

Minutes of the meeting held on August 5, 2024

Present: Francis Murphy, Michael Gardner, Joseph McCann, James Monagle, Chris Burns, James Quirk, and Christopher McLaughlin.

Arrived Late: Nadia Chamblin-Foster (Not present for agenda item #1)

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 Zoom videoconference.

Agenda Item #1 – Minutes

Motion by Monagle, seconded by McCann to accept the minutes of the regular meeting held on July 1, 2024. The motion carried on a 3-0 vote with Gardner abstaining and Chamblin-Foster absent.

Motion by McCann, seconded by Monagle to accept the executive session minutes of the meeting held on July 1, 2024. The motion carried on a 3-0 vote with Gardner abstaining and Chamblin-Foster absent.

Agenda Item #2 - Warrants

Motion by Gardner, seconded by Monagle to accept payment of Warrant #14 in the amount of \$9,563,805.56 and Warrant #15 in the amount of \$574,191.73. Voted unanimously.

Agenda Item #3 – Superannuations

Motion by Chamblin-Foster, seconded by Monagle to accept the Superannuation retirement applications submitted by Catherine Fosher, Administrative Assistant, Dept. of Public Works with thirty-eight years, five months; Kenneth Hight, Mechanic Aide, Housing Authority with twenty-nine years, six months; Janice Manion, Parking Violation Cashier, Traffic & Parking Dept. with eighteen years, eleven months; Cheryl Mason, Senior Clerk, School Dept. with thirty years, six months; Maria Melchionno, Registered Nurse, Cambridge Health Alliance with twenty-five years, seven months; John Quinn, Analyst, Assessor's Office with thirty years, seven months; George Sabbey, Lieutenant, Police Dept. with thirty-two years, four months; Roslyn Shoy, Division Head, Dept. of Human Services with forty-one years; and Nancy-Linn Swain, Director of IT Education, Cambridge Health Alliance with sixteen years, eight months. Voted unanimously.

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

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

Motion by Gardner, seconded by Monagle to allow the make-up of deductions for Karen Fortoul for one year, five months. Voted unanimously.

Motion by Chamblin-Foster, seconded by Monagle to allow the redeposit of refunds for Joseph Kidney for 12 years, 9 months and Michayla MacGlashing for 1 years, 5 months. Voted unanimously.

Agenda Item #5 – Refund Applications

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

Motion by Gardner, seconded by McCann to accept twelve 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:

Nadia Chamblin-Foster:	YES
Michael Gardner:	YES
James Monagle:	YES
Joseph McCann:	YES
Francis Murphy:	YES

Agenda Item #6 – Accidental Disability Application – Samuel Bynoe

The Board reviewed the member’s application, treating physician’s statement and employer’s statement pertaining to Samuel Bynoe’s application for Accidental Disability benefits. Burns stated that the member is represented by Attorney Morgan Gray. Attorney Gray was not able to attend the meeting but he stated that he did not object to the Board taking up the matter in his absence.

Gardner moved to accept the application for Accidental Disability benefits filed by Samuel Bynoe, Motor Equipment Operator in the Dept. of Public Works and to request that PERAC convene a medical panel. Chamblin-Foster seconded the motion and it was voted unanimously.

Agenda Item #7 – Accidental Disability Benefit – Joanne Masiello

The Chair stated that Attorney McKenna was unable to attend the meeting and he requested that the matter be heard in September. Without objection, the Board agreed to table this item.

Agenda Item #8 – GASB Statements

The Board reviewed a draft of GASB Statements #67 and #68.

McCann stated that the preparation of these statements is required for all pension systems by the Government Accounting Standards Board. Segal prepares both this report and the actuarial valuation. McCann described it as a snapshot of the system’s current liabilities whereas the actuarial valuation projects out future earnings and liabilities. The document will be reviewed by the KPMG auditors and by the various bond rating agencies. The statement does not include any information on OPEB liability. McCann noted that those would be covered by a separate statement, GASB 74 and 75. Gardner requested that McCann forward a copy of that report when it is completed.

Motion by McCann, seconded by Monagle to accept the GASB statements without amendment. Voted unanimously.

Agenda Item #9 – PERAC Auditor’s Report

The Board reviewed the final report of the PERAC audit covering 2017-2021.

Burns noted that the initial draft included a finding that Emergency Communications Dispatchers could not have retirement deductions withheld from holiday premium pay. PERAC removed this finding from the final version. They determined that because the Board has a supplemental rule in place which notes that Dispatchers perform the duties of Fire Alarm Operators, and that PERAC has approved this regulation, they should be entitled to holiday pay.

PERAC did not make any change to the finding that the “Hazardous Duty Pay” received by Police Officers should not be considered regular compensation. Gardner stated that he did not recall the history of how Hazardous Duty Pay was defined or when Police Officers started to receive it. He noted that it may have been created as part of a collective bargaining process in lieu of an increase in base pay. He stated that the City had created a pay incentive called “Weapons Training Pay” which is received by all officers, even if they are in a position where they do not carry a weapon. Although is it called by a different name, it essentially functions as a part of base pay and that Hazardous Duty Pay may be similar. Gardner volunteered to review the contract history to gain a better understanding of how the pay category came to exist. Burns

stated that he would consult with Attorney Quirk to strategize on the best way to present any new information to PERAC.

Burns reviewed the other findings. He stated that he does not anticipate any issues around the finding that the system did not properly enforce the rule around buyback for employees earning less than \$5,000 annually. Going forward the system will follow PERAC's guidance in enforcing that rule. He also stated that the Cambridge Health Alliance has made some progress on upgrading their payroll system which should make their withholding more accurate.

Agenda Item #10 – Reorganization of Office Staff

The Board reviewed an revised job description and salary schedule for the Retiree Coordinator. Burns stated that he would like to assign additional duties to Eileen Hayes, effective immediately. New duties would include calculating workers comp offsets for Accidental Disability retirees, submitting and tracking calculations for retirees with prior service in other systems where another system would reimburse Cambridge under Section 3(8)(c) and working with the various payroll offices to assist retirees in determining their earnings limits for post-retirement employment. Burns noted that Hayes would also be preparing new reports for use by the City Benefits Department. He and Hayes met with Barbara Brown, the new Benefits Director to discuss ways that the Retirement Office and Benefits could better coordinate. Brown is looking to audit current retirees to be sure that everyone has selected an appropriate health plan. To compensate for the new responsibilities, Burns proposed increasing Hayes salary from \$46.891642 hourly to \$49.014707 hourly. The new salary schedule would include four additional steps.

Chamblin-Foster noted that the schedule shows that both Cecilia Stevens and Hanh Tran hold the same job title of "System Technician". Burns stated that was inaccurate and that Tran's title is actually "Financial Analyst". He noted that he had planned on making changes to the job descriptions for Hayes and McLaughlin and that he would have preferred to bring both matters to the Board at once. However, since he wasn't able to schedule a meeting with the Benefits office until July, he waited until after that to finalize Hayes' job description. Chamblin-Foster requested that Burns provide job descriptions for Tran and Stevens at the next Board meeting. Motion by Gardner, seconded by Monagle to accept the proposed job description and salary schedule for Eileen Hayes, effective as of August 5, 2024. Voted unanimously.

Agenda Item #11 – PERAC Memos

The Board reviewed PERAC memos #18. No action was taken.

Agenda Item #12 - Old Business

Burns reported that Claire Spinner, representing the City Manager, was looking to make significant changes to the actuarial valuation that was presented in June. She requested that the Board request a new funding schedule from Segal, which would reduce the City's appropriation to approximately \$50 million per year and extend the date for full funding out to 2029-2030. She also requested that the Board retroactively change the amount of the appropriation for FY2025. The City already made a payment of \$76.1 million on July 1, 2024. The City is requesting that amount be lowered and then a credit applied against the payment due on July 1, 2025. Monagle asked why the City was making this request. McCann stated that the City was looking at a substantial tax increase within the next year and was looking to cut costs in other areas. He noted that commercial tax revenues are down due to high vacancies. Gardner stated that while prior City Managers have prioritized large appropriations to the retirement system and made an effort to pay down the unfunded liability as quickly as possible, the present Manager appears to have other priorities. Burns stated that Chapter 32 limits the Board to reducing the annual appropriation by no more than 5% from year-to-year, which will prevent the appropriation from being cut to \$50 million immediately. He stated that he had some discussions with John Boorack at PERAC, who stated there may be some flexibility around the 5% limit. If the Board was

agreeable to the general outline of what the City was proposing, he could request that Kathy Riley prepare a new funding schedule which incorporates the City's requests. The Board could then consider approving that schedule at a future meeting.

Chamblin-Foster noted that there would be a cost for the extra work that Segal was performing to generate new schedules. She asked if the City should be asked to split that cost with the Retirement System. Gardner stated that he felt the City had been very generous with appropriations in the past and that he hoped it would be possible to work out a mutually agreeable funding scheme. Monagle stated that he was concerned that the City might see the Retirement System as low-hanging fruit and he asked if other departments were seeing similar cutbacks.

Gardner moved to instruct Burns to continue discussions with the City around their priorities, and with PERAC about legal restrictions and then to instruct Segal to prepare new funding schedules for review by the Board. The Chair offered an amendment that Segal specifically prepare a schedule which incorporates a retroactive reduction in the FY2025 appropriation, which was accepted by Gardner. The Chair stated that he felt that this was a reasonable concession to the City's difficult financial position. McCann seconded the motion. Monagle stated that he intended to vote against the motion as he felt that the City should have prepared a more formal request for changes to the funding schedule. McCann stated that he hoped that there could be an agreement and a final vote at the September meeting as the delay is affecting the completion of the City's audit and notification to other units of their future appropriation payments. The motion carried on a 4-1 vote, with Monagle voting in the negative.

Agenda Item #13 – New Business
Not needed.

Agenda Item #14 – Executive Session
Agenda Item #6 – adopted
Agenda Item #7 – tabled

Agenda Item #14 - Chairman's Report

The Chair reported that Bernstein Litowitz would have representatives appear at the September meeting to update the Board on current securities litigation.

The Chair noted the recent death of Helen Donovan, who worked as a secretary in the Fire Dept.

Agenda Item #15 – Executive Director's Report

Burns reminded the Board of upcoming conferences, including the PERAC Emerging Issues Forum and the Segal client conference. Gardner stated that has always found the Segal conference to be very informative.

Burns reported that he posted the job opening for a Member Services Coordinator. Applications will be accepted until August 16.

The following documents were also reviewed by the Board:

- Notice of Retiree Deaths
- BLB&G Portfolio Monitoring Report, 2Q 2024
- Correspondence from Christopher Lodge re: PTG Organization Update
- Correspondence from Elizabeth Unger, Purchasing Agent re: Vendor Outreach for Goods and Services
- May Financials: General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursements, Cash Receipts, Wire Transfers, Bank Reconciliation.

Monagle moved to adjourn at 12:45 PM.