

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 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, August 18, 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. 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
Mark Brubaker, Wilshire Associates (via teleconference)

1. **Open Meeting**

Chairman Hoyte opened the meeting at 9:09 a.m.

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
August 18, 2016**

4. **Wilshire Associates**

Wilshire Associates was represented by:

Mark Brubaker

Mr. Merrill left the meeting at 9:15 a.m.

Passive Management Searches

Mr. Brubaker reported that responses were received from five passive investment management firms – BlackRock, Fidelity, Northern Trust, State Street Global Advisors, and The Vanguard Group. Mr. Brubaker presented a summary of each respondent firm reviewing their organization, management team, management philosophy, investment process, performance track record, fees, and an overall rating for each of the four passive investment products – Large Cap Core, Small Cap Growth, International Equity, and Core Fixed Income. Mr. Brubaker noted that Wilshire deemed incumbent manager, State Street Global Advisors (SSgA), as the most highly advantageous of the respondent firms and provided the reasons for this ranking. Therefore; Wilshire recommended the Board retain SSgA for all the passive management mandates and the Board concurred.

Upon a motion duly made and seconded, it was:

VOTED: To select State Street Global Advisors as the investment management firm to the Massachusetts Port Authority Employees' Retirement System for the Passive Large Cap Core, Passive Small Cap Growth, Passive International Equity, and Passive Core Fixed Income mandates.

Members Hoyte, Grieco, Mallett, Prankevicius, and Taylor voted “Yes”.

Custodian Bank Search

Mr. Brubaker recalled that responses were received from three custodian banks –People's United Bank, State Street Bank and Trust Company, and Wilmington Trust. He noted that People's United Bank and State Street Bank and Trust Company were both deemed highly advantageous and provided the various reasons for these rankings. He also noted that Wilmington Trust was deemed not advantageous and provided reasons for this ranking. Mr. Brubaker recalled discussion from the last meeting with regard to site visits to People's United Bank and State Street Bank and Trust noting that Ms. Moran, Ms. Bournival, and Mr. DiGirolamo completed the site visits in July. Mr. Brubaker presented a summary of both firms including fee schedules, assets under custody, number of custody clients, sub-custodian agreements, and credit ratings and then reported on the pros and cons of each firm. Member Taylor asked for staff's thoughts with regard to the potential transition to a new custodial bank. Ms. Moran spoke of her and Ms. Bournival's experience with both firms during the site visits indicating they were very impressed with People's United Bank. Further, she stated that while staff wouldn't take a conversion lightly, she feels that this is the best choice for the system at this time. Ms. Moran reported on her conversations with three other systems regarding their experience with People's United and noted that each system indicated their relationships with People's United thus far have been seamless and very positive. Mr. Brubaker noted that, after going through the initial evaluation, ranking process, and the site visits, Wilshire also believes that People's United Bank is a suitable custodian for the MPAERS. Member Grieco asked for an explanation of

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 2016**

the ranking process and Mr. Brubaker explained the ranking process and how Wilshire and staff arrived at their recommendation. The Board supported this recommendation. The Board discussed including two option years to the initial five-year contract term.

Upon a motion duly made and seconded, it was:

VOTED: To select People's United Bank as the custodian bank to the Massachusetts Port Authority Employees' Retirement System for a term of five years with two option years, subject to further Board authorization.

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

Brexit Market Impact

Mr. Brubaker recalled discussion in previous meetings related to the Brexit vote and its impact on the global markets. He reported that most of the equity indexes have rallied and are up substantially more than they were prior to the Brexit announcement. Mr. Brubaker assured the Board that Wilshire is keeping a close eye on developments in the European Union but as of this moment they are not recommending any action on the part of their clients. The Board thanked Mr. Brubaker for an informative presentation.

Mr. Merrill returned to the meeting at 10:00 a.m.

Mr. Brubaker's participation in the meeting ended at 10:01 a.m.

5. Accidental Disability Hearing – Jennifer Howie

Upon a motion duly made and seconded, it was:

VOTED: That the Board shall go into Executive Session for discussion related to threatened or pending litigation concerning Jennifer Howie's Accidental Disability Retirement Application 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 10:19 a.m.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 2016**

Upon a motion duly made and seconded, it was:

VOTED: To authorize board legal counsel to request that PERAC convene a joint medical panel, working in conjunction with Ms. Howie's attorney, Brian Cloherty.

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

6. Attendance at Educational Conferences

Upon a motion duly made and seconded, it was:

VOTED: To authorize Board and Staff to attend the 2016 NPEA Conference, 2016 P2F2 Conference and the 2016 MACRS Fall Conference and to approve all education and business related expenses as outlined in the Travel Authorization Voucher, forms attached.

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

7. Ratification and Approval of Minutes of the Special Board Meeting of the Human Resources Committee held on June 27, 2016

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Special Board Meeting of the Human Resources Committee held on June 27, 2016.

Committee Members Hoyte, Mallett, Moran, and Prankevicius voted "Yes".

Board Members Grieco and Taylor who were in attendance voted "Yes".

8. Ratification and Approval of Minutes of the Executive Session of the Human Resources Committee held on June 27, 2016

Upon a motion duly made and seconded, it was:

Voted: To ratify and approve the Minutes of the Executive Session of the Human Resources Committee held on June 27, 2016.

Committee Members Hoyte, Mallett, Moran, and Prankevicius voted "Yes".

Board Members Grieco and Taylor who were in attendance voted "Yes".

**Massachusetts Port Authority
 Employees' Retirement System
 Board Meeting Minutes
 August 18, 2016**

9. Ratification and Approval of Minutes of the Executive Session held on June 30, 2016

Upon a motion duly made and seconded, it was:

Voted: To ratify and approve the Minutes of the Executive Session held on June 30, 2016.

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

10. Ratification and Approval of Minutes of the Board Meeting held on July 28, 2016

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Board Meeting held on July 28, 2016.

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

Members Prankevicius and Taylor abstained.

11. Ratification and Approval of Investments for the Month of July 2016

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

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

12. Approval of August Vouchers listed below:

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

Funds Wired to Bank of America on 08/30/16	\$2,393,399.10	Retiree Payroll
Funds Wired to Massport Payroll Account on 08/30/16	\$ 50,852.29	
Funds Wired to State Street Checking on 08/30/16	\$ 133,950.13	
Funds Wired to Bank of America Checking on 08/30/16	\$ 21,234.57	Lease

Total	\$2,599,436.09	

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 2016**

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

VOTED: That August Vouchers are hereby approved in the total amount of \$2,599,436.09

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

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

13. **Vote to Approve Pending Retirements**

- **Superannuation Retirement – Michael P. Carroll**

The Director of Retirement presented the Superannuation Retirement Application of Michael P. Carroll, former 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, Michael P. Carroll, former Electrician, Group 4, in the Conley Electrical and Mechanical Maintenance unit of the Maritime department at Conley Terminal, currently age 54 years with 22 years, 6 months of creditable service, has applied for Superannuation Retirement, Option C under the provisions of M.G.L. Chapter 32.

WHEREAS, Michael P. Carroll has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on September 1, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, pending the outcome of the accidental disability retirement application, under the provisions of M.G.L. Chapter 32, of Michael P. Carroll, former Electrician, Group 4, in the Conley Electrical and Mechanical Maintenance unit of the Maritime department at Conley Terminal, currently age 54 years with 22 years, 6 months of creditable service effective on September 1, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

- **Superannuation Retirement – Betty J. Desrosiers**

The Director of Retirement presented the Superannuation Retirement Application of Betty J. Desrosiers, Director, Strategic and Business Planning, Group 1, in the Strategic and Business Planning Department at the Logan Office Center.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 2016**

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Betty J. Desrosiers, Director, Strategic and Business Planning, Group 1, in the Strategic and Business Planning department at the Logan Office Center, currently age 64 years with 34 years, 11 months of creditable service, has applied for Superannuation Retirement, Option B, under the provisions of M.G.L. Chapter 32.

WHEREAS, Betty J. Desrosiers has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on September 17, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option B, under the provisions of M.G.L. Chapter 32, of Betty J. Desrosiers, Director, Strategic and Business Planning, Group 1, in the Strategic and Business Planning department at the Logan Office Center, currently age 64 years with 34 years, 11 months of creditable service effective on September 17, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

- **Superannuation Retirement – John A. Hammer**

The Director of Retirement presented the Superannuation Retirement Application of John A. Hammer, Manager, Survey Department, Group 1, in the Survey Crew unit of the Capital Programs department at Harborside Drive.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, John A. Hammer, Manager, Survey Department, Group 1, in the Survey Crew unit of the Capital Programs department at Harborside Drive, currently age 68 years with 21 years, 9 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, John A. Hammer has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on September 1, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of John A. Hammer, Manager, Survey Department, Group 1, in the Survey Crew unit of the Capital Programs department at Harborside Drive, currently age 68 years with 21 years, 9 months of creditable service effective on September 1, 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
August 18, 2016**

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

- **Superannuation Retirement – Robert E. Lagergren**

The Director of Retirement presented the Superannuation Retirement Application of Robert E. Lagergren, Manager, Airport Badging and Violations, Group 1, in the Aviation Security unit of the Aviation Department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Robert E. Lagergren, Manager, Airport Badging and Violations, Group 1, in the Aviation Security unit of the Aviation department at Logan Airport, currently age 63 years with 22 years, 3 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Robert E. Lagergren has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on September 1, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Robert E. Lagergren, Manager, Airport Badging and Violations, Group 1, in the Aviation Security unit of the Aviation department at Logan Airport, currently age 63 years with 22 years, 3 months of creditable service effective on September 1, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

- **Superannuation Retirement – Brian R. McMorrow**

The Director of Retirement presented the Superannuation Retirement Application of Brian R. McMorrow, former Aviation Chief Financial Officer, Group 1, in the Aviation Administration unit of the Aviation Department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Brian R. McMorrow, former Aviation Chief Financial Officer, Group 1, in the Aviation Administration unit of the Aviation department at Logan Airport, currently age 60 years with 31 years, 4 months of creditable service, has applied for Superannuation Retirement, Option B, under the provisions of M.G.L. Chapter 32.

WHEREAS, Brian R. McMorrow has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on September 1, 2016.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 2016**

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option B, under the provisions of M.G.L. Chapter 32, of Brian R. McMorrow, former Aviation Chief Financial Officer, Group 1, in the Aviation Administration unit of the Aviation department at Logan Airport, currently age 60 years with 31 years, 4 months of creditable service effective on September 1, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

- **Superannuation Retirement – Marlyn A. Victor**

The Director of Retirement presented the Superannuation Retirement Application of Marlyn A. Victor, Senior Legal Counsel, Real Estate, Group 1, in the Legal Department at the Logan Office Center.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Marlyn A. Victor, Senior Legal Counsel, Real Estate, Group 1, in the Legal department at the Logan Office Center, currently age 63 years with 22 years, 2 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Marlyn A. Victor has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on September 1, 2016.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Marlyn A. Victor, Senior Legal Counsel, Real Estate, Group 1, in the Legal department at the Logan Office Center, currently age 63 years with 22 years, 2 months of creditable service effective on September 1, 2016 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

14. Director's Report

Active member self-service rollout begins September 9th

Ms. Moran reported that instructions on how to gain access to active member self-service would be included in the September issue of *Outlook* and demonstrations of this tool would be presented at the retirement drop-in's also scheduled for September. She noted that active members would have access to account information and have the ability to run estimated retirement calculations online using their individual information from the retirement system database without having to input anything other than a retirement date.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 2016**

Retiree affidavits being mailed September 26th

Social Security presentations

Ms. Moran reported that Steve Richardson from the Social Security Administration would be doing presentations at the Logan Office Center, Fire Headquarters, and Worcester Airport in September.

Drop-in sessions

Ms. Moran reported that staff has scheduled retirement drop-in meetings in conjunction with the SMART Plan at various Massport worksites throughout the month of September.

Member election process begins October, 2016 – timeline distributed

Ms. Moran noted that a copy of the election timeline was included in board packets.

15. **New Business**

FOIA request update

Ms. Moran reported that she received a FOIA request from the Boston Globe specifically related to investment securities litigation. She noted that staff was working on this request with Massport's Legal department. Ms. Moran reported that Massport's initial 10-day response to the Boston Globe has been mailed and nothing further has been released at this point.

16. **Adjournment**

Upon a motion duly made and seconded, it was:

VOTED: To adjourn the meeting at 10:49 a.m.

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

17. **Documents and Exhibits**

Agenda August 18, 2016

Wilshire Passive Management Searches

Wilshire Custodian Bank Search

Wilshire Brexit Market Impact

Travel Authorization Voucher – 2016 NPEA Conference

Travel Authorization Voucher – 2016 Public Pension Financial Forum (P2F2) Conference

Travel Authorization Voucher – 2016 MACRS Fall Conference

Human Resources Committee Minutes – June 27, 2016

Human Resources Committee Executive Session Minutes – June 27, 2016

Executive Session Minutes – June 30, 2016

Minutes – July 28, 2016

Cash Disbursements 07/01/2016 – 07/31/2016 and Warrant Number 07/2016 AP

Wilshire Monthly Performance Summary – July 31, 2016

Aberdeen Monthly Monitor

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 2016**

MPAERS Fund Composite – July 2016

Retiree and Survivor Payroll Reconciliation – August 2016

Bank of America Checking Account Reconciliation – July 2016

State Street Bank Checking Account Reconciliation – July 2016

State Street Bank Replacement Plan Checking Account Reconciliation – July 2016

Trial Balance – 1/1/16 – 6/30/16

Retirement Board Election Timeline

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
August 18, 2016**

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Board Member

John P. Prankevicius
Treasurer-Custodian

Betsy Taylor
Board Member

Irene Moran
Director of Retirement