

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 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 Thursday, May 26, 2016. The following members of the Board were present:

James S. Hoyte, Chairman
Michael A. Grieco, Vice Chairman
Philip H. Mallett, Board Member (via teleconference)
John P. Prankevicius, 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.

Chairman Hoyte informed the Board that Member Mallett requested permission to participate in the May 26, 2016 meeting remotely because he would be unable to be physically present due to his geographical location. Chairman Hoyte confirmed that Member Mallett's remote participation was authorized in accordance with 940 CMR 29.10, the remote participation section of the Attorney General's Open Meeting Law regulations.

2. **Roll Call**

Ms. Moran read a roll call:

Member Hoyte "Here".
Member Grieco "Here".
Member Mallett "Here".
Member Prankevicius "Here".
Member Taylor "Here".

3. **Public Comments**

There were no public remarks.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

Andrea Coursey, Douglas Coursey, and James Thorpe joined the meeting at 9:06 a.m.

4. Accidental Disability Hearing – Andrea Coursey

Chairman Hoyte asked if Ms. Coursey wanted the hearing to be held in public or executive session. Ms. Coursey requested that the hearing be held in executive session. At the request of Ms. Coursey, Mr. Thorpe remained in the executive session.

Upon a motion duly made and seconded, it was:

VOTED: That the Board shall go into Executive Session for consideration of the Accidental Disability Retirement Application of Andrea Coursey and will reconvene in public session following consideration of this item.

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Prankevicius voted "Yes"
Member Taylor voted "Yes"

Upon a roll call in the Executive Session, the Board reconvened to public session at 9:17 a.m.

Upon a motion duly made and seconded, it was:

VOTED: To accept and approve the application of Andrea Coursey for accidental disability retirement pursuant to Section 7 of Chapter 32 of the General Laws of Massachusetts, as more fully discussed in the Findings of Fact attached hereto and incorporated herein, effective upon approval by the Public Employee Retirement Administration Commission.

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Prankevicius voted "Yes"
Member Taylor voted "Yes"

Ms. Coursey, Mr. Coursey, and Mr. Thorpe left the meeting at 9:18 a.m.

Ms. Moran distributed copies of Ms. Coursey's Disability Transmittal and explained new regulations that require each Board Member's signature.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

5. **Ratification and Approval of Minutes of the Board Meeting held on April 29, 2016**

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Board Meeting held on April 29, 2016.

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett "Abstain"
Member Pranckevicius voted "Yes"
Member Taylor voted "Yes"

Mark Brubaker joined the meeting via teleconference at 9:32 a.m.

6. **Ratification and Approval of Investments for the Month of April 2016**

The schedule of investments, buys and sells, for the month of April 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 April 2016 as shown on the schedule submitted by State Street Bank and Trust, schedule attached.

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Pranckevicius voted "Yes"
Member Taylor voted "Yes"

7. **Wilshire Associates**

Ms. Moran reviewed the 2016 Procurement Timeline that was included in board packets. She noted that responses to the Custodian RFP were due on June 1st. Ms. Moran reported that Wilshire would present their analysis and recommendation at the June board meeting for the Board to consider and determine next steps. Additionally, Ms. Moran reported that the Passive Management RFPs are scheduled to be posted on or around June 1st with responses due on July 1st and the Active Management RFPs will be posted on July 1st with responses due on August 1st. She noted that Wilshire would present the passive and active management analyses and recommendations at the July and August meetings, respectively. General discussion ensued relative to the proposals, process, and rankings.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

Mr. Brubaker's participation in the meeting ended at 10:09 a.m.

8. KPMG

Ms. Moran briefed the Board regarding the impact of the discount rate change on the recently audited financial statements. She explained that as part of the auditors' review process, under the new GASB 67/68 standard, is to look at the validity of the discount rate and the long-term expected rate of return. She reported that staff has been in discussions over the last several weeks with both the retirement system's auditors, KPMG, and the Authority's auditors, Ernst & Young, around the issues relative to the Board's recent action to change the actuarial assumed rate of return from 7.5% to 7.25%.

Ms. Moran explained that, in the auditors' opinion, the Board must apply the new discount rate retroactive to the measurement date as part of the recently audited financials as of December 31st which meant that the plan's actuary had to revise the 1/1/2015 valuation applying the 7.25% discount rate. She presented the updated figures to the Board. A robust discussion ensued relative to the Board's concerns about future actions and resulting impact to the financial statements as well as the various options on how to proceed. The Board agreed to accept the updated adjustment to the financial statements and to seek guidance from the investment consultant, the actuary, or both in concert regarding future actions.

9. MPAERS Rebalancing

Upon a motion duly made and seconded, it was:

VOTED: To rebalance the portfolio in accordance with the existing policy allocation contingent on additional discussion and recommendation by the investment advisor relative to the July appropriation and with the goal of reducing transaction costs.

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Prankevicius voted "Yes"
Member Taylor voted "Yes"

10. Approval of May Vouchers listed below:

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

Funds Wired to Bank of America on 05/27/16	\$2,321,006.92	Retiree Payroll
Funds Wired to Massport Payroll Account on 05/27/16	\$ 48,873.15	
Funds Wired to State Street Checking on 05/27/16	\$ 501,708.03	

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

Funds Wired to Bank of America Checking on 05/27/16	\$ 21,234.57	Lease

Total	\$2,892,822.67	

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

VOTED: That May Vouchers are hereby approved in the total amount of \$2,892,822.67.

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

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Prankevicius voted "Yes"
Member Taylor voted "Yes"

11. **Vote to Approve June Retirements**

• **Superannuation Retirement – Louis C. DiPerri**

The Director of Retirement presented the Superannuation Retirement Application of Louis C. DiPerri, Senior Resident Engineer, Group 1, in the Capital Programs department at the Logan Office Center.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Louis C. DiPerri, Senior Resident Engineer, Group 1, in the Capital Programs department at the Logan Office Center, currently age 74 years with 25 years, 10 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Louis C. DiPerri has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on June 7, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Louis C. DiPerri, Senior Resident Engineer, Group 1, in Capital Programs department at the Logan Office Center, currently age 74 years with 25 years, 10 months of creditable service effective on June 7, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Prankevicius voted "Yes"
Member Taylor voted "Yes"

- **Superannuation Retirement – Kenneth P. Walker**

The Director of Retirement presented the Superannuation Retirement Application of Kenneth P. Walker, Working Foreperson, Group 1, in the Field Maintenance unit of the Aviation department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Kenneth P. Walker, Working Foreperson, Group 1, in the Field Maintenance unit of the Aviation department at Logan Airport, currently age 60 years with 41 years, 6 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Kenneth P. Walker has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on June 1, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Kenneth P. Walker, Working Foreperson, Group 1, in the Field Maintenance unit of the Aviation department at Logan Airport, currently age 60 years with 41 years, 6 months of creditable service effective on June 1, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Prankevicius voted "Yes"
Member Taylor voted "Yes"

- **Superannuation Retirement – Philip J. Zagari**

The Director of Retirement presented the Superannuation Retirement Application of Philip J. Zagari, Terminal Manager, Group 1, in the Operations unit of the Aviation department at Logan Airport.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Philip J. Zagarrri, Terminal Manager, Group 1, in the Operations unit of the Aviation department at Logan Airport, currently age 61 years with 38 years, 9 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Philip J. Zagarrri has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on June 15, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Philip J. Zagarrri, Terminal Manager, Group 1, in the Operations unit of the Aviation department at Logan Airport, currently age 61 years with 38 years, 9 months of creditable service effective on June 15, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Prankevicius voted "Yes"
Member Taylor voted "Yes"

12. Director's Report

COLA 30 day notice to Authority - May 26th

Ms. Moran noted that the COLA notice will be distributed to the Authority following this meeting.

Human Resources Committee Meeting

Ms. Moran reported that a meeting of the committee is scheduled for June 27th. She noted that she would be presenting her year in review, goal achievement and performance to the committee.

Practices document distributed to relevant departments

Ms. Moran reported that she had distributed to the relevant departments their sections of the practices document noting that she heard back from a couple of departments with minor edits.

Draft budget to board week of June 13th

Ms. Moran indicated that she would provide a draft budget to the Board by mid-June noting that the budget would be presented at the June meeting.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

Retiree death notification process

Ms. Moran mentioned recent press regarding continued payments to deceased retirees of the State Retirement Board. Ms. Barbosa reminded the Board that we utilize Pension Benefit Information's (PBI) death audit service and described the secure process in which our data is uploaded as well as our verification process when we are informed of a match. Member Prankevicius requested a procedure be written to document the PBI death notification process and Chairman Hoyte supported this request.

Digitizing disability packets - update

Ms. Moran updated the Board with regard to the digitization of disability packets. She reported that we are working with Kevin LeBrun from Massport's IT department to purchase a scanner and software to enable us to scan and securely upload disability packets to BoardVantage.

13. **New Business**

Disability Regulations

Ms. Moran recalled previous Board discussion relative to recent changes to the disability regulations. She reminded the Board that the Authority is permitted to have an attorney present at medical panels but the Retirement Board is not. She indicated that the issue is time sensitive because of an upcoming medical panel for John Kelly. Mr. Merrill reported that he spoke to Massport's Chief Legal Counsel, Katie McDonald, regarding the regulation change and explained that he has represented the Board at medical panels in the past. He noted that Ms. McDonald would get back to him with regard to how the Authority would like to handle this going forward.

14. **Adjournment**

Upon a motion duly made and seconded, it was:

VOTED: To adjourn the meeting at 11:11 a.m.

Ms. Moran read a roll call:

Member Hoyte voted "Yes"
Member Grieco voted "Yes"
Member Mallett voted "Yes"
Member Prankevicius voted "Yes"
Member Taylor voted "Yes"

15. **Documents and Exhibits**

Agenda – May 26, 2016

Cash Disbursements 05/01/2016 – 05/31/2016 and Warrant Number 05/2016 AP

Minutes – April 29, 2016

Accidental Disability Transmittal – Andrea Coursey

Wilshire Procurement Timeline - 2016

Financial Statements edits

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

Wilshire Monthly Performance Summary – April 30, 2016

Aberdeen Monthly Monitor

2016 Rebalancing

MPAERS Fund Composite – April 2016

Retiree and Survivor Payroll Reconciliation – May 2016

Bank of America Checking Account Reconciliation – April 2016

State Street Bank Checking Account Reconciliation – April 2016

State Street Bank Replacement Plan Checking Account Reconciliation – April 2016

Trial Balance – 3/1/16 – 3/31/16

2015 Section 3(8)(c) Receivables

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
May 26, 2016**

James S. Hoyte
Chairman

Michael A. Grieco
Vice Chairman

Philip H. Mallett
Board Member

John P. Prankevicius
Treasurer-Custodian

Betsy Taylor
Board Member

Irene Moran
Director of Retirement