

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
April 29, 2016**

A meeting of the Massachusetts Port Authority Employees' Retirement Board was held at the offices of the Massachusetts Port Authority Employees' Retirement System, One Harborside Drive, East Boston, MA 02128-2909, on Friday, April 29, 2016. The following members of the Board were present:

James S. Hoyte, Chairman
Michael A. Grieco, Vice Chairman
John P. Pranckevicius, Treasurer-Custodian
Betsy Taylor, Board Member

Also present were:

Irene Moran, Director of Retirement
Laura Barbosa, Retirement Member Services Specialist
Nancy Bournival, MPAERS Controller
Lynn Fullerton, Retirement Board Coordinator
Scott Merrill, Legal Counsel
John Affuso, Massport Senior Legal Counsel

1. **Open Meeting**

Chairman Hoyte opened the meeting at 9:05 a.m.

2. **Roll Call**

Ms. Moran read a roll call:

Member Hoyte "Here".
Member Grieco "Here".
Member Pranckevicius "Here".
Member Taylor "Here".

3. **Public Comments**

There were no public remarks.

4. **Ratification and Approval of Minutes of the Board Meeting held on March 31, 2016**

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Board Meeting held on March 31, 2016.

Members Hoyte, Grieco, Pranckevicius, and Taylor voted "Yes".

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5. Ratification and Approval of Minutes of the Executive Session held on March 31, 2016

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Executive Session held on March 31, 2016.

Members Hoyte, Grieco, Prankevicius, and Taylor voted "Yes".

6. Approval of April Vouchers listed below:

The Director presented April vouchers with attachments for approval, please see attached warrant report for detail.

Funds Wired to Bank of America on 04/28/16	\$2,316,782.07	Retiree Payroll
Funds Wired to Massport Payroll Account on 04/28/16	\$ 46,723.64	
Funds Wired to State Street Checking on 04/28/16	\$ 316,328.32	
Funds Wired to Bank of America Checking on 04/28/16	\$ 21,234.57	Lease
Total	----- \$2,701,068.60	

Following a review of the vouchers on the attached warrant report and upon a motion duly made and seconded, it was:

VOTED: That April Vouchers are hereby approved in the total amount of \$2,701,068.60.

RESOLVED FURTHER: That the Treasurer-Custodian is hereby authorized to make payment upon the aforesaid vouchers.

Members Hoyte, Grieco, Prankevicius, and Taylor voted "Yes".

Mark Brubaker and Stephen DiGirolamo entered the meeting at 9:10 a.m.

7. Wilshire Associates

Wilshire Associates was represented by:

Mark Brubaker
Stephen DiGirolamo

Mr. DiGirolamo presented an overview of current market conditions reviewing the US Equity, Non-US Equity, and Fixed Income markets. Mr. Brubaker presented the MPAERS 1st Quarter 2016 Investment Performance Analysis reviewing total fund performance for both the quarter and year-to-date. Mr. Brubaker

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noted the total fund was up 1.9% for the quarter and year, and plan assets totaled \$530.5 million as of March 31, 2016. Mr. Brubaker reviewed the US equity, international equity, fixed income, real estate, and private equity composites noting positive returns in all asset classes. Brief discussion ensued relative to a rebalance of the portfolio. With regard to Aberdeen, Mr. Brubaker reported that he and Mr. DiGirolamo are watching Aberdeen's performance, as well as the factors driving their performance, closely noting that since year-end Aberdeen has not lost any account or assets in the fund. The Board thanked Mr. Brubaker and Mr. DiGirolamo for an informative presentation.

Larry Stone entered the meeting at 9:54 a.m.

Ashley Cassel and Stephen Docherty entered the meeting at 9:55 a.m.

8. Aberdeen Asset Management

Aberdeen Asset Management was represented by:

Ashely Cassel
Stephen Docherty

Ms. Cassel updated the Board regarding the Aberdeen organization noting they currently have approximately \$428 billion in total assets under management as of December 31, 2015. Ms. Cassell and Mr. Docherty reported that Aberdeen acquired Arden Asset Management, a hedge fund manager, and FLAG Capital Management, a private equity manager, over the past year and explained that these acquisitions were aimed towards building a more balanced business model. Member Prankevicius expressed his concern that such activities that Aberdeen participates in detracts from their management of the MPAERS' portfolio. Mr. Docherty explained that this really does not have any effect on the equity side of the business and doesn't affect the management of the portfolio. Mr. Docherty reported on challenging foreign market conditions and discussed the fund's underperformance over the past several years. He also described Aberdeen's investment process and maintained that it is important that they remain consistent in their approach going forward. The Board thanked Ms. Cassel and Mr. Cumming for their presentation.

Ms. Cassel and Mr. Docherty left the meeting at 10:55 a.m.

9. Stone Consulting, Inc.

Stone Consulting was represented by:

Larry Stone

Mr. Stone presented January 1, 2016 Preliminary Valuation Results to the Board. He reviewed and discussed actuarial assumptions and methodologies. Mr. Stone discussed alternative interest rate assumptions with the Board and suggested changing the discount rate to 7.25% from 7.50% with the January 1, 2016 valuation. Mr. Stone reported that the FY2017 employer contribution of \$13.6 million is based on an interest rate assumption of 7.25%. Salary increase, pension adjustment, and pension increase adjustment assumptions all remain the same as the previous valuation. The Board thanked Mr. Stone for an informative presentation.

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Upon a motion duly made and seconded, it was:

VOTED: To approve an interest rate assumption of 7.25% effective January 1, 2016.

Members Hoyte, Grieco, Pranckevicius, and Taylor voted "Yes".

Member Pranckevicius left the meeting at 11:58 a.m.

Mr. Brubaker, Mr. DiGirolamo, and Mr. Stone left the meeting at 12:05 p.m.

10. Ratification and Approval of Investments for the Month of March 2016

The schedule of investments, buys and sells, for the month of March 2016 was presented to the Board for ratification.

Upon a motion duly made and seconded, it was:

VOTED: To ratify the investments as previously authorized by the Board, for the month of March 2016 as shown on the schedule submitted by State Street Bank and Trust, schedule attached.

Members Hoyte, Grieco, and Taylor voted "Yes".

11. Vote to Approve May Retirements

• **Superannuation Retirement – Jean A. McAdam**

The Director of Retirement presented the Superannuation Retirement Application of Jean A. McAdam, HVAC Mechanic, Group 1, in the Building Maintenance unit of the Aviation department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Jean A. McAdam, HVAC Mechanic, Group 1, in the Building Maintenance unit of the Aviation department at Logan Airport, currently age 61 years with 38 years, 10 months of creditable service, has applied for Superannuation Retirement, Option B, under the provisions of M.G.L. Chapter 32.

WHEREAS, Jean A. McAdam has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on May 1, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option B, under the provisions of M.G.L. Chapter 32, of Jean A. McAdam, HVAC Mechanic, Group 1, in the Building Maintenance unit of the Aviation department at Logan Airport, currently age 61 years with 38 years, 10 months of creditable service effective on May 1, 2016 subject to

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certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

Members Hoyte, Grieco, and Taylor voted "Yes".

- **Superannuation Retirement – Anthony G. Suozzo**

The Director of Retirement presented the Superannuation Retirement Application of Anthony G. Suozzo, Parking Utility Technician, Group 1, in the Parking Garage Operations unit of the Aviation department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Anthony G. Suozzo, Parking Utility Technician, Group 1, in the Parking Garage Operations unit of the Aviation department at Logan Airport, currently age 68 years with 10 years of creditable service, has applied for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32.

WHEREAS, Anthony G. Suozzo has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on May 1, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32, of Anthony G. Suozzo, Parking Utility Technician, Group 1, in the Parking Garage Operations unit of the Aviation department at Logan Airport, currently age 68 years with 10 years of creditable service effective on May 1, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

Members Hoyte, Grieco, and Taylor voted "Yes".

12. Director's Report

KPMG to present GASB 67 and 68 audit opinion on May 26th

PERAC Memo #12 – Retirement Board Election Regulations (840 CMR 7.00)

PERAC Memo #13 – Disability Regulations (840 CMR 10.00)

PERAC Memo #14 – Mandatory Retirement Board Member Training – 2nd Quarter 2016

PERAC Memo #15 – Disability Regulations and Signed Transmittals

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13. **New Business**

There was no new business.

14. **Adjournment**

Upon a motion duly made and seconded, it was:

VOTED: To adjourn the meeting at 12:11 p.m.

Members Hoyte, Grieco, and Taylor voted "Yes".

15. **Documents and Exhibits**

Agenda – April 29, 2016

Cash Disbursements 04/01/2016 – 04/30/2016 and Warrant Number 04/2016 AP

Minutes – March 31, 2016

Executive Session Minutes – March 31, 2016

Wilshire Executive Summary of Investment Performance – March 31, 2016

Aberdeen Performance Review – April 29, 2016

Stone Consulting January 1, 2016 Actuarial Valuation Preliminary Results – April 29, 2016

Wilshire Monthly Performance Summary – March 31, 2016

Aberdeen Monthly Monitor

MPAERS Fund Composite – March 2016

Retiree and Survivor Payroll Reconciliation – April 2016

Bank of America Checking Account Reconciliation – March 2016

State Street Bank Checking Account Reconciliation – March 2016

State Street Bank Replacement Plan Checking Account Reconciliation – March 2016

Trial Balance – 1/1/16 – 1/31/16

Trial Balance – 1/1/16 – 2/29/16

2015 Section 3(8)(c) Receivables

PERAC Memorandum #12, 2016 – Retirement Board Election Regulations (840 CMR 7.00)

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James S. Hoyte
Chairman

Michael A. Grieco
Vice Chairman

John P. Prankevicius
Treasurer-Custodian

Betsy Taylor
Board Member

Irene Moran
Director of Retirement