

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY RETIREMENT FUND
MINUTES OF REGULAR MEETING
July 19, 2019

Pursuant to notice by the Executive Director, the Regular Meeting of the Retirement Board of the Massachusetts Bay Transportation Authority Retirement Fund was held on Friday, July 19, 2019, at 9:41 AM, at One Washington Mall, 4th Floor, Boston, MA 02108.

The Members present in the boardroom or by conference call were Michael Abramo, James M. Evers, Steve Grossman, Craig S. Hughes, James M. O'Brien and Betsy Taylor; Alternate Members were Patrick Hogan, Gerald Kelley and Timothy Long.

Also present were John P. Barry, Interim-Executive Director; Pamela Holloman, Recording Secretary; and staff.

Interim-Chairperson James Evers recommended electing his Alternate, Patrick Hogan to Temporary-Chairperson given that he was participating telephonically. A discussion ensued.

On motion, duly made and seconded, it was unanimously

VOTED:- TO elect Alternate Trustee Patrick Hogan Temporary Chairperson.

Temporary-Chairperson Patrick Hogan presided.

SECTION II – REGULAR SESSION

a. Minutes

The Chairperson stated that the next item on the Agenda was the Consideration of Minutes of Prior Meeting of the Board, June 21, 2019. He inquired if there were any questions. None were asked.

On motion, duly made and seconded, it was unanimously

VOTED:- TO approve the Minutes of the Regular Meeting of June 21, 2019.

b. Approvals

Chairperson Hogan stated that the second item on the Agenda was Approvals. The Chairperson asked the Board to review the items listed for approval on pages 4-11 of the meeting packet. A discussion ensued.

On motion, duly made and seconded, it was unanimously

VOTED:- TO approve Item a. as indicated on Pages 4 through 11 of the meeting packet.

c. Informational Items

The Chairperson stated that Section II covering Items c. as indicated on Pages 12 through 16 of the meeting packet are INFORMATIONAL ITEMS to be reviewed at the Board's leisure.

d. Report of Executive Director

The Chairperson stated that the next item on the Agenda was a report from the Executive Director.

i. General Financial Reports

Executive Director Barry gave a report on the Fund's financial activities for the month of June 2019, all as outlined in the Financial and Flash reports.

Executive Director Barry reported that for the month of June, the Fund had a total of \$10,497,198 in deposits and \$18,980,224 in withdrawals for a net-negative of \$8,483,026. The Executive Director reviewed the overall performance of each of the Fund's asset classes in comparison to their respective benchmarks.

Executive Director Barry reported:

- That the Benefit Payments staff ran the first payroll with the new PTG software.

Executive Director Barry answered all questions asked and concluded his report.

On motion, duly made and seconded, it was unanimously

VOTED:- TO approve the General Financial Report of the Executive Director for the Month of June 2019.

On motion, duly made and seconded, it was unanimously

VOTED:- THAT the Retirement Board of the MBTA Retirement Fund move into Closed Session.

The meeting went into Closed Session at 9:49 AM.

The regular meeting reconvened at 10:10 AM.

e. Legal Update

The Chairperson stated that the next item on the Agenda was the Board vote regarding the Amendment of the Trust Agreement. Mr. read the motion.

On motion, duly made and seconded, it was unanimously

VOTED:- TO Approve and authorize the Interim Chairperson of the Massachusetts Bay Transportation Authority Retirement Fund, James Evers, to execute pursuant to Paragraph 15 of the Trust Agreement of 1980, the Instrument of Amendment of the Trust Agreement of the Massachusetts Bay Transportation Authority Retirement Fund dated October 18, 1980 and the Amended and restated Trust Agreement of the Massachusetts Bay Transportation Authority Retirement Fund executive by Local 589, Amalgamated Transit Union, AFL-CIO, CLC (“Union”) and the Massachusetts Bay Transportation Authority (“MBTA”), copies of which are attached hereto and incorporated herein by reference.

On motion, duly made and seconded, it was unanimously

VOTED:- THAT the Retirement Board of the MBTA Retirement Fund move into Closed Session.

The meeting went into Closed Session at 10:13 AM.

The regular meeting reconvened at 11:20 AM.

There being no further business to come before the Board,

On motion, duly made and seconded, it was unanimously

VOTED:- TO adjourn.

Adjourned accordingly at 11:20 AM

A true record.

ATTEST:

Notary Public



Returns - Gross of Fees

	<u>MONTH TO</u> <u>DATE</u>	<u>YTD</u>	<u>ROLLING 1</u> <u>YEAR</u>	<u>ROLLING 3</u> <u>YEARS</u>	<u>ROLLING 5</u> <u>YEARS</u>	<u>ROLLING</u> <u>10 YEARS</u>	<u>MKT VALUE</u>	<u>ALLOCATION</u>
<u>EQUITY-USD</u>								
TOTAL LARGE CAP EQUITY	1.56	19.82	6.85	12.58	9.85	14.47	298,385,139	19.2
S&P 500	1.44	20.24	7.99	13.36	11.34	14.03		
TOTAL SMALL CAP EQUITY	1.05	22.53	1.93	13.66	10.34	14.39	119,830,058	7.7
RUSSELL 2000 GROWTH	0.98	21.54	-1.22	12.66	10.21	13.67		
RUSSELL 2000 VALUE	0.16	13.65	-7.71	7.96	6.74	11.19		
GLOBAL EQUITY AND EMERGING MARKETS	0.56	23.77	9.01	17.48	12.33	-	122,401,649	7.9
MSCI ALL COUNTRY WORLD INDEX (NET)	0.29	16.57	2.95	10.17	6.48	-		
TOTAL INTERNATIONAL EQUITY	-1.99	12.52	-5.82	6.96	3.25	7.00	167,381,958	10.8
MSCI EAFE	-1.27	12.58	-2.60	6.87	2.39	5.84		
<u>FIXED INCOME</u>								
TOTAL DOMESTIC FIXED INCOME	0.01	5.81	6.06	3.44	3.07	4.48	414,523,659	26.6
BC AGGREGATE	0.22	6.35	8.08	2.17	3.05	3.75		
<u>SHORT TERM INVESTMENTS</u>								
91 DAY T-BILL	0.18	1.43	2.34	1.44	0.91	0.51		
MASTER ACCOUNT	0.19	1.37	2.26	1.42	0.91	0.52	22,136,848	1.7
CASH EQUITIZATION CUSTOM INDEX	0.56	18.00	2.83	11.27	8.54	11.71		
91 DAY T-BILL	0.18	1.43	2.34	1.44	0.91	0.51		
SSGM CASH EQUITIZATION	0.52	16.26	1.12	9.87	7.42	10.89	7,631,049	0.5



Returns - Gross of Fees

	<u>MONTH TO</u> <u>DATE</u>	<u>YTD</u>	<u>ROLLING 1</u> <u>YEAR</u>	<u>ROLLING 3</u> <u>YEARS</u>	<u>ROLLING 5</u> <u>YEARS</u>	<u>ROLLING</u> <u>10 YEARS</u>	<u>MKT VALUE</u>	<u>ALLOCATION</u>
TOTAL HEDGE FUND*	1.69	12.77	-3.95	2.97	0.16	3.93	32,887,132	2.1
91 T - BILL ONE MONTH LAG PLUS 300BP	0.47	2.75	5.38	4.42	3.90	3.50		
CSFB/TREMONT HEDGE FUND INDEX LAG	2.00	6.43	2.46	4.34	2.36	-		
DIVERSIFIED BETA	0.62	14.62	8.41	6.39	5.51	-	102,211,155	6.6
91 DAY T BILL PLUS 300 BPS	2.00	6.43	2.46	4.34	2.36	-		
60% MSCI WORLD EQUITY/40% BC AGG BOND	0.39	13.14	5.75	7.22	5.62	-		
BBG BARCLAYS U.S. TSY BELLWETHERS 3M PR	0.19	1.44	2.36	1.45	0.92	-		
OPPORTUNISTIC**	2.18	10.94	10.94	-	-	-	11,092,396	0.7
BANK OF AMERICA/MERRILL LYNCH HIGH YIELD QTF	0.98	2.39	0.69	-	-	-		
PRIVATE EQUITY **								
STATE STREET CUSTOMIZED BENCHMARK	4.12	3.19	9.40	12.64	9.96	13.04		
TOTAL PRIVATE EQUITY^^	1.98	0.09	4.43	8.61	6.50	9.41	121,915,293	8.0
REAL ESTATE **								
NCREIF PROPERTY INDEX QTR LAG	1.80	3.20	6.83	7.07	9.13	8.50		
NCREIF ODCE	0.99	2.43	6.40	7.57	9.76	8.43		
TOTAL REAL ESTATE	-0.13	3.12	8.54	8.19	11.29	8.43	137,393,581	8.8
TOTAL FUND								
MBTA ALLOCATION MIX	0.31	10.02	6.12	6.79	5.46	7.64		
MBTA POLICY MIX	0.25	9.60	4.32	6.94	6.00	7.84		
TOTAL FUND	0.29	11.74	4.92	8.74	6.58	8.78	1,557,789,917	100.0
PREVIOUS MKT VALUE							1,561,779,487	
MONTHLY CHANGE IN MARKET VALUE							-3,989,570	
12/31/2018 MKT VALUE							1,449,695,100	
YTD CHANGE IN MARKET VALUE							108,094,817	

* YTD Returns lags by one month. Actual returns through June 30, 2019

** YTD Return for PE, RE, Opportunistic HF lags by one quarter. YTD return is through 3/31/19 adjusted for cash flows. The month return is actually the last quarter returns

^ 36% Buyout, 9% Venture, 37% Debt and 18% Fund of Funds

^^ Active portfolio - post 2005



Returns - Net of Fees

	<u>MONTH TO</u> <u>DATE</u>	<u>YTD</u>	<u>ROLLING 1</u> <u>YEAR</u>	<u>ROLLING 3</u> <u>YEARS</u>	<u>ROLLING 5</u> <u>YEARS</u>	<u>ROLLING</u> <u>10 YEARS</u>	<u>MKT VALUE</u>	<u>ALLOCATION</u>
<u>EQUITY-USD</u>								
TOTAL LARGE CAP EQUITY	1.54	19.73	6.70	12.36	9.55	14.10	298,385,139	19.2
S&P 500	1.44	20.24	7.99	13.36	11.34	14.03		
TOTAL SMALL CAP EQUITY	0.95	22.06	1.23	12.94	9.64	13.63	119,830,058	7.7
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MSCI ALL COUNTRY WORLD INDEX (NET)	0.29	16.57	2.95	10.17	6.48	-		
<u>TOTAL INTERNATIONAL EQUITY</u>								
MSCI EAFE	-2.10	12.02	-6.49	6.22	2.53	6.27	167,381,958	10.8
MSCI EAFE	-1.27	12.58	-2.60	6.87	2.39	5.84		
<u>FIXED INCOME</u>								
TOTAL DOMESTIC FIXED INCOME	-0.03	5.67	5.82	3.23	2.87	4.28	414,523,659	26.6
BC AGGREGATE	0.22	6.35	8.08	2.17	3.05	3.75		
<u>SHORT TERM INVESTMENTS</u>								
91 DAY T-BILL	0.18	1.43	2.34	1.44	0.91	0.51		
MASTER ACCOUNT	0.19	1.37	2.26	1.42	0.91	0.52	22,136,848	1.7
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TOTAL REAL ESTATE	-0.13	3.12	8.54	8.19	11.29	8.43	137,393,581	8.8
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Massachusetts Bay Transportation Authority Retirement Fund
Summary of Performance
Periods Ending: July 31, 2019

Returns - Net of Fees

