

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

A meeting of the MWRA Employees' Retirement Board was held on March 26, 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, Kevin McKenna, and Frank Zecha. Sheryl C. Trezise, Executive Director, and Julie McManus, Retirement Coordinator, were also present. Attorney Kimberly Fletcher was 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 10:04 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) 3% COLA for FY2016 – VOTE

Discussion. Mr. Zecha asked Ms. Trezise if the 3% COLA was included in the actuarial report and Ms. Trezise confirmed that it was.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve 3% COLA for FY2016. 5-0

- 4) Retirees Notices of Deposit – Discussion. Ms. Trezise stated that the cost of sending the monthly notices of deposit (NODs) is about \$2,000.00 per year and asked if Board would prefer NODs be sent only when there is a change in the amount of the direct deposit. Mr. Zecha requested that Staff give retirees proper notification and instruction on how to use the retiree portal to receive this information. The Board also requested that retirees be given the option to elect to continue receiving the monthly NOD. This policy change will be effective with the August 2015 payroll.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve Staff sending monthly NODs only when there is a change in the direct deposit amount and to notify retirees and implement this policy

- 5) change effective with the August 2015 payroll. 5-0  
2014 Annual Statement – VOTE

Discussion. Mr. Fleming complimented Ms. Trezise on completing the annual statement before the end of March.

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

**VOTED**

to accept the 2014 Annual Statement. 5-0

- 6) State Ethics Conflict of Interest Training – FYI

- 7) ERI Actuarial Study – VOTE

Ms. Trezise stated that she was notified by Segal...Mr. Durkin stated that he had asked Segal to prepare an actuarial study for the cost of Early Retirement Incentive (ERI) which has been filed by the Governor.

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

**VOTED**

to accept Segal's ERI Actuarial Study. 5-0

Mr. McKenna requested that Staff put a notification on the Board's website stating that the Authority is not included in the ERI legislation. Mr. Durkin stated that he did not think it was appropriate to put anything on the website. Mr. Zecha said that by putting a statement on the website it could eliminate a lot of ERI questions and allow Staff to better do their jobs. Mr. Zecha suggested that wording such as "as it is currently written, this bill does not apply to the Authority" with a link to the current bill. It was suggested and agreed that Attorney Gibson or Attorney Fletcher could provide the appropriate wording.

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to authorize Staff to post a link to the current ERI bill and obtain accompanying wording from Attorney Gibson or Attorney Fletcher with respect to MWRA Employees' Retirement System members. 4-1, with Mr. Durkin voting in the minority

Mr. Zecha stated that a Board Member had contacted Segal and requested an actuarial study be performed without prior authorization from the Board and suggested the Board may want to have a policy regarding whether an individual Board Member can commit funds without prior Board approval. Mr. Durkin stated that he had confirmed with Segal that there would be no cost for the ERI Actuarial Study before he asked them to prepare it.

## 8) Value Add Real Estate Finalists Presentations

Invesco  
Blue Vista  
TerraCap  
TA Realty – includes Due Diligence

The following manager underwent an 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.

## TA Realty

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's 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.

Mr. Grzejka reminded the Board that it has \$6,000,000 for this investment which could be given to one manager or split between two. Mr. Grzejka stated that NEPC would be comfortable with giving the \$6,000,000 to Blue Vista Real Estate Partner IV or splitting it between Blue Vista and Invesco Mortgage Recovery Fund II. Mr. Grzejka said that he would not be comfortable with hiring TerraCap Partners III due to its focus on only Southeast US.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to hire TerraCap and Invesco and to split the \$6,000,000 in half between them. 3-2, with Mr. Durkin and Mr. Foti voting in the minority

Mr. Grzejka noted for the record that the above vote did not reflect NEPC's recommendation. Mr. McKenna noted for the record that Invesco's fund had a more upside in the European market and that all four of the funds that were presented were fully vetted by NEPC.

## 9) Presentation by Sebastian Grzejka/NEPC

- a) Value Add Real Estate Search Finalists
- b) Manager Summary for March Meeting
- c) Revisiting Active vs. Passive – this item will be discussed in May
- d) Custodial Search – it was noted that both State Street and Comerica reduced their fees
- e) Investment Policy Statement
- f) February 28, 2015 Flash Report
- g) Energy Market Dislocation and Investment Opportunities
- h) 2015 Work Plan

10) Attorney Kimberly Fletcher/Legal Update –

- a) Military Service –
  - 1. Memo to All Active Members – the Board reviewed the memo and authorized it to be sent out.

Mr. McKenna stepped out of the meeting at 1:10 p.m.

- 2. Memo re. Connolly and Goyotte – Attorney Fletcher stated that we are awaiting further information from the Authority.

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

**VOTED**

to table this item until we receive additional information. 4-0

Mr. McKenna returned to the meeting at 1:12 p.m.

- b) Disability Status Update – FYI
- c) Ponder DALA Update – petitions have been filed
- d) Attorney Fletcher stated that DALA has a new Chief Magistrate
- e) Vezina DALA Update – the Department of Veterans' Services sent a letter stating they do not wish to intervene in Mr. Vezina's appeal
- f) Foundry Amendment is okay

11) a) Approval of the Minutes 2/26/15 – VOTE

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve the Minutes 2/26/15. 5-0

b) Approval of Executive Session Minutes 1/29/15 – VOTE

On motion by Joseph C. Foti and seconded by Kevin McKenna:

**VOTED**

to approve the Executive Session Minutes 1/29/15. 5-0

- 12) Approval of the 3/2015 Warrant – VOTE

On motion by Kevin McKenna and seconded by Joseph C. Foti:

**VOTED**

to approve the 3/2015 Warrant as presented. 5-0

- 13) Approval of Monthly Transfers 3/2015 – VOTE

On motion by Joseph C. Foti and seconded by Kevin McKenna:

**VOTED**

to approve the Monthly Transfers 3/2015 as presented. 5-0

- 14) Approval of Bank Reconciliations – January 31, 2015 and February 28, 2015– VOTE

On motion by Kevin McKenna and seconded by Joseph C. Foti:

**VOTED**

to approve January 31, 2015 and February 28, 2015 Bank Reconciliations. 5-0

- 15) Approval of Buyback – VOTE

Michael Delaney, 10 months UMass employment

On motion by Kevin McKenna and seconded by James M. Fleming for the purpose of discussion:

**VOTED**

to approve Michael Delaney, 10 months UMass employment. 5-0

- 16) Refunds: Michael L. O'Brien and Nicholas Snow – VOTE

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve the refunds for Michael L. O'Brien and Nicholas Snow. 5-0

- 17) Acknowledgment of December 2014 Cash Books – VOTE  
(Trial Balance; Budget; Cash Receipts; Cash Disbursements;  
Adjustments)

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

**VOTED**

to acknowledge December 2014 Cash Books. 5-0

- 18) Acknowledgment of Retirement applications under G.L. c 32 § 5 & § 7 – VOTE

Retirement Board Staff has verified that the necessary paperwork is in order and has determined applicants to be eligible for such benefit.

Kyle Daley	DOR 12/19/2014
Patrick Regnetta	DOR 3/1/2015
Patricia Scanlon	DOR 3/5/2015

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

**VOTED**

to acknowledge Kyle Daley's § 7 retirement DOR 12/19/2014; Patrick Regnetta's § 5 retirement DOR 3/1/2015; and Patricia Scanlon's § 5 retirement DOR 3/5/2015. 5-0

- 19) Acceptance of Section 7 Retirement Application re. Brendan Conlon – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to accept Section 7 Retirement Application re. Brendan Conlon. 5-0

- 20) Travel Approval – NEPC Annual Investment Conference, May 20, 2015, Boston – VOTE

On motion by Kevin McKenna and seconded by James M. Fleming for the purpose of discussion:

**VOTED**

to approve travel to NEPC Annual Investment Conference, May 20, 2015, Boston. 5-0

- 21) Retirement System Offices – Mr. Fleming stated that he spoke with Mr. Durkin regarding the Authority taking one of the Staff's offices and requested that Staff be given a month to clean out the office; Mr. Durkin agreed.

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

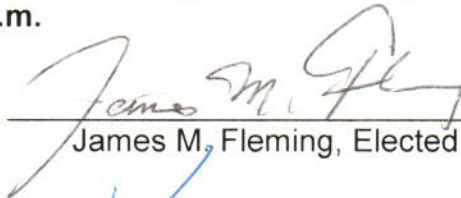
- Invesco Presentation
- Blue Vista Presentation
- Terra Capital Presentation
- TA Realty Presentation
- NEPC Value Add Real Estate Search Finalists
- NEPC Manager Summary for March Meeting
- NEPC February 2015 Flash Report
- NEPC Revisiting Active vs. Passive
- NEPC Energy Market Dislocation and Investment Opportunities
- NEPC Investment Policy Statement
- NEPC 2015 Work Plan
- NEPC Custodial Search


The Retirement Board reviewed the following informational documents:

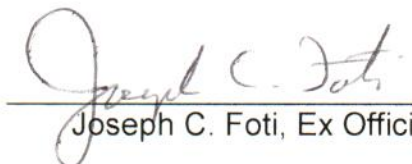
- PERAC Memo #7/2015 re. Actuarial Data

PERAC Memo #8/2015 re. Remarriage Penalty  
 Loomis Sayles re. Personnel Change  
 INTECH Letter re. Thank You  
 Annual Disclosure Boston Co.  
 Annual Disclosure Invesco Fund IV  
 Annual Disclosure Invesco Fixed Income  
 Annual Disclosure Invesco Fund VI  
 Annual Disclosure Invesco Mortgage Recovery  
 Annual Disclosure Ascent II  
 Annual Disclosure Ascent IV  
 Annual Disclosure Ascent V  
 Annual Disclosure Mesirow  
 Annual Disclosure PIMCO  
 Annual Disclosure Wellington  
 Annual Disclosure Labatow Sucharow  
 Robbins Geller Portfolio Monitoring Report 2/27/15  
 Robbins Geller International Portfolio Monitoring Report 2/27/15  
 Robbins Geller Settlement Report 2/27/15  
 Labatow Sucharow 4<sup>th</sup> Quarter Securities Litigation  
 Berman DeValerio Monitoring Report 4<sup>th</sup> Quarter 2014  
 Berman DeValerio Settlement Report 4<sup>th</sup> Quarter 2014

The meeting was adjourned at 1:30 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, April 30, 2015 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**

  
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 James M. Fleming, Elected Member

  
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 Kevin McKenna, Elected Member

  
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 Joseph C. Foti, Ex Officio

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 Thomas J. Durkin, Appointed Member

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 Frank Zecha, Fifth Member