

**PERSONNEL, PENSION AND INSURANCE COMMITTEE
SPECIAL MEETING**

The Metropolitan District
Wednesday, August 25, 2021

Present: Commissioners Donald Currey, Raymond Sweezy, and Alvin Taylor (3)

Remote

Attendance: Commissioners Maureen Magnan, Dominic Pane, Bhupen Patel and Pasquale Salemi (4)

Absent: Commissioners John Avedisian, Shubhada Kambli, Byron Lester, Alphonse Marotta and District Chairman William A. DiBella (5)

Also

Present: Commissioner Allen Hoffman (Remote Attendance)
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel
John S. Mirtle, District Clerk
Robert Barron, Chief Financial Officer / Director of Finance
Christopher Levesque, Chief Operating Officer (Remote Attendance)
Kelly Shane, Chief Administrative Officer
Robert Schwarm, Director of Information Technology (Remote Attendance)
Tom Tyler, Director of Facilities (Remote Attendance)
Lisa Remsen, Manager of Budget and Analysis
Victoria S. Escoriza, Executive Assistant
David Baker, IT Consultant
Becky Sielman, Milliman (Remote Attendance)

CALL TO ORDER

Chairman Taylor called the meeting to order at 4:04 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

No one from the public appeared to be heard.

APPROVAL OF MEETING MINUTES

On motion made by Commissioner Currey and duly seconded, the meeting minutes of July 28, 2021 were approved.

OPEB AND PENSION CONTRIBUTIONS

Becky Sielman of Milliman presented on the OPEB and Pension Contributions.

Milliman Actuarial Valuation

August 5, 2021

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>
About Milliman	CT Society of CPAs Governmental Accounting & Auditing Conference Becky Sielman: The Importance of Sound Actuarial Assumptions	
	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

This work product was prepared solely for the District for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

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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

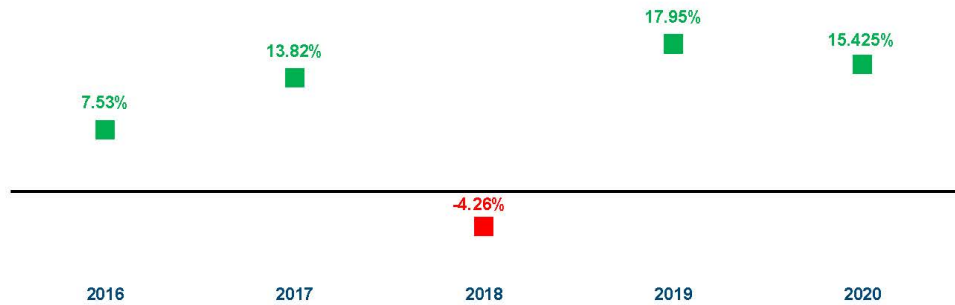
Highlights of the January 1, 2021 Valuation

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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)



RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

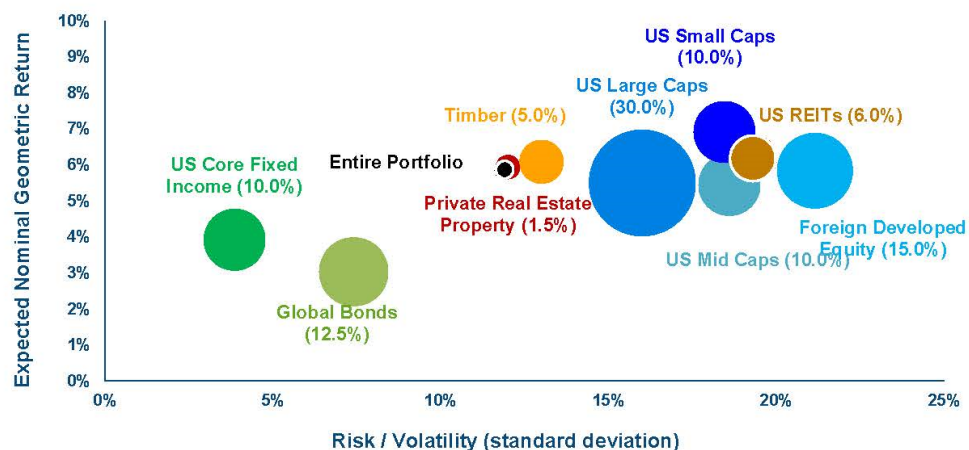
Highlights of the January 1, 2021 Valuation

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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%.



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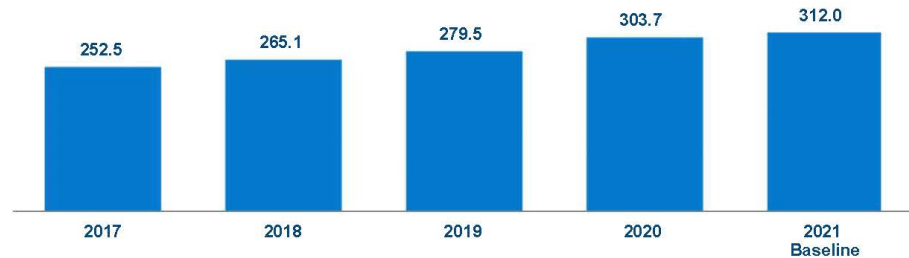
Highlights of the January 1, 2021 Valuation

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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)

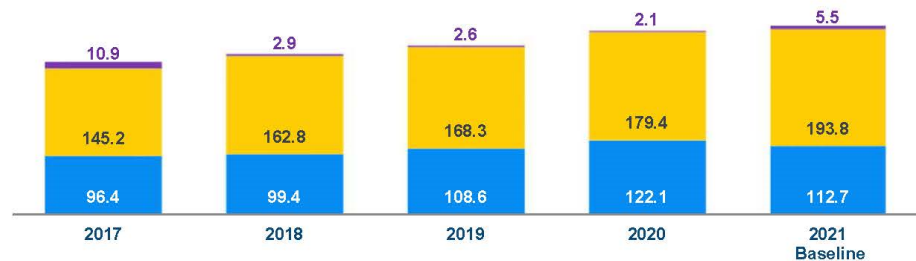


Accrued Liability By Member Group

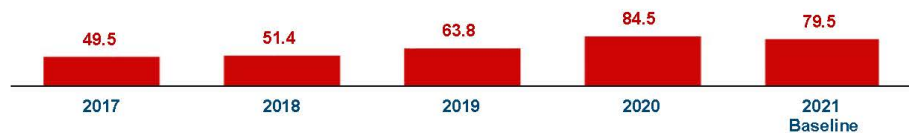
Terminated Members

Members in Pay Status

Active Members



Unfunded Accrued Liability (\$ millions)



Funded Ratio

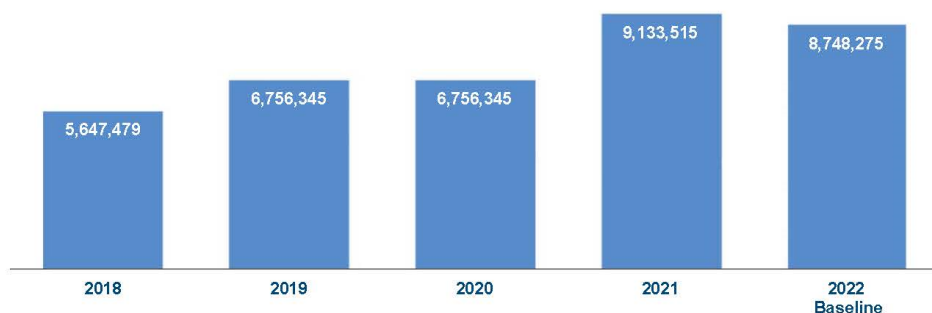


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RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT**Highlights of the January 1, 2021 Valuation****Page 5****Actuarially Determined Contribution**

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.



Milliman Actuarial Valuation

August 5, 2021

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

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SETTLEMENT OF EMPLOYMENT RELATED CLAIMS

District Counsel Christopher Stone gave an update regarding the settlement of employment related claims.

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

No one from the public appeared to be heard.

ADJOURNMENT

The meeting was adjourned at 5:34 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date Approved