

**Massachusetts Port Authority  
Employees' Retirement System  
Board Meeting Minutes  
June 30, 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, June 30, 2016. The following members of the Board were present:

James S. Hoyte, Chairman  
Michael A. Grieco, Vice Chairman  
Philip H. Mallett, Board Member  
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

Also in attendance were:

Mark Brubaker, Wilshire Associates (via teleconference)  
Stephen DiGirolamo, Wilshire Associates

1. **Open Meeting**

Chairman Hoyte opened the meeting at 9:02 a.m.

2. **Roll Call**

Ms. Moran read a roll call:

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

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**3. Public Comments**

There were no public remarks.

**4. Wilshire Associates**

Wilshire Associates was represented by:

Mark Brubaker (via teleconference)  
Stephen DiGirolamo

Mr. DiGirolamo recalled that the custodian RFP was issued in May with a response deadline of June 1<sup>st</sup>. He reported that, as of the deadline, responses were received from three custodian banks –People's United Bank, State Street Bank and Trust Company, and Wilmington Trust. Mr. DiGirolamo noted that Wilshire conducted the search process in a manner consistent with MPAERS investment policy and PERAC requirements. He provided a summary comparison of the firms including experience in asset servicing, account turnover for the previous three years, proposed client officers and service teams, accounting and reporting capabilities, fee analysis, and rankings. Mr. DiGirolamo reported that Wilshire recommended trimming the finalist list to two firms – People's United Bank and State Street Bank and Trust Company. Ms. Moran asked about next steps and Mr. DiGirolamo recommended site visits to the two finalist banks and suggested some potential dates. The Board agreed to proceed with Wilshire's recommendations.

Mr. DiGirolamo presented a summary of the Brexit vote and its impacts on the global markets. He noted that the vote overall should not affect market conditions significantly and that while there was a lot of volatility initially, the markets are almost back in line. He briefly reviewed Pzena and Aberdeen's portfolios noting that Pzena has no direct exposure to the European financial sector and Aberdeen has seen minimal turnover over the last few trading days. He also noted that it would be hard to determine the long term effect to the markets at this point and Mr. Brubaker recommended that the MPAERS stay the course and continue to adhere to portfolio rebalancing guidelines. Mr. Brubaker indicated that Wilshire would run some stress tests with different scenarios and report to the Board at its next meeting.

Mr. Brubaker's participation in the meeting ended at 9:52 a.m.  
Mr. DiGirolamo left the meeting at 9:52 a.m.

**5. FY17 Pension Increase Adjustment**

Upon a motion duly made and seconded, it was:

**VOTED:** WHEREAS, § 51 of Chapter 127 of the Acts of 1999 allows the Authority to authorize the Retirement Board annually to grant a pension increase adjustment for retirees in excess of the percentage increase allowed by G.L.c.32, § 103 (c), up to a maximum of 3% on the first \$13,000 of the retirement allowance; and

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**WHEREAS**, said provision has been accepted by the Retirement Board and approved by the Authority; and

**WHEREAS**, the Retirement Board has duly given notice to the Authority of its intent to consider implementation of this provision for fiscal year 2017; and

**WHEREAS**, PERAC has determined the applicable percentage of the Consumer Price Index for fiscal year 2017 to be 0.0%;

**IT IS HEREBY VOTED:**

To pay a pension increase adjustment for MPAERS retirees in the amount of 3% (on the first \$13,000 of the retirement allowance) effective July 1, 2016.

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

**6. FY17 Appropriation**

Upon a motion duly made and seconded, it was:

**VOTED:** To approve an FY17 appropriation to the MPAERS in the amount of \$13,552,303 and an FY17 appropriation to the MPAERS Replacement Plan and Trust in the amount of \$5,000.

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

**7. Human Resources and Compensation Committee Report and Discussion**

Upon a motion duly made and seconded, it was:

**VOTED:** That the Board shall go into Executive Session, consistent with Massachusetts General Laws, Chapter 30A, Section 21, to conduct strategy sessions in preparation for negotiations with non-union personnel. The Board 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".

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Ms. Barbosa, Ms. Bournival, and Ms. Fullerton left the meeting at 9:56 a.m.

Upon a roll call in the Executive Session, the Board reconvened to public session at 10:01 a.m.

Ms. Barbosa, Ms. Bournival, and Ms. Fullerton returned to the meeting at 10:01 a.m.

Upon a motion duly made and seconded, it was:

**VOTED:** To approve the Director's merit increase recommendations effective July 1, 2016.

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

**8. FY17 Draft Operating Budget Presentation**

Ms. Moran proposed a \$3.6 million budget for FY17 representing a 1.5%, or \$51,000, increase over the FY16 budget. She noted that this increase is attributable to the lease, legal and audit services, staff salaries and benefits, and other administrative expenses.

Upon a motion duly made and seconded, it was:

**VOTED:** To approve the Operating Budget as submitted for the MPAERS for FY17.

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

**9. ADR application for Jennifer Howie update**

Upon a motion duly made and seconded, it was:

**VOTED:** That the Board shall go into Executive Session for discussion relating to threatened or pending litigation concerning the Accidental Disability Application for Jennifer Howie and will reconvene in public session following the 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 10:52 a.m.

Member Taylor left the meeting during the executive session.

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10. **Ratification and Approval of Minutes of the Board Meeting held on May 26, 2016**

Upon a motion duly made and seconded, it was:

**VOTED:** To ratify and approve the Minutes of the Board Meeting held on May 26, 2016.

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

11. **Ratification and Approval of Minutes of the Executive Session held on May 26, 2016**

Upon a motion duly made and seconded, it was:

**VOTED:** To ratify and approve the Minutes of the Executive Session held on May 26, 2016.

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

12. **Ratification and Approval of Investments for the Month of May 2016**

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

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

13. **Approval of June Vouchers listed below:**

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

Funds Wired to Bank of America on 06/29/16	\$2,348,501.91	Retiree Payroll
Funds Wired to Massport Payroll Account on 06/29/16	\$ 40,997.14	
Funds Wired to State Street Checking on 06/29/16	\$ 318,598.54	

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Funds Wired to Bank of America Checking on 06/29/16	\$ 21,234.57	Lease
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Total	\$2,729,332.16	

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

**VOTED:** That June Vouchers are hereby approved in the total amount of \$2,729,332.16.

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

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

14. **Vote to Approve July Retirements**

- **Superannuation Retirement – David M. Callahan**

The Director of Retirement presented the Superannuation Retirement Application of David M. Callahan, former Director, Trade Development, Group 1, in the International Marketing department at the Fish Pier.

Upon a motion duly made and seconded, it was:

**VOTED:**

**WHEREAS,** David M. Callahan, former Director, Trade Development, Group 1, in the International Marketing department at the Fish Pier, currently age 65 years with 13 years, 6 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

**WHEREAS,** David M. Callahan has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on July 1, 2016.

**NOW, THEREFORE,** To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of David M. Callahan, former Director, Trade Development, Group 1, in the International Marketing department at the Fish Pier, currently age 65 years with 13 years, 6 months of creditable service effective on July 1, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

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- **Superannuation Retirement – Joseph G. O'Donnell**

The Director of Retirement presented the Superannuation Retirement Application of Joseph G. O'Donnell, Electrician, Group 4, in the Conley Electrical and Mechanical Maintenance unit of the Maritime department at Conley Terminal.

Upon a motion duly made and seconded, it was:

**VOTED:**

**WHEREAS**, Joseph G. O'Donnell, Electrician, Group 4, in the Conley Electrical and Mechanical Maintenance unit of the Maritime department at Conley Terminal, currently age 60 years with 32 years, 3 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

**WHEREAS**, Joseph G. O'Donnell has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on July 1, 2016.

**NOW, THEREFORE**, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Joseph G. O'Donnell, Electrician, Group 4, in the Conley Electrical and Mechanical Maintenance unit of the Maritime department at Conley Terminal, currently age 60 years with 32 years, 3 months of creditable service effective on July 1, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

**15. Director's Report**

CAFR update

Ms. Moran noted that the CAFR was mailed to all members on June 29<sup>th</sup> and Ms. Barbosa distributed copies to the Board. Member Prankevicius recognized staff for a job well done.

Procurements update

Ms. Moran reported that the deadline for the passive management RFP is July 1<sup>st</sup> noting that responses have been received from SSgA and Northern Trust. She also reported that the active management RFP is scheduled to be issued on July 1<sup>st</sup> with responses due on August 1<sup>st</sup>.

Asset rebalance completed June 15, 2016

Ms. Moran reported that the asset rebalance was successfully completed in two stages and trading occurred on June 1<sup>st</sup> and June 15<sup>th</sup>.

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Wilshire annual conflicts document

Ms. Moran noted that a copy of Wilshire's Annual Conflicts Check Report, which reports whether any of the MPAERS' investment managers do business with Wilshire's analytics division, was included in board packets.

Digitizing disability packets update

Ms. Moran noted that staff is working with Massport's IT department to have the Global Scape software installed on members iPads and staff desktops which will enable the secure uploading of disability packets to BoardVantage.

Disability medical panel hearings update

Ms. Moran reported that MPA legal staff recently attended John Kelly's medical panel. Mr. Affuso thanked Mr. Merrill for providing necessary information with regard to the medical panel procedure as well as background on the importance of MPAERS representation at these panels.

16. **New Business**

There was no new business.

17. **Adjournment**

Upon a motion duly made and seconded, it was:

**VOTED:** To adjourn the meeting at 11:08 a.m.

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

18. **Documents and Exhibits**

Agenda – June 30, 2016

Cash Disbursements 06/01/2016 – 06/30/2016 and Warrant Number 06/2016 AP

Wilshire presentation – Custodian Bank Search

Wilshire presentation – Brexit

MPAERS FY 2017 Operating Budget

MPAERS Expenses FY 2016

FY17 Budget Summary – June 30, 2016

Minutes – May 26, 2016

Executive Session Minutes – May 26, 2016

Wilshire Monthly Performance Summary – May 31, 2016

Aberdeen Monthly Monitor

MPAERS Fund Composite – May 2016



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Retiree and Survivor Payroll Reconciliation – June 2016

Bank of America Checking Account Reconciliation – May 2016

State Street Bank Checking Account Reconciliation – May 2016

State Street Bank Replacement Plan Checking Account Reconciliation – May 2016

Trial Balance – 1/1/16 – 4/30/16

2015 Section 3(8)(c) Receivables

Wilshire Annual Conflicts Check Report – April 29, 2016

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James S. Hoyte  
Chairman

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Michael A. Grieco  
Vice Chairman

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Philip H. Mallett  
Board Member

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John P. Prankevicius  
Treasurer-Custodian

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Betsy Taylor  
Board Member

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Irene Moran  
Director of Retirement