

Minutes of the meeting held on October 4, 2021

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

The meeting was called to order at 1:00 PM. The meeting was digitally recorded. The entire meeting was conducted by Webex videoconference.

Agenda Item #1 – Minutes

Motion by Chamblin-Foster, seconded by Shinkwin to accept the regular minutes of the meeting held on September 1, 2021. Voted unanimously.

Motion by Shinkwin, seconded by Monagle to accept the executive session minutes of the meeting held on September 1, 2021. The Chairman requested one correction to the recording of a vote. Voted unanimously.

Motion by Gardner, seconded by Monagle to accept the minutes of the investment review meeting held on September 9, 2021. The motion carried on a 4-0 vote, with Chamblin-Foster abstaining.

Agenda Item #2 - Warrants

Motion by Shinkwin, seconded by Monagle to accept payment of Warrant #18 in the amount of \$8,478,883.38 and Warrant #19 in the amount of \$1,004,510.41. Voted unanimously.

Agenda Item #3 – Superannuations

Motion by Monagle, seconded by Chamblin-Foster to accept the Superannuation retirement applications submitted by Joseph Benway, CAT Scan Technologist, Cambridge Health Alliance with thirty-one years, eight months; Mariza Cabral, Patient Access Rep II, Cambridge Health Alliance with twelve years, eight months; Paul Finnegan, Firefighter with nineteen years, six months; Evelynne Germain, Referral Coordinator, Cambridge Health Alliance with twenty-seven years, nine months; Deborah Goodman, ESOL Teacher, Human Services Department with twenty-eight years, three months; Yanny Kavanagh, Registered Nurse, Cambridge Health Alliance with forty-three years; Lisa King, Project Manager, Cambridge Housing Authority with sixteen years; Lyle Lashley, Meter Technician, Water Dept. with twenty-eight years, two months; John Lopes, Sergeant, Police Dept. with twenty-nine years, ten months; Marsha Maurer, Senior Director/Acute Services, Cambridge Health Alliance with twelve years; Carlo Medina, HVAC Technician, Cambridge Health Alliance with fourteen years, eight months; Margaret Merullo, Medical Technologist, Cambridge Health Alliance with thirty-two years, three months; Jule O'Donnell, Systems Coordinator, Library with thirty eight years; Diane Scott, Parking Control Officer, Traffic & Parking Dept. with thirty-six years, five months and Carla Sullivan, Registered Nurse, Cambridge Health Alliance with thirteen years, eight months. Voted unanimously.

Agenda Item #4 - Make-ups/Redeposits/Liability

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

Motion by Chamblin-Foster, seconded by Monagle to allow the make-up of deductions requested by Riley S. Curda, one year, seven months; Elizabeth A Gallant Green, four months; Mary Rita Haines, five years, three months; Paul J. Masellas, nine months (with interest waived due to a payroll error) and to allow the redeposit of a refund for Mary Rita Haines, three years, eight months. Voted unanimously.

The Director reviewed the Health Alliance's current policy of allowing retirement system membership to any employee with prior membership, even if they subsequently withdrew their money.

Agenda Item #5 – Refund Applications

The Board reviewed three refund applications submitted in September.

Motion by Gardner, seconded by Chamblin-Foster to accept three 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 the conclusion of the executive session. On a roll call, the vote was as follows:

John Shinkwin:	YES
Michael Gardner:	YES
Nadia Chamblin-Foster	YES
James Monagle:	YES
Francis Murphy:	YES

Agenda Item #6 – Refund Application – Russell Feroletto

The Board reviewed a refund application filed by Russell Feroletto and correspondence from the Cambridge Personnel Dept.

Gardner moved to approve reimbursement to the Police Department in the amount of \$180.28 and to the Water Department in the amount of \$621.53, with any remaining amount paid out to Russell Feroletto. Shinkwin seconded the motion and it was voted unanimously.

Agenda Item #7 – Accidental Disability Application – David McKinley

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to David McKinley's Accidental Disability application. Attorney Thomas Gibson appeared, representing the member.

Motion by Shinkwin, seconded by Monagle to accept the application for Accidental Disability benefits filed by David McKinley, a Fire Lieutenant, and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #8 – Accidental Disability Application – Jonathan Martins

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to Jonathan Martins' Accidental Disability application. Attorney Thomas Gibson appeared, representing the member.

Motion by Shinkwin, seconded by Monagle to accept the application for Accidental Disability benefits filed by Jonathan Martins, a Patrol Officer in the Police Dept., and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #9 – Accidental Death Benefit – James Ravanis

The Board reviewed James Ravanis' death certificate, correspondence from Attorney Thomas Gibson, medical records, School Dept. correspondence and various other supporting documents supplied by the applicant. Kerry Ravanis, Attorney Thomas Gibson, Attorney Gerry McDonough and Deb Marciano all appeared before the Board.

Motion by Gardner, seconded by Monagle to grant Accidental Death benefits to the surviving spouse of James Ravanis, a Custodian in the School Dept. Voted unanimously.

Agenda Item #10 – Accidental Disability Benefit – Mark Cunningham

The Board reviewed the certificate and narrative reports of three separate medical exams, the member's application, treating physician's statement and employer's statement pertaining to Mark Cunningham's Accidental Disability application.

Motion by Shinkwin, seconded by Monagle to accept the findings of the medical panel and grant Accidental Disability benefits to Mark Cunningham, Deputy Chief in the Fire Department. Voted unanimously.

Agenda Item #11 – Involuntary Accidental Disability Application – Philip Arsenault

The Board reviewed The Involuntary Accidental Disability application filed by the Fire Department on behalf of Philip Arsenault.

Motion by Gardner, seconded by Monagle to accept the Involuntary Accidental Disability application filed by the Fire Department on behalf of Philip Arsenault and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #12 – Investment Policy Statement

The Board reviewed a draft investment policy statement.

Monagle stated that he would support edits to the section of the investment policy statement that describe investment in women/minority owned firms and ESG considerations. The draft policy states that the Board should consider such factors “if all other selection criteria are equal”.

Monagle stated that he felt that the Board could make a stronger statement by removing the words “if all other selection criteria are equal” in that it could encourage the Board to consider the hiring of underrepresented firms, even in situations where other considerations are not perfectly equal.

Gardner stated that he felt that Segal Marco used the correct legal standard in drafting the language originally and the Board should not alter it. He felt that the Board would be in violation of fiduciary duties if they hired a manager who had underperformed on one of the established criteria. Chamblin-Foster stated that she appreciated the inclusion of language around diversity. She stated that she felt that managers should be evaluated on questions of how they hire and promote women and minority candidates, their ethical standards as well as their history of generating returns for clients. She also stated that she would like to request managers to provide more specific reports on the numbers of women/minority employees being hired and promoted each year.

Gardner moved to make no changes to the draft language regarding women/minority managers and ESG factors. He added that he wished to explicitly acknowledge that it would be the intention of the Board to request data from the managers and to evaluate them on their diversity and ESG performance. Chamblin-Foster offered an amendment to the motion to remove the words “if all other selection criteria are equal” from the draft. Gardner did not accept the amendment. Quirk stated that he believed the draft language had been taken from legislation to encourage the hiring of minority businesses. Shinkwin seconded the motion. Gardner stated that he did not feel that managers should be evaluated strictly on performance to the exclusion of all other criteria. He stated that, working in consultation with the investment consultant, the Board ought to be able to set which criteria would be most important in ranking potential managers. The motion carried on a 3-2 vote with Monagle and Chamblin-Foster voting in the negative. Motion by Gardner, seconded by Shinkwin to adopt the investment policy statement, to be effective on January 1, 2022. The motion carried on a 3-2 vote with Monagle and Chamblin-Foster voting in the negative.

Agenda Item #13 – Auditors Report

The Board reviewed reports from the KPMG auditors for the year ending December 31, 2020.

The report notes a discrepancy involving two investment manager who reported returns after the system completed the Annual Statement. The Director noted that this was fairly common with certain alternative investments and that PERAC requires the system to complete the report by May 1. PERAC also allows the system to include late reports as part of the accounting for the following year. Monagle noted that aside from this concern, the rest of the report is clean.

Gardner noted that there has been some discussion at MCARS about Boards granting Group 2 classification to certain employees, and he asked if PERAC would be likely to review the

classification of Emergency Communications Dispatchers. Quirk stated that the Board adopted, and PERAC approved, a supplemental regulation regarding group classification, which should provide a strong basis to support the Board's action.

Motion by Gardner, seconded by Monagle to accept the KPMG auditor's report. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Agenda Item #14 – PERAC Memos

The Board reviewed PERAC Memos 25 and 26. No action was taken.

Agenda Item #15 - Old Business

The Chairman stated that he intended to continue holding fully remote meetings at least until April 2022.

Agenda Item #16 - New Business

Gardner stated that there was discussion at MACRS that certain members of the Retirement System may be required to take a minimum distribution. Burns stated that each year he notifies any inactive members, over 72 years old and with funds in the system, of that requirement. The Director stated that she would reach out to the presenter to clarify that this was the population she was discussing.

Agenda Item #17 – Executive Session

Agenda Item #6 – adopted

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #9 – adopted

Agenda Item #10 – adopted

Agenda Item #11 – adopted

Agenda Item #18 - Chairman's Report

None offered.

Agenda Item #19 – Executive Director's Report

The Director reported that she and Burns had researched options around adopting a ransomware policy. She stated that she did not find that any other retirement systems have adopted a policy. She also spoke with the City's IT director, who said he was unaware of the City having any policy. She stated that, prior to COVID, she and Burns held discussions with the Boston Retirement System about security measures and possibly hiring a dedicated security consultant who could consult with several different systems, with the cost split between them.

Burns stated that he had spoken with the system's current IT consultant, who recommended that the system may want to look into a cyberinsurance policy. The insurance carrier would then conduct periodic audits of the system's security. In the event of an attack, the insurer can also take the lead on negotiating with the attacker.

The following documents were also reviewed by the Board:

- Notice of Retiree Deaths
- July Financials – General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursements, Cash Receipts, Wire Transfers.
- PERAC Posting – 7th Member Position
- Correspondence from Hancock Timberland X
- Lazard Portfolio Review – August 2021

Monagle moved to adjourn at 5:10 PM.