolio Manager, Maura Neely, Managing Director & Investment Director and Kristina O'Gannon, Business development Manager presented Wellington Management's Blended Opportunistic Emerging Markets Debt fund. Wellington has been investing in emerging markets debt since the inception of the asset class in the early 1990s, has a 33 member emerging markets debt investment team and combines quantitative and fundamental research in a disciplined, consistent investment process to identify attractive opportunities.

Paolo H. Valle, Managing Director, Sr. Portfolio Manager, Roberto Sanchez-Dahl, CFA, Managing Director, Sr. Portfolio Manager and Nancy C Irving, Managing Director, Institutional Sales presented Manulife's Emerging Market Debt Strategy. Manulife invests in Emerging Market economies with a long-term horizon and seeks countries with improving sovereign credit stories and great companies.

Edwin Gutierrez, Head of EM Sovereign Debt, Karen Bater, Senior Fixed Income Specialist and Megan Costa, Director, US Business Development presented Aberdeen Standard's EMD Plus strategy, which utilizes opportunities through extensive research in both mainstream and frontier emerging markets.

They employ a bottom-up approach to Portfolio construction through their individual risk/return assessment of countries, companies, and currencies. They diversify by frequently investing in sovereigns and corporates in smaller countries which are less correlated with the broader market, in order to generate strong long-term performance results.

After the presentations, questions and discussion, the following motion was made:

Motion made, and seconded, to hire and invest \$165 million in Aberdeen Standard's EMD Plus strategy.

Motion accepted (4-1). Mr. O'Reilly voted nay.

Motion made, and seconded, to terminate Loomis Sayles and liquidate and or transfer the approximately \$165 million of EMD assets to fund the new investment in Aberdeen Standard's EMD Plus strategy.

Motion accepted (5-0).

Motion made, and seconded, to accept and implement NEPC's policy targets and rebalance proposal.

Motion accepted (5-0).

August 2018 Plan Performance

The preliminary August 2018 performance report was presented. The total plan was up +0.2% in August 2018. This brought the year to date performance up to +2.1% through August 2018.

Wok Plan & Private Markets RFP issuance

After discussion it was agreed that NEPC will initiate a Private Markets search focusing on Energy, Special Situations and Private Debt.

Outstanding/Ongoing Financial Issues: Ellen M. McCarthy, Comptroller

Financial Snapshot

Ms. McCarthy reviewed the August 2018 financial snapshot with the Board noting that the monthly payroll issued timely to 14,975 payees in the amount of \$50,985,960. The payroll of 58 non-contributing retirees totaled \$323,829. There were 46 new superannuation retirees, 4 survivor beneficiaries and 2 new disability retirees. Ms. McCarthy noted that 79 members refunded for a total of \$1,055,314, there were 31 transfers in the amount of \$952,832 and there were 2 option B refunds in the amount of \$124,843. She stated that operations warrants for July 2018 were \$644,439.

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

Operations Update

Ms. Weir provided an update on the payroll number for the month of August 2018. There were 64 possible retirees, including 48 superannuations, 8 Disabilities and 8 death of active members, of which 52 were processed. Regarding the 12 cases that did not make the payroll, Ms. Weir noted the following explanations:

- 1 Paternity matter;
- 1 Waiting for minor children info/BFD;
- 1 Member may rescind;
- 2 didn't return their Final Papers;
- 3 Legal Issues;
- 1 Recoupment;
- 2 in process of calculating; and,
- 1 missing salary (BPS).

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

Legal Update

The following PERAC memos were provided for educational purposes only:

- PERAC Memo # 25-2018 re Allowable Earnings Determination; and,
- PERAC Memo # 26-2018 re Regular Compensation Status of Payments Made in Lieu of Unused Leave Time.

Waiver Request

John Brennan.....BPD.....\$34,824.63

Motion made and seconded to accept the waiver request of Mr. Brennan in the amount of \$34,824.63 because the request was made in a timely manner.¹

Motion accepted (5-0).

Executive Session

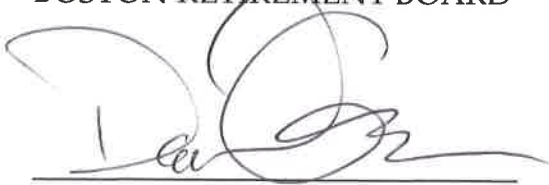
The Board voted unanimously (5-0) to enter into Executive Session at approximately 1:31 p.m.

Adjourn

The Board voted unanimously (5-0) to exit Executive Session and adjourn from Administrative Session at approximately 2:09 p.m.

¹ It should be noted that this waiver does not include \$10,030.60, which was erroneously refunded and remains outstanding arrears of the member.

Respectfully submitted,
BOSTON RETIREMENT BOARD



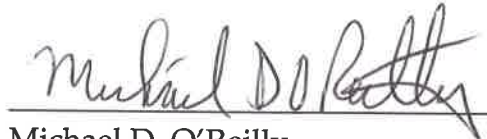
Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



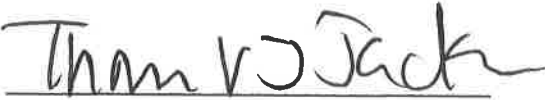
Sally D. Glora
Ex Officio Member



Michael W. McLaughlin
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member