

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
February 23, 2017**

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, February 23, 2017. The following members of the Board were present:

James S. Hoyte, Chairman (via teleconference)
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
Richard Heidlage, Massport Senior Legal Counsel, Retirement

1. **Open Meeting**

Vice Chairman Grieco opened the meeting at 9:06 a.m.

Vice Chairman Grieco informed the Board that Members Hoyte and Mallett requested permission to participate in the February 23, 2017 meeting remotely because they would be unable to be physically present due to their geographical location. Vice Chairman Grieco confirmed that Members Hoyte and 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.

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4. Ratification and Approval of Minutes of the Board Meeting held on January 26, 2017

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Board Meeting held on January 26, 2017.

Ms. Moran read a roll call:

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

5. Ratification and Approval of Investments for the Month of January 2017

The schedule of investments, buys and sells, for the month of January 2017 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 January 2017 as shown on the schedule submitted by People's United Bank, schedule attached.

Ms. Moran read a roll call:

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

6. Approval of February Vouchers listed below:

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

Funds Wired to Bank of America on 02/27/17	\$2,513,614.06	Retiree Payroll
Funds Wired to Massport Payroll Account on 02/27/17	\$ 44,296.33	
Funds Wired to People's United Checking on 02/27/17	\$ 306,236.86	

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Funds Wired to Bank of America Checking on 02/27/17	\$ 22,012.63	Lease

Total	\$2,886,159.88	

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

VOTED: That February Vouchers are hereby approved in the total amount of \$2,886,159.88.

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

Ms. Moran read a roll call:

- Member Hoyte "Yes".
- Member Grieco "Yes".
- Member Mallett "Yes".
- Member Prankevicius "Yes".
- Member Taylor "Yes".

7. **Vote to Approve Pending Retirements**

- **Superannuation Retirement – Phyllis A. Daigle**

The Director of Retirement presented the Superannuation Retirement Application of Phyllis A. Daigle, former Audit Manager, Group 1, in the Internal Audit department at the Logan Office Center.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Phyllis A. Daigle, former Audit Manager, Group 1, in the Internal Audit department at the Logan Office Center, currently age 61 years with 25 years, 10 months of creditable service, has applied for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32.

WHEREAS, Phyllis A. Daigle has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on March 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32, of Phyllis A. Daigle, former Audit Manager, Group 1, in the Internal Audit department at the Logan Office Center, currently age 61 years with 25 years, 10 months of creditable service effective on March 1, 2017 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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Ms. Moran read a roll call:

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

- **Superannuation Retirement – Joseph P. DeRosa**

The Director of Retirement presented the Superannuation Retirement Application of Joseph P. DeRosa, Fire Fighter/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Joseph P. DeRosa, Fire Fighter/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 59 years with 34 years, 11 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Joseph P. DeRosa has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on March 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Joseph P. DeRosa, Fire Fighter/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 59 years with 34 years, 11 months of creditable service effective on March 1, 2017 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 "Yes".
Member Grieco "Yes".
Member Mallett "Yes".
Member Pranckevicius "Yes".
Member Taylor "Yes".

- **Superannuation Retirement – Brian F. Hayes**

The Director of Retirement presented the Superannuation Retirement Application of Brian F. Hayes, Facilities Manager, Group 1, in the Port Operations unit of the Maritime department at Conley Terminal.

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Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Brian F. Hayes, Facilities Manager, Group 1, in the Port Operations unit of the Maritime department at Conley Terminal, currently age 66 years with 30 years of creditable service, has applied for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32.

WHEREAS, Brian F. Hayes has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on March 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32, of Brian F. Hayes, Facilities Manager, Group 1, in the Port Operations unit of the Maritime department at Conley Terminal, currently age 66 years with 30 years of creditable service effective on March 1, 2017 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 "Yes".
Member Grieco "Yes".
Member Mallett "Yes".
Member Prankevicius "Yes".
Member Taylor "Yes".

- **Superannuation Retirement – Juan A. Perez**

The Director of Retirement presented the Superannuation Retirement Application of Juan A. Perez, Fire Fighter/EMT, Group 4, in the Fire Control unit of the Aviation Department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Juan A. Perez, Fire Fighter/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 53 years with 32 years, 1 month of creditable service, has applied for Superannuation Retirement, Option C under the provisions of M.G.L. Chapter 32.

WHEREAS, Juan A. Perez has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on March 1, 2017.

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NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, pending the outcome of the ordinary disability retirement application, under the provisions of M.G.L. Chapter 32, of Juan A. Perez, Fire Fighter/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 53 years with 32 years, 1 month of creditable service effective on March 1, 2017 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 "Yes".
Member Grieco "Yes".
Member Mallett "Yes".
Member Prankevicius "Yes".
Member Taylor "Yes".

- **Superannuation Retirement – Dennis P. Sheehan**

The Director of Retirement presented the Superannuation Retirement Application of Dennis P. Sheehan, Mechanical Department Foreperson, 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, Dennis P. Sheehan, Mechanical Department Foreperson, Group 1, in the Building Maintenance unit of the Aviation department at Logan Airport, currently age 65 years with 23 years, 4 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Dennis P. Sheehan has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on March 4, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Dennis P. Sheehan, Mechanical Department Foreperson, Group 1, in the Building Maintenance unit of the Aviation department at Logan Airport, currently age 65 years with 23 years, 4 months of creditable service effective on March 4, 2017 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 "Yes".
Member Grieco "Yes".

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Member Mallett "Yes".
Member Prankevicius "Yes".
Member Taylor "Yes".

- **Superannuation Retirement – Michael D. Stygar**

The Director of Retirement presented the Superannuation Retirement Application of Michael D. Stygar, former Project Manager, Fuel/Power Distribution, Group 1, in the Logan Modernization department at the Logan Office Center.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Michael D. Stygar, former Project Manager, Fuel/Power Distribution, Group 1, in the Logan Modernization department at the Logan Office Center, currently age 69 years with 10 years, 10 months of creditable service, has applied for Superannuation Retirement, Option B, under the provisions of M.G.L. Chapter 32.

WHEREAS, Michael D. Stygar has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on March 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option B, under the provisions of M.G.L. Chapter 32, of Michael D. Stygar, former Project Manager, Group 1, in the Logan Modernization department at the Logan Office Center, currently age 69 years with 10 years, 10 months of creditable service effective on March 1, 2017 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 "Yes".
Member Grieco "Yes".
Member Mallett "Yes".
Member Prankevicius "Yes".
Member Taylor "Yes".

8. Director's Report

KPMG audit fieldwork begins March 6th

Ms. Moran noted that KPMG will begin field work on March 6th and preparation is underway. Member Taylor expressed her concerns regarding the timing of assumption changes, specifically the discount rate with regard to the issuing of the financial statements. She reminded the Board that additional clarification is still needed and a discussion with both the auditor and actuary must occur to ensure that everyone is clear on how the timing of an assumption change might impact the financial statements for that year. Ms. Moran

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noted that this issue was discussed with KPMG at the audit entrance meeting. Discussion ensued regarding the Board's concerns about future actions and potential impacts to the financial statements as well as the various options on how to proceed. The Board agreed to seek guidance from the auditors, the actuary, or both in concert regarding future actions.

Stone Consulting 1/1/17 actuarial valuation in progress

Ms. Moran reported that work on the actuarial valuation is ongoing.

Section 90A, 90C, 90D data to Larry Stone by February 24th

Winter Outlook to printer February 13th

Ms. Moran reported that Winter Outlook will be mailed on Friday, February 24th

9. **New Business**

Thomas Proctor ADR

Mr. Heidlage reported that Mr. Proctor will likely file for Superannuation retirement and, after that, will withdraw his accidental disability retirement application.

Mark Brubaker, Dwayne Hancock, Mahesh Jayakumar, Derek Lightburn, and Michael Spellman joined the meeting at 9:32 a.m.

10. **State Street Global Advisors**

State Street Global Advisors was represented by:

Dwayne Hancock
Mahesh Jayakumar
Derek Lightburn
Michael Spellman

Mr. Spellman presented a firm overview noting no changes to the team handling the MPAERS' portfolio. He reported that SSgA, previously a division of State Street Bank, has formed the SSgA Trust Company and is now a full subsidiary. Mr. Lightburn presented the MPAERS' performance summary and reported that the market value of the portfolio is approximately \$297 million as of December 31, 2016. Mr. Hancock presented an overview of the global fixed income strategies noting no changes to the Global Equity Beta Solutions team in Boston. Mr. Jayakumar reviewed the Russell 1000, Russell 2000 Growth, US Aggregate Bond, and MSCI ACWI Ex-USA Index strategies. He reported that Matt Steinaway, Chief Risk Officer, will be replacing Steve Meier, CIO Global Fixed Income, Currency & Cash who is leaving the firm in March. Mr. Jayakumar also reported that Venky Venkataramani, Global Head of Fixed Income Beta Solutions, replaced Brian Kinney who is currently the CIO of Global Treasury for State Street Bank. The Board thanked Mr. Hancock, Mr. Jayakumar, Mr. Lightburn, and Mr. Spellman for an informative presentation.

Member Pranckevicius left the meeting at 9:58 a.m.

Mr. Hancock, Mr. Jayakumar, Mr. Lightburn, and Mr. Spellman left the meeting at 9:59 a.m.

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11. **Wilshire Associates**

Wilshire Associates was represented by:

Mark Brubaker

Mr. Brubaker presented an overview of current market conditions reviewing the US Equity, Non-US Equity, and Fixed Income markets. Mr. Brubaker also presented the MPAERS 4th Quarter 2016 Investment Performance Analysis reviewing total fund performance for both the quarter and year-to-date. Mr. Brubaker noted the total fund was up 0.4% for the quarter and 8.4% for the year versus the policy index of 0.4% and 7.4%, respectively, and plan assets totaled \$562.9 million as of December 31, 2016. Mr. Brubaker reviewed the US equity, international equity, fixed income, real estate, and private equity composites noting a positive return for the year in the US equity, international equity, and fixed income composites as well as underperformance in the real estate and private equity composites. Mr. Brubaker also presented a Private Equity Performance Comparison. He explained that Wilshire compared the PRIM fund, by vintage year, to four other private equity products – Cambridge Universe Median, Adams Street, HarbourVest, and Commonfund. Mr. Brubaker reported that PRIM's performance compared favorably to these other fund of fund managers but PRIM's fees are lower. The Board thanked Mr. Brubaker for an informative presentation.

12. **Adjournment**

Vice Chairman Grieco adjourned the meeting at 10:35 a.m.

13. **Documents and Exhibits**

Agenda – February 23, 2017

Cash Disbursements 02/01/2017 – 02/28/2017 and Warrant Number 02/2017 AP

Minutes – January 26, 2017

Wilshire Associates – Monthly Performance Summary, January 31, 2017

Wilshire Associates – Aberdeen EAFE Plus Monthly Monitor, December 2016

MPAERS Fund Composite – January 2017

Retiree and Survivor Payroll Reconciliation – February 2017

State Street Bank Replacement Plan Checking Account Reconciliation – January 2017

State Street Bank Checking Account Reconciliation – January 2017

People's United Bank Replacement Plan Checking Account Reconciliation – January 2017

People's United Bank Checking Account Reconciliation – January 2017

Bank of America Checking Account Reconciliation – January 2017

Trial Balance – January 2016 - December 2016

Wilshire Agenda

State Street Global Advisors – Portfolio Review, February 23, 2017

Wilshire Associates – Private Equity Performance Comparison

Wilshire Associates – Executive Summary, December 31, 2016

2016 Section 3(8)(c) Receivables

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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