

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY RETIREMENT FUND
MINUTES OF REGULAR MEETING
July 17, 2020

Pursuant to notice by the Interim-Executive Director, the Regular Meeting of the Retirement Board of the Massachusetts Bay Transportation Authority Retirement Fund was held on Friday, July 17, 2020, at 9:29 AM, at One Washington Mall, 4th Floor, Boston, MA 02108.

The Members present by video conference were James Evers, Michael Abramo, James Bradley, Craig Hughes and Betsy Taylor; Alternate Members were, John Clancy, Patrick Hogan, Gerald Kelley and Timothy Long.

Also present were John P. Barry, Interim-Executive Director; Jacquelyn Carey, Acting Recording Secretary; and staff.

Chairperson James Evers 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 19, 2020. 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 19, 2020.

b. Approvals

Interim-Chairperson Evers 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.

On motion, duly made and seconded, it was unanimously

VOTED:- TO approve Item b. 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 13 of the meeting packet are INFORMATIONAL ITEMS to be reviewed at the Board's leisure.

d. Report of Executive Director

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

General Financial Reports

Mr. Barry directed the Board's attention to the Financial and Flash reports and gave an account of the Fund's financial activities for the month of June 2020. He reported that for the month of June, the Fund had a total of \$11,838,306 in deposits and \$19,016,246 in withdrawals for a net-negative of \$7,177,941. He added that the market value at the end of June 2020 was \$1,532,942,211. The Executive Director reviewed the overall performance of each of the Fund's asset classes in comparison to their respective benchmark.

Mr. Barry noted that he re-confirmed, in response to Trustee Abramo's question last month, that there were three payroll periods in the month of May, which contributed to the increase in deposits. He also noted to the Trustees that cash is higher than normal due to the redemption from Franklin Templeton, whose funds will hopefully be put to work after today's Emerging Market Equity search. Mr. Barry stated that he has asked Segal Marco to conduct research regarding the Private Equity commitment levels in order to address the under allocation to that asset class in the fall.

Mr. Barry mentioned that he wanted to highlight some updates in the forthcoming Strategic Plan Presentation and Investment Policy Statement Review, which will be presented in closed session. He noted that most of the proposed revisions to the Investment Policy Statement are due to the investment in PRIT and the new asset allocation. He referenced the “Investment Policy Statement Memorandum”, distributed with the “Revised Investment Policy Statement” to the trustees, which summarizes the proposed updates.

Mr. Barry goes on to note that one of the larger updates in the Strategic Plan Presentation is that later this month, the Fund will be distributing letters to past members regarding the unclaimed money list. The Department of Labor ruled last year that if the Fund holds money for anyone for over three-years and we have not heard from them, the Fund is required to put them on the State unclaimed money list.

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 2020.

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 9:38 AM.

The regular meeting reconvened at 12:30 PM.

SECTION IV – REGULAR SESSION

The Chairperson reported that as a result of a report and discussion during Closed Session, the Board agreed to approve the IPS with recommended changes.

On motion, duly made and seconded, it was unanimously

VOTED:- TO accept the recommendation of the Fund’s Investment Compliance Working Group (“ICWG”), and adopt the

updated Massachusetts Bay Transportation Authority Retirement Fund Investment Policy Statement (“IPS”).

Chairperson Evers reported that as a result of interviews and discussions during Closed Session, the Board agreed to invest in PRIM - Emerging Markets Equity.

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 – Emerging Markets Equity Segmentation in the sum of \$30 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 12:31 PM

A true record.

ATTEST:

Notary Public



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	5.46	-0.75	8.08	9.97	9.51	12.85	302,023,193	19.3
S&P 500	5.64	2.38	11.96	12.01	11.49	13.84		
TOTAL SMALL CAP EQUITY	3.76	-6.39	-1.43	6.41	7.22	11.69	115,581,282	7.4
RUSSELL 2000 GROWTH	3.44	0.27	6.00	8.77	7.49	12.58		
RUSSELL 2000 VALUE	2.06	-21.92	-15.91	-3.90	2.24	-		
GLOBAL EQUITY AND EMERGING MARKETS	4.37	20.93	28.72	18.39	15.98	-	136,101,010	8.7
MSCI ALL COUNTRY WORLD INDEX (NET)	5.29	-1.29	7.20	6.99	7.37	-		
TOTAL INTERNATIONAL EQUITY	3.27	-6.96	1.42	0.82	2.38	5.32	169,757,462	10.8
MSCI EAFE	2.33	-9.28	-1.67	0.63	2.10	5.02		
<u>FIXED INCOME</u>								
TOTAL DOMESTIC FIXED INCOME	1.91	5.87	7.09	4.35	4.05	4.31	363,493,096	23.2
BC AGGREGATE	1.49	7.72	10.12	5.69	4.47	3.87		
<u>SHORT TERM INVESTMENTS</u>								
91 DAY T-BILL	0.02	0.62	1.46	1.74	1.20	0.64		
MASTER ACCOUNT	0.01	0.44	1.22	1.63	1.15	0.61	57,197,422	3.7
CASH EQUITIZATION CUSTOM INDEX	4.27	-3.28	4.97	7.26	7.92	10.87		
91 DAY T-BILL	0.02	0.62	1.46	1.74	1.20	0.64		
SSGM CASH EQUITIZATION	3.22	-4.75	2.85	5.29	6.47	9.88	4,937,787	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*	1.06	-4.02	-2.09	-0.03	-0.50	2.58	51,852,721	3.3
91 T - BILL ONE MONTH LAG PLUS 300BP	0.26	2.09	4.67	4.82	4.23	3.65		
CSFB/TREMONT HEDGE FUND INDEX LAG	1.16	-3.34	-0.73	2.13	1.55	3.83		
DIVERSIFIED BETA	3.32	0.61	4.12	5.70	5.96	-	101,386,139	6.4
91 DAY T BILL PLUS 300 BPS	0.27	2.37	4.50	4.79	4.23	3.65		
60% MSCI WORLD EQUITY/40% BC AGG BOND	3.47	2.75	8.98	7.15	6.57	-		
BBG BARCLAYS U.S. TSY BELLWETHERS 3M PR	0.02	0.63	1.48	1.76	1.22	-		
OPPORTUNISTIC**	-	3.47	3.47	-	-	-	7,093,796	0.5
BANK OF AMERICA/MERRILL LYNCH HIGH YIELD QT	3.80	-7.47	-5.26	-	-	-		
PRIVATE EQUITY **								
STATE STREET CUSTOMIZED BENCHMARK***	-	-6.08	13.82	13.31	11.16	11.95		
TOTAL PRIVATE EQUITY^^	-5.22	-1.55	3.47	7.05	6.33	8.50	116,904,394	7.5
REAL ESTATE **								
NCREIF PROPERTY INDEX QTR LAG	0.71	2.27	5.28	6.41	7.65	10.17		
NCREIF ODCE	-	-0.60	4.88	6.81	8.46	11.45		
TOTAL REAL ESTATE	0.15	2.40	4.92	7.28	8.15	11.02	141,522,872	9.0
TOTAL FUND								
MBTA ALLOCATION MIX	2.48	0.14	5.24	5.53	5.63	7.17		
MBTA POLICY MIX	2.47	1.33	6.30	6.07	6.41	7.76		
TOTAL FUND	2.74	1.01	6.14	6.68	6.39	8.07	1,567,851,174	100.0
PREVIOUS MKT VALUE							1,532,942,211	
MONTHLY CHANGE IN MARKET VALUE							34,908,963	
12/31/2019 MKT VALUE							1,614,144,213	
YTD CHANGE IN MARKET VALUE							-46,293,039	

* YTD Returns lags by one month. Actual returns through May 31, 2020

** YTD Return for PE, RE, Opportunistic HF lags by one quarter. YTD return is through 3/31/2020 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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TOTAL LARGE CAP EQUITY	1.91	-5.82	4.22	8.86	8.90	13.39	302,023,193	19.3
S&P 500	5.64	2.38	11.96	12.01	11.49	13.84		
TOTAL SMALL CAP EQUITY	3.81	-6.17	-1.10	7.02	7.84	12.40	115,581,282	7.4
RUSSELL 2000 GROWTH	3.44	0.27	6.00	8.77	7.49	12.58		
RUSSELL 2000 VALUE	2.06	-21.92	-15.91	-3.90	2.24	-		
GLOBAL EQUITY AND EMERGING MARKETS	4.54	21.32	29.34	19.15	16.72	-	136,101,010	8.7
MSCI ALL COUNTRY WORLD INDEX (NET)	5.29	-1.29	7.20	6.99	7.37	-		
TOTAL INTERNATIONAL EQUITY	3.38	-6.54	2.11	1.52	3.10	6.05	169,757,462	10.8
MSCI EAFE	2.33	-9.28	-1.67	0.63	2.10	5.76		
<u>FIXED INCOME</u>								
TOTAL DOMESTIC FIXED INCOME	1.45	5.61	6.37	3.97	3.63	3.65	363,493,096	23.2
BC AGGREGATE	1.49	7.72	10.12	5.69	4.47	3.87		
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TOTAL FUND	2.79	1.19	6.44	7.02	6.75	8.43	1,567,851,174	100.0
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