

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees May 31, 2017

Meeting#: 1132

Called to order: 10:03 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	
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

Also present: Mary Ann Boyle, Treasurer, MWRDGC
Kweku Obed, Marquette Associates
Members of the staff
Members of the public

Regular Business:

Public Comments

Mr. Kennedy solicited public comments; Mr. George Blakemore spoke.

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 April 26, 2017. The motion was unanimously approved.

Consent Agenda

Expenses

Administrative expenses to be paid in June 2017 in the amount of \$581,567.74 were presented for approval.

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

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Regular Business, continued:

Consent Agenda continued:

Employee Annuitants

The applications for forty one new employee annuitants with a total monthly annuity benefit of \$265,852.81 were presented with the recommendation that they be approved and granted as follows:

<u>Employee Name</u>	<u>Position</u>	<u>Annuity Begins</u>	<u># Years @ MWRD</u>	<u># Years Reciprocal</u>
Barton, Christine M.	Associate Human Resources Analyst	05/01/17	17.53	0.00
Bedard, Richard M.	Storekeeper	05/01/17	29.91	0.00
Bergstrom, Daniel	Engineering Technician V	05/01/17	31.00	0.00
Billich, Eshter P.	MLAS	05/01/17	28.00	0.00
Brand, Mary A.	Treatment Plant Operator III	05/01/17	32.00	0.00
Cohen, Michael P.	Supervising Budget & Management Analyst	05/01/17	30.00	0.00
Collins, Daniel E.	Managing Civil Engineer	05/01/17	31.00	0.00
Conrad, Sandra	Senior Environmental Chemist	05/01/17	26.23	0.00
Contarino, Salvatore J.	Engineering Technician V	05/01/17	30.00	0.00
Fredianelli, Sadgio	Computer Systems Administrator	05/01/17	26.00	0.00
Gelato, John R.	Machinist	05/01/17	24.51	0.00
Granato, Thomas	Director of Monitoring & Research	05/01/17	30.00	0.00
Hanrahan, Patrick W.	Pipefitter	05/01/17	21.00	0.00
Hardy, Tim J.	Machinist Foreman	05/01/17	30.00	0.00
Hill, Ronald M.	General Counsel	05/01/17	28.00	0.00
Holdman, Leonard J.	Machinist	05/01/17	20.62	0.00
Howard, Rowlanda	Fireman-Oiler	05/01/17	30.00	0.00
Jones, William E.	MLA	05/01/17	30.00	0.00
Kalvaitis, Jonas L.	Safety Coordinator	05/01/17	29.00	0.00
Kamenjarin, Sheril A.	Treatment Plant Operator III	05/01/17	30.00	0.00
Klimas, John	Senior Mechanical Engineer	05/01/17	27.00	0.00
Kullman, Wayne M.	Sheet Metal Worker	05/01/17	18.00	0.00
Kuman, Izabela H.	Administrative Specialist	05/01/17	18.51	0.00
Logan, Dwayne	Associate Civil Engineer	05/01/17	30.00	0.00
Malone, John S.	Assistant Chief Operating Engineer	05/01/17	30.00	0.00
Matlock, David S.	Engineering Technician V	05/01/17	28.58	0.00
Moore, Trennis A.	MLAS	05/01/17	30.00	0.00
Negoda, Henry A.	Machinist	05/01/17	28.00	0.00
Northfell, Donald W.	Carpenter	05/01/17	28.00	0.00
O'Donnell, Pat	Electrical Mechanic	05/01/17	30.00	0.00
Papanikolaou, James	Environmental Specialist	05/01/17	30.00	0.00
Polito, Dominic C.	MLA	05/01/17	30.00	0.00
Quinn, James T.	Hoisting Engineer Foreman	05/01/17	30.00	0.00
Robinson, Deborah A.	MLA	05/01/17	20.00	0.00
Seidler, Marina	Administrative Specialist	05/01/17	29.97	0.00
Sims, Debbie D.	MLA	05/01/17	27.00	0.00
Sobczyk, John	Environmental Specialist	05/01/17	29.00	0.00
Wahlin, Robert J.	Senior Civil Engineer	05/01/17	30.00	0.00
Waters, Larry D.	Carpenter	05/01/17	29.00	0.00
Yamanaka, Kim	Treatment Plant Operator II	05/01/17	29.00	0.00
Zigulich, Phillip J.	Operating Engineer I	05/01/17	14.48	0.00

A motion was made by Mr. Carmody seconded, by Ms. Spyropoulos to approve the Employee Annuitant applications. The motion was unanimously approved.

Regular Business, continued:

Consent Agenda continued:

Surviving Spouse Annuitants

The applications for four new surviving spouse annuitants with a total monthly annuity benefit of \$11,043.15 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>
Bernardi, Pierina	S	Bernardi, Anthony P.	05/01/17
Genualdi, Joann	S	Genualdi, Vincent J	05/01/17
Olson, John J.	S	Olson, Noreen P.	05/01/17
Prater, Janet E.	S	Prater, David J.	05/01/17

A motion was made by Ms. Spyropoulos, seconded by Ms. Meany to approve the Surviving Spouse Annuitant applications. The motion was unanimously approved.

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Regular Business, continued:

Consent Agenda continued:

Refunds and Final Payments

The applications for twenty nine refund and final payments in the amount of \$768,472.72 were presented with the recommendation that they be approved and granted as follows:

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Becker, Patrick	5/1/2015	Resignation
Bergstrom, Daniel	4/30/2017	No Spouse Refund
Billich, Esther P.	4/30/2017	No Spouse Refund
Brand, Mary A.	4/30/2017	No Spouse Refund
Brand, Mary A.	4/30/2017	Excess Optional
Cohen, Michael P.	4/30/2017	Excess Optional
Collins, Daniel E.	4/30/2017	Excess Optional
Contarino, Salvatore J.	4/30/2017	Excess Optional
Hanrahan, Patrick W.	4/30/2017	No Spouse Refund
Howard, Rowlanda	4/30/2017	No Spouse Refund
Jasovic, Gabriela	4/30/2017	Resignation
Kalvaitis, Jonas L.	4/30/2017	No Spouse Refund
Kamenjarin, Sheril A.	4/30/2017	Excess Optional
Klimas, John	4/30/2017	No Spouse Refund
Kullman, Wayne M.	4/30/2017	No Spouse Refund
Kuman, Izabela H.	4/19/2017	No Spouse Refund
Logan, Dwayne	4/30/2017	No Spouse Refund
Logan, Dwayne	4/30/2017	Excess Optional
Matlock, David S.	4/30/2017	No Spouse Refund
O'Donnell, Pat	4/30/2017	Excess Optional
O'Donnell, Pat	4/30/2017	No Spouse Refund
Papanikolaou, James	4/30/2017	Excess Optional
Polito, Dominic C.	4/30/2017	Excess Optional
Quinn, James T.	4/30/2017	Excess Optional
Robinson, Deborah A.	4/30/2017	No Spouse Refund
Seidler, Marina	4/30/2017	No Spouse Refund
Sims, Debbie D.	4/30/2017	No Spouse Refund
Wahlin, Robert J.	4/30/2017	No Spouse Refund
Wahlin, Robert J.	4/30/2017	Excess Optional

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

Regular Business, continued:

Consent Agenda continued:

Ordinary Disability

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

A motion was made by Mr. Regan, seconded by Mr. Carmody 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 July 2017 payrolls.

Mr. Carmody made the motion to transfer a maximum of \$11.0 million from the over-weights in the following portfolios: approximately \$8.0M from the LSV Non-US Small Cap portfolio and the balance of approximately \$3.0M from the DFA Emerging Market portfolio to supplement funds available to cover the July 2017 payroll and expenses estimated to be \$13.3M. Mr. Regan seconded the motion which was unanimously approved by roll call vote.

Novitas PBWeb Project Monthly Status

Ms. Boutin presented the Novitas PBWeb Project Monthly Status Report, and responded to questions by Mr. Dalton & Carmody regarding the project completion and billing percentages shown on the report.

2016 CAFR

Ms. Boutin reported that the Comprehensive Annual Financial Report for Fiscal Year 2016 has been completed and will be submitted to the GFOA. The CAFR will be transmitted to the District for receipt and filing at their June 15, 2017 BOC meeting. She gave special thanks to Vrinda Kulkarni and George Kirie for their coordinated efforts on this project.

Approve Submittal of Illinois Department of Insurance Report

Ms. Boutin reported that in accordance with the ILCS, Section 5/1A-109 which requires the Fund to submit an annual statement within 6 months of the close of the fiscal year, the Illinois Department of Insurance Report was completed on May 17th.

Mr. Dalton made the motion to approve the execution and signing of the 2016 Illinois Department of Insurance report by Mr. Kennedy as President, Ms. Spyropoulos, as Secretary, and Ms. Boyle as Treasurer. Ms. Meany seconded the motion which was unanimously approved by roll call vote.

Trustee Training and Education

There is an opportunity for education and training in the upcoming months.

- **Midwest Institutional Investors Forum** – June 14th at the Chicago Board Options Exchange, 400 S. LaSalle St, Chicago. Cost to attend is \$195. *(Spyropoulos, Carmody approved in April)*

Mr. Dalton made the motion to approve Trustee and Staff training at the Midwest Institutional Investors Forum for Mr. Regan at a cost of \$195. Mr. Carmody seconded the motion which was unanimously approved by roll call vote.

Administrative, continued:

Staff Retirement

Ms. Boutin stated that Mr. George Kirie has submitted a letter informing her that he will be retiring on May 31, 2017. George began working for the fund October 9, 1987. His current position is Financial Analyst. Ms. Boutin thanked Mr. Kirie for all of his work at the Retirement Fund over the past 30 years.

Retirement Fund Staffing

Ms. Boutin made the recommendation to hire a Financial Analyst who would be responsible for a broad range of investment, cash management and accounting-related duties of the Fund. She has begun preparation of a job posting and will provide it to Trustees for review within the next two weeks.

Legal & Legislative

Ms. Boutin reported on legislation currently under consideration by the in the Illinois legislature.

HB164- domestic partner legislation passed both houses, and is now going to the Governor's desk.

Senate Bill 16 – passed the Senate but did not pass the House. The Fund is not included in this Bill.

Two other House Bills (HB4045 and HB4027), which are in effect placeholders in case Senate Bill 16 does not move, have not passed the House Pension Committee.

Investments

Reports by Staff

Comments by Mr. Kirie

Mr. Kirie expressed his gratitude to the Board, staff and his family for their support over his 30-year career.

Manager Profiles

Mr. Kirie reviewed the recent performance of Standish Mellon and Neuberger Berman.

Custodian Report

Mr. Kirie presented the BNYM Custodial Report which showed assets as of April 30th totaling \$1.32B. He also presented the report of purchases and sales of securities in April. Reports are on file.

Minority Broker/Dealer Commissions for 1st Quarter ending March 31, 2017

Mr. Kirie presented the Q1 2017 commissions summary which showed that overall our managers are exceeding the Fund's minority brokerage goals. During the first quarter, managers directed 59.4% of commissions for domestic equity trades, 23.0% for international equity trades, and 28.7% of par for fixed income trades to MWDOB broker-dealers. Goals are 30%, 10% and 20% of par, respectively. Report is on file.

Securities Lending Report

Mr. Kirie presented the Q1 2017 Securities Lending Report which showed income from BNYM securities lending program of \$72,420. Income from the SSGA lending program in the Aggregate Bond Fund was \$25,669.

Other Investment Related Issues

Reports by Managers

Standish Mellon Asset Management - Mr. Anthony Cuscuolo, Relationship Manager and Mr. Hugh Tuomey, Client Portfolio Manager, presented the organizational update and recent performance of the Global Core Plus fixed income portfolio.

At the request of Mr. Obed, Mr. Tuomey commented on the market environment looked like for fixed income and why their portfolio held up. Mr. Tuomey responded that they reduced their risk positions. Mr. Tuomey also responded to Mr. Obed's inquiry about rising interest rates and portfolio positioning. Mr. Tuomey also spoke to Mr. Dalton's inquiry about the risk budget, referring to a table in the presentation book.

Neuberger Berman - Ms. Cheryl Cannistra and Mr. Ronit Walny presented an organizational update and the recent performance of the Core Plus fixed income portfolio.

In response to an inquiry by Mr. Obed, Mr Walny commented on the possible market impact of the impending U.K. and Germany elections, and the new administration in the U.S.

At the conclusion of the presentation, Ms. Cannistra expressed best wishes to Mr. Kirie in his retirement.

Reports by Investment Consultant

April 2017 Flash Report and Market Environment

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

Investment Consultant Comments

Mr. Obed thanked Mr. Kirie for the institutional knowledge he provided when Marquette became the Fund's consultant, and wished him well in his retirement.

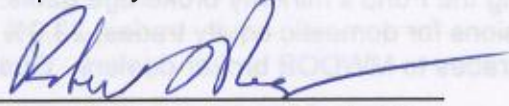
Other Comments:

Ms. Boutin invited all present to partake in cake to mark Mr. Kirie's retirement.

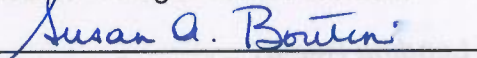
Adjournment:

Ms. Spyropoulos moved that the meeting be adjourned, whereupon the meeting was adjourned by Mr. Kennedy at 11:36 a.m.

Respectfully submitted,

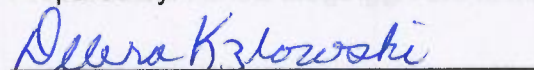


Robert T. Regan / Vice President

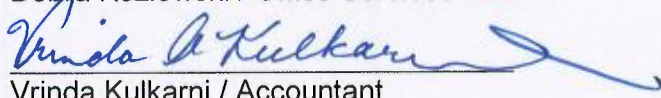


Susan A. Boutin / Executive Director

Prepared by:



Debra Kozlowski / Office Services Asst.



Vrinda Kulkarni / Accountant