

**Metropolitan Water Reclamation  
District Retirement Fund**

**Minutes  
Regular Meeting  
Board of Trustees  
June 28, 2017**

Meeting#: 1133

Called to order: 10:00 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	
	Hon. Barbara J. McGowan	
	John P. Dalton, Jr.	X
	Stephen J. Carmody	
	Kathleen T. Meany	X

Staff present: Susan Boutin, Executive Director  
Mary Wilson, Operations Manager  
Ksenija Hrvojevic, Benefits Manager

Also present: Kweku Obed, 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 May 31, 2017. The motion was unanimously approved.*

### **Consent Agenda**

#### ***Expenses***

Administrative expenses to be paid in July 2017 in the amount of \$34,113.09 were presented for approval.

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

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

The applications for seventeen new employee annuitants with a total monthly annuity benefit of \$83,132.15 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>
Avina, Jesus A.	MLAS	05/01/17	18.50	9.50
Carroll, Mary	Community Education Specialist	05/01/17	24.00	3.49
Collins, William J.	Operating Engineer I	06/01/17	26.23	0.00
Dannard, Andre	Treatment Plant Operator II	06/01/17	25.00	0.00
Del Russo, Olga A.	Administrative Specialist	05/01/17	21.00	6.33
Hilliard, James	Financial Analyst	05/01/17	19.81	1.00
Hurley, Maurice T.	Engineering Technician V	05/01/17	20.00	15.33
Isaac, Edward A.	Engineering Draftsman II	05/01/17	21.00	3.50
Johnson, Larry C.	MLAS	05/01/17	17.50	12.50
Kirie, George P.	Financial Analyst	06/01/17	30.70	0.00
Pankiewicz, Thomas	Pollution Control Technician I	06/01/17	25.00	0.00
Peretti, Dawn M.	Electrical Mechanic	06/01/17	24.00	0.00
Tiffin, John P.	Treatment Plant Operator II	06/01/17	32.89	0.00
Topor, Sylvia J.	Safety Specialist	05/01/17	10.00	2.58
Wagner, Patricia C.	Supervising Budget & Management Analyst	06/01/17	28.00	0.00
Wallace, Keena	Administrative Assistant	05/01/17	27.00	4.00
Weibust, Glenn	EI & TM	06/01/17	29.58	0.00

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

## **Regular Business, continued:**

### **Consent Agenda continued:**

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

The applications for two new surviving spouse annuitants with a total monthly annuity benefit of \$11,832.50 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>
Deschamps, Nancy	S	Deschamps, Arthur	06/01/17
Nolan, Michelle J.	S	Nolan, Terrance P.	05/01/17

*A motion was made by Mr. Dalton, seconded by Mr. Regan to approve the Surviving Spouse Annuitant applications. The motion was unanimously approved.*

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

The applications for nine refund and final payments in the amount of \$175,842.77 were presented with the recommendation that they be approved and granted as follows:

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Carroll, Mary	4/30/2017	No Spouse Refund
Dannard, Andre	5/28/2017	No Spouse Refund
Del Russo, Olga A.	4/30/2017	No Spouse Refund
Hurley, Maurice T.	4/30/2017	Excess Optional
Kirie, George P.	5/31/2017	Excess Optional
Olson, Janice L.	2/12/2013	Refund to Estate (Debra Koopman, Executor)
Peretti, Dawn M.	5/31/2017	No Spouse Refund
Tiffin, John P.	5/31/2017	Excess Optional
Wallace, Keena	4/30/2017	No Spouse Refund

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

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

The seven 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.*

#### ***Ordinary Disability***

The four 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 Ms. Meany to approve the Ordinary Disability applications. The motion was unanimously approved.*

## **Regular Business, continued:**

### **Consent Agenda continued:**

#### ***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 (motion)**

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

Mr. Regan made the motion to transfer a maximum of \$12.7M from the over-weights in the following portfolios: approximately \$5.0M from the LSV LCV portfolio, \$5.0M from the Ariel MCV portfolio and the balance of approximately \$2.7M from the SSgA S&P 400 Index to supplement funds available to cover the August 2017 payroll and expenses estimated to be \$14.1 million. Mr. Dalton 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, reporting that Novitas has completed 90% of the P&I screens and is currently working on a redesign of those screens as requested by staff, and the health insurance screens. Ms. Wilson responded to questions by Mr. Dalton & Mr. Kennedy.

### **Actuarial Services for 2017 Valuation**

Ms. Boutin reported the Fund's agreement with Foster & Foster Consulting Actuaries, Inc. for the 5 year period beginning January 1, 2013 is set to expire December 31, 2017. Foster & Foster was hired in 2012 following the resignation of Goldstein & Associates. In 2014, a supplemental agreement was approved to include the services required for the GASB 67 disclosures. At that time, the District also approved an agreement with Foster & Foster to provide GASB 68 disclosures. Ms. Boutin made the recommendation to post an RFP for Actuarial Services in the month of July for a 1 year period of January 1, 2017 to December 31, 2017 with the option of extension for 4 additional years.

*Ms. Meany made the motion to post an RFP for Actuarial Services in the month of July for a 1 year period of January 1, 2017 to December 31, 2017 with the option of extension for 4 additional years. Mr. Dalton seconded the motion which was unanimously approved by roll call vote.*

In response to an inquiry by Mr. Dalton, Ms. Boutin stated the expected timeline would be 3 months. Further comments were made by Mr. Kennedy stating that the Fund is happy with the services provided by Foster & Foster and that the firm is welcome to re-bid.

### **Staff Retirement**

Ms. Boutin reported that RF Assistant Benefits Analyst, Jean Sivils submitted an application to retire effective May 31, 2017 due to health issues. Jean began working for the District in March 1999 and accepted a position with the Fund in August 2000. Ms. Boutin thanked Jean for all of her work at the Retirement Fund over the past 16 years.

### **Retirement Fund Staffing**

Ms. Boutin made a recommendation to hire an Assistant Benefits Analyst who would be responsible for a broad range of benefit related responsibilities for the Fund, at TAM 13 pay level. Trustees expressed no disagreement; no formal motion required to post the position.

## **Legal and Legislative**

### **Tax Levy for 2018**

Ms. Boutin reported the MWRD Retirement Fund tax levy for 2018 is in the gross amount of \$87,281,000. In accordance with the Funding Policy approved by the BOC, the levy is based on the multiple of 4.19 times employee contributions in 2015 of \$20,830,779. The 2018 levy represents a 2.6% decrease from the 2017 levy due to a reduction in employee contributions of approximately \$550,000.

*A motion was made by Mr. Dalton, seconded by Mr. Regan, to approve the MWRD Retirement Fund tax levy for 2018 in the gross amount of \$87,281,000. The motion was unanimously approved by roll call vote.*

### **Authority for legal services provided by JBOH**

Ms. Boutin requested authority for the firm of Jacobs, Burns, Orlove & Hernandez (JBOH) to continue to provide legal services, at a new hourly rate of \$260 for the period of July 2017 through June 2018 in an amount not to exceed \$30,000. The hourly paralegal rate will remain the same at \$90 per hour and the hourly law clerk rate will be \$60 per hour.. Ms. Boutin reviewed the rate history.

*Mr. Regan made the motion to extend the legal services provided by JBOH at the hourly rate of \$260 for the period of July 2017 through June 2018 in an amount not to exceed \$30,000. Mr. Dalton seconded the motion which was unanimously approved by roll call vote.*

## **Investments**

### **Reports by Staff**

#### ***Manager Profiles***

Ms. Boutin reviewed the recent performance of Hexavest and Dimensional Fund Advisors (DFA).

#### ***Custodian Report***

Ms. Boutin presented the BNYM Custodial Report which showed assets as of May 31<sup>st</sup>. She also presented the report of purchases and sales of securities in May. Reports are on file.

### **Reports by Managers**

***Hexavest*** - Mr. James McInerney, Relationship Manager and Mr. Jean-Rene Adam, co-CIO, presented the organizational update and recent performance of the international equities portfolio.

Mr. Adam responded to Ms. Meany's request for clarification about the unemployment rate in Japan. He also responded to inquiries by Mr. Obed and Mr. Dalton regarding interpreting the recent trend of high P/E ratios.

***Dimensional Fund Advisors*** - Mr. Doug Byrkit and Mr. Daniel Ong presented an organizational update and the recent performance of the DFA Emerging Markets mutual fund.

In response to an inquiry by Mr. Obed, Mr Ong and Mr. Byrkit commented on expectations for emerging markets, given inherent premiums for political risk.

## **Other Investment Related Issues**

### **Reports by Investment Consultant**

#### ***Comments on Rebalancing***

Mr. Obed expressed agreement with the planned withdrawals for benefit payments.

#### ***Marquette Investment Symposium***

Mr. Obed reminded the Trustees that the Symposium will be held on Friday September 29, 2017, at the Union League Club.

#### ***May 2017 Flash Report and Market Environment***

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

Mr. Obed responded to an inquiry by Mr. Kennedy about the U.K. and Brexit. He also responded to an inquiry by Mr. Dalton about the rebalancing schedule; Mr. Obed pointed out the schedule will be affected by the Board's consideration of a real estate allocation.

#### ***Real Estate RFP***

Mr. Obed recommended a 5% core open-end real estate allocation as a conservative asset class with which to further diversify the Fund's portfolio. In response to a question from Mr. Dalton regarding funding of the portfolio, Mr. Obed recommended that they review both the equity and fixed income portfolios to determine the best option to fund this allocation. Allocation targets would become 65% equities, 30% fixed income, and 5% real estate.

*Mr. Dalton made the motion to post an RFP for a core open-end real estate manager. Motion was seconded by Mr. Regan, and unanimously approved by role call vote.*

In response to an inquiry by Mr. Dalton, Ms. Boutin stated she expects to post the RFP within the next 2 weeks. In response to an inquiry by Ms. Boutin, Mr. Obed gave an explanation of open-end funds.

### **Executive Session - Semi-Annual Review of Executive Session Minutes**

*Ms. Meany made the motion, seconded by Mr. Dalton, to go into Executive session to discuss Semi-Annual Review of Executive Session Minutes.. Motion passed with a chorus of ayes.*

*(Whereas Executive session was entered into)*

*(Whereas the Executive session concluded)*

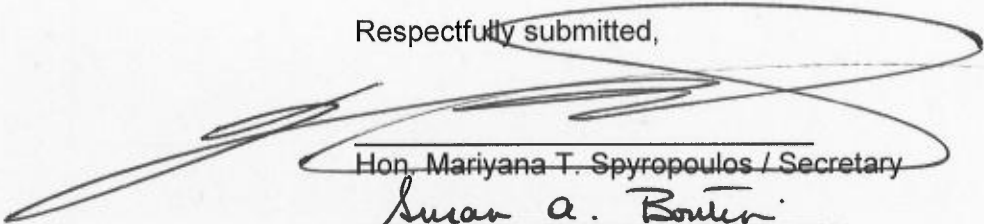
*Mr. Dalton made the motion to accept the minutes of the Executive session held on December 21, 2016, The motion was seconded by Ms. Meany, and unanimously passed with a role call vote.*

*Ms. Meany made the motion to maintain the minutes of the executive session confidential. The motion was seconded by Mr. Dalton and unanimously passed with a role call vote.*

**Adjournment:**

The meeting was adjourned by Mr. Kennedy at 11:32 a.m.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary

Susan A. Boutin  
Susan A. Boutin / Executive Director

Prepared by:

Debra Kozlowski  
Debra Kozlowski / Office Services Asst.

Vrinda Kulkarni  
Vrinda Kulkarni / Accountant