

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

August 29, 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, Board Member; Sally D. Glora, *Ex Officio* Member.

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

ALSO IN ATTENDANCE: Ben Stuart of the Boston Municipal Research Bureau; Michael Manning, Seth Bancroft and Will Forde of New England Pension Consultants.

Convene

The meeting convened and entered Administrative Session at approximately 10:09 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 July 26, 2016 as presented.

Motion accepted (5-0)

Outstanding/Ongoing Administrative Issues: Timothy I. Smyth Executive Officer
Proposed Supplementary Regulation re Membership Eligibility

Mr. Smyth asked the Board if they had any thoughts, questions or concerns pertaining to the draft supplementary regulation offered relative to membership eligibility. The regulation limits membership to those employees who work at least 20 hours a week. Also, the "once a member always a member" policy will remain in effect. Mr. Smyth will update the draft to ensure these items are clearly spelled out and come back for a Board vote next month.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Diversified Credit Search Finalist Presentations

In furtherance of the Board's diversified credit search, the Board heard presentations from the below:

Bain Capital Credit

Jonathan DeSimone and Kyle Betty

Loomis Sayles

Kevin Kearns and Robert McNamara

GoldenTree

Brendan McDonough and Lee Kruter

The goal of the search was to identify a manager to take advantage of current opportunities within credit and also complement the System's existing fixed income managers. GoldenTree's historical performance returns and the fact they proposed to lower the management fee from 85 to 75 bps were important points in their presentation to the Board.

Motion made and seconded to replace Loomis Bank Fund with the GoldenTree Customized Liquid Opportunistic Portfolio over time subject to MGL c. 32 restrictions.

Motion accepted (5-0)

July 2016 Flash Report

The portfolio performed well in July with the total plan up 2.9%, bringing the plan to a +4.4% year to date.

Custodial Bank Search

Mr. Kelly informed the Board that the RFP for the custodial bank search is being finalized and will be up on NEPC's website within 30 days.

Clearbrook Hedge Fund Proposal

Mr. Kelly and the Board discussed Clearbrook Global Advisor's proposal to provide a deep dive review and recommendation on the hedge fund portfolio. Clearbrook submitted to the Board's investment consultant search. Board and staff members conducted a due diligence trip to Clearbrook's office in New York City and came away impressed with their Hedge Funds expertise.

Motion made, and seconded, pending PERAC approval, to hire Clearbrook Advisors as a consultant to conduct a 6 month hedge fund review for an amount not to exceed \$60,000.

Motion accepted (5-0)

Outstanding/Ongoing Financial Issues: Jonathan D. Lucas, Chief Financial Officer

Actuarial Assumption Updates

Mr. Lucas informed the Board that both the mortality rate assumption table and the salary increase assumption table used in the compilation of the January 1, 2016 actuarial valuation needed updating. The investment rate of return remains at 7.75% and the System is on track to be fully funded by 2025.

Motion made and seconded to accept the actuarial assumption updates relative to the January 1, 2016 Actuarial Valuation as presented.

Motion accepted (5-0)

Financial Snapshot

Mr. Lucas presented the July snapshot to the Board. He noted that the July payroll went out timely to 14,648 payees and totaled just under \$48 million. 83 refunds and transfers totaling \$1,816,050 million were processed in July, and operational expenses were approximately \$580,000.

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

Operations Update

Ms. Weir provided an update on the payroll number for the month of July, 2016. There were 47 possible retirees, (25 superannuation, 15 disabilities & 7 death of active member) of which 29 were processed (superannuation, disabilities and death of active member). The breakdown of the 18 unprocessed cases is as follows:

- 1= Rescinded
- 1= Missing Documentation
- 2= Updating DRO
- 5= Work in progress
- 1= Process of buyback
- 1= Issue w/over payment
- 1= Process of roll-over
- 4 = Missing Salary (3 BPS & 1 BFD)
- 2 = members did not return final papers

Buy Backs

Ms. Weir reported that the backlog project has 150 open buybacks; 47 are ready for review and 193 incomplete cases were closed. The new buyback list has 378 cases completed and 79 awaiting review. Currently there are 112 open workflows.

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

The following court cases were provided for educational purposes only:

Filkins v. State Bd. of Ret., CR-11-715 (DALA dec. 06-10-2016)

Maillett v. State Bd. of Ret., CR-13-327 (DALA dec. 06-03-2016)

Schofield v. State Bd. of Ret., CR-13-494 (DALA dec. 05-06-2016)

Sinopoli v. State Bd. of Ret., CR-15-223 (DALA dec. 06-10-2016)

Soldi v. Worcester Regional Ret. Bd., CR-14-525 (DALA dec. 05-20-2016)

Adjourn

Board voted (5-0) to exit Administrative Session and enter Executive Session at approximately 1:10 p.m.

Board voted (5-0) to exit Executive Session and adjourn from Administrative Session at approximately 1:25 p.m.

Respectfully submitted,

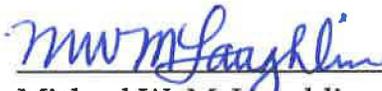
BOSTON RETIREMENT BOARD



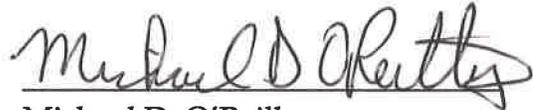
Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Sally D. Glora
Ex Officio Member



Michael W. McLaughlin
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member