

# Metropolitan Water Reclamation District Retirement Fund

## Minutes Regular Meeting Board of Trustees November 15, 2017

Meeting#: 1138

Called to order: 10:07 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	

Staff present: Susan Boutin, Executive Director  
Mary Wilson, Operations Manager  
Ksenija Hrvojevic, Benefits Manager  
Brian Gillespie, Financial Analyst

Also present: Kweku Obed, Marquette Associates  
Mike Ni, 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 October 25, 2017. The motion was unanimously approved.*

### **Consent Agenda**

#### ***Expenses***

Administrative expenses to be paid in December 2017 in the amount of \$400,392.91 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.*

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

The applications for two new employee annuitants with a total monthly annuity benefit of \$5,057.43 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>
Flowers, Shannon L.	MLAS	12/1/2017	19.03	0.00
McInnes, Colin	Pipefitter	11/1/2017	17.00	0.00

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

#### ***Surviving Spouse & Child Annuitants***

The applications for two new surviving spouse annuitants with a total monthly annuity benefit of \$12,468.46 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>
Edwards, Birdie M.	S	Edwards, Thomas M.	09/01/17
Stertz, Annette M.	S	Stertz, Henry	11/01/17

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

## **Regular Business, continued:**

### **Consent Agenda continued:**

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

The applications for four refunds and final payments in the amount of \$133,597.55 were presented with the recommendation that they be approved and granted as follows:

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Campbell, Dana A.	08/11/17	Termination
Flowers, Shannon L.	03/23/17	No Spouse Refund
Grant, Andrew N.	10/06/17	Resignation
McInnes, Colin	10/29/17	No Spouse Refund

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

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

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

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

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

The six applications for Ordinary Disability benefits and a 30-day waiver 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 and 30-day waiver. 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 – December**

Ms. Boutin made the recommendation for investment withdrawals to fund the January 2018 payrolls.

*Mr. Carmody made the motion to transfer a maximum of \$12.3 million from the over-weights in the following portfolios: approximately \$9.0M from the LSV Non-US Small Cap portfolio and the balance of approximately \$3.3M from the State Street Global Advisors S&P 400 Index to supplement funds available to cover the January 2018 payroll and expenses estimated to be \$13.8M. Mr. Dalton seconded the motion which was unanimously approved by roll call vote.*

### **Cash Transfers**

Ms. Boutin reported the actual vs. planned transfers for funding the November 2017 payrolls.

<b><i>November 2017 (In Millions)</i></b>	<b><i>Approved</i></b>	<b><i>Transferred</i></b>	<b><i>Difference</i></b>
LSV Non US-SC	\$7.00	\$7.00	\$0.00
DFA Emerging Market	5.10	4.17	0.93
Transition Account	0.60	\$0.60	0.00
Total	12.70	11.77	0.93

## **Administrative, continued:**

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

Ms. Boutin stated that Novitas is currently reporting a 88.2% project completion on the P&I and health insurance screens. She reported that PBWeb is currently in production (beta mode) and staff is reconciling data discrepancies. Anticipated completion date is November 30, depending on how long the data reconciliation takes.

Ms. Wilson and Ms. Boutin responded to Mr. Dalton's inquiry about the insurance plan year changing to the calendar year in 2017. Ms. Wilson stated that it does not impact the current project.

### **Oath of Office – John P. Dalton, Jr.**

Ms. Boutin stated that Mr. John Dalton will sign the Fund's Oath of Office as Trustee for his four-year term beginning December 1, 2017 through November 30, 2021. His Oath of Office will be provided to the Clerk of the District.

### **Tentative 2018 Meeting Schedule**

Ms. Boutin distributed the tentative 2018 meeting schedule for Trustee review. She requested comments by December 8<sup>th</sup>, so the schedule can be approved and distributed at the December 13<sup>th</sup> Board meeting.

### **Tentative 2018 Budget**

Ms. Boutin distributed the tentative 2018 Budget for Trustee review before adoption at the December Meeting. She requested comments before the December 13<sup>th</sup>.

## **Legal and Legislative**

### **Pubic Act 100-0244 Surviving Spouse Annuity**

Ms. Wilson informed the Trustees that PA 100-0244 was signed into law by Governor Rauner on August 22<sup>nd</sup>. This law extends surviving spouse annuity benefits to the spouse or civil union partner of a retiree who retired prior to June 1, 2011, took a refund of surviving spouse contributions and could not enter into either a civil union or marriage recognized in the State of Illinois prior to that date. The retiree must have become party to a marriage, civil union, or other relationship that at the time it was formed, was not legally recognized as a civil union or marriage under the Religious Freedom Protection and Civil Union Act on or after June 1, 2011 and before July 1, 2016 or to a marriage under the Illinois Marriage and Dissolution Act on or after February 26, 2014 and before July 1, 2016. The retiree must still be in this marriage, civil union or legal relationship at the time of the election (described below).

The law allows an irrevocable election to repay the refund to establish a surviving spouse annuity, and outlines the various options for repayment, and how benefits would be administered.

Staff is currently drafting a formal policy to incorporate the requirements of this law; the draft policy is expected to be presented to the Trustees at the December 13<sup>th</sup> Board meeting. Ms. Wilson responded to inquiries by Mr. Dalton and Mr. Carmody on details of refund repayment, and the impact of death of the retiree or spouse subsequent to making the election on the repayment plan. Mr. Carmody also commented on the possibility of striking the language of these provisions from the statutes after the election period is over on January 1, 2019.

## **Investments**

### **Reports by Staff**

#### ***Minority Broker/Dealer Commissions Report for YTD ending September 30, 2017***

Mr. Gillespie presented the Q3 2017 commissions summary which showed that overall our managers are exceeding the Fund's minority brokerage goals. Year-to-date through the 3<sup>rd</sup> quarter, managers directed 71.7% of commissions for domestic equity trades, 22.1% for international equity trades, and 29.0% of par for fixed income trades to MWDOB broker-dealers. Goals are 30%, 10% and 20% of par, respectively. Report is on file.

## **Investments, continued**

### ***Securities Lending Report***

Mr. Gillespie presented the Q3 2017 Securities Lending Report which showed income from the BNYM securities lending program was \$56,485. Income from the SSgA lending program in the Aggregate Bond Fund was \$18,685.

### **Report by Custodian**

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

Mr. Michael Skirtich and Mr. Dean Schavolt from the Bank of New York Mellon presented an organizational update. They highlighted the new custody agreement in place since May 2017, the securities lending program, and minor changes to the client service team.

Mr. Schavolt responded to inquiries by Mr. Dalton regarding the securities lending program. Discussion followed. At the request of Mr. Obed and Mr. Dalton, Mr. Schavolt commented on the recently announced pending combination of Standish Mellon and Mellon Capital Management.

Mr. Skirtich reported assets at October 31<sup>st</sup> of \$1.393B. He also presented the Purchases and Sales for October.

Mr. Carmody inquired about the custodian's transaction fees, and how/if those fees were incorporated into performance as reported by the managers. Mr. Skirtich and Mr. Obed responded.

## **Other Investment Related Issues**

### **Reports by Investment Consultant**

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

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

#### ***Other Comments***

Mr. Obed thanked the board members for attending the 2017 Marquette Symposium and reported that videos of sessions are available online at this time.

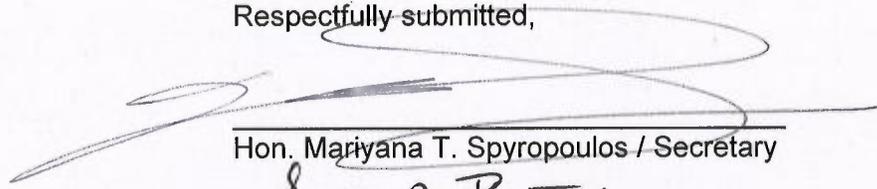
#### ***Marquette Market Tracker & October 2017 Flash Report***

Mr. Obed reviewed the YTD cash flows, the current market environment and the recent performance of the Fund.

**Adjournment:**

Ms. Spyropoulos made a motion to adjourn, seconded by Mr. Dalton; the meeting was adjourned by Mr. Kennedy at 11:16 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