

**MASSACHUSETTS WATER RESOURCES  
AUTHORITY EMPLOYEES' RETIREMENT  
BOARD MEETING  
NOVEMBER 19, 2015**

A meeting of the MWRA Employees' Retirement Board was held on November 19, 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, Kevin McKenna, and Frank Zecha. James M. Fleming and Joseph C. Foti were absent. Julie McManus, Retirement Coordinator, was also present. Attorney Kimberly Fletcher was present as Board Counsel. Sebastian Grzejka was present from New England Pension Consultants (NEPC) as Investment Consultant. Mr. Durkin chaired the meeting and called the meeting to order at 10:06 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  
Job Review Committee: No Report
- 3) Approval of the Minutes 10/29/15 – VOTE  
  
On motion by Kevin McKenna and seconded by Frank Zecha:  
**VOTED**  
to approve the Minutes 10/29/15 as presented. 3-0
- 4) Approval of the 11/2015 Warrant – VOTE  
  
On motion by Frank Zecha and seconded by Kevin McKenna:  
**VOTED**  
to approve the 11/2015 Warrant as presented. 3-0
- 5) Approval of Monthly Transfers 11/2015 – VOTE  
  
On motion by Frank Zecha and seconded by Kevin McKenna:  
**VOTED**  
to approve the Monthly Transfers 11/2015 as presented. 3-0
- 6) a) Approval of Bank Reconciliation 9/2015 – VOTE  
  
On motion by Kevin McKenna and seconded by Frank Zecha:  
**VOTED**  
to approve Bank Reconciliation 9/2015. 3-0

b) Approval of Bank Reconciliation 10/2015 – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to approve Bank Reconciliation 10/2015. 3-0

- 7) Acknowledgment of Retirement application under G.L. c 32 §7 – VOTE

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

Brendan Conlon

DOR 9/25/2015

On motion by Kevin McKenna and seconded by Frank Zecha:

**VOTED**

to acknowledge Brendan Conlon's §7 retirement DOR 9/25/2015. 3-0

- 8) Approval of one month creditable service for Mary Flynn for the month of August 2015 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 Mary Flynn for the month of August 2015 pursuant to G.L. c. 32, s. 4(1)(c), which allows the Board to grant up to one month creditable service without contribution. 3-0

Discussion regarding union sick banks and the Authority's policy regarding salary continuation for employees out on extended medical leave. Mr. Durkin commented that Retirement Staff currently has no such benefit and asked that Carolyn Russo be informed and try to come up with a plan to be available to Retirement Staff.

- 9) Mr. Durkin asked for an update on the following items from last month's meeting:  
Elizabeth Homa's UMass Amherst employment buyback – Ms. McManus stated that she is waiting to hear back from the follow-up letter sent to the State Retirement Board asking for clarification on why Ms. Homa had been excluded for membership in the State Retirement System as she appeared to be a fulltime employee.

Concord Retirement System's request for acceptance of liability for Alexandra Rooney's, MWRA contract employment – Ms. McManus stated, on Attorney Gibson's advice, she sent a letter to Concord

Retirement advising that under the MWRA Employees' Retirement Board's regulations, it cannot accept liability for Ms. Rooney's temporary non-contributing employment service.

10) Manager Due Diligence Summaries/Presentations

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.

Wellington  
Permal

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.

11) Large Cap Growth Equity Finalists' Presentations

- a) INTECH
- b) Polen Capital
- c) Jensen Investment Management
- d) Westfield Capital Management

12) Presentation by Douglas Moseley/NEPC

- a) Large Cap Growth Equity Search Finalists – VOTE

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to hire Polen Capital as Large Cap Growth Equity Manager based upon their presentation, investments returns, and the recommendation from New England Pension Consultants. 3-0

Mr. Grzejka will draft a letter to be sent to current Large Cap Growth Equity manager INTECH informing them of the Board's decision.

- b) Large Cap Value Manager Search – VOTE

Discussion. Upon the recommendation and concurrence with NEPC, the following Large Cap Value Managers will make presentations at the December Board meeting: Coho Partners, Lyrical Partners, and O'Shaughnessy Asset Management.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to accept NEPC's recommendation and have Large Cap Value Manager presentations from Coho, Lyrical, and O'Shaughnessy. 3-0

- c) Mr. Grzejka stated that Richard Charlton will be fully retiring from NEPC in January 2016.
- d) The Boston Company/International Core/Value Equity RFP – VOTE

Discussion. Mr. Grzejka stated that The Boston Company had sent notice that the lead portfolio manager on the Emerging Markets Value strategy was retiring at the end of the year and that all developing market commingled pool accounts will be closed at year end. NEPC recommends terminating the Board's relationship with The Boston Company and issuing an International Core/Value Equity RFP.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to accept NEPC's recommendation and terminate its relationship with The Boston Company and issue an International Core/Value Equity RFP as presented. 3-0

Discussion regarding where to move The Boston Company's funds to until a new manager is hired. Mr. Grzejka suggested moving them into an index fund until a replacement can be found.

On motion by Frank Zecha and seconded by Kevin McKenna:

**VOTED**

to accept NEPC's recommendation and move The Boston Company's funds into an index fund until a replacement can be found. 3-0. Mr. Grzejka stated that he would inform the Public Employees Retirement Administration Commission.

- e) Flash Report as of 10/31/2015
- f) Large Cap Search Summary
- g) Investment Summary 3<sup>rd</sup> Quarter 2015
- h) 2015/2016 Work Plan
- i) Investment Summary 2<sup>nd</sup> Quarter 2015
- j) 2<sup>nd</sup> Quarter 2015 Real Estate Review
- k) 2<sup>nd</sup> Quarter 2015 Private Markets Review

- 16) Attorney Kimberly Fletcher/Legal Update –
  - a) Stanton DALA Appeal – Ramon Stanton First Pre-Hearing Memorandum due on or before December 15, 2015
  - b) Ponder DALA Update – appeal is pending at CRAB
  - c) Vezina DALA Update – appeal is pending
  - d) Disability Status Update
  
- 17) Discussion regarding the Board reimbursing the Authority for the military appropriation paid to the Board on behalf of Barry Connolly for the period of time when he left on military leave in June 2006 until his resignation date on October 1, 2014, noting that he never returned to employment after he left.
  
- 18) Mr. Durkin stated that in light of all the Social Security questions that members have, it may be helpful to have someone from Social Security available sometimes to answer questions. Attorney Fletcher noted that the Middlesex Retirement Board has hired a prior Social Security employee to work part-time and meet with members about their Social Security benefits. Mr. Durkin asked to have this issue put on the agenda for discussion at the December meeting.

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

Wellington Presentation  
 Permal Presentation  
 INTECH Presentation  
 Polen Capital Presentation  
 Jensen Investment Management Presentation  
 Westfield Capital Management Presentation  
 NEPC Large Cap Growth Equity Finalists  
 NEPC Large Cap Value Manager Search  
 NEPC Flash Report as of 10/31/2015  
 NEPC Large Cap Search Summary  
 NEPC Investment Summary 3<sup>rd</sup> Quarter 2015  
 NEPC 2015/2016 Work Plan  
 NEPC Investment Summary 2<sup>nd</sup> Quarter 2015  
 NEPC 2<sup>nd</sup> Quarter 2015 Real Estate Review  
 NEPC 2<sup>nd</sup> Quarter 2015 Private Markets Review  
 NEPC The Boston Company  
 NEPC International Core/Value Equity RFP

The Retirement Board reviewed the following informational documents:

PERAC Appropriation for Fiscal Year 2017  
PERAC Acknowledgement re. RhumbLine Advisers S&P 500 Pooled  
Index Fund  
PERAC MEMO #24/2015 re. Survey for PERAC Technology  
Improvement Project

The meeting was adjourned at 2:28 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, December 17, 2015 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**

ABSENT

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James M. Fleming, Elected Member



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Kevin McKenna, Elected Member

ABSENT

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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