

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees July 25, 2018

Meeting#: 1146
Called to order: 10:03 a.m.
Place: Boardroom, 100 E. Erie St., Chicago, IL
Presiding: Mr. John P. Dalton, President

		<u>Present</u>
Trustees:	John P. Dalton, President	X
	Robert T. Regan, Vice-President	
	Mariyana T. Spyropoulos, Secretary	X
	Barbara J. McGowan	X
	Joseph F. Kennedy	X
	Stephen J. Carmody	X
	Kathleen T. Meany	
Staff present:	Susan Boutin, Executive Director	
	Mary Wilson, Operations Manager	
	Brian Gillespie, Financial Analyst	
Also present:	Mr. Kweku Obed, Marquette Associates	
	Members of the staff	
	Members of the public	

Regular Business:

Public Comments

Mr. Dalton solicited public comments; Mr. Marcos Feldman, a representative of Unite Here, addressed the Board.

Approval of Minutes

A motion was made by Mr. Kennedy, seconded by Commissioner McGowan, to approve the minutes of the Regular Board Meeting held on June 27, 2018. The motion was unanimously approved.

Consent Agenda

Expenses

Administrative expenses to be paid in August 2018 in the amount of \$680,578.83 were presented for approval.

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

Regular Business, continued:

Consent Agenda continued:

Employee Annuitants

The applications for four new employee annuitants with a total monthly annuity benefit of \$24,951.26 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>
Anderson-Powell, Loretta	MLAS	07/01/2018	31.00	0.00
Brudnak, Andrew J.	Engineering Draftsman III	07/01/2018	29.75	0.00
Flemons, Richard	Fireman-Oiler	05/01/2018	31.00	0.00
Nichols, Allen D.	Chief Operating Engineer I	07/01/2018	30.00	0.00

A motion was made by Mr. Kennedy, seconded by Commissioner McGowan to approve the Employee Annuitant applications. The motion was unanimously approved.

Surviving Spouse & Child Annuitants

The applications for two new surviving spouses and 2 child annuitants with a total monthly annuity benefit of \$11,152.87 were presented with the recommendation that they be approved and granted as follows:

<u>Name</u>	<u>Spouse (S) Child (C)</u>	<u>Deceased Retiree/EE</u>	<u>Annuity Begins</u>
Labeledz, Judith A.	S	Labeledz, Donald R.	07/01/2018
Child, Full-Time Student	C	Nolan, Timothy J.	06/01/2018
O'Brien, Kelly	S	O'Brien, Garrett - Death in Service	07/01/2018
Child, Full-Time Student	C	O'Brien, Garrett - Death in Service	07/01/2018

A motion was made by Mr. Carmody, seconded by Mr. Kennedy to approve the Surviving Spouse applications. The motion was unanimously approved.

Refunds and Final Payments

The applications for four refunds and final payments in the amount of \$94,209.02 were presented with the recommendation that they be approved and granted as follows:

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Advani, Meera K.	06/20/2018	Resignation
Anderson-Powell, Loretta	06/30/2018	No Spouse Refund
Flemons, Richard	04/30/2018	No Spouse Refund
Nichols, Allen D.	06/11/2018	Excess Optional Refund

A motion was made by Mr. Kennedy, seconded by Commissioner McGowan to approve the Refund applications. The motion was unanimously approved.

Regular Business, continued:

Consent Agenda continued:

Duty Disability

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

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

Ordinary Disability

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

A motion was made by Commissioner McGowan, seconded by Mr. Carmody to approve the Ordinary Disability applications. The motion was unanimously approved.

Entire Consent Agenda

Mr. Dalton 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 – September 2018

Ms. Boutin made the recommendation for the September 1st transfers required to fund the annuity, staff and disability payrolls in September 2018.

Mr. Carmody made the motion to transfer a maximum of \$12.8 million from the overweights in the following portfolios: approximately \$4.0 million from the Decatur Large Cap Growth portfolio, \$3.3 million from the Wasatch Small Cap Value portfolio, \$3.0 million from the Matarin Small Cap Core portfolio, and the remaining balance of approximately \$2.5 from the SSgA S&P 500 Index to supplement funds available to cover the September 2018 payroll and expenses estimated to be \$14.4 million. Mr. Kennedy seconded the motion which was unanimously approved by roll call vote.

Cash Transfers

Ms. Boutin reported the approved vs. actual transfers.

<i>July 2018 Transfers (in Millions)</i>	<u>Approved</u>	<u>Transferred</u>	<u>Difference</u>
LSV Non-US SC	\$5.6	\$2.2	(\$3.4)
O'Shaughnessy LCV	5.0	4.9	(0.1)
Wasatch SCV	1.0	4.0	3.0
Total	\$11.6	\$11.1	(\$0.5)

Administrative, continued:

Novitas PBWeb Project Monthly Status

Mr. Jim Chang reported the progress of the PBWeb project for 2018. A discussion followed regarding the Benefitfocus software system which would allow the Retirement Fund to send the data file in the same method as the District. It is another tool which will do the interface with the insurance vendors.

Rules of Election

Ms. Boutin reported that an election will be held on October 16, 2018 for the purpose of electing one trustee of the Retirement Board of the Metropolitan Water Reclamation District Retirement Fund (MWRDRF) to serve for the regular term of four years beginning December 1, 2018. The position is currently occupied by Robert T. Regan. If approved, the Rules of Election require the Notice of Election be posted no later than August 22nd. We are not recommending any changes this year to the Rules of Election and the Profile Form.

Mr. Carmody made the motion to accept the Rules of Election. Mr. Kennedy seconded the motion which was unanimously approved.

Judges of Election

The Rules of Election require the Board to appoint two trustees and one employee to serve as Judges of Election and two trustees and one employee to serve as alternate judges. Recommendation to appoint Stephen Carmody, Joseph Kennedy and Michael Moses as Judges of Election, with Mariyana Spyropoulos, Barbara McGowan and Renona McCall as Alternate Judges.

Mr. Kennedy made the motion to appoint Stephen Carmody, Joseph Kennedy and Michael Moses as Judges of Election. Mariyana Spyropoulos, Barbara McGowan and Renona McCall as Alternate Judges. Mr. Carmody seconded the motion which was unanimously approved.

Investments

Reports by Staff

Investment Reports - Fund Investment Comments

Mr. Gillespie presented a performance and organizational update on the manager scheduled to make a presentation today – Neuberger Berman. Reports are on file.

Custodian Report

Mr. Gillespie presented the BNYM Custodial Report which showed assets as of June 30th of \$1.39B. He also presented the report of purchases and sales of securities in June. Reports are on file.

In response to an inquiry by Mr. Dalton, Mr. Gillespie reviewed the expectations of future capital calls by Deutsche Asset Management, for the continued funding of the core open-ended real estate allocation. He stated the capital calls will likely be October 1st and January 1st.

Investments, continued

Reports by Managers

Neuberger Berman – Ms. Cheryl Cannistra, VP and Client Services Advisor, and Mr. Nathan Kush, Managing Director and Portfolio Manager presented an organizational update, and discussed the recent performance of the core plus fixed income portfolio.

In response to an inquiry by Mr. Dalton, Mr. Kush commented on the typical percentage allocated to below-investment grade investments by core plus managers, and on how a non-investment grade index for core plus might compare.

In response to an inquiry by Mr. Obed, Mr. Kush described some of the headwinds faced by core plus managers in 2018. He spoke about changing monetary policy in the U.S. and abroad, various political uncertainties, and the 2017 year-end expectations for a phase of synchronized global growth not materializing.

Other Investment Related Issues

Reports by Consultant

Roundtable

Mr. Obed commented that he has lined up six minority/emerging managers to participate in a roundtable discussion to be conducted immediately following the August Board meeting. Ariel Investments, Garcia Hamilton, Channing Capital Management, Metis Global Partners, Ramirez Asset Management and Sustainable Insight Capital Management.

Marquette Symposium

Mr. Obed reminded the Trustees that Marquette's Annual Symposium will be held on September 28th, 8:00 a.m. – 2:00 p.m., at the Union League Club. Keynote speaker will be Richard Thaler.

Asset Allocation Rebalancing Schedule

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

Marquette Market Environment and Performance for June 2018

Mr. Obed reviewed the recent market environment and performance of the Fund as presented in the June 2018 Performance Report.

In response to a comment by Mr. Carmody, Mr. Obed spoke about the differences in recent performance between the two value managers Mesirow and Wasatch.

Legal & Legislative

Executive Session for Personnel Matters – In accordance with 5 ILCS 120/2(c)(1)

Mr. Kennedy made the motion to go into Executive Session to discuss personnel matter. Mr. Carmody seconded the motion.

(The Regular Session was recessed at 11:32 a.m. The Executive Session was recessed and the Regular Session was reconvened at 12:36 p.m.)

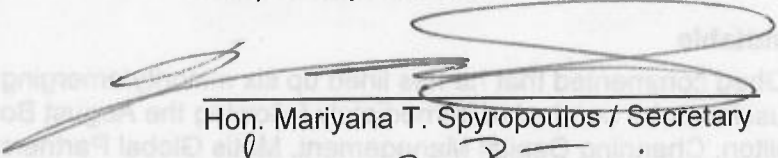
Mr. Carmody made the motion to retain outside counsel to investigate a personnel matter with an amount not to exceed \$10,000. Commissioner McGowan seconded the motion which was unanimously approved by roll call vote.

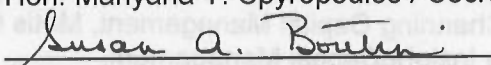
Reminder: Harassment Training following today's meeting

Adjournment

Mr. Kennedy motioned to adjourn, seconded by President Spyropoulos, whereupon the meeting was adjourned by Mr. Dalton at 12:37 p.m.

Respectfully submitted,


Hon. Mariyana T. Spyropoulos / Secretary


Susan A. Boutin / Executive Director

Prepared by:


Sandra Hernandez / Office Services Asst.


Vrinda Kulkarni / Accountant