

Boston Retirement Board  
**Administrative Session Minutes**

December 20, 2017  
Boston City Hall, Room 716  
Boston, MA 02201

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

ALSO IN ATTENDANCE: Luella Wong; Michael Manning and Will Forde of NEPC; Mark Schoenfeld and Roman Bas of Carlyle Realty Partners; Alasdair Cripps and Thomas Hynes of Mesirow Financial Investment; Jay Cohan of Western Technology Investment; and, Lou Roberts of Ernst & Young.

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Convene

Administrative session convened at 10:02 a.m. and introductions were made.

Previous Minutes

*Motion made, and seconded, to accept the Administrative Session Minutes of the November 15, 2017, meeting as presented.*

**Motion accepted (4-0)** (Mr. McLaughlin was tardy)

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

*ABC Update*

Luella Wong presented an update on the ABC team. It is expected that all inactive accounts will be done by the end of January 2018 and everything else by end of March 2018. The "Melissa" tool, which we have a one year subscription, has found 438 "fuzzy" matches in V3.

*Selection of 5<sup>th</sup> Board Member*

Mr. Smyth presented PERAC Memo #28 to the Board. He noted that staff will post the 5<sup>th</sup> member vacancy notice on our website and PERAC's website, and hopes that interviews will wrap up by 1/15/2018. The current 5<sup>th</sup> member (Mr. Jackson) will serve until a new member is elected.

*Motion made and seconded to post the 5<sup>th</sup> member vacancy as presented.*

**Motion accepted (3-0)** (Mr. McLaughlin was tardy; Mr. Jackson abstained)

*Standardized Dates for CY2018*

Mr. Smyth offered meeting dates for CY18, as well as standardized agenda items.

*Motion made and seconded to accept the meeting dates and standardized agenda for CY18 with edits.*

**Motion accepted (4-0)** (Mr. McLaughlin was tardy)

Mr. Smyth notified the Board that long-term employee Linda Law sent in letter of retirement and her service to the board was duly noted.

\*Mr. McLaughlin arrived at 11:18 a.m.

Outstanding/Ongoing Investment Issues: John F. Kelly, Investment Analyst

*Real Estate Search*

Two potential candidates presented, Carlyle and Mesirow. Carlyle Realty Partners VIII has a niche in active adult living with a +22% gross IRR. Mesirow Realty Fund III has a niche in apartment buildings in the West, Southwest and South. They will offer a fee discount.

*Motion made, and seconded to allocate \$10M to Carlyle Realty Partners VIII and \$10M to Mesirow Realty Fund III.*

**Motion accepted (5-0)**

*Private Markets Search*

Western Technology Investment presented. WTI provides capital loans to talented entrepreneurs and strong investment syndicates at young growing companies. WTI is a current investment manager for BRS.

*Motion made and seconded to allocate \$10M to WTI Venture Lending & Leasing Fund IX.*

**Motion accepted (5-0)**

*NEPC Discussion Items*

The private markets search was discussed, which is focusing on four strategies, private debt, distressed, direct lending and secondary for a possible \$32M in 2017 and \$33M in 2018. Golden Tree, Park Square and Stellus will present at the January 2018 meeting.

The preliminary November 2017 flash report was presented. It was noted that performance was strong with good returns in both equities and fixed income. The plan performance was up +0.9% in November bringing the YTD through 11 months to +15.8% net of management fees.

Outstanding/Ongoing Financial Issues: Ellen McCarthy, Comptroller

*Ernst & Young Audited Financial Statement*

Mr. Lou Roberts from EY presented major points. Mr. Roberts noted that there were no significant findings.

Mr. Roberts further noted that reasonable judgments and consistency have been used by management to account for significant accounting estimates and that no material uncorrected misstatements were identified. However, there was a difference in the trial balance of around \$52M from State Street. This is less than 1% of investments in equity and fixed income.

*Motion made and seconded to accept Ernst & Young's audited financial statement as of 12/31/2016, as presented.*

**Motion Accepted (5-0)**

*Financial Snapshot*

Ms. McCarthy reviewed the November 2017 financial snapshot with the Board noting that the monthly payroll issued timely to 14,894 payees; in the amount of \$49,588,730. There was also 65 non-contributing retirees totaled \$326,417. Ms. McCarthy noted that 35 members refunded for a total of \$1,385,985, there were 13 transfers in the amount of \$322,804 and 4 Option B refunds in the amount of \$186,997. She stated that operations warrants for November 2017 were \$1,782,707.

*Operating Budget for 2018*

Ms. McCarthy submitted a proposed operating budget for CY18 in the amount of \$9,980,210. The majority of the budget is made up of personnel costs. In comparison to the CY17 budget, the CY18 budget is down 12%, largely due to a purchase of prepaid Vitech hours that was made in CY17.

*Motion made, and seconded to accept the proposed CY18 budget as presented.*

**Motion accepted (5-0)**

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

*Operations Update*

Ms. Weir provided an update on the payroll number for the month of November 2017. There were 47 possible retirees, (34 superannuation, 9 disabilities, 4 DOA) of which, 30 were processed (27 superannuation, 2 DOA and 6 disabilities). The breakdown of the 17 unprocessed cases was as follows:

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

*CBA Update*

Ms. Weir reported that we are 94% done, with approximately 80 cases left. Of the unfinished cases, approximately 65 include deceased people. Ms. Glora suggested that Ms. Weir reach out to her department for missing information.

*Collective Bargaining Update*

It was noted that nine unions have settled their contract negotiations and that the detectives, SENA and teachers were on the City Council docket for ratification.

Outstanding/Ongoing Legal Issues: Padraic Lydon, General Counsel

*Waiver Request*

Glossie Harmon.....BPS.....\$653.17

*Motion made and seconded to deny this request for a waiver because it was not made in a timely manner.*

**Motion accepted (5-0)**

*PERAC memos*


Attorney Lydon offered the following PERAC memos, for educational purposes:

- PERAC Memo #35-2017
- PERAC Memo #36-2017
- PERAC Memo #37-2017
- PERAC Memo #38-2017

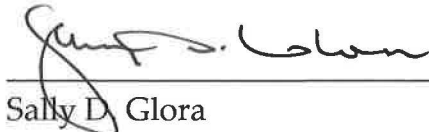
Adjourn

The Board voted unanimously (5-0) to enter Executive Session at approximately 1:05 p.m. It later voted unanimously (5-0) to adjourn at approximately 1:26 p.m.

Respectfully submitted,  
BOSTON RETIREMENT BOARD



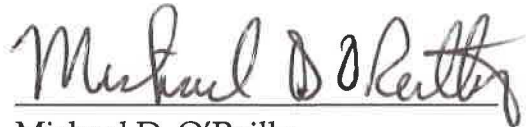
Daniel J. Greene, Esquire  
Mayoral Appointed Member, Chairman



Sally D. Glora  
*Ex Officio* Member



Michael W. McLaughlin  
Elected Member



Michael D. O'Reilly  
Elected Member



Thomas V.J. Jackson  
Fifth Member