

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
FEBRUARY 26, 2015**

A meeting of the MWRA Employees' Retirement Board was held on January 29, 2015 at 10:00 a.m. at the offices of the MWRA, 2 Griffin Way, Chelsea, MA. The following Board Members were present: Thomas J. Durkin, James M. Fleming, Joseph C. Foti, and Kevin McKenna. Frank Zecha arrived while the meeting was in progress. Sheryl C. Trezise, Executive Director, and Julie McManus, Retirement Coordinator, were also present. Attorneys Thomas F. Gibson and Kimberly Fletcher were present as Board Counsel. Sebastian Grzejka was present from New England Pension Consultants (NEPC) as Investment Consultant. Chairman Fleming called the meeting to order at 10:12 a.m.

- 1) Call the meeting to order
- 2) Committee Reports
 - By-Laws Committee: No Report
 - Human Resources Committee: No Report
 - Special Committee, Stipend: No Report
 - Increase to COLA Base: No Report
 - Section 101 Survivors: No Report
 - 12(2)(d): No Report
- 3) Appointment of Election Officer – Ellen Philbin, Executive Director of Cambridge Retirement System – VOTE

Ms. Trezise stated that Ms. Philbin agreed to be the Election Officer for the upcoming election of the first Elected Member of the MWRA Employees' Retirement Board without compensation.

On motion by Joseph C. Foti and seconded by Thomas J. Durkin:

VOTED

to appoint Ellen Philbin as Election Officer without compensation. 4-0

Mr. Zecha entered the meeting at 10:16 a.m.

- 4) Discussion regarding possibly changing the date of the April 30, 2015 Board Meeting. The Board Members decided to keep the April 30, 2015 date.
- 5) Approval of the Minutes 1/29/15 – VOTE

On motion by Thomas J. Durkin and seconded by Kevin McKenna:

VOTED

to approve the Minutes 1/29/15. 4-0-1, with Mr. Foti abstaining

6) Approval of the 2/2015 Warrant – VOTE

On motion by Thomas J. Durkin and seconded by Kevin McKenna:

VOTED

to approve the 2/2015 Warrant as presented. 5-0

7) Approval of Monthly Transfers 2/2015 – VOTE

On motion by Thomas J. Durkin and seconded by Frank Zecha:

VOTED

to approve the Monthly Transfers 2/2015 as presented. 5-0

8) State Street – yearend report & hiring of Tony Teberio, formerly of State Street – VOTE

Discussion.

On motion by Frank Zecha and seconded by Joseph C. Foti:

VOTED

to table the item of hiring Tony Teberio until Attorney Gibson arrives. 5-0

9) Refunds: Henry McCarthy and Beth Tibbetts – VOTE

Ms. Trezise stated that both of these individuals are inactive members who were notified by Staff that their accounts stopped earning interest since more than two years has passed since their dates of termination. Neither were vested; one had relocated out of state.

On motion by Thomas J. Durkin and seconded by Kevin McKenna:

VOTED

to approve the refunds for Henry McCarthy and Beth Tibbetts. 5-0

10) Approval of Buybacks – VOTE

a. Gregory Jesanis, 3 months MWRA contract employment

On motion by Kevin McKenna and seconded by Thomas J. Durkin:

VOTED

to approve Gregory Jesanis' buyback of 3 months of MWRA contract employment. 5-0

a. Marcel Brady, 2 years, 4 months UMass Boston employment

On motion by Kevin McKenna and seconded by Thomas J. Durkin:

VOTED

to approve Marcel Brady, 2 yrs., 4 mos. UMass Boston employment. 5-0

- 11) Retirement applications under G.L. c 32 § 5 & § 12(2)(d) – VOTE
Retirement Board Staff has verified that the necessary paperwork is in order and has determined applicants to be eligible for such benefit.

Acknowledgment of Vivienne Wright's § 5 retirement, DOR 1/16/2015

On motion by Joseph C. Foti and seconded by Frank Zecha:

VOTED

to acknowledge Vivienne Wright's § 5 retirement. 5-0

Approval of Charlene Manning's 12(2)(d) application, daughter of Charles Mosby DOD 10/16/2014

Ms. Trezise clarified that the Board votes to approve a 12(2)(d) application when it is filed and then votes to acknowledge it when a retirement benefit is going to be paid.

On motion by Thomas J. Durkin and seconded by Kevin McKenna:

VOTED

to approve Charlene Manning's 12(2)(d) application. 5-0

Acknowledgment of Ellen Burke's § 12(2)(d) retirement, spouse of John Burke DOD 11/4/2014

On motion by Frank Zecha and seconded by Thomas J. Durkin:

VOTED

to acknowledge Ellen Burke's § 12(2)(d) retirement. 5-0

- 12) Retirement Board Staffing/Job Descriptions – VOTE

Mr. Zecha said that he had asked to have this item placed on the agenda and would move to have it placed with Human Resources Committee noting that Chapter 176 of the Acts of 2011 added additional responsibilities for Staff.

On motion by Frank Zecha and seconded by Joseph C. Foti:

VOTED

to place Retirement Board Staffing/Job Descriptions with the Human Resources Committee. 5-0

- 13) The following manager underwent annual investment manager review pursuant to 840 CMR 16.07. The manager presented performance and investment reports detailing the manager's activities which the Board reviewed.

Robeco

The Board reviewed and compared the manager's performance with the Retirement System's investment goals and policies. The Board ensured that comprehensive written quarterly reports were filed with the Board and with PERAC, and that these reports included a review of investment performance and relative performance, a review of the System's investments, and a report on the investment manager, current investment outlook or forecast as well as strategy for the future, and key personnel staffing changes.

The Board determined that the investment manager continues to operate in a manner represented when retained and outlined in the agreement between the Board and the manager.

14) Presentation by Sebastian Grzejka/NEPC

- a) January 31, 2015 Flash Report
- b) Value Add Real Estate Search Review – presentation by Matt Ritter/NEPC

Discussion.

On motion by Thomas J. Durkin and seconded by Frank Zecha:

VOTED

to invite Blue Vista Capital Management, Invesco Real Estate, TA Realty, and TerraCap Management to present to the Board at its March meeting regarding Value Add Real Estate. 5-0

- c) Custodial Search – VOTE

Discussion. Mr. Grzejka stated that State Street, Wells Fargo, and Comerica were the three custodial banks that responded to the RFP. Mr. Durkin expressed concern regarding all the changes State Street has recently had. Mr. Zecha asked that the Board table this item until Attorney Gibson arrives in order to get his input.

On motion by Frank Zecha and seconded by Thomas J. Durkin:

VOTED

to table Custodial Search until Attorney Gibson arrives. 5-0

- d) Investment Summary 4th Quarter 2014
 - e) Rebalance Recommendation – VOTE
- Discussion.

On motion by Thomas J. Durkin and seconded by Frank Zecha:

VOTED

to accept NEPC's Rebalance Recommendation to withdraw \$11,000,000.00 from Loomis, Sayles Fixed Income and transfer \$9,000,000.00 to William Blair and \$2,000,000.00 to cash. 5-0

- f) Mesirow Fund-of-Fund Platform Changes – Mr. Grzejka stated that Mesirow intends to seek LP approval to close its real estate fund-of-fund platform and transition management of the existing funds to Courtland Partners, Ltd. Since formation, Courtland has served as the sub-advisor to the funds, and Mesirow effectively relied on Courtland for fund research but made all investment decisions and managed investor relations and fund reporting. Mesirow reports that the existing funds are fully committed, therefore Courtland's remaining responsibility will be to manage the wind-down of the funds. At this point, no client action is required and NEPC will make a final recommendation once a formal plan regarding the transition is released by Mesirow/Courtland and NEPC completes the due diligence on the proposal. Attorney Gibson stated that there is nothing legal required.
- g) W. L. Ross developments – FYI
- h) 3rd Quarter 2014 Real Estate Review – FYI
- i) Investment Summary 3rd Quarter 2014 – FYI
- j) 3rd Quarter 2014 Private Markets Review – FYI
- k) 2015 Work Plan – FYI
- l) Credit Opportunities – FYI
- m) On motion by Frank Zecha and seconded by Thomas J. Durkin:
VOTED
to remove Custodial Search from the table. 5-0

Discussion.

Attorney Gibson stated that many boards have concerns about all the recent changes at State Street. Mr. Durkin expressed disappointment that Wells Fargo's was the highest bidder. Attorney Gibson stated that the Board could go back and renegotiate the price with any of the custodial banks. Mr. Fleming stated that the Board would have to have confidence in the transition if the Board voted to change custodial banks.

- 15) Attorney Thomas F. Gibson/Legal Update –
 - a) State Street – yearend report & hiring of Tony Teberio – VOTE

On motion by Frank Zecha and seconded by Thomas J. Durkin:

VOTED

to remove the hiring of Tony Teberio from the table. 5-0

Mr. Zecha stated that Cambridge Retirement Board has hired Tony Teberio to help with the PERAC Annual Statement and asked Attorney Gibson for an opinion if the Board were to consider hiring Mr. Teberio. Mr. Zecha suggested that Mr. Teberio's contract would be capped at \$2,500.00. Attorney Gibson stated that the position would need to be defined and that he would contact Cambridge Retirement Board's attorney, Jim Quirk, to find out about Mr. Teberio's contract with the Cambridge Retirement Board.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to approve entering into a contract with Tony Teberio for a maximum of \$2,500.00 subject to the approval of Attorney Gibson. 5-0

- b) Disability Status Update – FYI
- c) ADR Leo Douville – Attorney Gibson stated that Mr. Douville settled his worker's compensation claim for \$30,000.00 and the Retirement Board received its 20%.
- d) Military Leave – Attorney Gibson presented Public Employee Retirement Administration Commission (PERAC) PERAC's response to the Board's request for clarification of PERAC's position regarding what service credit a member is eligible for when they are on extended active duty in the military. PERAC's letter stated "if the Board determines that a member is voluntarily serving in an active duty position for more than 4 years, such service, in excess of 4 years, would not be granted as creditable service under section 4(1)(h). The Board should notify the member that their service, if found to be voluntary, does not constitute creditable service and provide the member with an opportunity to establish whether their active duty is voluntary or involuntary." The Board asked Attorney Gibson to prepare a letter to be sent to members who have been on military leave in excess of 4 years.
- e) Stephen McDonough Section 7 Retirement

On motion by Thomas J. Durkin and seconded by Joseph C. Foti:

VOTED

to enter into Executive Session at 1:16 p.m. for the purpose of discussing the physical health of the applicant. 5-0, roll call with Mr. Durkin voting yes, Mr. Foti voting yes, Mr. McKenna voting yes, Mr. Zecha

voting yes, and Mr. Fleming voting yes.

On motion by Thomas J. Durkin and seconded by Joseph C. Foti:

VOTED

to return to Open Session 1:33 p.m. 5-0, roll call with Mr. Durkin voting yes, Mr. Foti voting yes, Mr. McKenna voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

On motion by Thomas J. Durkin and seconded by Kevin McKenna:

VOTED

to return to approve Stephen McDonough's Section 7 Retirement. 5-0

- f) Robert Ponder DALA Update – Attorney Gibson stated the he filed the Respondent's Post-Hearing Memorandum on February 13, 2015.
- g) DALA Hearing – George Vezina – Awaiting DALA hearing which was continued for 60 days on January 13, 2015 and will include input from the Department of Veteran's Service.
- h) ADR Retirees Excess Earnings increased – Attorney Gibson stated that Governor Patrick increased the allowable excess earnings for ADR retirees from \$5,000.00 to \$15,000.00 effective with 2015 earnings. Mr. Fleming asked if Ordinary Disability Retirement Retirees were included and Attorney Gibson stated that he would look into it and report back to the Board.

The Retirement Board was presented with the following documents at the meeting:

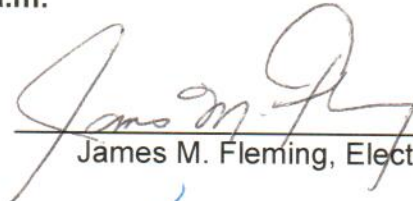
NEPC January 2015 Manager Summary
 Robeco Due Diligence Presentation
 NEPC January 2015 Flash Report
 NEPC Rebalance Recommendation
 NEPC W. L. Ross Developments
 NEPC Value Add Real Estate Search Review
 NEPC Custodial Search
 NEPC 3rd Quarter 2014 Real Estate Review
 NEPC Investment Summary 3rd Quarter 2014
 NEPC 3rd Quarter 2014 Private Markets Review
 NEPC Investment Summary 4th Quarter 2014
 NEPC 2015 Work Plan
 NEPC Credit Opportunities
 NEPC Mesirow

The Retirement Board reviewed the following informational documents:

PERAC Pension Newsflash re. Elizabeth Fontaine
 PERAC Pension Newsflash re. Kate Fitzpatrick
 NCPERS The Monitor

Cerberus Annual Disclosures
Mesirow Annual Disclosures
TA Realty Annual Disclosures
MFS Annual Disclosures
Robeco Proxy Votes 7/1/14-12/31/14
Robbins Geller International Portfolio Monitoring Report 12/31/14
Robbins Geller Portfolio Monitoring Report 1/30/15
Robbins Geller Settlement Report 1/30/15
MFS ADV II

The meeting was adjourned at 1:46 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, March 26, 2015 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**



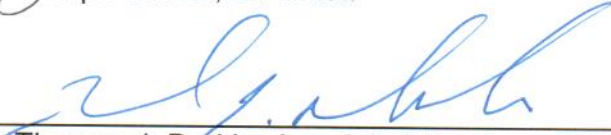
James M. Fleming, Elected Member



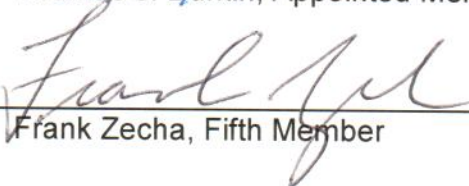
Kevin McKenna, Elected Member



Joseph C. Foti, Ex Officio



Thomas J. Durkin, Appointed Member



Frank Zecha, Fifth Member