



The Metropolitan District  
water supply · environmental services · geographic information

**PERSONNEL, PENSION & INSURANCE COMMITTEE  
REGULAR MEETING  
WEDNESDAY, AUGUST 26, 2020  
4:00 PM**

**IN ACCORDANCE WITH GOVERNOR LAMONT'S EXECUTIVE ORDER #7B  
THIS MEETING WILL INCLUDE TELEPHONIC ATTENDANCE**

Dial in #: (415)-655-0001  
Access Code: 35580947#

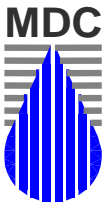
*The general public is welcome to call into the meeting. Everyone present on the conference call should mute their phone to limit background noise.*

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| <u>Location</u>           | <u>Commissioners</u> |               |
|---------------------------|----------------------|---------------|
| Board Room                | Camilliere           | Pane          |
| District Headquarters     | Currey               | Patel         |
| 555 Main Street, Hartford | DiBella (Ex-Officio) | Salemi        |
|                           | Lester               | Sweezy ( VC ) |
|                           | Magnan               | Taylor ( C )  |
|                           | Marotta              |               |
|                           | Quorum: 6            |               |

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1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF JULY 7, 2020
4. REPORT RE: ONE TIME RETIREE PAYMENT
5. REPORT RE: EMPLOYEE RETIREMENTS
6. REPORT RE: COVID 19
7. CONSIDERATION AND POTENTIAL ACTION RE: APPROVAL OF OPEB INVESTMENT POLICY
8. CONSIDERATION AND POTENTIAL ACTION RE: APPROVAL OF INTEREST RATE FOR PENSION REIMBURSEMENT
9. DISCUSSION RE: COLLECTIVE BARGAINING NEGOTIATIONS WITH LOCAL 3713 (EXECUTIVE SESSION)
10. REPORT RE: PENDING LITIGATION- MDC v ZINZARELLA (EXECUTIVE SESSION)



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11. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
12. COMMISSIONER COMMENTS & QUESTIONS
13. ADJOURNMENT

**PERSONNEL, PENSION AND INSURANCE COMMITTEE  
APPROVAL OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST  
INVESTMENT POLICY & GUIDELINES**

To: Personnel, Pension and Insurance Committee for consideration on August 26, 2020

In November 2019, the Board of Finance recommended to the District Board commencing a ten (10) year prefunding phase-in of the District's OPEB Trust starting in the 2020 budget. In July 2020, the Personnel, Pension & Insurance Committee and District Board authorized the Chief Executive Officer to amend the existing contract with Dahab Associates Inc. as the pension investment advisor to include investment consulting services for the District's OPEB Trust. Dahab Associates Inc. drafted the enclosed OPEB Trust Investment Policy & Guidelines and recommends adoption of said policy by the District.

It is therefore RECOMMENDED that it be

**VOTED:** That the Personnel, Pension & Insurance Committee recommends to the District Board passage of the following resolution:

**RESOLVED:** That the District Board hereby approves the attached Other Post-Employment Benefits Trust Investment Policy & Guidelines and authorizes staff to implement and administer said Policy.

Respectfully Submitted,



Scott W. Jellison  
Chief Executive Officer

THE METROPOLITAN DISTRICT  
OTHER POST-EMPLOYMENT BENEFITS TRUST

STATEMENT OF  
INVESTMENT POLICY AND GUIDELINES

AUGUST 2020

## **I. Statement of Purpose**

The investment management of the Metropolitan District Other Post-Employment Benefits Trust (the "Trust" or "OPEB Trust") shall follow this Statement of Investment Policy and Guidelines as adopted August 26, 2020.

Statutory authority for the investment program of this Trust is provided by the provisions of section 7-450 of the Connecticut General Statutes. This Statement of Investment Policy and Guidelines applies only to the OPEB Trust. This Statement of Investment Policy and Guidelines shall be reviewed annually, but may be amended at any time.

### **A. Objectives**

The objective of the Trust's Investment Policy is to preserve the actuarial soundness of the Trust in order to meet contractual benefit obligations. The Trust shall be for the purpose of funding current and future health care benefits for eligible participants in accordance with the Trust.

### **B. Fiduciary Standards**

In striving to attain these objectives, the Trust will be managed in a manner consistent with fiduciary standards, namely:

1. All transactions shall be in the sole interest of the participants and their beneficiaries, and
2. All investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in an expert like capacity and familiar with such matters would use in conduct of an enterprise of like character and with the same aims, and
3. All entities dealing with the Trust are required to disclose conflicts of interest as soon as they become apparent, in writing to the OPEB Board or as part of a public meeting when the problem becomes apparent.

The OPEB Board must strive to maintain both the reality and the public perception that its decisions are made solely for the benefit of plan members. All entities dealing with the Trust must conduct themselves in a manner worthy of the public trust, keeping in mind that the Trust is subject to public review and evaluation.

## **II. Roles and Responsibilities**

All parties serving the Trust at the date of the original adoption of this Statement of Investment Policy and Guidelines have 60 days to be in compliance with its provisions, or to notify the OPEB Board in writing as to why they cannot be in compliance.

### **A. OPEB Board**

The OPEB Board (the "Board") has the responsibility of establishing and maintaining policies for all aspects of the Trust including:

- Setting of investment policy;
- Performing asset allocation for the Trust;
- Selecting, evaluating, and replacing investment professionals.

The Board may select other professionals to assist in its duties.

### **B. Trust Administrator**

The Metropolitan District has delegated the responsibility to the Director of Finance to plan, organize, and

administer the operations of the Trust under broad policy guidance from the Board. These operations include but are not limited to accounting; administration of investments, attorneys, accountants, actuaries, consultants and select investment oversight.

#### **C. Actuary**

The Board will select an actuary to perform a valuation of the plan as often as needed.

#### **D. Investment Consultant**

The Board may engage an investment consultant. The investment consultant will give an independent perspective on the Trust, help select custodians and investment managers, review asset allocation, and provide investment performance measurement.

The investment consultant is expected to attend meetings of the Board as needed and to perform asset allocation studies as needed.

The investment consultant will acknowledge in writing that he is a fiduciary of the plan relative to the provided services.

#### **E. Custodian**

The Custodian will hold all cash and securities or evidence thereof. The Custodian will be responsible for maintaining records, providing fund accounting and other services as defined in its contract.

The Custodian may not engage in financial transactions related to the Trust that are based on written or oral instructions from any person other than the Board, or the Administrator acting on the Board's behalf.

#### **F. Investment Managers**

In managing assets for the Trust, the Board may engage the services of investment managers. Investment managers buy and sell securities according to guidelines established for their particular asset class.

Investment managers are to acknowledge in writing that they are fiduciaries of the plan relative to provided services.

### **III. Other Post-Employment Benefits Trust**

The OPEB Board has three tasks to accomplish in managing the Trust: first, to adopt a realistic actuarial rate of return for the Trust; second, to recommend the level of contributions needed to keep the Trust financially sound; and third, to construct a portfolio that will have the potential of earning the actuarial rate of return with a high probability of success while muting as much volatility as possible.

The Board shall hire an actuary to conduct an actuarial study in meeting the first two goals. The Board may also hire an Investment Consultant to help in achieving the third goal, and to assist in setting the actuarial rate of return.

The Board shall exercise an appropriate level of due diligence with respect to all aspects of the investments in the Trust, development of the asset allocation structure, selection of external investment managers and the monitoring of investment performance.

The Board is aware that mutual funds and other commingled vehicles have separate guidelines and/or prospectuses. When employing such vehicles, the Board acknowledges that those separate guidelines and/or prospectuses shall supersede the guidelines that follow.

## **A. Manager Responsibility**

Managers of funds administered under the Trust must acknowledge fiduciary responsibility relative to their work with the plan. Managers shall be held to the prudent expert standard articulated in Section I.B.2. above.

## **B. Trust Characteristics**

In constructing portfolios for the Trust, the Board should consider the following characteristics.

### **1. Liquidity**

The Trust should have liquidity to meet its cash flow needs. Individual investments may have limited liquidity so long as they do not interfere with the operation of the Trust as a whole. At plan inception, the cash flows are very strong. Cash inflows are expected to significantly exceed benefit payouts and expenses for the near future. The Board acknowledges the most liquid investments come at a cost of lower expected return. As the Trust grows, some investments may be selected with limited liquidity if expected returns exceed those of the more liquid investments then available.

### **2. Diversification**

Assets should be diversified among asset categories, sectors, and geographic areas to minimize volatility. In the initial phases of the Trust, diversification may be simplified.

### **3. Time Horizon**

The time horizon of the Trust is perpetual. In projecting returns for the Trust, the Board may consider information from recent history (20 years), long-term history (about 70 years) or some combination of the two. The Board must judge what data gives the best estimate for future returns by applying evidence from the past to current circumstances.

### **4. Risk Tolerance**

The primary investment emphasis of the Trust is to meet the actuarial rate of return. However, a secondary goal is to preserve capital and achieve consistency of results. The Board should strive to attain these secondary goals while still meeting the actuarial rate of return.

The Board recognizes that risk is present in all investments. The assumption of risk is needed to achieve satisfactory long-term results. It is the responsibility of the Board to manage the tradeoff between risk and return given the projected needs of the Trust, always attempting to minimize risk of the overall portfolio for any given level of return.

The Board recognizes the initial cash flows are modest, but will increase over time and that the duration of payouts exceeds that of contributions. The initial risk reward profile has an aggressive bias.

### **5. Asset Allocation**

An asset allocation study should be periodically performed. The study requires a projection of cash flows, which are dependent on contributions made into the Trust and disbursements made from the Trust in the form of benefits and expenses. The purpose of the asset allocation study is to understand the trade off between risk and return, and to aid in the construction of a portfolio that has a high probability of earning the actuarial rate of return but achieves this goal with a minimum of volatility.

### **6. Rebalancing**

Once policy targets for the asset allocation are set in the asset allocation study, the Board should instruct the Administrator, in conjunction with the investment consultant, to rebalance the Trust in an

effort to keep the asset allocation in line with the policy target. A rebalancing policy as it applies to the most current asset allocation is contained in the asset allocation addendum.

### **C. Investment Alternatives**

Investment alternatives are divided into four broad categories: fixed income, domestic equity, international equity and alternative investments.

Fixed income investments shall be used primarily to provide stability of principle. Domestic equity and international equity may be added to enhance return. Alternative investments may be added to enhance return, and to provide diversification that will reduce volatility.

### **D. Performance Standards**

Each manager hired will be assigned a benchmark. Active managers are expected to exceed their benchmark net of fees, and to perform in the upper half of a universe of managers in a similar style over a market cycle. Passive managers are expected to track their respective benchmarks with minimal tracking error. Guidelines for each of the asset classes are outlined in the next section.

## **IV. Manager Guidelines**

### **A. Fixed Income Managers**

1. Investment objective. Active bond managers are expected to beat a benchmark appropriate to their style, and to perform in the top half of a universe of similar portfolios. The benchmark used for comparison should be assigned to the manager as part of the selection process.
2. Permissible securities. Fixed income managers may invest in U.S. Government and agency bonds, U.S. domestic corporate bonds, asset-backed and mortgage-backed securities, and convertible bonds.
3. Non-permissible securities. Fixed income managers are prohibited from investing in equity securities (except for term trusts) and municipal bonds. Fixed income managers are also prohibited from investing in commodities, unregistered letter stock, foreign securities (other than those evidenced by American Depository Receipts which are listed on the New York Stock Exchange (NYSE), warrants, loans of portfolio securities, venture capital issues and private placements.
4. Non-permissible transactions. Fixed income managers are prohibited from purchasing securities on margin or selling short.
5. Cash balances. Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager's discretion, keeping in mind that the benchmark will be applied to the manager's total portfolio and not just to the non-cash portion. Managers should inform the Board within 10 business days if cash balances exceed 10%. Cash and equivalents may be invested in commercial paper rated A1 or P1, repurchase agreements, U.S. Treasury Bills and money market fund.
6. Marketability. Fixed income securities should be readily marketable.
7. Diversification. Fixed income obligations of any one issuer, other than securities subject to the guarantee of the United States government or any of its agencies, should represent no more than 5% of the aggregate fair market value of a manager's portfolio.

### **B. Domestic Equity Managers**



1. **Investment Objective.** Active equity managers are expected to outperform a benchmark appropriate to their style (value, core or growth) and market capitalization (large, mid and small). In addition, active equity managers should be ranked in the upper half of a universe of similar portfolios. Passive equity managers are expected to track their appropriate benchmark.
2. **Permissible securities.** Equity managers may invest in common stocks, convertible securities, and American Depositary Receipts (ADRs) for listed securities of foreign corporations. Listed securities are those traded on the NYSE, American Stock Exchange (AMEX) and National Association of Securities Dealers Automated Quotation System (NASDAQ) exchanges. Any investment in convertible debentures must carry an investment grade rating of "A" or better. Securities purchased should come from the universe of their benchmark – or closely resemble them. For example, a large cap value manager should largely purchase large cap value securities. However, it is acceptable to purchase a modest amount of mid cap value or large cap growth as long as the characteristics and the performance of the fund generally resemble those of a large cap value fund.
3. **Non-permissible securities.** Equity managers may not invest in foreign securities other than those defined above, fixed income securities, commodities, unregistered letter stock, warrants, real estate mortgages, all options and futures, real or personal property, oil and gas property, loans of portfolio securities, venture capital issues, private placements, securities of a contributing employer, and derivatives. Derivatives include collateralized mortgage obligations, interest-only and principal-only strips, and currency swaps or other specialized investment activities.
4. **Non-permissible transactions.** Except with the written consent of the Board, equity managers may not purchase securities on margin or sell short.
5. **Cash balances.** Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager's discretion, keeping in mind that the benchmark will be applied to the manager's total portfolio and not just to the non-cash portion. Managers should inform the Board within 10 business days if cash balances exceed 10%. Cash and equivalents may be invested in commercial paper rated A1 or P1, repurchase agreements, U.S. Treasury Bills and money market fund.
6. **Marketability.** Securities should be marketable. It is understood that small- and mid-capitalization stocks offer less liquidity than more widely held securities.
7. **Diversification.** Equity investments by a Manager in any single corporation shall be limited to no more than 5% of the Manager's total portfolio based on the fair market value of the portfolio at the time of purchase, and no more than 10% of the Manager's total portfolio at any quarterly valuation. The portfolio should also be appropriately diversified by industry sector. The manager should inform the Board in writing of any violation within 10 business days of its occurrence.
8. **Income.** There are no minimum yield or dividend requirements.

### **C. International Equity Managers**

1. **Investment objective.** Active international equity managers are expected to outperform a benchmark appropriate to their style. In addition, active international equity managers should be ranked in the upper two quartiles of a universe of similar portfolios.
2. **Permissible securities.** International equity managers must invest in securities of companies not domiciled in the United States, including common stocks traded on any major stock exchange or ADRs traded in the United States, global depository receipts (GDRs) and preferred stocks traded on any major stock exchange. International equities include equities of both developed countries and emerging markets.
3. **Non-permissible securities.** Foreign equity managers may not invest in equities of U.S.-domiciled companies, fixed income securities, commodities, unregistered letter stock, warrants, real estate mortgages, all options and futures, real or personal property, oil and gas property, loans of

portfolio securities, venture capital issues, private placements, securities of a contributing employer, and derivatives. Derivatives include collateralized mortgage obligations, interest-only and principal-only strips, and currency swaps or other specialized investment activities.

4. Non-permissible transactions. Except with the written consent of the Board, equity managers may not purchase securities on margin or sell short.
5. Cash Balances. Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager's discretion, keeping in mind that the benchmark will be applied to the manager's total portfolio and not just to the non-cash portion. Managers should inform the Board within 10 business days if cash balances exceed 10%. Cash and equivalents may be invested in commercial paper rated A1 or P1, repurchase agreements, U.S. Treasury Bills and money market fund.
6. Marketability. Securities should be marketable. It is understood that international equity securities, especially in emerging markets, offer less liquidity than more widely held securities.
7. Diversification. Equity investments by a Manager in any single corporation shall be limited to no more than 5% of the manager's total portfolio based on the fair market value of the portfolio at the time of purchase, and no more than 10% at any quarterly valuation. The portfolio should also be appropriately diversified by industry sector. The Manager should inform the Board in writing of any violation within 10 business days.
8. Income. There are no minimum yield or dividend requirements.

#### **D. Alternative Investments**

Alternative investments should be considered with the goal of increasing the return of the portfolio without increasing risk, or lowering risk of the overall portfolio without lowering return.

If the Board allocates part of the portfolio to an alternative asset class, separate investment guidelines specific to that asset class shall be adopted.

#### **V. Manager Guidelines**

Investment managers may not act upon written or oral instructions from any person other than the Board, or the Administrator acting on behalf of the Board or the Administrator.

##### **A. Discretionary Authority**

Managers are given full discretion to act in accordance with the Statement of Investment Policy and Guidelines. In placing portfolio transaction orders on behalf of the Trust, each manager shall obtain execution of orders through responsible broker/dealers at the most favorable prices and at competitive commission rates, taking into consideration the efficiency of execution of the transaction.

##### **B. Reporting**

1. Within 14 calendar days a manager must inform the Board of changes in organizational structure, ownership, or key personnel. Also a Manager must inform the Board of material litigation brought by a client or former client relating to investment advisory services, or any enforcement proceeding by a regulatory agency that would have a material effect on the manager, within 14 calendar days after the manager has been notified of the litigation or the enforcement proceeding.
2. On a monthly basis each manager is to submit a portfolio statement. The monthly statement should include market and book values for all security holdings and performance results

compared with the designated benchmark.

3. On a quarterly basis each manager is to submit a brief letter or report on the status of and outlook for his or her portfolio. The report should address the following:
  - Economic investment and outlook;
  - Investment strategy (short- and intermediate-term)
  - Explanation of any high concentrations in any one sector or security;
  - A list of portfolio holdings or a summary of the largest holdings;
  - Commissions on trades upon request;
  - Market and book values for all security holding;
  - Performance results compared with designated benchmarks;
  - Brokerage commission reports (if any);
  - Turnover ratio;
  - Derivative use;
  - Quality ratings with average quality (for fixed income portfolios).
4. On an annual basis each manager may be required to submit an annual proxy voting report and the filing of Form ADV with the Securities and Exchange Commission.

### **C. Proxy Voting**

The Board requires that managers exercise authority with regard to proxy voting, acting solely in the interest of and for the exclusive purpose of providing benefits to participants and beneficiaries, and always acting in the best interests of participants and beneficiaries. With regard to corporate governance, proxy votes should be against proposals to limit or eliminate liability for violation of duty of care and to indemnify directors in instances of gross negligence.

Managers shall be able to provide, upon request, an annual proxy voting report that shall include the following:

- Summation of all votes cast;
- Affirmation that all stock holdings with votes due were voted;
- Description of proposed changes in proxy voting policies;
- Confirmation that all votes cast were consistent with policy;
- Explanation of any violation of the previous requirements.

### **D. Cost Management**

1. Turnover. The Board acknowledges that in the course of a year, investment conditions and opportunities will require managers to buy and sell securities on the Board's behalf. While the Board does not wish to inhibit the normal transactions executed by the managers, it does wish to be made aware of the need for any high levels of turnover to avoid churning the portfolio. The following reporting requirements are therefore for control purposes and are not necessarily intended to limit portfolio turnover to the stated limits.
  - Turnover is defined as the lesser of total purchases or sales divided by opening balance. Convertible bonds are considered equity surrogates and are subject to the discussions for common stocks. Preferred stocks are considered perpetual bond surrogates and are subject to the discussions for corporate bonds.
  - Equity turnover. Within five business days of the time in any calendar quarter in which the cumulative equity turnover during the quarter exceeds 30%, or within any calendar year in which the cumulative equity turnover exceeds 100%, the manager must submit a report to the Administrator stating the reason for the turnover as well as a list of any brokerage firms whose fees during the quarter or year exceeded \$10,000.

- Fixed income turnover. Within five business days of the time in any calendar quarter in which the cumulative fixed income turnover during the quarter exceeds 100% or within any calendar year in which the cumulative fixed income turnover exceeds 200%, the manager must submit a report stating the reason for the turnover as well as a list of any brokerage firms handling more than 20% of the subject trades. U.S. government securities, used as collateral as part of the repurchase agreements, are exempt from this requirement.
  - Turnover may be considered as one factor in the money manager selection and retention process.
2. Broker Relations. The manager is free to execute trades whenever it is in the best interests of the Trust, and will have the discretion to execute transactions with brokerage firms of his or her choosing.
- The selection of a broker should be based on the quality of executions. Factors affecting the quality of executions include the financial health of the brokerage firm, the business integrity of the brokerage firm, commission costs and overall efficiency.
  - Commission dollars are a Trust asset and should not be used for purposes other than those that directly benefit Trust participants. The investment manager is required to provide reports and descriptions of all soft dollar arrangements involving the use of commission dollars to acquire resources of any type.

**VI. Execution of Investment Policy**

IN WITNESS WHEREOF, this document has been approved and executed by the undersigned on this

\_\_\_\_\_ day of August \_\_, 2020

Metropolitan District of Connecticut Other Post-Employment Benefits Trust

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Trust Administrator

By: \_\_\_\_\_  
Board Chairman

## ADDENDUM

### ASSET ALLOCATION

The Board has currently adopted the following asset allocation at market value:

|                  | <u>Allocation</u> | <u>Range</u> |
|------------------|-------------------|--------------|
| Large Cap Equity | 80%               | +/- 10%      |
| Fixed Income     | 20%               | +/- 10%      |

**PERSONNEL, PENSION AND INSURANCE COMMITTEE  
APPROVAL OF INTEREST RATE FOR PENSION REIMBURSEMENT**

To: Personnel, Pension and Insurance Committee for consideration on August 26, 2020

By resolution of the District Board considered at its meeting of July 14, 2014, and upon recommendation of the Personnel, Pension and Insurance Committee and the Water Bureau, the MDC approved an investment contribution of approximately 570 acres of MDC-owned property in Glastonbury (Pension Land) to the Trust of the Retirement Plan for Employees of the Metropolitan District (Plan). The purpose of the proposed transfer was to offset, in whole or in part, the MDC's Annual Required Contribution (ARC) (now ADC, or Actuarially Determined Contribution) for Fiscal Year 2015. The transfer of the Pension Land from the MDC to the Plan was completed on December 14, 2014. In order to facilitate the transfer of the Pension Land into the Plan, a limited liability company, Pension Fund Land LLC (PFL LLC), was created to hold the Pension Land.

As part of the transfer agreement controlling the transfer of the Pension Land into the Plan, PFL LLC was authorized to make commercially reasonable efforts to develop the Pension Land or prepare it for development. PFL LLC in fact made such efforts, and in doing so, demonstrated that an increased value of the land as developable parcels rather than solely open space or watershed land was appropriate. Under the transfer agreement, the District was obligated to either pay such costs directly or reimburse PFL LLC, i.e. the Plan.

On October 7, 2019 the PPI Committee approved a purchase and sale agreement with the Town of Glastonbury for approximately 553 acres of the Pension Land. The closing for the property sale occurred on January 16, 2020.

At this time, it is necessary for the District to reimburse the Plan for development costs incurred in furtherance of the sale of the Pension Land. At the July 20, 2020 Board of Finance meeting, the District's actuary, Becky Sielman of Milliman, briefed the board on two alternatives to effect the reimbursement of the underlying \$1,384,488.61 in development costs, plus interest calculated through June 30, 2020. The first method used a fixed, compounded interest rate of 3% per year, which would bring total reimbursement to \$1,563,105. The second method used the actual annual returns of the Plan's assets for 2015 to 2019 and an estimated return for 2020 year to date of -3.1% provided by the District's pension investment advisor Dahab Associates Inc., with a total reimbursement of \$1,780,426.

As Trustee of the Plan, it is the PPI Committee's responsibility to determine the appropriate interest rate to recommend to the District Board to be applied to the reimbursable development expenses to the Plan.

It is therefore RECOMMENDED that it be

**VOTED:** That the Personnel, Pension & Insurance Committee recommends to the District Board passage of the following resolution:

**RESOLVED:** That the District Board hereby accepts reimbursement of development costs related to the Pension Land using a fixed interest rate of 3% per year calculated through June 30, 2020 totaling \$1,563,105.

**OR IN THE ALTERNATIVE**

**VOTED:** That the Personnel, Pension & Insurance Committee recommends to the District Board passage of the following resolution:

**RESOLVED:** That the District Board hereby accepts reimbursement of development costs related to the Pension Land using an interest rate calculated through June 30, 2020 based on actual annual returns of the Plan's assets for 2015 to 2019 and an estimated return for 2020 year to date of -3.1% provided by the District's pension investment advisor Dahab Associates Inc. totaling \$1,780,426.

Respectfully Submitted,



Scott W. Jellison  
Chief Executive Officer



**Metropolitan District Pension Plan  
Quarterly Returns Through June 30, 2020**

**Gross-of-Fees Returns**

|               | 2015       | 2016       | 2017        | 2018        | 2019        | 2020         |
|---------------|------------|------------|-------------|-------------|-------------|--------------|
| Q1            | 2.9        | 0.0        | 4.6         | -0.2        | 9.8         | -15.6        |
| Q2            | 0.4        | 2.3        | 2.9         | 2.6         | 2.9         | 14.9         |
| Q3            | -4.9       | 4.0        | 7.7         | 3.5         | 0.2         | ----         |
| Q4            | 4.7        | 1.8        | 3.6         | -9.3        | 4.3         | ----         |
| <b>Annual</b> | <b>2.8</b> | <b>8.4</b> | <b>20.1</b> | <b>-3.8</b> | <b>18.2</b> | <b>-3.0*</b> |

\*YTD through June 30

**Net-of-Fees Returns**

|               | 2015       | 2016       | 2017        | 2018        | 2019        | 2020         |
|---------------|------------|------------|-------------|-------------|-------------|--------------|
| Q1            | 2.7        | -0.1       | 4.5         | -0.3        | 9.7         | -15.7        |
| Q2            | 0.3        | 2.2        | 2.8         | 2.4         | 2.8         | 14.8         |
| Q3            | -5.0       | 3.9        | 7.6         | 3.4         | 0.1         | ----         |
| Q4            | 4.5        | 1.7        | 3.5         | -9.4        | 4.2         | ----         |
| <b>Annual</b> | <b>2.3</b> | <b>7.9</b> | <b>19.5</b> | <b>-4.3</b> | <b>17.6</b> | <b>-3.3*</b> |

\*YTD through June 30