

MINUTES OF BOSTON RETIREMENT BOARD

**Administrative Session**

November 16, 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 F. Kelly, Investment Analyst; Christine M. Weir, Operations Officer.

ALSO IN ATTENDANCE: Michael Manning, Will Forde, Michael Yang and Abigail McLaughlin of New England Pension Consultants; Daniel Atkinson of Boston Herald.

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Convene

The meeting convened and entered Administrative Session at approximately 10:06 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 October 19, 2016 as presented.*

***Motion accepted (4-0)***

Outstanding/Ongoing Administrative Issues: Timothy I. Smyth Executive Officer  
*Annuity Balance Project*

The Annuity Balance ("ABC") project has started in earnest. Four additional contractors have been hired and are being actively trained.

*Section 15(1) Proposed Policy Charge Process by Department Head*

Section 15(1) of the pension forfeiture law allows the Board to consider pension forfeiture in the event the member misappropriates government funds or property. Mr. Smyth has offered to the Board a proposed written policy. It is only a policy and not a supplementary regulation, which would require PERAC

approval. If approved, Mr. Smyth would like to distribute the policy to Department heads so that they may take advantage of this policy.

*Motion made, and seconded, to adopt the Section 15(1) Charge Process by Department Policy as presented.*

***Motion accepted (4-0)***

\*Ms. Glora arrived at approximately 10:14 a.m.

Outstanding/Ongoing Investment Issues: John F. Kelly, Investment Analyst

*Private Equity Pacing Plan*

NEPC has issued the 2017 Private Equity Strategic Pacing Plan, which provides an overview of the program, a commitment pacing schedule and allocation recommendations. In addition, the pacing plan provides the expected commitment pace and amount of BRS's customized separate account managed by Hamilton Lane as relates to Private Equity. As a reminder, BRS's 2016 commitment amount was lower than recommended and, as such, has increased the 2017 commitment amount.

*Motion made, and seconded, for NEPC to conduct a private equity distressed debt search for 2017 in an amount not to exceed \$40 million.*

***Motion accepted (4-0)\**** \*Mr. O'Reilly had left the room temporarily.

*Real Estate Pacing Plan*

Similar to the private equity plan, the real estate pacing strategic plan focuses on providing the Board with a commitment amount and strategy allocation recommendation. NEPC also recommended making redemptions from the three Core Real Estate managers in 2017. The specifics are to be discussed.

*Motion made, and seconded, for NEPC to conduct a value-add and opportunistic real estate search in CY2017 in an amount not to exceed \$45 million.*

***Motion accepted (5-0)***

*Custodial Bank Search Update*

At the October meeting, NEPC provided a preliminary list of respondents to the System's Custody search. NEPC then discussed the details on qualified respondents to the search.

*Motion made, and seconded, to invite J.P. Morgan, BNY Mellon and State Street Bank to present as finalists in the custodial bank search at the December 2016, board meeting.*

***Motion accepted (5-0)***

*Q3 Index Performance Analysis (IPA) Report*

NEPC discussed the Q3 IPA. The Q3 was an extremely strong quarter for the System ranking it in the top decile of the universe.

*October 2016 Flash Report*

The total plan returns were down -0.9% in October. Total Equities were down -1.7% for the month. The adverse October 2016 performance brings the YTD of the total plan returns to +5.1%.

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

Mr. Lucas presented the October snapshot to the Board. He noted that the October payroll went out timely to 14,727 payees and totaled \$49,055,243. There were thirty-three refunds and transfers totaling \$1,370,078 and operational expenses totaling \$1,322,992.

*Boston Retirement System CY2017 Operating Budget*

Mr. Lucas reviewed the CY2017 financial plan and budget with the Board. Mr. Lucas asked the board members to vote on adopting the financial plan at the next board meeting and to contact him if there were any questions.

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 2016, which is historically the largest payroll of the year. There were 153 possible retirement applications, of which 120 were processed. Of the 33 cases that did not make the payroll, 21 were superannuation retirements, four were DOA's and eight were disability retirements. The breakdown of the 33 unprocessed cases was:

- 1= Waiting PERAC Approval of a §10(2)(a) termination allowance
- 1= Waiting amended DRO from member
- 3= In process of calculating
- 8= In midst of buyback/rollover
- 2= Needham Waiver request
- 1= Review creditable service
- 9= Missing Salary (6 BPS, 1 BHA, 1BPD & 1 BFD)
- 2= Overpaid by department
- 6= Members did not return final papers timely

### *Buy Back*

Ms. Weir reported that 86 outstanding buybacks are open for the backlog project, 28 ready for review and 193 cases were incomplete and closed. The majority of the back logs are issues with determination if they are eligible to purchase time. Ms. Weir reported from the new buyback list 433 were completed and 96 are waiting for review.

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

#### *Waiver Request*

Stephen Carrio

BPD

\$36,844.49

*Motion made, and seconded, to grant the waiver request of Stephen Carrio in the amount \$36,844.49 as presented.*

***Motion accepted (3-2)\****

*\*Mr. McLaughlin and Mr. O'Reilly voted nay.*

*The following cases were discussed for educational purposes only:*

*Camara v. State Bd. of Ret., CR-15-460 (DALA dec. 09-16-2016)*

*This was a group classification case.*

*Nivens-Blowers v. State Bd. of Ret., CR-15-61 (DALA dec. 08-05-2016)*

*This was a service purchase case.*

*Sarno v. Middlesex County Ret. System, CR-15-83 (DALA dec. 10-21-2016)*

*This was a disability case.*

### Adjourn

*Board voted (5-0) to exit Executive Session and adjourn from Administrative Session at approximately 12:40 pm.*


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*

Departed meeting early TJS  
Thomas V.J. Jackson  
*Fifth Member*