

Minutes of the meeting held on December 7, 2020

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

The meeting was called to order at 1:03 PM. The meeting was digitally recorded. The entire meeting was conducted by Webex videoconference.

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 stated that he was pleased that the bank was able to maintain services at a high level during the pandemic. As of September 30, 140 loans are in deferral due to COVID, which accounts for 3.2% of the total loan portfolio. The percentage of loans in deferral was as high as 5% in June. Sheahan stated that the average small bank was deferring between 10-15% of their portfolio. Most of the deferrals are residential mortgages, although some commercial loans have also been deferred, particularly in the restaurant sector. Sheahan stated that restaurants have struggled during the pandemic, and that he expected to see defaults in this area. The bank processed 892 PPP loans, valued at \$193 million, all backed by the Small Business Administration. Sheahan stated that he believed these loans benefitted approximately 17,000 jobs. Borrowers will be able to apply for forgiveness of these loans starting in the 4th quarter. In June, the bank closed the merger with Wellesley Bancorp. The merger adds \$900 million to the loan portfolio, \$700 million in deposits and \$300 million in wealth management assets. Sheahan noted that the bank's share price has fallen and noted that the entire banking sector has underperformed the broader equity market. He noted that the likelihood of ultra-low interest rates for the foreseeable future has affected share prices for all banks. The stock's dividend continues to increase, paying \$2.12 per share in 2020. Carotenuto noted that the bank has increased its dividend in each of the last 21 years. Sheahan discussed the importance of the wealth management portfolio. He noted that fees from wealth management comprise about 25% of the bank's revenue. Sheahan reviewed the loan portfolio for multi-family housing. He stated that he felt this sector would hold up well, although vacancies have risen in 2020 and rents have been flat or falling.

Agenda Item #2 – Lexington Capital Partners

Mark Andrew represented Lexington Capital Partners. A written review of the portfolio was presented to the Board. There have been no changes to the portfolio management or strategy over the last year. Andrew reviewed the history and growth of the firm, noting their history of strong returns. He emphasized the importance of maintaining close relationships with general partners as a way of sourcing new deals and evaluating the value of underlying funds. The firm has \$55 billion in assets under management and has acquired interests in over 1500 funds from 700 sponsors. Global secondary transactions dropped sharply in 2020, going from \$83 billion in 2019 to \$26 billion year to date. Deal flow plunged after March due to the pandemic. Deals have picked up again since July, and Andrew stated that he expects global transactions to total \$50 - \$60 billion by the end of the year, and to reach \$80 billion in 2021. Andrew reviewed the LCP VIII portfolio. Most of the funds are buyout-focused and based in the United States. The fund is well diversified by vintage year. Cambridge made a \$20 million commitment, and \$18 million has been drawn so far. Cambridge has received back \$11 million in distributions. The remaining value in the portfolio is about \$13 million. This gives a net IRR of 15.2%. Andrew stated that the underlying funds have potential for significant appreciation. Andrew stated that once a transaction closes, they have no more influence than any other LP, and that they have no role in managing underlying funds. The bulk of capital should be returned in the next 3 years, although the fund may not actually terminate for several years after that.

Agenda Item #3 – Minutes

Motion by Chamblin-Foster, seconded by Monagle to accept the minutes of the meeting held on November 2, 2020. The motion carried on a 4-0 vote. Shinkwin abstained.

Motion by Gardner, seconded by Chamblin-Foster to accept the executive session minutes of the meeting held on November 2, 2020. The motion carried on a 4-0 vote. Shinkwin abstained.

Motion by Gardner, seconded by Monagle to accept the minutes of the investment review meeting held on November 16, 2020. The motion carried on a 4-0 vote. Shinkwin abstained.

Agenda Item #4 - Warrants

Motion by Monagle, seconded by Gardner to accept payment of warrant #22 in the amount of \$7,739,484.30 and to accept payment of warrant #23 in the amount of \$2,693,763.59. Gardner requested that the Director provide more information on the group that provides fiduciary insurance coverage to the system. Voted unanimously.

Agenda Item #5 – Superannuations

Motion by Monagle, seconded by Shinkwin to accept the Superannuation retirement applications submitted by Gloria Christie, Cafeteria Aide, School Dept. with twenty-eight years, ten months; Linda Dahl, Director/Teacher, Human Services Dept. with thirteen years, one month; Ann DiMascio, Patrol Officer, Police Dept. with thirty-one years, nine months; Kevin Dottin, Patrol Officer, Police Dept. with thirty-one years, ten months; Audrey Gautreau, Registered Nurse, Cambridge Health Alliance with seventeen years; Laure Kowalski, Registered Nurse, Cambridge Health Alliance with thirty-one years, three months; Elizabeth Lyons, Federal Grants Manager, Community Development Dept. with twenty-seven years, four months; Sean O’Grady, Zoning Specialist, Inspectional Services Dept. with twenty-three years, eight months; Irene Pereira, Medical Lab Technologist, Cambridge Health Alliance, with thirty-eight years, ten months; Kenel Prinston, Patrol Officer, Police Dept. with twenty-five years, eight months; Eduardo Santana, Milieu Counselor, Cambridge Health Alliance with twenty-eight years, six months. Voted unanimously.

Agenda Item #6 - Make-ups/Redeposits/Liability

The Board reviewed make-up and redeposit worksheets for one member.

Motion by Gardner, seconded by Monagle to allow the make-up of deductions requested by Jeffrey Renzi for one year, six months. Voted unanimously.

Agenda Item #7 – Refund Applications

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

Motion by Gardner, seconded by Chamblin-Foster to accept three 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 the conclusion of the executive session. On a roll call, the vote was as follows:

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

Agenda Item #8 – Accidental Disability Benefit – Shawn Lynch

The Board reviewed the certificates and narrative reports of three separate medical exams, the member’s application, treating physician’s statement and employer’s statement filed in

connection with Shawn Lynch's Accidental Disability application. Thomas Gibson appeared, representing the member.

Motion by Monagle, seconded by Chamblin-Foster to accept the majority findings of the medical panel and grant Accidental Disability benefits to Shawn Lynch, a Police Lieutenant. On a roll call, it was voted unanimously.

Agenda Item #9 – Appointment of Fifth Board Member

The Board reviewed a timetable previously adopted by the Board for appointment of a Fifth Member.

The Chairman noted that the Board had received three applications to serve on the Board, including one from the incumbent member, Nadia Chamblin-Foster. Monagle noted that although two of the applicants have significant experience working in finance, they do not have any experience with Chapter 32. He stated that he did not feel that it was necessary to conduct interviews with the candidates, and that he would be comfortable moving to reappoint Nadia Chamblin-Foster immediately. Quirk stated that there was no legal requirement to conduct interviews. The Director noted that she extended the deadline for applications because of a delay in posting the position.

Motion by Monagle, seconded by Shinkwin to appoint Nadia Chamblin-Foster as Fifth Member of the Cambridge Retirement Board. The motion carried on a 4-0 vote. Chamblin-Foster abstained from voting and discussion on the matter.

Agenda Item #10 – 91A Hearing – Jean Guy Fedna

The Board reviewed correspondence addressed to Jean Guy Fedna. Burns reported that Mr. Fedna has submitted all required documents to PERAC since the agenda was finalized and is now in compliance with the reporting requirement. No action was required on this matter.

Agenda Item #11 – 91A Hearing – Charles Francis

The Board reviewed correspondence addressed to Charles Francis. Burns stated that he had spoken with Mr. Francis, and that he intends to file his documents soon. Burns reviewed the reporting process, noting that filing deadline was moved from April to July due to COVID. Members were notified of the hearing to terminate their allowance at the end of October. Burns stated that, even if the Board votes to terminate, no action would be taken if the member files prior to December's payroll date. Philbin stated that December's payroll would be finalized on December 23. Quirk reminded the Board that once this type of termination goes into effect, the member cannot get back any payment that they missed. Any allowance would be forfeited until they comply with the reporting requirement. Motion by Gardner, seconded by Monagle to terminate the retirement allowance for Charles Francis due to failure to file his 91A form with PERAC, but to rescind the termination if he files prior to December 23. Voted unanimously.

Agenda Item #12 – 91A Hearing – Robert Johnson

The Board reviewed correspondence addressed to Robert Johnson. Burns stated that he had spoken with Mr. Johnson, and that he intends to file his documents soon. Motion by Gardner, seconded by Monagle to terminate the retirement allowance for Robert Johnson due to failure to file his 91A form with PERAC, but to rescind the termination if he files prior to December 23. The motion carried on a 4-0 vote, with Chamblin-Foster absent.

Agenda Item #13 – 91A Hearing – Viviano Manso

The Board reviewed correspondence addressed to Viviano Manso. Burns reported that Mr. Manso has submitted all required documents to PERAC since the agenda was finalized and is now in compliance with the reporting requirement. No action was required on this matter.

Agenda Item #14 – 91A Hearing – Reggie Pagan

The Board reviewed correspondence addressed to Reggie Pagan. Burns stated that he had spoken with Ms. Pagan, and that she intends to file her documents soon. Motion by Gardner, seconded by Monagle to terminate the retirement allowance for Reggie Pagan due to failure to file her 91A form with PERAC, but to rescind the termination if she files prior to December 23. The motion carried on a 4-0 vote, with Chamblin-Foster absent.

Agenda Item #15 – PERAC Memos

The Board reviewed PERAC Memo #33. No action was taken.

Agenda Item #16 - Old Business

The Board reviewed correspondence from the Cambridge Health Alliance regarding Sharon Murphy Daley's membership. Murphy stated that he would recuse himself from voting and discussion on the matter.

The Director stated that she held a conference call with the Health Alliance. The letter states that Ms. Daley will be allowed membership in the Cambridge Retirement System. Gardner moved to recognize the unintentional error by which Sharon Murphy Daley was excluded from membership in the Cambridge Retirement System, to allow her to purchase prior service, and to set her membership date to her original date of hire under CETA. Shinkwin seconded the motion. The Director stated that she would research past cases to be sure that the motion was consistent with past practice for correcting the exclusion of CETA employees. The motion carried on a 3-0 vote, with Chamblin-Foster absent and Murphy abstaining.

Agenda Item #17 - New Business

Not needed.

Agenda Item #18 - Executive Session

Agenda Item #8 – adopted

Agenda Item #19 - Chairman's Report

The Chairman reported that he was reviewing a new securities litigation matter, involving EQT, a natural gas producer. Cambridge is not the lead plaintiff in that case.

Agenda Item #20 – Executive Director's Report

The Director stated that the office would move on Wednesday, December 16. All phone calls will be forwarded to employees working from home during the moving process. The Director stated that total expenses will be about \$80,000, which includes wiring the new office, a new storage system and hiring a moving company.

The following documents were also reviewed by the Board:

- Notice of Retiree Deaths
- Segal Marco Flash Report – October 31, 2020
- PERAC Pension News #56
- Segal Manager Alert – Loomis Sayles
- September Financials – General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursements, Cash Receipts, Wire Transfers

Monagle moved to adjourn at 3:45 PM.