

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
JANUARY 28, 2016**

A meeting of the MWRA Employees' Retirement Board was held on January 28, 2016 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 entered while the meeting was in progress. Carolyn Russo, Executive Director, and Julie McManus, Retirement Coordinator, were 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 10:15 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) Buyback: Elizabeth Homa – 2 years, 1 month UMass Amherst employment – VOTE

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

VOTED

to approve Elizabeth Homa's buyback of 2 years, 1 month UMass Amherst employment. 4-0

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

- 4) Appointment of 5th Board Member – VOTE

Mr. Foti nominated Frank Zecha as 5th Board Member and Mr. Durkin seconded the nomination. Upon hearing no other nominations, Mr. Fleming declared the nominations closed.

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

VOTED

to appoint Frank Zecha as 5th Board Member. 4-0-1, with Mr. Durkin voting yes, Mr. Foti voting yes, Mr. McKenna voting yes, Mr. Fleming voting yes, and Mr. Zecha abstaining

- 5) Approval of the Minutes 12/17/15 – VOTE

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

VOTED

to approve the Minutes 12/17/15 as presented. 5-0

- 6) Approval of Warrant 1/16 – VOTE

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

VOTED

to approve the 1/16 Warrant as presented. 5-0

- 7) Approval of Monthly Transfers 1/2016 – VOTE

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

VOTED

to approve the Monthly Transfers 1/2016 as presented. 5-0

- 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.

| | |
|------------------|---------------|
| David Craven | DOR 1/5/2016 |
| John Edgar | DOR 1/5/2016 |
| Clement Prosper | DOR 1/5/2016 |
| Beverly Brunette | DOR 1/6/2016 |
| Steven Murachver | DOR 1/7/2016 |
| Richard Searle | DOR 1/9/2016 |
| Windsor Sung | DOR 1/16/2016 |

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

VOTED

to acknowledge the following §5 retirements: David Craven DOR 1/5/2016, John Edgar DOR 1/5/2016, Clement Prosper DOR 1/5/2016, Beverly Brunette DOR 1/6/2016, Steven Murachver DOR 1/7/2016, Richard Searle DOR 1/9/2016, and Windsor Sung DOR 1/16/2016. 5-0

- 9) Approval of 12(2)(d) Retirement Application for Maryhelen Whelan, survivor of David Whelan, DOD 12/16/2015 – VOTE

Discussion. Mr. Durkin thanked Ms. Russo and Ms. McManus for meeting with Maryhelen Whelan at the Navy Yard and explaining her options under s. 12(2)(d).

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

VOTED

to approve the 12(2)(d) Retirement Application for Maryhelen Whelan, survivor of David Whelan, DOD 12/16/2015. 5-0

- 10) Approval of one month creditable service for Dorothy McDonough for the period of March 9, 1998 to April 8, 1998 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 Thomas J. Durkin:

VOTED

to approve one month creditable service for Dorothy McDonough for the period of March 9, 1998 to April 8, 1998 pursuant to G.L. c. 32, s. 4(1)(c), which allows the Board to grant up to one month creditable service without contribution. 5-0

- 11) Approval of contract extensions – VOTE

- a) Thomas F. Gibson, Esq.

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

VOTED

to approve the contract extension for Thomas F. Gibson, Esq. 5-0

- b) Berman DeValerio

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

VOTED

to approve the contract extension for Berman DeValerio. 5-0

- 12) Presentation by Sebastian Grzejka/NEPC

- a) Flash Report as of 12/31/2015

- b) Legg Mason combining Permal Group with EnTrust – Discussion. Mr. Grzejka stated that there has not been any changes to the teams managing the funds but that NEPC has placed a hold on these managers and will be watching them closely. Discussion regarding EnTrust annual meeting being held in New York in February and the possibility of a Board Member attending.

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

VOTED

to approve the attendance of a Board Member at the EnTrust annual meeting in New York in February. 5-0

c) Investment Policy Statement update – VOTE

Equity Investments, page 5 a) – change wording from “Not more than 5% at cost or 6% of the total market value of equity...” to “Not more than 8% at cost or 10% of the total market value of equity...”

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

to approve the change to “Not more than 5% at cost or 6% of the total market value of equity...” to “Not more than 8% at cost or 10% of the total market value of equity...”. 5-0

Private Investments, page 8 – add **Direct Lending** and **Energy Opportunities**

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

to approve the addition of Direct Lending and Energy Opportunities. 5-0

- d) International Equity Proposal Comparison – Discussion. It was decided that Aristotle International Equity and Fisher Foreign Equity would be included as well as current manager Wellington International and that all other “3”s would be eliminated from the International Equity search.
- e) Polen Capital Expansion of Employee Ownership and New Distribution Relationship with iM Square
- f) Asset Allocation Update – will discuss at February’s meeting
- g) The Boston Company – The Boston Company is willing to manage the funds until June which will give the Board time to select a replacement manager

13) 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.

Invesco
Loomis, Sayles

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.

Mr. Durkin and Mr. Foti left the meeting at 12:30 p.m.

14) Michael O'Leary Section 7 Retirement

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to enter into Executive Session at 12:58 p.m. for the purpose of discussing the physical health of the applicant. 3-0, roll call with Mr. Mr. McKenna voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to return to Open Session 1:08 p.m. 3-0, roll call with Mr. McKenna voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

After review of the medical and non-medical evidence, including the Authority's decision to accept liability for the applicant's reported injury and disability under the workers' compensation law, it would appear that Mr. O'Leary's application satisfies the legal requirement for an award of accidental disability.

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve Michael O'Leary's Section 7 Retirement. 3-0

15) Attorney Thomas Gibson/Legal Update

- a) Stanton DALA Appeal – DALA hearing on February 11, 2016
- b) Ponder DALA Update – appeal is pending at CRAB
- c) Vezina DALA Update – DALA affirmed the Board's denial of Mr. Vezina's request to have the period of his non-wartime military

service included in computing his ordinary disability retirement allowance. Mr. Vezina has 15 days from January 22, 2016 to appeal the decision.

- d) Disability Status Update
- e) ConvergEx Unique Class Action
- f) PERAC Response re. Electronic Signatures

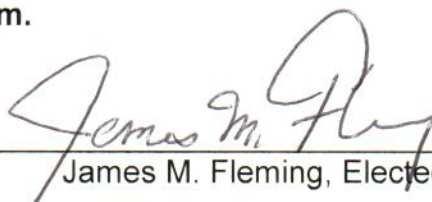
The Retirement Board was presented with the following documents at the meeting:

- Invesco Presentations
- Loomis, Sayles Presentation
- NEPC Flash Report as of 12/31/2015
- NEPC Asset Allocation Update
- NEPC Investment Policy Statement
- NEPC Legg Mason combining Permal Group with EnTrust
- NEPC Polen Capital expansion of employee ownership and new distribution relationship with iM Square
- NEPC International Equity Proposal Comparison

The Retirement Board reviewed the following informational documents:

- PERAC MEMO #27/2015 re. Annual Disclosure Forms
- PERAC MEMO #1/2016 – Schedule 7 Report
- PERAC MEMO #2/2016 – 2016 Limits under Chapter 46 of the Acts of 2002
- PERAC MEMO #3/2016 – 2016 Limits under Section 23 of Chapter 132 of the Acts of 2010
- PERAC MEMO #4/2016 – COLA Notice
- PERAC MEMO #5/2016 – Mandatory Retirement Board Member Training – 1st Quarter 2016
- PERAC MEMO #6/2016 – Mandatory Ethics Training
- PERAC MEMO #7/2016 – 2016 Interest Rate set at 0.1%
- PERAC MEMO #8/2016 – Actuarial Data
- PERAC MEMO #9/2016 – Buyback and Make-up Repayment Worksheets
- PERAC Accounting Information
- PERAC Acknowledgment of Polen Capital Management LLC
- SEC Charges State Street for Pay-to-Play Scheme
- NEPC's 2016 Asset Allocation Letter
- Loomis, Sayles Proxy Voting 4th Quarter 2015

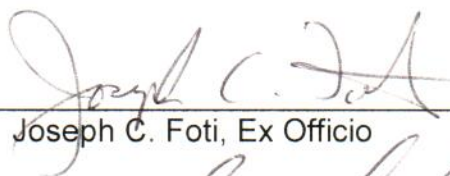
The meeting was adjourned at 1:44 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, February 25, 2016 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**



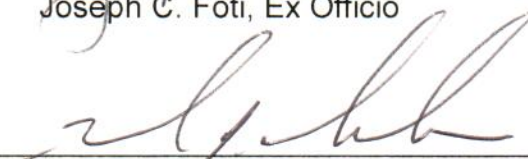
James M. Fleming, Elected Member



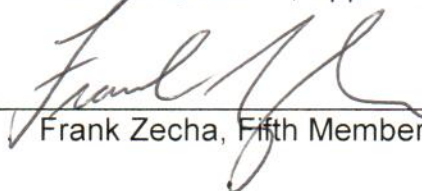
Kevin McKenna, Elected Member



Joseph C. Foti, Ex Officio



Thomas J. Durkin, Appointed Member



Frank Zecha, Fifth Member