

Minutes of the Meeting on Thursday, January 8, 2015

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 11:10 AM. The meeting was digitally recorded.

Agenda Item #1 – Minutes

Motion by Chamblin-Foster, seconded by Shinkwin to accept the regular minutes of the meeting held on December 1, 2014 and the executive session minutes of the meeting held on December 1, 2014. Voted unanimously.

Agenda #2 - Warrant

Motion by Chamblin-Foster, seconded by Shinkwin to accept payment of warrant #24 in the amount of \$5,473,457.55 and warrant #1 in the amount of \$108,091.78. Voted unanimously.

Agenda Item #3 – Superannuations

Motion by Shinkwin, seconded by Monagle to accept the superannuation retirement applications submitted by Stephen P. Ahern, Lieutenant, Cambridge Police Department with thirty-two years, nine months, Cheryl L. Baines, RN, Cambridge Health Alliance with fifteen years nine months, Michael A. DiFava, Support Technician, Information Technology with forty-two years, Maureen Ford, Police Sgt. Cambridge Police Department with thirty-two years ten months, Susan F. Harris, Safety Specialist, Cambridge School Department with twenty-eight years two months, Janice Lovejoy, Mental Health Counselor, Cambridge Health Alliance with seventeen years two months, Roseline Merondel, Patient Access Rep II, Cambridge Health Alliance with twelve years four months, Carmen S. Negron, Office Manager/Project Coordinator, Department of Human Rights Commission with thirty years, Anne I. Sezak, System Analyst, Cambridge Health Alliance, with sixteen years four months, Diane L. Squires, Executive Assistant, City Of Cambridge Managers Office with thirty-three years, Martha A. Sweezy, Social Worker, Cambridge Health Alliance with ten years two months and Daniel Turner, Deputy Chief, Cambridge Fire Department with thirty-nine years ten months. Voted unanimously.

Agenda Item #4 – Redeposits / Make up / Liability

The Board reviewed make-up worksheets for six members.

Motion by Chamblin-Foster, seconded by Gardner to allow the make-up of contributions requested by Steven S. Allen, three years, six months (pro-rated), David M. Byrne, two months (requesting to accept liability), Leah C. Carpenter, one year, seven months (pro-rated), Claudine Charles, eleven months (pro-rated), Nicole Deloach, one month and Katherine F. Grillo, one year, nine months (pro-rated). Voted unanimously.

Agenda Item #5 – Refund Applications

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

Motion by Gardner, seconded by Shinkwin 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 and litigation strategy. 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 #6 – Altisource Asset Management Corporation Securities Litigation

Amanda Rekemeier and Avi Josefson appeared before the Board, representing Bernstein Litowitz Berger & Grossman LLP. They presented a written summary of the potential litigation involving Altisource Asset Management Corporation.

Motion by Gardner, seconded by Shinkwin to accept the recommendation from Bernstein Litowitz to file a complaint against Altisource and to move for appointment as Lead Plaintiff. Voted unanimously.

Agenda Item #7 - 12(2) (d) Benefit – Jeannie E. Cass

The Board reviewed the survivor benefit application forms, the member's marriage certificate and death certificate.

Motion by Gardner, seconded by Monagle to grant 12 (2) (d) benefits to Jeannie E. Cass, spouse of Donald J. Peterson, a former employee of the Cambridge Health Alliance who passed away on December 1, 2014. Voted unanimously.

Agenda Item #8- Termination of Allowance – Paul Sartanowicz

The Chairman stated that he received notification from PERAC that Mr. Sartanowicz has complied with the 91A filing requirements, and that there was no further need to consider this item.

Agenda Item #9 - Recovery of Overpayment – Rafael Gonzalez

The Board reviewed correspondence with Mr. Gonzalez, the docket sheet summarizing his conviction, copies of his Annual Statement of Earned Income from 2012 and 2013 and a calculation of his overpayment.

Gardner moved to recover the overpayment made to Mr. Gonzalez over five years, with the amount to be calculated by the staff after reviewing any new documentation submitted by Gonzalez, and that the repayment commence in February 2015. Shinkwin seconded the motion and it was voted unanimously.

Agenda Item #10 - Accidental Disability Benefit – David S. Walles

The Board reviewed the certificate and narrative report of David Walles' joint medical panel, the member's application, treating physician's statement and employer's statement pertaining to his application.

Motion by Monagle, seconded by Shinkwin to accept the responses of the medical panel and grant Accidental Disability benefits to David Walles, a Fire Captain. Voted unanimously.

Agenda Item #11 - Accidental Disability Benefit – Edward Mahoney

The Board reviewed the certificate and narrative report of Edward Mahoney's joint medical panel, the member's application, treating physician's statement and employer's statement pertaining to his application.

Motion by Gardner, seconded by Chamblin-Foster to accept the findings of the medical panel and grant Accidental Disability benefits to Edward Mahoney, a Deputy Fire Chief. Voted unanimously.

Agenda Item #12- Disability Application – Thomas Doyle

The Board reviewed the member’s application, treating physician’s statement and employer’s statement pertaining to Thomas Doyle’s disability application.

Gardner noted that Doyle reported directly to him when he was the Personnel Director. He stated that he felt that he could provide the Board with relevant information in the case, and that he would participate in discussing the case, but that he intended to recuse himself from voting on the matter.

Motion by Shinkwin, seconded by Monagle to accept the application for both Accidental and Ordinary Disability benefits filed by Thomas Doyle, Workers Compensation Claims Manager in the Personnel Dept. and to request that PERAC convene a medical panel. The motion carried on a 4-0 vote, with Gardner abstaining.

Agenda Item #13 - Ordinary Disability Application – Maria Sousa

The Board reviewed the member’s application, treating physician’s statement and employer’s statement pertaining to Maria Sousa’s Ordinary Disability application.

Motion by Chamblin-Foster, seconded by Gardner to accept the Ordinary Disability application filed by Maria Sousa, an Assistant Teacher in the School Dept. and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #14 – Administrative Budget

The Board reviewed a proposed budget for the 2015 calendar year.

The Director stated that she increased the line item for management fees to \$7 million. She stated that the office will kick off a scanning project in 2015, and she increased the line item for this to \$40,000. She also added \$15,000 to the budget for Professional Services. She stated that she may use this item to bring on Tony Teberio on a temporary basis to assist with year-end accounting. Teberio was laid off from State Street in December, and he indicated he would be interested in the work. Gardner noted the increase in management fees and urged Board members to work with Segal to try to reduce management fees over the next year.

Motion by Chamblin-Foster, seconded by Shinkwin to accept the 2015 Administrative Budget in the amount of \$8,656,750.65. Voted unanimously.

Agenda Item #15 – PERAC Memo

The Board reviewed memos numbered from 35 to 39. No action was taken.

Agenda Item #16 – Old Business

Not needed.

Agenda Item #17 - New Business

Monagle stated that Kathy Riley had requested permission to use Cambridge’s GASB 67 & 68 data at a seminar. Monagle said that he requested that she redact the fact that the data was from Cambridge.

Agenda Item #18 - Executive Session

Agenda Item #6 – adopted

Agenda Item #7 - adopted

Agenda Item #8 - withdrawn

Agenda Item #9 - adopted

Agenda Item #10 - adopted

Agenda Item #11 - adopted

Agenda Item #12 - adopted

Agenda Item #13 - adopted

Agenda Item #19 - Chairman's Report

None offered.

Agenda Item #20 - Executive Director's Report

The Director stated that she has received a City Council Order which requests that the Board review the portfolio and consider divestment from Dow Chemical Corporation. The vote was taken in response to the 30th anniversary of the Bhopal chemical disaster. The Board currently holds small amounts of stock through the S&P 500 and the Russell 1000 index funds. Pyramis also holds some bonds. The total exposure is about \$339,000 or 0.03% of the portfolio. The Chairman stated that he was concerned that the Board would not be able to divest without exiting the index funds entirely. Gardner stated that he would respond by saying that, absent a state law to require it, that the Board has a fiduciary duty not to make investment decisions based on a desire to influence public policy. The Chairman also stated that he would favor sending a letter to Dow expressing the Board's concern regarding Dow's lack of action. Gardner moved to send the letter. Chamblin-Foster seconded the motion and it was voted unanimously.

The Board agreed to hold the March 2nd Board meeting at 2:00 PM, starting with investment matters and then taking up regular business immediately afterwards. The Director stated that Segal's quarterly review and the analysis of the emerging markets debt proposals would be ready for consideration.

The following documents were also reviewed by the Board:

- Notice of Retiree Death.
- Correspondence from Attorney James H. Quirk re: Diane Holt vs. CRB.
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- Correspondence from Attorney James H. Quirk re: Robert Curley vs. CRB.
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- City Council Order re: Council Order No. 12.
- September Financials - Cash Disbursements, Cash Receipts, General Ledger.
- Summary of Accounts, Trial Balance, Adjustments, and Wire Transfers.
- PERAC Appropriation for Fiscal Year 2016 Memorandum.
- Wall Street Journal - Pension Bill Seen as Model for Further Cuts.
- IR+M Income Research + Management Portfolio Investment Report.
- Labaton Sucharow – Securities Litigation Report.
- Lazard – November 2014 Portfolio Review.
- MacKayShields Insights & Perspectives.
- Pyramis Global Advisors – Monthly Investment Review.

Monagle moved to adjourn at 1:40 PM.