

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
JUNE 25, 2015**

A meeting of the MWRA Employees' Retirement Board was held on June 25, 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, Kevin McKenna, and Frank Zecha. Joseph C. Foti entered while the meeting was in progress. Julie McManus, Acting Executive Director, was also present. Attorney Thomas Gibson 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 10:17 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: Mr. Fleming reviewed proposed new job descriptions for Executive Director and Operations Manager and left the Executive Secretary position as is. Mr. Durkin stated that Mr. Foti would like to have this item held until he arrives.

Increase to COLA Base:

Section 101 Survivors:

12(2)(d):

Mr. Fleming suggested the Board take a vote on the COLA Base, Section 101 Survivors, and 12(2)(d) and to send over to the Board of Directors but the Board will wait until Mr. Foti is present.

- 3) Compliance Pledges for Mr. Fleming's new Elected Term and Mr. Durkin's Appointed Term. Mr. Durkin stated that his reappointment happens at the Board of Director's Annual Meeting in October.
- 4) a) Approval of the Minutes 5/28/15 – VOTE

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

VOTED

to approve the Minutes 5/28/15 as presented. 3-0-1, with Mr. Fleming abstaining

- 5) Approval of the 6/2015 Warrant – VOTE

On motion by Thomas J. Durkin and seconded by Kevin McKenna:
VOTED
 to approve the 6/2015 Warrant as presented. 4-0

- 6) Approval of Monthly Transfers 6/2015 – VOTE

On motion by Thomas J. Durkin and seconded by Kevin McKenna:
VOTED
 to approve the Monthly Transfers 6/2015 as presented. 4-0

- 7) Approval of Bank Reconciliation 5/2015 – VOTE

On motion by Frank Zecha and seconded by Kevin McKenna:
VOTED
 to approve Bank Reconciliation 5/2015. 4-0

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

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

Michael Mickelson	DOR 6/6/2015
John Yeaton	DOR 6/6/2015

On motion by Thomas J. Durkin and seconded by Frank Zecha:
VOTED
 to acknowledge Michael Mickelson's §5 retirement DOR 6/6/2015 and John Yeaton's §5 retirement DOR 6/6/2015. 4-0

Joseph C. Foti entered the meeting at 10:49 a.m.

- 9) Refund: Pedro Rivas – VOTE

On motion by Thomas J. Durkin and seconded by Frank Zecha:
VOTED
 to approve Pedro Rivas' refund. 5-0

- 10) 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.

RhumbLine
MFS
Cerberus

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) Proposed Job Descriptions – VOTE

Mr. Foti questioned why new job descriptions had been developed and Mr. Fleming responded that the new job descriptions revert back to the way the office was staffed under Mr. Leahy and before it was reorganized in 2009. Mr. Fleming stated that he had not had any discussions relative to the approval of the proposed job descriptions. Mr. Zecha stated that he had not spoken to any other Board Members or looked at the descriptions but believes that this is a very important position and suggested the Board meet before next month's scheduled meeting in order to discuss the Proposed Job Descriptions.

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

VOTED

to table this item until a date convenient to all Board Members but prior to the regularly scheduled July meeting. 5-0

Attorney Gibson stated that Board Members are allowed to transmit information to other Board Members as long as no deliberation occurs. Mr. Zecha iterated, for the record, that he has not had any conversations with any other Board Members on this subject. Attorney Gibson stated that he will review the Open Meeting Law and will prepare information for the July Board Meeting.

The consensus of the Board was to meet on Thursday, July 2, 2015 at 8:00 a.m.

- 12) Presentation by Sebastian Grzejka/NEPC
- a) Foundry 2007 Cash Distribution \$1,787,428 from Fitbit
 - b) May 31, 2015 Flash Report
 - c) Private Real Assets – Energy Funds RFP Ad – VOTE

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

VOTED

to approve the Private Real Assets – Energy Funds RFP Ad. 5-0

- d) 2015 Work Plan
- e) Revisiting Active vs. Passive – DISCUSSION

The consensus of the Board, along with the recommendation from NEPC, was to maintain both active and passive managers. Mr. Durkin stated that he was satisfied that the Board had done its due diligence and is satisfied with the current allocation.

- 13) Michael Phillips Section 6 Retirement Hearing

Mr. Phillips attended with his wife Susan and opted to enter into Executive Session for the purpose of discussing the physical health of the applicant.

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

VOTED

to enter into Executive Session at 1:00 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 Frank Zecha and seconded by Joseph C. Foti:

VOTED

to return to Open Session 1:10 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 Kevin McKenna and seconded by Joseph C. Foti:

VOTED

to approve Michael Phillips' Section 6 Retirement. 5-0

- 14) Attorney Thomas Gibson/Legal Update –

- a) Policy on Reimbursement of Salary for Education Training As Required by G.L. c. 32, § 20(7) – Attorney Gibson stated such policy would ensure that Board Members who are employees of the employer that the System supports do not lose salary or benefits

while attending educational conferences. Attorney Gibson stated that the policy would document the Board's willingness to reimburse the Authority for costs incurred by a Board Member's absence from his/her public employment. Mr. Durkin stated that he was reluctant to establish a policy that he does not believe is needed and added that the Board cannot force the Authority to abide by a Retirement Board policy.

Frank Zecha made motion to table this item until next month's meeting and the motion failed for lack of second.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to adopt Policy on Reimbursement of Salary for Education Training As Required by G.L. c. 32, § 20(7) as presented. 5-0

- b) Invesco/TerraCap Update – Attorney Gibson stated that he is working on the Invesco Mortgage Recovery Fund II side letter. The TerraCap letter has been signed and Attorney Gibson found out that other Boards in Massachusetts are paying less fees than this Board so he will contact TerraCap.
- c) Military Service – Attorney Gibson presented a draft letter to be sent to all the individuals who have been granted creditable service while on military leave asking them to provide a copy of any and all military orders, DD214s, and other pertinent documents related to their military service as soon as possible but no later than July 30, 2015. Mr. McKenna stated that Barry Connolly had called him and that he had informed Mr. Connolly that he needs to return to work and be reinstated in order to be credited with his creditable service for his periods of active military leave.
- d) Ponder DALA Update – awaiting Judge Troys's decision.
- e) Vezina DALA Update – post-hearing briefs are due postmarked July 10, 2015.
- f) Disability Status Update
- g) Mr. Fleming asked Attorney Gibson to prepare something similar to The Wagner Law Group's presentation of a checklist for hiring managers.

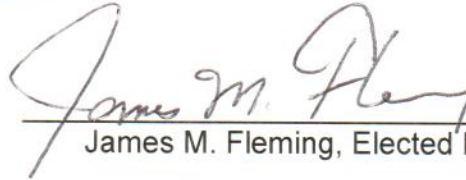
The Retirement Board was presented with the following documents at the meeting:

- RhumbLine Presentation
- MFS Presentation
- Cerberus Presentation
- NEPC May 2015 Flash Report
- NEPC Revisiting Active vs. Passive
- NEPC Private Real Assets – Energy Funds RFP Ad
- NEPC 2015 Work Plan

The Retirement Board reviewed the following informational documents:

- ERISA Standards for Alternative Investments – The Wagner Law Group
- FY16 Local COLA Update
- MFS Corporate Update
- Foundry Disclosure 2010
- Foundry Disclosure 2007
- Labaton Sucharow 1st Quarter Securities Litigation Report
- Milberg 1st Quarter Portfolio Monitoring Report
- Investor.gov re. Investor Alert: Beward of False or Exaggerated Credentials

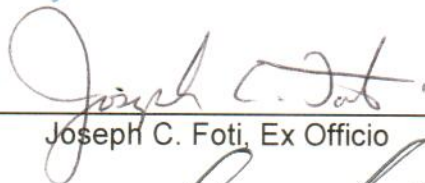
The meeting was adjourned at 1:34 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, July 30, 2015 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**



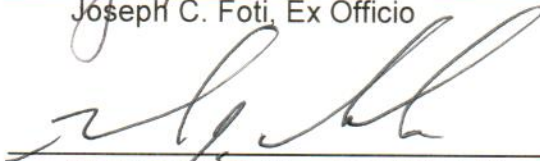
James M. Fleming, Elected Member



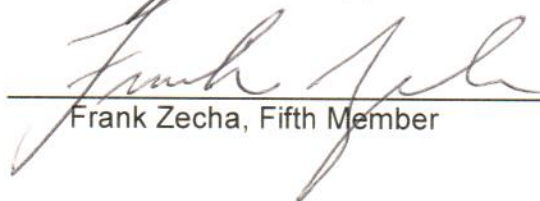
Kevin McKenna, Elected Member



Joseph C. Foti, Ex Officio



Thomas J. Durkin, Appointed Member



Frank Zecha, Fifth Member