

Minutes of the meeting held on October 3, 2014

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

Absent: Nadia Chamblin-Foster.

The meeting was called to order at 11:08 AM. The meeting was digitally recorded.

Agenda Item #1 – Minutes

Motion by Shinkwin, seconded by Gardner to accept the regular minutes of the meeting held on September 8, 2014. Voted unanimously.

Motion by Shinkwin, seconded by Gardner to accept the executive session minutes of the meeting held on September 8, 2014. Voted unanimously.

Motion by Gardner, seconded by Shinkwin to accept the minutes of the investment meeting held on September 10, 2014. Voted unanimously.

Agenda #2 - Warrant

Motion by Gardner, seconded by Monagle to accept payment of warrant #18 in the amount of \$5,643,276.50 and Warrant #19 in the amount of \$146,210.13. Voted unanimously.

Agenda Item #3 – Superannuations

Motion by Gardner, seconded by Monagle to accept the Superannuation retirement applications submitted by Hugh Crane, Assistant Head of Adult Services, Cambridge Public Library with thirty-nine years two months, Mary Martin, Buyer, Cambridge School Department with twenty-six years six months, Carmen Mendes, Technology Assistant, School Department with twelve years six months, Jeanne Strain, Director of Economic Development, Community Development Department, with eleven years and Christiane B. Wollaston-Joury, Advisor and Teacher, DHSP/CLC with sixteen years eleven months. Voted unanimously.

Agenda Item #4 – Redeposits / Make up / Liability

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

Motion by Shinkwin, seconded by Monagle to allow the redeposit of refunds requested by Warren Ellcock, one year, eleven months, Diane Jin, two years, to allow the make-up of contributions requested by Craig F. Berry, five months (pro-rated), Janelle B. Carson, one year, three months (pro-rated), Michelle R. Hairston, one year (pro-rated), Kevin S. Kenney, one year, eight months (pro-rated) and Carol Sheehan, three years, one month (pro-rated). Voted unanimously.

Agenda Item #5 – Refund Applications

The Board reviewed a list of refund applications submitted in September 2014.

Motion by Shinkwin, seconded by Gardner to accept eight 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:

Michael Gardner:	YES
John Shinkwin:	YES

James Monagle: YES
Francis Murphy: YES

Agenda Item #6 - Accidental Disability Application – James Headd

The Board reviewed the member’s application, treating physician’s statement and employer’s statement pertaining to James Headd’s Accidental Disability application.

Motion by Gardner, seconded by Shinkwin to accept the Accidental Disability application filed by James Headd, a Firefighter, and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #7 - Accidental Disability Application – Paul Poisson

The Board reviewed the member’s application, treating physician’s statement and employer’s statement pertaining to Paul Poisson’s Accidental Disability application.

Motion by Gardner, seconded by Shinkwin to accept the Accidental Disability application filed by Paul Poisson, a Working Supervisor in the Dept. of Public Works and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #8 - Accidental Disability Benefit – Luis Rivera

The Board reviewed the certificate and narrative report of a joint medical panel, the member’s application, treating physician’s statement and employer’s statement pertaining to Luis Rivera’s Accidental Disability application.

The Chairman stated that Attorney Thomas Gibson will not be representing Mr. Rivera. On behalf of Mr. Rivera, he requested that the matter be tabled for a month to allow Mr. Rivera time to seek new counsel if he desires. Without objection, the Board agreed to table the matter.

Agenda Item #9 – Termination of Allowance

The Board reviewed correspondence from Attorney Quirk.

Quirk stated that if a member retired for Accidental Disability is convicted of a felony and incarcerated, the retiree should not be paid during the period of his incarceration. It is the responsibility of the local district attorneys to notify the Retirement Board of any relevant convictions. The Executive Director was recently notified of a conviction by PERAC, after they performed a CORI check on a Cambridge retiree. The member served two years in prison, and was released in early 2014. The Director stated that she has not yet received a docket sheet from the district court.

Quirk advised that the Board should notify the member and offer him the opportunity for a hearing before suspending his allowance. The Director stated that in the past, she has negotiated a repayment schedule with members who have received overpayments. Quirk stated that he felt that a repayment could be negotiated, although he added that had been the Board been aware of his incarceration at the time, that the Board would have had no choice but to stop his pension completely.

Quirk added that the retiree may be subject to additional charges as it appears that he also misrepresented his situation on the 91A form that PERAC sends annually to disability retirees.

Motion by Gardner, seconded by Shinkwin to instruct Attorney Quirk to provide appropriate notice to the member and to schedule a hearing to consider the suspension of his allowance. Voted unanimously.

Agenda Item #10 – Private Equity Vote

The Board reviewed a memo prepared by Segal Rogerscasey. Rafik Ghazarian attended the meeting and Donna Rosequist participated via telephone.

Rosequist reviewed the process for investing in the PRIT Private Equity Program. The Board must make a commitment by the end of the year in order to participate in the 2015 vintage fund. Rosequist stressed the importance of remaining diversified by vintage year, recommending that

the Board plan to make further investments over the next three years. She also advised that she felt that investing in a secondary fund, in addition to PRIT, would be a good way to add exposure to vintage year funds that the Board skipped over the last several years. She stated that she did not anticipate any capacity issue with the PRIT fund. The fund has invested over \$1 billion in each of the last three years. Rosequist recommended that the Board invest \$40 million in 2015. She stated that the Board should plan to invest \$25 million in each of the next two years, although she also recommended that the Board review the allocation in the middle of 2015 before committing to a new investment.

Rosequist reviewed her analysis of the responses to the secondary fund RFP. Four firms responded to the RFP. They are Landmark, Lexington, Pantheon and Partners Group. She recommended that the Board interview Landmark and Lexington. These two firms have a longer track record of investing in secondary assets than the others, and have shown stronger returns in prior funds. She noted that the Landmark fund has a final close on December 31, 2014. Lexington will close in early 2015. The schedule needed to hire a manager before the end of the year would be aggressive, but possible. Both firms have experience working with Massachusetts public funds, and Cambridge is already investing in a real estate secondary fund run by Landmark. Ghazarian stated that he reviewed his database for minority-owned firms. It does not appear that there are any minority-owned secondary funds currently in the market. Motion by Gardner, seconded by Shinkwin to interview Landmark and Lexington. Voted unanimously. The Board agreed to schedule a meeting to conduct the interviews on Thursday, October 16 at 11 am.

Motion by Gardner, seconded by Monagle to invest \$40 million in the 2015 PRIT private equity fund. Voted unanimously. The Director stated that she would contact Paul Todisco and inform him of the system's interest.

The Chairman proposed that the Board create a mock investment strategy to invest in carbon-free funds, and compare returns against the current investment strategy. Quirk stated that PRIM has performed their own analysis, and found that divestment from fossil fuels would have cost 200 basis points of performance. Gardner requested that Ghazarian report back with plausible alternative funds in order to perform the comparison.

Agenda Item #11 – Contract for Executive Director

The Board reviewed a new draft contract for the Executive Director.

Motion by Gardner, seconded by Monagle to approve the contract for the Executive Director. The contract will take effect on October 5. Voted unanimously.

Agenda Item #12 – PERAC Memo

The Board reviewed PERAC Memo #30.

Agenda Item #13 – Old Business

Monagle reported that he and Burns attended the Carbon Risk Forum at Harvard Law School.

Agenda Item #14 - New Business

Not needed.

Agenda Item #15 - Executive Session

Agenda Item # 6 – adopted

Agenda Item # 7 – adopted

Agenda Item # 8 – tabled

Agenda Item #16 - Chairman's Report

The Chairman stated that the US Supreme Court will not hear the securities litigation case involving Indy Mac. The Retirement System had filed an amicus brief in this case.

Agenda Item #17 - Executive Director's Report

The Director stated that she would attend the MACRS conference.

The Board also reviewed the following documents:

- Notice of Retiree Death.
- Correspondence from Attorney James H. Quirk re: Francis Judd vs. CRB.
Correspondence from Attorney James H. Quirk re: Fossil Fuel Divestiture Legislation House No. 4354.
- Correspondence from Attorney James H. Quirk re: CRAB Decision, Michael Daley vs. Plymouth Retirement Board and PERAC.
- Correspondence from Attorney James H. Quirk re: Edward Baldasaro, Jr. vs. Cambridge Retirement Board.
- Correspondence from Attorney James H. Quirk re: Ronald T. Garney vs. Mass Teachers Retirement System.
- Commonwealth of Massachusetts – Richard Turcotte vs. CRB – first Pre-Hearing Order.
- Correspondence from Attorney Thomas Gibson, re: Richard Turcotte.
- CalPers Board Approves Pension Beliefs to Guide Pension Fund Practices and Decisions.
- PERAC Memorandum re: Approval of Funding Schedule.
- July Financials – Trial Balance, Account Summary Report, Cash Receipts Report, Cash Disbursements Report, Adjustments Report, General Ledger, Wire Transfers.
- IR+M – Income Research + Management – Portfolio Summary.
- Lazard Asset Management – Portfolio Review.
- Pyramis Global Advisors – Monthly Investment Review.

Shinkwin moved to adjourn at 1:35 pm.