



The Metropolitan District
water supply · environmental services · geographic information

**PERSONNEL, PENSION & INSURANCE COMMITTEE
REGULAR MEETING
WEDNESDAY, JULY 26, 2023
4:00 PM**

Location

Board Room
District Headquarters
555 Main Street, Hartford

Dial in #: (415)-655-0001
Access Code: 980 274 00#

[Meeting Video Link](#)

Commissioners

Avedisian	Magnan
Currey (VC)	Pane
DiBella (Ex-Officio)	Patel
Desai	Salemi
Drake	Steuber
Lester	Taylor (C)

Quorum: 5

1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF JUNE 5, 2023
4. REPORT FROM ARTHUR J. GALLAGHER INC. RE: INSURANCE RENEWAL
5. CONSIDERATION AND POTENTIAL ACTION RE: DISBANDING PPI INVESTMENT SUBCOMMITTEE
6. DISCUSSION RE: REMOVAL OF “COMMISSIONER COMMENTS & QUESTIONS” FROM PPI AGENDAS
7. DISCUSSION RE: PUBLIC COMMENTS BY COMMISSIONER TAYLOR ABOUT HUMAN RESOURCES DEPARTMENT
8. COMMISSIONER REQUESTS FOR FUTURE AGENDA ITEMS
9. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
10. ADJOURNMENT

THE METROPOLITAN DISTRICT COMMISSION COMMERCIAL INSURANCE SUMMARY 2023 Market Based Budget Indications

Coverage	2022-2023	2023-2024								
	Expiring Premium	Budget Low End			Budget High End			National Average		
		Premium	YoY	Market	Premium	YoY	Market	Premium	YoY	Market
Workers Compensation	Liberty Mutual									
Limit Per Occurrence \$1,000,000	\$ 120,123	\$ 120,123	\$ 0	0%	\$ 122,525	\$ 2,402	2%	\$ 120,123	\$ 0	0%
Property	Travelers									
	\$ 569,713	\$ 655,170	\$ 85,457	15%	\$ 712,141	\$ 142,428	25%	\$ 689,353	\$ 119,640	21%
Excess General Liability including Law Enforcement	Travelers									
Excess GL - Limit Per Occurrence \$1,000,000	\$ 245,343	\$ 266,197	\$ 20,854	9%	\$ 266,197	\$ 20,854	9%	\$ 260,064	\$ 14,721	6%
Law - Limit per Occurrence	\$ 6,039	\$ 6,583	\$ 544	9%	\$ 6,583	\$ 544	9%	\$ 6,401	\$ 362	6%
Excess Auto Liability	Travelers									
Combined Single Limit \$1,000,000	\$ 127,000	\$ 138,430	\$ 11,430	9%	\$ 138,430	\$ 11,430	9%	\$ 137,160	\$ 10,160	8%
Crime (Fidelity)	Travelers									
Employee Theft, ERISA, Funds Transfer Coverage \$1,000,000 per Claim	\$ 5,104	\$ 5,359	\$ 255	5%	\$ 5,563	\$ 459	9%	\$ 5,232	\$ 128	3%
Fiduciary Liability/Retirement	Travelers									
Claims Made - \$3,000,000	\$ 18,971	\$ 19,920	\$ 949	5%	\$ 20,678	\$ 1,707	9%	\$ 19,920	\$ 949	5%
Public Entity Liability/EPL	Chubb									
Directors & Officers, Employment Practices \$5,000,000 per Claim	\$ 139,070	\$ 152,977	\$ 13,907	10%	\$ 152,977	\$ 13,907	10%	\$ 144,772	\$ 5,702	4%
Cyber Liability	Cowbell									
Claims Made - \$1,000,000	\$ 17,257	\$ 17,257	\$ 0	0%	\$ 20,708	\$ 3,451	20%	\$ 20,536	\$ 3,279	19%
Excess Police Professional	Kinsale									
\$5,000,000 Excess of \$5,000,000 \$0 Retention per Claim	\$ 10,150	\$ 10,658	\$ 508	5%	\$ 11,165	\$ 1,015	10%	\$ 10,759	\$ 609	6%
Umbr/Excess Layer										
Travelers-\$5m excess of \$1m	\$ 41,806	\$ 62,709	\$ 20,903	50%	\$ 62,709	\$ 20,903	50%	\$ 46,405	\$ 4,599	11%
Genesis-\$5m excess of \$5m	\$ 101,826	\$ 108,954	\$ 7,128	7%	\$ 108,954	\$ 7,128	7%	\$ 113,027	\$ 11,201	11%
Hallmark-\$5m excess of \$10m	\$ 81,000	\$ 97,200	\$ 16,200	20%	\$ 101,250	\$ 20,250	25%	\$ 89,910	\$ 8,910	11%
AWAC (Allied World) -\$10m excess of \$15m	\$ 126,250	\$ 151,500	\$ 25,250	20%	\$ 157,813	\$ 31,563	25%	\$ 140,138	\$ 13,888	11%
Great American -\$25m excess of \$25m	\$ 161,500	\$ 193,800	\$ 32,300	20%	\$ 201,875	\$ 40,375	25%	\$ 179,265	\$ 17,765	11%
\$50m excess of \$1m	\$ 512,382	\$ 614,163	\$ 101,781	20%	\$ 632,600	\$ 120,218	23%	\$ 568,744	\$ 56,362	11%
TOTAL PREMIUM	\$ 1,771,152	\$ 2,006,836	\$ 235,684	13%	\$ 2,089,569	\$ 318,417	18%	\$ 1,983,063	\$ 211,911	12%

Issues to Consider

Market indications are shown in red font for June and in dark blue font for July
 Estimates are preliminary and will be updated throughout the renewal
 Estimates are based on rates, so change in exposure will affect premium
 Estimates do not take into consideration changes in loss experience
 Estimates are based on current market trends
 Estimates do not take into consideration Gallagher negotiating reduced pricing

Recommended Renewal Marketing Strategy

Workers Compensation	Liberty	Commit to Liberty, no marketing
Property	Travelers	Widespread marketing
Excess General Liability	Travelers	Limited Marketing
Excess Auto Liability	Travelers	Limited Marketing
Crime (Fidelity)	Travelers	Do not market if Travelers commits to less than 5% increase
Fiduciary Liability/Retirement	Travelers	Do not market if Travelers commits to less than 5% increase
Public Entity Liability/EPL	Chubb	Obtain status of 10/1/22 claim prior to making final recommend
Cyber Liability	Cowbell	Full Marketing
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Umbr/Excess Layer	Various	Full Marketing Effort



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The Metropolitan District Commission Hartford County, CT

Renewal Marketing Recommendations

Presented by Gallagher

Ronni Rausch, CPCU, LIA
Area SVP – Client Executive

Ronni_Rausch@ajg.com

508 397 5935



Gallagher

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AGENDA

- General Process
- Renewal Timeline
- Market Indications
- Recommended Renewal Strategy
- Questions



Ronni Rausch
*Northeast Regional Director
Public Sector Practice
Area Vice President
Ronni_Rausch@ajg.com*



Marnie Inerzo
*Client Service Executive
Marnie_Inerzo@ajg.com*



Cassie Raphel
*Client Service Manager
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Tim Lilley
*Account Executive
Tim_Lilley@ajg.com*

General Process



- Same process as last year
- Begins with preliminary market rates presentation
- Conduct limited, full, and widespread marketing depending on the line of insurance
- Participate in weekly update calls with staff
- Presentation of preliminary results to staff at end of August
- Presentation of final results to PP&I in early September
 - Last year our final results were better than the preliminary market estimates and the national average, in fact, we achieve a year-over-year decrease in premium costs

Renewal Timeline – October 1, 2023



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Target Date	Activity	Responsible Party	Completed
June 30th	Renewal Information Request	AJG	
June 30th	Budget Indications Presented Market Based Only	AJG	
Week of July 10th	Start Biweekly Renewal/Open Item Calls	AJG /MDC	
Week of July 10 th	Submission to market – Per Expiring Exposures	AJG	
Week of July 17 th	Obtain Carrier Firm Indications	AJG	
Week of July 24 th	Renewal Exposures returned to AJG	MDC	
Week of August 1 st	Start Weekly Calls	AJG / MDC	
Week of August 14 th	Final Primary Quotes due from carriers	AJG	
Week of August 21 st	Final Excess Quotes due from carriers	AJG	
Week of August 28 nd	Present to MDC Risk and Insurance Team	AJG	
September 6 th – 8 th	Renewal proposal presented to PP&I Committee	AJG / MDC	
Prior to 10/1	Bind orders to markets	AJG / MDC	
Prior to 10/1	Binders delivered	AJG	
October 1st	Renewal coverage effective 12:01 am	-	

S	M	T	W	T	F	S
June 2023						
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

S	M	T	W	T	F	S
July 2023						
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

S	M	T	W	T	F	S
August 2023						
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

S	M	T	W	T	F	S
September 2023						
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Metropolitan District Commission Commercial Insurance Summary



Gallagher

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Market Indications (next three slides)

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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