

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
NOVEMBER 17, 2016**

A meeting of the MWRA Employees' Retirement Board was held on November 17, 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, Kevin McKenna, and Frank Zecha. James M. Fleming and Joseph C. Foti were absent. Carolyn Russo, Executive Director, and Julie McManus, Retirement Coordinator, were also present. Attorney Thomas Gibson and Gerald McDonough were present as Board Counsel. Sebastian Grzejka was present from New England Pension Consultants (NEPC) as Investment Consultant. Mr. Durkin chaired and called the meeting to order at 10:04 a.m.

- 1) Call the meeting to order
- 2) Committee Reports
 - By-Laws Committee: No Report
 - Human Resources Committee: Mr. Zecha stated that he and Mr. Durkin had a phone conversation regarding Ms. Russo's review and will meet with Ms. Russo prior to the December meeting.
 - Special Committee, Stipend: No Report
 - Job Review Committee: No Report

- 3) Approval of October 27, 2016 Minutes – VOTE

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to approve the October 27, 2016 Minutes as amended. 3-0

- 4) Approval of Warrants – VOTE

Discussion. Mr. Durkin asked Ms. Russo if the cash could be reconciled before next month's meeting, and Ms. Russo replied that her cash amounts tie out to his reconciliation and adjustments will be made to Janet DiGregorio's monthly reconciliation of the Bank of America account to correctly reflect the account.

- a) 11-16 Warrant
- b) 11-16A Warrant
- c) 11-16B

Discussion.

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve Warrants 11-16, 11-16A, and 11-16B as presented. 3-0

5) Approval of Monthly Transfers 11/2016

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve the 11/2016 Monthly Transfers as presented. 3 -0

6) 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.

- | | | |
|----|---------------|----------------|
| a) | Brenda Bugg | DOR 10/22/2016 |
| b) | Joseph Araujo | DOR 10/22/2016 |

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to acknowledge §5 retirements for Brenda Bugg DOR 10/22/2016,
Joseph Araujo DOR 10/22/2016. 3-0

7) Mr. Zecha suggested the Board review some of the informational items on the agenda while awaiting the 11:00 a.m. due diligence call from Foundry.

- a) State Street Billing Review Update – Ms. Russo stated that she has not yet received any details on additional fees from State Street resulting from the external review of State Street Bank's expensed billing practices.
- b) 2015 PERAC Comparative Analysis of Investment Related Expenses – Discussion. The Board asked Mr. Grzejka if he could review the analysis and report back to the Board at next month's meeting.
- c) Discussion regarding scheduling a Retirement Seminar, and it was decided that Staff will organize a Retirement Seminar for April 2017 and will plan to hold one every other year unless events occur which cause a need for them more often.

8) Presentation by Sebastian Grzejka/NEPC

- a) Flash Report as of 10/31/2016

9) Manager Due Diligence Summary/Presentation

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

Foundry via telephone

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

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

8) Presentation by Sebastian Grzejka/NEPC continued

b) 2nd Quarter 2016 Private Markets Review – Discussion.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to accept NEPC's recommendation and allocate \$2,000,000 for PRIM Vintage Year 2017 in keeping with the Board's asset allocation. 3-0

c) International Small Cap Search – Discussion. Mr. Grzejka stated that 17 firms responded to the RFP and NEPC recommends eliminating Wellington International Small Cap Research Equity, Lord Abbett International Small Cap Core, and Barings LLC International Small Cap Equity.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to accept the recommendation by NEPC and eliminate Wellington International Small Cap Research Equity, Lord Abbett International Small Cap Core, and Barings LLC International Small Cap Equity unless either of the two Board Members not present would like to include any of these managers. 3-0

- d) Investment Summary Quarter Ending 6/30/2016
 - e) Preliminary Investment Summary Quarter Ending 9/30/2016
- 9) Legal Update/Attorneys Gibson and McDonough
- a) RFP for Investment Consultant – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve the RFP for Investment Consultant and authorize its posting on PERAC's website. 3-0

- b) Vernava v. Swampscott DALA/CRAB Decisions – Superior Court has upheld the prior determinations of DALA and CRAB that sick leave and/or vacation payments which supplement worker's compensation payments are not regular compensation. Attorney Gibson stated that this decision could have far reaching repercussions and advised to continue to do what we've always done until told otherwise.
- c) Robert Plunkett Section 7 Hearing – Attorney Gibson received a call from Mr. Plunkett's attorney, Joseph McKenna, that Mr. Plunkett's wishes to withdraw his Section 7 application and will immediately apply for superannuation retirement.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to acknowledge that Mr. Plunkett is withdrawing his application for Section 7 retirement and will be filing an application for superannuation retirement.

- d) Disability Status Update
- e) Stanton & Ponder Updates – still pending at CRAB
- f) In the process of doing Side Letters for JF Lehman and Private Advisors
- g) Open Meeting Law Update
- h) Public Records Law Update – January 1, 2017 new public records law will be implemented

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

Foundry Presentation
NEPC Flash Report as of 10/31/2016

NEPC International Small Cap Search
 NEPC 2nd Quarter 2016 Private Markets Review
 NEPC Investment Summary Quarter Ending 6/30/2016
 NEPC Preliminary Investment Summary Quarter Ending 9/30/2016
PERAC Pension News
 PERAC 2015 Comparative Analysis of Investment-Related Expenses for
 MA Contributory Retirement Systems and Investment Returns for 1,
 5, 10 and 31-Year Periods Ending December 31, 2015
PERAC Pension Newsflash
 NEPC News
 TerraCap Newsletter
 Polen Capital Investment Team and Product Update
 EnTrust Permal Investment Update
 State Street re. Billing Review Update

The meeting was adjourned at 1:38 p.m. The next regularly scheduled meeting of
 the MWRA Employees' Retirement Board will be held **Thursday, December 15,**
2016 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea,
Conference Room 2D, 10:00 a.m.

ABSENT

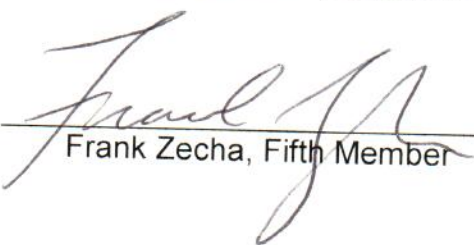
James M. Fleming, Elected Member


Kevin McKenna, Elected Member

ABSENT

Joseph C. Foti, Ex Officio


Thomas J. Durkin, Appointed Member


Frank Zecha, Fifth Member

