

Minutes of the meeting held on August 3, 2020

Present: Francis Murphy – Chair, James Monagle, Michael Gardner, Nadia Chamblin-Foster, John Shinkwin, David Kale, Ellen Philbin, James Quirk, Kathleen Riley, Chris Burns and Tom Gibson.

The meeting was called to order at 1:05 PM. The meeting was digitally recorded. The entire meeting was conducted by Webex videoconference.

Agenda Item #1 – Actuarial Valuation

Kathy Riley represented The Segal Company. A draft of the 2020 actuarial valuation was reviewed by the Board. Riley noted that the draft includes all updates requested by the Board at prior meetings. She noted that the age distributions of members and retirees was fairly typical. The system continues to see negative cash flow. The difference between payments and employee/employer contributions has grown over the last ten years. Riley noted the importance of making sure that investment earnings were sufficient to make up the gap. She reminded the Board that the system has been measuring assets based on market value for the last two cycles, and said that she would encourage the Board to move back to asset smoothing at the next valuation. She reviewed the investment gains over the prior two years, which were slightly below the assumed return, resulting in an actuarial loss.

Riley reviewed the assumption changes. Going forward, the investment return assumption will be lowered from 7.5% to 7.25%. The salary increase assumption will be lowered from 4.5% to 4%. The system will adopt new mortality tables. For Groups 1 and 2, the system will use the Pub-2010 General Employee table and for Group 4, the system will use the Pub-2010 Safety Employee table. For disabled employees, the system will use the corresponding tables for disability retirees. The assumption for administrative expenses will be increased from \$1.3 million to \$1.5 million.

The funding schedule maintains the target date for full funding in 2026. The City's appropriation increases by 12.1% each year through 2026. Riley assessed risks that the system might be facing over the next two years. She stated that the most likely issue would likely be poor investment returns, which seems especially likely given the significant losses in early 2020 due to the COVID pandemic. She noted that she had calculated the impact on a future funding schedule if the system sees a 0% return for 2020. At that point, in order to maintain the 2026 funding date, the City's contributions would have to increase by 25% annually. She reminded the Board that she could prepare a mid-cycle update at the end of 2020 to reflect actual returns and to try to estimate what adjustments would go into the next funding schedule.

Riley stated that the report breaks out unfunded liability by departments, although the actual division of appropriation payments would be done by PERAC, based on payroll reports supplied by the Board.

Motion by Shinkwin, seconded by Monagle to accept the actuarial valuation report. On a roll call, the motion carried unanimously.

Agenda Item #2 – Minutes

Motion by Chamblin-Foster, seconded by Shinkwin to accept the minutes of the meeting held on July 7, 2020. On a roll call, the motion carried unanimously.

Motion by Shinkwin, seconded by Chamblin-Foster to accept the executive session minutes of the meeting held on July 7, 2020. On a roll call, the motion carried unanimously.

Agenda Item #3 - Warrants

Motion by Shinkwin, seconded by Gardner to accept payment of warrant #14 in the amount of \$7,977,788.05 and to accept payment of warrant #15 in the amount of \$649,487.17. Burns noted

an expense for scanning member files, saying that digitizing certain records would allow the system to save file space in the new office. On a roll call, the motion carried unanimously.

Agenda Item #4 – Superannuations

Motion by Chamblin-Foster, seconded by Shinkwin to accept the Superannuation retirement applications submitted by Denise Belloste, Technical Assistant, School Dept. with twenty-nine years, two months; Elizabeth Biggins, Patient Access Rep II, Cambridge Health Alliance with twelve years, seven months; Sanctora Cooper, Meals Coordinator, Human Services Dept. with nineteen years, six months; Mary Hanlon, School Nurse, Cambridge Health Alliance with thirty years, nine months; Maryann Heuston, Senior Director of Revenue Cycle Access Operations, Cambridge Health Alliance with twenty years, three months; Juan Lucerna, Mechanic, Housing Authority with thirty years; Cynthia MacDougall, Social Worker, Cambridge Health Alliance with eighteen years, three months; Deborah Perry, Registered Nurse, Cambridge Health Alliance with fifteen years, two months; Donna Pitta, Laborer-Porter, Cambridge Health Alliance with thirty-nine years, ten months; Russell Washington, Mechanic, Cambridge Housing Authority with thirty-nine years, one month. On a roll call, the motion carried unanimously.

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

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

Motion by Shinkwin, seconded by Monagle to allow the redeposit of refunds for Kelsey McGuffie, 1 year, 5 months and for Lawrence Silva, 10 months. On a roll call, the motion carried unanimously.

Agenda Item #6 – Refund Applications

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

Motion by Gardner, seconded by Shinkwin to accept five refund applications. On a roll call, the motion carried 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 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 – Accidental Disability Application – Shawn Lynch

The Board reviewed the member's application, treating physician's statement and employer's statement filed in connection with Shawn Lynch's Accidental Disability application. Attorney Thomas Gibson appeared, representing the member.

Motion by Gardner, seconded by Chamblin-Foster to accept the application filed by Shawn Lynch, a Police Lieutenant, and to request that PERAC convene a medical panel. On a roll call, it was voted unanimously.

Agenda Item #8 – Accidental Disability Benefit – Patrick Frazier

The Board reviewed the certificate and narrative reports of three separate medical exams, member's application, treating physician's statement and employer's statement filed in connection with Patrick Frazier's Accidental Disability application. Attorney Thomas Gibson appeared, representing the member.

Motion by Shinkwin, seconded by Monagle to accept the findings of the medical panel and grant Accidental Disability benefits to Patrick Frazier, a Lead Mechanic with the Housing Authority. On a roll call, it was voted unanimously.

Agenda Item #9 - PERAC Memos

The Board reviewed PERAC Memos 25 and 26.

The Chairman noted that he has found the PROSPER system difficult to navigate when registering for educational sessions and checking the number of credits he has earned. Gibson stated that PERAC plans to offer a webinar to replace the Emerging Issues Forum.

Agenda Item #10 - Old Business

The Director reported that she has reviewed retiree deaths since the onset of the COVID pandemic. Between March 1 and July 31, there were 56 retiree deaths. In nine of those deaths, COVID was listed as a contributing factor on the death certificate. There are still six death certificates which have not been submitted to the office. There were several other death certificates where pneumonia was listed as a secondary cause of death. Between March 1 and July 31, 2019, there were only 25 retiree deaths. The Director also stated that three or four of the COVID deaths were residents in the same facility.

The Director reported that Segal reviewed the portfolio to determine what investments the system has in private prison firms. There is a small holding within the Mellon portfolio. Rafik Ghazarian will present detailed information at the investment review on Thursday.

Agenda Item #11 - New Business

Not needed

Agenda Item #12 - Executive Session

Agenda Item #7 – adopted

Agenda Item # 8 – adopted

Agenda Item #13 - Chairman's Report

Without objection, the Board agreed to hold videoconference meetings in September and October, with the meetings starting at 1:00 PM.

The Chairman stated that he was deposed in July in connection with a securities case involving Willis Towers Watson. Quirk stated that it was found that SSGA sold the relevant holding, and that Cambridge would no longer be involved in this case.

Agenda Item #14 – Executive Director's Report

The Director stated that she and Quirk have finalized a sub-lease agreement with the Dental and Vision Fund for the new office space.

The following documents were also reviewed by the Board:

- Notice of Retiree Deaths
- Correspondence from Attorney James Quirk re: Lyle Lashley
- PERAC Investment Report – 2019
- PERAC Pension News – July 2020

Monagle moved to adjourn at 2:45 PM.