

PERSONNEL, PENSION AND INSURANCE COMMITTEE
The Metropolitan District
555 Main Street, Hartford
Monday, September 19, 2022

Present: Commissioners Donald Currey, David Drake, Bhupen Patel, Alvin Taylor and District Chairman William DiBella (5)

Remote

Attendance: Commissioners Byron Lester, Maureen Magnan and Dominic Pane (3)

Absent: Commissioners John Avedisian, Alphonse Marotta and Pasquale Salemi (3)

Also

Present: Commissioner Jean Holloway
Scott W. Jellison, Chief Executive Officer
Christopher Stone, District Counsel
John S. Mirtle, District Clerk
Kelly Shane, Chief Administrative Officer
Christopher Levesque, Chief Operating Officer
Robert Barron, Chief Financial Officer
Jamie Harlow, Director of Human Resources
Robert Schwarm, Director of Information Technology (Remote Attendance)
Thomas Tyler, Director of Facilities (Remote Attendance)
Olga Cordova, Manager of Human Resources (Remote Attendance)
Diana Phay, Diana Phay, Manager of Treasury
Tra Phan, Controller (Remote Attendance)
Carrie Blardo, Assistant to the Chief Executive Officer
Victoria Escoriza, Executive Assistant (Remote Attendance)
Julie Price, Executive Assistant
David Baker, IT Consultant (Remote Attendance)
Becky Sielman, Milliman
Ronni Rausch, Arthur J. Gallagher & Co.

CALL TO ORDER

Chairman Taylor called the meeting to order at 12:13 PM

PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS

No one from the public appeared to be heard.

APPROVAL OF MEETING MINUTES

On motion made by District Chairman DiBella and duly seconded, the meeting minutes of September 6, 2022 were approved.

Without objection, Commissioner Taylor changed the order of the agenda to take up item #7, "REPORT FROM ARTHUR J. GALLAGHER & CO. AND POTENTIAL ACTION RE: DISTRICT INSURANCE COVERAGE SELECTION: first.

Ronni Rausch from Arthur J. Gallagher & Co. provided a presentation regarding the Districts' insurance coverage selection.

INSURANCE COVERAGE APPROVAL

To: Personnel, Pension and Insurance Committee

September 19, 2022

Pursuant to section B3h of the By-Laws of the District Board, the Personnel, Pension and Insurance Committee ("PPI") has full charge of all insurance and shall determine insurance coverage on all business and property of the District. PPI is authorized, within the limits of the budget as approved by the District Board, to determine the form and amount of insurance coverage.

Arthur J. Gallagher & Co. is the appointed insurance advisor/ broker of record for the District and provided recommendations for certain coverages and limits to PPI acceptance and placement by the District as described more specifically in a summary document attached hereto.

It is therefore **RECOMMENDED** that it be:

VOTED: That the Personnel Pension and Insurance Committee approve insurance up to the coverages and limits as outlined in the attached document to this Resolution.

RESOLVED: The Personnel, Pension & Insurance Committee hereby approves and authorizes the placement of insurance up to the coverages and limits described in the document attached hereto and hereby incorporated;

FURTHER

RESOLVED: The Personnel, Pension & Insurance Committee hereby and authorizes and directs the Chief Executive Officer to sign and/or otherwise execute such documents or instruments as may be necessary to bind and place said coverages.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

On motion made by Commissioner Currey and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

Without objection, Commissioner Taylor changed the order of the agenda to take up item #8, "REIMBURSEMENT OF INTERNAL SERVICE FUND FOR OPEB COSTS" and #9, "REPORT FROM MILLIMAN INC." out of order.

REIMBURSEMENT OF INTERNAL SERVICE FUND FOR OPEB COSTS

Chief Financial Officer Robert Barron provided a report regarding the reimbursement of internal service fund for OPEB Costs.

PENSION & OPEB JANUARY 1, 2022 VALUATION

Becky Sielman of Milliman provided a report on the Pension and OPEB January 1, 2022 Valuation

PENSION DISCOUNT RATE & ADOPTION OF THE MORTALITY IMPROVEMENT SCALE MP-2021 ULTIMATE

To: Personnel, Pension and Insurance Committee

September 19, 2022

Staff recommends the reduction of the discount rate for the Pension plan to 6.625% and the adoption of the MP-2021 Ultimate mortality improvement scale for the 1/1/2022 plan evaluations. This represents an annual reduction of 1/8th of 1% in the discount rate and a move to the most recent mortality table. The impact of this recommendation on the 2023 contribution will be a reduction of \$476,437 or 5.2% from the current 2022 pension contribution of \$9,141,064.

It is therefore **RECOMMENDED** that it be:

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

RESOLVED: That the Pension plan's discount rate be decreased to 6.625% and to adopt the mortality improvement scale MP-2021 Ultimate effective for the January 1, 2022 valuation.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

Milliman Actuarial Valuation

June 22, 2022

RETIREMENT PLAN FOR EMPLOYEES OF THE METROPOLITAN DISTRICT

Highlights of the January 1, 2022 Valuation

Summary of Key Results

	January 1, 2022 Results			
	2021 Valuation	Baseline No Changes	Updated Mortality	Lower Interest Rate
Mortality Improvement Basis	MP-2019 Ultimate	MP-2019 Ultimate	MP-2021 Ultimate	MP-2021 Ultimate
Interest Rate	6.75%	6.75%	6.75%	6.625%
Accrued Liability	\$316,125,499	\$324,398,194	\$319,646,279	\$323,759,839
Actuarial Value of Assets	232,515,605	250,046,904	250,046,904	250,046,904
Unfunded Accrued Liability	83,609,894	74,351,290	69,599,375	73,712,935
Funded Ratio	73.6%	77.1%	78.2%	77.2%
Amortization Period	18	17	17	17
Amortization Growth Rate	3.50%	3.50%	3.50%	3.50%
Past Service Cost	5,964,119	5,537,191	5,183,300	5,443,055
Total Normal Cost	4,821,667	4,845,109	4,765,843	4,904,337
Expected Employee Contributions	2,304,728	2,305,156	2,305,130	2,305,130
Expected Expenses	82,000	84,000	84,000	84,000
Net Normal Cost	2,598,939	2,623,953	2,544,713	2,683,207
Interest	578,006	550,877	521,641	538,365
Actuarially Determined Contribution	9,141,064	8,712,021	8,249,654	8,664,627
For Fiscal Year	2022	2023	2023	2023

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.

On motion made by District Chairman DiBella and duly seconded, the report was received and resolution adopted by unanimous vote of those present.

**OTHER POST-EMPLOYMENT BENEFIT (OPEB) DISCOUNT RATE &
ADOPTION OF THE MORTALITY IMPROVEMENT SCALE MP-2021
ULTIMATE**

To: Personnel, Pension and Insurance Committee

September 19, 2022

Staff recommends the reduction of the discount rate for the Other Post-Employment Benefit (OPEB) plan to 6.625% and the adoption of the MP-2021 Ultimate mortality improvement scale for the 1/1/2022 plan evaluations. This represents an annual reduction of 1/8th of 1% in the discount rate and a move to the most recent mortality table.

The impact of this recommendation on the 2023 contribution will be a reduction of \$2,580,330 or 24.1% from the current 2022 OPEB contribution of \$10,701,005.

It is therefore **RECOMMENDED** that it be:

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

RESOLVED: That the Other Post-Employment Benefit (OPEB) plan's discount rate be decreased to 6.625%, future annual Actuarially Determined Contributions

include an administrative expense load, and to adopt the mortality improvement scale MP-2021 Ultimate effective for the January 1, 2022 valuation.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

The Metropolitan District Other Post-Employment Benefits Plan
Highlights of the January 1, 2022 Valuation

	2020 Full Valuation Results	2021 Interim Valuation Results	January 1, 2022 Results		
			Baseline Results*	Update Mortality; Add Load for Administrative Expenses	Lower Interest Rate to 6.625%
For FY	2021	2022	2023	2023	2023
Mortality Improvement Basis	MP-2019 Ult.	MP-2019 Ult.	MP-2019 Ult.	MP-2021 Ult.	MP-2021 Ult.
Interest Rate	6.875%	6.75%	6.75%	6.75%	6.625%
Accrued Liability	\$172,960,460		\$120,277,561	\$117,670,775	\$120,882,601
Market Value of Assets	3,533,602		15,933,067	15,933,067	15,933,067
Unfunded Accrued Liability	169,426,858	171,582,213	104,344,494	101,737,708	104,949,534
Funded Ratio	2.0%		13.2%	13.5%	13.2%
Amortization Period (30 years starting in FY 2020; pension uses 17 years for FY 2023)	30	29	28	28	28
Amortization Growth Rate (matches pension funding policy)	3.50%	3.50%	3.50%	3.50%	3.50%
Past Service Cost	8,655,795	8,823,190	5,558,434	5,419,570	5,442,010
Total Normal Cost	2,746,537		1,831,765	1,789,571	1,896,697
Expected Employee Contributions	479,955		433,889	433,889	433,889
Expected Administrative Expenses	0		0	86,000	86,000
Net Normal Cost	2,266,582	2,420,929	1,397,876	1,441,682	1,548,808
Interest	750,913	758,978	478,246	471,711	463,142
Actuarially Determined Contribution (ADC)	11,673,290	12,003,097	7,434,556	7,332,963	7,453,960
Expected retiree costs	10,141,348	10,142,965	7,875,055	7,867,406	7,867,406
Incremental prefunding cost = ADC - expected retiree costs	1,531,942	1,860,132	0	0	0
Phase-In percentage (based on 10 years starting in FY 2020)	20%	30%	40%	40%	40%
MDC Contribution to OPEB Trust = Phase-in % x incremental prefunding cost	306,388	558,040	0	0	0
Total MDC Cost = Contribution to OPEB Trust + expected retiree costs	10,447,736	10,701,005	7,875,055	7,867,406	7,867,406

* Reflects updated medical and dental claims / premiums as of January 1, 2022

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District Chairman DiBella made a motion to amend the resolution as shown above in red line. The amendment was duly seconded and adopted by unanimous vote.

On motion made by Commissioner Currey and duly seconded, the report was received and resolution, as amended, adopted by unanimous vote of those present.

ELECTION OF VICE CHAIRMAN

Chairman Taylor called for the election of the Vice Chairperson. Commissioner Taylor placed Commissioner Donald Currey's name in nomination and the nomination was duly seconded.

There being no further nominations, the nominations were closed. Commissioner Donald Currey was elected Vice Chairperson of the Personnel, Pension and Insurance Committee for 2022 and 2023.

APPOINTMENT TO PERSONNEL, PENSION & INSURANCE INVESTMENT SUBCOMMITTEE

Without objection, Commissioner Taylor nominated Commissioner Bhupen Patel to the Personnel, Pension and Insurance Investment Subcommittee.

Without objection, Agenda Item #6 "PPI MEMBER ON 457B DEFERRED COMPENSATION COMMITTEE" was postponed by Chairman Taylor until the next meeting.

Without objection, Agenda Item #11 "JUNETEENTH HOLIDAY" was postponed by Chairman Taylor until the next meeting.

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

No one from the public appeared to be heard.

COMMISSIONER COMMENTS AND QUESTIONS

Commissioner Taylor recommended another management study be performed and also recommends that an employee climate study be done.

ADJOURNMENT

The meeting was adjourned at 2:17 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date Approved