

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY RETIREMENT FUND
MINUTES OF REGULAR MEETING
September 20, 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, September 20, 2019, at 9:34 AM, at One Washington Mall, 4th Floor, Boston, MA 02108.

The Members present in the boardroom or by conference call were Michael Abramo, 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; Catherine McGahan, Acting Recording Secretary; and staff.

On motion, duly made and seconded, it was unanimously

VOTED:- TO appoint Patrick Hogan as Temporary Chair and Catherine McGahan as Acting Recording Secretary.

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, August 16, 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 August, 16, 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 4-8 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 8 of the meeting packet.

c. Informational Items

The Chairperson stated that Section II covering Items c. as indicated on Pages 9 through 14 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 August 2019, all as outlined in the Financial and Flash reports.

Executive Director Barry reported that for the month of August, the Fund had a total of \$11,171,588 in deposits and \$18,786,022 in withdrawals for a net-negative of \$7,614,434. 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:

- On recommendation from Trustee Abramo the prior month and year-end market values were implemented on this Treasurer's report. Trustee Abramo thanked Director Barry for the implementation.

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 August 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 9:40 AM.

The regular meeting reconvened at 12:20 PM.

e. PRIT Investment

The Chairperson stated that the next item on the Agenda was the Board consideration and vote regarding negotiating, executing and finalizing the documents governing the investment with PRIM

On motion, duly made and seconded, it was unanimously

VOTED:- TO authorize John P. Barry, Interim Executive Director of the Massachusetts Bay Transportation Authority Retirement Fund (“MBTARF”), to negotiate, finalize and execute investment documents governing the MBTARF’s investment(s) with the Pension Reserves Investment Management Board (“PRIM”), conditioned on satisfactory review and approval of the investment documents by Investment Counsel, including, without limitation, finalizing the draft Letter Agreement with PRIM, a copy of which is attached hereto and incorporated by reference, to facilitate the MBTARF’s future investment(s) in the Pension Reserve Investment Trust (“PRIT”), which the Board may approve from time to time in accordance with the policies and procedures of the MBTARF.

Following PRIM's presentation to the Board a discussion ensued regarding a protentional investment amount. Director Barry, Mr. Regan and several Trustees offered insight.

On motion, duly made and seconded, it was unanimously

VOTED:- To authorize the Executive Director to obtain, negotiate and execute investment documents governing the MBTARF's investment with PRIM in the sum of \$20 million, conditioned on satisfactory review and approval of the investment documents by Investment Counsel and Investment Consultant, all in accordance with the policies and procedures of the MBTARF.

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 12:20 PM

A true record.

ATTEST:

Notary Public



Returns - Net of Fees

	<u>MONTH TO</u>		<u>ROLLING 1</u>	<u>ROLLING 3</u>	<u>ROLLING 5</u>	<u>ROLLING</u>		
	<u>DATE</u>	<u>YTD</u>	<u>YEAR</u>	<u>YEARS</u>	<u>YEARS</u>	<u>10 YEARS</u>	<u>MKT VALUE</u>	<u>ALLOCATION</u>
<u>EQUITY-USD</u>								
TOTAL LARGE CAP EQUITY	2.05	19.85	3.57	12.29	9.22	12.98	293,694,397	19.1
S&P 500	1.87	20.55	4.25	13.39	10.84	13.24		
TOTAL SMALL CAP EQUITY	1.42	17.42	-6.17	10.73	8.99	12.27	112,794,662	7.3
RUSSELL 2000 GROWTH	-0.82	15.34	-9.63	9.79	9.08	12.25		
RUSSELL 2000 VALUE	5.13	12.82	-8.24	6.54	-	-		
GLOBAL EQUITY AND EMERGING MARKETS	-1.94	16.76	2.43	13.14	10.41	-	113,009,526	7.3
MSCI ALL COUNTRY WORLD INDEX (NET)	2.10	16.20	1.38	9.71	6.65	-		
<u>TOTAL INTERNATIONAL EQUITY</u>								
TOTAL INTERNATIONAL EQUITY	2.00	12.22	-5.10	5.93	3.14	5.34	167,683,932	10.9
MSCI EAFE	2.87	12.80	-1.34	6.48	3.27	4.90		
<u>FIXED INCOME</u>								
TOTAL DOMESTIC FIXED INCOME	-0.30	6.21	6.67	3.16	2.97	4.10	404,347,915	26.3
BC AGGREGATE	-0.53	8.52	10.30	2.92	3.38	3.75		
<u>SHORT TERM INVESTMENTS</u>								
91 DAY T-BILL	0.17	1.81	2.39	1.54	0.98	0.54		
MASTER ACCOUNT	0.16	1.72	2.28	1.51	0.98	0.55	34,585,061	2.2
CASH EQUITIZATION CUSTOM INDEX	2.18	17.56	0.29	10.75	8.45	10.79		
91 DAY T-BILL	0.17	1.81	2.39	1.54	0.98	0.54		
SSGM CASH EQUITIZATION	2.17	15.89	-0.94	9.36	7.35	10.01	5,038,390	0.3



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>
TOTAL HEDGE FUND*	-1.22	11.96	-4.78	1.83	-0.02	3.43	32,651,034	2.1
91 T - BILL ONE MONTH LAG PLUS 300BP	0.45	3.65	5.43	4.54	3.97	3.54		
CSFB/TREMONT HEDGE FUND INDEX LAG	-0.14	7.05	2.56	3.98	2.36	-		
DIVERSIFIED BETA	0.35	16.41	11.05	6.38	6.05	-	103,930,730	6.7
91 DAY T BILL PLUS 300 BPS	0.42	4.09	5.45	4.58	4.01	-		
60% MSCI WORLD EQUITY/40% BC AGG BOND	1.06	14.13	5.54	7.43	5.84	-		
BBG BARCLAYS U.S. TSY BELLWETHERS 3M PR	0.19	1.83	2.41	1.56	1.00	-		
OPPORTUNISTIC**	3.84	12.88	12.88	-	-	-	9,401,618	0.6
BANK OF AMERICA/MERRILL LYNCH HIGH YIELD QT	2.45	5.02	6.30	-	-	-		
PRIVATE EQUITY **								
STATE STREET CUSTOMIZED BENCHMARK	0.00	3.19	5.85	11.61	9.49	12.11		
TOTAL PRIVATE EQUITY^^	3.22	3.31	5.65	9.17	6.89	9.68	124,280,105	8.1
REAL ESTATE **								
NCREIF PROPERTY INDEX QTR LAG	1.51	4.76	6.51	6.89	8.83	9.25		
NCREIF ODCE	1.31	3.77	6.40	7.57	9.76	8.43		
TOTAL REAL ESTATE	1.04	4.17	6.44	7.33	9.71	9.05	138,576,620	9.0
TOTAL FUND								
MBTA ALLOCATION MIX	1.15	10.52	6.08	6.57	5.59	7.23		
MBTA POLICY MIX	1.03	10.07	3.66	6.72	6.00	7.48		
TOTAL FUND	0.88	11.38	3.18	7.82	6.06	7.92	1,539,993,990	100.0
PREVIOUS MKT VALUE							1,534,765,922	
MONTHLY CHANGE IN MARKET VALUE							5,228,068	
12/31/2018 MKT VALUE							1,449,695,100	
YTD CHANGE IN MARKET VALUE							90,298,890	

* YTD Returns lags by one month. Actual returns through August 31, 2019

** YTD Return for PE, RE, Opportunistic HF lags by one quarter. YTD return is through 6/30/19 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 - 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>
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