

MINUTES OF BOSTON RETIREMENT BOARD

**Administrative Session**

June 17, 2015

Boston Retirement Board  
Boston City Hall, Room 716  
Boston, MA 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Thomas V.J. Jackson, Appointed Member; Michael W. McLaughlin, Elected 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: David A. Sweeney, Chief Financial Officer for the City of Boston; Benjamin Stuart of the Boston Municipal Research Bureau; Michael Manning of New England Pension Consultants; Olga Pelensky, Inactive Member.

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**Convene**

The meeting convened in Administrative Session at approximately 9:15 a.m. All in attendance were identified for the record.

**Previous Minutes**

*Motion made, and seconded, to accept the Administrative Session Minutes of May 20, 2015, as presented.*

*Motion accepted (4-0) \*Mr. McLaughlin presented after the meeting convened.*

**Outstanding/Ongoing Administrative Issues: Timothy J. Smyth**

*FY2016 Annual COLA Base Increase Vote*

Mr. David A. Sweeney, Chief Financial Officer for the City of Boston, presented to the Board five factors reviewed by the City of Boston when considering whether or not to support an annual COLA increase. As a majority of the factors were favorable, the City supported a 3% COLA for FY16.

Mr. Benjamin Stuart was in attendance and went on the record to state that the Boston Municipal Research Bureau also supported a 3% COLA.

*Motion made, and seconded, to grant a COLA of 3% on the first \$13,000 of pension benefits for fiscal year 2016.*

***Motion accepted (4-0)*** \*Mr. McLaughlin presented after the meeting convened.

**Outstanding/Ongoing Investment Issues: John Kelly**

*Private Equity Venture Debt search*

Ascent Venture Partners and Western Technologies Investment made presentations to the Board. Following the presentations, discussion between Mr. Manning of NEPC and Board members took place regarding both presenters.

*Motion made, and seconded, to allocate \$10 million to Western Technology Investment (Fund 8) and \$10 million to Ascent Venture Partners (Fund 6).*

***Motion accepted (5-0)***

*Investment Manager Search*

*Motion made, and seconded, to initiate a Small Capital Equity and International Equity Search for later this year.*

***Motion accepted (5-0)***

*Direct Lending Search*

*Motion made, and seconded, to invite Alcentra and Monroe Capital to attend the July 22, 2015 Board meeting in order to present their direct lending funds.*

***Motion accepted (5-0)***

*Olga Pelensky*

Olga Pelensky, an inactive member of this System, entered the Boardroom and hand-delivered a letters to each Board member. Ms. Pelensky's case was not on the agenda. Mr. Smyth informed the Board that it was in litigation with Ms. Pelensky and that he would comment further in Executive Session.

*Investment Performance Review*

Mr. Manning, of NEPC, noted that the plan was down -0.2% for the month of May 2015 bringing the 2015 YTD figure to +4.2%. Mr. Manning commented about the System's 2014 rate of return and stated that the plan's allocation was the primary reason for its performance.



**Outstanding/Ongoing Financial Issues: Jonathan D. Lucas**

*PERAC Annual Statement for CY2014 for Board Vote*

Mr. Lucas apprised the Board that in CY2014 it realized income of \$780,670,623 with disbursements of \$592,683,543. Assets increased by a total of \$187,987,080, totaling \$5,679,183,705.

*Motion made, and seconded, to accept the PERAC Annual Statement for CY14 as presented.*

***Motion accepted (5-0)***

*May 2015 Financial Snapshot*

Mr. Lucas reviewed the May 2015 financial snapshot report with the Board, noting that the May payroll went out timely to over 14,000 retirees totaling \$45,864,514.00. Operational warrants totaling \$447,000.00 were paid out and there were 71 refunds/transfers for the month. Mr. Lucas noted that this month had five Fridays, which explained why the number of refund/transfers was slightly higher.

*Final correspondence from Ice Miller re 1099-R tax issues*

Mr. Lucas shared a final correspondence from Ice Miller regarding 1099-R changes and updates. The memo noted that Boston Retirement Board had made significant improvements to its 1099-R forms. Ice Miller does not recommend any further action with regard to historical 1099-R forms.

*NEPC Contract Extension*

*Motion made, and seconded, to extend NEPC's contract to June 30, 2016.*

***Motion accepted (4-0)*** \*Mr. Jackson departed at approximately 10:48 a.m.

*RFP for Investment Consulting Services*

PERAC's 2014 Investment Report was discussed further. The System's rate of return was 4.93% in 2014. After discussion, it was agreed that the Board should conduct a Request for Proposal for investment consulting services.

*Motion made, and seconded, to issue a Request for Proposal for investment consultant services and to contract with the chosen consultant effective July 1, 2016.*

***Motion accepted (4-0)*** \*Mr. Jackson departed at approximately 10:48 a.m.

**Outstanding/Ongoing Operations Issues: Christine Weir**

*Operations Update*

Christine Weir provided an update on the payroll number for the month of May, 2015. There were 44 possible retirees, 37 Regular Retirees, 5 Disabilities &

2 Death of Active Member. There were 44 possible retirees, of which, 37 were processed (32 superannuation and 1 DOA and 4 disabilities).

#### *CBA Update*

The group is still working on the older cases and making progress. The majority of these cases are disabilities, which significant analysis and are time consuming. There are still a few outstanding questions on some cases from PHC and BHA.

#### *Buy Back*

V3 system generated letters are being sent to members that have incomplete applications.

The Board was provided a graph listing 1,654 open workflows in May 2015 and 1,444 open workflows in June 2015, a ratio of 12% completed. The current number of opens workflows as of June 1, 2015, was 66, of which 7 are ready for review.

Questions were asked by Board members on how many were just closed that did not need any processing. Ms. Weir provided an approximate number of 100. The project continues to move forward using two employees who are solely working on buybacks, in addition, two other employees are working part time on the buyback project. Two additional resources are coming on Board for a year to assist with the buyback backlogs. Ms. Weir noted that we continue to struggle with the QA/review process.

#### **Outstanding/Ongoing Legal Issues: Padraic P. Lydon**

##### *PERAC Advisory Opinion*

An Advisory Opinion from PERAC re: PERAC Memo #8/2015 relative to the elimination of the remarriage penalty was discussed.

##### *Request for Waiver*

John T. Glynn, of the BPS, requested a waiver of arrears caused by a contribution rate error in the amount of \$1,995.02.

*Motion made, and seconded, to grant request for waiver of repayment in the amount of \$1,995.02 by John T. Glynn.*

***Motion accepted (4-0)*** \*Mr. Jackson departed at approximately 10:48 a.m.

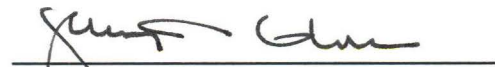
*A roll call motion was made, and seconded, to enter Executive Session at approximately 11:31 a.m.*

***Motion accepted (4-0)*** \*Mr. Jackson departed at approximately 10:48 a.m.

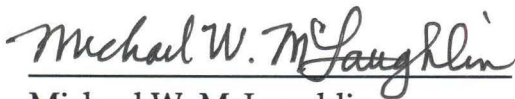
Respectfully submitted,  
BOSTON RETIREMENT BOARD



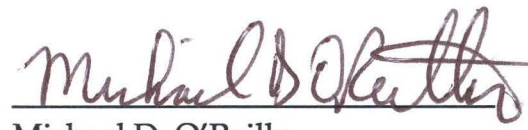
Daniel J. Greene, Esquire  
*Mayoral Appointed Member, Chairman*



Sally D. Glora  
*Ex Officio Member*



Michael W. McLaughlin  
*Elected Member*



Michael D. O'Reilly  
*Elected Member*

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Thomas V.J. Jackson  
*Appointed Member*