

Minutes of the meeting held on December 18, 2023

Present: Francis Murphy – Chair, Michael Gardner, Joseph McCann, James Monagle, Ellen Philbin, James Quirk, and Chris Burns.

The meeting was called to order at 2:32 PM. The meeting was digitally recorded. This was a hybrid meeting, held in-person in the Sheila Tobin Conference Room at 125 CambridgePark Drive, with some participants joining via Zoom videoconference.

The Board reviewed the resume submitted by Edward Spellman, Jr. The Chairman asked about Spellman's experience working with investment consultants. Spellman stated that over the last seven years, Braintree has used an outsourced Chief Investment Officer to make fund investment selections and that Braintree no longer uses an investment consultant. Braintree also invests in the PRIT hedge fund sleeve and private equity sleeve. The Chairman asked what strategy Spellman would favor as the system approaches 100% funding. He noted that PERAC has not offered a definition of when a system might be considered "fully funded" but the number may not necessarily be 100%. He stated that he would favor derisking the portfolio once it is fully funded. The Chairman asked if Spellman would favor further reductions in the assumed rate of return. Spellman stated that he believes that PERAC remains in favor of further reductions and noted that Braintree will likely reduce their rate to 7%. The Chairman asked if Spellman would be able to attend meetings in person. Spellman stated that he could, and that he has already consulted with his Mayor. He noted that he already attends night meetings several days per week, and it should not be a problem to fit in a meeting during the day. Monagle asked about the structure of the Braintree Retirement Board. Spellman said that his title is "Clerk" which essentially is a sort of vice-Chair who fills in when the Chair is absent. He stated that his CPA license remains active. Gardner asked if Spellman had steered his Boards into moving more money into index funds. Spellman stated that he believed that index funds were a good option and tended to provide good returns at a much lower cost. Gardner asked if Spellman could describe if he saw the fifth member as having a unique role on the Board. Spellman stated that it appeared to be the legislature's intent that the Fifth Member be an outsider, not directly connected to the City government. He stated that the Fifth members on Board he has served on always worked well with the other members. Spellman said that he hoped to stay active with a Retirement Board even following his retirement in Braintree and would be pleased to work in Cambridge.

The Board reviewed the resume submitted by Joseph Connarton. The Chairman asked what strategy Connarton would favor as the system approaches 100% funding. Connarton stated that he would favor meeting with the City Manager to discuss allocating some money that the Board could use as a pool to fund further COLA increases. He also suggested that the City may wish to take the opportunity to put more money into reducing the unfunded OPEB liability. The Chairman asked who Connarton saw as his constituency while serving as the Fifth Member. Connarton responded that he would be working primarily on behalf of the members and beneficiaries and striving to protect and enhance their benefits. He said that he would absolutely favor further increases in the COLA base. He noted that the Town of Montague recently authorized an increase in their COLA base to \$30,000. He stated that inflation over the last three years has significantly eroded the value of retirees' benefits. The Chairman asked for Connarton's approach to considering medical panel reports, particularly when there is a split panel. Connarton stated that he would always review the full record carefully. If the injury has been documented and the majority of the panel is in favor, he stated that he would tend to favor a grant of benefits. The Chairman asked about the case of Paul Tracey, a Waltham Police Officer who was killed while working a paid detail. Connarton stated that under the circumstances of this case, the member's family should be entitled to Section 100 benefits. Monagle asked if Connarton still has a role on the special committee on pension forfeiture. Connarton stated that

the committee has submitted its final report and his work is now complete. He said that he was disappointed that the legislature has not acted on the report, although PERAC has refiled their proposed bill. He stated that he felt that the committee had reached a reasonable position which would punish convicted criminals, while still preserving certain other benefits for their families. Moangle asked about the system providing a certain minimum allowance for retirees who have been retired for more than 20 years. Connarton stated that he felt this could be appropriate, and that the Mass Retirees' Association has filed a bill which would provide an enhanced COLA for certain retirees. Monagle asked if Connarton had any disappointments in his role as Executive Director of PERAC. He stated that he was proud of his work running PERAC and some of the work done to simplify the 91A reporting process. He stated that he was occasionally disappointed by the lack of interest in the legislature on pension issues. He noted that the Mass Retirees' Association plays a critical role representing retirees who no longer have representation by a union. McCann asked if PERAC planned to set a "full funding" level higher than 100%. Connarton stated that, to his knowledge, PERAC is not discussing the matter. Gardner asked about Connarton's accomplishments while serving on the Cambridge Board prior to 1997. Connarton stated that he was proud of maintaining a good working relationship with Robert Healy as City Manager, and that this ensured increased appropriation payments. He also expanded the number of asset classes that the fund invested in. At PERAC, he stated that he was most proud of building and developing a strong staff. He also stated that since the creation of PERAC, it has not been necessary for the legislature to make any major reforms to the pension system. He also stated that he was proud of his work in developing the audit unit and making them more of a resource for building strong, well-managed local systems. Connarton stated that he hoped to serve on the Cambridge Board again because of his long connection with the City and because he hopes to stay involved in pension issues. He added that his candidacy did not reflect any kind of criticism of the incumbent member, Nadia Chamblin-Foster. He stated that she had been a great asset to Cambridge and was well qualified for her position. Gardner noted that Connarton had spent a substantial portion of his career in Cambridge, and that Cambridge reimburses the State for a portion of his pension benefit. He asked if Connarton had considered if this fits in with the spirit of the Fifth Member role, which requires an outsider. Connarton stated that there should be no legal impediment, but that he hadn't considered if his appointment might violate the spirit of the law. The Chairman asked if Connarton would be able to attend meetings in person. Connarton responded that he intended to appear at all meetings in person.

The Board reviewed the resume submitted by Nadia Chamblin-Foster. The Chairman asked what strategy Chamblin-Foster would favor as the system approaches 100% funding. She responded that she would approach the question carefully and make a decision after appropriate consultation with Segal. She added that she would also want to listen to the City's position and consider their perspective. She stated that her top priority would be based on the needs of the membership. The Chairman asked for Chamblin-Foster's thoughts on the current investment strategy, including using PRIT for certain investments and indexing equity funds. He asked if she felt there were any other asset classes that should be indexed. She responded that she felt the current strategy was working well and saw no need for a major change in the asset allocation. The Chairman noted that there seemed to be a significant increase in PTSD claims over the last several years. He stated that he believed that these were some of the most difficult claims for the Board to evaluate. He asked Nadia how the Board could better handle those claims. She agreed that the claims could be complex, and that symptoms can manifest in a number of different ways. The field is dynamic, with new treatments being developed, and that it is a field that she follows closely. She noted that the Board must evaluate these claims very carefully with all due consideration of the relevant records. The Chairman stated that he still believes that Board members should strive to attend meetings in person whenever possible. He asked if she intended to start attending meetings in person again. She noted that 11:00 AM starts were difficult for her as she does have other commitments during the day. She stated that she would be more likely to attend if meetings were scheduled in the evenings. Monagle stated that he has appreciated

Chamblin-Foster's insights into disability claims, informed by her clinical work. He asked what sort of changes she would like to see in her next term. She said that she hoped to continue work on communicating with the membership and community groups that have an interest in the operation of the system. Monagle asked if Chamblin-Foster felt that attending meetings remotely has hurt her ability to interact with the Board and make her priorities known. She responded that remote meetings have been a huge benefit to the public, who are now better able to follow the actions of the Board. She added that she felt that it had not been a hindrance to her when she attended remotely. Gardner asked Chamblin-Foster to describe her proudest accomplishments as a member of the Board. She stated that she brings the perspective of a Cambridge resident, and that she's also proud of making the Boardroom as welcoming as possible. She noted that for many disability applicants, the process is likely coming at one of the most difficult periods of their lives. She stated that she hoped to continue to push money managers on the benefits they bring to the community in Cambridge. Gardner asked her to reflect on what she had learned since joining the Retirement Board. She stated that it has made her reflect on the power of community, and all the various people who make the City function. Gardner stated that he has appreciated Chamblin-Foster pushing the Board to ask difficult questions of the managers around diversity. He asked her to describe how the Board has done in their effort to promote diversity and what else could be done. She responded that she was happy with the work that had been done, and that work around diversity reflects the values of the residents of Cambridge.

Murphy stated that he appreciated Chamblin-Foster stating that she might be able to attend evening meetings in-person. He also noted that he tries to be as accommodating as possible and checks with the entire Board when the Board sets a schedule for meetings each year. Monagle stated that while he recognizes Murphy's preference for in-person meetings, the State has continued to issue waivers to allow remote participation. He stated that he felt daytime meetings were best for members attending in person due to traffic and that he would favor maintaining that schedule and allowing other members to participate remotely. Murphy stated that he was concerned that the waiver would eventually end and at that point, there would be a significant burden on members to assemble a physical quorum in-person, and the Board should seek a member who would be willing to attend in-person. Monagle stated that the Board may wish to consider appointing a vice-Chair who would be authorized to run meetings if Murphy were unable to attend in-person.

Gardner stated that in the event of a change to the open meeting regulation, he would make every effort to attend meetings if Monagle or McCann were unable to attend in person. He stated that in evaluating the candidates, he felt that it was important to consider which member would bring something different to the Board. He stated that this seemed to be the purpose of the Fifth Member to be an outsider. He noted that while Connarton has a very impressive resume, he does not bring a true outside perspective to the Board. He stated that he intended to vote to reappoint Nadia Chamblin-Foster. He stated that she brings a diverse perspective, and without her the Board would have five white men on the Board. Since 1983, the Board has always had at least one woman on the Board. Finally, he also noted that Chamblin-Foster has a deep connection with the City of Cambridge and remains a resident. Murphy stated that he felt that Chamblin-Foster would be better able to represent a diverse perspective if she were attending meetings in person. McCann stated that he appreciated Gardner's statement that he was prepared to attend meetings in person when another member was unable to do so. He also stated that it was impossible to predict what changes to the open meeting law might be approved before 2025 and that Murphy's concerns around in-person attendance may turn out to be unimportant. He stated that he agreed that it was vital for the Board to retain a member who brings a diverse perspective. Monagle stated that he intended to vote to retain Chamblin-Foster, stating that she valued her work experience and her perspective on difficult medical cases.

Motion by Gardner, seconded by Monagle to reappoint Nadia Chamblin-Foster for a three year term on the Cambridge Retirement Board. The motion carried on a 3-0 vote with Murphy abstaining.

Gardner requested that the Director provide prompt notice to all applicants of the decision and note that the Board appreciated Spellman and Connarton's willingness to apply and the Board was impressed with their credentials and commitment.