

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
MAY 26, 2016**

A meeting of the MWRA Employees' Retirement Board was held on May 26, 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, Joseph C. Foti, Kevin McKenna, and Frank Zecha. James M. Fleming arrived while the meeting was in progress. Carolyn Russo, Executive Director, and Julie McManus, Retirement Coordinator, were also present. 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 10:10 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 April 28, 2016 Minutes – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve the April 28, 2016 Minutes as presented. 3-0-1 with Mr. Durkin abstaining

- 4) Approval of Warrant 5/2016 – VOTE

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

VOTED

to approve the 5/2016 Warrant as presented. 4-0

- 5) Approval of Monthly Transfers 5/2016 – VOTE

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

VOTED

to approve the Monthly Transfers 5/2016 as presented. 4-0

- 6) Acknowledgment of Retirement application under G.L. c 32 §5 for Kelly Coughlin, DOR 4/30/2016 – VOTE

Retirement Board Staff has verified that the necessary paperwork is in

order and has determined applicant to be eligible for such benefit.

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

VOTED

to acknowledge Kelly Coughlin's §5 retirement, DOR 4/30/2016. 4-0

- 7) Approval of 2 years creditable service for Neville Neal for prior MWRA contract employment – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve 2 years creditable service for Neville Neal for prior MWRA contract employment. 4-0

10:16 a.m. Mr. Fleming entered the meeting and Mr. Durkin turned over the chair to Mr. Fleming.

- 8) Extension of The Segal Company's Public Sector Consulting Agreement – VOTE

Discussion.

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

VOTED

to extend The Segal Company's Public Sector Consulting Agreement for two additional years. 5-0

- 9) Walter Dick/Ascent Venture Partners IV Sale of the Small Business Administration's Preferred Limited Partner's Interest ("SBA's Interest") – VOTE

Mr. Dick updated the Board on Fort Washington Capital Partners Group's ("Fort Washington's") purchase of the SBA's interests in Ascent Venture Partner IV ("Fund IV" or the "Fund") and asked for the Board's approval. Mr. Grzejka stated that NEPC recommends approving this transaction ("Transaction").

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to approve the buyout by Fort Washington of SBA's Interest in Fund IV. 5-0

Mr. Dick also stated that 20% of the total Transaction has been set aside for existing Limited Partners of the Fund to participate as New Limited Partners ("NLP's") on the same terms and conditions as Fort Washington is investing. Mr. Dick stated that realized proceeds of the Fund will be distributed first to the NLPs until they have received 1.6

times all amounts contributed to the Fund pursuant to the Transaction. Mr. McKenna asked Mr. Dick about the 5 remaining companies in the Fund and Mr. Dick responded that Ascent holds high expectations for 3 of the 5 remaining companies.

Mr. Zecha expressed interest in the Board becoming a NLP noting that all of the other Ascent Funds the Board has invested in have done very well and stating there is potential to minimize the loss on our initial investment based on the Distribution Windfall. Mr. Fleming stated that he had heard presentations on the 3 firms Mr. Dick spoke of, and he was impressed by their ability to grow significantly. Mr. Grzejka stated that NEPC does not think that these 3 companies will make up the loss of the initial investment. Mr. Durkin would like to ride out the original commitment and not invest any additional funds. Mr. Foti stated he believed it would be taking a gamble to try to minimize our loss. Mr. Fleming questioned if it would even be possible to get PERAC approval by the closing date of June 15, 2016.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to invest \$1,000,000 as New Limited Partners in Ascent Venture Partners IV, L.P. pending PERAC approval. 3-2, with Mr. Durkin and Mr. Foti voting in the minority

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.

RhumbLine
Intercontinental
PRIM

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) Presentation by Sebastian Grzejka/NEPC

- a) Flash Report as of 4/30/2016
- b) Custodial Banking Services RFP Ad Copy – VOTE

Discussion. It was decided that the Ad Copy would be amended to require candidates to have Massachusetts's public retirement clients.

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve Custodial Banking Services RFP Ad Copy as amended.
5-0

- c) Investment Summary Qtr. Ending December 31, 2015
- d) Investment Summary Qtr. Ending March 31, 2016
- e) Review Securities Litigation Firms – Discussion

Mr. Zecha stated that he had attended the NCPERS Annual Conference and had spoken with someone who works at PRIM who mentioned that PRIM was looking to hire additional Securities Litigation firms and suggested the Board consider initiating an RFP and possibly consider hiring additional Securities Litigation firms. The sense of the Board was to run it by Attorney Gibson and put on the agenda for next month's meeting.

Mr. Fleming stated that he also attended the NCPERS Annual Conference and the NCPERS National Accredited Fiduciary Program and earned NCPERS Accredited Fiduciary (AF) designation.

- 12) Mr. Durkin stated he was asked by an employee about a retirement estimate he received from Staff and why in the 3-year average it included 156 weeks instead of the 157 weeks he believed it should have. Staff noted that retirements have always been calculated on the highest 156 consecutive weeks' average. Mr. Zecha noted there were different ways that Boards calculate 3 years; some Boards use 156 weeks and some Boards use 36 months. Mr. Durkin referred to a recent PERAC presentation which indicated that estimates should be done going back 3 years exactly to the day. Mr. Durkin directed Staff to start using that method as of today for retirees going forward. Mr. Fleming

asked the Executive Director to ask Attorney Gibson for an opinion.

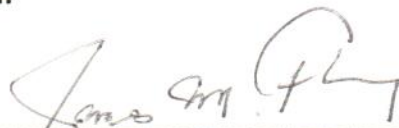
The Retirement Board was presented with the following documents at the meeting:

- Ascent Venture Partners' Update on Sale of SBA's Preferred Limited Partner Interest and Debentures in Ascent Venture Partners IV-A, L.P. Presentation
- RhumbLine Presentation
- Intercontinental Presentation
- PRIM Presentation
- NEPC Flash Report as of 4/30/2016
- NEPC Investment Summary Qtr. Ending December 31, 2015
- NEPC Investment Summary Qtr. Ending March 31, 2016

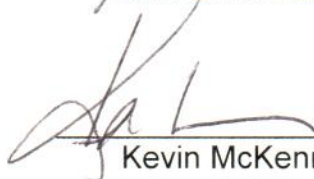
The Retirement Board reviewed the following informational documents:

- PERAC MEMO #16/2016 – Chapter 77 of the Acts of 2016, An Act Further Regulating Survivors' Pension Benefits and Qualified Domestic Relations Orders
- PERAC Pension Newsflash
- Gerry McDonough Joins the Law Offices of Thomas F. Gibson
- Tailored Brands, Inc. Securities Exchange Act Complaint
- Schroders re. Acquires Securitized Credit Capability from Brookfield
- PERAC Cases of Interest Presentation
- Berman DeValerio Portfolio Monitoring Report 1st Quarter 2016
- Berman DeValerio Settlement Report 1st Quarter 2016
- Robbins Geller Portfolio Monitoring Report 4/29/2016
- Robbins Geller Settlement Report 4/29/2016

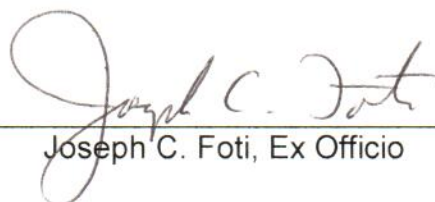
The meeting was adjourned at 1:37 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, June 23, 2016 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**



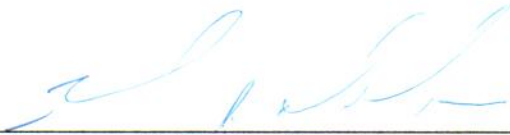
James M. Fleming, Elected Member



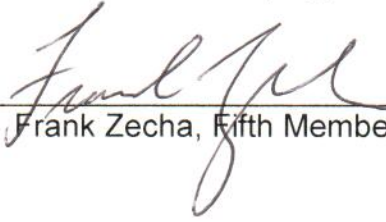
Kevin McKenna, Elected Member



Joseph C. Foti, Ex Officio



Thomas J. Durkin, Appointed Member



Frank Zecha, Fifth Member