

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

December 21, 2016

Boston Retirement Board, Room 716

Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Daniel J. Greene, 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.

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: Michael Manning, Michael Yang and Jake Mallinson of NEPC

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.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Custodial Bank Search Finalist Presentations, Discussion and Vote

At the November 2016 meeting, the Board voted to invite J.P. Morgan, BNY Mellon and State Street Bank to present as finalists in the custodial bank search. Presentations were made by the following:

- 1) State Street: Jason Butler, Managing Director – Head of Public Fund Services; Patrick Donohoe, Vice President & Relationship Manager.
- 2) BNY Mellon: Bruce Shain, Managing Director; Barbara Doherty, Service Director Manager; Scott Berard, Managing Director – Global Risk Solutions; and, Todd Kroner, Relationship Development Executive.

- 3) JP Morgan: James Adams, Managing Director; Josh Lavender, Executive Director; John Miller, Executive Director; and, Ed Semiles, Vice President & Client Service Manager.

State Street expressed that they did not want to lose the Boston Retirement System as a long standing client over fees. Their proposal included a fee reduction of approximately \$45,000.

Motion made, and seconded, to retain State Street to a five-year contract as the Custodial Bank for the Boston Retirement System, subject to contract and fee negotiations.

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

Mr. Jackson left the meeting 12:20 pm

November Flash Report

The Total Plan was up +0.4% in November led by Small Cap Equities, which were up +7.6% for the month. November's performance brings the YTD of the Total Plan to +5.3%.

Previous Minutes

Motion made, and seconded, to accept the Administrative Session Minutes of November 16, 2016 as presented.

Motion accepted (4-0)

Motion made, and seconded, to accept the Administrative Session Minutes of December 9, 2016 as presented.

Motion accepted (4-0)

Outstanding/Ongoing Administrative Issues: Timothy I. Smyth Executive Officer *Administrative Update*

Mr. Smyth informed the Board that he had received a "cease and desist" letter from the SEIU regarding their concern that the POD System, due to go into effect January 4, 2017, alters the terms and condition of the affected employees' work. Mr. Smyth and Mr. Lydon will be meeting with them and OLR next week and will update the Board at the next meeting.

Outstanding/Ongoing Financial Issues: Jonathan Lucas, Chief Financial Officer *Financial Snapshot*

Mr. Lucas presented the November snapshot to the Board. He noted that the November payroll went out timely to 14,744 payees and totaled \$48.3 million.

Also, 48 refunds and transfers totaling \$792,421.00 were processed in November, and operational expenses were approximately \$451,000.00.

Boston Retirement System CY2017 Operating Budget

Motion made, and seconded, to accept the Boston Retirement System CY2017 Operating Budget as presented.

Motion accepted (4-0)

Actuarial Valuation

Mr. Lucas informed the Board that our actuary, Kathy Riley of Segal Associates will be attending the January, 2017 Board Meeting to discuss the actuarial valuation.

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, 2016. There were 86 possible retirees (64 superannuation, 15 disabilities and 7 death of an active member) of which, 62 were processed (51 superannuation, 6 death of an active member and 5 disabilities). The breakdown of the 24 cases that did not make the payroll is as follows:

- 1= Waiting PERAC approval 10 (2)(a)
- 1= Did not have enough credible service to retire
- 1= Waiting amended QDRO from Probate Court
- 4= In process of buyback/rollover
- 4=In process of calculating
- 6= Missing salary (4 BPS, 1 BHA, 1BFD)
- 6= Did not return final papers
- 1= Waiting for Needham waiver vote

Buy Backs

Ms. Weir reported that 75 outstanding buybacks are open for the backlog project, 27 ready for review and 193 cases were incomplete and closed. The majority of the back logs are issue's with determination if they are eligible to purchase time. Ms. Weir reported that, from the new buyback list, 469 were completed, 83 are waiting for review. There are approximately 93 new buybacks that have not been started.

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

Fair vs. Middlesex County Ret. Bd., CR-15-294

Although there is no Board action currently required by this decision, if not overturned, would have major implications and a significant impact on us. The decision addresses this issue of vacation buyback payments and states that they are not includable as regular compensation.

Enter Executive Session

The Board voted unanimously (4-0) to enter into Executive Session at 1:22 pm.

Adjourn

The Board voted unanimously (4-0) to exit Executive Session and adjourn from Administrative Session at approximately 1:38 pm.

Respectfully submitted,
BOSTON RETIREMENT BOARD



Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Sally D. Glora
Ex Officio Member

Absent at 1/18/17 meeting TJS

Michael W. McLaughlin
Elected Member



Michael D. O'Reilly
Elected Member



Thomas V.J. Jackson
Fifth Member