

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

November 18, 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; Jean Petitti, Recorder.

ALSO IN ATTENDANCE: Michael Manning, Michael Sullivan, Jeff Markarian and Will Forde of New England Pension Consultants. Jon Frey and Jon Davis from the Davis Companies. Keri Hepburn and Jay Hurley from Invesco.

Convene

The meeting reconvened and entered Administrative Session at approximately 10:12 a.m. All in attendance were introduced and identified for the record.

Previous Minutes

Motion made, and seconded, to accept the administrative session minutes of October 21, 2015 as presented.

Motion accepted (5-0)

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

New England Pension Consultants

International Equity Search

The Boston Company sent notice to the Board last week that they had decided to close the International Equity Value fund. The Board had already voted to terminate the Boston Company due to poor performance at the October 21, 2015 meeting. This event has sped up the Board's international equity manager search schedule. To that end, NEPC reviewed the top five candidates, with the purpose of paring the five down to two or three international equity managers to present at the December 16, 2015 Board Meeting. The three finalists

chosen were Select Equity, Marathon Asset Management and Todd Asset Management.

Real Estate (value add mandate) Search Presentations

NEPC provided background on both Invesco and the Davis Company, the two investment firms presenting today in the Board's value add mandate real estate search. Invesco and the Davis Company then both presented their funds and were interviewed by 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 \$15 million in the Davis Company Venture Fund III.

Motion accepted (4-1)*

**Mr. O'Reilly voted nay*

Performance

The Total Plan was up 4.1% in October bringing the YTD number positive to a +0.9%. Almost all asset classes were up in October 2015, largely led by total equities being up 7.5% for the month.

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

2015 Budget Update and 2016 Draft Budget Information Review

After a brief overview of the Board's CY2015 Budget, Mr. Lucas presented a draft of the CY2016 Operating Budget for the Board's review. The Board will be voting on the CY2016 Budget at its December 16, 2015 Board Meeting.

PERAC Audit (2011-2013)

The Board discussed the draft by Executive Staff in response to PERAC's Audit Findings. Mr. Smyth explained to the Board that, after Board Staff's exit interview with PERAC, the number of findings was reduced from 7 to 4. Mr. Lucas provided draft responses. The Board discussed the findings and how to respond.

Motion made, and seconded to accept the PERAC Audit Findings, with the knowledge that BRS Executive Staff will be submitting responses to the four remaining findings, as discussed today.

Motion accepted (5-0)

Financial Update

Mr. Lucas reviewed the October 2015 financial snapshot report with the Board, noting that the October 2015 payroll went out timely to over 47,001,862

retirees totaling just over \$47 million. There were 92 new retirees and 145 refunds/transfers. Operational warrants totaling \$422,961 were paid out as well.

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

Ms. Weir provided an update on the payroll number for the month of October 2015. There were 139 possible retirees, of which, 95 were processed (92 superannuation, 2 disabilities and 1 death of an active member).

There were 60 cases that did not make the payroll, 12 could not be completed in time, 11 did not return final papers, 11 are in the process of a rollover or buyback, 10 had no salary from BPS, 6 salaries were received too late from BPS, 5 did not get started, 3 are 10 (2)(a) cases in process, 1 is in discussion with an attorney and 1 was missing documentation.

In addition, there were 28 cases carried over from last month, of which, 11 did not return final papers, 9 were missing salary information (of which 8 were from Boston Public Schools).

Ms. Weir reported that the CBA project continues. We have been in contact with all autonomous agencies and are in the process of cleaning the misc. cases up within the next month.

Buy Back Project

The buyback project continues to move forward. Ms. Weir reported that 962 outstanding buybacks are open for the backlog project, 579 cases were completed and has 143 were ready in review. Ms. Weir reported 71 buybacks were completed and 91 are waiting review. We are keeping up with all newly filed buybacks applications.

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

PERAC Memorandum

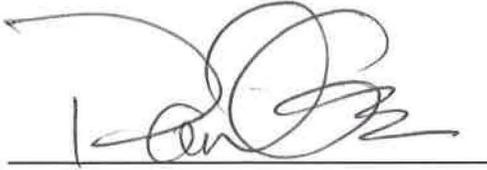
The following PERAC memo was offered for educational purposes:

- PERAC Memo #25/2015 re Survey for PERAC Technology Improvement Project.

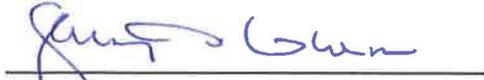
Enter Executive Session

A roll call motion was made, and seconded, to reenter Executive Session at approximately 1:10 p.m.

Respectfully submitted,
BOSTON RETIREMENT BOARD



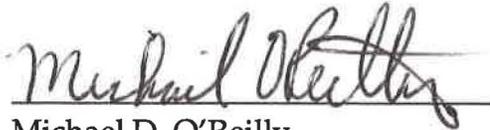
Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Sally D. Glora
Ex Officio Member



Michael W. McLaughlin
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member