CAMBRIDGE RETIREMENT BOARD

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139 • TEL. 349-4114

JOSEPH E. CONNARTON
City Clerk
Chairman

ARTHUR F. LIBITZ
City Auditor
Vice Chairman

SHEILA M. TOBIN
Elected Member

BARBARA M. ELLIS
Executive Assistant

SEPTEMBER 20, 1991

TO: **THE HONORABLE, THE CITY COUNCIL**

FROM: **JOSEPH E. CONNARTON,** JEC
CHAIRMAN, RETIREMENT BOARD

SUBJECT: **RESPONSE BY THE RETIREMENT BOARD RELATIVE TO THE RECENT ALLEGATION REGARDING INVESTMENTS.**

This is to advise you that following the recent series of articles in the Boston Globe highlighting a certain contractual relationship with Aetna Casualty and Life and Carmen W. Elio, the board has voted unanimously to sever all contractual relationships with Aetna Casualty and Life.

As you know, given the fact the Retirement Portfolio, under the direction of the board, has been converted to a professional money managers, no activity with Mr. Elio has taken place in the last eighteen months. Furthermore, the board is currently conducting an internal audit into all of the contractual relationships which fall in the similar category of Aetna Casualty and Life. We have also met with our financial advisor and the City Solicitor in an effort to determine appropriate legal recourse.

It is anticipated that the board at its meeting scheduled for Tuesday, September 24, 1991 will hire the law firm of Palmer and Dodge to represent the board during the upcoming months.

Furthermore, the Attorney General of the Commonwealth has convened a meeting of appropriate retirement boards and their legal counsel for Friday, September 20, 1991 relative to this matter and Cambridge will be represented by myself and the Deputy City Solicitor, Mr. Donald Drisdell.

Please understand the alleged allegations of wrongdoings listed by the Globe are a direct result of misrepresentation and the failure to publicly disclose existing contractual relationships between individuals doing business with the Cambridge Retirement Board. The board was neither aware of nor condons this action and will vigorously pursue all avenues of legal recourse available. **The assets of the Cambridge Retirement System are currently at $118 million and Cambridge has recently been listed as 9th out of 107 systems in the Commonwealth for its asset growth.** There is no need to rush to judgment based on the Globe article nor should there be any concern with the local system assets being better served by the Pension Reserve Investment Trust Fund. This fund has most recently been ranked 103 out of 107 systems. Cambridge has been ranked 79th. Although we are not at the head of the class we are in the third row, third seat.

Thank you for your cooperation in the matter.

c.c. Robert W. Healy, City Manager
Russell B. Higley, City Solicitor
Sheila Tobin, Retirement Board Member
Arthur F.Libitz, Retirement Board Member

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COMMUNICATIONS & REPORTS FROM CITY OFFICIALS

Comm. from Joseph E. Connarton, Chairman, Cambridge Retirement Board, relative to the recent allegations regarding investments.

In City Council,

Sept. 23, 1991

C.C. mailed 9/20/91 de

Placed on file