

7769

**MINUTES OF THE
MIDDLESEX COUNTY RETIREMENT BOARD MEETING
April 29, 2020**

1. A Meeting of the Middlesex County Retirement Board was held on Wednesday, April 29, 2020

2. Members present:
 - Thomas F. Gibson, Esq., Chairman
 - John Brown, Elected Member
 - Brian P. Curtin, Elected Member
 - Robert W. Healy, Appointed Member (Remotely)
 - Joseph W. Kearns, Elected Member

Order Suspending Certain Provisions of the Open Meeting Law

The meeting of the Middlesex County Retirement Board convened at 10:00 A.M. in accordance with the Governor's March 12, 2020 *Order Suspending Certain Provisions of the Open Meeting Law* ("the Order") due to the COVID-19 pandemic. Specifically, public access to the meeting was provided solely through remote participation, as set forth on the posted Notice of Meeting and Agenda, utilizing the GoToMeeting platform.

Notice of Remote Participation

Chairman Thomas Gibson and Board members John Brown, Joseph Kearns, and Brian Curtin were present. Chief Administrative Officer Lisa Maloney was also present.

Board member Robert Healy participated remotely in accordance with the Governor's March 12, 2020 Order.

The Pledge of Allegiance was recited and the Board welcomed Kathleen Riley and Andrew Luongo of Segal Consultants to the meeting via remote participation.

2020 System Valuation Update

Ms. Riley presented the preliminary results of the System's 2020 Valuation. She reported that the number of active and inactive members, as well as benefit recipients, has increased since the 2018 System Valuation. She also noted an increase in the System's total and average payrolls.

During the plan years ending December 31, 2019 and December 31, 2018, the rate of return on the market value of assets was 15.40% and -2.25%, respectively. The rate of return on the actuarial value of assets for the plan years ending December 31, 2019 and December 31, 2018, was 6.87% and 5.76 % respectively. With the actuarial value of assets less than the market value of assets, the System can anticipate some investment gains over the next few years if it meets its assumed rate of investment return (net of expenses).

Ms. Riley reported that the unfunded liability increased approximately \$79 million more than expected, largely due to investment losses and an increase in liability due to new hires. Ms. Riley opined the other fluctuations were small. Of note, however, the System experienced a slight gain due to administrative expenses being less than assumed.

Ms. Riley reported that changing the COLA base for retirees from \$14,000 to \$16,000 effective July 1, 2019, increased the unfunded actuarial accrued liability by an additional \$28.3 million.

Next, Ms. Riley discussed the investment return assumption. PRIM's investment advisor (NEPC) has calculated a 30-year expected return on the PRIT assets of 7.30% for 2020. Based on this information and various other capital market assumptions, Segal recommends the System lower its investment return assumption from 7.50% to 7.30%. Changing the assumption increases the unfunded liability by approximately \$65.9 million and increases the normal cost by approximately \$3 million.

At this time the Board reviewed various funding schedules prepared by Ms. Riley. With the prior valuation, the Board approved a funding schedule that fully funded the System by June 30, 2035. Payments increased by 6.5% per year through FY 2027, with 4% increases thereafter. When the Board increased the COLA base, the 6.5% increases extended an additional two years through FY 2029.

Funding Schedule 1 presented today fully funds the System by June 30, 2035, with appropriation increases of 7.25% per year effective FY 2022 and continuing for the duration of the schedule.

Funding Schedule 2 extends the full funding date until June 30, 2036, with appropriations increasing 6.5% per year effective FY 2022 and continuing for the duration of the schedule.

Funding Schedule 3 extends the full funding date until June 30, 2037, with appropriations increasing 6.5% per year through FY 2028 and 4% increases thereafter. This schedule is the most comparable to what is currently in place.

Ms. Riley reminded the Board the funding schedule is set for the System as a whole and individual unit results may vary. The Board needs to decide upon the investment rate of return in order to complete the GASB 67 and 68 reports, but can defer a decision on the funding schedule to a later date.

At 10:30 A.M., Ms. Riley departed the meeting and Mr. Luongo addressed the Board's questions about the extended funding schedules. The Board opined the State Legislature may need to extend the funding schedule for the Commonwealth in light of the pandemic and its impact on the economy. Mr. Luongo stated this System Valuation will not take into account 2020 investment losses.

At 10:40 A.M., Mr. Luongo departed the meeting. The Board discussed reducing the investment rate of return to 7.3% and expressed a preference for Funding Schedule 3. The consensus was to seek feedback from the Advisory Council's Subcommittee on Assessments and Investments.

At this time, Ms. Maloney provided an update on System operations. Due to the public health crisis the Governor issued COVID-19 Order No. 28, *Order Extending the Temporary Closure of All Public and Private Elementary and Secondary Schools*, which closed Valley Collaborative's programs and temporarily eliminated the need for custodial services.

After discussion,

On motion duly made by Mr. Brown, seconded by Mr. Curtin, it was moved, reluctantly, to furlough the System's part-time custodian with the intention of having him return to work when schools re-open.

Roll Call Vote

John Brown	YES
Brian Curtin	YES
Thomas F. Gibson	YES
Robert W. Healy	YES
Joseph W. Kearns	YES

The motion passed.

Next, the Board discussed the Governor's April 28, 2020 emergency order extending the prohibition of gatherings greater than ten people and extending the closure of all non-essential businesses through May 18, 2020.

After review,

On motion duly made by Mr. Kearns, seconded by Mr. Brown, it was moved that the temporary staff rotation whereby less than ten employees are on site each day during normal business hours continue through Monday, May 18, 2020, and provided further that the employees receive paid administrative leave on the days they are not assigned to work.

Roll Call Vote


John Brown	YES
Brian Curtin	YES
Thomas F. Gibson	YES
Robert W. Healy	YES
Joseph W. Kearns	YES

April 29, 2020

7773


The motion passed.

There being no further business to come before the Board, on motion duly made by Mr. Kearns, seconded by Mr. Curtin, it was moved to adjourn at 11:00 a.m.




Thomas F. Gibson, Chairman

Brian P. Curtin, Vice Chairman



John Brown, Elected Member



Joseph W. Kearns, Elected Member

Robert W. Healy, Appointed Member

Regular Session Documents

1. Meeting Agenda
2. Preliminary Results 2020 System Valuation prepared by Segal Consulting