



The Metropolitan District
water supply · environmental services · geographic information

**PERSONNEL, PENSION & INSURANCE COMMITTEE
SPECIAL MEETING
WEDNESDAY, AUGUST 25, 2021
4:00 PM**

<u>Location</u>	<u>Commissioners</u>	
Board Room	Avedisian	Marotta
District Headquarters	Currey	Pane
555 Main Street, Hartford	DiBella (Ex-Officio)	Patel
	Kambli	Salemi
Dial in #: (415)-655-0001;	Lester	Sweezy (VC)
Access Code: 43808661#	Magnan	Taylor (C)
Meeting Video Link	Quorum: 6	

1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF JULY 28, 2021
4. DISCUSSION RE: OPEB AND PENSION CONTRIBUTIONS
5. DISCUSSION RE: SETTLEMENT OF EMPLOYMENT RELATED CLAIMS
6. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
7. COMMISSIONER COMMENTS & QUESTIONS
8. ADJOURNMENT

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

Highlights of the January 1, 2021 Valuation

Our team	Rebecca A. Sielman, FSA	<i>oversees public sector work in New England, Upper Midwest</i>
	Yelena Pelletier, ASA	<i>handles day-to-day actuarial services we provide to the District assisted by Joliene Deskus; Sharad Arora; Isaias Garibaldo</i>
	Laura Bucher, CPC, CEBS	<i>handles day-to-day administrative services we provide to the District assisted by April Schultz</i>
What we're working on	Dear Actuary Milliman.com/en/periodicals/dear-actuary	<i>straightforward answers to common public plan questions</i>
	<i>Not getting our publications via email? Just send a note to Jessica.Stanford@Milliman.com</i>	
	Public Pension Funding Study Milliman.com/PPFS	<i>annual update on 100 largest US public pension plans</i>
	Public Pension Funding Index Milliman.com/PPFI	<i>quarterly updates reflecting current market conditions</i>
	Milliman Medical Index Milliman.com/MMIfamilies	<i>annual update on cost of healthcare for a family of four</i>
	Underwriting Risk and Innovation Milliman.com/en/insight/Cities-Underwriting-risk-and-innovation	<i>thought leadership on municipal workers' compensation risks</i>
	Milliman Climate Resilience Forum	<i>three day virtual summit that brought together leaders from around the world to discuss this important topic</i>
	CT Public Pension Forum Becky Sielman: Pension Obligation Bonds	<i>visit CTPublicPensionForum.com for more detail; October in-person meeting in the planning stages now</i>
CT Society of CPAs Governmental Accounting & Auditing Conference Becky Sielman: The Importance of Sound Actuarial Assumptions		
About Milliman	1,000+	<i>public sector pension and OPEB clients</i>
	1,100+	<i>pension outsourcing clients</i>
	3,000+	<i>actuarial and consulting clients</i>
	Top 10	<i>largest pension administrators in mid to large market</i>
	250+	<i>Best-in-Class Awards from PLANSPONSOR Magazine</i>
	64 million	<i>healthcare data for plan members</i>
	1947	<i>the year we were founded</i>
	\$1.3 B	<i>firm revenues in 2020</i>
	4,300	<i>company employees</i>
68	<i>offices around the globe</i>	

Our Mission

We serve our clients to protect the health and financial well-being of people everywhere.

Practice areas

Employee Benefits

Healthcare

Property & Casualty

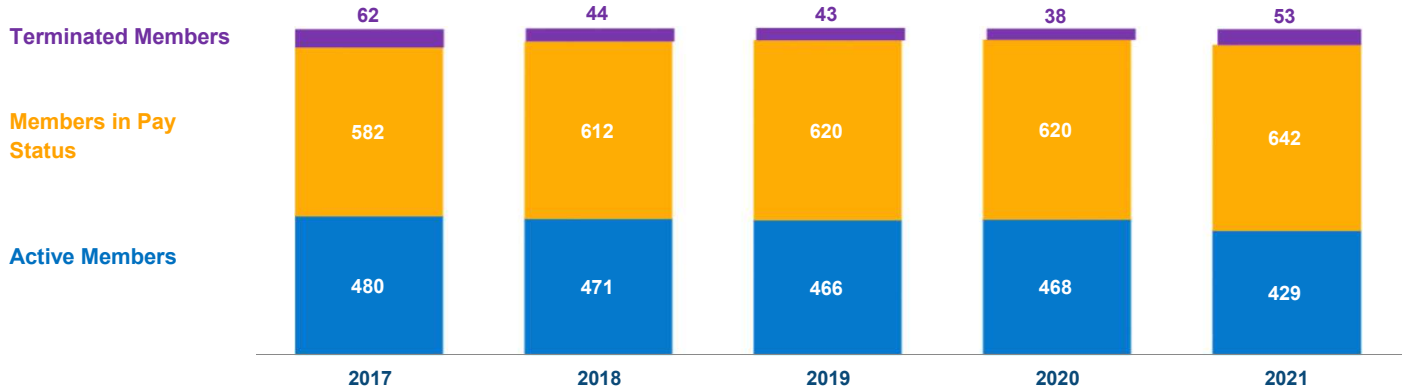
Life & Financial Risk Management

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

Highlights of the January 1, 2021 Valuation

Membership

Member Count



Active Members on January 1, 2021

Total	429
Average Age	50.3
Average Service	15.4
Total Payroll	\$44,109,088
Average Payroll	102,818

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	3							3
25-29	9	2						11
30-34	18	12	4					34
35-39	14	10	6	3				33
40-44	14	7	19	3	3			46
45-49	3	9	11	10	11	6		50
50-54	6	12	10	13	13	10	11	75
55-59	8	11	12	19	21	16	15	102
60-64	2	8	6	6	21	5	13	61
65+		2	3	1	1	1	6	14
Total	77	73	71	55	70	38	45	429

Members in Pay Status on January 1, 2021

	Service Retirees	Disabled Retirees	Beneficiaries
Count	452	11	179
Average Age	71.6	55.8	77.5
Total Annual Benefit	\$17,186,241	\$307,146	\$1,912,823
Average Annual Benefit	38,023	27,922	10,686

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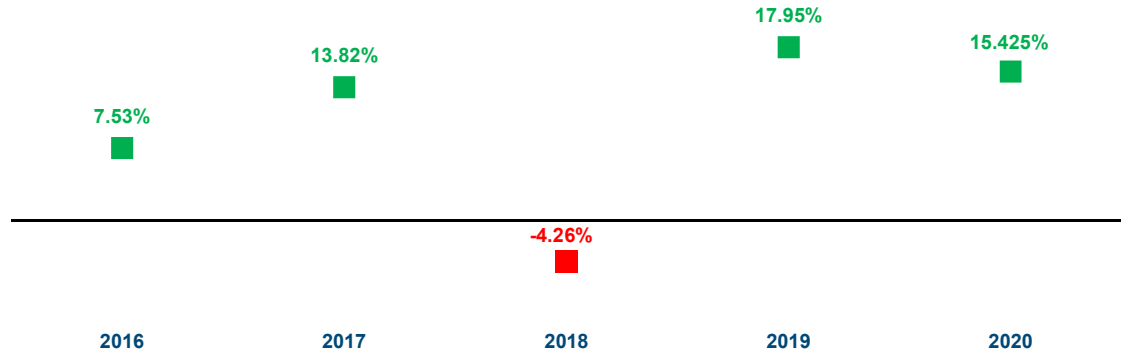
RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

Highlights of the January 1, 2021 Valuation

Assets

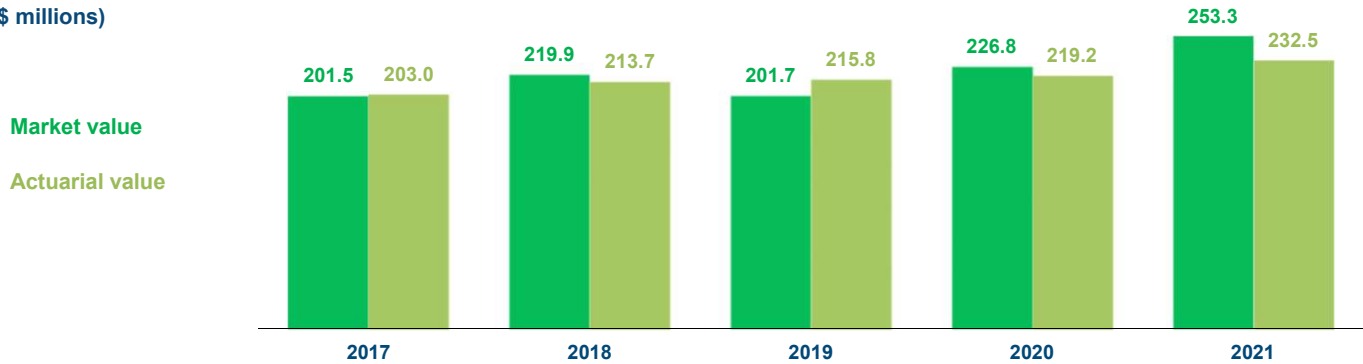
2020 saw another year of strong market performance with a rate of return of 15.43% on a Market Value basis. The chart below illustrates the ups and downs in the plan's investment returns.

Returns



In order to dampen the volatility of the market and prevent large swings in the District's contribution, we smooth investment gains or losses over five years. The resulting Actuarial Value of Assets is shown alongside the Market Value of Assets in the chart below.

Balances (\$ millions)



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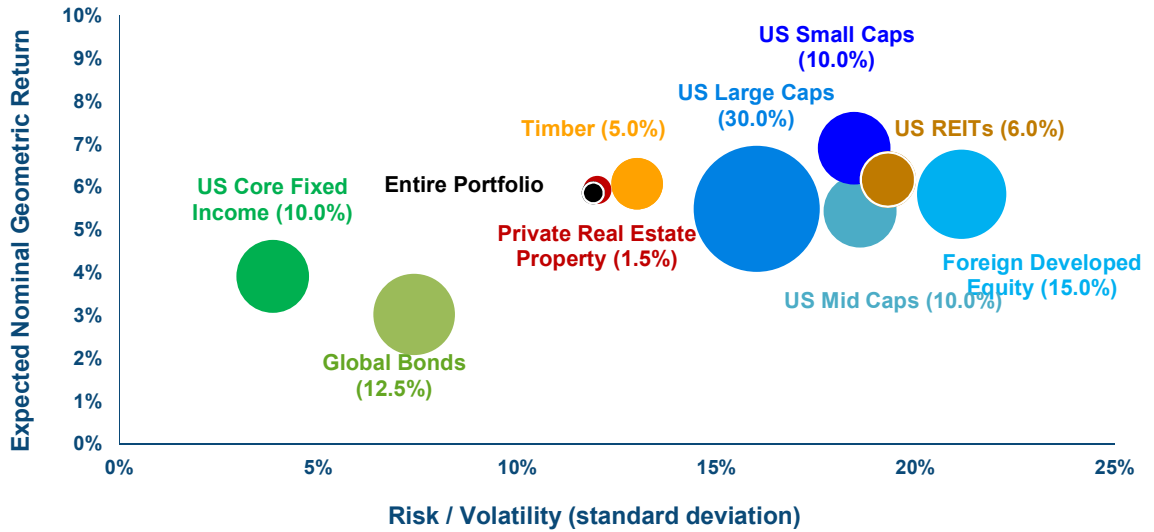
RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

Highlights of the January 1, 2021 Valuation

Interest Rate Assumption

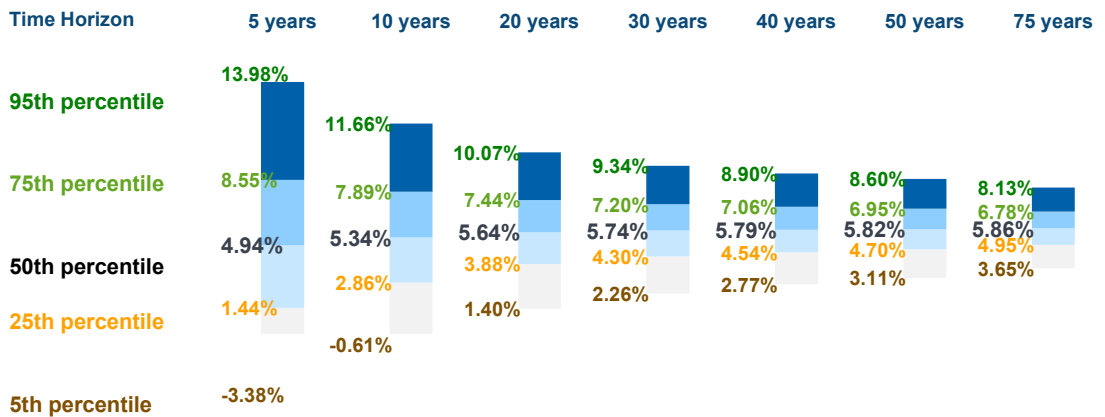
The interest rate assumption is based on the expected long-term return of the plan's investments. Using Milliman's December 31, 2020 Capital Market Assumptions, the target asset allocation has the following risk / return dimensions:

Asset Allocation



In any given year, the plan's investment return can range from very high to very low. As we look at longer and longer periods, the high and low years balance out and the annualized return should converge to the 50th percentile, or median. Using Milliman's December 31, 2020 Capital Market Assumptions, the expected long-term annualized median return of the portfolio, without reflecting a margin for manager alpha, is 5.86%.

Distribution of Expected Nominal Returns Over Time Without Margin for Manager Alpha



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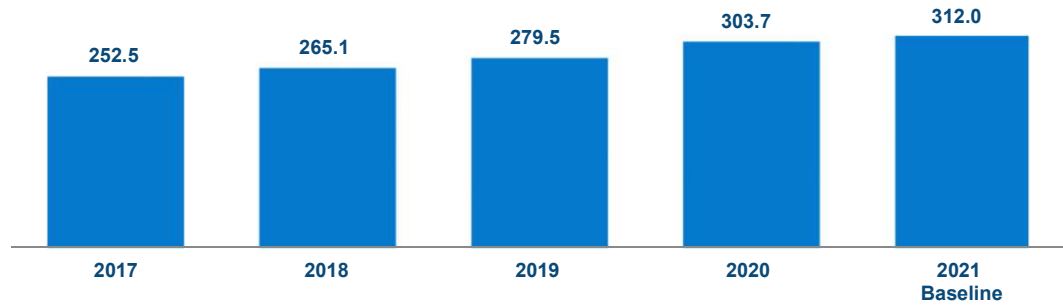
RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

Highlights of the January 1, 2021 Valuation

Funded Status

The Accrued Liability grows over time as active members earn additional benefits, and goes down over time as retired members receive benefits. The Unfunded Accrued Liability is the dollar difference between the Accrued Liability and the Actuarial Value of Assets; the Funded Ratio is the ratio of the two.

Accrued Liability (\$ millions)

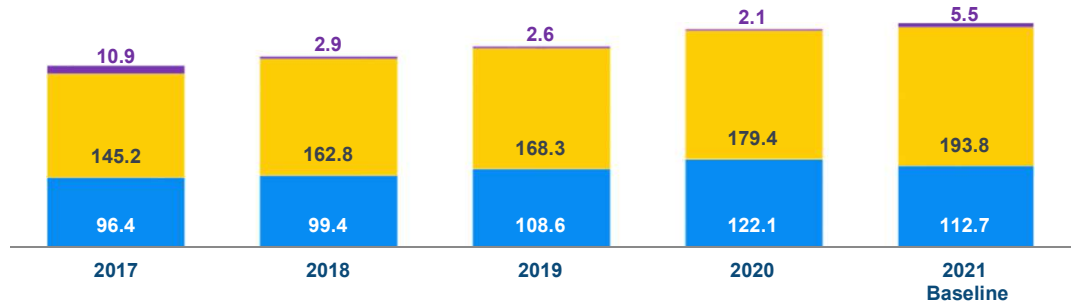


Accrued Liability By Member Group

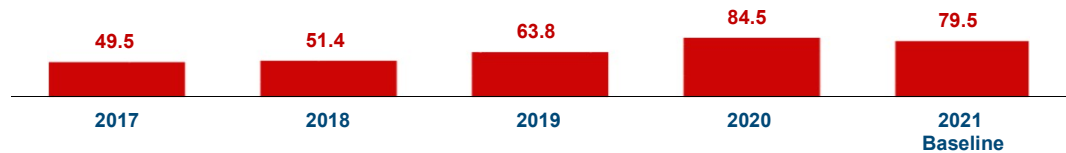
Terminated Members

Members in Pay Status

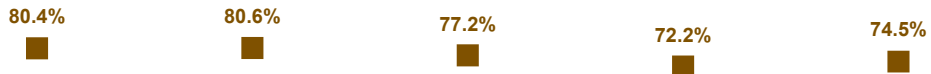
Active Members



Unfunded Accrued Liability (\$ millions)



Funded Ratio



2017 2018 2019 2020 2021 Baseline

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RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

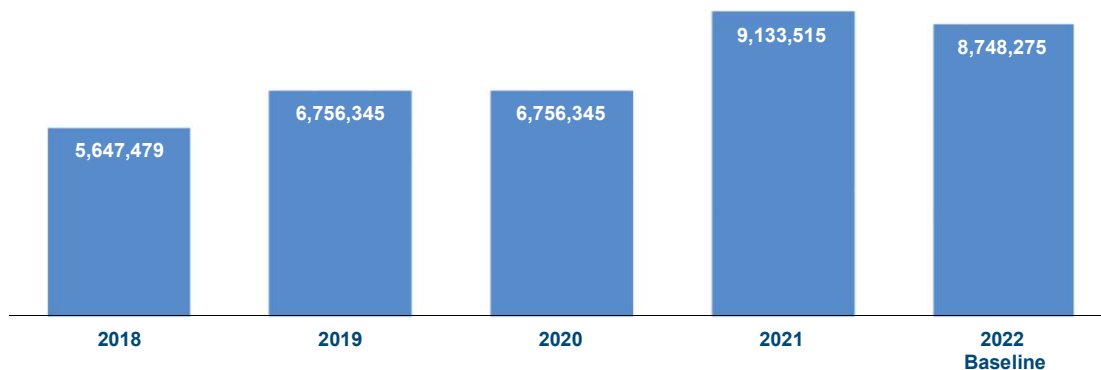
Highlights of the January 1, 2021 Valuation

Actuarially Determined Contribution

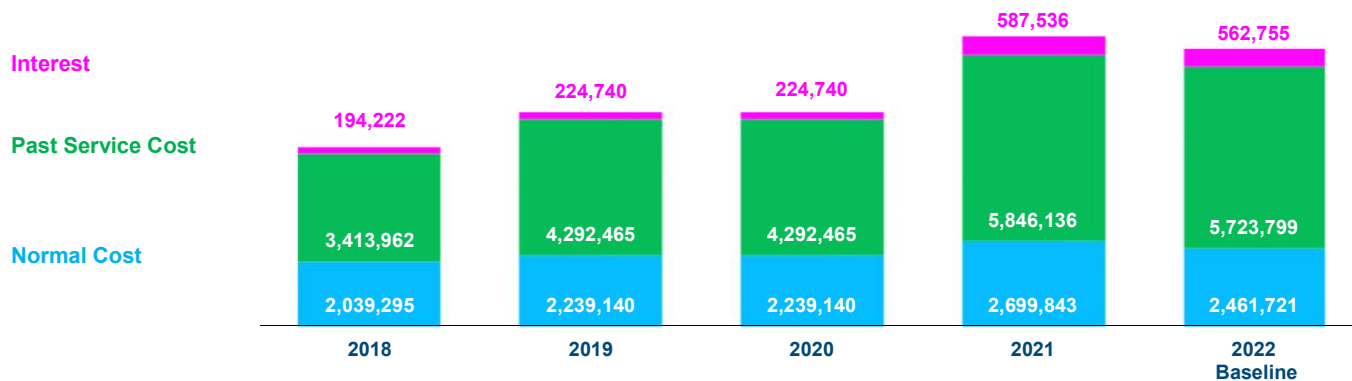
Beginning with the January 1, 2020 valuation, each valuation determines the Actuarially Determined Contribution for the fiscal year starting one year after the valuation date. (For example, the January 1, 2020 valuation determines the Actuarially Determined Contribution for the 2021 fiscal year.) Previously the Actuarially Determined Contribution was developed for the fiscal year starting on the valuation date. In order to transition from the prior valuation timing to the new valuation timing, the January 1, 2019 valuation was the basis for both the 2019 and 2020 fiscal years.

The Actuarially Determined Contribution consists of three pieces: Normal Cost plus a Past Service Cost payment to gradually eliminate the Unfunded Accrued Liability plus Interest to reflect the timing of the contribution relative to the valuation date.

Actuarially Determined Contribution



Note that the Normal Cost is relatively consistent from year to year, whereas the Past Service Cost tends to be more volatile since it reflects the impact of asset performance.



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RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

Highlights of the January 1, 2021 Valuation

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Summary of Key Results

	January 1, 2021 Results			
	2020	Baseline No Changes	Lower Interest Rate	Lower Interest Rate More
Interest Rate	6.875%	6.875%	6.75%	6.50%
Accrued Liability	\$303,664,840	\$312,040,718	\$316,125,499	\$324,552,687
Actuarial Value of Assets	219,158,863	232,515,605	232,515,605	232,515,605
Unfunded Accrued Liability	84,505,977	79,525,113	83,609,894	92,037,082
Funded Ratio	72.2%	74.5%	73.6%	71.6%
Amortization Period	19	18	18	18
Amortization Growth Rate	3.50%	3.50%	3.50%	3.50%
Past Service Cost	5,846,136	5,723,799	5,964,119	6,447,741
Total Normal Cost	5,028,242	4,684,449	4,821,667	5,110,338
Expected Employee Contributions	2,435,399	2,304,728	2,304,728	2,304,728
Expected Expenses	107,000	82,000	82,000	82,000
Net Normal Cost	2,699,843	2,461,721	2,598,939	2,887,610
Interest	587,536	562,755	578,006	606,798
Actuarially Determined Contribution	9,133,515	8,748,275	9,141,064	9,942,149
For Fiscal Year	2021	2022	2022	2022