

**Massachusetts Port Authority
Employees' Retirement System
Board Meeting Minutes
July 26, 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, July 26, 2018. The following members of the Board were present:

James S. Hoyte, Chairman
Michael A. Grieco, Vice Chairman
Philip H. Mallett, Board Member
Betsy Taylor, Board Member

Also present were:

Irene Moran, Director of Retirement
Laura Barbosa, Retirement Member Services Specialist
Lynn Fullerton, Retirement Board Coordinator
Richard Heidlage, Massport Senior Legal Counsel, Retirement
John Affuso, Massport Senior Legal Counsel, Transactions

Also in attendance were:

Mark Brubaker, Wilshire Associates
Stephen DiGirolamo, Wilshire Associates

1. **Open Meeting**

Chairman Hoyte opened the meeting at 9:03 a.m.

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 comments.

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4. Pzena Investment Management

Pzena Investment Management was represented by:

John Flynn
Michel Hanigan

Messrs. Flynn and Hanigan presented the MPAERS' portfolio summary as of June 30, 2018. Mr. Hanigan updated the Board regarding the Pzena organization noting they currently have approximately \$37 billion in total assets under management as of June 30, 2018. Mr. Flynn reviewed the value of the portfolio as well as the one-year performance numbers and noted assets totaling approximately \$23.6 million as of June 30, 2018. Mr. Flynn also presented an overview of current market conditions and commented on Pzena's investment strategy and market outlook going forward. The Board thanked Messrs. Flynn and Hanigan for an informative presentation.

Messrs. Flynn and Hanigan left the meeting at 9:33 a.m.

5. Wilshire Associates

Wilshire Associates was represented by:

Mark Brubaker
Stephen DiGirolamo

Portfolio Review

Mr. DiGirolamo presented an overview of current market conditions reviewing the US Equity, Non-US Equity, and Fixed Income markets. Mr. Brubaker presented the MPAERS 2nd Quarter 2018 Investment Performance Analysis reviewing total fund performance for both the quarter and the one-year. The total fund was up 1.0% for the quarter and 8.0% for the one-year with plan assets totaling \$639.9 million as of June 30, 2018 as reported by Mr. Brubaker. He reviewed the US equity, international equity, fixed income, private equity, and real estate composites.

International Equity Interviews Discussion

Messrs. Brubaker and DiGirolamo presented an International Equity Analysis of the Wellington and Baillie Gifford strategies. Mr. DiGirolamo reviewed firm characteristics and discussed a blended portfolio approach. Wilshire identified three potential approaches dividing total international equity assets between SSgA, Wellington and Baillie Gifford with different percentage weightings. Discussion ensued relative to the firms and various options presented. Member Taylor thanked Wilshire for the information and, based on the data provided, concluded that the option providing equal weighting to all three mandates was best. Members Hoyte and Mallett agreed. Ms. Moran concurred. Member Grieco noted that his vote is representative of his original preference to take a passive approach with this mandate instead of one of the options recommended by Wilshire. Brief discussion ensued relative to flexibility in management fees. Mr. DiGirolamo indicated that Wellington may be flexible in terms of their proposed fees and Mr. Heidlage requested that Wilshire contact Wellington to negotiate.

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Upon a motion duly made and seconded, it was:

VOTED: To adopt a blended approach for the international equity mandate distributing 33.4% of the portfolio to the SSGA ACWI ex. US Index and 33.3% each to Wellington and Baillie Gifford.

Members Hoyte, Mallett, and Taylor voted "Yes".
Member Grieco voted "No".

The Board thanked Mr. Brubaker and Mr. DiGirolamo for an informative presentation.
Messrs. Brubaker and DiGirolamo left the meeting at 10:33 a.m.

6. **Talibah Salih – Waiver under G.L. c. 32, §20(5)(c)**

Upon a motion duly made and seconded, it was:

VOTED: **WHEREAS**, in 2002, in connection with a routine annual audit, the staff learned that the Authority had not been withholding the additional 2% on compensation over \$30,000 for certain employees; and,

WHEREAS, having determined that the under-withholding occurred without fault or knowledge of the members, the Board waived repayment for all active members pursuant to G.L. c. 32, §20(5)(c); and

WHEREAS, retired member Talibah Salih was similarly situated to the active members but had not been notified of the under-withholding because he was then an inactive member and, for that reason, not subject to a repayment requirement; and

WHEREAS, Mr. Salih is now retired and subject to a potential repayment obligation; and

WHEREAS, the Board considers it just and appropriate to treat Mr. Salih in the same manner as the other similarly situated members,

IT IS HEREBY VOTED:

To waive repayment of the \$760.48 under-withholding in Mr. Talibah Salih's annuity savings account pursuant to G.L. c. 32, §20(5)(c).

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

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7. Ratification and Approval of Minutes of the Board Meeting held on June 28, 2018

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Board Meeting held on June 28, 2018.

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

8. Ratification and Approval of Investments for the Month of June 2018

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

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

9. Approval of July Vouchers listed below:

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

Funds Wired to Bank of America on 07/06/18	\$ 3,744.00	Retiree Payroll
Funds Wired to Bank of America on 07/30/18	\$ 2,830,752.51	Retiree Payroll
Funds Wired to Massport Payroll Account on 07/30/18	\$ 68,483.22	
Funds Wired to People's United Checking on 07/30/18	\$ 213,093.02	
Funds Wired to Bank of America Checking on 07/30/18	\$ 22,463.91	Lease
Total	----- \$3,138,536.66	

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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 July Vouchers are hereby approved in the total amount of \$3,138,536.66

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

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

10. **Vote to Approve Pending Retirements**

- **Superannuation Retirement – Marguerite Imperato**

The Director of Retirement presented the Superannuation Retirement Application of Marguerite Imperato, Manager, Legal Administration, Group 1, in the Legal department at the Logan Office Center.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Marguerite Imperato, Manager, Legal Administration, Group 1, in the Legal department at the Logan Office Center, currently age 61 years with 39 years, 9 months of creditable service, has applied for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32.

WHEREAS, Marguerite Imperato has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on August 4, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option A, under the provisions of M.G.L. Chapter 32, of Marguerite Imperato, Manager, Legal Administration, Group 1, in the Legal department at the Logan Office Center, currently age 61 years with 39 years, 9 months of creditable service effective on August 4, 2018 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

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- **Superannuation Retirement – Stephen T. Todd**

The Director of Retirement presented the Superannuation Retirement Application of Stephen T. Todd, Chief of Party, 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, Stephen T. Todd, Chief of Party, Group 1, in the Survey Crew unit of the Capital Programs department at the Logan Office Center, currently age 63 years with 43 years, 9 months of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Stephen T. Todd has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on August 1, 2018.

NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Stephen T. Todd, Chief of Party, Group 1, in the Survey Crew unit of the Capital Programs department at the Logan Office Center, currently age 63 years with 43 years, 9 months of creditable service effective on August 1, 2018 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

Members Hoyte, Grieco, Mallett, and Taylor voted “Yes”.

- **Superannuation Retirement – Gerald J. Toomey**

The Director of Retirement presented the Superannuation Retirement Application of Gerald J. Toomey, General Maintenance/Utility Foreperson, Group 1, in the Fish Pier unit of the Maritime department at the Fish Pier.

Upon a motion duly made and seconded, it was:

VOTED:

WHEREAS, Gerald J. Toomey, General Maintenance/Utility Foreperson, Group 1, in the Fish Pier unit of the Maritime department at the Fish Pier, currently age 62 years with 39 years of creditable service, has applied for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32.

WHEREAS, Gerald J. Toomey has been found upon investigation by the Director of Retirement to qualify for such retirement, effective on August 1, 2018.

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NOW, THEREFORE, To approve the application for Superannuation Retirement, Option C, under the provisions of M.G.L. Chapter 32, of Gerald J. Toomey, General Maintenance/Utility Foreperson, Group 1, in the Fish Pier unit of the Maritime department at the Fish Pier, currently age 62 years with 39 years of creditable service effective on August 1, 2018 subject to certification to be issued by the Commonwealth of Massachusetts Division of Public Employee Retirement Administration Commission.

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

11. Director's Report

PERAC Memo #21 – Mandatory Retirement Board Member Training – 3rd Quarter 2018

12. New Business

Ratification and Approval of Minutes of the Special Board Meeting held on July 17, 2018

Upon a motion duly made and seconded, it was:

VOTED: To ratify and approve the Minutes of the Special Board Meeting held on July 17, 2018.

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

13. Adjournment

Upon a motion duly made and seconded, it was:

VOTED: To adjourn the meeting at 10:52 a.m.

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

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14. Documents and Exhibits

Agenda – July 26, 2018

Cash Disbursements 07/01/2018 – 07/31/2018 and Warrant Number 07/2018 AP

Pzena Quarterly Portfolio Review & Outlook, July 26, 2018

Wilshire Associates – Monthly Performance Summary, June 30, 2018

Wilshire Associates – Aberdeen Monthly Monitor, January – June 2018

Wilshire Associates – Executive Summary of Investment Performance, June 30, 2018

Wilshire Associates – International Equity Structure Analysis, July 2018

Minutes – June 28, 2018

MPAERS Fund Composite – June 2018

Retiree and Survivor Payroll Reconciliation – July 9, 2018

Retiree and Survivor Payroll Reconciliation – July 2018

People's United Bank Checking Account Reconciliation – June 2018

Bank of America Checking Account Reconciliation – June 2018

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

Trial Balance – 1/1/2018 – 5/31/2018

2017 3(8)(c) Receivables

PERAC Memo # 21 / 2018: Mandatory Retirement Board Member Training – 3rd Quarter 2018

Special Board Meeting Minutes, July 17, 2018

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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