

INTENTIONALLY LEFT BLANK

Brockton Contributory Retirement Minutes for Thursday, August 31, 2017 at 1:00 P.M.

William R. Farmer, Chairman
Matthew J. McLaughlin, Appointed
MaryLynn Peters Chu, Ex Officio

Edward P. Mack, Elected
William E. Parlow, Elected

Board Counsel, Greg Galvin and Executive Director, Jeanne Martineau present

Votes to be recorded as (Yes- No- Abstain)

Chairman recognized any member of the public who wishes to be acknowledged.
n/a

Minutes:

- Motion by E. Mack, second by M. McLaughlin to approve the minutes of July 27, 2017
So voted: (4-0-0)
- Motion by E. Mack, second by M. McLaughlin to approve the Executive Session minutes of July 27, 2017 for Mary E. Guest, not subject to release due to medical information.
So voted: (4-0-0)
- Motion by E. Mack, second by M. McLaughlin to approve the Executive Session minutes of July 27, 2017 for Patrick J. Mulvey, not subject to release due to medical information.
So voted: (4-0-0)

(MPC arrives)

Vendor and Payroll Warrant:

- Motion by E. Mack, second by M. McLaughlin to approve and authorize the payment of bills listed on the warrant of August 31, 2017
So voted: (5-0-0)
- Motion by E. Mack, second by M. McLaughlin to approve and authorize the Contributory Pension Payroll for August 31, 2017
So voted: (5-0-0)

Refunds

| | |
|---------------------|--------------|
| Maureen L Pierson | School Dept. |
| Theresa M. Tringali | School Dept. |
| Valerie M. Gomes | School Dept. |

- Motion by E. Mack, second by M. McLaughlin to approve the refunds as listed above
So voted: (5-0-0)

Transfers Out

| | |
|---------------------|---------------------------|
| Chanelle M. Jackson | MTRS |
| Melissa M. Coppin | MTRS |
| Lynne M. Tartaglia | MTRS |
| Diane M. Catania | State Board of Retirement |

Retirement Applications:

| <u>Name</u> | <u>Dept.</u> | <u>Type</u> | <u>Effective Date</u> |
|------------------------|--------------|----------------|-----------------------|
| Steven S. Levy | Library | Superannuation | 09/08/17 |
| Christopher D. Junkins | School Dept. | Superannuation | 08/11/17 |
| Gayle R. Nash | DPW | Superannuation | 09/15/17 |
| Susan A. Riley | School Dept. | Superannuation | 10/05/17 |

- Motion by E. Mack, second by M. McLaughlin to accept the Retirement Applications as listed above

So voted: (5-0-0)

Education Opportunities

1. NCPERS - September 10- 12, 2017 - San Francisco, CA
No Action taken

2. NCPERS - September 30 - October 1, 2017 - San Antonio, TX
No Action taken

Emerging Forum - Holy Cross - September 14, 2017 - 9 am to 3 pm *(previously emailed to bd. 8/14/17)*

- Motion by E. Mack, second by M. McLaughlin to authorize attendance of Board members and staff

So voted: (5-0-0)

July

Warrant Check Series Used: #20364-20402
End Checks (Office Payroll) Series Used: #20329-20333
End Checks (Office Payroll) Series Used: #20336-20339
Retiree's Payroll Check Series Used: #20334 and 20342 - 20358
Replacement Check Series Used: 20335, 20340, 20341
Void/cancel Checks Used: 127956, 128024, 20340

Visitors/ Financials

Review Bank Reconciliation Statement

(1:15)

Terry Gerlich from SEI present to discuss portfolio performance as of July 2017.

Gerlich stated slow and steady economic growth, corporate profits and the fact that inflation is actually going down is keeping the market in a steady mode. They expect that eventually there

will be periods of volatility but for now there is much complacency in the marketplace which creates a tough environment for active managers who are structured to take advantage of volatility. Non U.S. markets (EU and Japan) are outperforming US markets. Market corrections are overdue and they anticipate volatility will return and when that happens Brockton is diversified well enough to respond. They discussed the cash flow on the portfolio and the pension payments are @ \$12M more than what is received in the appropriation from the participating units. The Executive Director stated that the System received the FY18 appropriation and she was instructed to work with SEI on how to matriculate that over to SEI. M. McLaughlin asked about the fees listed in the presentation to which the response was that some strategies were reported out on a net performance basis. PRIT is marginally outperforming Brockton as of the second quarter. The drag on Brockton is the lack of Private Equity which has been a good performer as of late. Private Equity is something that needs to be built on and in the next quarter Gerlich wants to discuss enhancing that strategy. PRIT is heavy on Private Equity. Gerlich discussed the Emerging Market managers that have underperformed; however, they are not changing the stable of managers as they feel comfortable with their strategy and stand ready to perform when market conditions change. He discussed particulars of managers that were terminated and retained.

The Board discussed the Pension Obligation Bonds and Terry stated he will report on that for the next meeting

Anthony Tranghese and Richard Carey from FIA to discuss portfolio managers' performance to date

FIA will be making another site visit to SEI this fall. He affirms that the portfolio is in compliance with the asset allocation. Tranghese validated Gerlich's prior statement that legacy assets are a drag on the portfolio. He presented a table which demonstrated the investments by broad asset class and compared SEI to PRIT. FIA is analyzing whether SEI is allocating assets and choosing managers successfully. Upon conclusion the Board asked if FIA has any concerns at all about SEI's performance. They have no major concerns. Where SEI has underperformed they understand why and the reasoning behind their choices of investments. He stated that the analysis window is short and as the Board employs SEI for a longer term there will be more data to analyze. To date the rationale for the portfolio choices make sense to them. The long term objective is to watch and see if their choices produce results.

Exit 2:15

12(2)(d) Applications:

Leo G. Carney, spouse of Deborah A. Carney, School Department Food Service Manager deceased July 2, 2017, filed Affidavit seeking Member Survivor Benefits and Notice of Election of Benefits under G.L. C. 32§12(2)(d).

- Motion by E. Mack, second by M. McLaughlin to find that the Survivor meets criteria for 12(2)d benefit and to grant Leo G. Carney a 12(2)d allowance subject to final approval from PERAC.

So voted: (5-0-0)

Disabilities:

PATRICK KINCH, accepted for Accidental Disability by PERAC last month with a retro-active retirement date of November 21, 2016; FIRE CHIEF MICHAEL WILLIAMS presence was requested by the Board.

The Board contends that this member should have been receiving regular compensation from the City due to the fact that this was an industrial accident. When asked why Mr. Kinch was not on 1-11F before his ADR was accepted, the Chief stated that Kinch did not ask for it. The Board's concern was that this member's effective date of retirement is retro-active to November of 2016 due to a clause in c. 32 s. 7. Therefore, the liability is assumed by the Board back to November. The Chief did not deny that Kinch's disability was the result of many industrial accidents eventually leading to a permanent disability. The Board's message was that the City needs to be aware that situations like this cause the unfunded liability to increase.

S. 9 Allowance

ROBERT L. JEPPSON, retired Firefighter, passed on August 04, 2017. VIRGINIA A. JEPPSON submitted the Survivor Benefits Application, death certificate and medical records.

- Motion by B. Parlow, second by E. Mack to find that the criteria is met to award a section 9 allowance, and to forward the Disability Transmittal to PERAC.

So voted: (5-0-0)

S. 101 Allowance

ROBERT L. JEPPSON, retired Firefighter, passed on August 04, 2017. VIRGINIA A. JEPPSON submitted the Survivor Benefits Application, and death certificate.

- Motion by B. Parlow, second by E. Mack to award section 101 benefits to VIRGINIA A. JEPPSON

So voted: (5-0-0)

IT

3. Memo from Executive Director to Board regarding Pension software conversion process

Old Business

4. Board to review comprehensive set of Personnel Policies for the Brockton Contributory Retirement Office and Draft Employment Agreement
TABLED

DOROTHY BILOTTA- Board to provide guidance to Executive Director

Executive Director explained that she heard from the Retiree's attorney two days prior, and the attorney asked PERAC to call her. She and PERAC spoke that day. Upon instruction from PERAC, she asked for a formal opinion on the matter. Counsel said he had a discussion with the legal department at PERAC and was told this ADR allowance must be awarded. The Board instructed the Executive Director to write Bilotta a letter stating that her ADR benefit must commence in September and that she may repay the workers' comp offset or the benefits will be held until the amount is recovered. The Executive Director will work on this with Counsel.

New Business

5. Memo from Executive Director regarding Fiduciary Insurance Policy

B. Farmer feels that the way the MACRS policy is structured, \$30M in aggregate, with first come first serve, is limiting. The Board agreed to continue with their current policy.

Any business not reasonably anticipated by the Chair

NON ACTION ITEM

Notice of Deaths

Maria Reddan deceased 8/17/17; No further payments shall be made in her name after the date of death.

Vincent P. Gruntmeyer deceased 8/20/2017; No further payments shall be made in his name after the date of death.

Robert L. Jeppson deceased , deceased 8/4/2017; section 101 payments will be made to his spouse, Virginia A. Jeppson.

Retirement Approvals

| <u>Name</u> | <u>Dept.</u> | <u>Type</u> | <u>Effective Date</u> |
|----------------------|----------------|-------------------|-----------------------|
| Mary E. Guest | School Dept. | Superannuation | 05/16/17 |
| Paul R. Russo | Auditing Dept. | Superannuation | 07/07/17 |
| Jeanne M. Smith | BHA | Superannuation | 06/30/17 |
| Nancy Smith | School Dept. | Superannuation | 06/22/17 |
| Nancy M. Oriola | School Dept. | Superannuation | 06/29/17 |
| Kathleen C. Klimczyk | BHA | Superannuation | 06/30/17 |
| Marcia J. Corson | School Dept. | Superannuation | 06/22/17 |
| Susan L. Doherty | School Dept. | Superannuation | 06/22/17 |
| Denise McLean | School Dept. | Superannuation | 06/22/17 |
| Sally A. Leonard | School Dept. | Superannuation | 06/22/17 |
| Jean F. Brady | School Dept. | Superannuation | 06/22/17 |
| Silvia S. Rodrigues | School Dept. | Superannuation | 06/22/17 |
| Jacquelyn M. DeGrace | School Dept. | Superannuation | 06/22/17 |
| Patrick M. Kinch | Fire Dept | Accid. Disability | 11/21/16 |

Appeals or Exams at the State Level

n/a

Other Business

6. Executive Director received RESOLVE from City Council to attend their meeting of August 21; she could not attend and wrote the Council a letter dated August 15, 2017.

7. DRAFT Independent Audit Reports, Clifton Larson & Allen; Pension Plan Schedules and Financial Statements and Required Supplemental Information as of 12/31/16
To be reviewed at next meeting

Board received email on August 29, from Mesirow Financial informing them that their 330 unit mid-rise apartment (2121 Midlane, River Oaks, Houston) to date, has not sustained damage due to Hurricane Harvey. *(prev. emailed to Bd. 08/30/17).*

Merger of Aberdeen Asset Management PLC and Standard Life plc

90A- Half Pay

Executive Director to discuss progress of study and seek guidance
To be reviewed at next meeting

PERAC Memos

<http://www.mass.gov/perac/forms-pubs/memos/>

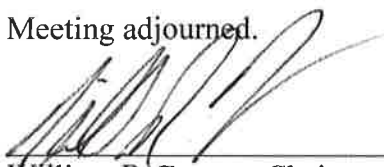
2. # 26-2017 Access to PROSPER *(previously emailed to bd. 8/14/17)*

PERAC Pension Newsflash - Legislature Addresses Age Discrimination in Retirement Law
(previously emailed to bd. 8/14/17)

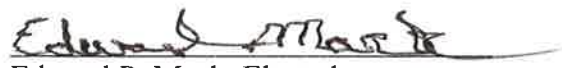
Next meeting: September 20, 2017

- Motion by E. Mack, second by M. McLaughlin to adjourn the meeting
So voted: (5-0-0)

Meeting adjourned.



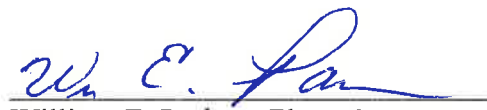
William R. Farmer, Chairman



Edward P. Mack, Elected



Matthew J. McLaughlin, Appointed



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MaryLynn Peters Chu, Ex Officio

