

PERSONNEL, PENSION AND INSURANCE COMMITTEE
The Metropolitan District
555 Main Street, Hartford
June 5, 2023

Present: Commissioners John Avedisian, Donald Currey, David Drake, Byron Lester, Dominic Pane, Bhupen Patel, Pasquale Salemi, David Steuber, Alvin Taylor and District Chairman William A. DiBella (10)

Remote

Attendance: Maureen Magnan (1)

Absent: Commissioners Dimple Desai (1)

Also

Present: Commissioner Allen Hoffman
Commissioner Jean Holloway
Commissioner Joan Gentile (Remote Attendance)
Commissioner Jacqueline Mandyck (Remote Attendance)
Scott Jellison, Chief Executive Officer
Christopher Stone, District Counsel (Remote Attendance)
John S. Mirtle, District Clerk
Robert Barron, Chief Financial Officer
Chris Levesque, Chief Operating Officer
Kelly Shane, Chief Administrative Officer
Jamie Harlow, Director of Human Resources
Sue Negrelli, Director of Engineering
David Rutty, Director of Operations
Robert Schwarm, Director of Information Technology
Diana Phay, Treasury Manager
Rita Kelley, Equal Employment Opportunity Compliance Officer
Victoria Escoriza, Executive Assistant
David Baker, IT Consultant (Remote Attendance)

CALL TO ORDER

Chairman Alvin Taylor called the meeting to order at 4:31 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 Lester and duly seconded, the meeting minutes of April 26, 2023 were approved.

PENSION INVESTMENT REALLOCATION

To: Personnel, Pension and Insurance Committee

June 5, 2023

From: PPI Investment Subcommittee

Dahab Associates presented the March 2023 Performance Review of the pension portfolio of investments to the PP&I Investment Subcommittee on May 19, 2023, and made the following reallocation recommendations:

1) LARGE CAP EQUITY – Transfer investments in AQR and Wellington to Fidelity S&P500 Index fund

CONSIDERATIONS

- As of March 2023, Large Cap Equity investments represented the largest asset category of the entire portfolio, 31.4% or \$76.6 million of \$244.3 million
- Large Cap Equity funds are presently invested in AQR, \$24.3 million; and Wellington, \$52.3 million
- Total performance of the combined Large Cap investments, net of management fees, have trailed the S&P 500 Index fund in all the below measured periods, except 1-year when it equaled the index, as follows:

PERFORMANCE SUMMARY					
	Qtr / YTD	1 Year	3 Year	5 Year	Since 03/13
Large Cap Equity - Net	5.7	-7.7	17.2	9.4	11.7
S&P 500	7.5	-7.7	18.6	11.2	12.2

RECOMMENDATION

- Move investments from the current actively managed funds to Fidelity S&P Index fund for greater returns and lower costs. Several companies offer an S&P Index fund; however, Fidelity is the lowest cost provider.

2) INTERNATIONAL EQUITY -- Transfer investments in Lazard to Hardman Johnston

CONSIDERATIONS

- As of March 2023, International Equity investments represented 14.0% or \$34.1 million of \$244.3 million

- International Equity funds are presently invested in Lazard, \$13.0 million and Hardman Johnston, \$21.1 million
- Total performance of the combined International Equity investments, net of management fees, have trailed the MSCI EAFE Index in all the below measured periods, except the most recent quarter when it beat the index by one tenth of one percent.

PERFORMANCE SUMMARY					
	Qtr / YTD	1 Year	3 Year	5 Year	Since 03/13
International Equity - Net	8.7	-2.2	12.0	3.6	4.5
MSCI EAFE	8.6	-0.9	13.5	4.0	5.5

RECOMMENDATION

- Transfer the investments in Lazard that has trailed the index in all the reported periods to Hardman Johnston which has outperformed the index in all but the 1-year period. Lazard's investment focus is value based and Hardman Johnston is growth based. The diversity provided by the International Equity portion of the portfolio will remain with this transfer along with an expectation of stronger results from the growth focused investments.

At the May 19, 2023 meeting of the Personnel, Pension and Insurance Investment Subcommittee, the subcommittee approved the above recommendations for a reallocation of the pension fund investments.

It is therefore RECOMMENDED that it be:

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

RESOLVED: The pension fund's large cap investments in AQR Capital Management and Wellington be terminated and the money be transferred to Fidelity S&P500 Index Fund; and

FURTHER

RESOLVED: The pension fund's investment currently in Lazard International Equity be transferred to Hardman Johnston International Equity.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

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

OPEB INVESTMENT REALLOCATION

To: Personnel, Pension and Insurance Committee

June 5, 2023

From: PPI Investment Subcommittee

At the May 19, 2023 meeting of the Personnel, Pension and Insurance Investment Subcommittee, the subcommittee approved a recommendation for a reallocation of the pension fund investments as shown below. The District's OPEB Trust Statement of Investment Policy and Guidelines should be updated to reflect the updated asset allocation.

It is therefore RECOMMENDED that it be:

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

RESOLVED: The OPEB trust investment asset allocation be modified to the following: Large Cap 40%, Mid Cap 10%, Small Cap 5%, International 10%, Real Estate 10%, Fixed Income 25%. All investments will be index funds except for Real Estate.

FURTHER

RESOLVED: The District's OPEB Trust Statement of Investment Policy and Guidelines be updated to reflect the new asset allocation.

Respectfully Submitted,



Scott W. Jellison
Chief Executive Officer

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

COMMISSIONER REQUESTS FOR FUTURE AGENDA ITEMS

Commissioner Currey requested that the elimination of the PP&I Investment Subcommittee be on the next agenda.

Commissioner Pane requested that there is a discussion of restoring the "Commissioner Questions and Comments" section on the agenda at the next meeting.

He also stated that at prior meetings, the Chairperson of Personnel, Pension and Insurance Committee has mentioned a systemic problem with HR. He would like the next agenda to discuss what facts are behind these comments, for the PP&I Committee to know the basis for the comments, and if the comments affected staff in any way.

OPPORTUNITY FOR GENERAL PUBLIC COMMENTS

No one from the public appeared to be heard.

ADJOURNMENT

The meeting was adjourned at 5:17 PM

ATTEST:

John S. Mirtle, Esq.
District Clerk

Date Approved