

Minutes of the meeting held on October 7, 2024

Present: Francis Murphy – Chair, Nadia Chamblin-Foster, Joseph McCann, James Monagle, Chris Burns, James Quirk, and Christopher McLaughlin.

Arrived Late: Michael Gardner (Not present for agenda items #1, 2, 3, 4, and 5)

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 regular minutes of the meeting held on September 3, 2024. The motion carried on a 4-0 vote with Gardner absent.

Motion by McCann, seconded by Monagle to accept the executive session minutes of the meeting held on September 3, 2024. The motion carried on a 4-0 vote with Gardner absent.

Motion by Monagle, seconded by McCann to accept the minutes of the investment review meeting held on September 5, 2024. The motion carried on a 3-0 vote with Gardner absent and Chamblin-Foster abstaining.

Agenda Item #2 - Warrants

Motion by Monagle, seconded by McCann to accept payment of Warrant #18 in the amount of \$9,782,361.37 and Warrant #19 in the amount of \$284,234.57. The motion carried on a 4-0 vote with Gardner absent.

Agenda Item #3 – Superannuations

Motion by Monagle, seconded by McCann to accept the Superannuation retirement applications submitted by Laurie Avallone, Case Manager, Cambridge Health Alliance with nineteen years, seven months; Feroza Bashar, Interpreter, Cambridge Health Alliance with twenty-three years, eight months; Denise Costello, Staff Attorney, Cambridge Health Alliance with fourteen years, four months; Patricia Griffin, Cafeteria Worker, Cambridge Health Alliance with thirty-four years, four months; John Serwecinski, Budget Analyst, Fire Department with twenty-one years; and Ellen Shore, Operations Director, Cambridge Redevelopment Authority with ten years. The motion carried on a 4-0 vote with Gardner absent.

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

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

Motion by McCann, seconded by Monagle to allow the make-up of deductions for Yordanos Berhe, four years, ten months; Conor P. Brown, four months (requesting acceptance of liability); Manuel F. Gomes, two months (requesting acceptance of liability); William J. Sarchioni, one year, six months. The motion carried on a 4-0 vote with Gardner absent.

Motion by Monagle, seconded by McCann to allow the redeposit of a refund for Lynette R. Belle, six years, nine months. The motion carried on a 4-0 vote with Gardner absent.

Agenda Item #5 – Refund Applications

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

Motion by Monagle, seconded by McCann to accept seventeen refund applications. The motion carried on a 4-0 vote with Gardner absent.

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:

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

Agenda Item #6 – Accidental Disability Benefit – Samuel Bynoe

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 filed in connection with Samuel Bynoe’s application for Accidental Disability benefits. Attorney Morgan Gray appeared, representing Samuel Bynoe.

Motion By McCann, seconded by Monagle to accept the findings of the medical panel and grant Accidental Disability benefits to Samuel Bynoe, Motor Equipment Operator in the Dept. of Public Works.

Agenda Item #7 – Accidental Disability Application – Philip Fournier

The Board reviewed the member’s application, treating physician’s statement and employer’s statement filed in connection with Philip Fournier’s application for Accidental Disability benefits. Attorney Morgan Gray appeared, representing Philip Fournier.

Motion by Monagle, seconded by Gardner to accept the Accidental Disability application filed by Philip Fournier, Clinical Leader at Cambridge Health Alliance, and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #8 – Accidental Disability Benefit – Zachary Brown

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 filed in connection with Zachary Brown’s application for Accidental Disability benefits. Attorney Thomas Gibson appeared, representing Zachary Brown.

Motion by Gardner, seconded by Monagle to accept the findings of the medical panel and grant Accidental Disability benefits to Zachary Brown, Patrol Officer in the Police Dept. Voted unanimously.

Agenda Item #9 – Accidental Disability Benefit – Robert Ivanoskos

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 filed in connection with Robert Ivanoskos’s application for Accidental Disability benefits. Attorney John Moran appeared, with Robert Ivanoskos.

Motion by Gardner, seconded by Chamblin-Foster, to accept the reports of the medical panel and grant Accidental Disability benefits to Robert Ivanoskos, Skilled Laborer in the Traffic & Parking Department. Voted unanimously.

Agenda Item #10 – Actuarial Valuation

The Board reviewed a revised draft of the 1/1/2024 actuarial valuation.

Burns stated that the report was largely identical to the report that the Board had tentatively approved in September. The only difference were changes to the way that the City’s credit for overpayment was applied over the next two years. McCann stated that he was comfortable with the report and that he felt that the changes had already been fully vetted by the Board at the last meeting. Gardner stated that he felt the City had been consistently generous with the Retirement

System in prior years and that he understood the desire for more consistency in the cost going forward.

Motion by Gardner, seconded by McCann to accept the 2024 actuarial valuation. Voted unanimously.

Agenda Item #11 – KPMG Audit

The Board reviewed a draft of the KPMG audit of the Cambridge Retirement System.

McCann stated that reports were still in draft form, but that there should be no further changes beyond adding signatures and adjusting the date shown for the completion of the report. He stated that the only outstanding matter was a background check on Chris Burns, which should be completed within a day. McCann stated that he would like to approve the report as shown, as it will need to be provided to other units and becomes part of the City's own auditing process. Waiting until November for final approval would delay his own work.

Gardner moved to approve the draft KPMG audit report and to authorize Joseph McCann to make any technical changes to finalize the report. Monagle seconded the motion and it was voted unanimously.

Agenda Item #12 – PERAC Audit Finding on Hazardous Duty Pay

The Board reviewed correspondence from Attorney Quirk, a memorandum prepared by Michael Gardner, excerpts from the current contracts for patrol officers and superior officers, and the 1996 arbitration award which ordered a hazardous duty stipend be paid to all police officers.

Gardner reviewed the history of the payment, noting that the hazardous duty pay allows the grant of wage increases to police and firefighters even in years when base pay is not increased. The hazardous duty stipend now makes up nearly 20% of police officers' base pay. He stated that the current stipend appears to fit within the definition of regular compensation and is consistent with the cases cited by Attorney Quirk in his letter of September 10, 2024. He noted that there are a number of pay categories received by Police and Firefighters which require no particular work or certification beyond the performance of a daily shift. If hazardous duty pay is excluded from regular compensation, a number of other categories might be eliminated as well.

Gardner stated that he was confused by Attorney Quirk's letter of October 2, 2024. Quirk explained that in the last several years, PERAC has been focused on identifying some particular service performed in order for a stipend to be considered pensionable. Given the history of the hazardous duty stipend, Quirk thought it likely that, if asked for a technical advisory, PERAC would respond that the pay is not regular compensation. Gardner stated that he felt the hazardous duty pay should not be treated any differently from a COLA increase, which is clearly pensionable. Quirk stated that he believed that PERAC would make a distinction between base wages and a stipend. Gardner stated that, in reading the cases cited by Quirk in his first letter, he found no case which had found that a stipend which does not include any overtime component should be considered non-pensionable.

The Chair stated that he felt that if there were some issue with hazardous duty pay, PERAC should have identified it years ago and that the payment has now been in place for an entire generation of police and firefighters who have come to rely on it as part of their pensions.

Gardner stated that he felt the next step should be to write to PERAC to explain the history of how the stipend came to be, noting that both police and firefighters receive the same type of stipend, and also putting forth a legal argument showing that the stipend meets the definition of regular compensation. Quirk stated that he would be prepared to prepare such a letter which reflects the views of the Board.

Gardner moved to instruct Attorney Quirk to prepare a written response to the PERAC audit finding, and to review a draft of the correspondence at the next Board meeting before sending the letter. Gardner further moved that the letter request an in-person meeting with PERAC staff to allow the Board to make an oral presentation and demonstrate the importance of this matter for members of the retirement system. Monagle seconded the motion and it was voted unanimously.

Gibson noted that the appeals court issued a ruling on regular compensation earlier that day, which seems to support the Board's position. He also noted that PERAC's audit findings on these questions have been inconsistent.

Agenda Item #13 – Staffing Changes

The Board reviewed a salary schedule for all staff members, and job descriptions for Hanh Tran and Cecilia Stevens.

Burns reported that he made an employment offer to Thomas Starinskas for the Member Services Coordinator role. Starinskas has been working as a Project Assistant in the Police Department over the last year, analyzing the use of overtime. His first day with the Retirement Office will be October 21. Burns reviewed his process for evaluating candidates. He noted that advertising the position on Indeed attracted over 300 applicants. Burns eliminated anyone without experience in local government, pensions, payroll or accounting. He noted that he attempted to be as transparent as possible about the likely salary for the position and that one person declined to interview after learning the salary would be too low. Describing his interview process, Burns stated that he provides certain questions to candidates in advance to allow them to provide a considered response. He stated that he understands this to be a good way of minimizing unconscious bias toward candidates who “interview well”. Burns also worked with Christopher McLaughlin to develop a skills test using Microsoft Excel which measures the ability to handle math and data problems likely to come up in the job. He reported that the skills test was very revealing in showing which candidates came in with a solid understanding of Excel.

Agenda Item #14 – PERAC Memos

The Board reviewed PERAC Memos #24, 25 and 26.

Burns stated that Memo #26 describes the decision in the Hartnett case. He noted that the memo was only issued within the past day and that he and Quirk have not had a chance to discuss it fully. It appears that all members hired prior to 2012 will remain subject to the antispiking rule. Burns reminded the Board that this was the subject of a PERAC audit finding. With the Hartnett case now final, Burns stated that he would start the process of issuing refunds to retirees who did not have their full deductions used in their benefit calculation. This would be a one-time payment, and there would be no change to any retirement allowances.

Agenda Item #15 – Old Business

Not needed.

Agenda Item #16 – New Business

Not needed.

Agenda Item #17 – Executive Session

Agenda Item #6 – adopted

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #9 – adopted

Agenda Item #18 - Chairman's Report

Not needed.

Agenda Item #19 – Executive Director's Report

Burns reported that the office completed a mailing to all active members regarding changes to the process for buying back military service. The office received a good response. McLaughlin stated that he spoke with ten members who had been postponing their buyback until they get closer to retirement. Most of them will now opt to complete the buyback immediately.

Segal posted the system's RFP for a Timber fund manager. Responses are due by October 28th.

The following documents were also reviewed by the Board:

- Notice of Retiree Deaths
- Segal Marco Analysis of Investment Performance – August 31, 2024
- Hamilton Lane – Liquidation of Fund VI
- Securities Litigation Income
- Correspondence from abrdn re: Jason Windsor
- Correspondence from abrdn re: Relationship Manager Update
- Correspondence from Acadian re: CEO Kelly Young
- Correspondence from Intercontinental re: Redemption Queue
- Correspondence from Rockwood re: Organizational Update
- July Financials: General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursements, Cash Receipts, Wire Transfers, Bank Reconciliation.

Monagle moved to adjourn at 1:10 PM.