

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
JANUARY 26, 2017**

A meeting of the MWRA Employees' Retirement Board was held on January 26, 2017 at 10:00 a.m. at the offices of the MWRA, 2 Griffin Way, Chelsea, MA. The following Board Members were present: James M. Fleming, Thomas J. Durkin, Kevin McKenna, and Andrew Pappastergion. Frank Zecha arrived while the meeting was in progress. Carolyn Russo, Executive Director, and Julie McManus, Retirement Coordinator, were also present. Attorney Thomas Gibson and Gerald McDonough were present as Board Counsel. Doug Moseley and Sebastian Grzejka were present from New England Pension Consultants (NEPC) as Investment Consultant. Chairman Fleming called the meeting to order at 10:02 a.m.

- 1) Call the meeting to order
- 2) Mr. Fleming welcomed new Ex Officio Member Andrew Pappastergion to the Retirement Board.
- 3) Committee Reports
By-Laws Committee: No Report
Human Resources Committee: No Report
Special Committee, Stipend: No Report
Job Review Committee: No Report
- 4) Approval of December 15, 2016 Minutes – VOTE

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

VOTED

to approve the December 15, 2016 Minutes as presented. 3-0-1, with Mr. Pappastergion abstaining

Approval of January 9, 2017 Minutes – VOTE

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

VOTED

to approve the January 9, 2017 Minutes as presented. 3-0-1, with Mr. Pappastergion abstaining

Mr. Zecha entered the meeting at 10:04 a.m.

5) Approval of Warrant 1-17 – VOTE

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

VOTED

to approve Warrant 1-17 as presented. 5-0

6) Approval of Monthly Transfers 1/2017

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

VOTED

to approve the 1/2017 Monthly Transfers as presented. 5-0

7) 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) | Richard Pierce | DOR 1/4/2017 |
| b) | Michael Walsh | DOR 1/7/2017 |
| c) | Lorraine Braxton | DOR 1/7/2017 |
| d) | Dennis Borgendale | DOR 1/7/2017 |
| e) | Charles Tyler | DOR 1/7/2017 |
| f) | John Navoy | DOR 1/14/2017 |

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

VOTED

to acknowledge §5 retirements for Richard Pierce DOR 1/4/2017, Michael Walsh DOR 1/7/2017, Lorraine Braxton DOR 1/7/2017, Dennis Borgendale DOR 1/7/2017, Charles Tyler DOR 1/7/2017, and John Navoy 1/14/2017. 5-0

8) Presentations by Respondents to RFP for Investment Consultant Services – VOTE

Board Members reviewed the Evaluation Criteria and Rating in the RFP – “Advantageous,” “Highly Advantageous,” “Not Advantageous,” and “Unacceptable” – prior to the presentations. The following, being the only three RFP respondents, made presentations:

- a) Dahab Associates
- b) Meketa Investment Group
- c) New England Pension Consultants

Discussion. After listening to all three presentations, the sense of the Board was to table this item until next month's meeting.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to table the item of Investment Consultant Services until next month's meeting. 5-0

- 9) Legal Update/Attorneys Gibson and McDonough
 - a) Stanton and Ponder appeals are still pending before CRAB and DALA respectively
 - b) Election Policy – will be on the agenda for next month's meeting

- 10) Manager Due Diligence Summary/Presentation

The following managers 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.

Invesco
Loomis Sayles

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 above 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 12/31/2016
 - b) International Small Cap Search – will discuss at February's meeting

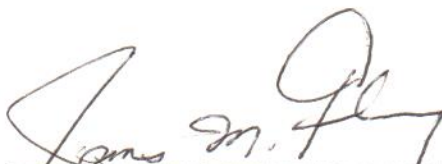
- 12) New Business – Mr. Zecha stated for the record the discussion of the hedge fund asset class at December's meeting was initiated by the Board not its Investment Consultant and that neither a particular individual nor fund was mentioned.

Mr. Grzejka stated that the hedge fund asset class has not performed the way it was expected to and that NEPC would be notifying clients of their formal position in regard to hedge fund allocation in the near future.

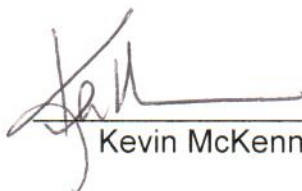
The Retirement Board was presented with the following documents at the meeting:

Dahab Associates presentation in response to RFP for Investment Consultant Services
 NEPC presentation in response to RFP for Investment Consultant Services
 Meketa Investment Group presentation in response to RFP for Investment Consultant Services
 RFP for Investment Consultant Services
 NEPC Flash Report as of 12/31/2016
 NEPC International Small Cap Manager Search
 Invesco Core Fixed Income Presentation
 Invesco Mortgage Recovery Funds I and II Presentation
 Invesco Private Capital Funds IV and VI Presentation
 Loomis Sayles Fixed Income Presentation
 Loomis Sayles Small Cap Growth Presentation
 PERAC MEMO #28/2016 – 2016 Disability Data
 PERAC MEMO #29/2016 – The Buyback of Call Firefighter Time
 PERAC MEMO #30/2016 – 840 CMR 10:10(3) & 10:15(4) – Annual Review of Medical Testing Fee
 PERAC MEMO #1/2017 – Updated Public Records Law (Chapter 121 of the Acts of 2016)
 PERAC MEMO #2/2017 – The Binding Effect of PERAC's Memoranda on All Retirement Boards
 PERAC MEMO #3/2017 – 2017 Limits under Chapter 46 of the Acts of 2002
 PERAC MEMO #4/2017 – 2017 Limits under Section 23 of Chapter 131 of the Acts of 2010
 PERAC MEMO #5/2017 – COLA Notice
 PERAC MEMO #6/2017 – Mandatory Retirement Board Member Training – 1st Quarter 2017
 PERAC MEMO #7/2017 – Actuarial Data
 PERAC MEMO #8/2017 – Continuing Membership of "Non-Full-Time-Employees"
 PERAC MEMO #9/2017 – Buyback and Make-up Repayment Worksheets
 PERAC 2015 Schedule 7 Fee Report
 TerraCap Harbour Pointe Distribution
 Polen Capital 4th Quarter & Full-Year 2016 Commentary
 Landmark Partners 2016 Investor Update
 TerraCap January 2017 Newsletter
 Kayne Anderson Real Estate Partners V 4th Quarter 2016

The meeting was adjourned at 3:21 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, February 23, 2017 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**

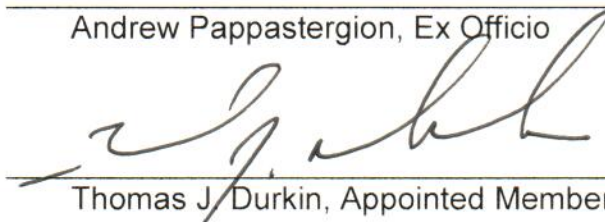


James M. Fleming, Elected Member

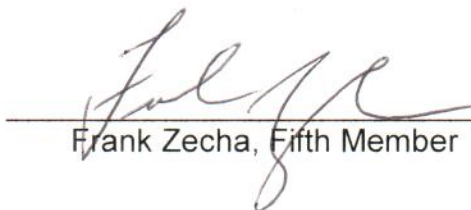


Kevin McKenna, Elected Member

Andrew Pappastergion, Ex Officio



Thomas J. Durkin, Appointed Member



Frank Zecha, Fifth Member