

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
November 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 Tuesday, November 29, 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
Richard Heidlage, Massport Senior Legal Counsel, Retirement
John Affuso, Massport Senior Legal Counsel, Transactions
Mark Brubaker, Wilshire Associates (via teleconference)
Stephen DiGirolamo, Wilshire Associates (via teleconference)

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 Mallett "Here".
Member Prankevicius "Here".
Member Taylor "Here".

3. **Public Comments**

There were no public remarks.

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4. PRIT Alternative Investment Allocation

Wilshire Associates was represented by:

Mark Brubaker
Stephen DiGirolamo

Mr. Brubaker presented the 2017 Private Equity Commitment Summary and recalled that the Board voted to increase the target allocation from 5% to 7.5% in 2012. Wilshire recommended a 2017 commitment of \$10 million, which is consistent with 2016. Mr. Brubaker also reminded the Board that the objective is to obtain the 7.5% target allocation level gradually over time so as to time-diversify and balance the portfolio. The Board and Mr. Brubaker also discussed alternative methods of benchmarking PRIM's private equity investment performance. Mr. Brubaker recommended that Wilshire prepare and present a venture capital analysis to the board at the quarterly meeting in April 2017.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, the Board has previously adopted a 7.5% alternative investment allocation as part of its overall asset allocation strategy; and

WHEREAS, the Board has determined that the Public Reserves Investment Trust (PRIT) alternative investment product is the optimum vehicle for gaining exposure in this asset class and that, for diversification purposes, the optimum method for funding this investment is over a period of years.

IT IS HEREBY VOTED:

To allocate \$10 million to PRIT's Vintage Year 2017 product.

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

Mr. Affuso left the meeting at 9:16 a.m.

Mr. Brubaker and Mr. DiGirolamo's participation in the meeting ended at 9:22 a.m.

5. Ratification and Approval of Minutes of the Board Meeting held on October 28, 2016

Upon a motion duly made and seconded, it was:

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

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

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6. Ratification and Approval of Investments for the Month of October 2016

The schedule of investments, buys and sells, for the month of October 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 October 2016 as shown on the schedule submitted by People's United Bank, schedule attached.

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

7. Approval of November Vouchers listed below:

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

Funds Wired to Bank of America on 11/29/16	\$2,462,167.84	Retiree Payroll
Funds Wired to Massport Payroll Account on 11/29/16	\$ 53,485.70	
Funds Wired to People's United Checking on 11/29/16	\$ 92,104.98	
Funds Wired to Bank of America Checking on 11/29/16	\$ 21,802.63	Lease

Total	\$2,629,561.15	

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

VOTED: That November Vouchers are hereby approved in the total amount of \$2,629,561.15.

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

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

8. Annuity Savings Deductions Recovery Waiver

Ms. Moran reported that active member James Garfield had recently requested a retirement estimate in anticipation of a January 1 retirement. She also noted that while preparing this estimate, staff uncovered an error; retirement contributions were not withheld from Mr. Garfield's pay between March 30, 1998 and June 5, 1998, his initial period of employment. She further reported that Mr. Garfield submitted a request to the Board to waive the repayment of such amounts and subsequent interest due pursuant to M.G.L. Chapter 32,

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Section 20(5)(3). Board discussion ensued relative to how the error might have occurred eighteen years ago and how it was recently uncovered. Ms. Moran added that the current deduction posting process for active employees includes an exception report listing employees with no retirement withholdings. She went on to explain that this type of error is now typically caught and corrected immediately following the week in which it first occurs. Discussion continued with regard to previous instances in which a waiver of repayment had occurred. The Board requested more information relative to past practice and discussed potentially setting policy for future occurrences. Mr. Heidlage was asked to review options for adoption of a policy. The Board also requested that staff investigate auditing membership dates of temporary to regular hires for a five-year lookback.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, due to an administrative error, annuity savings deductions in the amount of \$934.62 were not withheld from active member James Garfield's earnings during his first two months of employment from March 30, 1998 to June 5, 1998; and

WHEREAS, this error occurred over eighteen years ago such that the amount now owed with accrued regular interest is \$1,063.59; and

WHEREAS, the Board has determined that the said error in annuity savings deductions was not the result of erroneous information provided by Mr. Garfield; and

WHEREAS, the Board finds that Mr. Garfield did not know and had no reason to know that retirement contributions were not being correctly withheld during his first two months of employment; and

WHEREAS, Mr. Garfield has requested that the Board waive recovery of such amounts plus interest owed pursuant to M.G.L. Chapter 32, Section 20(5)(3); and

WHEREAS, in other instances in which annuity savings deductions were erroneously under-withheld at no fault of the member, the Board has waived repayment and the Board does not see any reason not to do the same in this case:

IT IS HEREBY VOTED:

To waive recovery from Mr. James Garfield of \$1,063.59 which represents the annuity savings deductions on regular compensation not withheld from March 30, 1998 to June 5, 1998 plus regular interest.

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

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9. **Director's Report**

Member election update

Ms. Moran reported that there are four candidates in the election – incumbents Phil Mallett and Betsy Taylor and active members Michael O'Brien and Arthur Pelton. She noted that candidate mailings will be sent by December 1st, ballot packets will be mailed on December 9th, and the ballot pick up and counting scheduled for January 5th, 2017.

Member Prankevicius left the meeting at 9:56 a.m.

Affidavit update

Ms. Moran noted that, to-date, approximately 12 retirees have not submitted affidavits for 2016. She reported that second notices were previously made and the third and final notice indicating suspension of monthly retirement allowance would be mailed soon.

10. **New Business**

MPAERS awarded GFOA Certificate of Achievement for Excellence in Financial Reporting for 2015 CAFR

Ms. Moran reported that the MPAERS was awarded its 17th Certificate of Achievement for Excellence in Financial Reporting for the 2015 CAFR.

11. **Adjournment**

Upon a motion duly made and seconded, it was:

VOTED: To adjourn the meeting at 10:00 a.m.

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

12. **Documents and Exhibits**

Agenda November 29, 2016

Cash Disbursements 11/01/2016 – 11/30/2016 and Warrant Number 11/2016 AP

Wilshire Associates – 2017 Private Equity Commitment Summary, November 29, 2016

Wilshire Associates – Aberdeen EAFE Plus Monthly Monitor, October 2016

Wilshire Associates – Monthly Performance Summary, October 31, 2016

Minutes – October 28, 2016

MPAERS Fund Composite – October 2016

Retiree and Survivor Payroll Reconciliation – November 2016

Bank of America Checking Account Reconciliation – October 2016

State Street Bank Checking Account Reconciliation – October 2016

State Street Bank Replacement Plan Checking Account Reconciliation – October 2016

Trial Balance – 1/1/16 – 9/30/16

Garfield request to the Board

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Treasurer-Custodian

Betsy Taylor
Board Member

Irene Moran
Director of Retirement