

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
JUNE 26, 2014**

A meeting of the MWRA Employees' Retirement Board was held on June 26, 2014 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. Sheryl C. Trezise, Executive Director, and Julie McManus, Retirement Coordinator, were also present. Attorney Thomas F. Gibson was present as Board Counsel. 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 10:04 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

Increase to COLA Base, Section 101 Survivors, and 12(2)(d). Mr. Durkin stated that June is a very busy month for the Authority with year-end and two Board of Directors' meetings. He will speak with the Executive Director about these items.

- 3) Approval of Bank Reconciliation 4/2014 (tabled) – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to remove the Approval of Bank Reconciliation 4/2014 from the table.
4 -0

Approval of Bank Reconciliation 4/2014 – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve Bank Reconciliation 4/2014. 4-0

Mr. Fleming entered the meeting at 10:25 a.m. and Mr. Durkin relinquished the chair.

- 4) Audits: 2012 & 2013 (Discussion: Annual actuarial studies for CAFR; SAS 70, Third Party Procedures)

Ms. Trezise stated that although these are draft copies, there won't be

any changes before the final copies. Discussion regarding the cost versus the benefit of having a CAFR prepared every year.

5) Approval of the Minutes 5/29/14 – VOTE

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

VOTED

to approve the Minutes 5/29/14 as presented. 4-0-1, with Mr. Foti abstaining

6) Approval of the Warrant 6/2014 – VOTE

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

VOTED

to approve the Warrant 6/2014 as presented. 5 -0

7) Approval of Monthly Transfers 6/2014 – VOTE

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

VOTED

to approve the Monthly Transfers 6/2014 as presented. 5-0

8) Approval of Bank Reconciliation 5/2014 – VOTE

On motion by Kevin McKenna and seconded by Frank Zecha:

VOTED

to approve Bank Reconciliation 5/2014. 5-0

9) Approval of Benefits Under G.L. c. 32, § 12(2)(d), Wallis M. Gottfredsen, spouse of Peter X. Gottfredsen, DOD 4/8/2014 – VOTE

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

VOTED

to approve Benefits Under G.L. c. 32, § 12(2)(d), Wallis M. Gottfredsen, spouse of Peter X. Gottfredsen, DOD 4/8/2014. 5-0

10) Acknowledgement of retirement application pursuant to G.L. c. 32 §5 – VOTE

Retirement Board Staff has verified that the necessary paperwork is in order and has determined applicant to be eligible for such benefit – VOTE

Vanessa A. Smith

DOR 5/28/2014

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

VOTED

to acknowledge retirement application as listed above pursuant to G.L. c. 32 §5. 5-0

11) Attorney Thomas F. Gibson/Legal Update –

a. Ramon Stanton

Attorney Gibson stated that this item was tabled at the last meeting in order for the Board to obtain a copy an MRI that was performed in 2008 which the Board felt it was important to review. The Authority did not have a copy in its workers compensation file and Staff is still trying to obtain a copy. Attorney Gibson recommended that this item remain tabled until this medical record is obtained.

b. Mary Ann Hoppie

Attorney Gibson stated that DALA sent a Order to Ms. Hoppie requesting information regarding who wrote Ms. Hoppie's Pre-Hearing Memorandum and Post-Hearing Brief; Ms. Hoppie's sister responded that she was the only person responsible for preparing the memorandum and the brief. Attorney Gibson stated that he had never seen an order such as this issued by DALA.

c. Standby Pay Status – Discussion

Mr. McKenna asked Attorney Gibson if the Board needs to vote in order to start implementing the deduction for Standby Pay and Attorney Gibson responded that Standby Pay has always been Regular Compensation and that employers are statutorily required to withhold retirement deductions from Regular Compensation. Discussion regarding members who want to purchase prior years' Standby Pay as Regular Compensation and the consensus of the Board was to take each instance on a case-by-case basis.

d. Military Leave

Attorney Gibson stated that two members of the System have been activated for an extended period of time and the Authority has been paying the contributions the members would have paid and the Board has been granting creditable service under G.L. c. 32, s. 4(1)(h). A question has arisen with respect to provisions of Section 12301(d) of Title 10 of the United States Code which states, in pertinent part: At any time, an authority designated by the Secretary concerned may order a member of a reserve component under his jurisdiction to active duty, with the consent of that member. The Board asked Attorney Gibson to request a technical advisory from the Public Employee Retirement Administration Commission to clarify whether this military service would be considered

voluntary rather than mandatory. Mr. Zecha stated for the record that the Board respects all veterans and everything they do.

e. Disability Status Update

12) NEPC Manager Summaries for June Meeting – Morgan Stanley, MFS, Intercontinental

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

Morgan Stanley (telephone)
MFS (telephone)
Intercontinental

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.

13) Presentation by Sebastian Grzejka/NEPC

- a) Flash Report as of May 31, 2014
- b) Received 3 responses from Real Estate Venture Capital Funds Search and 10 responses from Private Debt Senior Direct Lending Funds Search
- c) 2014 Work Plan – RFP for Global scheduled for July will be pushed back a month or two

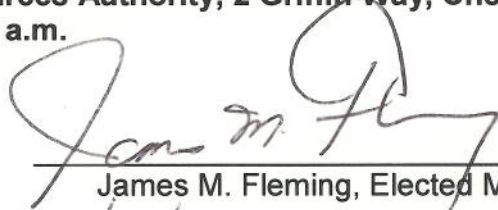
The Retirement Board was presented with the following documents at the meeting:
Independent Auditor's Report on Financial Statements and Required Supplemental Information for the Year Ended December 31, 2012
Comprehensive Annual Financial Report for the Year Ended December 31, 2013

Morgan Stanley Presentation
 MFS Presentation
 Intercontinental Presentation
 NEPC Manager Summary for June Meeting
 NEPC Flash Report as of May 31, 2014
 NEPC 2014 Work Plan

The Retirement Board reviewed the following informational documents:

PERAC Memo 18/2014 re. Fund of Funds/Manager of Managers
 Policy Implementation
 PERAC Memo 19/2014 re. *MacLoney v. Worcester Regional Ret.
 System and Public Employee Ret. Admin. Comm'n*, CR-11-19
 (CRAB 2013)
 PERAC Memo 20/2014 re. Tobacco Company List
 Berman DeValerio Securities Monitoring Report 1st Quarter 2014
 Milberg Portfolio Monitoring Report 1st Quarter 2014
 Robbins Geller Settlement Report 5/30/2014
 Robbins Geller Monitoring Report 5/30/2014
 Robbins Geller International Monitoring Report 5/30/2014

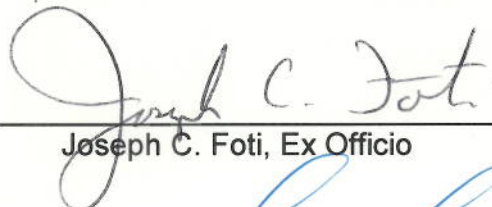
The meeting was adjourned at 1:16 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, July 31, 2014 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**



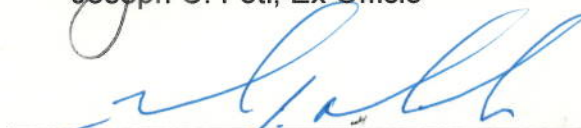
James M. Fleming, Elected Member



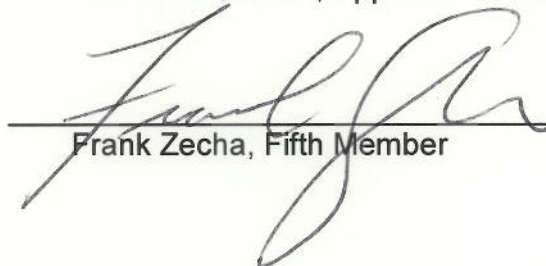
Kevin McKenna, Elected Member



Joseph C. Foti, Ex Officio



Thomas J. Durkin, Appointed Member



Frank Zecha, Fifth Member