

Minutes of the meeting held on August 1, 2016

Present: Francis Murphy – Chair, James Monagle, Michael Gardner, Nadia Chamblin-Foster, John Shinkwin, Louis DePasquale, Ellen Philbin, Attorney James Quirk and Chris Burns.

The meeting was called to order at 1:00 PM. The meeting was digitally recorded.

Agenda Item #1 – Actuarial Valuation Report

The Board reviewed a revised draft of the 2016 actuarial valuation report.

Kathy Riley appeared before the Board and reviewed the report. Monagle stated that he does not feel the need to discuss the additional reports required for GASB reporting. Quirk stated that when the GASB reports are finalized, they should be voted by the Board. The Director stated that she would place them on the agenda for a future meeting.

Riley stated that the most recent report incorporates all the decisions voted by the Board at the June meeting. She reviewed the current demographic makeup of the system's membership, noting a falling number of active employees, primarily because of the lack of new members from the Hospital. She also reviewed the Board's decision to immediately recognize the investment return shortfall over the last two years. She discussed the computation of the system's unfunded liability and the recommended appropriation for the City. Under the proposed schedule, the unfunded liability will decrease each year, and be paid off completely in 2026.

Riley reviewed a chart showing a breakdown of actuarial cost by unit. She noted that the liability attributable to the hospital is similar when calculating under either an actuarial basis or on a payroll basis, although this may change as the hospital payroll continues to shrink.

The Chairman stated that he had requested that Riley prepare an estimate of the cost of increasing the COLA base to \$16,000. Riley distributed a written response. She stated that an increase effective on July 1, 2017 would increase the FY 2018 payment by about \$1.6 million, and this would increase by 5.85% each year for the life of the schedule. By 2026, the total cost would be about \$10 million. She stated this was similar to the total cost of the last COLA base increase, although there are larger annual payments because the system would be paying off the balance over a shorter time period. Riley stated she could look at other payment methods, such as increasing the annual appropriation increase. Quirk noted that other systems have increased the base over a two year period, adding \$1,000 to the base each year. The Director stated that any increase in the COLA base would also need approval from the City Council, and DePasquale recommended that the Council would likely prefer to consider a 2017 increase prior to the end of calendar year 2016. Gardner stated that he was concerned at the expense, particularly given that the system had failed to exceed the assumed return over the last two years. Monagle and DePasquale also stated they feel the Board should consider investment performance before approving a COLA. Riley stated that, if the City has sufficient cash flow, there could be some savings by paying the entire year's appropriation on July 1, rather than making quarterly payments.

DePasquale requested that Riley provide information on the payment amounts if the City were to make appropriations either annually or semi-annually. The Chairman requested new funding schedules showing the impact of a move to a \$16,000 COLA base, either in one \$2,000 increase or two \$1,000 increases. He asked that that Riley adjust the annual percentage increase in order to cover the extra cost.

Motion by Gardner, seconded by Monagle to accept the actuarial report and to adopt the funding schedule contained in the report. Voted unanimously.

Agenda Item #2 – Minutes

Motion by Gardner, seconded by Chamblin-Foster to accept the regular minutes of the meeting held on July 11, 2016. Voted unanimously.

Motion by Chamblin-Foster, seconded by Monagle to accept the executive session minutes of the meeting held on July 11, 2016. Voted unanimously.

Motion by Gardner, seconded by Shinkwin to accept the minutes of the manager interviews held on July 13, 2016. Voted unanimously.

Agenda Item #3 - Warrant

Motion by Chamblin-Foster, seconded by Monagle to accept payment of warrant #14 in the amount of \$6,490,471.63 and Warrant #15 in the amount of \$1,523,995.77. Voted unanimously.

Agenda Item #4 – Superannuations

Motion by Gardner, seconded by Monagle to accept the Superannuation retirement applications submitted by Mary Adjetey, Respiratory Therapist, Cambridge Health Alliance with twenty-eight years nine months, David H. Bor, Chief of Medicine, Cambridge Health Alliance with twenty-eight years, Michael Bradley, Staff Nurse, Cambridge Health Alliance with ten years, Duane A. Brown, Affirmative Action Director, City of Cambridge with thirty-three years eight months, Colleen Casserly, Biller, Cambridge Health Alliance with eleven years four months, Virginia Chomitz, Senior Scientist, Cambridge Health Alliance with twelve years, Robert Coe, System Administrator, Information Technology Department, with twenty-one years two months, Huiling Du, Sonographer, Cambridge Health Alliance with sixteen years three months, Martha T. Flynn, Assistant Communications, Inspectional Services with nineteen years eight months, Lynda Janul, Paraprofessional, School Department with twenty-six years, Judith Murphy, RN, Cambridge Health Alliance with nineteen years nine months, Robert Patacchiola, Library Associate, Cambridge Public Library with thirty years seven months and Robert P. Tetirick, Program Coordinator, Cambridge Health Alliance with ten years. Voted unanimously.

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

The Board reviewed make-up worksheets for three members.

Motion by Chamblin-Foster, seconded by Shinkwin to allow the make-up of contributions requested by Patrick W. Baxter, one month (pro-rated), requesting acceptance of liability, Roberto Biasella, one year three months (pro-rated) and Thomas E. Watson, three months, requesting acceptance of liability. Voted unanimously.

Agenda Item #6 – Refund Applications

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

Motion by Chamblin-Foster, seconded by Shinkwin to accept eleven 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
Nadia Chamblin-Foster:	YES
John Shinkwin:	YES
James Monagle:	YES
Francis Murphy:	YES

Agenda Item #7 - Disability Application – Neil Bogonovich

The Board reviewed the member’s application, treating physician’s statement and employer’s statement pertaining to Neil Bogonovich’s disability application. Neil Bogonovich appeared and responded to questions from the Board. He was accompanied by his wife, Colleen Bogonovich. Motion by Gardner, seconded by Shinkwin to accept the application for either Ordinary or Accidental Disability benefits filed by Neil Bogonovich, and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #8- Accidental Disability Benefit – James Sullivan

The Board reviewed the certificates and narrative reports of James Sullivan’s medical panel, clarification letters from the panel, the member’s application treating physician’s statement and employer’s statement pertaining to James Sullivan’s Accidental Disability application. Attorney Gerald McDonough appeared, representing the member.

Motion by Shinkwin, seconded by Murphy to accept the majority findings of the medical panel and to grant Accidental Disability benefits to James Sullivan. The motion carried on a 3-2 vote with Gardner and Monagle voting in the negative.

Agenda Item #9 - Accidental Death Benefit –Barry Lynde

The Board reviewed correspondence from Barry Lynde’s treating physician, his death certificate and the certificate and narrative report of his 2002 medical panel.

Motion by Shinkwin, seconded by Gardner to grant Accidental Death benefits for the surviving spouse of Barry Lynde, a retired Fire Lieutenant. Voted unanimously.

Agenda Item #10 - Retirement Board Election

The Board reviewed nomination papers filed by Francis Murphy.

Burns reported that the deadline for submitting nomination papers was on July 22. At that time, Francis Murphy was the only candidate to have submitted papers.

Motion by Chamblin-Foster, seconded by Monagle to declare Francis Murphy as the elected member of the Retirement Board, and to order that no election be held. The motion carried on a 4-0 vote, with Murphy abstaining.

Agenda Item #11 - PERAC Memos

The Board reviewed PERAC memos numbered from 18 through 20. No action was taken.

Agenda Item #12- Old Business

Quirk stated that he has prepared a brief regarding Chapter 121 of the Acts of 2016, which makes changes to the public records law. The Board is required to identify a Records Access Officer, who would be responsible for handling public records requests, and to post information on the system’s website providing guidance on how to request public records. The timeframe for releasing records and the fees that can be charged have also changed. Burns stated that the most commonly requested records are already posted online, and that he would update the website in order to be in compliance with the law. The Director stated that she would serve as the Records Access Officer.

Agenda Item #13 - New Business

Not needed.

Agenda Item #14 - Executive Session

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #9 – adopted

Agenda Item #15 - Chairman's Report

None offered.

Agenda Item #16 – Executive Director's Report

The Director stated that People's Bank is attempting to complete their transition by September 1. She stated that she would not be funding the new real estate managers until after the custody transition is complete.

The Director stated that the City Manager has requested that the Board meet with futureoflife.org. The group has taken an interest in the nuclear weapons divestment issue. The Chairman stated that he would invite them to the September meeting.

The following documents were also reviewed by the Board:

- Notice of Retiree Death
- Correspondence from James H. Quirk re: Chapter 121 of the Acts of 2016 An Act to Improve Public Records.
- Correspondence from James H. Quirk re: Worcester Retirement Board vs. CRAB & Michelle, Sargent Appeals Court Unpublished Decision.
- CRB – PERAC Annual Report, 2015.
- Mass Retirees – WEP Reform Moves Forward on Bumpy Road.
- Marsh Financials - General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursement, Cash Receipts, Wire Transfers.
- April Financials - General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursement, Cash Receipts, Wire Transfers.
- Lazard Asset Management – June 2016 Portfolio Review.
- RBC Global Asset Management – Quarterly Report June 2016.

Monagle moved to adjourn at 3:15 PM.