

# Metropolitan Water Reclamation District Retirement Fund

## Minutes Regular Meeting Board of Trustees April 26, 2017

Meeting#: 1131

Called to order: 10:05 a.m.

Place: Boardroom, 100 E. Erie St., Chicago, IL

Presiding: Mr. Joseph Kennedy, President

	<u>Present</u>
Trustees:	
Joseph F. Kennedy, President	X
Robert T. Regan, Vice-President	X
Hon. Mariyana T. Spyropoulos, Secretary	X
Hon. Barbara J. McGowan	X
John P. Dalton, Jr.	X
Stephen J. Carmody	X
Kathleen T. Meany	X

Staff present:

- Susan Boutin, Executive Director
- George Kirie, Financial Analyst
- Mary Wilson, Operations Manager
- Vrinda Kulkarni, Accountant/Analyst
- Ksenija Hrvojevic, Benefits Manager

Also present:

- Mary Ann Boyle, Treasurer, MWRDGC
- Kweku Obed, Marquette Associates
- Mike Ni, Marquette Associates
- Marisol Reyes, Marquette Associates
- Members of the staff
- Members of the public

## **Regular Business:**

### **Public Comments**

Mr. Kennedy solicited public comments; none responded.

### **Approval of Minutes**

*A motion was made by Mr. Dalton, seconded by Mr. Regan, to approve the minutes of the Regular Board Meeting held on March 22, 2017. The motion was unanimously approved.*

### **Consent Agenda**

#### ***Expenses***

Administrative expenses to be paid in May 2017 in the amount of \$580,364.71 were presented for approval.

*A motion was made by Mr. Regan seconded by Mr. Carmody to approve the amended Administrative Expenses. The motion was unanimously approved.*

#### ***Employee Annuitants***

None

#### ***Surviving Spouse Annuitants***

The applications for two new surviving spouse annuitants with a total monthly annuity benefit of \$7,428.44 were presented with the recommendation that they be approved and granted as follows:

<u>Name</u>	<u>Spouse (S) Child ( C )</u>	<u>Deceased EE/Retiree</u>	<u>Annuity Begins</u>
Elliott, Phyllis A.	S	Elliott, George T.	03/01/17
Thompson, Jeanette	S	Thompson, William	04/01/17

*A motion was made by Mr. Carmody, seconded by Ms. Spyropoulos to approve the Surviving Spouse/Child Annuitant applications. The motion was unanimously approved.*

#### ***Refunds and Final Payments***

The application for one refund and final payment in the amount of \$358,450.37 were presented with the recommendation that it be approved and granted as follows:

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Marks, Henry (deceased)	03/09/17	Refund to Estate (Wayne Marks)

*A motion was made by Ms. Spyropoulos, seconded by Ms. Meany to approve the Refund application. The motion was unanimously approved.*

#### ***Duty Disability***

The ten applications for Duty Disability benefits were presented with the recommendation that they be approved and granted.

*A motion was made by Ms. Meany, seconded by Mr. Dalton to approve the Duty Disability applications. The motion was unanimously approved.*

## **Regular Business, continued:**

### ***Ordinary Disability***

The eight applications for Ordinary Disability benefits were presented with the recommendation that they be approved and granted.

*A motion was made by Mr. Dalton, seconded by Mr. Regan to approve the Ordinary Disability applications. The motion was unanimously approved.*

### ***Entire Consent Agenda***

*Mr. Kennedy conducted a roll call vote on the entire Consent Agenda. The Consent Agenda was unanimously approved. The itemized reports are on file.*

## **Administrative:**

### **Cash Allocation**

Ms. Boutin made the recommendation for investment withdrawals to fund the June 2017 payrolls.

*Ms. Meany made the motion to transfer approximately \$1.0M from the LSV International Small Cap portfolio to supplement funds available to cover the June 2017 payroll and expenses estimated to be \$14.8M. Ms. Spyropoulos seconded the motion which was unanimously approved by roll call vote.*

### **Novitas PBWeb Project Monthly Status**

Ms. Boutin presented a project update, stating that staff is currently testing elements of the first part of the project which includes the personal information, address and contact screens. Mr. Chang has reported that approximately 25% of the project is completed.

*(Enter Ms. McGowan 10:09 a.m.)*

### **2016 Financial Report**

Mr. Paul M. Doetsch, Audit Partner of Legacy Professionals LLP, presented and reviewed the 2016 Financial Report, which included new disclosures required by GASB 72. Legacy gave an unqualified opinion (the highest opinion) on the Fund's financial statements.

Mr. Dalton inquired as to the origin of the reported long-term expected real rate of return; they are provided by the Fund's Investment Consultant, Marquette Associates.

## **Administrative, continued:**

### **2016 Actuarial Report (motion)**

Mr. Jason Franken of Foster & Foster Consulting Actuaries presented and reviewed the 2016 Actuarial Valuation Report. He reviewed the changes in the Actuarial Liability and the Actuarial Value of Assets, which resulted in an improvement in the funded ratio from 55.2% to 56.2%.

In response to an inquiry by Mr. Dalton, Mr. Franken explained the chart on p.6 of the report showing the development of the Actuarial Value of Assets.

In response to inquiries by Mr. Dalton regarding when he expects the number of Tier 2 actives to outnumber the Tier 1 actives, Mr. Franken stated that he would review the projection from last year and estimate the point at which the member population will contain more Tier II than Tier I members. He also commented that most of the public plans he works with are using interest rate assumptions in the range of 7.0% to 7.75%. He also commented on the theoretical impact of a change in the assumed rate of return on the plan sponsors pension liability.

*Mr. Dalton made a motion to approve the 2016 Actuarial Valuation as presented by Foster & Foster. Mr. Carmody seconded the motion which was unanimously approved by roll call vote.*

### **Report of Retirement Processing**

Ms. Boutin reported on the recent and historical retirement processing as follows:

Year	Total Retirements	Non-Reciprocal Retirements	Reciprocal Retirements	# Estimates Provided to Active Members
2013	77	58	19	705
2014	72	66	6	771
2015	107	91	16	887
2016	90	79	11	889
2017	50	41	9	396

This time last year there were a total of 41 retirements and 395 estimate requests.

### **Trustee Training and Education**

Ms. Boutin reported on the following training opportunity:

- **Midwest Institutional Investors Forum** – June 14<sup>th</sup> at the Chicago Board Options Exchange, 400 S. LaSalle St, Chicago. Cost to attend is \$195.

*Mr. Dalton made the motion to approve trustee training for Ms. Spyropoulos and Mr. Carmody at the Midwest Institutional Investors Forum on June 14<sup>th</sup> at a total cost of \$390. Mr. Regan seconded the motion which was unanimously approved by roll call vote.*

Ms. Boutin reminded the Trustees that the P&I Conference “The Future of Emerging Markets” will be held May 2<sup>nd</sup> at the Four Seasons Chgo, 120 E. Delaware St. Time is 8:30 am to 12:00 pm.

## Investments, continued

### Reports by Staff

#### *Custodian Report*

Mr. Kirie presented the BNYM Custodial Report which showed assets as of March 31st totaling \$1.3B. He also presented the report of purchases and sales of securities in March. Reports are on file.

## Other Investment Related Issues

### Reports by Investment Consultant

In response to a request by Ms. Boutin, Mr. Obed commented on the residual balance in the Pioneer account, consisting of thinly traded bonds; Pioneer is working to liquidate those residual holdings and close the account.

#### **1<sup>st</sup> Quarter 2017 Flash Report and Market Environment**

Mr. Obed reviewed the current market environment and recent performance of the Fund.

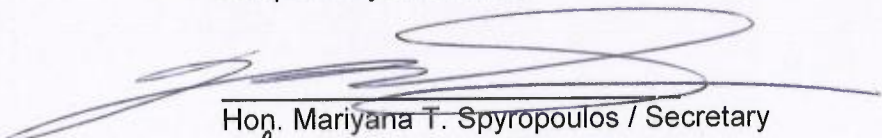
## Other Comments

Mr. Kennedy stated that a Pension Administration System Study Session will be held immediately following the Board Meeting.

## Adjournment:

Ms. Spyropoulos moved that the meeting be adjourned, whereupon the meeting was adjourned by Mr. Kennedy at 11:08 a.m.

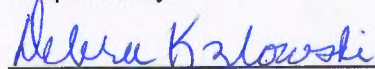
Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary

Susan A. Boutin  
Susan A. Boutin / Executive Director

Prepared by:



Debra Kozlowski / Office Services Asst.



Vrinda Kulkarni / Accountant