

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

September 16, 2015

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 Board 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: Michael Manning, Sean Ruhmann of New England Pension Consultants.

Convene

The meeting convened in Administrative Session at approximately 10:08 a.m. All in attendance were introduced for the record.

Previous Minutes

Motion made, and seconded, to accept the Administrative Session Minutes of August 19, 2015 as presented.

Motion accepted (5-0)

Outstanding/Ongoing Administrative Issues

Mr. Smyth reported on the Board's portfolio monitoring and securities litigation services search. There were nearly 30 highly qualified responses received.

Portfolio monitoring and securities litigation firms monitor the Board's investment portfolio, watching for fraud, or signs of fraud, at no cost to the Board. If there is fraud, or something that appears to be fraud, it is brought to our attention for the possible filing of a securities litigation case. The Board currently uses two securities litigation firms, both excellent, and would like to bring three more firms on board, bringing the number to five.

Motion made, and seconded, to retain current firms, Labaton Sucharow and Pomerantz, while adding Wolf, Haldenstein; Chimicles and Tikellis; and, Bernstein, Litowitz, Berger and Grossman for portfolio monitoring and securities litigation services.

Motion accepted (5-0)

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

New England Pension Consultants

Value Add and Opportunistic Real Estate Search

NEPC provided in-depth analysis of the real estate search respondents. Currently we have \$139 million in uncalled real estate capital commitments. The Board determined that AXA Real Estate Investment Managers and Brookfield Asset Management should be invited to present their funds to the Board at the October 2015 Board Meeting; while the Davis Companies and Invesco Real Estate will be invited to present at the November 2015 Board Meeting.

Small Cap Search

Representatives from Aristotle Capital, Segal Bryant & Hamill and Bernzott Capital Advisors presented their funds to the Board. Following the presentations, and discussion among NEPC, the Board, and Board Staff, the following motion was made:

Motion made, and seconded, to invest approximately \$75 million each with Bernzott Capital Advisors for US small cap value and Aristotle Capital for US small cap core equity, while terminating the Boston Company and redeeming \$25 million from Westfield Capital Management.

Motion accepted (5-0)

Performance

The Plan was down -4.1% in August 2015 bringing the YTD to a -1.0%. The August decline was primarily driven by a sharp decrease to total equities of -7.0%

Mr. McLaughlin left the meeting at this time for personal reasons.

Outstanding/Ongoing Administrative Issues (continued)

Reorganization of the Chief of Staff Position

Mr. Smyth reported back to the Board that since the March 2015 Board vote to abolish the Chief of Staff position and Personnel Officer position, it has been learned that given the proposed job duties of the Senior Administrative Assistant, that it would likely be an exempt management position under MGL Chapter 150E.

Motion made, and seconded, to create a position entitled "Senior Administrative Assistant", which would be an exempt management position; once created, abolish the existing "Executive Assistant" and "Personnel Officer" positions; and, impact bargain with SENA and SEIU in compliance with applicable labor laws and regulations.

Motion accepted (4-0)

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

Financial Update

Mr. Lucas reviewed the August 2015 financial snapshot report with the Board, noting that the August payroll went out timely to over 14,562 retirees totaling just under \$46 million. There were 47 new retirees and 85 refunds/transfers. Operational warrants totaling approximately \$187,000.00 were paid out.

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

Operations Update

Ms. Weir provided an update on the payroll activity for the month of August 2015. There were 78 possible retirees, of which 50 were processed (46 superannuation and 4 disabilities). There were 28 cases that did not make the payroll, 24 superannuation retirements, 1 death of an active member and 3 disability retirements.

There were 28 cases carried over from last month, 11 who did not return final papers, 9 where the respective Employer failed to send salary and 8 were from Boston Public Schools. 4 cases had outstanding buybacks, 1 had legal issue and 3 were unable to complete.

CBA Update

Ms. Weir reported that the CBA project continues. Contact with all autonomous agencies has been made and staff is currently in the process of cleaning up the miscellaneous cases. There are 210 cases left to process. Approximately 151 cases from 2013 and 2014 are under review.

Buy Back

The buyback project continues to move forward. Ms. Weir reported that 1,122 outstanding buybacks are open for the backlog project; 410 cases were completed; and, 152 are ready for review. Also, 49 "new request" buybacks have been completed, 58 are waiting review and 213 are outstanding.

Vitech Training

Ms. Weir reported that the staff completed training with Vitech.

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

Application(s) for Termination Retirement Allowance Section 10(2)(a)

Carol Harlow, ISD, Application for Termination Retirement Allowance

Mr. Lydon addressed the Board, reminding them that to be considered for a termination allowance, the member must have at least 20 years of service, be removed or discharged from his/her office or position, without moral turpitude on his/her part in the removal and, finally, the termination/application must not be brought on by collusion or conspiracy between the Employee and the Employer.

Ms. Harlow was an employee of the Inspectional Services Department, with over 20 years of service, whose position was abolished in April of 2015. She applied for a termination allowance with the Retirement Board in due course. A hearing was held by Attorney and Hearing Officer Robert Fabino that was attended by Ms. Harlow and Inspectional Services, both represented by their own Counsel. Mr. Fabino drafted the decision before the Board that recommends the granting of Ms. Harlow's application for a termination retirement allowance as she has met all the conditions.

Motion made, and seconded, to accept the termination retirement allowance application of Carol Harlow because Ms. Harlow's position was abolished; the abolishment was not the result of collusion, nor was she dismissed for activities involving moral turpitude, and further to adopt Hearing Officer Robert Fabino's recommended decision in its entirety.

Motion accepted (4-0)

Nancy Lo, ISD, Application for Termination Retirement Allowance

Nancy Lo was an employee of the Inspectional Services Department, with over 20 years of creditable service, who was terminated on May 27, 2014 and told her position was being abolished. Attorney Robert Fabino held a hearing. Ms. Lo represented herself and Inspectional Services was also present and testified as to the abolishment of the position. Mr. Fabino drafted the recommended decision before the Board recommending approval of Ms. Lo's termination allowance application as she has met all the conditions necessary.

Motion made, and seconded, to accept the termination retirement allowance application of Nancy Lo because Ms. Lo's position was abolished; the abolishment was not the result of collusion, nor was she dismissed for activities involving moral turpitude, and further to adopt Hearing Officer Robert Fabino's recommended decision in its entirety.

Motion accepted (4-0)

PERAC Memos

The following PERAC memos were offered for educational purposes:

PERAC Memo 18-2015 re Section 54 of Chapter 46 of the Acts of 2015; and,
PERAC Memo 19-2015 re Proposed Regulations Regarding Disability
Retirement (840 CMR 10.00) and Retirement Board Election (840 CMR 7.00).

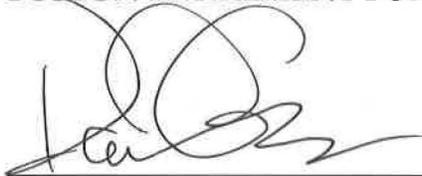
O'Grady vs. CRAB

This is a CRAB case regarding an alleged Option D beneficiary. In this case, there was no evidence that the member, who died active, had ever filed an Option D beneficiary form with his Retirement Board. The only evidence before DALA was that the member had "told" a person that she was the Option D beneficiary. The purported beneficiary lost and no benefit was granted. (*This is not a Boston case; this case was brought to the Board's attention solely for educational purposes*).

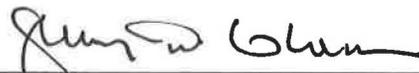
A roll call motion was made, and seconded, to enter Executive Session at approximately 1:02 p.m.

Mr. Jackson left the meeting at this time.

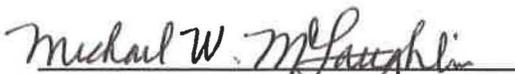
Respectfully submitted,
BOSTON RETIREMENT BOARD



Daniel J. Greene, Esquire
Mayoral Appointed Member



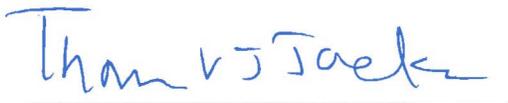
Sally D. Glora
Ex Officio Member



Michael W. McLaughlin
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member