

Minutes of the meeting held on December 3, 2018

Present: Francis Murphy – Chair, James Monagle, Michael Gardner, Nadia Chamblin-Foster, John Shinkwin, Ellen Philbin, James Quirk and Chris Burns.

The meeting was called to order at 5:09 PM. The meeting was digitally recorded.

Agenda Item #1 – Cambridge Bancorp Presentation

Denis K. Sheahan and Michael F. Carotenuto represented Cambridge Bancorp. A written presentation was submitted to the Board. Sheahan noted the bank has now been listed on the NASDAQ for one year, and on the Russell 2000 Index for about six months. The stock's liquidity has improved significantly. Trading volume is approximately 5,000-6,000 shares daily. Prior to the NASDAQ listing, the volume was about 1,000 shares daily. BlackRock and Vanguard have significantly increased their holdings. Bank Funds has trimmed their holding, and Basswood Capital has sold their entire position. The bank is currently in the midst of a rebranding effort, presenting a more contemporary look. The bank has also increased their advertising budget. Over the last year, the share price has increased by 19%. Sheahan attributed this to continued solid performance and consistent growth. Revenue increased by 16% over the past year, and profits increased by 30%, although Sheahan noted that some of the profit increase was attributable to the recent tax cut. Wealth management had a good year, primarily due to strong investment returns. Sheahan stated that he hoped to see better growth in attracting new clients. This has been a problem as the bank has struggled to hire business development officers. Sheahan stated that he also hopes to build out the capability to allow wealth management clients to invest in a wider range of asset classes, such as international equities and commodities. Sheahan stated that he was happy with the growth in lending, although the bank has concerns about rising property valuations and has declined some loans where the bank felt the property was appraised too high. The bank plans to continue to increase dividend payments, but noted that they did not plan a dramatic increase as a result of the tax code changes, as those changes might be reversed by a future administration. The bank was not currently focused on opening new branches, but rather on driving growth in their existing footprint. The bank is not interested in being acquired, although if an offer were made, they would have a fiduciary duty to consider it. The recent increase in the share price has also made them a more expensive takeover target.

Agenda Item #2 – Minutes

Motion by Shinkwin, seconded by Monagle to accept the regular minutes of the meeting held on November 1, 2018. Voted unanimously.

Motion by Gardner, seconded by Chamblin-Foster to accept the executive session minutes of the meeting held on November 1, 2018. Voted unanimously.

Agenda Item #3 - Warrants

Motion by Chamblin-Foster, seconded by Gardner to accept payment of warrant #22 in the amount of \$7,187,572.48 and to accept payment of warrant #23 in the amount of \$809,330.53. The Director stated that the System has agreed to split the cost of preparing GASB statements with the City. This will become a recurring annual cost. Voted unanimously.

Agenda Item #4 – Superannuations

Motion by Gardner, seconded by Chamblin-Foster to accept the Superannuation retirement applications submitted by Ana Martins, Paraprofessional, School Dept. with thirty-one years, three months; Jose Maura, Plasterer, Housing Authority with forty-three years, seven months; Kathleen Mitchell, Personnel Administrator, Dept. of Human Services with twenty-seven years, six months; Nickolas Pentikis, Staff Librarian with twenty-two years, six months and John

Taylor, Case Manager, Dept. of Human Services with twenty-nine years, five months. Voted unanimously.

Agenda Item #5 - Make-ups/Redeposits/Liability

The Board reviewed make-up and redeposit worksheets for ten members.

Motion by Gardner, seconded by Shinkwin to allow the make-up of contributions requested by Neha Bagga, one year, two months; Michael S. Deambrose, seven months; Salvatore E. Framondi, five years, one month; Richard N. Furr, four months; Mary Ann Gillan, eight months; Elizabeth M. Randall, six months; Nirup Sundaresan, one month; Laila C. Virgo-Carter, six months; to allow the redeposit of refunds requested by Dominique K. Jean, three years and Alison M. Mesquitta, four years, three months. Voted unanimously.

Agenda Item #6 – Malvina Monteiro

The Board reviewed a make-up worksheet, superannuation estimate and various correspondence related to Malvina Monteiro.

Attorney Nicholas Poser appeared, representing Malvina Monteiro. Attorney Quirk reviewed the history of the case. Monteiro was terminated from her position with the City in 2003. She subsequently sued the City and was awarded \$962,400 for “back pay, front pay and consequential damages” as well as additional amounts for emotional distress and punitive damages. Monteiro is seeking to make retirement contributions on the back pay amount in order to increase her service time. Poser emphasized that his client was not seeking to make contributions based on the emotional distress and punitive damages. Quirk stated that case law does provide some precedent for this time of make-up, based on back pay. The staff prepared a calculation of her make-up, based on salary increases that would have gone into effect had she continued working after 2003, and the amount of service she would have earned before exhausting the \$962,400 in salary that was awarded.

Poser stated that he had not represented Monteiro during her litigation against the City, and that his role now was to represent her in the retirement matter. He said that over the last year, he had reviewed Monteiro’s case very carefully, and that he had tried to determine if there was any way of separating out the amount of the jury award that was intended to be wages, as opposed to other benefits, such as health insurance. He felt that there was not any way of making such a determination, and that any attempt to do so would be speculative and result in a wages number that would be arbitrary.

Gardner stated that, in his capacity as City Personnel Director, he had been involved in Monteiro’s suit against the City and testified during the trial. He said that he considered if that involvement would render him unable to review the present matter impartially but decided not to recuse himself. Gardner asked if Monteiro had paid income taxes on the back pay. Poser stated that, while the emotional distress and punitive damages were excluded from taxation, the back pay was taxable income.

Quirk stated that he felt that, if the Board voted to approve the makeup and superannuation calculation, that the matter ought to be reviewed by PERAC before paying out any benefits.

Gardner moved that the Board find that they are unable to break out wages from consequential damages within the jury award; to further find that the entire award of \$960,400 be considered pay commencing after the date of Malvina Monteiro’s termination; to allow Monteiro to make-up service time of fifteen years, one month based on the staff’s calculation of her salary; and to approve the calculation of her superannuation benefit, pending review by PERAC. Chamblin-Foster seconded the motion and it was voted unanimously.

Agenda Item #7 – Refund Applications

The Board reviewed a list of refund applications submitted in November.

Motion by Chamblin-Foster, seconded by Monagle to accept nine refund applications. Voted unanimously.

The Chairman requested to adjourn the open meeting and go into executive session for the purpose of discussing disability retirement applications. The Chairman stated that the meeting would reconvene in open session at the conclusion of the executive session. On a roll call, the vote was as follows:

Michael Gardner:	YES
Nadia Chamblin-Foster:	YES
John Shinkwin:	YES
James Monagle:	YES
Francis Murphy:	YES

Agenda Item #8 – Accidental Disability Application – Michael Coffman

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to Michael Coffman's Accidental Disability application.

Motion by Gardner, seconded by Shinkwin to accept the application filed by Michael Coffman, a Firefighter, and to request that PERAC convene a medical panel. On a roll call, it was voted unanimously.

Agenda Item #9 – Accidental Disability Application – James Desrosiers

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to James Desrosiers' Accidental Disability application.

Motion by Gardner, seconded by Monagle to accept the application filed by James Desrosiers, a Fire Lieutenant, and to request that PERAC convene a medical panel. On a roll call, it was voted unanimously.

Agenda Item #10 – Accidental Disability Benefit – Francis Rubino

The Board reviewed the certificates and narrative reports of three medical panel physicians, the member's application, treating physician's statement and employer's statement pertaining to Francis Rubino's Accidental Disability application.

Motion by Gardner, seconded by Shinkwin to accept the findings of the medical panel and grant Accidental Disability benefits to Francis Rubino, Working Foreperson in the Traffic Dept. On a roll call, it was voted unanimously.

Agenda Item #11 – Accidental Disability Application – John Hicks

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to John Hicks' Accidental Disability application.

Motion by Gardner, seconded by Shinkwin to accept the application filed by John Hicks, a Custodian with the Libarry, and to request that PERAC convene a medical panel. On a roll call, it was voted unanimously.

Agenda Item #12 – 2019 Administrative Budget

The Board reviewed a 2019 budget proposal.

The Director stated that she increased the budget for professional services to \$93,000 in order to cover the expense of the GASB reports. She also added \$30,000 for document imaging to cover to cost of scanning files for deceased and refunded members.

Motion by Chamblin-Foster, seconded by Shinkwin to accept the 2019 administrative budget in the amount of \$9,863,065.55. Voted unanimously.

Agenda Item #13 – 2019 Meeting Schedule

The Board reviewed a proposed schedule of meetings for 2019.

Motion by Gardner, seconded by Chamblin-Foster to accept the 2019 meeting schedule. Voted unanimously.

Agenda Item #14 - PERAC Memos
The Board reviewed PERAC Memo 32.

Agenda Item #15 - Old Business
Quirk stated that he expected that Thomas Kelley would withdraw his appeal of the Board's denial of his Accidental Disability application.

Agenda Item #16 - New Business
Not needed.

Agenda Item #17 - Executive Session
Agenda Item #8 – adopted
Agenda Item #9 – adopted
Agenda Item #10 – adopted
Agenda Item #11 – adopted

Agenda Item #18 - Chairman's Report
The Chairman reported a settlement hearing will be held regarding the Starz litigation on December 10th, and that the attorneys would hold a meeting on December 12th to brief the plaintiffs. The attorneys should be prepared at that time to report how much of the total settlement will be paid out to the class.

Agenda Item #19 – Executive Director's Report
Not needed.

The following documents were also reviewed by the Board:

- List of Retiree Deaths
- Agenda for Investment Manager Reviews on December 10, 2018
- PERAC Newsflash – PERAC Appoints Executive Director
- Correspondence from Attorney Quirk re: O'Leary vs. Lexington Retirement Board and PERAC, CR 15-30 and PERAC Memo #26/2018
- Correspondence from Attorney Quirk re: Winthrop Retirement Board vs. Justices of Boston Municipal Court Department of the Trial Court
- Correspondence from Attorney Quirk re: Thomas Kelley vs. Cambridge Retirement Board
- Correspondence from Attorney Quirk re: Kenneth Aubert vs. Massachusetts Teachers' Retirement System
- Correspondence from Attorney Quirk re: Andrew Bisignani vs. Saugus Retirement Board
- Intercontinental Real Estate – California Asset Update
- Lazard Portfolio Review – October 2018

Monagle moved to adjourn at 7:55 PM.