

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
January 25, 2018**

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, January 25, 2018. The following members of the Board were present:

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
John Affuso, Massport Senior Legal Counsel, Transactions

1. **Open Meeting**

Vice Chairman Grieco opened the meeting at 9:10 a.m.

Vice Chairman Grieco informed the Board that Member Mallett requested permission to participate in the January 25, 2018 meeting remotely because he would be unable to be physically present due to his geographical location. Vice Chairman Grieco confirmed that Member Mallett's remote participation was authorized in accordance with 940 CMR 29.10(5), the remote participation section of the Attorney General's Open Meeting Law regulations, on the grounds that physical attendance would be unreasonably difficult.

2. **Roll Call**

Ms. Moran read a roll call:

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

3. **Public Comments**

There were no public comments.

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Mark Brubaker, Stephen DiGirolamo, Marc DiCosimo, Taylor Famiglietti, Dwayne Hancock, and Michael Spellman joined the meeting at 9:12 a.m.

4. State Street Global Advisors

State Street Global Advisors was represented by:

Marc DiCosimo
Taylor Famiglietti
Dwayne Hancock
Michael Spellman

Mr. Famiglietti presented a firm overview noting that Cyrus Taraporevala replaced Ronald Hanley as the SSgA CEO following Mr. Hanley's transfer to State Street Bank. Mr. Hancock presented the MPAERS' performance summary and reported that the market value of the portfolio is approximately \$343 million as of December 31, 2017. Mr. Hancock also presented an overview of the global fixed income strategies noting no significant changes to the Global Equity Beta Solutions team. Mr. Famiglietti reviewed the Russell 1000, Russell 2000 Growth, US Aggregate Bond, and MSCI ACWI Ex-USA Index strategies. Mr. DiCosimo reviewed the fixed income investment process noting \$336 billion in total assets under management. He reported that Matt Steinaway replaced Steve Meier, CIO Global Fixed Income, Currency & Cash who retired last year. 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.

Messrs. DiCosimo, Famiglietti, Hancock, and Spellmen left the meeting at 9:37 a.m.

5. Wilshire Associates

Wilshire Associates was represented by:

Mark Brubaker
Stephen DiGirolamo

Mr. Brubaker presented an overview of current market conditions reviewing the US Equity, Non-US Equity, and Fixed Income markets. Mr. DiGirolamo presented the MPAERS 4th Quarter 2017 Investment Performance Analysis reviewing total fund performance for both the quarter and year-to-date. He noted the total fund was up 3.7% for the quarter and 16.5% for the year versus the policy index of 3.9% and 16.1%, respectively, and plan assets totaled \$647.3 million as of December 31, 2017. Mr. DiGirolamo reviewed the US equity, international equity, fixed income, real estate, and private equity composites.

Ms. Moran reminded the Board of previous discussions relative to the updated investment policy statement. Wilshire discussed the inflation objectives in the policy and recommended they remain as is. Brief discussion ensued relative to the individual manager guideline section. Member Taylor suggested a

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minor modification to one of the guidelines. The Board concurred. The Board thanked Messrs. Brubaker and DiGirolamo for an informative presentation.

Upon a motion duly made and seconded, it was:

VOTED: To approve the updated Investment Policy Statement with recommended changes as discussed effective January 1, 2018.

Ms. Moran read a roll call:

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

6. Attendance at Educational Conferences

Upon a motion duly made and seconded, it was:

VOTED: To authorize Board, Staff, and Legal Counsel to attend the 2018 NCPERS Conference, the 2018 Wilshire Client Conference, the 2018 GFOA Conference, and the 2018 MACRS Spring Conference and to approve all education and business related expenses as outlined in the Travel Authorization Voucher forms attached.

Ms. Moran read a roll call:

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

7. Ratification and Approval of Minutes of the Board Meeting held on December 14, 2017

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Board Meeting held on December 14, 2017.

Ms. Moran read a roll call:

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

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8. Ratification and Approval of Minutes of the two Executive Sessions held on December 14, 2017

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the two Executive Sessions held on December 14, 2017.

Ms. Moran read a roll call:

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

9. Ratification and Approval of Investments for the Month of December 2017

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

Ms. Moran read a roll call:

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

10. Approval of January Vouchers listed below:

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

Funds Wired to Bank of America on 01/30/18	\$2,723,368.79	Retiree Payroll
Funds Wired to Massport Payroll Account on 01/30/18	\$ 63,904.67	
Funds Wired to People's United Checking on 01/30/18	\$ 375,709.93	
Funds Wired to Bank of America Checking on 01/30/18	\$ 22,463.91	Lease
Total	----- \$3,185,447.30	

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

VOTED: That January Vouchers are hereby approved in the total amount of \$3,185,447.30.

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

Ms. Moran read a roll call:

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

11. **Vote to Approve Pending Retirements**

- **Superannuation Retirement – Janet L. Grogan**

The Director of Retirement presented the Superannuation Retirement Application of Janet L. Grogan, former Director, Human Resources, Group 1, in the Human Resources department at the Logan Office Center.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Janet L. Grogan, former Director, Human Resources, Group 1, in the Human Resources department at the Logan Office Center, currently age 65 years with 11 years, 9 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Janet L. Grogan has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on February 1, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Janet L. Grogan, former Director, Human Resources, Group 1, in the Human Resources department at the Logan Office Center, currently age 65 years with 11 years, 9 months of creditable service effective on February 1, 2018 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 Grieco "Yes".
Member Mallett "Yes".

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Member Prankevicius "Yes".

Member Taylor "Yes".

- **Superannuation Retirement – Rita A. Hannon**

The Director of Retirement presented the Superannuation Retirement Application of Rita A. Hannon, former Executive Assistant, Group 1, in the Maritime Administration unit of the Maritime department at the Fish Pier.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Rita A. Hannon, former Executive Assistant, Group 1, in the Maritime Administration unit of the Maritime department at the Fish Pier, currently age 60 years with 36 years, 9 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Rita A. Hannon has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on January 19, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Rita A. Hannon, former Executive Assistant, Group 1, in the Maritime Administration unit of the Maritime department at the Fish Pier, currently age 60 years with 36 years, 9 months of creditable service effective on January 19, 2018 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 Grieco "Yes".

Member Mallett "Yes".

Member Prankevicius "Yes".

Member Taylor "Yes".

- **Superannuation Retirement – Franklin B. Wellock**

The Director of Retirement presented the Superannuation Retirement Application of Franklin B. Wellock, Manager, Maritime Regulatory Affairs, 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, Franklin B. Wellock, Manager, Maritime Regulatory Affairs, Group 1, in the Port Operations unit of the Maritime department at Conley Terminal, currently age 65 years with 25 years of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Franklin B. Wellock has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on February 1, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Franklin B. Wellock, Manager, Maritime Regulatory Affairs, Group 1, in the Port Operations unit of the Maritime department at Conley Terminal, currently age 65 years with 25 years of creditable service effective on February 1, 2018 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 Grieco "Yes".
Member Mallett "Yes".
Member Prankevicius "Yes".
Member Taylor "Yes".

12. Director's Report

Request to retain medical expert relative to disability application

Ms. Moran noted that this item would be addressed at the February meeting.

Retiree affidavits update

Ms. Moran reported that, to-date, three retirees still have not submitted affidavits for 2017. She noted that January retirement allowances are being withheld until such time as these retirees comply.

Year-end update

Ms. Moran reported on the following year-end items:

- 1099Rs – mailed to retirees and survivors on January 23rd
- 1/1/2018 Actuarial Valuation – data files to be sent to Stone Consulting during the week of January 29th
- 2018 Audit – KPMG entrance meeting scheduled for February 2nd. Audit fieldwork to begin on March 5th.
- There are no mandatory public safety members turning age 65 in 2018.
- Notification mailed to three inactive members approaching age 70½ in 2018.

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PERAC Memo # 1 – 2018 Limits under Chapter 46 of the Acts of 2002

Ms. Moran reported that the compensation limit for 2018 is set at \$275,000 for certain members hired before January 1, 2011 and noted that currently one active member will reach this limit in 2018.

PERAC Memo # 2 – 2018 Limits under Section 23 of Chapter 131 of the Acts of 2010

Ms. Moran reported that the compensation limit for 2018 is set at \$176,000 for new members hired on or after January 1, 2011 and noted that currently six active members hit this limit annually, and there are potentially two others whose compensation may also exceed the limit in 2018.

PERAC Memo # 3 – COLA Notice

Ms. Moran noted that a copy of this memo was included in packets.

PERAC Memo #5 – Mandatory Retirement Board Member Training – 1st Quarter 2018

Ms. Moran noted that a copy of this memo was included in packets.

13. **New Business**

PERAC Audit

A copy of PERAC's draft audit report was distributed. Ms. Moran reported that there were no findings and no response from the Board is required. The Board commended staff for a job well done.

14. **Adjournment**

Upon a motion duly made and seconded, it was:

VOTED: To adjourn the meeting at 11:05 a.m.

Ms. Moran read a roll call:

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

15. **Documents and Exhibits**

Agenda – January 25, 2018

Cash Disbursements 01/01/2018 – 01/31/2018 and Warrant Number 01/2018 AP

Wilshire Agenda

State Street Global Advisors Quarterly Review – January 25, 2018

Wilshire Associates Executive Summary December 31, 2017

MPAERS draft revised Investment Goals, Policies, and Procedures

Wilshire Associates – Aberdeen Monthly Monitor, January – December 2017

Wilshire Associates – Monthly Performance Summary, December 31, 2017

Travel Authorization Voucher (TAV) – 2018 NCPERS Conference

Travel Authorization Voucher (TAV) – 2018 Wilshire Client Conference

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Travel Authorization Voucher (TAV) – 2018 GFOA Conference
Travel Authorization Voucher (TAV) – 2018 MACRS Spring Conference
Minutes – December 14, 2017
Executive Session Minutes – December 14, 2017
Executive Session Minutes – December 14, 2017
MPAERS Fund Composite – December 2017
Retiree and Survivor Payroll Reconciliation – January 2018
People's United Bank Checking Account Reconciliation – December 2017
People's United Bank Replacement Plan Checking Account Reconciliation – December 2017
Bank of America Checking Account Reconciliation – December 2017
Trial Balance – 1/1/2017 – 11/30/2017
Attorney/Client Privilege Memo - Kelly ADR – Request to Retain Medical Expert
PERAC Memo #1/2018 – 2018 Limits under Chapter 46 of the Acts of 2002
PERAC Memo #2/2018 – 2018 Limits under Section 23 of Chapter 131 of the Acts of 2010
PERAC Memo #3/2018 – COLA Notice
PERAC Memo #5/2018 – Mandatory Retirement Board Member Training – 1st Quarter 2018

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Michael A. Grieco
Vice Chairman

Philip H. Mallett
Board Member

John P. Prankevicius
Treasurer-Custodian

Betsy Taylor
Board Member

Irene Moran
Director of Retirement