

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 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, June 28, 2018. 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
Lynn Fullerton, Retirement Board Coordinator
John Affuso, Massport Senior Legal Counsel, Transactions

1. **Open Meeting**

Chairman Hoyte opened the meeting at 9:06 a.m.

Stephen DiGirolamo joined the meeting via teleconference at 9:07 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 comments.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

4. **Wilshire Associates**

Wilshire Associates was represented by:

Stephen DiGirolamo

Mr. DiGirolamo reported that the MPAERS received proposals from 29 investment management firms over three investment strategies – core, growth, and value. He noted that Wilshire conducted the search process in a manner consistent with the MPAERS investment policy and PERAC requirements. Mr. DiGirolamo reviewed manager rankings based on the criteria established within the RFP, following PERAC's mandated rating standards. He presented a summary of each semi-finalist respondent firm reviewing their firm characteristics, investment strategy, ESG philosophy, and performance. Based on individual manager ratings, Wilshire deemed AQR Capital Management, Artisan Partners, Baillie Gifford, Boston Partners, Lazard Asset Management, Marathon Asset Management, OFI Global, Schrodgers, and Wellington Management as highly advantageous of all the respondent firms and provided the reasons for these rankings. Following a robust discussion, Wilshire recommended and the Board agreed to interview three of the nine highly advantageous firms – Baillie Gifford, Marathon Asset Management, and Wellington Management.

Upon a motion duly made and seconded, it was:

VOTED: To interview Baillie Gifford, Marathon Asset Management, and Wellington Management for the international equity management mandate.

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

Mr. DiGirolamo's participation in the meeting ended at 9:59 a.m.

5. **FY19 Pension Increase Adjustment**

Upon a motion duly made and seconded, it was:

VOTED: **WHEREAS**, § 51 of Chapter 127 of the Acts of 1999 allows the Authority to authorize the Retirement Board annually to grant a pension increase adjustment for retirees in excess of the percentage increase allowed by G.L.c.32, § 103 (c), up to a maximum of 3% on the first \$14,000 of the retirement allowance; and

WHEREAS, said provision has been accepted by the Retirement Board and approved by the Authority; and

WHEREAS, the Retirement Board has duly given notice to the Authority of its intent to consider implementation of this provision for fiscal year 2019; and

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

WHEREAS, PERAC has determined the applicable percentage of the Consumer Price Index for fiscal year 2019 to be 2.0%;

IT IS HEREBY VOTED:

To pay a pension increase adjustment for MPAERS retirees in the amount of 3% (on the first \$14,000 of the retirement allowance) effective July 1, 2018.

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

6. FY19 Appropriation

Upon a motion duly made and seconded, it was:

VOTED: To approve an FY19 appropriation to the MPAERS in the amount of \$13,043,069.

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

7. FY19 Draft Operating Budget Presentation

Ms. Moran proposed a \$3.7 million budget for FY19 representing a 5.8%, or \$201,000, increase over the FY18 budget. She noted that this is primarily attributable to an increase in investment expenses. Ms. Moran reviewed the proposed budget for staff salaries and benefits, the lease, legal and audit services, and other administrative expenses.

Upon a motion duly made and seconded, it was:

VOTED: To approve the Operating Budget as submitted for the MPAERS for FY19.

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

8. Human Resources and Compensation Committee Report and Discussion

Ms. Moran reported that the Human Resources and Compensation Committee met on June 25th. She discussed FY18 accomplishments and presented the Committee's recommendation relative to staff performance ratings and merit increases.

Upon a motion duly made and seconded, it was:

VOTED: To approve the Committee's merit increase recommendations for the director and staff effective July 1, 2018.

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

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

9. Ratification and Approval of Minutes of the Human Resources and Compensation Committee Meeting held on June 25, 2018

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Human Resources and Compensation Committee Meeting held on June 25, 2018.

Committee Members Hoyte, Mallett, and Moran voted "Yes".
Board Members Grieco, Pranckevicius, and Taylor abstained.

10. Ratification and Approval of Minutes of the Board Meeting held on May 24, 2018

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Board Meeting held on May 24, 2018.

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

11. Ratification and Approval of Investments for the Month of May 2018

The schedule of investments, buys and sells, for the month of May 2018 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 May as shown on the schedule submitted by People's United Bank, schedule attached.

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

12. Approval of June Vouchers listed below:

The Director presented June vouchers with attachments for approval; please see attached warrant report for detail:

Funds Wired to Bank of America on 06/28/18	\$2,775,923.02	Retiree Payroll
Funds Wired to Massport Payroll Account on 06/28/18	\$ 52,469.62	
Funds Wired to People's United Checking on 06/28/18	\$ 136,303.58	

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

Funds Wired to Bank of America Checking on 06/28/18	\$ 22,463.91	Lease

Total	\$2,987,160.13	

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

VOTED: That June Vouchers are hereby approved in the total amount of \$2,987,160.13.

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".

13. **Vote to Approve Pending Retirements**

- **Superannuation Retirement – Richard A. Cardinale**

The Director of Retirement presented the Superannuation Retirement Application of Richard A. Cardinale, Airport Operations Shift Manager, Group 1, in the Operations unit of the Aviation department at Logan Airport.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Richard A. Cardinale, Airport Operations Shift Manager, Group 1, in the Operations unit of the Aviation department at Logan Airport, currently age 60 years with 37 years, 6 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Richard A. Cardinale has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on July 17, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Richard A. Cardinale, Airport Operations Shift Manager, Group 1, in the Operations unit of the Aviation department at Logan Airport, currently age 60 years with 37 years, 6 months of creditable service effective on July 17, 2018 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".

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

- **Superannuation Retirement – Robert G. Harris**

The Director of Retirement presented the Superannuation Retirement Application of Robert G. Harris, Instrumentperson, Group 1, in the Survey Crew unit of the Capital Programs department at the Logan Office Center.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Robert G. Harris, Instrumentperson, Group 1, in the Survey Crew unit of the Capital Programs department at the Logan Office Center, currently age 69 years with 18 years, 2 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Robert G. Harris has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on July 1, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Robert G. Harris, Instrumentperson, Group 1, in the Survey Crew unit of the Capital Programs department at the Logan Office Center, currently age 69 years with 18 years, 2 months of creditable service effective on July 1, 2018 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 – Mohamed Jalloul**

The Director of Retirement presented the Superannuation Retirement Application of Mohamed Jalloul, Cashier, 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, Mohamed Jalloul, Cashier, Group 1, in the Parking Garage Operations unit of the Aviation department at Logan Airport, currently age 72 years with 10 years, 4 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Mohamed Jalloul has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on July 1, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Mohamed Jalloul, Cashier, Group 1, in the Parking Garage Operations unit of the Aviation department at Logan Airport, currently age 72

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

years with 10 years, 4 months of creditable service effective on July 1, 2018 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 – Ronald A. Johnson Jr.**

The Director of Retirement presented the Superannuation Retirement Application of Ronald A. Johnson Jr., Assistant Fire Chief/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, Ronald A. Johnson Jr., Assistant Fire Chief/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 51 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, Ronald A. Johnson Jr. has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on July 1, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Ronald A. Johnson Jr., Assistant Fire Chief/EMT, Group 4, in the Fire Control unit of the Aviation department at Logan Airport, currently age 51 years with 32 years, 1 month of creditable service effective on July 1, 2018 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**

Local Options Discussion

Ms. Moran presented a memo regarding local options in response to Member Mallett's request. She noted there are seven local options not currently adopted by the Board and, of those seven, only three apply to the MPAERS – (1) Creditable service while on leave as a Union Representative, (2) Dependent child allowance increase for ADR's, and (3) Section 101 Benefits. Ms. Moran summarized these options and discussion ensued. Following discussion, the Board requested Ms. Moran consult with Larry Stone to prepare cost projections for the local options not yet adopted.

Mr. Affuso left the meeting at 10:33 a.m.

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

Expert report on Kelly matter

Ms. Moran distributed Mr. Heidlage's memo regarding the medical expert's opinion relative to Mr. Kelly's accidental disability retirement application.

CAFRs distributed

MACRS recap

15. **New Business**

Ratification and Approval of the Executive Session of the Human Resources and Compensation Committee Meeting held on June 25, 2018

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 25, 2018.

Committee Members Hoyte, Mallett, and Moran voted "Yes".
Board Members Grieco, Prankevicius, and Taylor abstained.

16. **Adjournment**

Upon a motion duly made and seconded, it was:

VOTED: To adjourn the meeting at 10:47 a.m.

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

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

17. Documents and Exhibits

Agenda – June 28, 2018

Cash Disbursements 06/01/2018 – 06/30/2018 and Warrant Number 06/2018 AP

International Equity Search list of respondents

Wilshire Associates – International Equity Search, June 2018

Wilshire Associates – International Equity Search, Semi-Finalist Ownership Structure & ESG Investing

MPAERS FY19 Budget Summary

MPAERS FY19 Proposed Operating Budget

MPAERS FY18 Expenses

FY18 Year in Review memo

Minutes – May 24, 2018

Minutes – Human Resources and Compensation Committee, June 25, 2018

Wilshire Associates – Monthly Performance Summary, May 31, 2018

Wilshire Associates – Aberdeen Monthly Monitor, January – May 2018

MPAERS Fund Composite – May 2018

Retiree and Survivor Payroll Reconciliation – June 2018

Bank of America Checking Account Reconciliation – May 2018

People's United Bank Checking Account Reconciliation – May 2018

People's United Bank Replacement Plan Checking Account Reconciliation – May 2018

Trial Balance – 1/1/2018 – 4/30/2018

2017 3(8)(c) Receivables

Local Options memorandum from Irene Moran, June 28, 2018

Attorney/Client Privilege Memorandum from Dick Heidlage Re: Kelly Expert Opinion, June 28, 2018

Executive Session Minutes – Human Resources and Compensation Committee, June 25, 2018

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
June 28, 2018**

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