

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

January 20, 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, Comptroller; John Kelly, Investment Analyst; Christine M. Weir, Operations Officer.

ALSO IN ATTENDANCE: Michael Manning of New England Pension Consultants.

Convene

The meeting convened and entered Administrative Session at approximately 10:26 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 December 16, 2015 as presented.

Motion accepted (4-0) Ms. Glora presented at 11:06 a.m.*

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

For educational purposes, Mr. Smyth presented the following PERAC memos to the Board:

- PERAC Memo 26-2015 re 2015 Disability Retiree Data (and attachment)
- PERAC Memo 27-2015 re Annual Disclosure Forms
- PERAC Memo 1-2016 re Schedule 7 Report
- PERAC Memo 2-2016 re 2016 Limits Under Chapter 46 of the Acts of 2002
- PERAC Memo 3 re 2016 Limits under Section 23 of Chapter 131 of the Acts of 2010

- PERAC Memo 4-2016 re COLA notice
- PERAC Memo 5-2016 re Mandatory Retirement Board Member Training-1st Quarter 2016

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

CY2016 Asset Allocation Review

Mr. Manning recommended that the Board completely liquidate the global bond portfolio position over the next two months as our returns no longer justify the risk. Mr. Kelly inquired as to whether we would be missing out on another “pop” from the global fund. Mr. Manning said that this was possible, but that it would be an increase of 2% or 3 % over next few months, not a potential 9% or 10% over the next seven years. There are better opportunities in equities and alternative credit than global bonds right now. It can be difficult to follow the long term discipline but ultimately this is a good choice.

Motion made, and seconded, to liquidate \$40 million from Loomis Sayles Global fixed income mandate and distribute the funds to our international equity managers (\$13 million each to Fisher and Todd and \$14 million to Panagora).

Motion accepted (5-0)

NEPC will revisit asset allocation in February, 2016; the changes to the global bond fund will be reflected.

It was noted that the 2016 private equity search is underway and NEPC is collecting data on the investment managers who have responded.

December 2015 Flash Report

The plan was down -1.4% for the month of December, 2015. This is a preliminary number as we are still waiting on the Private Equity and Real Estate data to come in. They should provide a slight boost to the performance number. The largest detractor to the December performance was Small Cap Equities which were down -4.6% for the month. The preliminary one year return for 2015 was -0.9%. This number should improve a little once the 3Q Private Equity and Real Estate numbers become available.

State Street Bank & Trust

Mr. Kelly informed the Board that State Street Bank & Trust had contacted us last month to inform us that they had recently discovered, over the course of the last 18 years, that custodial bank clients had been overcharged in an amount that was estimated to be \$200 million in the aggregate. They are in the process of

figuring out how much they overcharged each client and will then be making each client whole with interest.

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

December 2015 Snapshot

Mr. Lucas reviewed the December 2015 financial snapshot with the Board, noting that the December payroll went out timely to over 14,699 retirees totaling just under \$47 million. There were 24 refunds/transfers totaling under \$1 million Operational warrants totaling \$515 thousand were paid out.

Year-End Reporting

The 1099's were reconciled with Treasury during the first week of January, 2016. Test file print runs were completed this week and this morning the print file was generated and moved to Treasury; it is Treasury's intention to print and mail the 1099's out by the end of this week. As the Board knows, we mail out additional letters to our disability retirees who have post tax contributions. Those letters are currently printing and they be mailed out by the end of this week.

Health Insurance Letters

Public Safety Officers are eligible to deduct up to \$3,000 per year in health insurance contributions on their 1040 tax form. Although not required by law or PERAC, we provide the deduction amount to the members so that they may file for it.

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

Operations Update

Ms. Weir provided an update on the payroll number for the month of December, 2015. There were 52 possible retirees: 38 regular retirees, 9 disability retirees and 5 death of an active member. Of this number, 32 applications were processed. There were 20 cases that did not make the payroll, 6 did not return final papers, 2 are in the process of buybacks, 9 were missing salary (6 BPS) and 3 were missing documentation.

CBA Project

Ms. Weir reported that the CBA project is ongoing. Ms. Weir expects to complete the miscellaneous cases within the next month.

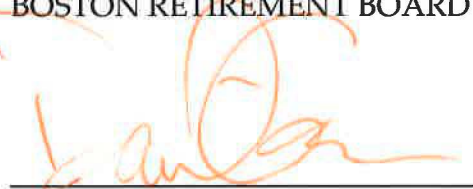
A roll call vote (5-0) to enter Executive Session was had at approximately 11:55 a.m.

Motion accepted (5-0)

Adjourn

Board voted (5-0) to exit Executive Session and adjourn from Administrative Session at approximately 12:20 p.m.

Respectfully submitted,
BOSTON RETIREMENT BOARD

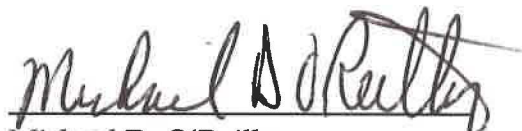


Daniel J. Greene, Esquire
Mayoral Appointed Member, Chairman



Sally D. Glora
Ex Officio Member

Michael W. McLaughlin
Elected Member



Michael D. O'Reilly
Elected Member

Thomas V.J. Jackson
Fifth Member