

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
DECEMBER 15, 2016**

A meeting of the MWRA Employees' Retirement Board was held on December 15, 2016 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 Frank Zecha. Joseph C. Foti was 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. Chairman Fleming called the meeting to order at 10:04 a.m.

- 1) Call the meeting to order
- 2) Mr. Durkin stated that Mr. Foti intends to resign as Secretary of the Authority's Board of Directors and will, therefore, no longer be a Retirement Board Member. Mr. Fleming noted the Board will be operating at least until the month of January with four Members.
- 3) Committee Reports
By-Laws Committee: No Report
Human Resources Committee: Mr. Fleming asked that this item be suspended until the end of the meeting.
Special Committee, Stipend: No Report
Job Review Committee: No Report
- 4) Approval of November 17, 2016 Minutes – VOTE

On motion by Kevin McKenna and seconded by Thomas J. Durkin:
VOTED
to approve the November 17, 2016 Minutes as presented. 3-0-1, with Mr. Fleming abstaining
- 5) Approval of Warrants – VOTE
 - a) 12-16 Warrant

On motion by Kevin McKenna and seconded by Thomas J. Durkin:
VOTED
to approve Warrant 12-16 as presented. 4-0
 - b) 12-16A Warrant

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to approve Warrant 12-16A as presented. 4-0

- 6) Approval of Monthly Transfers 12/2016

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

VOTED

to approve the 12/2016 Monthly Transfers as presented. 4-0

- 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) | Alfred Sambrook | DOR 12/1/2016 |
| b) | Joanne Gover | DOR 12/3/2016 |
| c) | Michael Connor | DOR 12/7/2016 |
| d) | Robert Plunkett | DOR 12/7/2016 |

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

VOTED

to acknowledge §5 retirements for Alfred Sambrook DOR 12/1/2016, Joanne Gover DOR 12/3/2016, Michael Connor DOR 12/7/2016, and Robert Plunkett DOR 12/7/2016. 4-0

- 8) Approval of one month creditable service for Albert Deletti for the month of June 2016 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

Mr. Fleming asked Staff to have the member's file available for the Board's reference going forward pursuant to G.L. c. 32, s. 4(1)(c).

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

VOTED

to approve one month creditable service for Albert Deletti for the month of June 2016 pursuant to G.L. c. 32, s. 4(1)(c), which allows the Board to grant up to one month creditable service without contribution. 4-0

- 9) Appointment of Election Officer – VOTE

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

VOTED

to appoint Julie McManus as Election Officer. 3-0-1, with Mr. McKenna abstaining

Discussion regarding what information candidates are entitled to with respect to retiree and member mailings and updated lists of who has voted. The Board will wait for Attorney Gibson to continue the discussion.

10) Appointment of Records Access Officer – VOTE

It was noted that a change in the Public Records Law requires that the Board appoint a Records Access Officer. Mr. Zecha requested that all Staff acquaint themselves with the new rules.

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

VOTED

to appoint Carolyn Russo as Records Access Officer. 4-0

11) Acceptance of Section 7 Application re. Robert Harnois – VOTED

Ms. Russo gave the background of when we received the Member and Physician's Statements and that we just recently received the Employer's Statement. Ms. Russo suggested Attorney Gibson may want to review Mr. Harnois' file prior to the Board accepting the Section 7 Application.

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to table this matter to discuss with Attorney Gibson. 4-0

12) Discussion regarding the Globe article about New England Pension Consultant's role in the MBTA's hiring of a hedge fund manager which ultimately lost the \$25,000,000 invested by the MBTA.

The consensus of the Board was that NEPC should have provided a response in the article and that the Board would bring up the matter when Doug Moseley comes before the Board at the presentation for the RFP for Investment Consultant Services.

13) Retirement Board Election discussion continued with Attorney Gibson and Attorney McDonough – Attorney Gibson confirmed that retiree addresses cannot be disclosed to candidates and may only be provided to unions, retiree associations, and law enforcement officers. Mr. Fleming asked about candidates being entitled to see who has voted and it was decided the Election Officer will maintain a spreadsheet which will be updated weekly to keep track of who has voted.

Attorney Gibson stated he would develop an Election Policy for the Board's review at its February meeting including the following: process for assisting candidates who wish to do a mailing to members and/or retirees; accessibility to the list of people who have voted; list of who has taken nomination papers; places candidates can post within the Authority.

14) Steven Powers Section 7 Retirement

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

VOTED

to enter into Executive Session at 11:30 a.m. for the purpose of discussing protected health information of the applicant under Exemption C. 4-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

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

VOTED

to return to Open Session 11:49 a.m. 4-0, roll call with Mr. Durkin voting yes, 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 and the affirmative certification of the applicant's disability by the medical panel, it would appear that Mr. Power's application satisfies the legal requirement for an award of accidental disability.

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

VOTED

to approve Steven Powers' Section 7 Retirement. 4-0

- 15) Mr. Fleming stated that he has received approval from PERAC regarding his being reimbursed for his air travel to the monthly Board meetings when he flies in for a meeting but has arranged his schedule around the meeting dates and has never asked to be reimbursed. However, since the date of the December meeting was changed from the 22nd to the 15th, he had to change his flight and would be submitting a receipt to be reimbursed for the flight change.
- 16) Acceptance of Section 7 Application re. Robert Harnois discussion continued with Attorney Gibson – Ms. Russo provided Attorney Gibson with the background on Mr. Harnois' application and the delay in receiving the Employer's Statement and Attorney Gibson advised that the Board can accept the application and that he would draft a letter to be sent to the Medical Panel once all of the medical records have been

received.

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

VOTED

to accept Robert Harnois' Section 7 Retirement Application. 4-0

17) Legal Update/Attorneys Gibson and McDonough

18) RFP for Investment Consultant Services Responses – VOTE

Discussion. The sense of the Board in light of the Globe article about NEPC's role as consultant to the MBTA in the hiring of a hedge fund manager which ultimately lost the \$25,000,000, the Board would like the three respondents to the RFP for Investment Consultant to present at the January meeting. Attorney Gibson reminded the Board that it will be responsible for ranking each firm.

On motion by Frank Zecha and seconded by Kevin McKenna n:

VOTED

to request Dahab Associates, New England Pension Consultants, and Meketa Investment Group present to the Board at its January meeting. 4-0

19) Presentation by Sebastian Grzejka/NEPC

a) Flash Report as of 11/30/2016

The consultant initiated a discussion of the system's hedge fund investments and suggested a possible recommendation to adjust the Board's allocation. NEPC will report back to the Board as soon as possible upon formalizing its recommendation to clients, and the Board will conduct a special meeting if necessary.

b) Asset Allocation Recommendation – VOTE

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

VOTED

to accept NEPC's recommendation withdraw \$1,500,000 from Robeco Boston Partners Small Cap Value to fund J.F. Lehman investment. 4-0

c) International Small Cap Search – Mr. Fleming suggested the Board review the Search book and be prepared to make a short list at the January meeting.

20) Human Resources Committee

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

VOTED

to enter into Executive Session at 2:20 p.m. for the purpose of discussing personnel matters under Exception B related to internal personnel rules and practices of the governmental unit. 4-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

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

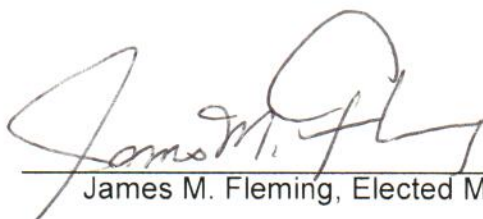
VOTED

to return to Open Session 3:05 p.m. 4-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

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
- NEPC Flash Report as of 11/30/2016
- NPEC Asset Allocation Rebalance Recommendation
- NEPC International Small Cap Manager Search
- 2017 Retirement Board Meeting Dates
- PERAC MEMO #27/2016 re. Tobacco Company List
- RhumbLine Notice Regarding Daily Valuations
- EnTrust Permal Annual Investment Summit, February 21 & 22, 2017, NY

The meeting was adjourned at 3:05 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, January 26, 2017 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**



James M. Fleming, Elected Member

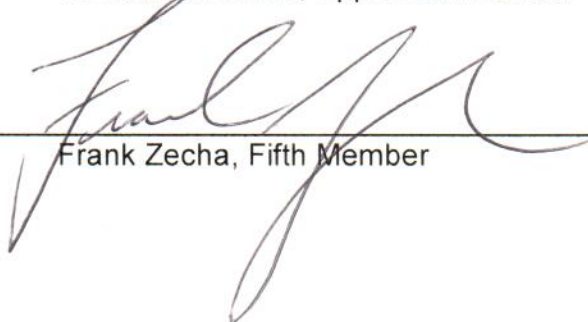


Kevin McKenna, Elected Member

ABSENT

Joseph C. Foti, Ex Officio

Thomas J. Durkin, Appointed Member



Frank Zecha, Fifth Member