

Boston Retirement Board
Administrative Session Minutes

May 20, 2015
Boston City Hall, Room 716
Boston, MA 02201

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

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

ALSO IN ATTENDANCE: Michael Sullivan and William Forde, NEPC

NOT PRESENT: Michael W. McLaughlin, Elected Member

Convene

Administrative session convened at approximately 10:12 a.m. and introductions were made.

Previous Minutes

Motion made, and seconded, to accept the administrative session minutes of the April 15, 2015, meeting as presented.

Motion accepted (4-0)

Outstanding/Ongoing Administrative Issues

Timothy J. Smyth reminded the Board that the COLA vote would be held at the next Board meeting of June 17, 2015. Mr. Smyth stated that notice was sent to the necessary parties. The July Board meeting was moved to July 22, 2015. Mr. Smyth noted that Board Management standardized work hours for staff, effective June 1, 2015, between 8:00 am – 4:00 pm and 9:00 am – 5:00 pm.

Outstanding/Ongoing Investment Issues

- *Core Fixed Income Search*

As a follow up to the presentations of the three finalists (Income Research + Management, Dodge & Cox and Black Rock) at the April 2015 Board meeting, discussion resumed on the differences between them, as well as the three current

Core Fixed Income managers (Richmond Capital, Wells Capital and State Street Global Advisors). It was noted that all three current managers have generally done what was asked of them and performed fairly well for SBRS. However, Richmond slightly underperformed with higher risk and volatility. IR&M is smaller and more nimble than Richmond. NEPC is a proponent of active management in the core bond space, particularly in a rising rate environment. BlackRock is actively managed, while SSgA is passively managed.

Motion made, and seconded, to terminate Richmond Capital and SSgA and to replace them with IR+M and BlackRock in even allocations.

Motion accepted (4-0)

- *April Portfolio Performance*

NEPC provided preliminary April 2015 performance. The Plan was up 1.4% for the month and 3.9% YTD. Total Equities were up 2.4% for the month led by non-U.S. equities, which were up 5.0%. On the other hand, total fixed income was down -0.4%.

- *Perella Weinberg update*

John Kelly informed the Board that Sean Stewart of Perella Weinberg was charged with insider trading by the Department of Justice. SBRS is an investor in a Perella Weinberg Asset Backed High Yield Fund. Mr. Kelly noted that Perella is not under investigation and is fully cooperating with investigators. Mr. Stewart was in Perella's investment banking business and was not involved in any aspect of Perella's asset management business. The April 30, 2015 value of SBRS' investment in the fund was about \$2.2 million.

- *Private Equity/Venture Debt search*

After discussion, it was determined that Western Technology Investment and Ascent Venture Partners will be making presentations at the June 2015 Board meeting as part of the current Venture search.

Motion made, and seconded, to invite Western Technology Investment and Ascent Venture Partners to make presentations at the June 17, 2015, Board meeting.

Motion accepted (4-0)

Outstanding/Ongoing Financial Issues

- *Financial Snapshot*

Jonathan D. Lucas reviewed the April 2015 financial snapshot with the Board noting that the monthly payroll went out on time to 14,543 payees; the monthly payroll was \$45,389,734. He stated that operations warrants for April 2015 were \$483,356.

Outstanding/Ongoing Operations Issues

- *Operations Update*

Christine M. Weir provided an update on the payroll numbers for the month of April 2015. There were 62 possible retirees, (50 regular, 8 disabilities, 4 DOA's) of which, 46 were processed (39 superannuation, 1 DOA and 6 disabilities). The breakdown of the 16 unprocessed cases was as follows:

- 6 did not return papers timely;
- 5 were in process of buyback;
- 1 had a legal matter;
- 1 additional salary was needed;
- 1 was missing member information; and,
- 2 cases were not completed on time

- *CBA Update*

Ms. Weir reported that the CBA project team is still working on the older cases and more difficult cases. The majority of pending cases are accidental disabilities, which require further analysis.

- *Service Purchases ("Buy Backs") Backlog*

Ms. Weir reported that staff has started the buyback project and continue to move forward on piloting our new review process. Grid was provided listing 1611 open workflows in May with 1.5% completed. One group will work only on buy-backs backlog and a separate group working on the new ones coming in. Questions and concerns from the Board members about how the process is going and will go forward. They requested that we provide additional progress grid on all current requests coming in.

Outstanding/Ongoing Legal Issues

- *PERAC Memos*

Padraic P. Lydon, Esquire reviewed the following PERAC memos for educational purposes only:

- PERAC Memo 10/2015 re Mandatory Retirement Board Member Training;
- PERAC Memo 11/2015 re New Post-Retirement Limits on Employment for Disability Retirees; and,
- PERAC Pension Newsflash re PERAC meeting in Hyannis in June 2015.

- *Request for Needham waivers*

Sheila Levine

\$29,564.40

Motion made, and seconded, to accept waiver request of Sheila Levine in the amount of \$29,564.40 because errors were made by Retirement Board Staff and the member reasonably relied upon information received by Staff.

Motion accepted (4-0)

Reginald Nunnally

\$27,137.22

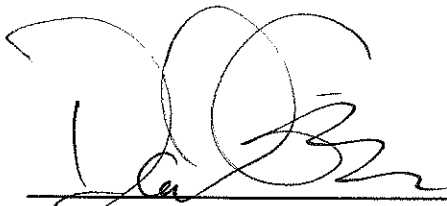
Motion made, and seconded, to accept waiver request of Reginald Nunnally in the amount of \$27,137.22 because the member was an inactive member at the time notice went out regarding the change of waiver policy and did not receive notice.

Motion accepted (4-0)

Enter Executive Session

A roll call vote (4-0) to enter Executive Session was had at approximately 11:41 a.m.

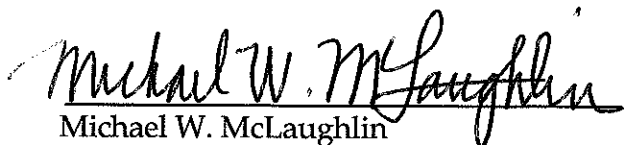
Respectfully submitted,
BOSTON RETIREMENT BOARD



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