

Minutes of the meeting held on September 6, 2022

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

Arrived Late: Nadia Chamblin-Foster (Not present for agenda items 1, 6, 7 and 8)

The meeting was called to order at 11:00 AM. 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 Webex videoconference.

Agenda Item #1 – Minutes

Motion by McCann, seconded by Shinkwin to accept the regular minutes of the meeting held on August 1, 2022. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Motion by Shinkwin, seconded by McCann to accept the executive session minutes of the meeting held on August 1, 2022. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Motion by McCann, seconded by Gardner to accept the minutes of the investment review meeting held on August 3, 2022. The motion carried on a 4-0 vote with Chamblin-Foster absent.

Agenda Item #2 - Warrants

Motion by Chamblin-Foster, seconded by McCann to accept payment of Warrant #16 in the amount of \$8,819,883.10 and Warrant #17 in the amount of \$2,410,220.60. Voted unanimously.

Agenda Item #3 – Superannuations

Motion by McCann, seconded by Shinkwin to accept the Superannuation retirement applications submitted by Paula Cushner, Nurse Practitioner, Cambridge Health Alliance with twenty-four years, three months; Philip Rita, Assistant Site Supervisor, Dept. of Human Services with twenty-three years, seven months; Kondeleye Ross-Johnson, Registered Nurse, Cambridge Health Alliance with twenty years, four months; Janet Snedeker, Clerk Specialist, School Dept. with eighteen years, two months; Jay Stephens, Lab Manager, Cambridge Health Alliance with thirty-one years, six months; and Samuel Tripp, Registered Nurse, Cambridge Health Alliance with thirty-four years, eight months. Voted unanimously.

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

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

Motion by Gardner, seconded by Shinkwin and to allow the make-up of service by Michelle V. Baptista, 1 year, 5 months; Ashley N. Costa, 9 months; Tyrie J. Daniel, 4 months; Diarra J. English, 1 year; Rebecca K. Evans, 1 year; Amany Hyte, 1 year; Vitor M. Moraes, 2 months; Abina Nepal, 1 year; Donald E. Rebello, 8 years, 8 months; Kelly M. Savarese, 8 months; Fabio De Jesus Taboada, 2 years, 11 months; and Alessandro Tomar, 4 years, 9 months. Voted unanimously. The Director noted that Rebello was employed with the library for almost fifteen years, but never more than half time and so he did not qualify for membership. As he is now in a benefitted position, he is eligible to buy back all his prior service.

Agenda Item #5 – Refund Applications

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

Motion by Gardner, seconded by Shinkwin to accept seven 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
Joseph McCann:	YES
Francis Murphy:	YES
Nadia Chamblin-Foster:	ABSENT

Agenda Item #6 – Accidental Disability Benefit – Elizabeth Vendetti

The Board reviewed the certificates and narrative reports of three separate medical exams, the member's application, treating physician's statement and employer's statement pertaining to Elizabeth Vendetti's Accidental Disability application. Elizabeth Vendetti appeared, with her sister Ruth Gamble, and was assisted by an ASL interpreter.

Gardner moved to table the matter. Shinkwin seconded the motion. The motion carried on a 4-0 vote, with Chamblin-Foster absent.

Agenda Item #7 – Accidental Disability Application – Joanne Allison

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to Joanne Allison's Accidental Disability application. Attorney Kelli Silva appeared, with Joanne Allison.

Motion by Shinkwin, seconded by Gardner to accept the Accidental Disability application filed by Joanne Allison, Parking Control Officer in the Traffic Dept., and to request that PERAC convene a medical panel. The motion carried on a 4-0 vote, with Chamblin-Foster absent.

Agenda Item #8 – Accidental Disability Benefit – Juan Casanova

The Board reviewed the certificates and narrative reports of three separate medical exams, the member's application, treating physician's statement and employer's statement pertaining to Juan Casanova's Accidental Disability application. Attorney Judith Gray appeared, with Juan Casanova.

Motion by Gardner, seconded by Shinkwin to accept the findings of the medical panel and grant Accidental Disability benefits to Juan Casanova, Senior Laborer in the Dept. of Public Works. The motion carried on a 4-0 vote, with Chamblin-Foster absent.

Agenda Item #9 – Actuarial Valuation

The Board reviewed a revised draft of the 2022 actuarial valuation, which incorporated changes approved at the June meeting. Kathy Riley appeared and discussed the valuation.

Riley reminded the Board that the valuation reflects a change in the return assumption to 7.1%, a change in the COLA base to \$18,000 as well as a minor change to the mortality assumption. She noted that the drop in the number of active participants appears to have stabilized. The system now has 3,156 active members, up from 3,040 in 2019. The ratio of retirees to members is 0.73, which Riley stated that this was a healthy ratio. The system remains cash flow negative, with member and employer contributions insufficient to cover the cost of benefits. Riley stated that this was not a red flag, but means only that the system must watch cash flow and rely on investment earnings to make up the shortfall. This will become more critical if the system reaches full funding and the employer appropriations are reduced.

Riley reminded the Board that the valuation had been based on market value of assets since 2016. She recommended that the system return to a smoothing method. This would mean that not all of the recent investment gains would be recognized, but rather smoothed over a period of five years. This would also provide a buffer against losses in the future since they could be offset against unrecognized gains.

Riley reviewed an experience analysis of the last two years. The system saw actuarial gains due to strong investment returns, lower than expected salary growth, higher than expected mortality among retirees and having fewer retirements and disabilities than expected. The system is now 90.6% funded on an actuarial basis or 99% funded, if measuring against the market value of assets. The funding schedule eliminates the unfunded liability by 2026. She reminded the Board that they should consider ways to manage volatility once the system reaches full funding. She noted that John Boorack at PERAC has recommended that systems target funding to 110%. Riley suggested that the Board may wish to discuss maintaining some type of additional period of payments from the City after reaching full funding.

Kale asked if the system might consider lowering the assumed rate of return further to avoid future volatility. Riley stated that lowering the rate would not significantly affect volatility unless the system also moves assets into significantly less risky investments. She noted that other systems had reached full funding and then ceased receiving appropriation payments, which quickly resulted in the funding level dropping well below 100%.

The Chairman noted that the State has authorized a one-time 5% COLA due to recent high inflation. Riley noted that the present valuation does not consider such a COLA. She stated that she had calculated the cost for another system and the cost would be comparable to a \$2000 increase in the COLA base. The Chairman asked about the impact of delaying the COLA base increase by one year and Riley stated that a one-year delay would not come close to covering the cost of 5% COLA.

Kale stated that he felt the proposed schedule would satisfy the City's concern about keeping the date for full funding at 2026 while allowing the system to be more generous with retiree benefits. Motion by Shinkwin, seconded by McCann to accept the proposed valuation. Voted unanimously.

The Chairman noted that there had been an amendment to the GASB report which reflects that the COLA increase has not yet been approved. Motion by McCann, seconded by Gardner to adopt GASB 67 & 68 statements, as amended. Voted unanimously.

Philbin thanked Riley for her work on the valuation, and with the recent KPMG audit.

Agenda Item #10 – Telework Policy

The Board reviewed a memo from Ellen Philbin and Chris Burns as well as the City of Cambridge written telework policy.

The Director reported that she and Burns required employees to submit a written request to work remotely, including describing what types of work could be performed from home. Cecilia Stevens did not apply to work from home, but all other employees applied and requested to work two days per week from home. Burns developed a schedule in which all employees will work in the office on Monday, and at least three people will work in the office on every other day. The Director emphasized that employees were expected to report to the office if required, even on a scheduled remote day.

Motion by Gardner, seconded by McCann to implement the telework policy and adopt the proposed schedule. Voted unanimously.

Agenda Item #11 – PERAC Memos

The Board reviewed PERAC Memo #22. No action was taken.

Agenda Item #12 - Old Business

Burns reported that Paul Poisson was located, and he submitted his 91A forms. He is now in compliance with the reporting requirement.

The Director stated that PERAC has not responded to the Board's correspondence regarding group classification for Emergency Communications dispatchers.

Gardner stated that he is still displeased that PERAC has declined to make their educational presentations accessible by broadcasting a teleconference.

Agenda Item #11 - New Business

The Chairman stated that he has become aware of retirees that have been overpaying for health insurance when people remained on family plans when they should have switched to a single plan. He noted that Eileen Hayes discovered this problem and worked with the Benefits office to make corrections. Gardner said that he was disappointed that the Benefits Office failed to properly counsel the retirees.

The Chairman also stated that he was concerned that the City pays reimbursements for a portion of Medicare expenses but that the amount of the reimbursement does not appear to be updated. He stated that Medicare premiums have increased over the last year, but the City's reimbursement amounts have stayed the same. He also noted that different retirees will pay different amounts for Medicare, based on their income. He said that it does not appear that the City is adjusting for those retirees who may be paying more for Medicare. He said that he has spoken to a number of retirees and encouraged them to submit documentation to the Benefits office showing exactly how much they pay for Medicare. Gardner stated that it may be the City's policy to only reimburse at the standard rate, but he was not sure how the benefit was spelled out.

Agenda Item #12 – Executive Session

Agenda Item #6 – adopted

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #13 - Chairman's Report

None offered.

Agenda Item #14 – Executive Director's Report

The Director stated that the KPMG audit is now completed, and a final report should be issued within days.

The Director asked Board members to notify her if they intended to go to the MACRS conference in October.

Burns reported that the office has moved to a new phone system which will allow better integration with employees who are working remotely.

The following documents were also reviewed by the Board:

- Notice of Retiree Deaths
- June Financials – General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursements, Cash Receipts, Wire Transfers
- Correspondence from PERAC re: Paul Poisson
- Correspondence from Attorney Quirk re: House Bill No. 4338
- Correspondence from Attorney Quirk re: Editorial in Lawyers Weekly
- Correspondence from Attorney Quirk re: Commonwealth vs. Lilley
- Correspondence from Attorney Quirk re: Michael Dell'Isola vs. State Board of Retirement
- Correspondence from Attorney Quirk re: Joseph O'Leary vs. CRAB, Lexington and PERAC
- PERAC 2021 Annual Report

McCann moved to adjourn at 2:20 PM.