

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

June 15, 2016

Boston Retirement Board, Room 716

Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Michael W. McLaughlin, Elected Member; Michael D. O'Reilly, Elected Member; Thomas V.J. Jackson, Fifth 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 F. Kelly, Investment Analyst; Christine M. Weir, Operations Officer.

ALSO IN ATTENDANCE: Mark Neebe of Boston EMS; Benjamin Stuart of the Boston Municipal Research Bureau; Daniel Atkinson of the Boston Herald; Michael Manning and Will Forde of New England Pension Consultants.

Convene

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

Previous Minutes

Motion made, and seconded, to accept the Administrative Session Minutes of May 27, 2016 as presented.

Motion accepted (5-0)

Hedge Fund of Fund Presentations

Gregg Hymowitz and Javier Dyer of EnTrustPermal and Erik Barefield, Sr. Managing Director and Mark Kulpins Co-CIO at Mesirow addressed their respective hedge fund-of-fund performance and market outlook with the Board. Through April 30, 2016, Entrust was down -2.3% YTD. During his presentation, Mr. Hymowitz informed the Board that the EnTrustPermal combination had been completed and that he serves as the Chairman and Chief Executive Officer. Mr. Hymowitz also stated the reality is that to achieve a 7.75% rate of return, incredible risk needs to be taken. Mr. Hymowitz presented the idea of creating a customized single account as opposed to the two current accounts BRS is

currently invested in. The single account would be comprised of BOB – Best of Breed stocks and ideas.

Mr. Barefield acknowledged that Mesirow's performance over the last 22 months has been extremely disappointing. Through April 30, 2016, Mesirow was down -6.1% YTD. Mr. Barefield also noted there was a very narrow margin between the best and worst performing stocks and hedge funds last year.

The Board instructed Mr. Smyth to draft a letter to PERAC requesting a waiver allowing the Board to invest in direct hedge funds.

Outstanding/Ongoing Administrative Issues: Timothy I. Smyth Executive Officer
COLA & COLA Base

Kathy Riley of Segal gave a presentation on COLA and COLA base costs. Public comment was previously had at the May 2016 Board meeting. The following motions were made:

Motion made, and seconded, to grant a COLA increase of 3% on the first \$13,000 of pension benefits for fiscal year 2017.

Motion accepted (5-0)

Motion made, and seconded, to leave the COLA base at \$13,000 for FY17.

Motion accepted (3-2) Messrs. McLaughlin and O'Reilly voted nay.

Annuity Savings Fund Project

Patricia Murphy and Michael Dwyer presented their findings to the Board after months of work. A schedule for the project was proposed.

Motion made, and seconded, to go forward with annuity variance project and add two one year appointments at a cost not to exceed \$120,000.

Motion accepted (5-0)

BRS Office Survey

Luella Wong discussed the results of the BRS employee surveys, what they represent and the plans for the next survey.

Outstanding/Ongoing and Investment Issues, John Kelly, Investment Analyst
May 2016 Flash Report

The plan was up +0.4% in the month of May 2016. Total Equities, which comprise 51% of the plan's assets were up +0.7 for the month. The largest detractor was Emerging Market Equities, which were down -2.6%. The May 2016 performance brought the plan's year-to-date return to +1.7%.

Investment Consultant Search

The Board was presented with four suggestions by the subcommittee at the May 2016 Board meeting to consider for a potential vote at the June Board meeting. These suggestions were reiterated by Mr. Kelly with his commentary as well.

Mr. O'Reilly asked a question pertaining to Callan Associates providing advisory services for Public Markets and Real Estate, but not Private Equity. Mr. Kelly informed Mr. O'Reilly that in theory that is possible, but that Callan Associates only submitted a proposal to provide Public Market advisory services.

Motion made, and seconded, to retain NEPC as general and private market consultants, subject to contract terms.

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

Motion made, and seconded to instruct staff to coordinate with NEPC to issue a request for proposal for a discretionary private equity manager focused on Buyout, Venture, Growth and Co-Investment strategies.

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

Mr. O'Reilly then advised the Board that he would be filing a minority report and objections with the Board. He refused to sign PERAC's Retirement Board Member Certification Form in connection with the investment consultant search.

Outstanding/Ongoing Financial Issues: Jonathan D. Lucas, Comptroller

Financial Snapshot

Mr. Lucas reviewed the May 2016 financial snapshot with the Board. He noted that the payroll went out timely to over 14,685 payees with a total nearing \$47.4 million. Additionally, operational warrants totaling \$237,179 were paid out and 73 refunds totaling \$2,233,379 were issued as well.

PERAC 2015 Annual Statement

Mr. Lucas provided the Board the draft version of PERAC's 2015 annual statement.

Motion made, and seconded, to accept the PERAC 2015 Annual Statement as presented.

Motion accepted (5-0)

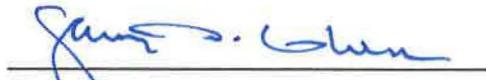
Adjourn

Board voted (4-0) to exit Executive Session and adjourn from Administrative Session at approximately 2:27 p.m.

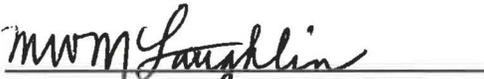
Respectfully submitted,
BOSTON RETIREMENT BOARD



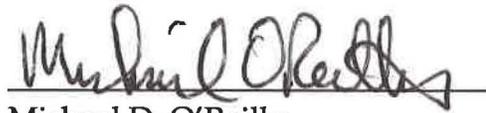
Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Sally D. Glora
Ex Officio Member



Michael W. McLaughlin
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member