

Minutes of Boston Retirement Board  
**Administrative Session Minutes**  
October 18, 2017  
Boston Retirement Board, Room 716  
Boston, MA 02201

IN ATTENDANCE: Daniel J. Greene, Mayoral Appointed Member (Chairman); Michael W. McLaughlin, Elected Member; Thomas V.J. Jackson, Board Member; Michael D. O'Reilly, Elected Member; Sally D. Glora, *Ex Officio* Member; Timothy J. Smyth, Executive Officer; Natacha Thomas, Assistant General Counsel; Ellen McCarthy, Comptroller; John F. Kelly, Investment Analyst; Christine M. Weir, Operations Officer.

ALSO IN ATTENDANCE: Luella Wong; Jake Malinson, Michael Manning, NEPC; Mike Lukarelli, Adams Street Partners.

---

Convene

Administrative session convened at 10:06 a.m. and introductions were made.

Previous Minutes

*Motion made, and seconded, to accept the Administrative Session Minutes of the September 20, 2017, meeting as presented.*

**Motion accepted (5-0)**

Outstanding/Ongoing Administrative Issues: Timothy J Smyth, Executive Officer  
ABC Update

Luella Wong presented an update on the ABC team. We were at 29,000 cases repaired last month. There were data problems this month, so the numbers were far lower.

It was requested to purchase Fuzzy Match software for approximately \$2,500. This software would identify accounts that possibly have wrong social security numbers, etc.

Last month it was requested that Timothy Oates go on for month to month, it looks like he his extended for another approximately 6 additional months. This project should wrap up end of the year. The candidate for the ABC team, offer was extended, he has accepted.

### 2017 Board Election Results

Timothy Smyth stated that he is not in a position to request that the Board certify the Board elections results. However, it was noted that Mr. McLaughlin came in first, Mr. O'Reilly came in second and the runner up, Stephen Green came in third, with a difference of 1,407 votes between O'Reilly and Green.

Mr. Smyth noted that Election-America mailed ballots to 43,466 individuals that, at that time, we believed were eligible to vote. Prior to sending Election-America the electronic file, our ABC Team misinterpreted a conversion from 1999 and switched 2,093 member account statuses from "inactive" to "never deducted" and "inactive" to "refunded." This change meant that the 2,093 people did not receive ballots. Assuming that the return rate of ballots of 12.58% stands, we expect only 263 returned ballots. Even if, all expected 263 returned ballots cast votes for Mr. Greene, he would still fall short of the now 1,407 deficit.

Nonetheless, we consulted with PERAC upon learning of the problem. PERAC instructed us to issue the ballots to the people who did not receive them. We would like to set a deadline for this to be done by next Board meeting. Mr. O'Reilly asked for PERAC's logic as 263 votes cannot sway the election.

ABC team is sorting the mistake out. Cleaning the data now will make for cleaner voting in the future. Mr. McLaughlin asked to maybe advertise in the paper to get more votes in future.

### TARP Policy

The issue of documented leaves of absence between January 2001 and June 30, 2001 was discussed. These members were never notified of TARP election. We suspect there would only be a handful. MTRS has their mailing list for their original TARP notice but we do not have any mailing list nor does BPS. Discussion held regarding allowing these members an election into the TARP program.

*Motion made and seconded to allow otherwise eligible documented members who were on leaves of absence between January 2001 and June 30 2001 to be given an opportunity to enroll in TARP upon repayment of deduction shortages.*

**Motion accepted (5-0)**

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Hedge Fund search

Blackstone Partners, Corbin Capital and Morgan Stanley were selected by the Board to make presentations in response to the Board's Hedge Fund of Funds manager RFP. The potential manager(s) would work with the Board's existing Hedge Fund of Fund Managers, EntrustPermal and Grosvenor to manage approximately \$225M. The Board is working to decrease the Hedge Fund target allocation from 7% to 5% by creating a new 2% target allocation in private debt.

- *Blackstone Alternative Asset Management, Liam Rogers, John McCormick, Brad Rudner*

Blackstone Partners OS, their flagship fund. Deep and experienced investment team comprised of 106 Investment professionals across New York, London and Hong Kong offices. They are equipped to find opportunities wherever they are large or small. Currently manages \$72 billion in Hedge Fund Solutions. Industry leader across all lines in Alternatives. Negotiates preferential fees and terms with underlying Hedge Fund managers because of their size and leverage. Provides access to the Blackstone Network. Currently invests on behalf of 132 US Pensions. Have outperformed the HFR Index by 230 bps over the last 3 years and 240 bps over the last 5 years.

- *Morgan Stanley, Aiden Redmond, Jarrod Quigley, Dan McHale*

Custom Account. Alternative investment partners, offers stability, scale, custom hedge fund solutions. 23.3B AUM in Hedge Fund Solutions. Team of 64 professionals across New York, West Conshohocken, London, Mubai and Tokyo offices. Offers lower fees. Been in business for 42 years, 172 approved managers, most portfolios are between 25-30 funds. Proposing a Portfolio constructed of 21 managers, 70% primary investments, 15% secondary investments and 15% co-invest and opportunistic strategies. Customized Accounts (Primaries/Hybrids) outperformed HFRI by 89 bps over last 3 years and 188 bps over last 5 years.

- *Corbin Capital, Craig Bergstrom, Ralph Vasami*

Pinehurst Partners, their flagship fund. 33 year old private owner operated firm means client succeeds or Corbin fails. 41 employees. Smaller size with \$5.3B in AUM \$2.8B of pension assets, but meaningful competitive advantage of asset allocation and strategy. Consistent incremental outperformer with use of asset allocation. Have outperformed the HFR Index by 202 bps over the last 3 years and 242 bps over the last 5 years.

*Motion made and seconded to hire Blackstone Partners Fund to be funded in the amount \$75M for a Hedge Fund.*

**Motion accepted (5-0)**

NEPC Discussion Items

- Private Equity Pacing Plan, \$47M for 2018, a search has been initiated.
- Hamilton Lane will give update at November board meeting about BRS's customized separate account.
- Real estate, list of respondents to be discussed at the November meeting.
- Private debt RFP is out.

Outstanding/Ongoing Financial Issues: Ellen McCarthy, Comptroller

- Financial Snapshot

Ms. McCarthy reviewed the September financial snapshot with the Board noting that the monthly payroll went out on time to 14,824 payees; the monthly payroll was \$49,645,043. Pension payroll for non-contributories are \$326,585 total of 65 total payees. New regular retirees of 38, survivor/beneficiary retirees are 2 and disability retirees are 9. 77 member refunds for a total of \$1,520,669, 17 transfers \$844,670 and Option B refunds were \$71,056 for 3 members. Ms. McCarthy stated that operations warrants for September were \$452,887.

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 2017, historically our busiest month. There were 142 possible new retirees (126 superannuation, 4 death of active and 12 disabilities), of which 128 made the payroll. Of the 14 whom did not make the payroll, we note the following explanations:

- 3 members did not timely return final papers;
- 1 member revising DRO;
- 1 member needs to establish paternity;
- 1 case was not worked on due to high count;
- 1 member was in process of creditable service purchase;
- 1 member required guardianship papers;
- 1 case was in process of calculation;
- 2 members were missing salary (both BPS) from the department;
- 1 case had a legal issue;
- 1 member had a workers compensation recoupment issue; and,

- 1 member is considered withdrawing his application for ordinary disability retirement.

Outstanding/Ongoing Legal Issues: Natacha Thomas, Assist. General Counsel

- Deduction Shortage Waiver Request

- Andrea Chiota-Cerda.....\$6,493.20

Ms. Andrea Chiota-Cerda, a teacher, entered service with the Boston Public School Department (“BPS”) on January 14, 1985. The member enrolled in TARP on June 25, 2001. On or around June 29, 2001, we learned that the member was wrongly deducted at 7+2%, instead of the correct 8+2% rate. The member was billed. The bill was not paid.

After a thorough review of Ms. Chiota-Cerda’s file, it appears member received a copy of the Vatalaro letter in 2012. Notes in the file indicate that member requested to be billed in 2014 when she filed her intent to retire. She has executed a Needham waiver affidavit.

This matter was tabled as staff sought to produce file contents pertaining to this request.

- Evelyn Eduardo.....\$8,604.21

This member originally entered service with the Boston Retirement System in 1991 after serving as a substitute teacher in 1990, she left system in 1992 and refunded in 1992. She returned to system and refunded several times over the years and finally came back as a member in 2002. As she re-entered the system in 2002, she was a mandatory TARP member. She was under-deducted from 2002 to 2009 when she was advised her rate would be changed to 11%. (TARP) There was an under deduction for that period from 2002-2009.

The member has been inactive since 2014. The member was sent a letter regarding waiver information on November 6, 2012, but the member did not respond. Therefore I would recommend denial of the Needham waiver.

This was prepared by Atty. Lydon. He has supplied a memo for the second waiver a second waiver in the amount of \$9,056.87 which is the amount of the combined service buyback. The member has a pending litigation, and under the law we cannot waive her buy back. According to Atty. Lydon we cannot waive the \$9,056.87, so the only matter before the Board today is the \$8,604.21.

*Motion made, and seconded, to deny waiver request of Evelyn Eduardo in the amount of \$8,604.21.*

**Motion denied (5-0)**

Convene Executive Session

A roll call vote (5-0) to enter Executive Session was had at approximately 12:50 p.m.

Re-convene in Administrative Session

After a roll call vote in executive session, Administrative Session was reconvened at approximately 1:24 p.m.

Outstanding/Ongoing Legal Issues: Natacha Thomas, Assist. General Counsel

- Deduction Shortage Waiver Request
  - Andrea Chiota-Cerda \$6,493.20

Further discussion on waiver letter. Member was told in 2001 of deduction shortage. She filed to retire in 2014 and asked to be billed. No bill was found in her file.

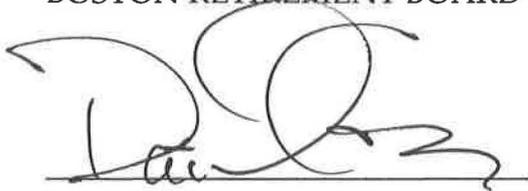
*Motion made, and seconded to accept the waiver request of \$6,493.20.*

**Motion accepted (3-2) Mr. Greene and Ms. Glora voted nay.**

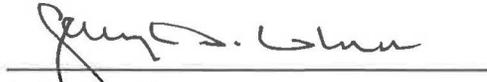
Adjourn

The Board voted unanimously (5-0) to adjourn at approximately 1:30 p.m.

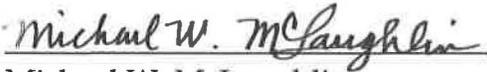
Respectfully submitted,  
BOSTON RETIREMENT BOARD



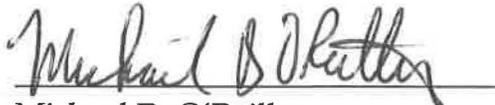
Daniel J. Greene, Esquire  
*Mayoral Appointed Member, Chairman*



Sally D. Glora  
*Ex Officio Member*



Michael W. McLaughlin  
*Elected Member*



Michael D. O'Reilly  
*Elected Member*



Thomas V.J. Jackson  
*Fifth Member*