

Minutes of the meeting held on January 6, 2020

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 5:07 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. Over the last year, the firm closed a merger with Optima Bank & Trust, which added six additional locations in Southern New Hampshire. The merger went very smoothly. The bank has also announced a pending merger with Wellesley Bancorp, likely to close in 2Q 2020. The bank will continue to focus on driving growth within the current footprint of Greater Boston/Southern New Hampshire. The Optima merger will allow the bank to provide a broader range of services to wealth management clients in New Hampshire. Wellesley Bancorp also has a significant base of wealth management clients. The merger will make the bank the 10th largest bank in Boston. Tom Fontaine, the current Wellesley CEO, will join Cambridge Bancorp as Chief Banking Officer. Over the last year, the bank also launched a new brand identity and website. Three members of the Board of Directors retired, and two more are expected to retire in 2020. The Board now includes thirteen independent directors, of whom nine are women and two are persons of color. Fourth quarter earnings will be announced at the end of January, but earnings as of the third quarter are at record highs. The bank has nearly doubled the loan portfolio, as a result of the merger as well as strong growth. Loan quality remains very strong, although the bank did acquire one loan as a result of the merger that was based on fraudulent leases, which defaulted. Sheahan said that he hopes to recover some funds in 2020, and the matter has been referred to law enforcement. The bank has now increased dividend payments every year for the last twenty years. Sheahan discussed some of the integration issues with Wellesley. He noted that they have a much larger portion of their loan portfolio in construction loans, which tend to be more risky. Cambridge Bancorp focuses more of their portfolio on residential and commercial real estate. Looking forward, Sheahan stated that he expected to reduce exposure to construction loans. He noted that in the event of a recession, the construction industry would generally be the first to see losses. The rapid growth and merger costs drew down the bank's available capital. The bank raised \$40 million in additional capital through an equity sale. As there are now more shares outstanding, the share price has dropped, but Sheahan emphasized that the value of the bank is now much bigger and the book value has increased. He offered to report back to the Board with more detailed information on share value. The bank is not interested in being acquired, although if an offer were made, they would have a fiduciary duty to consider it. Sheahan discussed the function of the wealth management division. He noted that while a trend toward indexing was a threat, he noted that the bank offered significantly more than investment management, and that clients also were able to do trust and estate planning through the bank.

Agenda Item #2 – Minutes

Motion by Chamblin-Foster, seconded by Shinkwin to accept the regular minutes of the meeting held on December 2, 2019. Voted unanimously.

Motion by Chamblin-Foster, seconded by Gardner to accept the executive session minutes of the meeting held on December 2, 2019. Voted unanimously.

Motion by Shinkwin, seconded by Monagle to accept the minutes of the investment review meeting held on December 5, 2019. Voted unanimously.

Agenda Item #3 - Warrants

Motion by Monagle, seconded by Gardner to accept payment of warrant #24 in the amount of \$7,618,049.48 and to accept payment of warrant #1 in the amount of \$122,408.52. Voted unanimously.

Agenda Item #4 – Superannuations

Motion by Gardner, seconded by Shinkwin to accept the Superannuation retirement applications submitted by Sidney Cox, Master Mechanic, Dept. of Public Works with forty-five years, five months; Kenneth Hugh, Lieutenant, Fire Dept. with forty-one years, eight months; Craig Kelley, City Councillor with eighteen years; Charles McIsaac, Housing Inspector, Inspectional Services Dept. with twenty years, eleven months; Michael Robbins, Working Foreperson, Dept. of Public Works with nineteen years, eight months; Debora Robertson, Registered Nurse, Cambridge Health Alliance with thirty-three years, one month; and Emma Watkins, Director, Dept. of Human Services with twenty-three years, ten months. Voted unanimously.

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

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

Motion by Gardner, seconded by Chamblin-Foster to allow the make-up of contributions requested by Stephen Bikofsky, one month; Emily Cyr, two years, six months; Keith Fay, one year, two months; Katrina G. Ferguson, one year, six months, requesting acceptance of liability; Stephanie R. Gaboury, one year; Jeffrey Lee, eleven months; Patrick F. Lessage, eight months; Ariana McMahan, four months; Christopher Melendy, ten months, requesting acceptance of liability, John Poirier, one month; Timothy J. Puopolo, five months, requesting acceptance of liability; Arianna M. Saunders, one year; Anne R. Shriver, six months, requesting acceptance of liability; to allow the redeposit of refunds requested by Aboma B. Dirbaba, five years, eleven months; and Maria A. Douglas, four years, three months. Voted unanimously.

The Director stated that she was continuing to research the case of Yilana Cortes and would bring the matter up again at a future meeting.

Agenda Item #6 – Refund Applications

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

Motion by Gardner, seconded by Chamblin-Foster to accept four 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:

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

Agenda Item #7 – Accidental Disability Benefit – Paul Neal

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 pertaining to Paul Neal's Accidental Disability application.

Motion by Shinkwin, seconded by Monagle to accept the findings of the medical panel and grant Accidental Disability benefits to Paul Neal, a Firefighter. Voted unanimously.

Agenda Item #8 – Accidental Disability Application – Brandon Woolkalis

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to Brandon Woolkalis' Accidental Disability application. Attorney Thomas Gibson appeared, representing Mr. Woolkalis.

Motion by Shinkwin, seconded by Chamblin-Foster to accept the Accidental Disability application filed by Brandon Woolkalis, a Police Sergeant, and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #9 – Interest rate Policy for Correction of Errors

The Board reviewed correspondence from Attorney Quirk, and various memos from PERAC which discuss correction of errors.

Attorney Quirk reviewed his brief. He stated that the Director had surveyed a number of Boards to determine what policies they use. Boards have adopted a number of different interest rates, including the Annuity Savings rate, the Treasury Bill rate, the target rate of return, or the 3% credited to accounts upon a refund. Quirk recommended that there would be advantages to choosing a rate that would not change from year to year. The policy would determine the amount paid to member whenever the Board determined that an error had been made which deprived a member of funds owed to them. Gardner stated that he found 3% to be a fair amount. The Chairman stated that he also felt that 3% was reasonable. The Director stated that she and Quirk would draft a supplementary regulation noting a 3% interest rate for adoption at a future date.

Agenda Item #10 - PERAC Memos

The Board reviewed PERAC Memos #25 and 26. No action was taken.

Agenda Item #11 - Old Business

The Director stated that she, Quirk and the Chairman met with the landlord to discuss the possibility of moving to a space at 125 CambridgePark Drive. Further discussions are needed to agree on build-out of the new space and the location of parking spaces. The Director noted that she was researching high-density file storage which would allow the system to fit records into a smaller space.

Agenda Item #12 - New Business

Not needed.

Agenda Item #13 - Executive Session

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #14 - Chairman's Report

Not needed.

Agenda Item #15 – Executive Director's Report

Not needed.

The following documents were also reviewed by the Board:

- List of Retiree Deaths
- Correspondence from Attorney Quirk re: SJC Decision in the Matter of Plymouth Retirement Board vs. CRAB. PERAC and A. Gomes
- Segal Marco Advisors 2020 Client Conference
- Correspondence and supporting documents from Randi Mail re: Local Option Fossil Fuel Divestment Bill

- Lazard Portfolio Review – November 2019
- RhumbLine Advisers names Denise D'Entremont President

Monagle moved to adjourn at 6:50 PM.