

Minutes of Boston Retirement Board
Administrative Session Minutes
November 15, 2017
Boston Retirement Board, Room 716
Boston, Massachusetts 02201

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

ALSO IN ATTENDANCE: Luella Wong, Michael Manning, Will Forde, Michael Yang, Michael Koenig and Corina English.

Convene

Administrative session convened at 10:08 a.m. and introductions were made.

Previous Minutes

Motion made, and seconded, to accept the Administrative Session Minutes of the October 18, 2017, meeting as presented.

Motion accepted (5-0)

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

ABC Update

Luella Wong presented an update on the ABC team. Ms. Wong stated that approximately 55,000 accounts have been reviewed with about 25,000 to go. The variance amount is about the same as last month and the month before. It was noted that PERAC auditors are coming in sometime after January 2018. Ms. Wong noted that this project should wrap up end of the year.

Board Election Results

Timothy Smyth presented the Board election results. Michael McLaughlin (first) and Michael O'Reilly (second) were re-elected to three year terms.

Motion made, and seconded to accept and certify the election results as presented by Election America.

Motion accepted (5-0)

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Hedge Fund search

Mr. Kelly noted that the current market value of the Hedge Fund of Funds portfolio is \$335 million and that redemption instructions have been submitted to Mesirow Financial, approximately \$61 million; GAM approximately \$54 million and the EntrustPermal Diversified account approximately \$65 million. As is customary a small percentage of the redemptions will be held back by the managers until the respective accounts are audited. There is still a \$5.3 million commitment to Mesirow's opportunistic sleeve that will take additional time to receive. The EntrustPermal Diversified Fund will redeem 45% in January and the balance on March 31, 2018.

NEPC informed the Board that the EntrustPermal Special Opportunities Fund IV the Board had previously discussed would complement the Board's Hedge Fund of Fund roster and could potentially provide some additional juice because it is of a hybrid structure and calls capital over time as opportunities arise similar to a private equity fund as opposed to your traditional core Hedge Fund of Funds that you would fully fund on day 1.

Motion made, and seconded to hire EntrustPermal Special Opportunity Fund IV for the Hedge Fund of Fund space in the amount of \$30M.

Motion accepted (5-0)

NEPC Discussion Items

- Hamilton Lane came in and provided to the Board a 1 year update. The company has grown over the last year, and used some of the capital raised through its IPO to pay off some debt from past mergers and transactions. Hamilton Lane shared that they view private equity as a growing market with the long term potential for continued growth. Hamilton Lane reported that overall the BRS Private Equity portfolio is seasoned, but not cash flow positive. Horizon models predict that it will be in 3 years. Hamilton Lane has hired 5 out of 6 managers in 2017 and their 2018 plans include a co-investment strategy. The very early performance of the private equity discretionary account Hamilton Lane is managing for BRS have been north of 30% NET IRR after almost 1 year.
- Real Estate search. NEPC noted that 2 Real Estate managers have been hired, AEW and Oaktree. The Board will interview three potential candidates at the December 2017 Meeting, Carlyle and Mesirow to complete the 2017 Real Estate search and commitments.

- Update of Private Equity. NEPC provided an overview to the Private Equity pacing plan and shared the responses to the Board's most recent RFP. After a short discussion it was agreed that Western Technology will come in and present their latest Venture Debt Fund at the December Board meeting.

Performance

The Total Plan was up 1.2% in October, 2017 bringing the Year to Date performance up to a net return of +14.7%.

Outstanding/Ongoing Financial Issues: Ellen McCarthy, Comptroller

Financial Snapshot

Ms. McCarthy presented the October 2017 financial snapshot with the Board noting that the monthly payroll went out on time to 14,905 payees in the amount of \$50,993,031. The payroll of 65 non-contributing retirees totaled \$326,417. There were 120 new superannuation retirees, 2 survivor beneficiaries and 9 new disability retirees. Ms. McCarthy noted that 70 members refunded for a total of \$1,285,018, 10 accounts were transferred in the amount of \$227,079 and there were 3 Option B refunds in the amount of \$97,542. She stated that operations warrant for October 2017 was \$1,281,549.

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

Operations Update

Ms. Weir provided an update on the payroll number for the month of March 2015. There were 142 possible retirees, (126 superannuation, 12 disabilities, 4 DOA) of which, 128 were processed (120 superannuation, 2 DOA and 6 disabilities). The breakdown of the 14 unprocessed cases was as follows:

- 1 waiting for guardianship appointment;
- 3 failed to return final papers timely;
- 1 in process of buyback;
- 1 looking for paternity test;
- 1 legal review;
- 2 revising DRO;
- 2 salary needed;
- 1 may withdraw section 6 application;
- 1 in process of calculations; and,
- 1 workers comp/recoupment.

CBA Update

It was noted that a small group exists, mainly death cases, where determination of beneficiaries is needed.

The Teachers retroactive payments will be sent to the Retirement Board after they have been processed by auditing. Payment to the 8K members in the BTU is for 1.5 years, which will require some work and will probably be processed by auditing in the end of January 2018. Auditing is awaiting vote by City Council. Special acts were provided by auditing, Ms. Weir will provide an update at next month's meeting.

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

Open Meeting Law Materials

Open Meeting Law Materials was provided by the City Clerk, dated October 6, 2017. Attorney Lydon noted that meetings must be posted at least 48 hours before meeting. If the City's website is down, it must be fixed within 6 hours, otherwise posted meetings need to be rescheduled. There is a requirement that meeting minutes be approved within 90 days to be approved and made available. Remote participation is permissible if unforeseeable circumstances prohibit a member from attending.

PERAC memos

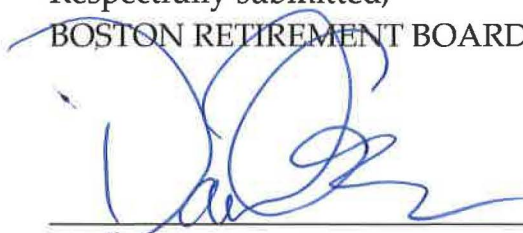
Attorney Lydon offered the following PERAC memos for educational purposes:

- PERAC Memo #33-2017 re new fraud poster; and,
- PERAC Memo #34-2017 re training.

Adjourn

The Board voted unanimously (5-0) to adjourn at approximately 12:01 p.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