

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

December 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, Board Member; Sally D. Glora, *Ex Officio*.

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, Jeffrey Markarian and Will Forde of New England Pension Consultants.

Convene

The meeting convened and entered Administrative Session at 10:13 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 November 18, 2015 as presented.

Motion accepted (5-0)

Outstanding/Ongoing Issues: Timothy J. Smyth, Executive Officer

For educational purposes, Mr. Smyth presented PERAC Pension News 41-2015 to the Board.

Mr. Smyth then presented the Proposed Schedule of Board Meeting Dates and Standardized Agenda Items for Calendar Year 2016 to the Board for approval and filing with the City Clerk.

Motion made and seconded to accept the meeting dates and standard agenda items for CY2016 Board Meetings as presented.

Motion accepted (5-0)

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

International Equity Search Presentations

Marathon, Select Equities Baxter St. Fund and Todd Asset Management were the three finalists chosen to make presentations to the Board as part of the Board's international equity search.

This search was originally initiated for due diligence. Additionally, the Boston Company announced this past fall that they were ending the International Value Equities Strategy Fund, which they have managed about \$200 million since 2005.

The Board's position in Panagora and Fisher was reaffirmed and they will be retained. NEPC provided background on each of the current and presenting managers. Following the presentations, and discussion among NEPC, the Board, and Board Staff, the following motion was made:

Motion made, and seconded, to invest approximately \$200 million with Todd Asset Management in their International Intrinsic Value Fund. This will replace the Boston Company International Value Fund, which is closing.

Motion accepted (5-0)

Private Equity Program

Based on pace of growth, it was determined the commitment to the Private Equity Program for 2016 is \$60 million. An RFP will be issued in early 2016 covering Buyouts, Growth Equity and Special Situations.

Update on Asset Allocation

Motion made, and seconded, to move \$50 million from Core Fixed Income to High Yield and Emerging Market Debt, specifically, to liquidate \$30 million from Wells Capital and \$20 million from IR&M and invest \$20 million with Crescent, \$20 million with DDJ and \$10 million in the Loomis Emerging Debt Strategy.

Motion accepted (5-0)

Performance

The Total Plan was down -0.4% in November, 2015. Most asset classes were moderately down for the month with the exception of Small Cap Equities, which were up +2.3%. YTD the total plan is up +0.5%.

Enter Executive Session

A roll call vote (5-0) was had to convene in Executive Session at 12:06 p.m.

Reconvene in Administrative Session

A roll call vote (5-0) was had to reconvene in Administrative Session at 12:11 p.m.

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

2014 Audited Annual Financial Statements

Motion made and seconded to accept the 2014 Ernst & Young review copies of the audited Financial Statements and schedules of the Boston Retirement System as presented.

Motion accepted (5-0)

2016 Draft Budget Review and Vote

After some discussion pertaining to personnel, Mr. Lucas presented the CY2016 Operating Budget for the Board's approval.

Motion made and seconded to accept the Boston Retirement System CY2016 Operating Budget as presented.

Motion accepted (5-0)

Financial Update

Mr. Lucas reviewed the November 2015 financial snapshot report with the Board, noting that the November payroll went out timely to over 14,697 retirees totaling just over \$47 million. There were 92 new retirees and \$2.3 million in refunds/transfers. Operational warrants totaling \$700,000 were paid out.

FY2017 PERAC Appropriation Letter

For educational purposes, Mr. Lucas presented the FY2017 PERAC appropriation letter for the Boston Retirement System, broken out by Employer.

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, 2015. There were 96 possible retirees, of which, 74 were processed. There were 22 cases that did not make the payroll, 11 did not return final papers, 3 are in the process of buybacks, 4 were missing salary (3 of those being BPS), 1 10 (2) (a) and 3 were missing other documentation.

Ms. Weir reported that the CBA project is ongoing. All autonomous agencies have been contacted and the process of cleaning up the miscellaneous cases within the next month.

Buy Back Backlog Project

The buyback project continues to move forward. Ms. Weir reported 121 buybacks were completed and 62 are waiting review. We are keeping up with all buybacks that are coming in.

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

The following PERAC memo was offered for educational purposes: PERAC Memo 25-2015 re updated tobacco company list.

A roll call vote (5-0) was had to reenter Executive Session at 12:37 p.m.

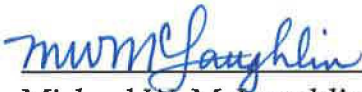
Respectfully submitted,
BOSTON RETIREMENT BOARD



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