

Minutes of the meeting held on December 5, 2016

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

The meeting was called to order at 5:00 PM. The meeting was digitally recorded.

Agenda Item #1 – Cambridge Bancorp Annual Review

Denis K. Sheahan, Albert R. Rietheimer, and Michael F. Carotenuto represented Cambridge Bancorp. A written investor presentation was presented to the Board. Sheahan stated that Rietheimer would retire on January 10, 2017 and that Carotenuto would take over as Chief Financial Officer. Carotenuto reviewed his work history and experience. The bank also hired a new head of Human Resources in July and will be hiring a new head of the wealth management division in the first quarter of 2017. Sheahan stated that the bank continues to grow the wealth management division, which now has \$2.6 billion in assets under management. He stated that 2016 has been the bank's best year ever, in terms of attracting new clients. The bank has also continued to grow the commercial loan portfolio, which now constitutes over 50% of the total loan portfolio. Total deposits are also up, now totaling \$1.6 billion. The bank is also focused on adjusting to the likelihood of higher interest rates in the near future. They have moved to shorten the durations of their loan portfolio. They have sold more of the mortgages they originate on the secondary market. At present, the bank sells about 75% of all mortgages they originate. The bank tries to hold the right to service the loans they sell, but this is not always possible. Sheahan stated that the bank holds less capital than others in their peer group. He stated that it was not an immediate concern, but he anticipated that the bank would have to raise more capital in the next 3-4 years. Sheahan stated that he has continued to focus on investor outreach, and noted that the bank's share value is up 31% since January, currently trading at \$62 per share. Rietheimer stated that the bank has not done any share buybacks in the last seven years. Sheahan stated that the bank is now debating whether to become a full SEC registrant. At present, the bank's shares are traded on the over-the-counter market. SEC registration would allow the bank's shares to be listed on the NASDAQ exchange, and would likely increase the share's liquidity. He noted that the bank's market capitalization would be sufficient to make it part of the Russell 2000 index, were they listed on a national exchange. It would also make it easier for the bank to raise capital in the future. Rietheimer described the extra filing and disclosures that would be required, and stated that he would estimate the cost at \$500,000 in the first year and \$400,000 annually thereafter. Sheahan stated that he has had many positive meetings with various institutional investors, and that, should the retirement system opt to sell its shares, there would be a number of interested buyers, and that he would be willing to provide the names of potential buyers. He added that he was very happy with the retirement system as a shareholder. Monagle asked if the bank was required by any regulation to raise more capital, and Rietheimer clarified that they are not. By regulation, they are still considered "well capitalized," but that additional capital may be needed to finance further growth.

Agenda Item #2 – Minutes

Motion by Monagle, seconded by Chamblin-Foster to accept the regular minutes of the meeting held on November 7, 2016. Voted unanimously.

Motion by Shinkwin, seconded by Monagle to accept the executive session minutes of the meeting held on November 7, 2016. Voted unanimously.

Agenda Item #3- Warrant

Motion by Monagle, seconded by Shinkwin to accept payment of warrant #22 in the amount of \$6,361,031.01 and Warrant #23 in the amount of \$339,901.06. Voted unanimously.

Agenda Item #4 – Superannuations

Motion by Chamblin-Foster, seconded by Monagle to accept the Superannuation retirement applications submitted by James E. Bergin, Firefighter, Cambridge Fire Department with forty-three years, Susan Ciccone, Research Librarian, Cambridge Public Library with twenty-six years six months, Francis Connelly, Prevention Specialist, Department of Human Services with thirteen years ten months, Anthony Grassi, Detective, Cambridge Police Department with thirty-three years ten months, Laurie Mass, RN, Cambridge Health Alliance with twenty-six years eleven months, Michael Maffei, Lieutenant, Cambridge Police Department with thirty-three years seven months, Angela Pace, Teacher’s Aide, School Department with thirty-three years five months and Rachel Weil, Senior Grant Writer, Department of Human Services with fourteen years three months. Voted unanimously.

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

The Board reviewed make-up worksheets for two members.

Motion by Chamblin-Foster, seconded by Monagle to allow the make-up of contributions requested by John P. Normile, two months (pro-rated) and Stewart Won, three years five months (pro-rated). Voted unanimously.

Agenda Item #6 – Refund Applications

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

Motion by Gardner, seconded by Monagle to accept five refund applications. Voted unanimously.

Agenda Item #7 - Superannuation Application – Mary Hogan-Donaldson

The Board reviewed correspondence and the Superannuation application filed by the member. Attorney Thomas Gibson appeared, representing the member.

Gibson stated that he has reviewed the Board’s offer of settlement with the member and that Ms. Hogan-Donaldson has agreed to accept the terms offered by the Board in November. He stated that she would sign the agreement, once Attorney Quirk prepares a written offer.

Motion by Gardner, seconded by Shinkwin to deny the Superannuation retirement application filed by Mary Hogan-Donaldson. Voted unanimously.

Gibson stated that he would have the member complete a refund application in addition to signing the settlement release.

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 Benefit – Sergio Lemos

The Board reviewed the certificate and narrative report of Sergio Lemos’ medical panel, the member’s application, treating physician’s statement and employer’s statement pertaining to his application. Attorney Thomas Gibson appeared, representing the member.

Motion by Shinkwin, seconded by Monagle to accept the majority findings of the medical panel and to grant Accidental Disability benefits to Sergio Lemos, Highway Craftsman with the Dept. of Public Works. Voted unanimously.

Agenda Item #9 - 2017 Retirement Board Budget

The Board reviewed a draft budget for calendar year 2017, and an explanation of various expense categories.

The Director stated that she had increased the travel budget to allow more travel to conferences by staff members. There were reductions in the budget for custodial fees, IT support and postage. Gibson suggested that, in the future, the Board may wish to consider submitting the budget to the City Council in advance of the Board's vote to adopt it.

Motion by Monagle, seconded by Chamblin-Foster to adopt the 2017 Administrative Budget for the Cambridge Retirement Board in the amount of \$8,636,102.66. Voted unanimously.

Agenda Item #10 - PERAC Memos

No PERAC Memos were issued in November and no action was taken by the Board.

Agenda Item #11- Old Business

Gardner stated that he would like to inform Rafik Ghazarian about the meeting with Cambridge Bancorp and their offer to forward the names of potential stock buyers. The Chairman stated that he would not object to Segal reviewing the holding, but that he would not be in favor of selling the stock, given the continuing dividend payments.

Agenda Item #12 - New Business

The Board reviewed the 2015 Investment Expenses analysis prepared by PERAC. Gardner stated that he would like to continue to monitor the system's investment expenses.

Gibson described the calculations made by the actuary for the Middlesex Retirement System in order to fairly allocate appropriation payments among various units and he suggested that Cambridge may wish to try a similar process with Cambridge Hospital.

Agenda Item #13 - Executive Session

Agenda Item #8 – adopted

Agenda Item #14 - Chairman's Report

None offered.

Agenda Item #15 – Executive Director's Report

None offered.

The following documents were also reviewed by the Board:

- Notice of Retiree Death
- Correspondence from Attorney James H. Quirk re: Shawn D'Mato vs. Sharon Costine & Others.
- BLB&G Investor Protection and Asset Recovery Services – Third Quarter 2016.
- Lazard Asset Management – Portfolio Review October 2016.
- PERAC 2015 - Comparative Analysis.
- PERAC Pension News – Special Commission on Pension Forfeiture Holds First Meeting.

Monagle moved to adjourn at 6:45 PM.