

**MASSACHUSETTS WATER RESOURCES
AUTHORITY EMPLOYEES' RETIREMENT
BOARD MEETING
NOVEMBER 20, 2014**

A meeting of the MWRA Employees' Retirement Board was held on November 20, 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 was absent. Sheryl C. Trezise, Executive Director, and Julie McManus, Retirement Coordinator, were also present. Attorney Thomas F. Gibson and Kimberly Fletcher 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 10:12 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: No Report
Section 101 Survivors: No Report
12(2)(d): No Report
- 3) Discussion: Retirement Coordinator and Executive Secretary 1.5% COLA increases as of 7/1/2014 and 1/1/2015. Mr. Durkin reminded the Board that the Retirement Coordinator and Executive Secretary positions followed the Authority's Unit 6 union in terms of benefits and salary increases and stated that Unit 6 was currently out of contract and in negotiations with management. Mr. Durkin stated that he believed there are some issues that will be difficult to resolve, specifically the higher grades which are going beyond the salaries of the managers'. Mr. Durkin expressed his concern that prolonged negotiations may cause some burden to Ms. McManus and Ms. DiGregorio but noted that now may be early for the Board to take action. Mr. Foti felt that these salary increases should wait until the Unit 6 contract has been finalized and approved by the Board of Directors. No decision was made.
- 4) Approval of the Minutes 10/30/14 – VOTE

Discussion. Mr. Durkin requested that the October minutes be amended to include a description of the 2014 PPCC Award. He also asked that the October minutes be amended to include language regarding Item 12, Board Education, noting that all Board Members are in compliance with PERAC educational requirements.

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

VOTED

to approve the Minutes 10/30/14 as amended. 4-0

- 5) a) Approval of Estimated Warrant 11/2014 for \$1,600,000.00 – VOTE

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

VOTED

to approve Estimated Warrant 11/2014 for \$1,600,000.00. 4-0

- b) Approval of Estimated Warrant 12/2014 for \$1,600,000.00 – VOTE

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

VOTED

to approve Estimated Warrant 12/2014 for \$1,600,000.00. 4-0

- 6) Approval of Monthly Transfers 11/2014 – VOTE

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

VOTED

to approve the Monthly Transfers 11/2014 as presented. 4-0

- 7) 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.

Michele A. Young

DOR 11/3/2014

Ms. Trezise stated in meeting with Michele Young prior to her retirement, it was discovered that Ms. Young had prior service with the Boston Retirement Board which was never withdrawn and when the System receives the transfer, Ms. Young will be refunded the difference between her contributing 8+2% and 7% and her retirement will be recalculated.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to acknowledge retirement application as listed above pursuant to G.L. c. 32 §5. 4-0

- 8) Approval of Buybacks – VOTE

Denise M. Ellis-Hibbett, 4 months MWRA contract employment
Elmire Hilaire, 8 months MWRA contract employment

On motion by Frank Zecha and seconded by Kevin McKenna:
VOTED
to approve the buybacks as listed above. 4-0

Frank Zecha stepped out of the meeting

- 9) Refunds: Christopher Lynch – VOTE

On motion by Kevin McKenna: and seconded by Joseph C. Foti:
VOTED
to approve Christopher Lynch's refund. 3-0

- 10) Acknowledgment of Section 7 Retirement Application re. Michael J. O'Leary – VOTE

On motion by Kevin McKenna: and seconded by Joseph C. Foti:
VOTED
to acknowledge Section 7 Retirement Application re. Michael J. O'Leary. 3-0

Frank Zecha returned to the meeting

- 11) Attorney Thomas F. Gibson/Legal Update –

a. Military Leave – The Board reviewed Attorney Gibson's Request to PERAC for Clarification of Technical Advisory re. Active Military Service under Section 12301(d) of Title 10 USC. Mr. McKenna commended Attorney Gibson for his well written letter.

b. Robert Ponder DALA Update – Attorney Gibson informed the Board that Mr. Ponder's hearing was scheduled December 9, 2014 and that Emily Dallman from the Authoring was planning to attend. He will provide a report at the December meeting.

c. Disability Status Update. Attorney Gibson stated that Section 7 applicant Stephen McDonough is in the process of having his medical panel examinations and that he reviewed the first report which is favorable to Mr. McDonough. Attorney Gibson pointed out that Mr. McDonough was hired by the Authority at age 62 and was only employed for 3 years prior to his injury. Mr. McKenna stated that the Authority cannot discriminate hiring based on an applicant's age. Attorney Gibson stated that the Board should be provided a copy of an applicant's pre-hiring physical when the Authority provides the Employer's Statement. Mr. Durkin stated that he spoke with the Authority's Human Resource Director, Robert Donnelly, and was told that the applicant took and passed the pre-hiring physical, which was signed off by a physician.

d. Maynard case – Attorney Gibson stated that Mr. McDaid was back in jail after failing to follow the terms of his probation.

e. Alcentra – Attorney Gibson stated that the Alcentra contract and side letter was complete, with the help of Sheryl and Julie.

12) Presentation by Sebastian Grzejka/NEPC

a) October 2014 Flash Report

b) Rebalance Recommendation – VOTE Discussion.

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

VOTED

to accept NEPC's Rebalance Recommendation as follows: withdraw \$2,000,000.00 from Loomis, Sayles Fixed Income and hold in cash for System's expenses and capital calls. 4-0

Noting that Loomis, Sayles has done extremely well for the retirement fund, Mr. Durkin asked Mr. Grzejka if the Board should be concerned with having too much of its money with Loomis, Sayles between the two funds. Mr. Grzejka stated that when the Board does its asset allocation review it may want to pare back some of its investment with Loomis, Sayles.

Joseph C. Foti left the meeting

c) Value-Add Real Estate Funds RFP Ad

d) 2014 Work Plan. Mr. Zecha suggested that the Board may want to revisit an RFP for Custodial Services as the State Street representative who has been servicing our account for many years will no longer be doing so. Discussion. Mr. Zecha asked Mr. Grzejka to redraft an RFP for Custodial Services for next month's meeting.

On motion by Frank Zecha and seconded by Kevin McKenna:

VOTED

to authorize NEPC to redraft an RFP for Custodial Services for next month's meeting. 3-0

e) Boston Capital. Mr. Grzejka stated he anticipates Boston Capital to liquidate by the end of the year and that this should suffice as due diligence for Boston Capital for this year.

- f) PRIM Private Equity Vintage Year 2015. Mr. Grzejka stated that NEPC recommends not investing in Vintage Year 2015 due to a fully funded and diversified Private Equity allocation.
- g) INVESCO Mortgage Recovery Fund II Pitchbook. Mr. Grzejka stated that the Board may want to look at this fund when it looks at Private Equity in 2015.
- h) Investment Summary September 30, 2014. Discussion regarding as the System's funding status improves, the Board will be moving to a more conservative allocation.

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

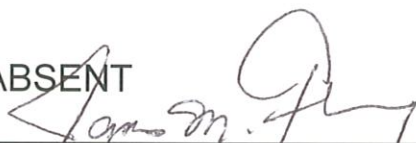
- NEPC October 2014 Flash Report
- NEPC Rebalance Recommendation
- NEPC 2014/2015 Work Plan
- NEPC Value-Add Real Estate Funds RFP Ad
- NEPC 2nd Qtr. 2014 Private Markets Review
- NEPC Investment Summary Qtr. Ending June 30, 2014
- NEPC Investment Summary Qtr. Ending September 30, 2014
- NEPC INVESCO Mortgage Recovery Loans IRR Performance Report 6/30/2014
- NEPC Real Estate IRR Performance Report 6/30/2014
- NEPC Boston Capital Update
- NEPC PRIM Private Equity Vintage Year 2015 Commitment Deadline
- NEPC INVESCO Mortgage Recovery Fund II Pitchbook

The Retirement Board reviewed the following informational documents:

- PineBridge Investments re. Personnel
- MFS 3rd Qtr. Proxy Vote Summary Report
- Robbins Geller Portfolio Monitoring Report 10/31/2014
- Robbins Geller Settlement Report 10/31/2014
- Robbins Geller International Monitoring Report 10/31/2014
- Robbins Geller: Corporate Governance Bulletin

The meeting was adjourned at 12:35 p.m. The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held **Thursday, December 18, 2014 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, Conference Room 2D, 10:00 a.m.**

ABSENT

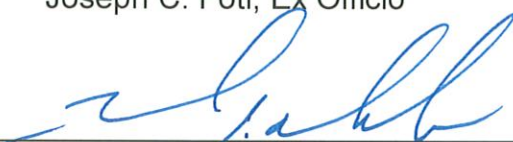


James M. Fleming, Elected Member



Kevin McKenna, Elected Member

Joseph C. Foti, Ex Officio



Thomas J. Durkin, Appointed Member



Frank Zecha, Fifth Member