

**MASSACHUSETTS WATER RESOURCES  
AUTHORITY EMPLOYEES' RETIREMENT  
BOARD MEETING  
APRIL 30, 2015**

A meeting of the MWRA Employees' Retirement Board was held on April 30, 2015 at 10:00 a.m. at the offices of the MWRA, 2 Griffin Way, Chelsea, MA. The following Board Members were present: James M. Fleming, Kevin McKenna, and Frank Zecha. Thomas J. Durkin was absent and Joseph C. Foti entered while the meeting was in progress. Sheryl C. Trezise, Executive Director, and Julie McManus, Retirement Coordinator, were also present. Attorney Thomas Gibson was present as Board Counsel. Douglas Moseley was present from New England Pension Consultants (NEPC) as Investment Consultant. Chairman Fleming called the meeting to order at 10:15 a.m.

- 1) Call the meeting to order
- 2) Attorney Thomas Gibson/Legal Update –
  - a) Military Service – Attorney Gibson stated that Mr. Connolly contacted the Authority stating that he is in Europe and would be in touch when he returned regarding his military status. Ms. Trezise has received no further information so the next step will be to review the individuals in question and Attorney Gibson will report back at the May meeting.
  - b) Disability Status Update – Discussion regarding the length of time it takes Staff to obtain medical records and the adoption of an affidavit to be signed by the applicant when submitting a disability application stating that all of his/her medical records have been submitted along with the disability application.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to adopt the affidavit relative to all a disability applicant's medical records being submitted with the disability application. 3-0

- c) Reimbursement of Board Member's Lost Salary – Discussion regarding the attendance of Board Members at conferences in keeping with their due diligence responsibilities and the possibility of the Retirement Board reimbursing the Board Member's employer. Attorney Gibson stated that the Middlesex Retirement Board has an arrangement with the Town of Burlington whereby the Retirement Board reimburses Burlington every 6 months for the regular compensation paid to the Board Member who is a town employee for when he attends retirement conferences during work hours. The

Town of Watertown also has a reimbursement policy.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to authorize the Executive Director and Board Counsel to draft a policy regarding reimbursement of Board Members' lost salary subject to review by the Board at its May meeting. 3-0

Mr. Foti entered the meeting at 10:35 a.m.

- d) Vezina DALA Update – oral arguments are on May 7 with respect to determining whether Mr. Vezina is considered a veteran under Massachusetts law.
  - e) New Chief Magistrate of DALA Ed McGrath is a practicing attorney, has some working knowledge of Chapter 32 and is generating positive results.
- 3) Committee Reports
- By-Laws Committee: No Report
  - Human Resources Committee: Mr. Zecha stated that he will speak with Mr. Durkin to schedule a meeting in the month of May.
  - Special Committee, Stipend: No Report
  - Increase to COLA Base: No Report
  - Section 101 Survivors: No Report
  - 12(2)(d): No Report
- 4) Chairman Fleming's Report
- a) Staff has had issues with all the changes at State Street – such as checks sent to be deposited not being posted in a timely manner – but in Ms. Trezise's opinion, the Board is still better off staying with State Street as its custodian.
  - b) The Authority is creating a plaque honoring past and present veterans and Ms. McManus has been helping identifying deceased retirees who were veterans; Mr. Fleming thanked her for her work.
  - c) The Retirement System Staff is experiencing a work space problem which has left the 3<sup>rd</sup> Staff Member in an unsecure area which may potentially create an issue with confidential information. Mr. Fleming suggested the Board ask the Authority for more space or explore other options.
  - d) Rob Belkin from the Authority will be attending the meeting for the actuarial presentation by Kathy Riley.

- e) Mr. Fleming stated that he is saddened to report that Sheryl Trezise has resigned to take a job at another retirement system. Mr. Fleming said that Ms. Trezise has done a terrific job over the last three years and he is sad to see her leave. Ms. Trezise stated that she is very proud of the work she has accomplished but that the workload is onerous and that she cannot do it with the existing staffing level. She also said that she is concerned about security issues and Staff's ability to counsel members confidentially in the existing retirement office space. Mr. Fleming stated that in the last few years, the number of retirees has doubled, RFPs have dramatically increased and assets have increased creating additional work for Staff. Mr. Zecha stated that he is not happy that Ms. Trezise is leaving but that he wishes her well. He also said that when he voted to hire Ms. Trezise three years ago, she was the best candidate and he has concerns about the Board finding a qualified applicant as the other previous candidates have had their salaries boosted at their current boards. Mr. McKenna thanked Ms. Trezise for the great job she's done of outreaching to members. Mr. Zecha asked the Board to schedule a meeting in two to three weeks to review the employment situation.

5) Manager Due Diligence Presentations/Summaries

The following managers underwent annual investment manager reviews pursuant to 840 CMR 16.07. The managers presented performance and investment reports detailing the managers' activities which the Board reviewed.

Castile  
PIMCO  
Schroder  
EnTrust

The Board reviewed and compared the managers' 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 managers' current investment outlook or forecast as well as strategy for the future and key personnel staffing changes.

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

## 6) Presentation by Sebastian Grzejka/NEPC

- a) March 31, 2015 Flash Report
- b) Investment Policy Statement – VOTE

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

**VOTED**

to approve the Investment Policy Statement. 4-0

Mr. McKenna asked that Staff post the Investment Policy Statement on the website.

- c) Energy Market Dislocation and Investment Opportunities
- d) Custodial Search – Discussion. The consensus of the Board was to remain with State Street and to approve the lower fee proposal which will take effect immediately.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve remaining with State Street and the lower fee proposal which will take effect immediately. 4-0

- e) 2015 Work Plan
- f) Mesirow Update – With the shift to Cortland as the advisor, NEPC has negotiated a 12½ % fee decrease; Mesirow is still the legally responsible party. NEPC is okay with the changes.

## 7) 1/1/2015 Actuarial Valuation Presentation by Kathy Riley/Segal

Discussion. Mr. Fleming acknowledged Rob Belkin and Brian Rozowsky from the Authority. Mr. Fleming said that he spoke with Mr. Durkin prior to the meeting and that he completely supports the changes recommended by Segal.

**Cost of Increasing the Minimum Survivor Benefit and COLA Base:**

To increase the Section 101 Death Benefit from \$6,000 to \$12,000, would be an increase of \$9,525 to the FY17 appropriation.

To increase the Section 12(2)(d) Minimum Survivor Allowance from \$250 to \$500, would be an increase of \$4,382 to the FY17 appropriation.

To increase the COLA from \$12,000 to \$13,000, would be an increase of \$358,440 to the FY17 appropriation.

Mr. Fleming stated that the Retirement Board is awaiting approval by the

Authority on the above items. Mr. Foti took note.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to adopt the 1/1/2015 Actuarial Valuation as presented by Segal and noted that all interested parties are in agreement. 4-0

- 8) Approval of the Minutes 3/26/15 – VOTE

On motion by Frank Zecha and seconded by Kevin McKenna:

Discussion. Mr. McKenna asked that the 3/26/2015 Minutes be amended by adding the following language to the Board's vote on the hiring of Invesco and TerraCap as Value Add Real Estate Managers: "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."

**VOTED**

to approve the Minutes 3/26/15 as amended. 4-0

- 9) Approval of the 4/2015 Warrant – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to approve the 4/2015 Warrant as presented. 4-0

- 10) Approval of Monthly Transfers 4/2015 – VOTE

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

**VOTED**

to approve the Monthly Transfers 4/2015 as presented. 4-0

- 11) Approval of Bank Reconciliation 3/2015 – VOTE

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

**VOTED**

to approve Bank Reconciliation 3/2015. 4-0

- 12) Approval of Buybacks – VOTE

a) Ester Lweguba, 10 months MWRA contract employment

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve Ester Lweguba, 10 months MWRA contract employment. 4-0

- b) Nico James, 1 year MWRA contract employment

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve Nico James, 1 year MWRA contract employment. 4-0

- c) Christopher Goodwin, 3 months MWRA contract employment

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to approve Christopher Goodwin, 3 months MWRA contract employment.

4-0

- d) Dillon Scott, 2 years UMass Amherst employment

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to approve Dillon Scott, 2 years UMass Amherst employment. 4-0

- e) David Rizzo, 4 months Town of Wilmington employment

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve David Rizzo, 4 months Town of Wilmington employment. 4-0

- f) Kairee Wright, 1 year, 7 months DCR employment

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve Kairee Wright, 1 year, 7 months DCR employment. 4-0

- g) Innocent Lugumamu – Mr. Lugumamu is currently a member of the Cambridge Retirement System and was previously a contract employee at the Authority but never became a member of the MWRA Employees' Retirement System. Cambridge Retirement Board is requesting MWRA Employees' Retirement Board accept liability for Mr. Lugumamu's contract employment.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to deny Cambridge Retirement Board's request to accept liability for Innocent Lugumamu's prior MWRA contract employment. 4-0

- 13) Approval of one month creditable service for July 2012 and one month creditable service for January 2013 for Bernard Lemanski pursuant to G.L. c. 32, s. 4(1)(c), which allows the Board to grant up to one month

creditable service without contribution – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to approve one month creditable service for July 2012 and one month creditable service for January 2013 for Bernard Lemanski pursuant to G.L. c. 32, s. 4(1)(c), which allows the Board to grant up to one month creditable service without contribution. 4-0

- 14) Refunds: Stephen Shaughnessy, Timothy Whitney, and Vincenzo Trotta – VOTE

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to approve the refunds for Stephen Shaughnessy, Timothy Whitney, and Vincenzo Trotta. 4-0

- 15) Acknowledgment of 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.

Charlene Manning, survivor Charles Mosby, Jr., DOD 10/16/2014	
Howard Hughes	DOR 3/24/2015
John Mahoney	DOR 3/28/2015
Ralph Bickford	DOR 3/28/2015
Lauren Sloat	DOR 4/5/2015
Richard DaPrato	DOR 4/10/2015

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to acknowledge Charlene Manning's, survivor of Charles Mosby, Jr. § 12(2)(d) retirement DOD 10/16/2014; Howard Hughes' § 5 retirement DOR 3/24/2015; John Mahoney's § 5 retirement DOR 3/28/2015; Ralph Bickford's § 5 retirement DOR 3/28/2015; Lauren Sloat's § 5 retirement DOR 4/5/2015; Richard DaPrato's § 5 retirement DOR 4/10/2015. 4-0

- 16) PTG Document Scanning – VOTE

Discussion. Mr. Zecha recused himself from this issue and left the room due to his relationship with a partner at PTG. After discussion, Mr. Fleming asked for Attorney Gibson to review any procurement questions and for this item to be placed on the May agenda.

Mr. Zecha returned to the meeting.

- 17) Board Education Update – PERAC Memo #10/2015. Mr. Fleming asked if the Board were in compliance; all Board Members are in compliance for 2014 and 2015 is ongoing.
- 18) Travel Approval – VOTE
- a) Intercontinental’s Annual Investor Meeting, Monday, July 20, 2015, Belmont Country Club, Belmont, MA
  - b) Opal Financial Group Public Funds Summit East, July 20-22, 2015, Newport, RI
  - c) Ascent Annual Meeting 2015, Tuesday, June 16, 2015, Ipswich, MA

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to approve travel to Intercontinental’s Annual Investor Meeting, Monday, July 20, 2015, Belmont Country Club, Belmont, MA; Opal Financial Group Public Funds Summit East, July 20-22, 2015, Newport, RI; Ascent Annual Meeting 2015, Tuesday, June 16, 2015, Ipswich, MA. 4-0

- 19) Audit Update CAFR & GASB 67/68 – Discussion

2014 is the first year of enacting GASB 67/68, and the MWRA Employees’ Retirement System is working with the Authority and its auditors to help with this new compliance. The Retirement System’s auditors are reviewing the 1/1/2015 Actuarial for GASB compliance.

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

- Castile Presentation
- PIMCO Presentation
- Schroder Presentation
- EnTrust Presentation
- NEPC March 2015 Flash Report
- NEPC Energy Market Dislocation and Investment Opportunities
- NEPC Investment Policy Statement
- NEPC 2015 Work Plan
- NEPC Custodial Search
- 1/1/2015 Actuarial Valuation Report

The Retirement Board reviewed the following informational documents:

- PERAC Memo #9/2015 re. Tobacco Company List
- PERAC Memo #10/2015 re. Mandatory Retirement Board Member Training – 2<sup>nd</sup> Quarter 2015
- PERAC Memo #11/2015 re. New Post-Retirement Limits on Employment for Disability Retirees
- PERAC Pension Newsflash

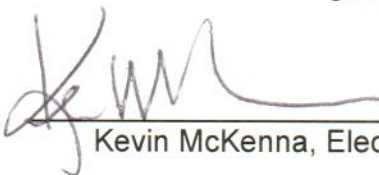


PERAC Pension News  
 Update PERAC Compliance Forms  
 LOCAL Option Legislation Information  
 FY16 COLA Update  
 PRIM re. Staff Changes  
 PRIM FY2016 Budget  
 RhumbLine Disclosures  
 Pensions & Investments re. Fulfilling a valuable purpose  
 Loomis Sayles 1<sup>st</sup> Quarter Proxy Votes  
 Robbins Geller Portfolio Monitoring Report 3/27/15  
 Robbins Geller International Portfolio Monitoring Report 3/27/15  
 Robbins Geller Settlement Report 3/27/15  
 Robbins Geller Repose Report 3/26/15  
 Milberg Portfolio Monitoring Report Q4 2014

The meeting was adjourned at 2:42 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, May 28, 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

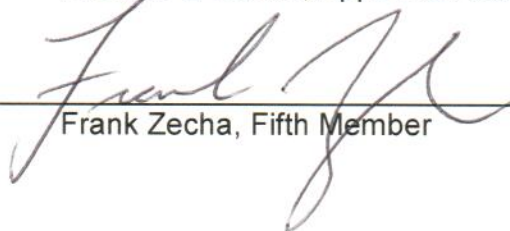
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Joseph C. Foti, Ex Officio

ABSENT

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Thomas J. Durkin, Appointed Member




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Frank Zecha, Fifth Member