

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
March 30, 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, March 30, 2017. The following members of the Board were present:

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

1. **Open Meeting**

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

Chairman Hoyte informed the Board that Member Mallett requested permission to participate in the March 30, 2017 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 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 February 23, 2017

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Board Meeting held on February 23, 2017.

Ms. Moran read a roll call:

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

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

The schedule of investments, buys and sells, for the month of February 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 February 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 Taylor "Yes".

6. Approval of March Vouchers listed below:

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

Funds Wired to People's United Checking on 03/27/17	\$	4,756.39	
Funds Wired to Bank of America on 03/30/17	\$	2,523,976.67	Retiree Payroll
Funds Wired to Massport Payroll Account on 03/30/17	\$	44,195.96	
Funds Wired to People's United Checking on 03/30/17	\$	320,341.66	

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Funds Wired to Bank of America Checking on 03/30/17	\$ 21,872.63	Lease

Total	\$2,915,143.31	

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

VOTED: That March Vouchers are hereby approved in the total amount of \$2,915,143.31.

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 Taylor "Yes".

7. **Vote to Approve Pending Retirements**

- **Superannuation Retirement – Peter E. Austin**

The Director of Retirement presented the Superannuation Retirement Application of Peter E. Austin, Project Manager, Group 1, in the Capital Programs department at the Logan Office Center.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Peter E. Austin, Project Manager, Group 1, in the Capital Programs department at the Logan Office Center, currently age 65 years with 17 years, 8 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Peter E. Austin has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on April 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Peter E. Austin, Project Manager, Group 1, in the Capital Programs department at the Logan Office Center, currently age 65 years with 17 years, 8 months of creditable service effective on April 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 Taylor "Yes".

- **Superannuation Retirement – John W. Dawber**

The Director of Retirement presented the Superannuation Retirement Application of John W. Dawber, 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, John W. Dawber, Fire Fighter/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 55 years with 32 years, 2 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, John W. Dawber has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on April 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of John W. Dawber, Fire Fighter/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 55 years with 32 years, 2 months of creditable service effective on April 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 Taylor "Yes".

- **Superannuation Retirement – Robert J. Donahue, Jr.**

The Director of Retirement presented the Superannuation Retirement Application of Robert J. Donahue, Jr., Fire Chief, Group 4, in the Fire Control unit of the Aviation department at Logan Airport.

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Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Robert J. Donahue, Jr., Fire Chief, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 63 years with 41 years, 7 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Robert J. Donahue, Jr. has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on April 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Robert J. Donahue, Jr., Fire Chief, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 63 years with 41 years, 7 months of creditable service effective on April 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 Taylor "Yes".

- **Superannuation Retirement – James W. Haynes**

The Director of Retirement presented the Superannuation Retirement Application of James W. Haynes, Parking Utility Technician, Group 1, in the Parking Garage Operations unit of the Aviation department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, James W. Haynes, Parking Utility Technician, Group 1, in the Parking Garage Operations unit of the Aviation department at Logan Airport, currently age 65 years with 22 years of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, James W. Haynes has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on April 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of James W. Haynes, Parking Utility Technician, Group 1, in the Parking Garage Operations unit of the Aviation department at Logan Airport,

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currently age 65 years with 22 years of creditable service effective on April 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 Taylor "Yes".

- **Superannuation Retirement – Frank A. Patierno**

The Director of Retirement presented the Superannuation Retirement Application of Frank A. Patierno, Property Manager, Group 1, in the Port Operations unit of the Maritime department at the Fish Pier.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Frank A. Patierno, Property Manager, Group 1, in the Port Operations unit of the Maritime department at the Fish Pier, currently age 67 years with 12 years, 4 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Frank A. Patierno has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on April 5, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Frank A. Patierno, Property Manager, Group 1, in the Port Operations unit of the Maritime department at the Fish Pier, currently age 67 years with 12 years, 4 months of creditable service effective on April 5, 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 Taylor "Yes".

- **Superannuation Retirement – Maryann Scaramozza**

The Director of Retirement presented the Superannuation Retirement Application of Maryann Scaramozza, Skilled Laborer, Group 1, in the Field Maintenance unit of the Aviation department at Logan Airport.

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Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Maryann Scaramozza, Skilled Laborer, Group 1, in the Field Maintenance unit of the Aviation department at Logan Airport, currently age 56 years with 17 years of creditable service, has applied for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32.

WHEREAS, Maryann Scaramozza has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on April 1, 2017.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32, of Maryann Scaramozza, Skilled Laborer, Group 1, in the Field Maintenance unit of the Aviation department at Logan Airport, currently age 56 years with 17 years of creditable service effective on April 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 Taylor "Yes".

8. Director's Report

1/1/17 Actuarial Valuation in progress

Ms. Moran reported that work on the actuarial valuation is progressing nicely and staff is currently working with the actuary to reconcile the census data. She also reported that Larry Stone will present preliminary valuation results at the April 27th meeting. Mr. Stone will also present cost data with regard to potentially raising the COLA base from \$13,000 to \$16,000, also in increments, and Section 90A, 90C, 90D cost data as well.

12/31/16 CAFR in progress

Ms. Moran reported that work on the 2016 CAFR is progressing as usual.

Wilshire's Annual Disclosure Report

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.

PERAC's PROSPER training

Ms. Moran informed the Board that PERAC is rolling out PROSPER, their self-service portal, over the next several months. Staff, she reported, would soon be able file procurement documents through this secure

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website and Board Members would be able to review their education credits, possibly file their financial statements, and sign procurement documents. At some point, PERAC will also be automating the disability process which will be a tremendous help for staff. Ms. Moran reported that PERAC has administered some trainings and she will keep the Board posted on future trainings.

PERAC Annual Statement

Ms. Moran presented the 2016 PERAC Annual Statement to the Board.

9. **New Business**

There was no new business.

Robert Mahoney and N. Brock Romano joined the meeting at 9:32 a.m.

10. **KPMG**

KPMG was represented by:

Robert Mahoney
N. Brock Romano

Mr. Romano reminded the Board that this would be his last audit as the engagement partner to the MPAERS. He explained that KPMG has some internal policies regarding the length of time an engagement partner can serve a client, the time period being ten years. He recalled discussion with the Board regarding a transition plan whereby Scott Warnetski would assume Mr. Romano's responsibilities as engagement partner for the 2018 MPAERS audit. Mr. Romano noted that everything is going according to plan and he would keep Ms. Moran updated on the progress of this transition plan.

Mr. Mahoney presented KPMG's Required Communications including MPAERS audit results as well as Financial Statements for the years ended December 31, 2016 and 2015. Mr. Mahoney also reviewed the significant audit areas and noted an unmodified opinion of the MPAERS' financial statements. Mr. Mahoney noted that KPMG would also be issuing an audit report on the GASB 67 and 68 schedules later in the spring. In addition to these reports, Mr. Mahoney reported that KPMG plans to issue a report on internal control and compliance, more commonly known as the yellowbook report, which will also be clean with no significant deficiencies or material weaknesses this year.

Mr. Mahoney reported that additional effort was spent this year over the implementation of GASB 72. He explained that GASB 72 did not change how investments are measured (investments have always been measured at fair value) but enhances the investment disclosures in the financial statements by categorizing the investments in three levels in the fair value hierarchy. He then proceeded to describe the three levels in the fair value hierarchy explaining that the highest priority is given to level one and lowest priority to level three. In the case of the System, he reported, the Plan has no securities classified in level two or three. In addition, as reported by Mr. Mahoney, investments held through commingled funds for which fair value is estimated using net asset values as a practical expedient are not categorized in the fair value hierarchy.

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Member Taylor recalled discussion from last year regarding the timing of assumption changes, specifically the discount rate, with regard to the issuance of the financial statements. She asked the auditors under what circumstances might the Board take a forward looking action to change the discount rate without retroactively impacting previously audited financial statements. Mr. Romano explained KPMG's position relative to assumption changes and a robust discussion ensued. Following discussion, Member Taylor stated that she gained a far better detailed understanding of KPMG's position on this matter. The Board thanked Mr. Mahoney and Mr. Romano for an informative presentation.

Mr. Mahoney and Mr. Romano left the meeting at 10:22 a.m.

11. Adjournment

Upon a motion duly made and seconded, it was:

VOTED: To adjourn the meeting at 10:38 a.m.

Ms. Moran read a roll call:

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

12. Documents and Exhibits

Agenda – March 30, 2017

Cash Disbursements 03/01/2017 – 03/31/2017 and Warrant Number 03/2017 AP

Minutes – February 23, 2017

KPMG Audit Results – March 30, 2017

2016 PERAC Annual Statement

Wilshire Associates – Monthly Performance Summary, February 28, 2017

Wilshire Associates – Aberdeen EAFE Plus Monthly Monitor, February 2017

MPAERS Fund Composite – February 2017

Retiree and Survivor Payroll Reconciliation – March 2017

Bank of America Checking Account Reconciliation – February 2017

State Street Bank Replacement Plan Checking Account Reconciliation – February 2017

State Street Bank Checking Account Reconciliation – February 2017

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

People's United Bank Checking Account Reconciliation – February 2017

2016 Section 3(8)(c) Receivables

Wilshire Annual Disclosure Report

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James S. Hoyte
Chairman

Michael A. Grieco
Vice Chairman

Philip H. Mallett
Board Member

Betsy Taylor
Board Member

Irene Moran
Director of Retirement