

**MINUTES OF THE MEDFORD RETIREMENT BOARD SPECIAL
MEETING TO REVIEW THE ACTUARY STUDY FUNDING OPTIONS.
HELD on 6-13-2024 at 9:30am in room 201 at Medford City Hall**

1. 9:30am Call meeting to order.

Board Members Present: Rick Jordan, Patrick Ripley, James Vieira, Robert Maiocco and Bob Dickinson.

Others Present:

Mark Minervini, Executive Director

Dan Sherman, Sherman Actuarial Services

Mayor Breanna Lungo-Koehn

2. Review 1/1/2024 Preliminary Actuarial Valuation Results Comparison

Dan Serman distributed a report of the 1/1/2024 actuarial study. Mayor Breanna Lungo-Koehn distributed a letter to the Retirement Board asking the Board to select funding schedule Option C in the actuarial study report and extend the funding schedule from 2032 to 2035. Mayor Breanna Lungo-Koehn continued that the city is in a challenging financial position and plans to hire 8 new Police and 5 new Fire Fighters next month but cannot if the Board selects Option A. Discussion about the city's free cash plan and how the city could have more options next year, discussion about the city's infostructure improvements. Bob Dickinson said the city can expect 4% growth and Option C provides the city with more flexibility. Rick Jordan said you are asking to extend the funding schedule to 2035, this would reduce the funded ratio and could push all our investments into PRIM. Dan Sherman said PERAC looks at the asset performance and decreases funding schedule in addition to funding ratio, Mr. Sherman said PERAC likes Boards to be fully funded by 2035, so extending to 2033 or 2034 shouldn't be a problem and increasing the COLA base to \$20K would impact FY28 budget. Bob Dickinson said a \$20K COLA base would increase the unfunded liability by \$2.4M. Mayor Breanna Lungo-Koehn left the meeting.

Discussion about 3% flat increasing schedule and extending the funding schedule to 2035. Dan Sherman said he would not recommend extending to 2035 because it could hurt the city's bond rating. Discussion about Option C and increasing the schedule to 2033. Bob Dickinson said he would need to talk with the mayor. Discussion about having full actuarial studies every year rather than every other year. Mr. Sherman said other retirement Boards are having full studies every year because Boards are getting close to being fully funded. Discussion about \$20k COLA base. Discussion about Option C estimating the city's appropriation FY26 would be \$16.7M and housing approx. \$1M. Rick Jordan said the city is looking for us to adopt Option C and move the funding schedule to 2035. Bob Dickinson said he is asking for Option C, extending to 2033, he said pushing the schedule to 2035 risks the city's bond rating which effects the interest rate and it's not worth it. Mr. Dickinson continues, extending to 2033 appears to be reasonable increases every year and seems like a nice compromise. More discussion about having full actuarial studies every year. Patrick Ripley asked if we extend to 2033 can we go back to 2032? Mr. Sherman said yes, we can do valuations every year and make a decision after each study. Patrick Ripley said he is not a fan of extending the funding schedule and doesn't like extending to 2035, but ok with extending to 2033 if we can revisit this in a year or sooner. The mayor said she will hire 8 new police and 5 new firefighters – she knows there are two retired firefighters sitting here – we always try to figure a way that's a win-win for everyone. Mr. Ripley continued, I'm ok with extending the funding schedule 1 year only under the circumstances that we can revisit this in a year. Mr. Ripley asked how does this affect the \$20k COLA base? Mr. Sherman said with Option C, 4% increasing, the unfunded liability will increase by \$2.4M and will be reflected in FY27 or FY28. Discussion about increasing the COLA base to \$20k for FY25. Bob Dickinson said if we vote for \$20k effective FY25, have another full valuation 1/1/25. Rick

Jordan said ok with pushing funding schedule out 1 year with Option C if the mayor commits to \$20k COLA base and Bob Dickinson could pay cost upfront with free cash. Discussion about free cash and COLA base increase. Rick Jordan asked when is the next city council meeting? Bob Dickinson said 6/25/24. Rick Jordan said Option C with funding schedule moved to 2033 with a commitment from mayor to recommend the city council vote to increase the COLA base to \$20k effective 7/1/24.

James Vieira motion to adopt Option C and extend the funding schedule to 2033, with commitment from Mayor to present \$20k COLA base effective 7/1/24 to city council on 6/25/24. Motion second by Patrick Ripley.

Patrick Ripley said it wasn't long ago that we asked for a 2% COLA increase, and every city that touches Medford approved the increase but at the last minute, the Medford Mayor did not. Now we are trying to help our retirees.

Discussion about taxes going up and how the base increase will help retirees with lower pensions. James Vieira feels that the Mayor and Chief of Staff need to be educated about retiree COLA. Bob Dickinson said he will need to have a dialog with the Mayor. Rick Jordan asked Bob Dickinson if he has her cell number? Bob Dickinson said yes, and will call her to ask if she can return to the meeting.

Discussion about appropriation split between the city and Medford Housing.

Mayor Breanna Lungo-Koehn rejoined the meeting. Rick Jordan explained the Board approved extending the funding schedule to 2033 with Option C and the Board would like you to present a COLA base increase to \$20k to city council during the 6/25/24 meeting. Mayor Breanna Lungo-Koehn said she has a problem with increasing pensions for people who have big pensions, although it's a small amount. Rick Jordan said I agree but there is no mechanism to increase lower pensions, and increasing the COLA base from \$18k to \$20k is a \$60 per year increase (\$5 per month). Rick Jordan continued, you can lobby for legislation changes to increase COLA for lower pension retirees, Mass Retirees, MACRS and the Firefighters attempt every year, maybe you can bring this up at the Mayor's Association. Dan Sherman reviewed the cost to increase the COLA base to \$20k and said the impact is \$2.4M amortized over 6-12 years or paid upfront from free cash. James Vieira said we agree with your concern about helping people who don't need it, but the 80 year old survivor with a \$14k year pension would need it. Discussion about spreading the cost over 7 years with a cost of approximately \$350k per year. Mayor Breanna Lungo-Koehn said she can commit to discuss it with Bob Dickinson, the Assistant Finance Director and Chief of Staff. Mayor Breanna Lungo-Koehn left the meeting.

Additional discussion about funding schedule. Patrick Ripley said Dan mentioned more reviews and said we try for a win-win-win for everyone, there's an opening to review this annually, that opens up discussions. Mr. Ripley continues, I can appreciate the philosophy, but philosophy differs, the mayor can commit to talking to her team. Rick Jordan said we are looking to approve \$20k COLA base on 6/27/24, this must be voted by the retirement board before 6/30/24. James Vieira said he is concerned about what happens between 6/27/24 and 6/30/24.

James Vieira rescinds his original motion.

James Vieira motion to approve COLA base increase to \$20k effective 7/1/24. Motion second by Patrick Ripley Motion passed by all members voting in favor.

Additional discussion about the mayor recommending \$20k COLA base to city council during 6/25/24 city council meeting. Discussion about if city council doesn't approve, Board will still honor Option C extending the funding schedule

to 2033. Rick Jordan said he feels city council would approve, but you never know.

James Vieira motion to adopt Option C and extend the funding schedule to 2033, on condition the mayor recommends City Council vote to approve \$20k COLA base with an effective date of 7/1/24 during the 6/25/24 city council meeting. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

Patrick Ripley said he would like to summarize; said it came across by all Board members that we want to help and work toward the middle – best for all people involved.

3. Reading of notice & certificate – Meeting Notice Posted on 5/30/2024

Patrick Ripley motion to place on file the Board meeting notice and certificate that was posted on 5/30/2024. Motion second by Robert Maiocco Motion passed by all members voting in favor.

4. Adjournment

James Vieira motioned to adjourn the meeting. Motion second by Patrick Ripley. Motion passed by all members voting in favor.

A true Record
by:



Mark Minervini

On 6-13-2024

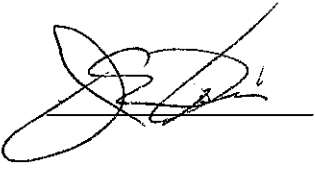
Rick Jordan


Chairman

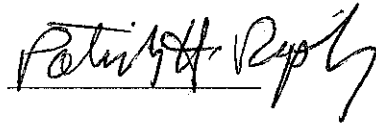
Robert Dickinson


Ex-Officio

James Vieira



Patrick H. Ripley



Robert
Maiocco



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