

The meeting of the Middlesex County Retirement Board convened at 10:00 A.M. Present at the Board's offices were Chairman Thomas Gibson and Board members John Brown, Brian Curtin, and Joseph Kearns. Board member Robert Healy participated remotely. Lisa Maloney, Chief Administrative Officer, was also present.

The Board welcomed, via remote participation, members of the Board's Advisory Council Subcommittee on Assessments and Investments to review the preliminary results of the System's 2022 Actuarial Valuation being presented today by Kathleen Riley, Senior Vice President and Actuary, The Segal Group. John Boorack, PERAC actuary, also participated remotely.

Preliminary 2022 Valuation Results – The Segal Group

Ms. Riley first reviewed the data used in this year's valuation, compared to the data used in the January 1, 2020 valuation. She noted the System's participant count increased in all categories (i.e., active, inactive, retired, disabled, beneficiaries). Total payroll and member contributions were up as well.

The System's unfunded liability, before any assumption changes are made, is \$105 million lower than expected. The gains are largely attributed to investment gains on an actuarial value basis, salaries increasing less than expected, and gains due to pension and beneficiary mortality experience.

With this valuation, Segal increased the administrative expense assumption and updated the mortality projection scale from MP-2017 to MP-2021.

Next, Ms. Riley presented four different funding schedules for review and discussion. They each reflect a decrease from the current investment return assumption of 7.30%.

Funding Schedules 1 and 2 reflect a 7.15% Investment Return Assumption.

- Schedule 1 fully funds the System by June 2037 with 6.50% appropriation increases through 2025 and decreasing thereafter.
- Schedule 2 fully funds the System by June 2036 with 6.50% appropriation increases through 2028 and decreasing thereafter (matching the current schedule).

Funding Schedules 3 and 4 reflect a 7.00% Investment Return Assumption.

- Schedule 3 fully funds the System by June 2037 with 6.50% appropriation increases through 2027 and decreasing thereafter.

May 10, 2022

- 8337 • Schedule 4 fully funds the System by June 2036 with 6.50% appropriation increases through 2031 and decreasing thereafter.

The Board members and various Subcommittee members discussed the merits of each funding schedule. When asked about lowering the investment return assumption to 7.25%, Ms. Riley noted that while there is an acceptable range of investment return assumptions, consistently lowering the investment rate of return is treated more favorably by bond rating agencies.

Mr. Boorack agreed, opining further that while all proposed schedules were acceptable, it is better to reduce the investment return assumption and shorten the funding schedule.

While a smaller employer unit expressed concern with the sustainability of 6.50% increases through 2028 and preferred to fully fund the System by 2037, the consensus of the Subcommittee was to recommend to the Advisory Council that the Board adopt the schedule which lowers the investment return assumption to 7.15% and fully funds the System in 2036, a year earlier than currently scheduled.

Mr. Curtin, as Chairman of the Advisory Council, stated he would entertain a motion on the matter from the Subcommittee members present.

After review,

On a Subcommittee motion duly made by Westford Treasurer Christine Collins, seconded by Chelmsford Treasurer John Sousa, it was moved to recommend to the full Advisory Council that the Board consider adopting Funding Schedule 2, which lowers the investment return assumption to 7.15% and fully funds the System by June 2036.

Roll Call:


Christine Collins	YES
John Sousa	YES
Brian Curtin	YES
Thomas Gibson	YES
Pam MacKenzie	YES
Gary Gianino	YES
Kevin Mahoney	NO
Krystal Elder	YES
Michael Hartnett	YES

The motion passed.

At 11:00 A.M., Mr. Healy, Ms. Riley, Mr. Boorack, and the Subcommittee members departed the Board meeting.

Mr. Gibson, Mr. Curtin, Mr. Brown, and Mr. Kearns further discussed Funding Schedule 2 and the impact of increasing the COLA base upon a retirement system's funding schedule. They all agreed that increasing the COLA base, while helpful, does not provide relief to those benefit recipients most in need.

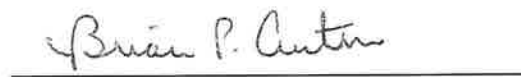
There being no further business to come before the Board, on motion duly made by Mr. Kearns seconded by Mr. Curtin it was moved to adjourn at 11:10 A.M.




Thomas F. Gibson, Chairman



John Brown, Elected Member



Brian P. Curtin, Vice Chairman



Joseph W. Kearns, Elected Member



Robert W. Healy, Appointed Member

Regular Session Documents

1. Preliminary 2022 Actuarial Valuation Results