

Brockton Contributory Retirement Minutes for October 12, 2021 at 4:00 P.M.

William R. Farmer, Chairman
John A. Condon, Appointed
Annamarie Raymond, Interim Ex Officio

Archibald Gormley, Jr., Elected (*absent*)
Scott G. Albanese, Elected

Executive Director, Jeanne Martineau in attendance

REMOTE PARTICIPATION pursuant to 940 CMR 29.10(5); Corona Virus and Governor Baker's Executive Order signed March 12, 2020, wherein certain provisions of the Open Meeting Law were temporarily amended.

Join Zoom Meeting

<https://us06web.zoom.us/j/86218093028> Meeting ID: 862 1809 3028

Dial by your location

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

Linda Bournival, of KMS Actuaries and William Fornier, Actuary with Pension Trustee Advisors joined the session

Board to review and accept the System's updated Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2021

- Motion by J. Condon, second by S. Albanese for the Brockton Contributory Retirement Board to accept the UAAL as of June 30, 2021, as computed by KMS Actuaries, of \$349,665,573 as shown on the exhibit attached as "Brockton Contributory Retirement System - Projection of Unfunded Actuarial Accrued Liability as of June 30, 2021"

Roll Call Vote: J.C. (I), S.A.(I), A.R.(I), B.F.(I)

Other Business not reasonably anticipated by the Chair

n/a

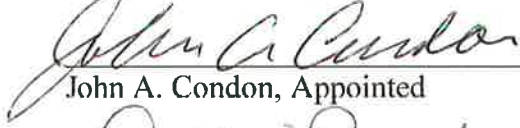
- Motion by S. Albanese, second by J. Condon to adjourn the meeting

Roll Call Vote: J.C. (I), S.A.(I), A.R.(I), B.F.(I)

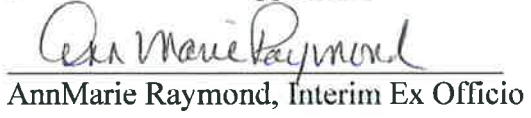
Meeting adjourned (4:12):

October 12, 2021

William R. Farmer, Chairman



John A. Condon, Appointed



AnnMarie Raymond, Interim Ex Officio

ABSENT

Archibald Gormley, Jr. Elected



Scott G. Albanese, Elected

October 12, 2021

Brockton Contributory Retirement System
 Projection of Unfunded Actuarial Accrued Liability as of June 30, 2021

Below we develop the unfunded actuarial accrued liability (UAAL) as of June 30, 2021. Liabilities from the January 1, 2020 valuation, updated with a long-term investment return assumption of 6.75%, are rolled forward to January 1, 2022.

The Actuarial Value of Assets is developed as of January 1, 2022 under the assumptions noted below. The UAAL is the Accrued Liability minus the Actuarial Value of Assets, rolled back to June 30, 2021.

Valuation Date	January 1, 2022	January 1, 2021	January 1, 2020		
1. Accrued Liability (Roll Forward)					
a. Accrued Liability, Prior January 1	\$822,461,816	\$796,143,475			
b. Normal Cost, Employer	8,926,505	8,731,754			
c. Normal Cost, Employee	10,606,411	10,254,126			
d. Benefit Payments	(49,112,416)	(45,816,001)			
e. Investment Return Rate Assumption	6.75%	6.75%			
f. Accrued Liability, January 1	\$847,722,670	\$822,461,816	\$796,143,475		
2. Expected Market Value of Assets					
a. Market Value of Assets as of prior January 1	\$470,824,157	\$437,753,909	\$385,591,525		
b. Prior Year Contributions and Receipts	43,396,276	41,079,440	39,688,559		
c. Prior Year Benefit Payments and Expenses	(51,124,891)	(47,182,150)	(47,748,272)		
d. Investment Return Rate Assumption (1/1/2020 Valuation)	7.75%	7.75%	7.75%		
e. Expected Investment Return	36,194,976	33,693,860	29,571,029		
f. Expected Market Value of Assets	\$499,290,518	\$465,345,059	\$407,102,841		
3. Prior Year Gain/(Loss)					
a. Market Value of Assets as of January 1	\$510,735,016	\$470,824,157	\$437,753,909		
b. Expected Market Value of Assets	499,290,518	465,345,059	407,102,841		
c. Prior Year Gain /(Loss)	\$11,444,498	\$5,479,098	\$30,651,068		
4. Phase-In of Asset Gains and Losses					
	Calendar Year	Gain / (Loss)	Unrecognized Gain / (Loss)	Unrecognized Gain / (Loss)	Unrecognized Gain / (Loss)
a.	2021	\$11,444,498	9,155,598	0	0
b.	2020	5,479,098	3,287,459	4,383,278	0
c.	2019	30,651,068	12,260,427	18,390,641	24,520,854
d.	2018	(55,685,222)	(11,137,044)	(22,274,089)	(33,411,133)
e.	2017	28,393,939	0	5,678,788	11,357,576
f.	2016	269,710	0	0	53,942
g.	Total Deferred Gains/(Losses)		\$13,566,440	\$6,178,618	\$2,521,239

Brockton Contributory Retirement System
Projection of Unfunded Actuarial Accrued Liability as of June 30, 2021

Valuation Date	January 1, 2022	January 1, 2021	January 1, 2020
5. Actuarial Value of Assets			
a. Market Value of Assets	\$510,735,016	\$470,824,157	\$437,753,909
b. Deferred Gains/(Losses)	13,566,440	6,178,618	2,521,239
c. Market Value of Assets Less Deferred Gains/(Losses)	\$497,168,576	\$464,645,539	\$435,232,670
d. 80% of Market Value of Assets	408,588,013	376,659,326	350,203,127
e. 120% of Market Value of Assets	612,882,019	564,988,988	525,304,691
f. Actuarial Value of Assets, a., but not less than b. and not greater than c.	\$497,168,576	\$464,645,539	\$435,232,670
g. Ratio of Actuarial Value of Assets to Market Value of Assets	97.3%	98.7%	99.4%
6. Unfunded Actuarial Accrued Liability, January 1	\$350,554,004	\$357,816,277	\$360,010,805
7. Unfunded Actuarial Accrued Liability, June 30, 2021	\$349,665,573		

Notes:

1. A forecast of the Brockton Contributory Retirement System ("System") was performed using member data and results of the most recently completed January 1, 2020 Actuarial Valuation Report ("AVR"), submitted to the Brockton Retirement Board September 15, 2020.
2. For purposes of these calculations, the investment return rate assumption is 6.75%. The investment return rate assumption of 7.75% was used in the January 1, 2020 valuation and is used in these calculations for the development of the 2020 and 2021 expected return on assets.
3. The Actuarial Value of Assets is the market value of assets as of the valuation date adjusted to phase in investment gains and losses over a 5-year period, further constrained to be within 20% of the market value of assets. Investment gains and losses are the excess or deficiency of the expected returns over the actual returns.
4. The Market Value of Assets as of December 31, 2020 was \$470,824,157, as reported on the PERAC Annual Statement as of December 31, 2020.
5. The Market Value of Assets as of December 31, 2021 was estimated using the year-to-date return of 12.76% as of July 31, 2021 reported by SEI in the July 31, 2021 Performance Report and 6.75% for the remaining five months.
6. The Market Value of Assets as of December 31, 2021 was estimated using the following:

Market Value, BOY	\$470,824,157
2021 Contributions and Receipts	43,396,276
2021 Benefit Payments and Expenses	(51,124,891)
Return on Assets @ 10.20%	47,639,474
Market Value, EOY	\$510,735,016