

## Minutes of the meeting held on February 3, 2020

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

Absent: Nadia Chamblin-Foster

The meeting was called to order at 5:02 PM. The meeting was digitally recorded.

### Agenda Item #1 – Minutes

Motion by Monagle, seconded by Shinkwin to accept the regular minutes of the meeting held on January 6, 2020. Voted unanimously.

Motion by Shinkwin, seconded by Monagle to accept the executive session minutes of the meeting held on January 6, 2020. Voted unanimously.

### Agenda Item #2 - Warrants

Motion by Gardner, seconded by Monagle to accept payment of warrant #2 in the amount of \$7,789,938.84 and to accept payment of warrant #3 in the amount of \$548,089.59. Voted unanimously. Gardner noted that the quarterly management fee from Lazard was over \$135,000 and stated that he would favor shifting the Emerging Markets investment to an index fund.

### Agenda Item #3 – Superannuations

Motion by Gardner, seconded by Shinkwin to accept the Superannuation retirement applications submitted by Emily Antonitus, Paraprofessional, School Dept. with twenty-nine years, five months; Andra Belfast-Nelson, Practice Medical Receptionist, Cambridge Health Alliance with twenty-six years, nine months; David Byrne, Senior Building Inspector, Inspectional Services Dept. with thirty-four years, three months; Louis Cherubino, Sergeant, Police Dept. with thirty-five years, six months; Alan DerKazarian, Senior Librarian with twenty-six years, four months; Joseph Ferolito, Traffic Maintenance Worker, Dept. of Traffic & Parking with thirty-two years, ten months; Stacia Joyce, Administrator, Fire Dept. with twenty-two years, one month; Stephen Lenkauskas, City Electrician with thirty-three years, ten months; Mary Saginario, Nurse Manager, Cambridge Health Alliance with twenty years, two months; Martina Voglmaier, Neuropsychologist, Cambridge Health Alliance with fourteen years, three months; Edward Watson, Patrol Officer, Police Dept. with thirty-two years, six months and Robert Zarella, Master Electrician, Cambridge Health Alliance with thirty years. Voted unanimously.

### Agenda Item #4 - Make-ups/Redeposits/Liability

No make-up or redeposit requests were submitted in January and no action was taken by the Board.

### Agenda Item #5 – Refund Applications

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

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

### Agenda Item #6 – Survivor Benefit – John McDonough

The Board reviewed 12(2)(d) application forms submitted by John McDonough and Anna Galvin's death certificate.

Quirk stated that the application was in order. Anna Galvin died as a member-in-service, and there is no evidence that her death was connected to her job.

Motion by Shinkwin, seconded by Gardner to grant survivor benefits to John McDonough, surviving spouse of Anna Galvin, Registered Nurse at Cambridge Health Alliance. Voted unanimously.

#### Agenda Item #7 – Benefit Calculation – Francis Judd

The Board reviewed correspondence from PERAC regarding the calculation of Francis Judd's benefit and a spreadsheet outline potential payments to Mr. Judd's surviving spouse.

Attorney Quirk stated that the correspondence from PERAC was dated on January 14, 2020. He stated that he filed an appeal with DALA in order to preserve the system's rights. However, the appeal could be withdrawn should the system opt not to proceed. PERAC refused to approve the calculation as submitted by the Board, stating that Judd's benefit should be calculated retroactive to his original date of retirement. The date of the calculation will make a substantial difference in the amount of any retroactive benefit which would be paid to Mrs. Judd. Quirk stated that he still disagrees with PERAC's analysis of the statute, but also stated that DALA would likely defer to PERAC.

Motion by Monagle, seconded by Shinkwin to file no appeal in this matter and to submit a new calculation to PERAC, consistent with their instructions. Voted unanimously.

#### Agenda Item #8 – Supplementary Regulation – Correction of Errors

The Board reviewed a draft of a supplementary regulation which addresses correction of errors. Quirk noted that different Boards have adopted different standards for what interest rate to use when correcting errors which result in the need to make a retroactive payment. The draft regulation would tie the rate paid by Cambridge to the amount paid annually to members' Annuity Savings accounts. The Director stated that a number of Boards have adopted this same standard.

Motion by Gardner, seconded by Shinkwin to adopt the regulation as drafted. Voted unanimously.

#### Agenda Item #9 – RFP – Portfolio Monitoring

The Board reviewed nineteen proposals to provide portfolio monitoring services to the Cambridge Retirement Board. The Chairman requested that each Board member submit a ballot, marking up to five firms for further consideration. He also asked that the Director and Attorney Quirk also submit ballots.

Gardner stated that in reviewing the firms, he did not give significant weight to the firms having clients in Massachusetts, since many of the cases would involve federal law. Quirk stated that he would urge the Board to carefully review the firms' reporting system, as this will be the primary way in which the Board receives information and interacts with the firm. He also stated that he preferred firms that had auditors and investigators working in-house. Gardner also noted that certain firms offered to reimburse for staff expenses. Quirk noted that public funds have only been able to participate in securities litigation since 1995. Monagle noted that a number of firms appeared to have jumped into the business shortly after that time, and he gave credit to firms with a longer history of doing this type of litigation. The Chairman stated that he would favor hiring at least three firms. Monagle stated that he would like the Board to consider doing site visits as part of the hiring process.

Reviewing the ballots, Bernstein Leibhard, Bernstein Litowitz, Chimichles, Labaton Sucharow, Saxena White and Scott & Scott received votes from multiple members. Quirk noted that if the Board intends to hire three or four firms, there would be less risk involved in hiring one of the smaller firms. Gardner noted that Scott & Scott did not describe a policy for reimbursing staff expenses. Without objection, the Board agreed to eliminate consideration of the thirteen firms who did not receive multiple votes.

Gardner stated that he would favor hiring three firms, but that he would only consider a fourth if that firm has some substantial difference in their approach that would differentiate them from the

other three. Monagle stated that he favored rehiring the two incumbent firms, and that he would like to schedule those interviews first, so as to have a basis of comparison for the firms that interview afterwards.

Without objection, the Board agreed to table further discussion on the matter until the March meeting.

#### Agenda Item #10 – Lease for Office Space

The Board reviewed correspondence from Attorney Quirk, a lease proposal and an analysis of the Cambridge rental market.

Quirk said that he met with the building managers, and that they seemed anxious to keep the Retirement System as a tenant. They have agreed to some concessions on parking, and to credit the system \$90,000 toward renovation of a new office space at 125 CambridgePark Drive. The Director stated that she had conversations with the Dental office and that they would like to continue to sub-lease space from the Retirement System. They understand that the rent will increase substantially, and that the Retirement System will begin charging them for a share of utility costs charged by the landlord. The Director also consulted with Tom Evans of the Cambridge Redevelopment Authority. He stated that the proposed rent was reasonable for the Alewife area. Other areas of Cambridge can be much more expensive. The proposed lease would be for ten years, with rent increasing by 3% each year. The Chairman stated that he would like to add an option for a 5-year extension of the lease at the end of the 10-year period. Quirk stated that he would propose it to the landlord, although he did not think they were likely to accept it. The proposed space is slightly smaller than the current space, and the Director stated that she was working on reducing the need for storage space as much as possible.

Motion by Gardner, seconded by Shinkwin to authorize Jim Quirk to negotiate the addition of a 5-year extension to the proposed lease. Voted unanimously.

#### Agenda Item #11 - PERAC Memos

The Board reviewed PERAC Memos numbered from 1 through 10.

The Chairman asked the Director to put consideration of a COLA on the agenda for the April meeting, and to send appropriate notice to the City Council and to David Kale.

#### Agenda Item #12 - Old Business

Not needed.

#### Agenda Item #13 - New Business

Not needed.

#### Agenda Item #14 - Executive Session

Not needed.

#### Agenda Item #15 - Chairman's Report

The Chairman stated that he would attend a mediation in connection with a securities case, likely to be held on April 6<sup>th</sup>. He said that if that schedule holds, it would be necessary to reschedule the April meeting.

#### Agenda Item #16 – Executive Director's Report

The Board agreed to hold the next investment review meeting on Wednesday, March 11 at 11:00 AM.

The Director reminded members to notify her if they plan to attend the NCPERS conference.

The following documents were also reviewed by the Board:

- List of Retiree Deaths

- RBC Global Asset Management – Quarterly Report as of 12/31/2019

Monagle moved to adjourn at 7:20 PM.